

Australian Economic Update

15 May 2025

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Author

Aaron Luk

Economist

Aaron.Luk@anz.com

Adelaide Timbrell

Senior Economist

Adelaide.Timbrell@anz.com

+61 466 850 588

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RBA to look through employment surge in April

	April 2025	March 2025	ANZ	Mkt
Employment ('000s m/m)	+89.0	+36.4	+30.0	+22.5
Unemployment rate (%)	4.1	4.1	4.2	4.1
Underemployment rate (%)	6.0	5.9	na	na
Hours worked (% m/m)	0.0	-0.3	na	na
Participation rate (%)	67.1	66.8	na	66.8

Source: ABS, ANZ Research

The unemployment rate remained steady at 4.1% in April, for its 14th consecutive month between 3.9 and 4.2%. The resilient labour market, along with yesterday's stronger wage print, may add to discussions about whether to cut or hold the cash rate, though we still expect the RBA Board to cut the cash rate by 25bp in its May meeting.

Employment came in much stronger than expected, up 89k in April, against market expectations of a 22.5k increase. We expect this increase to be more noise than signal, with more volatility than usual in employment growth through 2025 so far. Hours worked – a more stable indicator of economic activity – was flat despite strong growth in employment. We expect the RBA to look through the strong monthly increase in employment, as it did for the surprising drop in February employment. In the April Board minutes it cited volatility as the cause of that drop.

Our preferred measure of labour market tightness (FTE-pop) remained at a level (56-58%) consistent with 2-3% inflation (Figure 11). This measure has been falling this year so far.

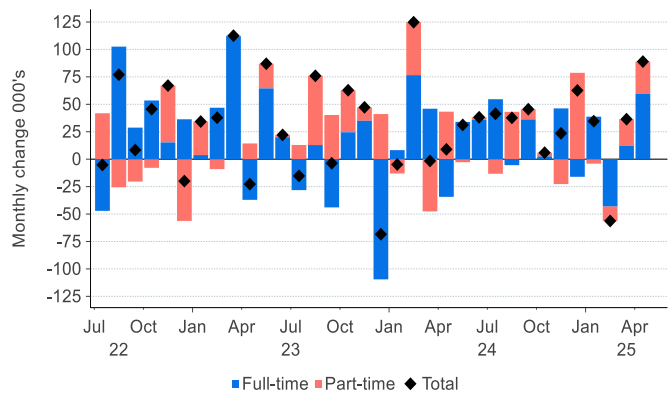
The labour force survey in April reflected the first two weeks of the month, and we think it would be too early to see the impact of global pressures on the labour market.

April labour force survey

- The federal election likely supported hiring in April, but part-time employment rose 29.5k in the month, a smaller increase than full time employment (+59.5k).
- Most of the rise was led by female employment which rose 65.3k, while male employment rose 23.6k. Female participation rose to 63.4%, matching the record high set in January 2025, while male participation remained stable at 70.9%.
- A 0.1ppt increase in the underemployment rate to 6.0% pushed the underutilisation rate up to 10.1%.
- Hours worked was flat in the month following two months of declines.

Pages 2-3 include charts showing more detail on the labour market data.

Figure 1. Monthly employment growth



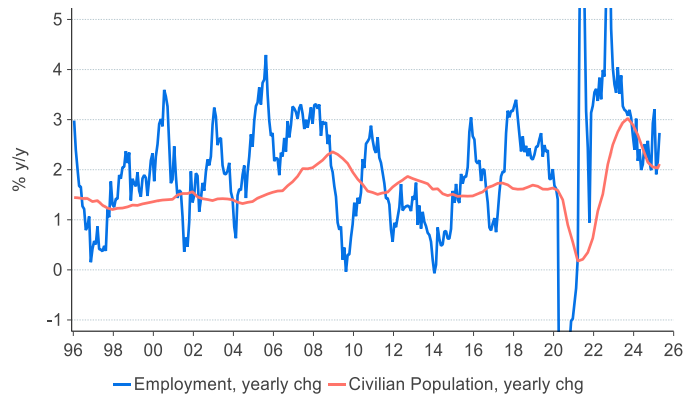
Source: ABS, Macrobond, ANZ Research

Figure 2. Businesses reporting labour availability as a constraint on output



Source: NAB, Bloomberg, Macrobond, ANZ Research

Figure 3. Yearly employment growth versus population growth



Source: ABS, Macrobond, ANZ Research

Figure 4. Employment-to-population ratio



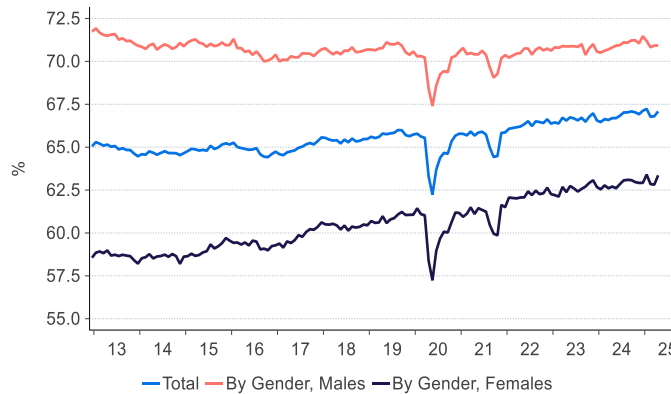
Source: ABS, Macrobond, ANZ Research

Figure 5. Unemployment rate



Source: ABS, Macrobond, ANZ Research

Figure 6. Labour force participation



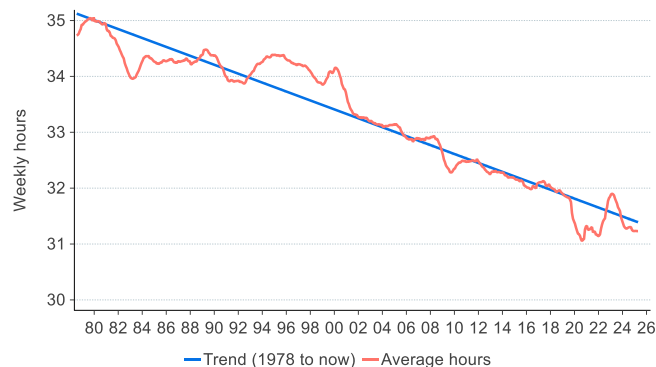
Source: ABS, Macrobond, ANZ Research

Figure 7. Underemployment rate versus unemployment rate



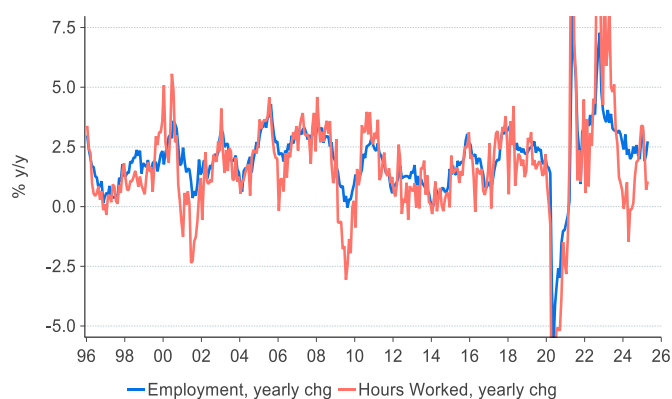
Source: ABS, Macrobond, ANZ Research

Figure 8. Average hours worked versus long-run trend



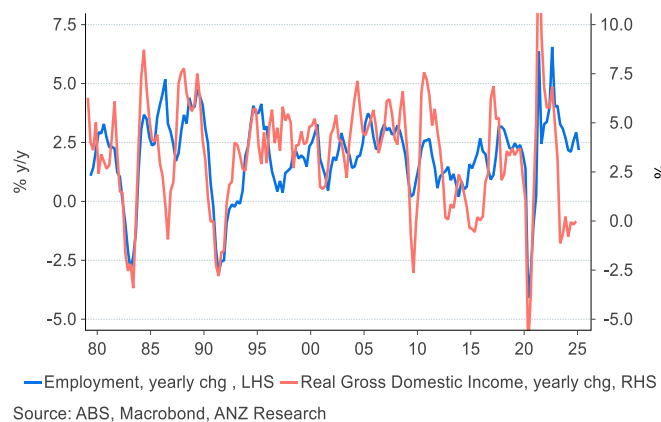
Source: ABS, Macrobond, ANZ Research

Figure 9. Hours worked versus employment growth



Source: ABS, Macrobond, ANZ Research

Figure 10. Real gross domestic income growth and employment



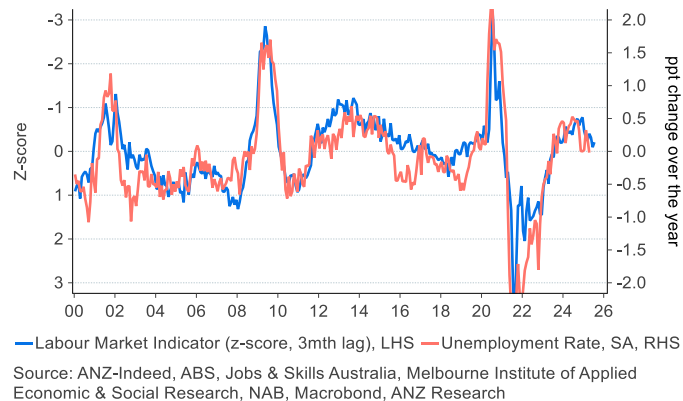
Source: ABS, Macrobond, ANZ Research

Figure 11. Full-time equivalent employment to population ratio



Source: ABS, Macrobond, ANZ Research

Figure 12. ANZ Labour Market Indicator and the yearly change in the unemployment rate



Source: ANZ-Indeed, ABS, Jobs & Skills Australia, Melbourne Institute of Applied Economic & Social Research, NAB, Macrobond, ANZ Research

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