

## Australian jobs data very strong

After their recent dovish tilt, the Reserve Bank of Australia (RBA) may find the exceptionally strong jobs data for January a bit awkward. They certainly don't help the case for a rate cut, or a weaker AUD.



Source: Shutterstock

**39.1K** Employment change  
January

Higher than expected

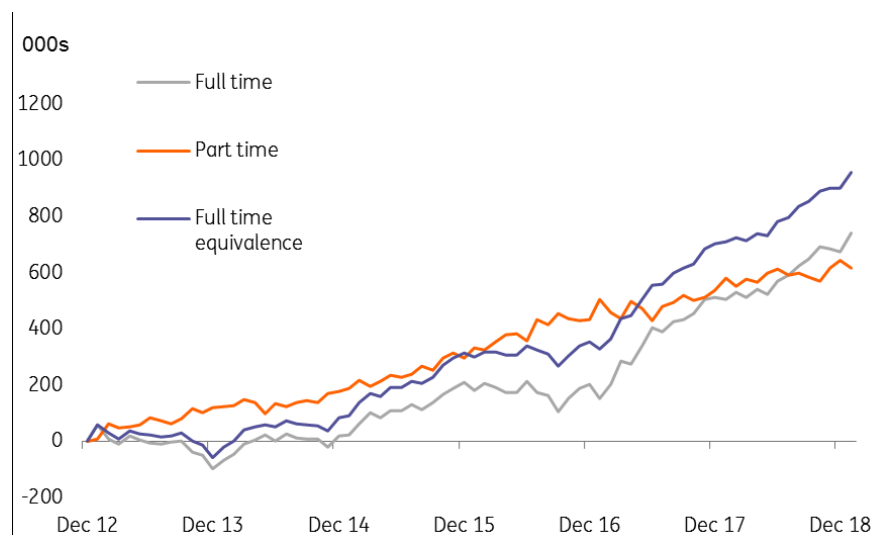
### There's nothing wrong with the Australian labour market

There may be pockets of weakness in the Australian economy - business investment, regional property markets...but there doesn't seem to be any problem with the Australian labour market.

Full-time employment growth of 65,400 in January more than offsets December's revised 9,500 decline, for an average rate running at a healthy 25-30K full-time jobs a month. Falling part-time jobs are not a worry either if these are converting to full-time jobs, which they probably are. And the rise in the participation rate suggests that people are encouraged by their job prospects, and

making themselves available for work (other interpretations are possible, but we are taking the positive view). The rising participation rate is one reason the unemployment rate remains stuck at 5.0%. But rather than fixate on this, the employment figures alone tell 90% of the story.

## Cumulative Australian jobs growth (2012 = 0)



## Any areas of concern?

If we try our best to find some clouds in this seemingly excellent data, one observation would be that the job gains are very regionally concentrated, with 47.2K job gains in New South Wales. Victoria saw almost no change (+2,000) and Queensland, which has seen good jobs growth based on its LNG export boom, saw some recent gains reversed (-19.9K in January) with South and Western Australia also seeing employment falls. So what looks a strong story is perhaps not being enjoyed in all parts of the country. That provides some cover for the RBA's recent dovish tilt.

One other slight discrepancy is that despite the strong gains in employment, there wasn't much improvement in unemployment, with the total number of unemployed actually rising a little. We don't see this as a big deal, and mainly a response to the rising participation rates. But it would be nice to see the numbers of unemployed falling in the coming months to support the upbeat interpretation of this data.

As far as the RBA is concerned, though, the most obvious conclusion from this data is that rates are not going anywhere, up or down, anytime soon.

## 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>.