



Economics | October 14, 2021

Jobs data in the twilight zone

Labour force

- Employment fell by 138,000 in September. Part-time jobs fell by 164,700, but full-time jobs rose by 26,700.
- The participation rate fell from 65.2 per cent to a 15-month low of 64.5 per cent.
- The unemployment rate rose from a 12½-year low of 4.5 per cent to 4.6 per cent.
- Hours worked rose by 0.9 per cent but were 2 per cent below the pre-pandemic levels in March 2020.

Discussion

- The monthly job report is a lagging indicator – it can reflect decisions made months ago in terms of hiring or firing. This is in contrast to, say, building approvals which is a leading indicator of home construction. And in these fast-moving times with rising Delta variant cases of Covid-19 and rising vaccination rates, conditions can change quickly.
- The latest data shows that 138,000 jobs were 'lost' in September with employment down 122,800 in Victoria due to the latest lockdown. And the jobless rate rose from a 12½-year low of 4.5 per cent in August to 4.6 per cent in September. But hours worked actually rose by 0.9 per cent.
- The big change was the continued 'exit' of people from the workforce. The participation rate – the proportion of people employed or unemployed – fell from 65.2 per cent to a 15-month low of 64.5 per cent. In essence some people are not defined as 'employed' as they didn't put in more than an hour of work. But they aren't 'unemployed' as they weren't actively looking for work.
- Overall, the results are encouraging especially with full-time jobs up 26,700. But the bottom-line is that the figures are ancient history. The rising vax rates have since led to the partial reopening of the NSW economy, reopening of the ACT from tomorrow and the flagged reopening of Victoria in the coming weeks.
- And rather than job shortages, timelier figures show that job vacancies are rising – in some cases soaring. There are shortages of staff being identified rather than shortages of jobs, especially in hospitality and tourism. A key factor is the ongoing shutdown of overseas borders, preventing access to skilled workers across a range of industries.
- So it's not possible to use the latest data to come up with definitive conclusions on the economy – especially the outlook. Essentially we are in the twilight zone. The exit from lockdown means that people will re-join the workforce – most likely in jobs. The exit still looks more than likely to be bumpy, across regions and industries. But it appears less likely that the legacy of lockdowns will be a weak job market.



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Definition of employment

- There are a number of criteria for a person to be judged as employed, but for the purposes of lockdowns the key points are that they: *“Were employees who had a job but were not at work and were: either away from work for less than four weeks up to the end of the reference week; or away from work for more than four weeks up to the end of the reference week and received pay for some or all of the four week period to the end of the reference week. Were owner managers who had a job, business or farm, but were not at work.”*
- The surveying period for the September labour market survey covered the two weeks to September 11.

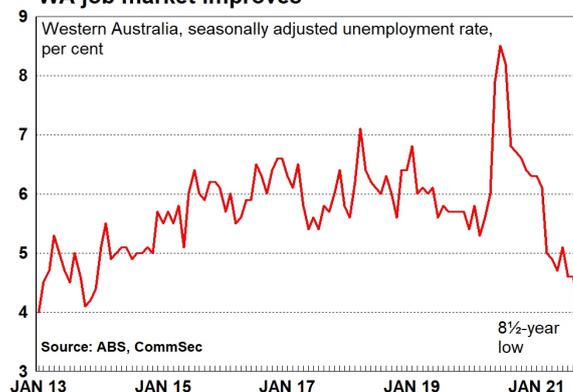
More hours worked



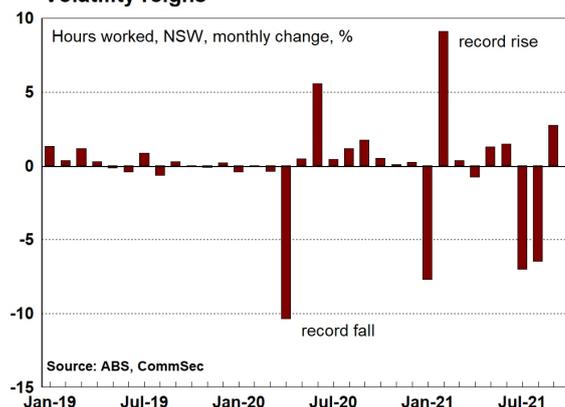
Labour force - September

- **Employment** fell by 138,000 jobs in September after falling by 146,300 jobs in August. Part-time jobs fell by 164,700, but full-time jobs rose by 26,700.
- **The unemployment rate** rose from a 12½-year low of 4.5 per cent to 4.6 per cent.
- **Hours worked** rose by 15 million hours or 0.9 per cent to 1,729 million hours. Hours worked are up 2.3 per cent on a year ago but down 2 per cent below the pre-pandemic levels in March 2020.
- **Participation rate:** The participation rate fell from 65.2 per cent to 64.5 per cent in September.
- **Spare capacity:** The underutilisation rate rose from 13.8 per cent to 13.9 per cent. The underemployment rate fell from 9.3 per cent to 9.2 per cent.
- **Youth jobless rate:** The youth jobless rate rose from 10.6 per cent to 10.8 per cent, but was still down from 11.5 per cent in March 2020.
- **Unemployment across states in September:** NSW 4.6 per cent (August: 4.9 per cent); Victoria 4.8 per cent (4.1 per cent); Queensland 4.9 per cent (5.3 per cent); South Australia 5.1 per cent (5.0 per cent); Western Australia 4.1 per cent (4.6 per cent) – **an 8½-year low**; Tasmania 4.8 per cent (5.5 per cent); Northern Territory 4.2 per cent (3.4 per cent); ACT 4.1 per cent (3.5 per cent).
- **Employment across states in September:** NSW - 24,800; Victoria -122,800; Queensland +30,800; South Australia -600; Western Australia +3,600; Tasmania +900; Northern Territory -500; ACT -7,400.
- **Hours worked across states in September** (long-term average is +0.1 per cent): NSW +2.7 per cent; Victoria -3.6 per cent; Queensland +5.4 per cent; South Australia +0.2 per cent; Western Australia +0.7 per cent; Tasmania +0.5 per cent; Northern Territory +3.0 per cent; ACT -10.5 per cent.

WA job market improves



Volatility reigns



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