

Document 2

FEBRUARY 2013 EMPLOYMENT OUTCOME

Employment grew by 71,500 people (or 0.6 per cent) in February 2013 in seasonally-adjusted terms – the largest increase since July 2000. This increase in employment was concentrated in part-time employment (up 53,700 people), with male full-time employment declining by 4,900.

However, this strong result may overstate strength in the labour market. This note examines one-off factors contributing to the strong February outcome and the likely underlying trend in employment growth.

Sample rotation effect

Around half of the monthly increase in employment may be attributable to sample rotation.

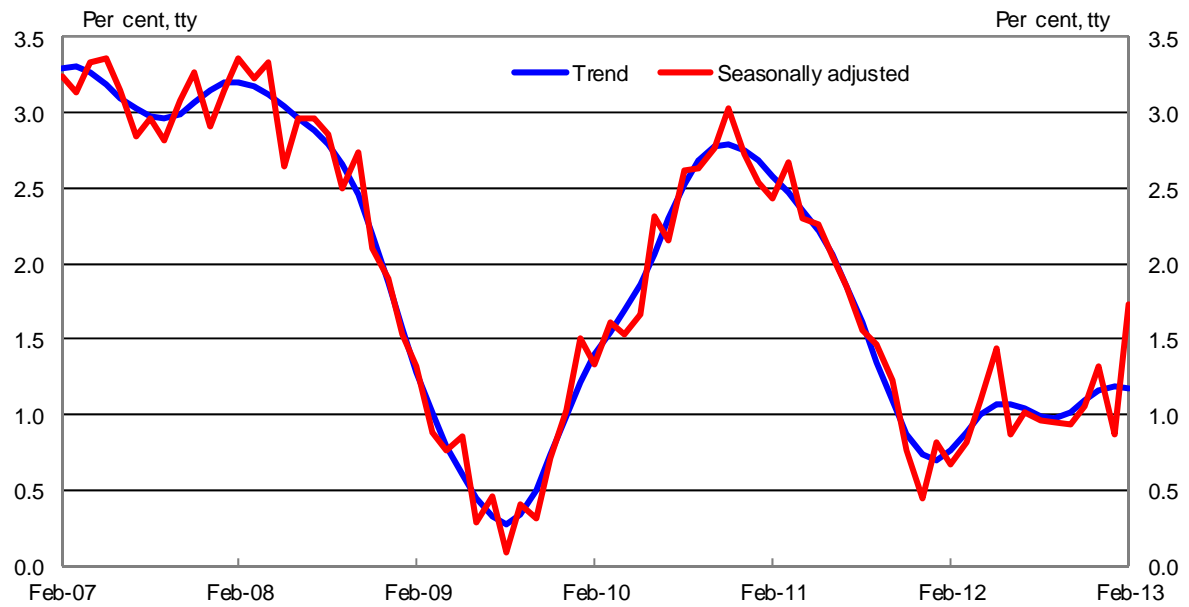
- Each month, the ABS replaces one-eighth of previous survey respondents with new respondents. To the extent that the labour force characteristics of the new respondents differ from the outgoing respondents, this can impact on survey outcomes.
- In February, the new group of respondents entering the labour force survey had a higher proportion of employed people compared with the group of respondents they replaced, resulting in an increase in the measured level of employment.

Underlying trend

- Even accounting for this sample rotation effect, seasonally-adjusted employment growth in February was still relatively strong. For example, there was a significant shift of women who had not previously been in the labour force towards part-time work.
- However, seasonally-adjusted employment growth can be volatile on a monthly basis (Chart One).
- The ABS recommends using trend estimates of employment growth. Trend employment rose by a much lower 15,900 (or 0.1 per cent).

- Significant divergences between seasonally-adjusted and trend employment growth typically correct very quickly (Chart One), with the seasonally-adjusted series moving back towards trend. This suggests the strong February outcome could be temporary.

Chart One: Employment growth



s47C and s47E(d)