



Australian Government

Department of Employment and Workplace Relations

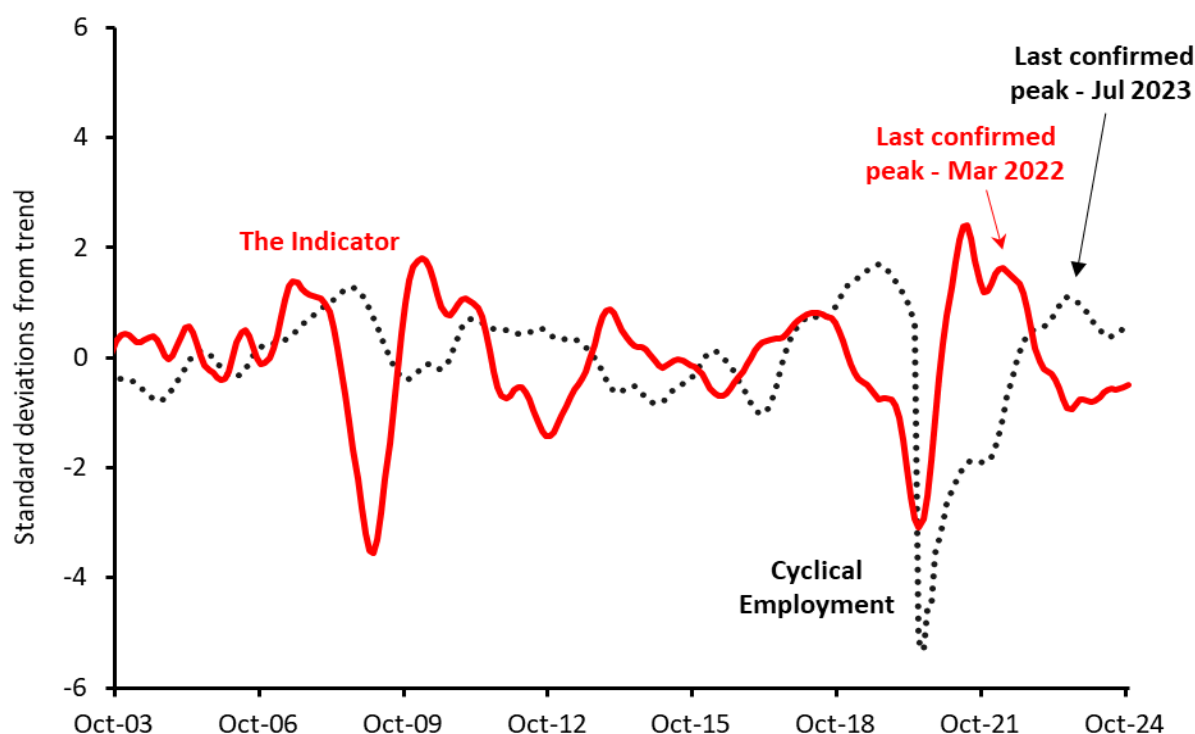
MONTHLY LEADING INDICATOR OF EMPLOYMENT

OCTOBER 2024

The Monthly Leading Indicator of Employment (the Indicator) has now risen over the three months to October 2024, primarily due to upward revisions to two out of the five Indicator components: the Westpac-Melbourne Institute Consumer Sentiment Index (reflecting improved expectations of interest rate cuts); and the NAB Forward Orders Index (reflecting the improved consumer confidence).

The last confirmed turning point was a peak in March 2022, followed by 17 consecutive monthly declines to August 2023. This indicated that the annual trend rate of employment growth would likely remain at or below its long-term rate of 2.8 per cent per annum. The latest estimated annual trend rate of employment growth was 2.6 per cent in August 2024 (the most recent ABS data), below the recent high of 4.6 per cent over the year to September 2022.

LEVELS OF THE LEADING INDICATOR OF EMPLOYMENT AND CYCLICAL EMPLOYMENT



Note: Levels expressed as standard deviations from trend.

MONTHLY CHANGES IN VALUE OF LEADING INDICATOR

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Change in Leading Indicator	0.055	0.012	-0.008	0.009	0.035	0.045

Note: Monthly changes in standard deviations from the cyclical trend.

COMPONENTS OF THE LEADING INDICATOR

Series	Contribution to change in Leading Indicator		
	Aug-24	Sep-24	Oct-24
China's Purchasing Managers Index for Manufacturing Output (September 2024 data)	-0.034	-0.022	-0.028
US Yield Difference (10-year vs. 3-month interest rates) (September 2024 data)	0.001	0.005	0.01
NAB Forward Orders Index (August 2024 data)	0.015	0.025	0.031
Westpac-Melbourne Institute Leading Index of Economic Activity (August 2024 data)	-0.001	-0.002	-0.004
Westpac-Melbourne Institute Consumer Sentiment Index (September 2024 data)	0.027	0.029	0.036
<i>Change in Leading Indicator:</i>	<i>0.009</i>	<i>0.035</i>	<i>0.045</i>

Note: The cyclical components of each series contribute to the monthly movements in the Indicator. Each series in the Indicator has the same weight of 20 per cent. The units of measurement for the contributions to change in the Indicator are monthly changes in the standard deviation from the long-term trend.

TECHNICAL NOTES

The Indicator is designed to provide advance warning of turning points in 'cyclical employment' (i.e., the deviation of the centred one-year trend in employment from the centred six-year trend). The average lead time of the Indicator over the series (i.e., the time between a peak or trough in the Indicator and the corresponding peak or trough in cyclical employment) is over a year.

A 'turning point' in the Indicator is confirmed when there are six consecutive monthly movements in the same direction after a turning point. A fall (or rise) in the Indicator does not necessarily mean that the level of employment will immediately fall (or rise). Rather, it implies that after a lag, the growth rate of employment may fall below (or rise above) its centred six-year trend rate.

The Indicator is the average of the normalised and standardised cyclical elements of the five series in the table above, which have been shown to lead cyclical employment consistently over a long period. The individual components and the composite Indicator for previous months are subject to revision when new monthly data become available.

RELEASE DETAILS

The Indicator is available on the Department of Employment and Workplace Relations website ([Monthly Leading Indicator of Employment Latest Release - Department of Employment and Workplace Relations, Australian Government \(dewr.gov.au\)](https://www.dewr.gov.au/employment-and-workplace-relations/indicators/monthly-leading-indicator)).

Following extensive consultations with stakeholders, the decision has been taken to discontinue publication of the Indicator. The next issue, to be published on 13 November 2024, will be the final one.

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