

## Weak Australian labour report

A fall in both full-time and part-time employment has left overall employment in Australia down by 19 thousand in October. This weakness is exacerbated by a rise in the unemployment rate back up to 5.3%. These labour market developments challenge thoughts that the RBA is on hold for the time being.



# -19,000

October employment change

-10.3K full time

Worse than expected

### No silver linings

The AUD took some comfort from a rallying NZD on Tuesday as the RBNZ left rates on hold, but it gave all that and more back today as the October labour market report showed emphatic weakness on nearly every front.

The headline employment figure showed a much larger than expected 19 thousand decline in October against a consensus expectation for a 15 thousand increase (INGf +30K). Sometimes, this weakness can be shrugged off as reflecting volatility in the part-time sector. Not this time. Full-time employment was down 10.3K and made worse by further falls in part-time employment too (-8.7K).

## Unemployment rises to 5.3%

The unemployment rate has been oscillating around 5.2/5.3% for some months. And this can often be put down to noise in the labour force data and participation rates. This time, the unemployment rate was largely driven by...rises in unemployment. The unemployment count rose by 17 thousand in October. Meanwhile, participation in the labour force actually dropped, so the rise in the unemployment numerator was divided by a smaller labour force denominator. There was only one way the unemployment rate was going after those movements, and that was up.

## Where now RBA?

In recent weeks, the Governor of the RBA, Philip Lowe, has painted a reasonably upbeat picture of an economy on the mend and a central bank that may have done with easing in this cycle. Today's data draw a big question mark over that view. The RBA has noted that consumer spending will be a part of the economy they will watch closely before making further changes. We would be surprised if such weak labour developments will not have some negative effect on consumer spending, meaning that the RBA's easing work might not be done after all.

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