

## Another strong Australian labour report

Australia's June labour report was even better than expected.



Source: istock

# +15,000

Headline employment

Relatively modest but conceals very positive results

Better than expected

### The figures

The headline figure belies a very positive mix between full time employment, surging ahead by 62,000, and part time employment, which fell by 48,000.

Even the slight tick up in the unemployment rate to 5.6% from 5.5% was for 'the right reasons', as the labour force rose by 27,000, raising the participation rate to 6.5%, but in the process, raising the numbers of those unemployed by 13,000 to 728,000.

### Possible affect on rates

In the coming months, these unemployed individuals will likely find work, but what happens to the

unemployment rate will be a horse-race between employment creation, and the flows back into the labour force of those currently inactive. This is only happening because expectations for jobs growth and possibly even wages growth are good. We won't get new wages data until August, and it has been soft. Any signs of a pick-up could radically change the markets expectation that the Reserve Bank of Australia (RBA) will be on hold until 1Q18.

Implied policy rates could well begin to nudge higher again in the coming weeks. It is not inconceivable that the market may begin to question whether a 4Q17 hike will become plausible if the data continues to run like this.

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