Research

Economy Watch

22 September 2025

Job ads slowly starting to turn?

- **Labour market still weak**
- **Ads slowly moving in the right direction**
- **Supports modest Q3 employment growth**
- **Not to get carried away**

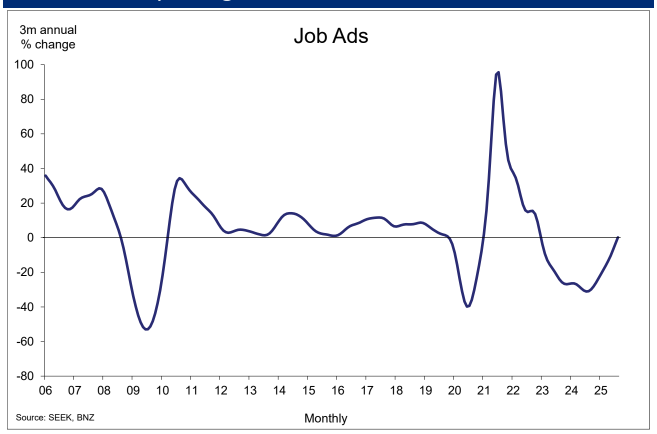
	Aug-23	Aug-24	Jun-25	Jul-25	Aug-25
m/m % change	-3.2	-1.7	0.6	1.0	1.4
m/m % change (s.a.)	0.9	-2.2	-1.6	4.0	2.5
3m/3m	-6.8	-8.9	0.6	1.0	1.9
Ann % change (m/m)	-26.0	-30.1	-3.3	0.4	3.5
Ann % change (3m/3m)	-24.0	-30.9	-7.0	-3.4	0.2

All data is the trend unless otherwise indicated

Job ads are starting to show some tentative signs of life, albeit from a very weak base. The latest 3-months (Jun – Aug) show a 1.9% lift in the number of ads relative to the previous 3-months (Mar – May). They also nudged back above year-earlier levels for the first time since late 2022.

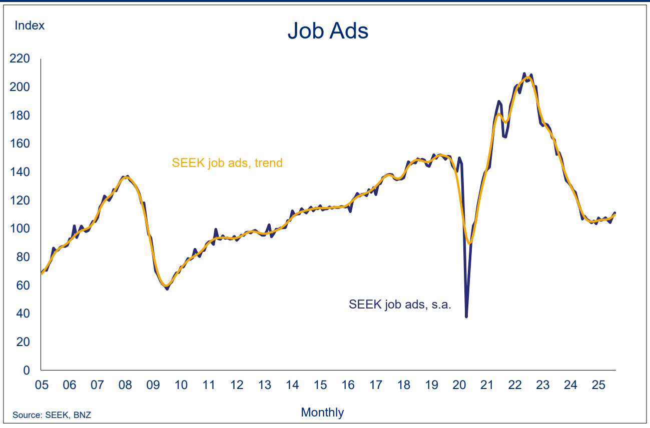
We are hesitant to jump to any strong conclusions, fearing that the recent tick-up could easily be noise. However, the general direction of recent labour market data suggests that the worst for employment may be behind us. Indeed, filled jobs showed a modest 0.2% m/m gain in July.

Back above a year ago



Vacancies are not plentiful by any stretch. Job seekers are continuing to do it tough, with ads nearly 50% below their peak. The overall message from the labour market is still one of weakness, but there are early signs it is starting to edge in the right direction.

Well below the peak



Last week's Q2 GDP data was even more miserable than expected at -0.9% q/q. We have pencilled in +0.7% q/q for Q3 GDP, underpinned by a solid bounce back in manufacturing. Smoothing through quarter-to-quarter volatility, we still believe the general signs of a turning point in the economy are there. However, there is a very real risk that any ensuing bounce takes longer than currently expected.

It is important to remember that the labour market usually lags economic recovery. Our forecasts are for a relatively modest 0.3% q/q increase in Q3 employment, consistent with recent gains in ads and filled jobs. We (and the Reserve Bank) expect the unemployment rate to nudge up to 5.3% in Q3, as growth in labour supply continues to outstrip growth in labour demand. The unemployment rate is likely to linger above 5% until the second half of 2026, as is typical at this stage in the cycle.

Economic indicators are often choppy around turning points. While the recent lift in ads and filled jobs is welcome, ongoing weakness in the PMI/PSI employment indexes are a good reminder to not get carried away. Stepping back from monthly volatility, there remains an abundance of labour market slack. There is ample scope for the Reserve Bank to continue lowering the Official Cash Rate.

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