

Australian rate hike relies on strong jobs boosting spending

The latest strong jobs report needs to translate into consumption, which hasn't been the case so far in support for an early RBA rate hike.



Source: Shutterstock

5.5% Unemployment rate
(Previously 5.6%)

Better than expected

Australia's September labour report was another upside surprise, with 19.8k jobs growth and a further fall in the unemployment rate to 5.5% from 5.6% in August (consensus: 15k and 5.6%). Part-time jobs rose by 13.7k, almost same rise as in August, while there was a sharp slowdown in the full-time jobs to 6.1k from 39.5k. The participation rate was steady at 65.2%.

Steady part-time jobs growth and participation rate indicates that that even new entrants to the

labour force are finding it easy to obtain work. However, strong jobs growth needs to translate into private consumption, which hasn't been the case so far. A dismal retail sales growth in August reduced the likelihood of an early RBA rate hike.