



AUSTRALIAN CHAMBER OF
COMMERCE AND INDUSTRY

MEDIA RELEASE

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LABOUR MARKET WEAKNESS INDICATES ECONOMY STILL FRAGILE

Statement by Mr Greg Evans, Director of Economics and Industry Policy

The employment figures for October revealed a further deterioration in labour market conditions. The unemployment rate rose to 5.8 per cent in the month and while employment increased it was not sufficient to cater for the additional 35,600 people seeking work.

The RBA needs to take account of the fragile state of economic conditions when considering its policy stance at its next Board meeting in December.

The evidence of a convincing economic recovery, while firming, is far from definitive and the economy may face further challenges in the near-term. Today's result adds to the view that strength in the economy is still more forecast than real.

The economy added 24,500 positions in October but the bulk of these were part-time roles and in spite of having more people in employment the total number of hours worked in the economy actually fell marginally.

Indeed, the present downturn in labour demand has led to a reduction in total hours worked rather than a substantial loss of employment.

The previous peak in employment occurred in October of 2008. Today's figures breach that level and over the past twelve months total employment is roughly 17,000 positions higher.

We need to show some caution and not interpret the deterioration in labour market conditions as having been relatively benign. Since the onset of the economic slowdown the reduction in total hours worked since peaking in July 2008 is equivalent to the loss of almost one-quarter of a million full-time jobs.

Of more encouragement is that we have seen two months now in which employment has increased. This is a welcome sign that the labour market may be approaching a turning point.

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