



Australian Government



Jobs and Skills Australia

# International Labour Market Update

February 2024





In 2023, New Zealand (NZ) experienced a technical recession which is not yet reflected in labour market data. The number of filled jobs continued to grow, driven by accommodation and food services, and construction sectors. There was also a strong increase in the number of young migrants following the re-opening of borders, which resulted in more filled jobs for 30 to 39-year-olds.<sup>10</sup>

The Canadian labour market had five consecutive months of falling vacancies from May to September 2023. In October 2023, vacancies were at their lowest level since February 2021, with the largest falls recorded in the manufacturing and management of companies and enterprises sectors. Vacancies increased for the finance and insurance, public administration and utilities sectors. In the healthcare and social assistance sector, vacancies fell after a record high between July 2022 and April 2023.<sup>11</sup>

The United States Bureau of Labor Statistics found that labour force participation in the United States of America (USA) in 2023 had not returned to pre-pandemic levels despite thousands of individuals joining the workforce.<sup>12</sup> Labour shortages remained high in the education and health services and professional and business services sectors. The manufacturing industry showed a decrease in shortages after a period of high vacancy rates following the pandemic. In contrast, the construction industry faced a labour surplus as the number of unemployed workers with relevant experience exceeded job openings.<sup>13</sup>

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<sup>10</sup> [Monthly labour market fact sheet | Ministry of Business, Innovation & Employment \(mbie.govt.nz\)](#)

<sup>11</sup> [The Daily — Payroll employment, earnings and hours, and job vacancies, October 2023 \(statcan.gc.ca\)](#)

<sup>12</sup> [Job Openings and Labor Turnover Summary - 2023 M10 Results \(bls.gov\)](#)

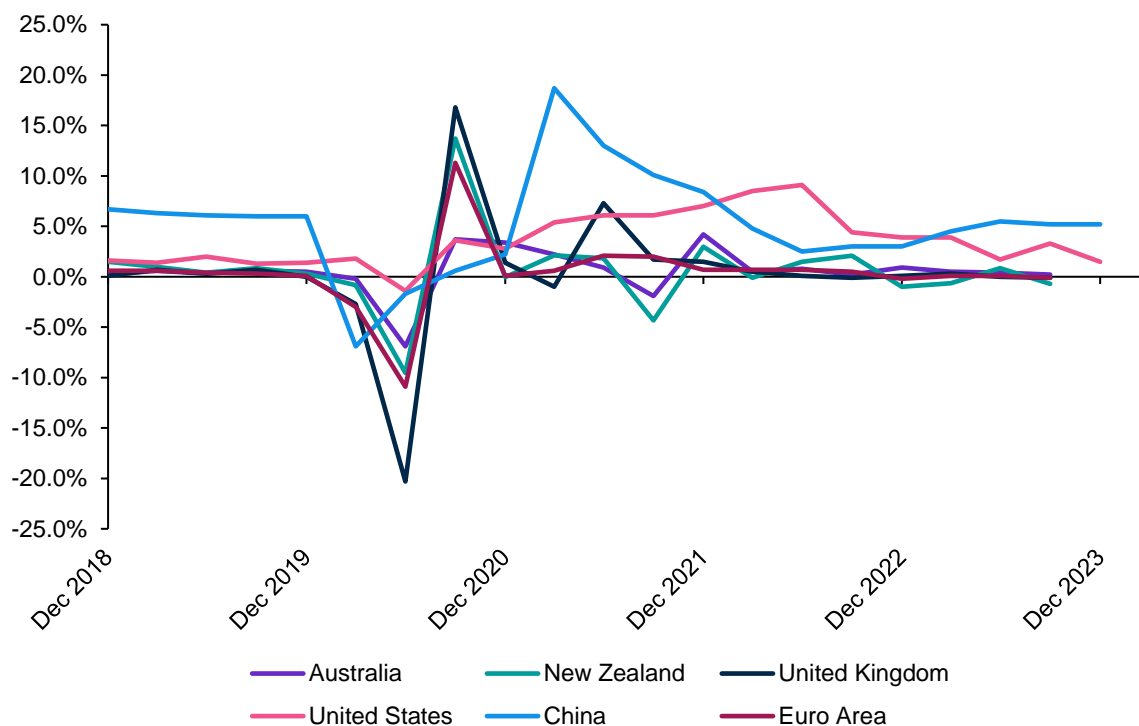
<sup>13</sup> [Understanding America's Labor Shortage: The Most Impacted Industries | U.S. Chamber of Commerce \(uschamber.com\) – January 2024](#)

## Economic outlook

The global economy continues to recover from economic shocks, including the pandemic, geopolitical tensions and high inflation. In the January 2024 WEO Update, the IMF projected global Gross Domestic Product (GDP) growth of 3.1% in 2024. This forecast which is 0.2 percentage points higher than the October 2023 WEO forecast, is ascribed to the greater-than-expected resilience in the USA and large emerging market and developing economies. The forecast is still below the historical (2000 to 2019) average growth rate of 3.8%.

The OECD has forecast global GDP growth of 2.9% as a result of tighter financial conditions and weak trade growth. Economic growth in Australia is expected to lower from 2.0% in 2023 to 1.4% in 2024.

**Figure 1: Quarterly GDP growth in selected countries (%), December quarter 2019 to December quarter 2023**

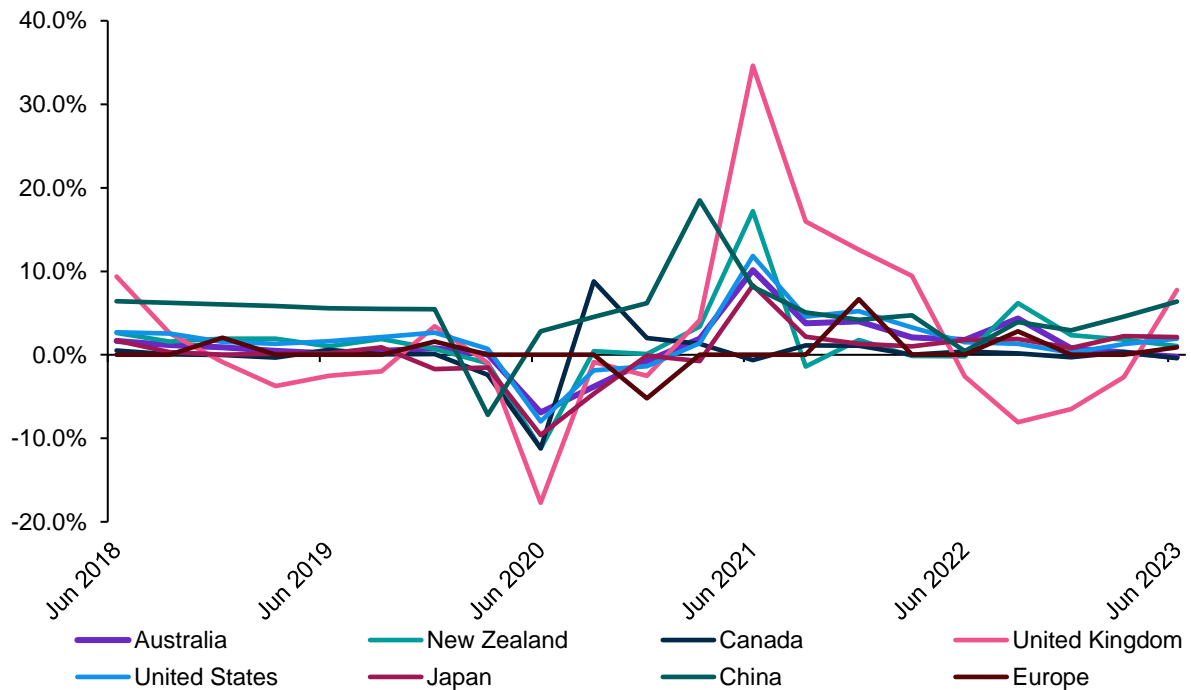


Source: LSEG Datastream

Figure 1 shows that Australia's GDP growth declined throughout 2023 to 0.2% in the September 2023 quarter. In comparison, NZ and the UK had negative GDP growth and there was no growth in the Euro Area.

In most advanced economies, GDP growth decreased slightly throughout 2023 following a recovery from negative growth during the pandemic. Growth in mainland China became less volatile during the year but remained high at 5.2% in the December 2023 quarter. For the USA, GDP growth rose by 1.5% in the December 2023 quarter.

**Figure 2: Annual growth in GDP per capita in selected countries (%), March quarter 2019 to June quarter 2023<sup>14</sup>**



Source: LSEG Datastream

Figure 2 shows that quarterly GDP per capita growth became less volatile for most countries in 2023 following the pandemic. GDP per capita projections from the IMF's October 2023 WEO deteriorated compared to previous outlooks. Part of this slowdown was attributed to lower labour force participation rates in advanced economies as a result of demographic changes, including ageing populations. In Figure 2, Australia and Canada were the only countries with falls in GDP per capita growth in the June quarter of 2023 (of 0.2% and 0.4% respectively).

GDP per capita growth in the UK was volatile, rapidly increasing in 2023 after being negative through most of 2022. China was the only other country with high growth at 6.4% in the June quarter of 2023. In contrast, the USA, Europe and NZ had low growth rates in 2023.

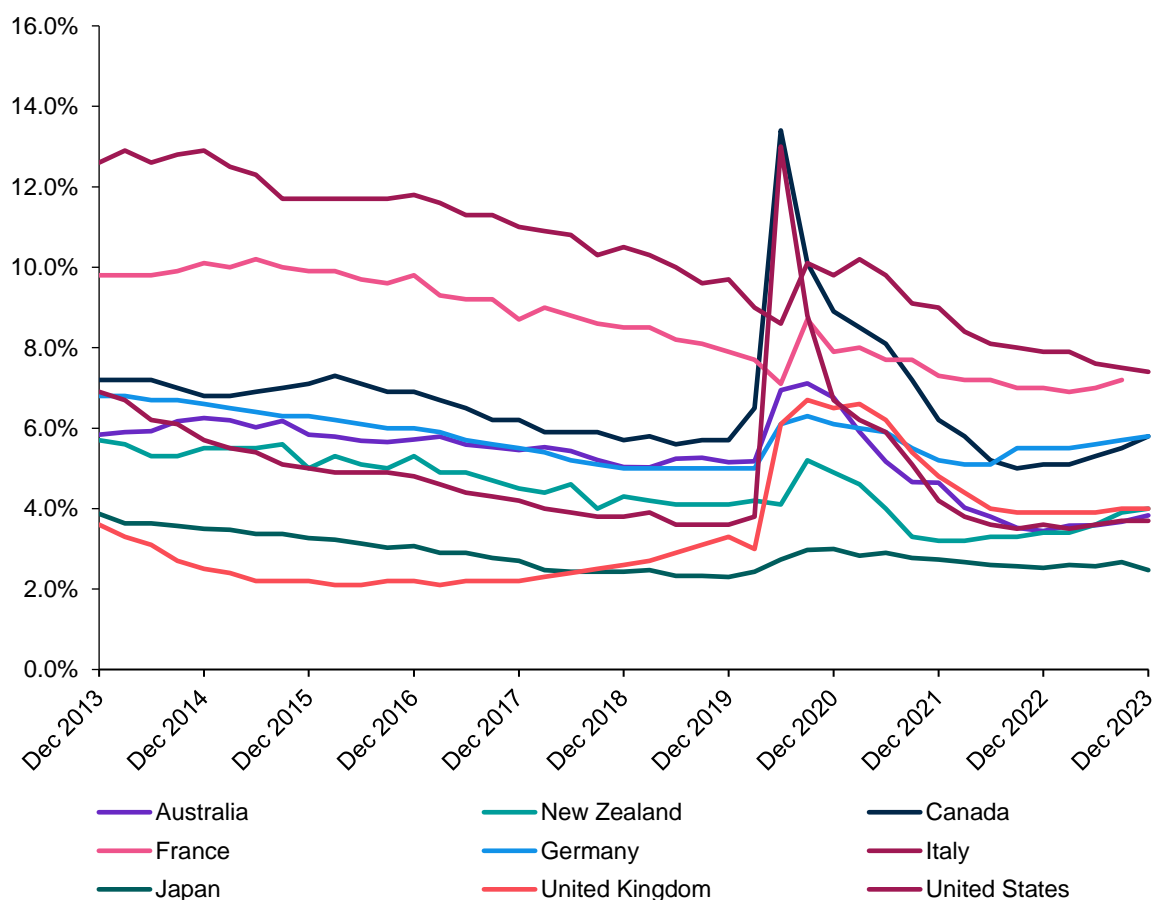
<sup>14</sup> Data in this chart is unusually volatile as a result of significant changes to GDP during the COVID-19 Pandemic. Quarterly annualised data.

## Unemployment

The global labour market remained resilient in a time of slow economic growth with the global unemployment rate declining to pre-pandemic levels of 5.1%. The IMF expects the global unemployment rate to rise to 5.2% in 2024. Projections from the OECD and IMF forecast unemployment rates in the USA, UK, Canada and Australia to rise, but in Japan and the Euro Area, unemployment is expected to remain low and close to current levels.

The ILO forecasts that global unemployment rates will rise modestly in 2024 because of increased joblessness in advanced economies.

**Figure 3: Unemployment rates for selected countries (%), December quarter 2013 to December quarter 2023<sup>15</sup>**

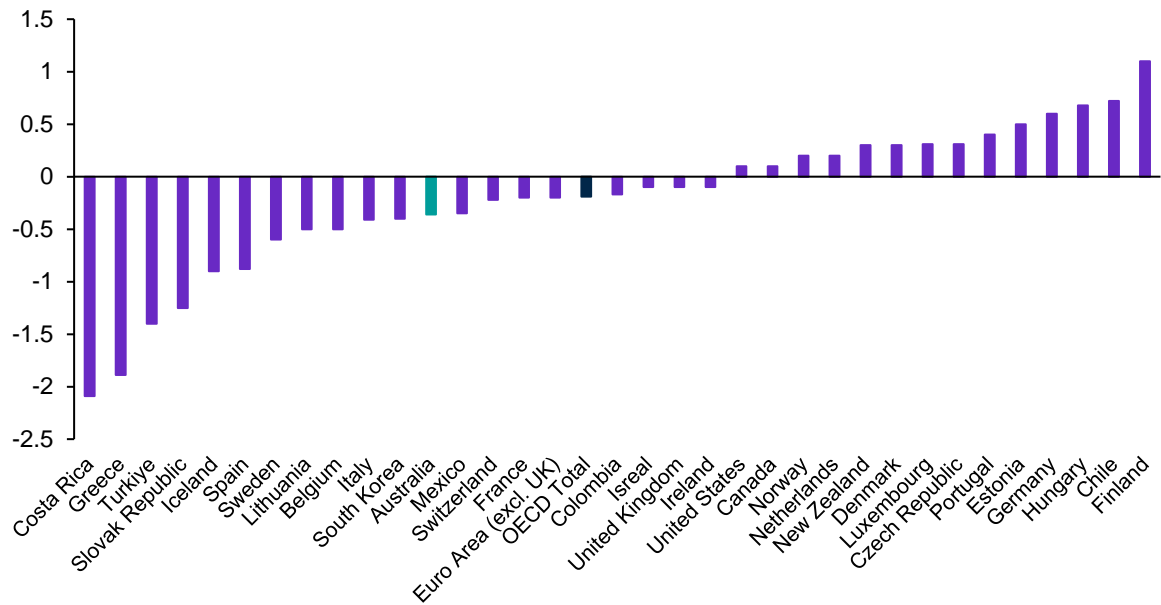


Source: LSEG Datastream

Figure 3 shows that for most advanced economies, unemployment rates rose throughout 2023. Canada had the largest increase in the unemployment rate from 5.0% at the end of 2022 to 5.8% in September 2023. Italy's unemployment rate continued a steady decline and has not risen since late 2020.

<sup>15</sup> Seasonally adjusted quarterly data.

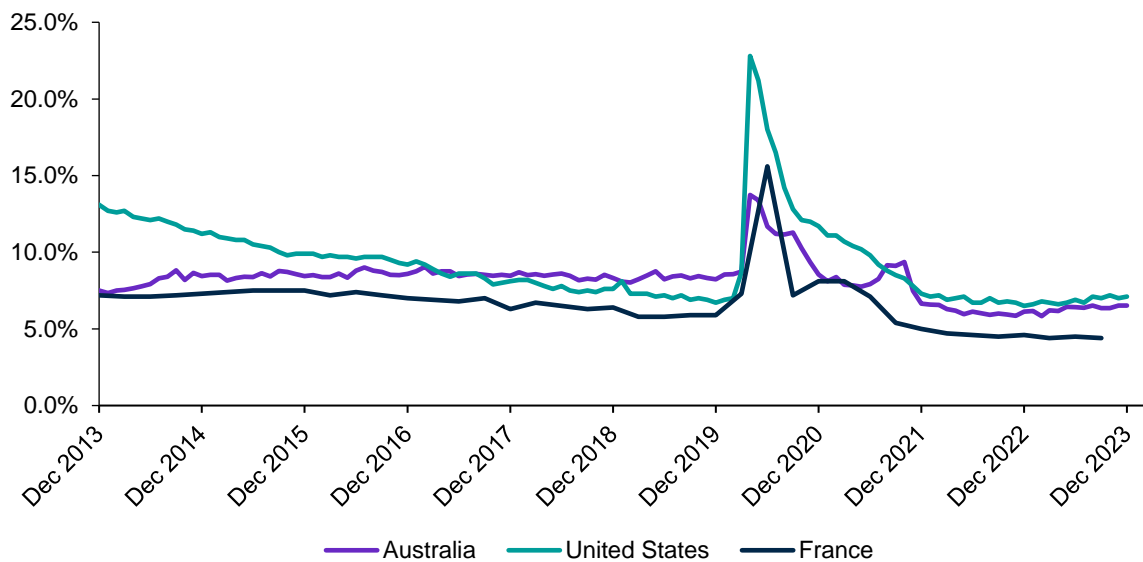
**Figure 4: Changes in unemployment rates for OECD countries (percentage points), May 2022 to May 2023**



Source: LSEG Datastream

Figure 4 shows that the decrease in Australia’s unemployment rate over the year to May 2023 (latest comparable data) was larger than most OECD countries. Unemployment rates rose in the USA, NZ, Canada and Germany.

**Figure 5: Underemployment rates for selected countries (%), January 2014 to November 2023<sup>16</sup>**



Source: LSEG Datastream

Figure 5 shows that underemployment<sup>17</sup> plateaued in Australia, France and the USA in 2023 after strong post-pandemic decreases.

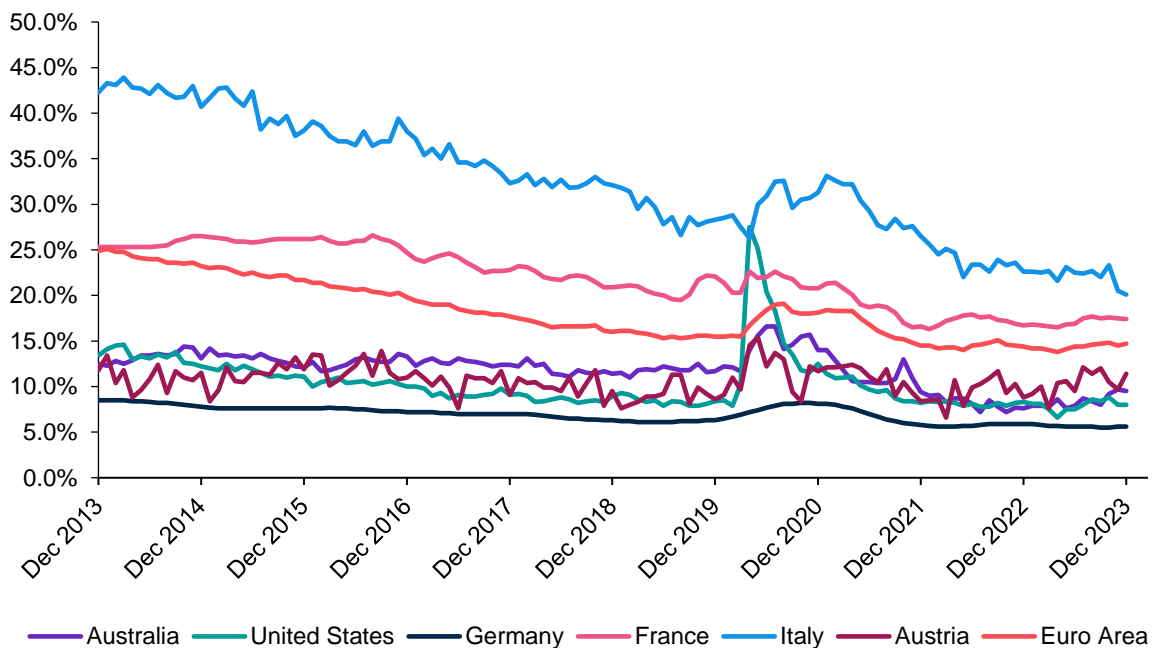
<sup>16</sup> Data for France are quarterly. Data for Australia and the USA are monthly.

<sup>17</sup> The ILO describes underemployment as underutilisation of the productive capacity of the employed population. See [Statistics on unemployment and labour underutilization - ILOSTAT](#).

The ILO's latest World Employment and Social Outlook found that while youth labour force participation has recovered to pre-pandemic levels, a large proportion of youth who dropped out of the labour market are facing obstacles returning to work. In 2023, the number of young people not in employment, education or training (NEET) remained elevated and youth unemployment rates were still high. Historically, youth unemployment rates were nearly 3.5 times higher than those of adults. In 2023 the global youth unemployment rate was 13.3%.

The labour market performance of youth in Europe steadily improved in 2023. The youth unemployment rate fell 0.3 percentage points in a year to 14.0% in June 2023. The strongest reductions were estimated for Southern Europe, with Italy's rate falling by 1.2 percentage points over the year.

**Figure 6: Youth unemployment rate for selected countries (%), January 2014 to December 2023**



Source: LSEG Datastream

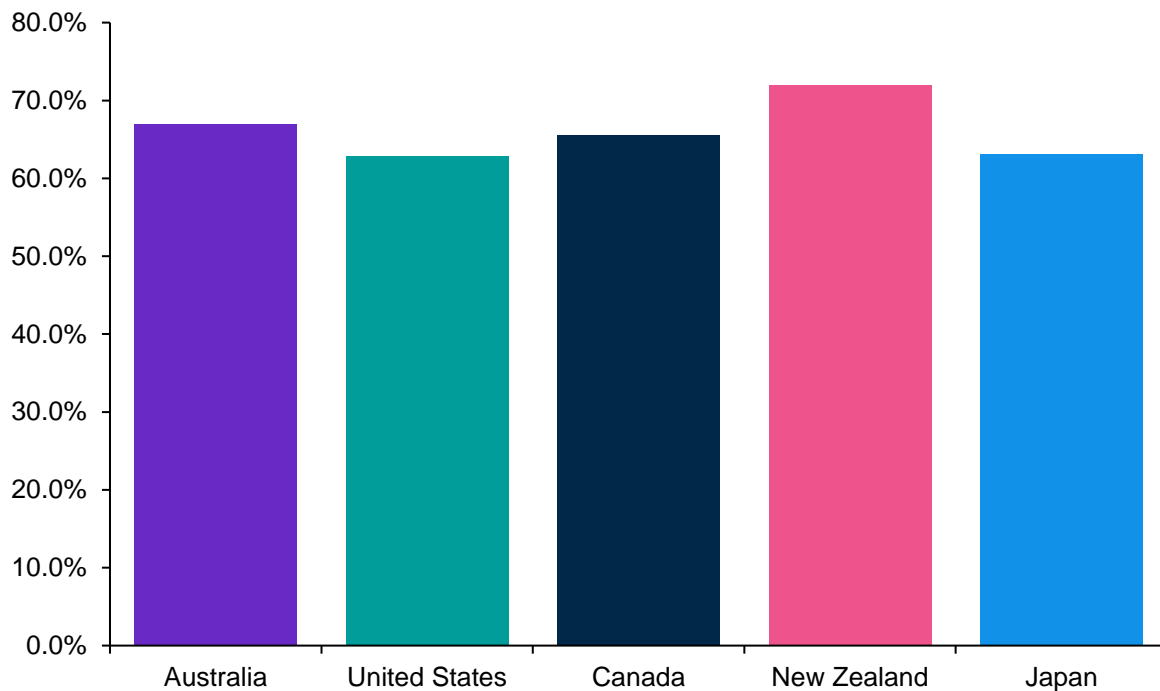
Figure 6 shows that youth unemployment rates continued to decline following peaks during the pandemic but in December 2023, remained well above that of the total labour force (aged 15-64) as shown in Figure 5.



## Labour force participation

ILO research shows that the global labour force participation rate rose slightly to 60.8% in 2023 (from 60.3% in 2022) due to a stronger job market. Labour force participation is expected to decline by 0.3 percentage points in 2024. The ILO attributes this to poor working conditions in essential services and labour-intensive sectors, an increase in part-time employees and older workers switching jobs less frequently.<sup>18</sup>

**Figure 7: Labour force participation rate (%) for selected countries, August 2023**



Source: LSEG Datastream

Figure 7 shows the labour force participation rate for Australia, the USA, Canada, NZ and Japan. In August 2023 (latest comparable data), NZ had the highest labour force participation rate at 72.0%, followed by Australia at 67.0%.

<sup>18</sup> [Report: World Employment and Social Outlook: Trends 2024 \(ilo.org\)](https://www.ilo.org/publications/report/world-employment-and-social-outlook-trends-2024)

## Job vacancies

Job vacancies fell from a peak in the first half of 2022 and in the December quarter 2023 remained above pre-pandemic levels in most high-income economies. Notwithstanding a similar post-pandemic economic recovery, Australia's high vacancy rates were above the UK, USA and NZ.

Across the OECD, vacancy rates in 2021-22 declined the most in the finance and insurance, information and communication, construction, manufacturing and administration and support services industries.<sup>19</sup> See Figure 8, noting:

- Indexed vacancies for all four countries followed a similar pattern, with a decline at the start of 2020 before a significant increase in the 2021-22 period. This decline was less dramatic for the USA.
- Vacancies are continuing to taper in 2024 but remain at substantially higher levels than prior to the pandemic, particularly in Australia and the USA.

**Figure 8: Indexed job vacancies for selected countries, March quarter 2013 to March quarter 2023, indexed to March quarter 2013<sup>20</sup>**



Source: LSEG Datastream

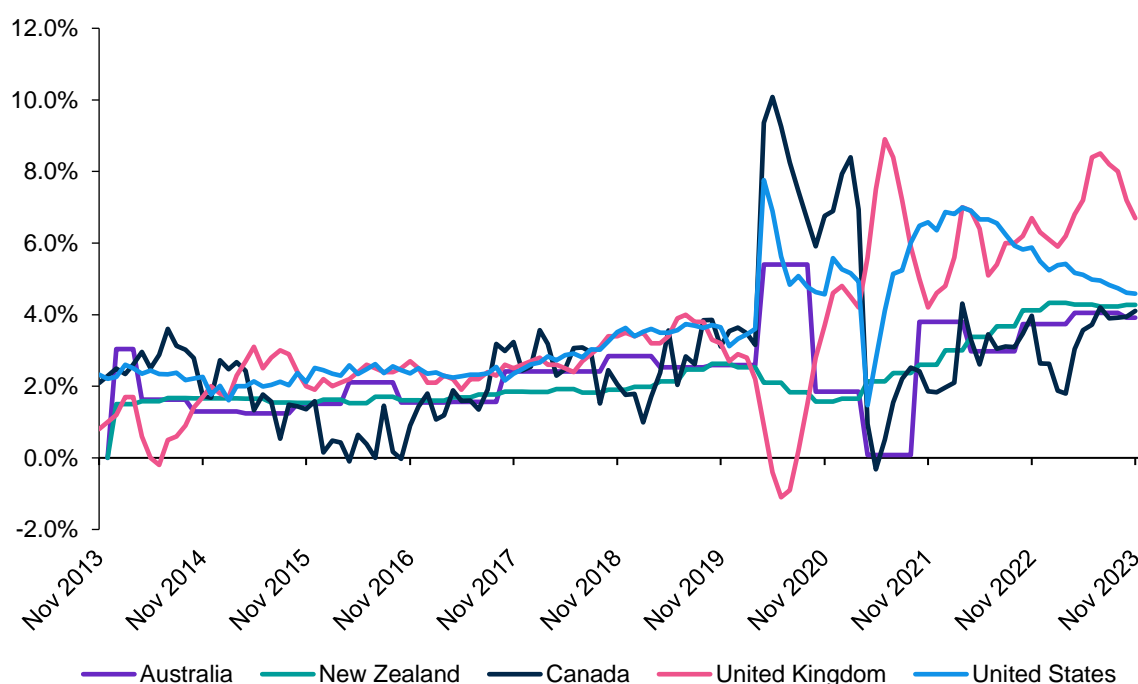
<sup>19</sup> [OECD Employment Outlook 2023 : Artificial Intelligence and the Labour Market | OECD iLibrary \(oecd-ilibrary.org\)](https://oecd-ilibrary.org/)

<sup>20</sup> Data the UK and USA are monthly. Data for Australia and NZ are quarterly.

## Employee earnings

The OECD suggests that in 2022 and 2023, high inflation and slow wage growth reduced the purchasing power for most households, particularly disadvantaged groups and households in low-income economies. Real wages are expected to gradually recover as inflation falls in 2024.

**Figure 9: Nominal earnings growth for selected countries (yearly percentage change), December quarter 2013 to December quarter 2023<sup>21</sup>**



Source: LSEG Datastream

Figure 9 shows high volatility in earnings growth for Australia, Canada, the UK and the USA, especially during the pandemic in 2020.

In the December quarter of 2023, wages in Australia grew by 3.9%. Compared to the other economies Australia had weak earnings growth despite a tight labour market. This may be attributed to institutional and legislative factors such as collective bargaining that cause wages in Australia to be less sensitive to labour market tightness and inflationary changes than other advanced economies.

<sup>21</sup> Data for Australia, NZ, Canada and the UK for yearly growth in average weekly earnings, and for yearly growth in average hourly earnings for the USA. Data for NZ is a price index. Data for Australia and NZ are quarterly. Data for Canada, the UK and the USA are monthly. All data are seasonally adjusted.

## Productivity

Figure 10 shows Australia and other high-income countries experienced temporarily high productivity growth during the pandemic. Australia’s productivity growth was more stable than the UK and NZ in 2020 and 2021. In 2023, productivity growth fell and remained negative for Australia, Canada and NZ.

**Figure 10: Productivity growth for selected countries (yearly change in output per worker), December quarter 2018 to December quarter 2023<sup>22</sup>**



Source: LSEG Datastream

The World Bank suggests that weakening investment, a decline in workers’ knowledge and skills and reduced labour mobility opportunities have negatively impacted productivity levels since the Global Financial Crisis (GFC) and the pandemic.<sup>23</sup>

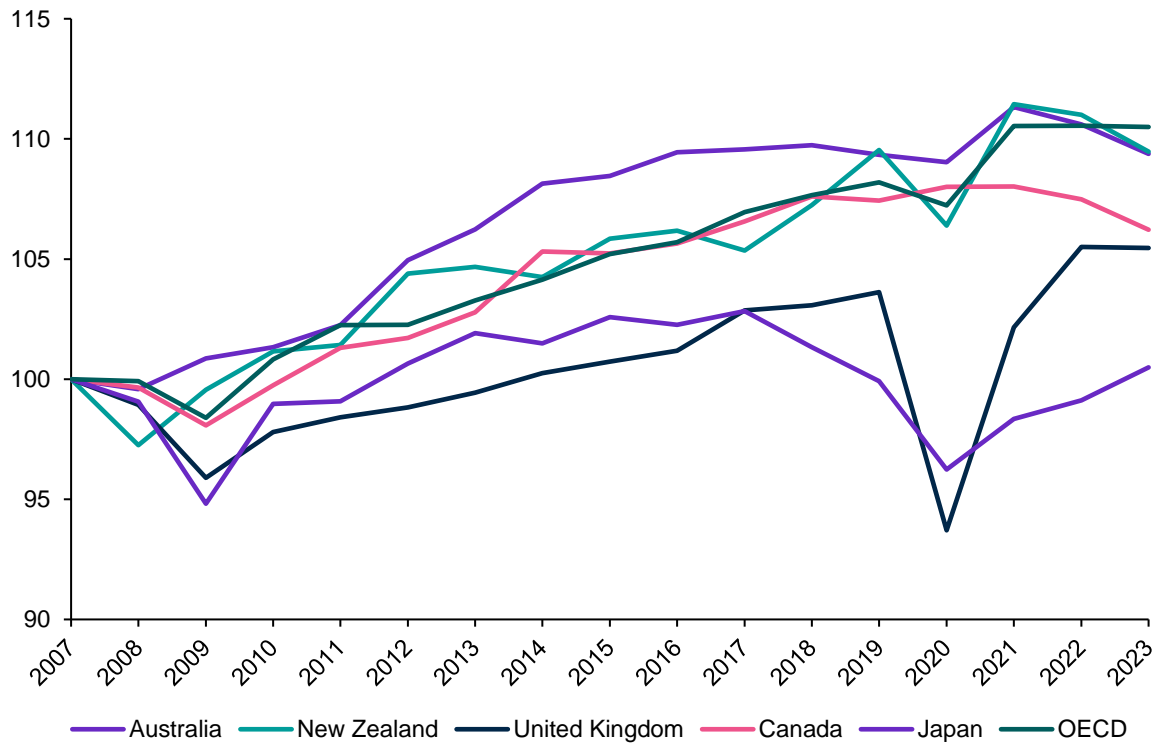
The IMF suggests slower technological and educational improvements, and inefficient resource allocation may contribute to lower productivity growth.

<sup>22</sup> Data for Australia, NZ and the UK are quarterly. Data for Canada are monthly.

<sup>23</sup> The World Bank - [Global Productivity: Trends, Drivers, and Policies](#)

Figure 11 shows Australia's labour productivity growth dipped below the OECD average in 2023. Australia's labour productivity grew consistently since 2008 despite the GFC and pandemic. Labour productivity also declined in other advanced economies in 2023, after notable falls in 2008-2009 and 2020.

**Figure 11: Indexed labour productivity growth for selected countries, 2007 to 2023, indexed to 2007<sup>24</sup>**



Source: LSEG Datastream

<sup>24</sup> Annual data, indexed by Jobs and Skills Australia staff.