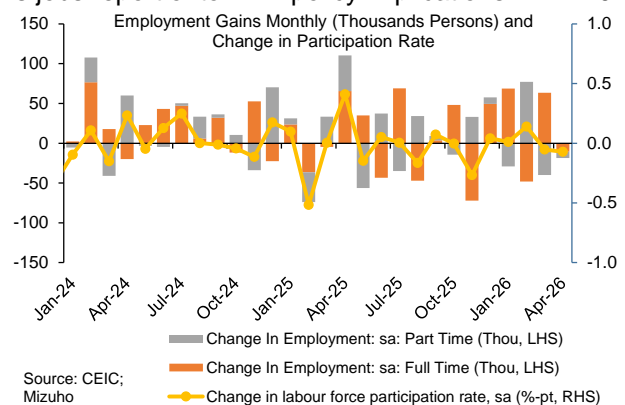
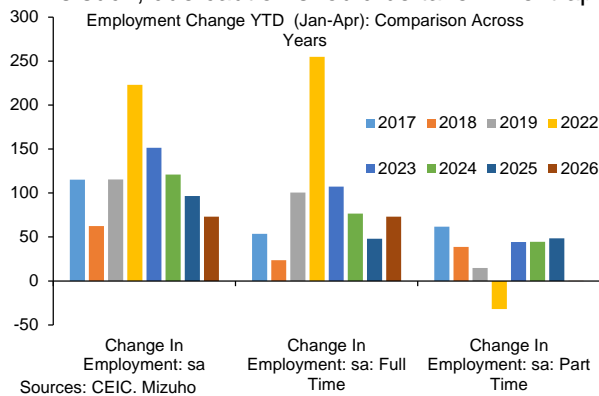


Australia Labour: Down But Not Out

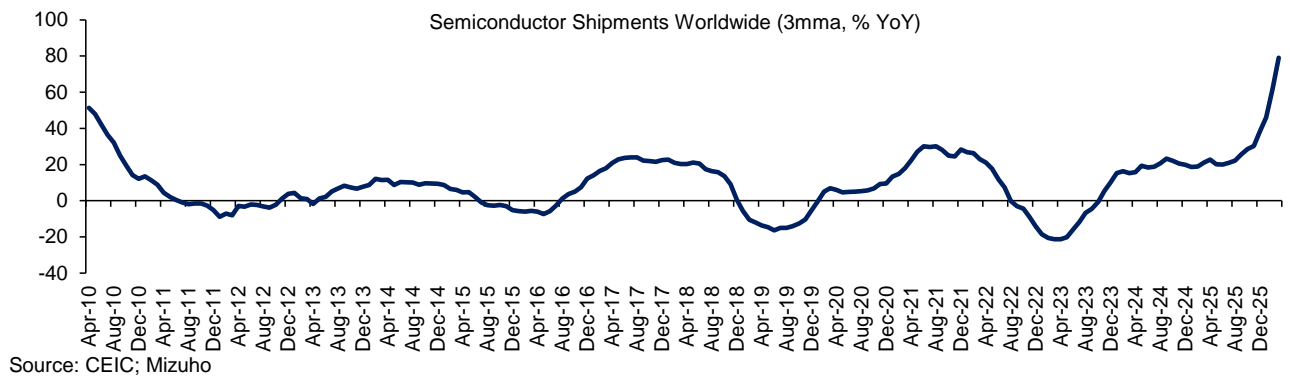
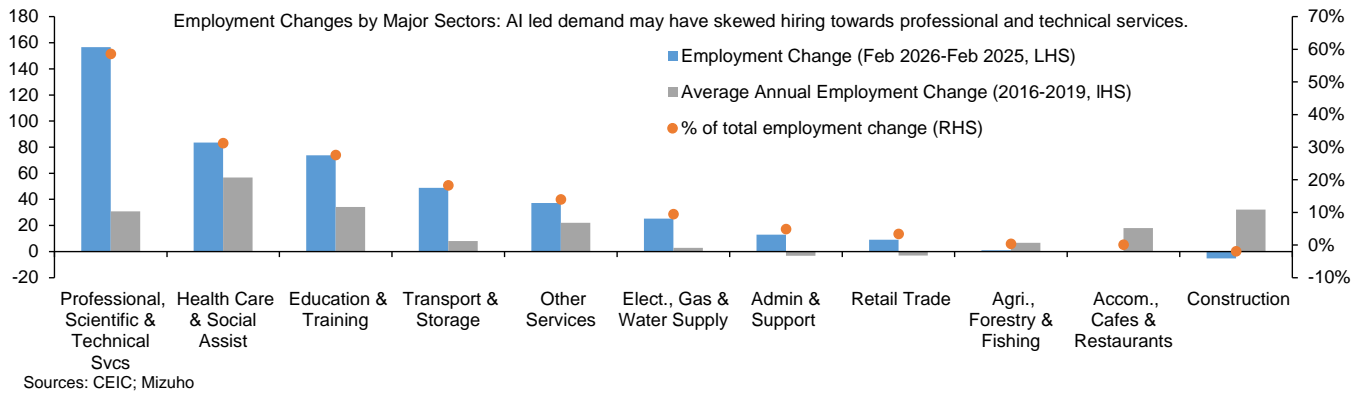
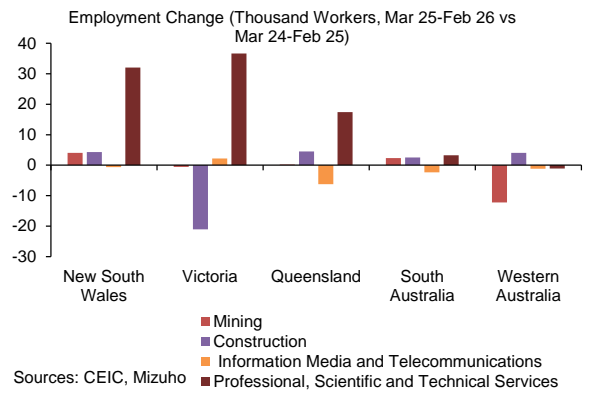
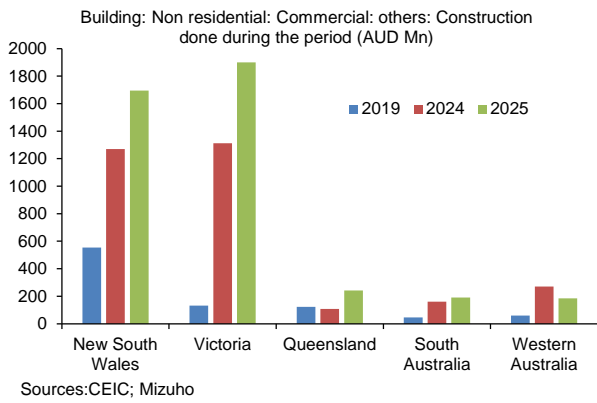
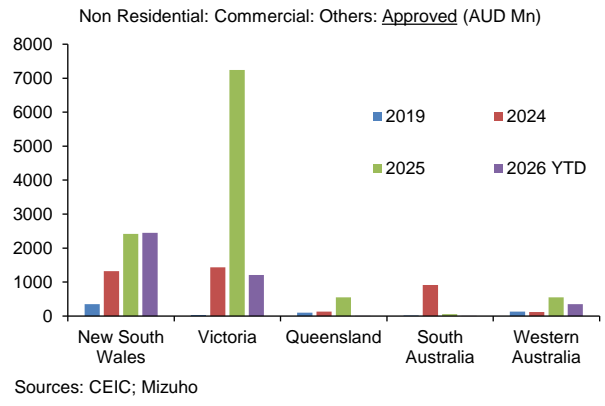
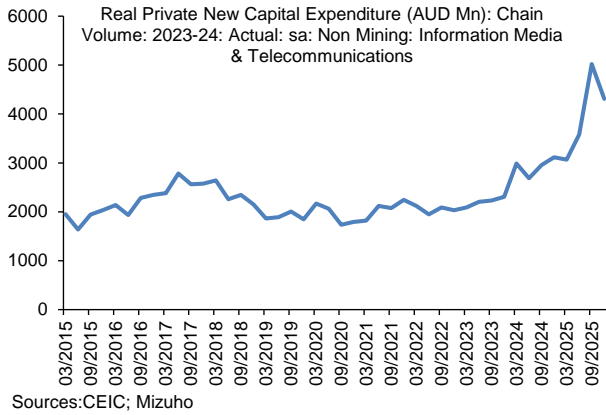
- This morning, **Australia's jobs report came in below market expectations** with employment declining by 18.6k workers while the unemployment rate edged up to 4.5%.
- This print is likely to **solidify a hold at the next RBA meeting** though **excessive pessimism ought to be pared back** even as a slippage in participation rates remain somewhat a concern on discouraged worker effects.
- While current YTD employment gains are much smaller than previous years, these figures **remain well in the vicinity of pre-Covid pace of hiring** and in fact, there is an underlying favourable full time employment skew.
- With 3 consecutive months of hiring gains in 2026, this mild slippage in April ought to be not too surprising.
- Furthermore, with the **entirety of employment decline driven by lower female employment**, this points to the possibility that this came on the back of redundancies in the public administration or health care sectors.
- As such, due caution should be taken in extrapolating this jobs report onto RBA policy implications in H2 2026.



- Admittedly, current sectoral hiring details across states and sectors is limited to February 2026 figures.
- Even amid the dated data, it remains evident that there has been AI and data centres led composition shifts in recent years that boosted employment. Across states, we see a discernible uptick construction of data centre¹ being approved as well as work done especially in New South Wales and Victoria.
- While building approvals reflect the lumpy nature of these large scale investments, construction activity show steady acceleration in building these projects. The surge in construction activity in these states is unsurprising given the substantial investments by hyperscalers such as AWS and Microsoft.
- Specifically, real private capex² in data centre related development in Australia grew 36% YoY in 2025.
- Admittedly, disentangling exact effects from data centre investments into specific labour market outcomes may be futile given lumpy investment outcomes within projects and uneven capital injection across states.
- Nonetheless, a **sectoral view of the labour outcomes in the past year reveals a clear skew of hiring in the professional, scientific and technical services** rather than the construction sector.
- This likely reflects the **demand for roles such as data center technicians, network engineers, project engineers, facility engineers** relative to construction related demand. Moreover, AI related construction labour demand may be overwhelmed by soft activity in the residential housing sector.
- Amid the strong semiconductor cycle led by AI demand, we expect hiring to remain robust though not outsized. That said, downside risks such as AI related redundancies may reveal themselves in fits and starts.
- On balance, this marginally dismal print provides a reminder about employment volatility amid transformational economic shifts which favours a higher capital labour ratio rather than a harbinger of outright employment collapse.

¹ Data centres are classified as “non-residential commercial: others” for construction by the ABS.

² Data centres are classified under “Information media and telecommunications” for investment by the ABS



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