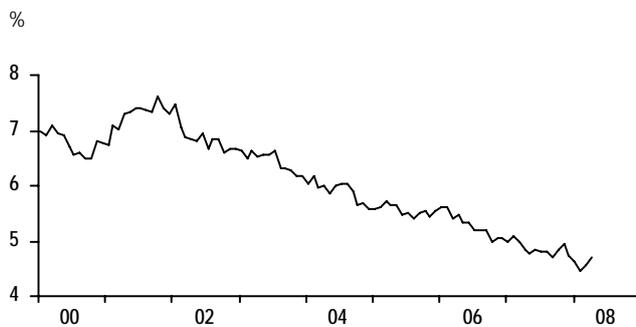


# Australia economic update

## April employment

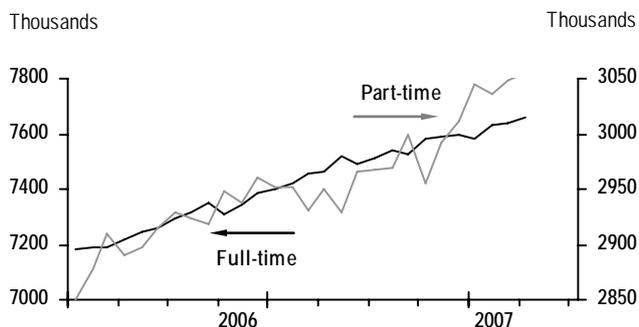
Australia added 25,400 jobs in April (JPMorgan 12,500, consensus 10,000) after adding a revised 18,100 jobs in March (previously 14,800). The participation rate increased to 65.4% from a revised 65.3% in April, and the unemployment rate rose to 4.2% from 4.1% as the labour force continued to expand.

Australia: unemployment rate



The gain in jobs in April was attributed to growth in both full-time and part-time jobs, up 19,000 and 6,300, respectively. Full-time job growth accelerated to 2.6%, while part-time job growth slowed to a still-solid 3.6%. Part-time job growth has been strong this year, owing to the ongoing impact of the government's Welfare to Work scheme, which was introduced in 2007 and aims to help more than 200,000 people on welfare return to work.

Australia: employment



Despite the rise in the unemployment rate over the last two months, the economy has added a massive 250,000 jobs since mid-2007. Tight labour market

conditions and widespread skill shortages mean that wage growth will likely accelerate. Wage growth, as measured by the labour price index (LPI), has remained contained to date, holding at 4.2% oya in the two most recent quarters, although is expected to head higher in the near-term. We forecast that the March quarter LPI next week will print at 4.3%.

### Labour Force - Australia

	Feb	Mar	Apr
Change in employment (000s)	39.2	18.1	25.4
Unemployment rate (%)	4.0	4.1	4.2
Participation rate (%)	65.2	65.3	65.4

Earlier this week, the RBA, in the statement accompanying its decision to leave rates unchanged at 7.25%, said that it may need to review its outlook if “expectations about high ongoing inflation begin to affect wage and price setting.” With wages expected to rise, the RBA may not get the significant moderation in domestic demand that it believes will help rein in inflation.

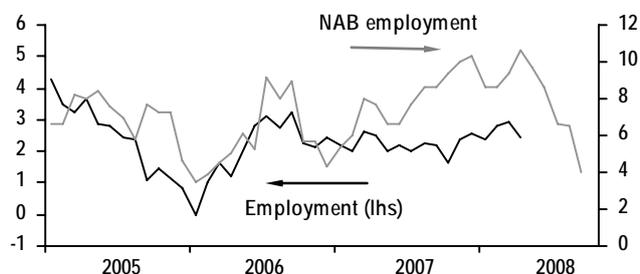
#### The details:

- In April, 25,400 jobs were added.
- Full-time jobs were up 19,000, while part-time rose 6,300.
- The unemployment rate rose from 4.1% to 4.2%.
- The participation rate rose to 65.4% from 65.3%.

#### Australia: NAB survey and employment growth

Employment (6m, ar)

NAB employment survey (5m lead, 3mma)



Economic **Research**  
May 8, 2008



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