

## Yet another month of solid job growth

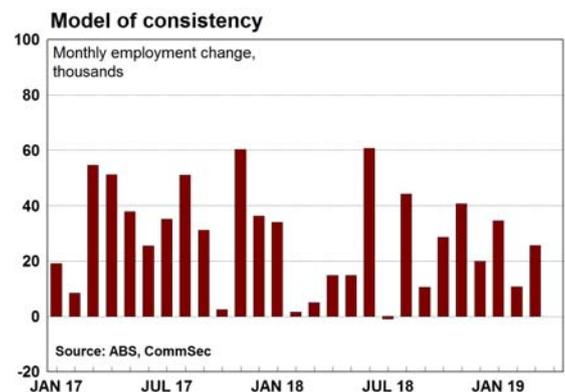
### Labour force; Domestic air travel

- **Employment** rose for the eighth straight month, up by 25,700 in March after a revised 10,800 increase in jobs in February (previously reported as a 4,600 increase in jobs). Full-time jobs rose by 48,300, but part-time jobs fell by 22,600. Economists had tipped an increase in total jobs of around 15,000.
- **Hours worked** rose by 0.7 per cent in the month to be up 3.0 per cent over the year.
- **The unemployment rate** rose from 4.9 per cent to 5.0 per cent in seasonally adjusted terms. In trend terms the jobless rate remained steady at a 10-year low of 5.0 per cent.
- **Participation rate:** The participation rate rose from 65.6 per cent to 65.7 per cent. In trend terms the 65.6 per cent participation rate remained at record highs.
- **Unemployment across states in March:** NSW 4.3 per cent (February 4.3 per cent); Victoria 4.6 per cent (4.7 per cent); Queensland 6.1 per cent (5.4 per cent); South Australia 5.9 per cent (5.7 per cent); Western Australia 6.0 per cent (5.9 per cent); Tasmania 6.7 per cent (6.5 per cent). In trend terms, Northern Territory 4.4 per cent (4.5 per cent); ACT 3.6 per cent (3.5 per cent).
- **Fewer people flying:** There were 4.7 million passengers carried on Australian domestic commercial aviation (including charter operations) in February 2019, a decrease of 0.4 per cent on February 2018. Rolling annual passenger growth on the Sydney-Melbourne route is at 4-year lows.

*A raft of companies is affected by the employment data but especially those dependent on consumer spending. Amongst stocks affected are Nine Entertainment, West Australian Newspapers, Seek Limited and McMillan Shakespeare.*

### What does it all mean?

- Given the recent softening reported by a raft of business surveys, many analysts had been braced for a weaker job result in March. But they needn't have feared. Yet another month where more people were looking for jobs with more people finding work. The jobless rate ticked up from 4.9 per cent to 5 per cent. But that is part of the normal monthly volatility. In trend terms the jobless rate remains locked at a decade low of 5 per cent. Get used to seeing a jobless rate around 5 per cent – there isn't sufficient positive or negative economic momentum to drive the jobless rate away from 5 per cent.
- It is worth noting that the proportion of people in jobs or looking for work (participation rate) is at all-time highs in trend terms with the jobless rate at decade lows.
- There was good news for Queensland with the trend jobless rate at 5½-year lows. And the West Australian trend jobless rate is at 15-month lows. The NSW trend jobless rate is at all-time lows.
- The Reserve Bank expects further tightening of the job market to lead to higher wages and higher prices. That expectation remains on track with SEEK today reporting that national wage growth had ticked up to 2.6 per cent.



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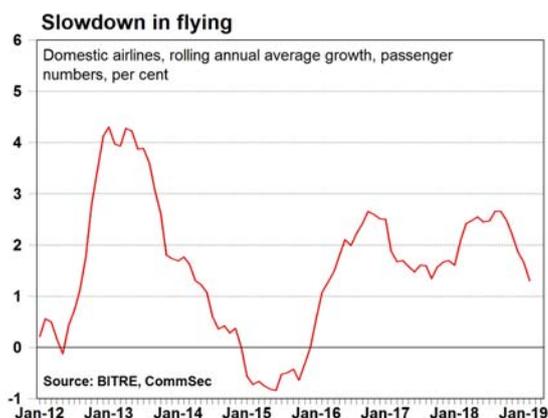
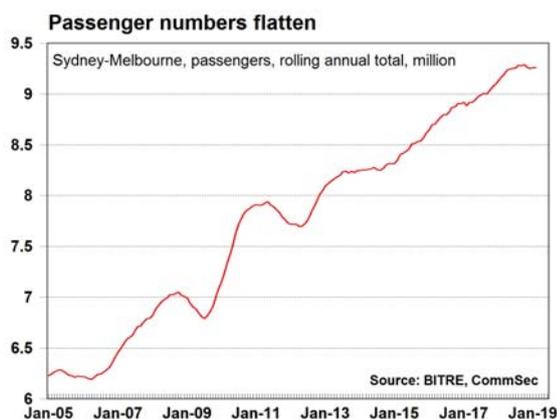
- Yet another bad month for the 'gloomsters'. More people are finding work and more are people feeling secure in their positions. In turn, this will lead to stronger spending growth, boosting the outlook for consumer and housing-dependent businesses.
- The Reserve Bank can rest easy for another month. Rate cuts are not on the near-term horizon, neither are rate hikes. The Reserve Bank believes the best contribution it could provide is to leave the cash rate steady at record lows. And we heartily agree.
- The Aussie dollar rose from US71.70 cents to US71.93 cents before settling back near US71.75 cents. Currency markets are comfortable with the economic state of play.

### What do the figures show?

- **Employment** rose for the eighth straight month (only one fall in 30 months), up by 25,700 in March after a revised 10,800 increase in jobs in February (previously reported as a 4,600 increase in jobs). Full-time jobs rose by 48,300, but part-time jobs fell by 22,600. Economists had tipped an increase in total jobs of around 15,000.
- **Annual job growth** rose from 2.3 per cent to a 5-month high of 2.4 per cent (decade average 1.6 per cent).
- **Hours worked** rose by 0.7 per cent in the month to be up 3.0 per cent over the year.
- **The unemployment rate** rose from 4.9 per cent to 5.0 per cent in seasonally adjusted terms. In trend terms the jobless rate remained steady at a 10-year low of 5.0 per cent.
- **The participation rate** rose from 65.6 per cent to 65.7 per cent. In trend terms the 65.6 per cent participation rate remained at record highs.
- **Unemployment across states in March:** NSW 4.3 per cent (February 4.3 per cent); Victoria 4.6 per cent (4.7 per cent); Queensland 6.1 per cent (5.4 per cent); South Australia 5.9 per cent (5.7 per cent); Western Australia 6.0 per cent (5.9 per cent); Tasmania 6.7 per cent (6.5 per cent). In trend terms, Northern Territory 4.4 per cent (4.5 per cent); ACT 3.6 per cent (3.5 per cent).
- **State/Territory jobs:** In seasonally adjusted terms, the largest increase in employment was in Queensland (up 10,400 persons), followed by Victoria (up 10,000 persons) and South Australia (up 8,500 persons). The largest decrease was in New South Wales (down 2,600 persons) followed by Tasmania (down 1,800 persons).
- **The working age population** rose by 39,000 in March to 20.52 million. Over the year the working age population rose by 360,500 or a 6-year high of 1.79 per cent, but this is still down from the record 2.36 per cent annual growth in December 2008.
- **The monthly trend underemployment rate** remained steady at 8.2 per cent. The monthly underutilisation rate remained steady at 13.2 per cent.
- **The monthly seasonally adjusted underemployment rate** increased 0.1 pts to 8.2 per cent. The monthly underutilisation rate increased 0.2 pts to 13.2 per cent.

### Domestic aviation

- There were 4.70 million passengers carried on Australian domestic commercial aviation (including charter operations) in February 2019, a decrease of 0.4 per cent on February 2018. For the month of February 2019 there were 52,105 aircraft trips, an increase of 0.1 per cent compared to February 2018.
- There were 4.5 million passengers carried on regular passenger transport (RPT) flights in February 2019, a decrease of 0.7 per cent on February 2018. This was the third consecutive monthly decrease in the number of



RPT passengers. For the year ending February 2019 there were 61.04 million RPT passengers, an increase of 1.3 per cent on the year ending February 2018 – slowest growth in 17 months.

- Capacity, measured by available seat kilometres (ASKs), decreased by 0.3 per cent compared with February 2018 to a total of 6.56 billion. With RPT passenger traffic decreasing at a faster rate than capacity the industry wide load factor (RPKs/ASKs) decreased from 78.0 per cent in February 2018 to 77.3 per cent in February 2019. Load factors on individual routes decreased on 36 of the 65 RPT routes.

**Why is the data important?**

- The **Labour Force** estimates are derived from a monthly survey conducted by the Bureau of Statistics. The population survey is based on a multi-stage area sample of private dwellings (currently about 22,800 houses, flats, etc.) and a sample of non-private dwellings (hotels, motels, etc.). The survey covers about 0.24 per cent of the population of Australia and includes all people over 15 years of age, except defence personnel.
- If more people are employed, then there is greater spending power in the economy. But at the same time companies may adjust the work hours of employees. If employees work less hours, and therefore get paid less, then spending power in the economy is reduced.
- The **Bureau of Infrastructure, Transport and Regional Economics (BITRE)** releases data on domestic and international aviation each month. The data is useful in tracking consumer spending and airline performance as well as broader economic activity.

**What are the implications?**

- In political terms, today’s job numbers were positive for the Government. There will be one more batch of job figures to be released before the May 18 election.
- It is always important to emphasise that job gains matter and so does job security. The people finding work will have more dollars to spend. Those people in work may feel comfortable about their positions, or about their ability to secure a different or new position. All this is positive for retailers, especially if the job market strength is accompanied by higher wages.
- CommSec doesn’t expect a change in interest rates for the foreseeable future. However, central banks across the globe favour more accommodative policies in the current environment. Only if the jobless rate starts trending higher would it start contemplating cutting rates to fresh record lows.

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