

# Australian employment surges in February

February's employment showed a large rise, driven by a hefty increase in full-time jobs and a sharp fall in the unemployment rate to 3.7%. The RBA is probably glad it didn't alter its policy stance any further than it did at this week's meeting



Australia jobs

Source: Shutterstock

**116.5** Monthly employment change  
000s

Higher than expected

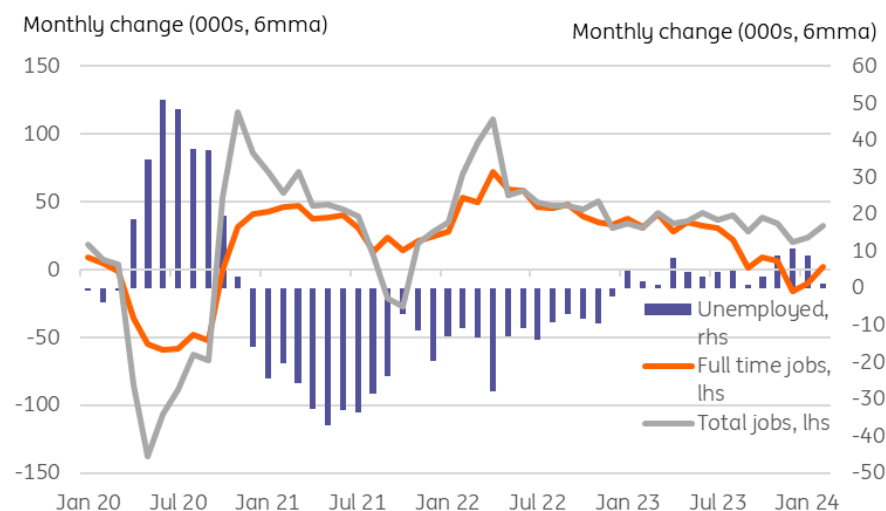
## Big increase in full-time employment drives the headline increase

Australia's headline employment increase for February smashed through expectations, rising by 116.5 thousand from January. There were also some slight upward revisions to the January numbers, so these February figures are even better than they appear at first glance.

Not only is the scale of the increase impressive, but the majority of the increase is attributable to the 78,200 increase in full-time jobs. Part-time jobs also rose strongly but by a relatively more modest 38,300. This split is important as full-time jobs will typically be more secure, better paid, carry better perks and encourage greater household spending than part-time jobs.

There was also a big drop in the unemployment rate to 3.7% from 4.1%. This isn't all that far above the all-time low of 3.5%.

## Australian employment and unemployment rate (6mma)



## The RBA is keeping its options open

Employment data is always very volatile, and no single month of data should be read in isolation. However, today's figures are too strong to ignore, and even the heavily-smoothed chart above shows that total and full-time employment are trending higher again, while unemployment is trending lower.

The Reserve Bank of Australia (RBA) decided to amend its policy guidance at their meeting earlier this week, when they removed the reference to "...further tightening" and switched it to a neutral-sounding "...all rate options are open".

In light of this data, they are probably quietly relieved that they did not go further and adopt an outright easing bias this week.

Inflation, rather than labour data, will be the main determinant of RBA policy. But the two are linked, and further declines in inflation would look more probable if the labour market were weakening, not firming as today's data suggest.

We aren't forecasting any further rate hikes from the RBA, but we share their view that all rate options remain open. And while policy easing later this year remains our base assumption, we are a little less relaxed about that call than the market, and can't rule out the tail risk of a further "insurance hike" in the first half of this year.

## Author

### Robert Carnell

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto: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>.