



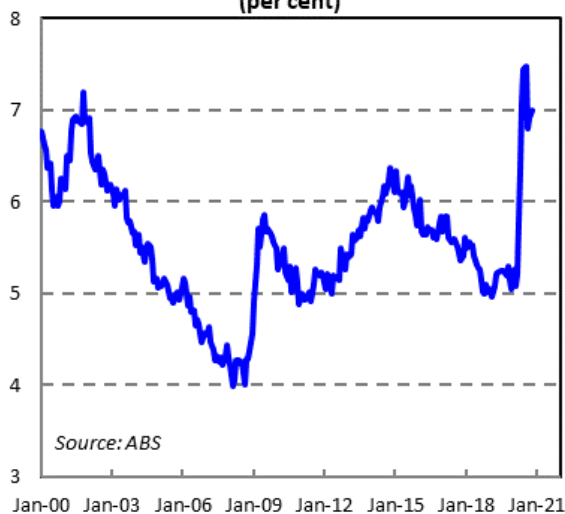
Thursday, 19 November 2020



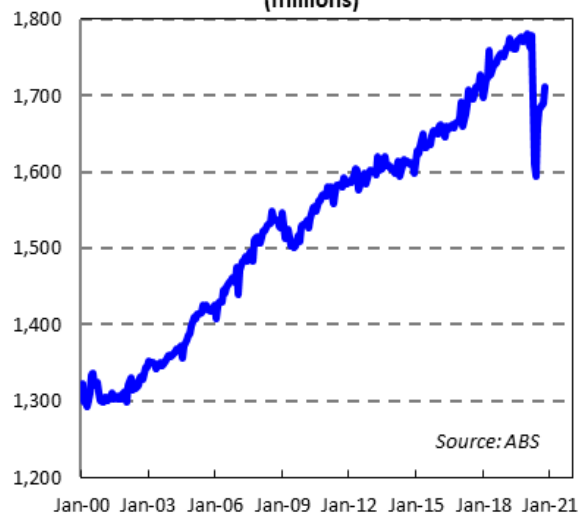
Labour Force A Giant Leap Forward

- The labour market resumed its recovery in October with the creation of 178.8k jobs. This is the fourth month since May in which more than 100k jobs have been created.
- Despite the creation of 178.8k jobs, the unemployment rate rose from 6.9% to 7.0%. This was due to a sharp rise in the participation rate which rose to 65.8% in October from 64.9% in September.
- The level of employment in Australia is now just 1.7% below its pre-COVID-19 level but that still represents over 200k jobs lost.
- In October, hours worked reached 1,711 million hours, 3.0% below their pre-pandemic level.
- All States recorded jobs gains in October, except Tasmania, where employment remained unchanged. The results for Victoria were very encouraging. Anticipation of the easing of restrictions contributed to a record 81.6k job gain, after losses were recorded in the previous two months. NSW and Queensland also recorded robust gains in October.
- The underemployment rate fell to 11.2% in October from 11.7% in September.
- Policies are in place to lift demand and employment. Provided COVID-19 can be contained and managed, borders can re-open and restrictions eased. These would further lift employment.

Unemployment Rate
(per cent)



Hours Worked
(millions)



The labour market resumed its recovery in October with the creation of 178.8k jobs. This is the fourth month since May in which more than 100k jobs have been created. These are very encouraging numbers following the unprecedented job losses in April and May.

In September, there was a step backwards in job growth with a revised 42.5k jobs being lost. October's job numbers overwhelm the September losses by a very large margin. That said, the number of people employed in October is still 226k or 1.7% below the pre-COVID-19 level of employment in February.

Although 178.8k jobs were created, the unemployment rate rose from 6.9% in September to 7.0% in October. While this may seem strange, it reflects the fact that many discouraged workers returned to the labour force. The participation rate rose from a revised 64.9% in September to 65.8% in October.

The participation rate measures the proportion of the working age population that is actively seeking employment.

Many workers who lost their jobs because of the pandemic were discouraged by the poor prospects of finding replacement jobs. As discouraged workers left the labour force, the participation rate declined. In May, it fell to 62.7%, its lowest level in nearly 20 years. In February, pre-COVID-19, it stood at 65.9%.

As the Australian economy began re-opening, there was a steady increase in the participation rate as workers felt more positive about regaining employment.

Post-February, the female participation rate declined more sharply than the male participation rate. It fell to 57.5% in May from 61.3% in February. Male participation was also affected by the pandemic, with the rate falling from 70.8% in February to just 68.0% in May. This was the lowest participation rate ever recorded for males since the series began in 1978.

As the economy gained momentum, female and male participation rates have recovered to stand at 70.8% and 61.0% respectively in October. Both rates are at or close to their pre-COVID-19 levels.

Another encouraging element of today's data was the increase in hours worked. In May, hours worked were 9.7% below their February level of 1,764 million hours. In October, hours worked reached 1,711 million hours, 3.0% below their pre-pandemic level.

The underemployment rate fell to 11.2% in October from 11.7% in September.

States

All States recorded jobs gains in October, except Tasmania, where employment remained unchanged.

The results for Victoria were very encouraging. Anticipation of the easing of restrictions contributed to a record 81.6k job gain in October, after losses were recorded in the previous two months. Over 124k jobs were lost in Victoria relative to October 2019.

NSW and Queensland also recorded robust gains in October. After September's 7.9k job loss, NSW added a solid 36.4k jobs in October. Queensland gained 25.3k, building on the 36.1k jobs created in September and 72.2k in August.

Western Australia gained 15.3k jobs in October after a timid 0.6k gain in September. South Australia added 6.3k, building on the 5.5k jobs gained in September and the 13.4k in August. After

a 3.7k job loss in September, Tasmania recorded no jobs growth in October.

Queensland has recovered 96.7% of the jobs lost in March, April and May, closely followed by South Australia with a 93.0% recovery rate. Western Australia has recovered 86.7%, followed by NSW (79.5%) and Tasmania (55.2%). Victoria remained far behind at 28.7%, and without the strong result in October, Victoria would have lost jobs since February. Re-opening of the Victorian economy in late October should assist their November results.

Unemployment rates across States varied.

NSW and Western Australia were the only States to register a decrease in the unemployment rate, even with increases in the participation rate. The unemployment rate in NSW declined from 7.1% in September to 6.5% in October, while Western Australia recorded a milder decline from 6.7% to 6.6%.

Victoria recorded the largest increase in the unemployment rate among States, rising from 6.7% in September to 7.4% in October. As Victorians returned to the labour force in anticipation of the easing of restrictions, the participation rate increased sharply from 62.9% to 65.0%. This increase outweighed the record 81.6k jobs created in October, resulting in a higher rate of unemployment.

Similarly, Queensland saw its unemployment rate rise from 7.6% in September to 7.7% in October as the number of workers re-entering the labour market also outweighed the number of jobs created. Tasmania was the only State to experience a combination of job losses and an increase in the participation rate. The unemployment rate rose from 7.7% in September to 8.2% in October, the highest rate among all States.

Outlook

Policies are in place to lift demand and employment. Provided COVID-19 can be contained and managed, borders can re-open and restrictions eased. These would further lift employment.

The latest forecasts from the RBA have the unemployment rate falling to 6.0% by December 2022. That is still a long way from 4.5%, the level it regards as full employment.

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