

Australia: Distinctly unimpressive jobs data

We weren't really expecting this, but the latest Australian data could indicate a soft-patch



Source: Shutterstock

The labour market is supposed to lag the rest of the economy...

If the labour market lagged the rest of the economy, as it usually does, then Australian labour data should continue to be picking up. But the March labour data were distinctly unimpressive and have us worried that this may be reflected in other demand sensitive areas of the economy...retail sales, business investment, confidence etc.

The figures are, as ever, a complicated combination of full-time and part-time jobs. In March, full-time job falls were more than offset by part-time jobs, though a full-time equivalent series we have created shows employment lower than it was in January. Downward revisions have further weakened the picture painted by these data.

-19.9K

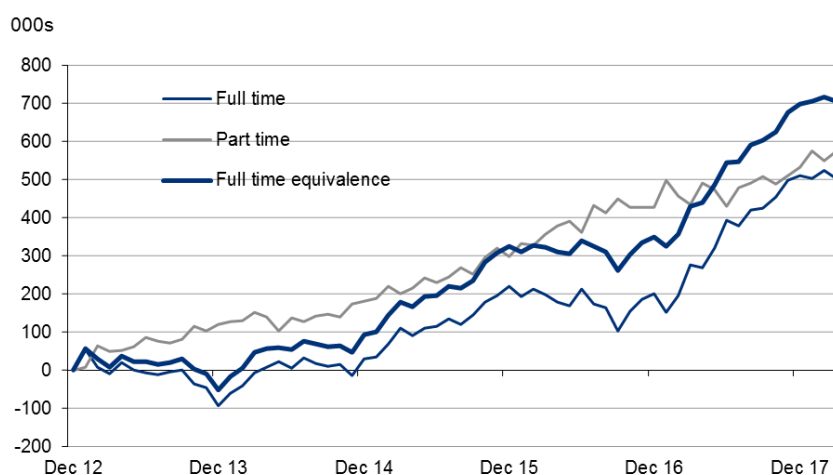
Fall in full time jobs

-40.8K downward revision to Feb full-time jobs too

Moreover, the only bright spot in the data, the fall in the unemployment rate, seems to owe as much to a drop in labour participation rate than to anything positive. Such a fall is usually driven by falling optimism or a declining reward for working...not very positive in any case.

But as mentioned, the labour market should follow the rest of the economy, and purchasing manager indices, on a composite basis are positive, though have fallen recently for manufacturing. This might explain some of the full-time / part-time split, as part-time jobs are more likely in services. Wages are also generally poorer in the service industry, so that may weigh on the Reserve Bank, although they show few signs of any tightening bias currently. We have a tentative 4Q18 rate hike pencilled in, but have the eraser ready to hand in case we need to shift it back.

Cumulative employment - Jan 2013=0



Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by

the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.