

Unemployment falls to 18-month low

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THE unemployment rate has fallen to 5.1 per cent, its lowest level since January 2009, as demand for workers remained robust.

Total employment rose 45,900 in June, easily beating economists' forecasts for employment growth of 15,000. Part-time employment was up 27,500 and full-time jobs rose 18,400.

The jobless rate of 5.1 per cent for June was steady when compared with the revised May figure of 5.1 per cent, but was down on the original 5.2 per cent figure.

Economists had forecast a jobless rate of 5.2 per cent.

The latest employment report came after the Organisation for Economic Co-operation and Development said unemployment may have peaked among its member nations.

The average for the OECD was 8.6 per cent in May, well above the Australian level, which remained below 6 per cent while the northern hemisphere slashed jobs.

"Cutting unemployment and fiscal deficits at the same time is a daunting challenge but it needs to be tackled head on," OECD secretary-general Angel Gurría said.

"Despite signs of recovery in most countries, the risk remains that millions of people may lose touch with the labour market.

"High joblessness as the new normal cannot be accepted and has to be tackled by a comprehensive policy strategy."

Australia avoided the haemorrhaging in the labour market that the US, the world's biggest economy, and much of Europe experienced as their economies slowed sharply.

A booming Chinese economy and its insatiable demand for minerals such as iron ore and coal provided Australia with a buffer against the icy economic winds.

Demand for labour in Australia has remained strong.

A private-sector survey by ANZ published earlier this week showed the total number of job advertisements rose 2.7 per cent in June from May, suggesting employers remained confident about the outlook for the domestic economy.

Still, ANZ chief economist Warren Hogan said the job ads survey pointed to a moderation in the pace at which employment was growing.

The recent volatility in global financial markets and the sovereign debt troubles in Europe have made employers more cautious. Business confidence has wobbled.

The Reserve Bank of Australia kept interest rates on hold at 4.5 per cent this week for the second consecutive month and signalled they might remain steady in August.

RBA governor Glenn Stevens said the labour market continued to “firm gradually” and most indicators suggested business investment would increase over the year.