

Australian employment rises sharply in October

A diffuse spread of forecasts around the central consensus view for a 27.5 thousand job decline in October indicated little clarity on these employment figures. And so it proved, with a massive consensus-beating +178.8 thousand jobs, though this actually resulted in a slight rise in the unemployment rate of 0.1pp taking it to 7.0%



178.8 thousand

Job gains

October

Better than expected

Australian job figures are choppy - but this is unusual

The October employment figures showed a superb 178.8 thousand gain, which also stood up to scrutiny when looked at in terms of full-time versus part-time jobs. Full-time jobs grew by 97 thousand, more than the 81.8 thousand part-time jobs, which should help support consumer

spending in the months ahead.

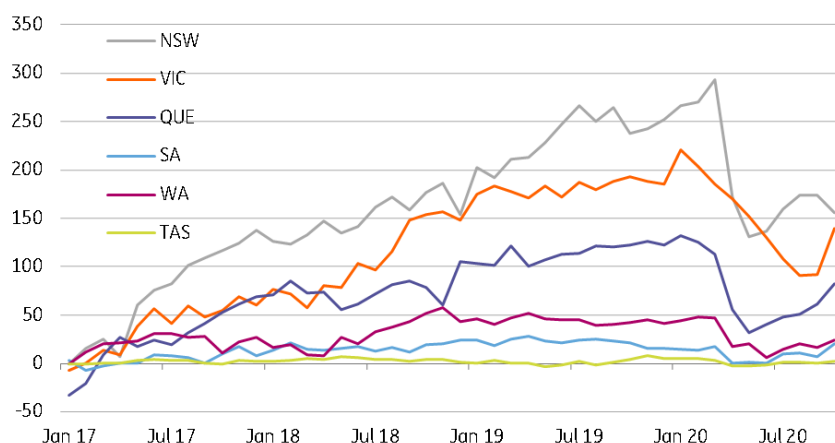
This result was all the more impressive as most of the state of Victoria was in lockdown until late October, though there may be some element of back-to-work for previously furloughed workers creeping into these numbers - we won't know for sure until we see next month's numbers.

The [linked press release from the Australian Bureau of Statistics](#) shows that the reference period for this survey was the two weeks up to October 10, so before the Victoria lockdown ended. The survey itself was undertaken later in the month though, and some returning-to-work respondents may have given inaccurate responses, even if technically, the end of the Victoria lockdown should not really be a feature until next month.

Employment growth of 2.5% in Victoria did top the table as far as states were concerned (but only just beating the Northern Territories). But it was not a particularly large outlier. Victoria also saw decent hours worked gains of more than 5.5%, which does suggest that something related to the end of the lockdown was taking place, however.

More of this trend presumably beckons when the November figures are released.

Australian employment by state



Source: CEIC
Employment by state

No improvement in unemployment rate

The Reserve Bank of Australia typically phrases its analysis of the labour market in terms of the unemployment rate. And here, despite the superb additions to employment, the news was actually negative, with a 0.1pp rise in the unemployment rate to 7.0%. The reason for this can be found in the gender breakdown of the labour report, which shows that female unemployment spiked, mainly it seems, because of a greater number of women looking for (and presumably failing to immediately obtain) part-time work. This was probably the biggest single component of the increase in the labour force and unemployment gains for the month.

On the one hand, this is encouraging, as clearly, households in Australia are not becoming discouraged in their search for work, which indicates that they think their prospects for finding work are reasonable. In the coming months, we suspect many of those failing to find work this month will find their search efforts rewarded, which should bring the unemployment rate down

once more. Though this hypothesis clearly rests on how many more people continue to re-enter the labour force in search of work in the months ahead, so the unemployment rate may well flip around for a few months until those trends settle down.

On the other hand, this increase in part-time work search could be interpreted as households failing to make ends meet, which is driving some back into the labour force, and at the moment, it is not clear what the overall conclusion should be. For now, we are inclined to attribute a positive spin to the data.

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>.