

Australian employment growth in July surpasses expectations

The consensus view for July employment growth was +30 thousand, the actual increase was 114.7 thousand. But the unemployment rate ticked up on a rising participation rate



Source: istock

114.7K Employment change
July consensus 30K
Better than expected

Full time jobs returned in July

Australian employment continued to rise at a solid rate in July, following the 228.4 thousand turnaround in June. The 114.7 thousand jobs increase in July was shared fairly evenly between full-time jobs (+43.5K) and part-time jobs (71.2K), whereas the June figure was all about lower-paid part-time jobs (+252K), with full-time jobs still falling (-23.6K). So the jobs report is positive in both quality, and quantity.

But still signs of stress

But the report wasn't all upbeat. Although employment rose strongly, the numbers of unemployed also rose by 15 thousand. Moreover, the labour force participation rate also pushed up to 64.7 from 64.1, which probably reflects individuals having to look for work who previously weren't as

household incomes increasingly come under stress.

The result of this was the jobless rate rising from 7.4% in June to 7.5% in July - not the direction the Reserve Bank of Australia will be hoping to see - not that there is any likelihood of a change in policy stance from them for the foreseeable future.

So while this employment report is a broadly positive piece of economic data, the Australian labour market is still under severe stress following the Covid-19 pandemic, and the additional impact resulting from the state of emergency in Victoria (currently scheduled until August 16). Furthermore, from next month (September), jobkeeper payments - though now extended until March 2021, will be [at a stepped down rate from the original AUD1500 per fortnight](#) for those firms still eligible to receive this support.

The likelihood is that job gains will be much harder to generate in the coming months - June and July can be viewed as the easy gains following re-opening. But the economy is still operating far from "business as usual", and further gains in the months ahead, coupled with tighter income support will continue to weigh on household finances and spending.

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