

Australian employment growth continues

A 33,500 increase in employment was very close to the consensus expectation (+35,000), though the slight uptick in the unemployment rate may encourage the Reserve Bank of Australia (RBA) to slow to a 25bp hike at its next meeting



33,500

Employment gain

From previous month

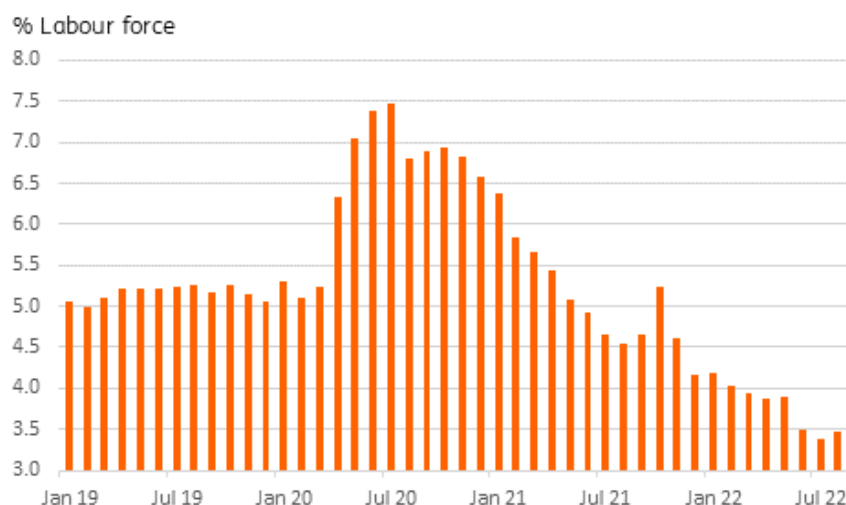
As expected

Not much to take away from this report

With the headline employment number more or less in line with the consensus forecast, made up from a solid 58,800 increase in full time jobs, offsetting a 25,200 decline in part-time jobs, this report doesn't really signify anything for forthcoming RBA policy decisions. However, with the RBA suggesting that it is looking for excuses to slow the pace of tightening from here on, there is equally nothing here to stop them from doing that at their October meeting if nothing else comes along to upset that view.

Australian unemployment rate

Turning point?



Source: CEIC

Unemployment rate ticks up

One factor that helps the 25bp rather than 50bp view is that the unemployment rate ticked a bit higher in August, rising from 3.4% to 3.5%. The numbers of unemployed rose by 14,100 which mostly reflects an increase in those entering the labour force looking for work (possibly because it is harder to make ends meet with inflation running above 6%). So this doesn't really signify a genuine softening of the labour market. But it maybe signifies that this is coming closer.

Market reaction to the data was fairly muted, except for a temporary AUD sell-off as the figures were initially incorrectly reported as showing no employment change.

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>.