



# Quarterly Labour Market Insights

AUSTRALIA Q4 2023

## KEY TAKEAWAYS



Economy slows to just 0.2% growth in Sept qtr



Unemployment rate steady at 3.7%



Wages growth flatlining

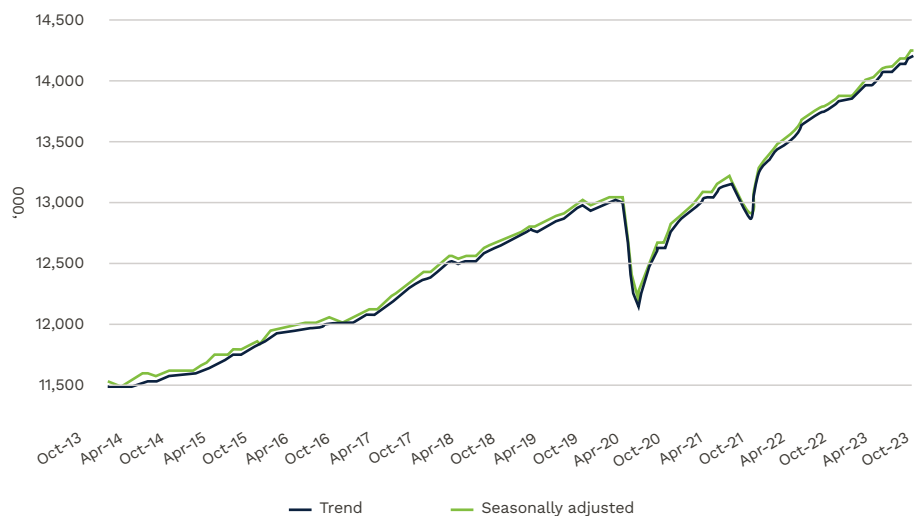
## Jobs market off its peak but still strong

Employment continues to grow at a healthy rate, despite a series of interest rate increases and weakening consumer and business confidence.

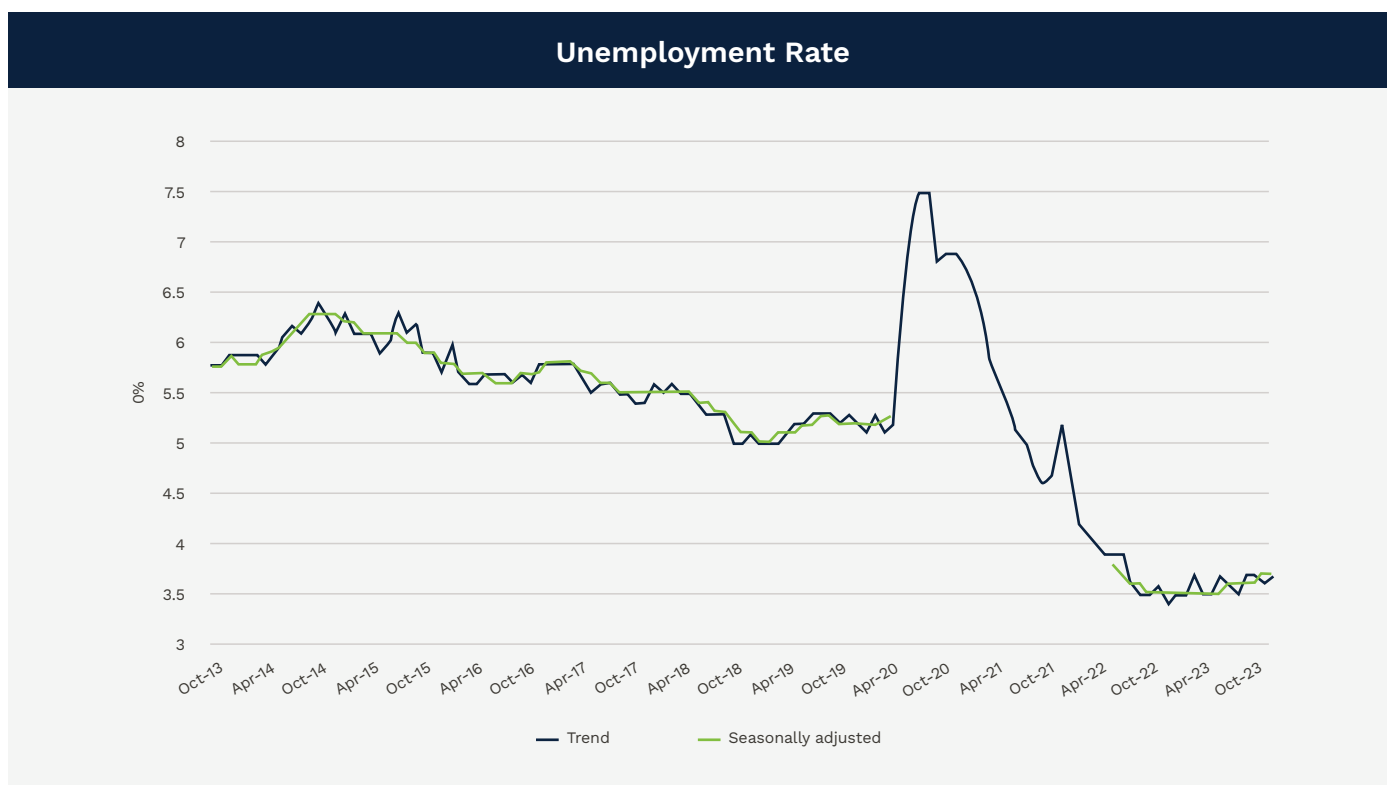
There was a surprisingly steady increase in employment - of 28,300 people - between September and October, driven by an increase of 2,000 full-time jobs and 26,300 in part-time work.

The unemployment rate remained steady in October at 3.7%.

The number of hours worked, which provides a good overall indicator of work activity, was up almost 9,000 hours to 1,939,400 hours in seasonally adjusted terms - indicating that the labour market has significant underlying strength.



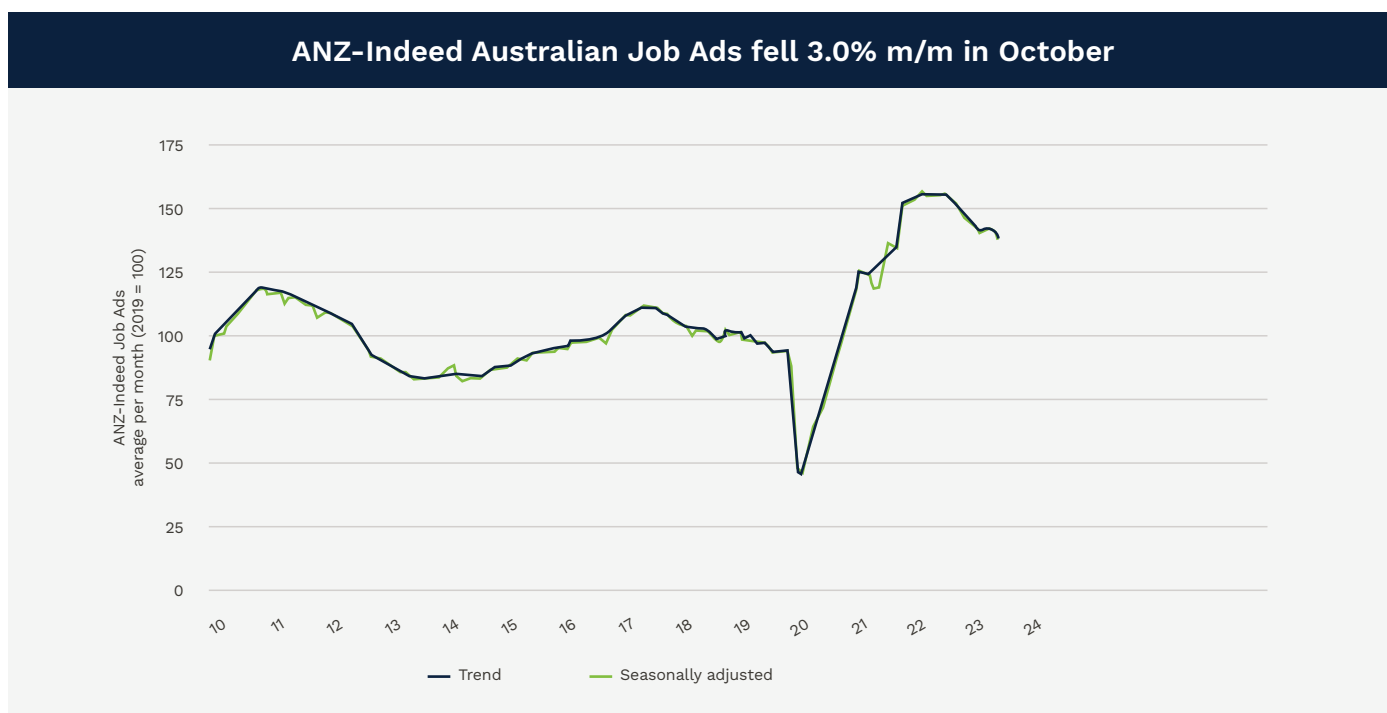
The seasonally adjusted unemployment rate has been edging up from a historic low of 3.4% last October, and has settled at below 4% as demand for labour continues at a moderate rate in the face of slowing signs elsewhere across the economy.



## Job ads declining

There is a similar pattern evident in the ANZ-Indeed Australian Job Ads index, which fell 3% month-on-month in October following a downward revision in September from -0.1% to -0.5%.

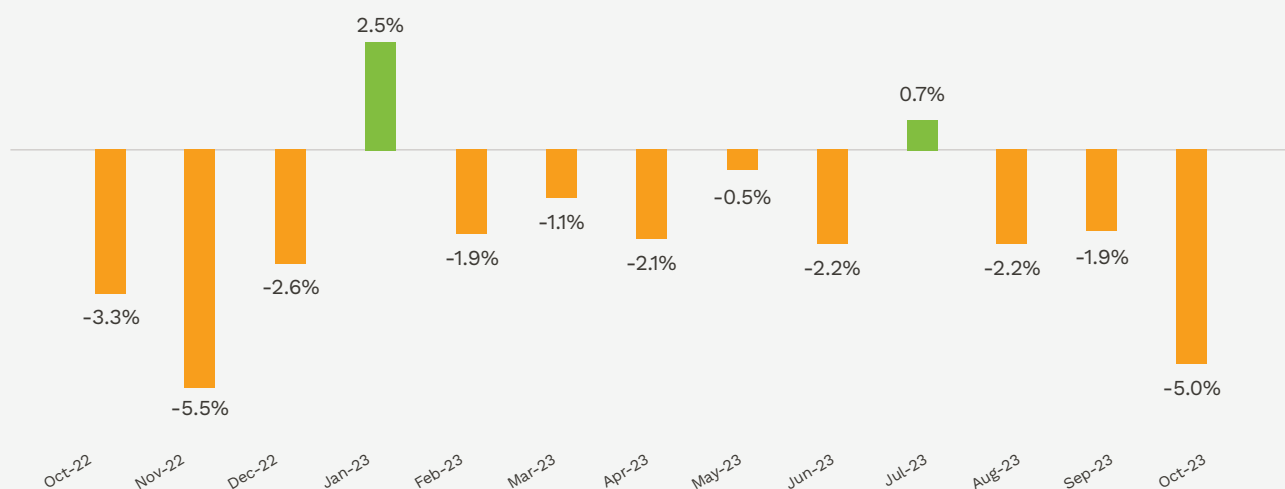
ANZ-Indeed points out that while the series is currently 11.2% lower than the September 2022 peak, the level of job ads is still very high.



Source: ANZ-Indeed Australian Job ads, Macrobond

The slowing trend is also evident in the SEEK October employment report which shows that following several months of incremental declines, job ads recorded a 5% drop in October.

**Figure 1 : National SEEK job and percentage change m/m October 2022 to October 2023**



One of the standouts was an 11.6% drop in Hospitality & Tourism job ads.

SEEK ANZ Managing Director Kendra Banks said, “perhaps employers have begun winding up their hiring activity early for the year.”

“Despite the proximity to the busy summer season, Hospitality & Tourism recorded the greatest drop in ad volume - likely due to inflation and the rising cost of living putting continued pressure on businesses.”

## Employers easing back on hiring activity

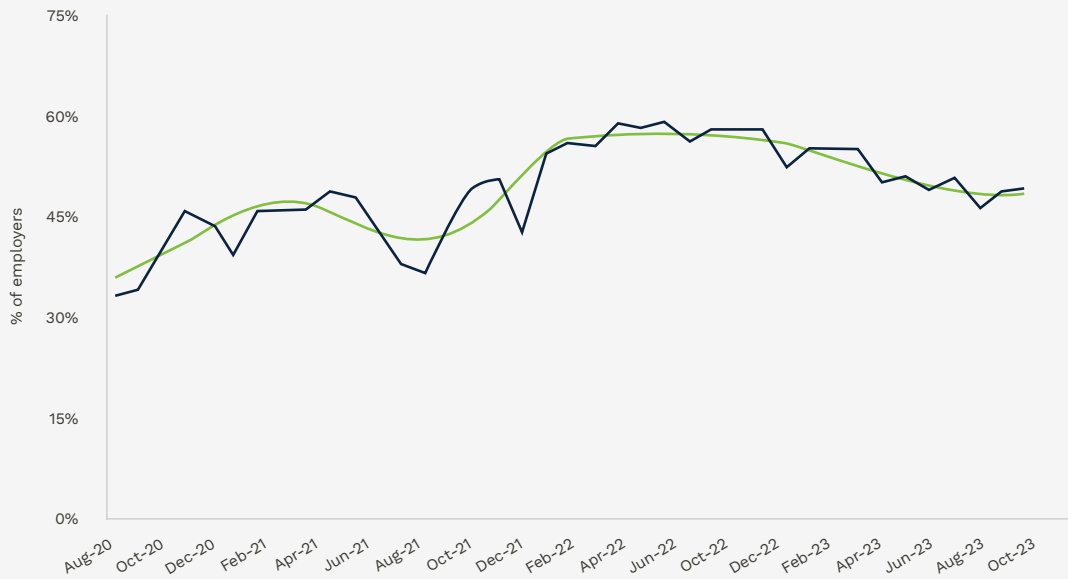
Jobs and Skills Australia (JSA) survey at least 1,000 employers each month to find out about their experience when recruiting staff, as well as whether they are expecting to increase staffing levels.

Its latest survey shows that in October, recruitment activity eased significantly since peaking in mid-2022.

It shows that the steep decline in the recruitment rate between mid-2022 and mid-2023 has now flattened with little change recorded during recent months.



## Proportion of employers who were currently recruiting or who had recruited in the past month



Meanwhile, JSA reports that the proportion of employers expecting to increase their staff in the next three months dropped by five percentage points to 20% in October 2023. Only 2% of employers were expecting their staffing levels to decrease.

## Proportion of employers expecting to increase staffing levels over the next 3 months



Source: Recruitment Outlook and Experiences Survey, October 2023

## Pace of wages growth moderates

The pattern of wages growth points to salaries edging higher, but not exploding.

SEEK's advertised salary index shows growth in advertised salaries of 0.3% in October, a slowdown from the previous three months.

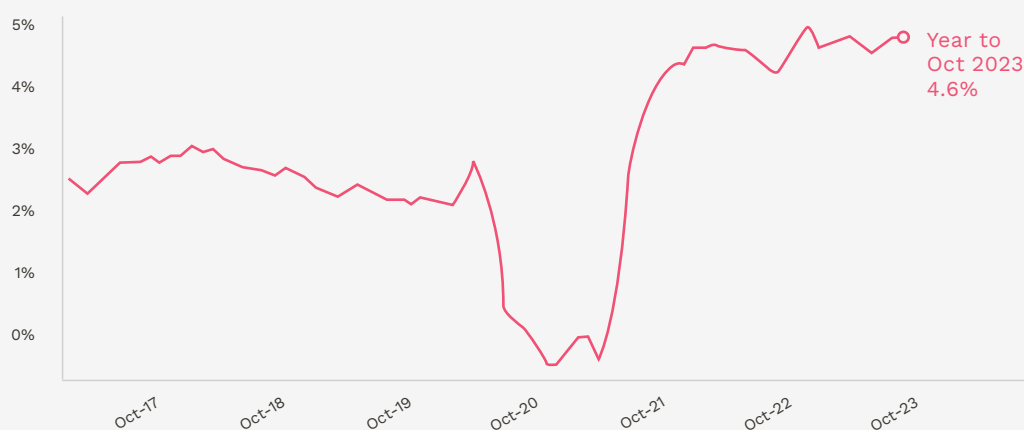
Year-on-year advertised salary growth remains strong at 4.6%, but has slowed from the 4.8% in both September and August.

Matt Cowgill, SEEK Senior Economist, said that after months of rapid rises, advertised salary growth has returned to where it was in June – solid, but not exceptional.

“Advertised salary growth still lags behind inflation, and there’s no sign of an unsustainable wage-price spiral in the data, which is positive,” he said.

“But any wages growth with a four in front of it is bound to give the Reserve Bank pause for thought, particularly with sluggish productivity growth, so it is too early to say if we are out of the woods in terms of future interest rate rises.”

**Figure 2 : Year-on-year growth of SEEK Advertised Salary index**



## Work-from-home now entrenched

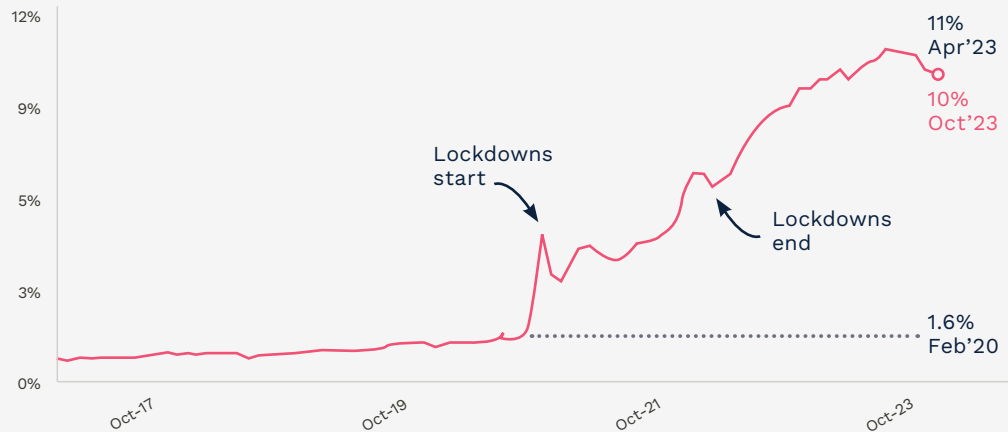
Despite many features of the economy and the workforce returning to normal post-COVID, the number of jobs that can be done at home – what SEEK calls the work from home (WFH) rate – has not bounced back.

Before COVID, in February 2020, the WFH rate was just 1.6%, rising sharply during the initial lockdown and continued to climb. Since lockdowns ended in 2021, there’s been no sign of remote work returning to anything like the pre-COVID levels.

The WFH rate rose from a little over 6% of job ads in late 2021 to a peak of 11% in April 2023. Since then it has fallen a little, sitting at 10% in October – still far above pre-COVID levels, and substantially higher than the highest rate recorded during lockdowns.

## Proportion of job ads on SEEK in Australia that indicate the role can be done from home

10% of jobs advertised on SEEK indicate the role can be done from home, at least some of the time



## Beating the inflation enemy

As we enter 2024, what's the outlook?

The RBA has made it clear that while the worst of Australia's inflation has passed, the current rate of 4.9% is still too high and is proving more persistent than expected just a few months ago.

Economic growth has slowed considerably and is likely to weaken further, as previous interest rate rises feed into consumer and business spending.

The RBA spared the country a Christmas rate hike, leaving the cash rate at 4.35% in December - and there is a view among some economists that official rates could go down from here.

Indeed, the economy may slow considerably in 2024 - meaning that inflation will also decline and there will be no need for any further interest rate increases.

But those who recall the last major bout of serious inflation will recall how stubborn it can be to get out of the system.

The RBA's public concerns about "high" and "persistent" inflation should be a reminder that it is under no illusion about the difficulty of the task.

Sources: Australian Bureau of Statistics, ANZ-Indeed. Jobs and Skills Australia. Reserve Bank of Australia. SEEK

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