



Australian Government



Jobs and Skills Australia

International Labour Market Update

August 2024



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International labour market

The Organisation for Economic Co-operation and Development's (OECD) Employment Outlook 2024 found global labour markets performed strongly in the first half of 2024 with many countries experiencing historically low levels of unemployment. In April 2024, total employment was 3.8% higher in the OECD than before the COVID-19 pandemic.¹

Labour market conditions in the OECD eased as vacancy-to-unemployed ratios were below their peak in countries that had large increases after the pandemic. OECD analysis of job postings from an online platform indicates a fall between February and May 2024 in the United Kingdom (UK), the United States of America (USA), Australia, Germany, Canada, France and Ireland.²

Skill shortages and labour market comparison

The unemployment rate in the USA rose from 4.1% in June 2024 to 4.3% in July 2024 and employment increased by 114,000 jobs. Job gains occurred in the healthcare, transport and warehousing and construction sectors.³ In April 2024, the USA Federal Trade Commission (FTC) banned non-compete clauses⁴ in employee contracts, which cover around 18.0% of workers. The OECD suggests this may boost competition in the labour market and contribute to wage growth.⁵ The FTC expects the rule may increase earnings for the average worker by USD \$524 per year.⁶

The International Monetary Fund (IMF) suggests Canada's labour market remained tight in 2023 and 2024 due to high migration. In the March quarter 2024, the government restricted student and temporary work visas to reduce temporary migration. Targets for permanent high-skilled migration were raised for 2024 to 2026, although the IMF expects overall migration flows to soften in the coming quarters.⁷ Statistics Canada found employment increased the most in the accommodation and food services and agriculture sectors, while employment fell the most in transportation and warehousing and public administration. Employment increased in the agriculture sector for the first time since July 2023.⁸

According to the IMF, the UK workforce had larger and more chronic skills gaps than in similar countries in 2023. Survey data from the British Chamber of Commerce and Haver analytics found almost 70.0% of firms reported difficulties in hiring skilled workers in 2023. Skills gaps increased the most in the information and communications technology, manufacturing, health and social work, education, business services and wholesale and retail trade sectors.⁹ In June 2024 vacancies fell for the 24th consecutive month. Vacancies were down 14.5% from June 2023 but remained 11.6% above pre-pandemic levels. Since the March quarter 2020, vacancies rose the most in the human health and social work and professional scientific and technical sectors.¹⁰

¹ OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

² Ibid

³ U.S Bureau of Labour Statistics – [The Employment Situation - July 2024 \(bls.gov\)](#) – 2 August 2024

⁴ A non-compete clause restricts an employee from moving to a competitor. For more information visit [Non-compete clauses and other restraints | Treasury.gov.au](#)

⁵ OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

⁶ USA FTC – [FTC Announces Rule Banning Noncompetes | Federal Trade Commission](#) – 23 April 2024

⁷ IMF – [Canada: 2024 Article IV Consultation-Press Release; and Staff Report \(imf.org\)](#) – 16 July 2024

⁸ Statistics Canada – [The Daily — Labour Force Survey, June 2024 \(statcan.gc.ca\)](#) – 5 July 2024

⁹ IMF – [United Kingdom: Selected Issues \(imf.org\)](#) – 8 July 2024

¹⁰ UK ONS – [Vacancies and jobs in the UK - Office for National Statistics \(ons.gov.uk\)](#) – 18 July 2024

The European Commission reported the labour market in the European Union (EU) remained tight in the March quarter 2024, however falling job vacancy rates signalled easing. The job vacancy rate declined in all sectors in the EU for the December quarter 2023. The greatest declines were seen in the information and communication and professional, scientific and technical activities sectors.¹¹ The OECD found a large decline in average hours worked per person in Europe over the last 20 years. This trend was attributed to an increase in part-time work and reduction in hours within jobs as opposed to a shift to jobs typically requiring fewer hours.¹²

Online job advertisements in New Zealand (NZ) fell by 33.0% over the year to the June quarter 2024. The greatest falls were in the information technology, manufacturing, health care and hospitality sectors. The smallest decrease was in the education industry.¹³ For May 2024, the number of filled jobs decreased with the largest fall in the administrative and support services industry.¹⁴ The IMF noted migrants in NZ had higher education levels and labour force participation rates than the native-born population which is attributed to high outflows of highly skilled New Zealanders.¹⁵ Statistics NZ reported a record high of 56,500 citizens left NZ in the year to April 2024.¹⁶

The labour market in Japan remained tight as the vacancy-to-unemployed ratio was 1:26 in April, down 0.02 from March.¹⁷ The number of new job offers decreased by 2.3% with the largest falls in the manufacturing and education sectors. The largest increase was in the industry, lifestyle and entertainment services sector.¹⁸

The OECD found South Korea's labour market remained strong following the pandemic with consistent job creation every month from March 2021 to May 2024. Job growth was concentrated in the health care and public services sectors.¹⁹ The job vacancy rate decreased for 5 consecutive quarters to the March quarter 2024, indicating lower labour demand. Across the OECD, South Korea had the greatest decline in average hours worked per worker between 2005 and 2024. The OECD attributes this to the reduction in the statutory limit on total weekly working hours in 2018 from 68 to 52 hours per week.²⁰

Women's labour market recovery post-pandemic

OECD data indicates women performed better than men in the labour market following the pandemic. By April 2024, women's total employment in the OECD grew about 2.0 percentage points (pp) more than men's, reaching 5.2% above its pre-pandemic level. Employment grew more for women than men particularly in Australia, Japan and South Korea.²¹

¹¹ European Commission – [Publications catalogue - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#) – 22 April 2024

¹² OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

¹³ MBIE NZ – [Jobs Online quarterly data release – June 2024 \(mbie.govt.nz\)](#) – 31 July 2024

¹⁴ Stats NZ – [Employment indicators: May 2024 | Stats NZ](#) – 1 July 2024

¹⁵ IMF – [New Zealand: 2024 Article IV Consultation-Press Release: and Staff Report \(imf.org\)](#) – 14 May 2024

¹⁶ Stats NZ – [International migration: April 2024 | Stats NZ](#) – 12 June 2024

¹⁷ The vacancy-to-unemployed ratio is defined as the number of job openings relative to job seekers. This ratio implies there were 126 job openings for every 100 job seekers.

¹⁸ JILAF – [Economic and Labour Situation in Japan, June 2024 - JILAF | Japan International Labour Foundation | JILAF | Japan International Labour Foundation](#) – 17 June 2024

¹⁹ OECD – [OECD Economic Surveys: Korea 2024 | OECD](#) – 11 July 2024

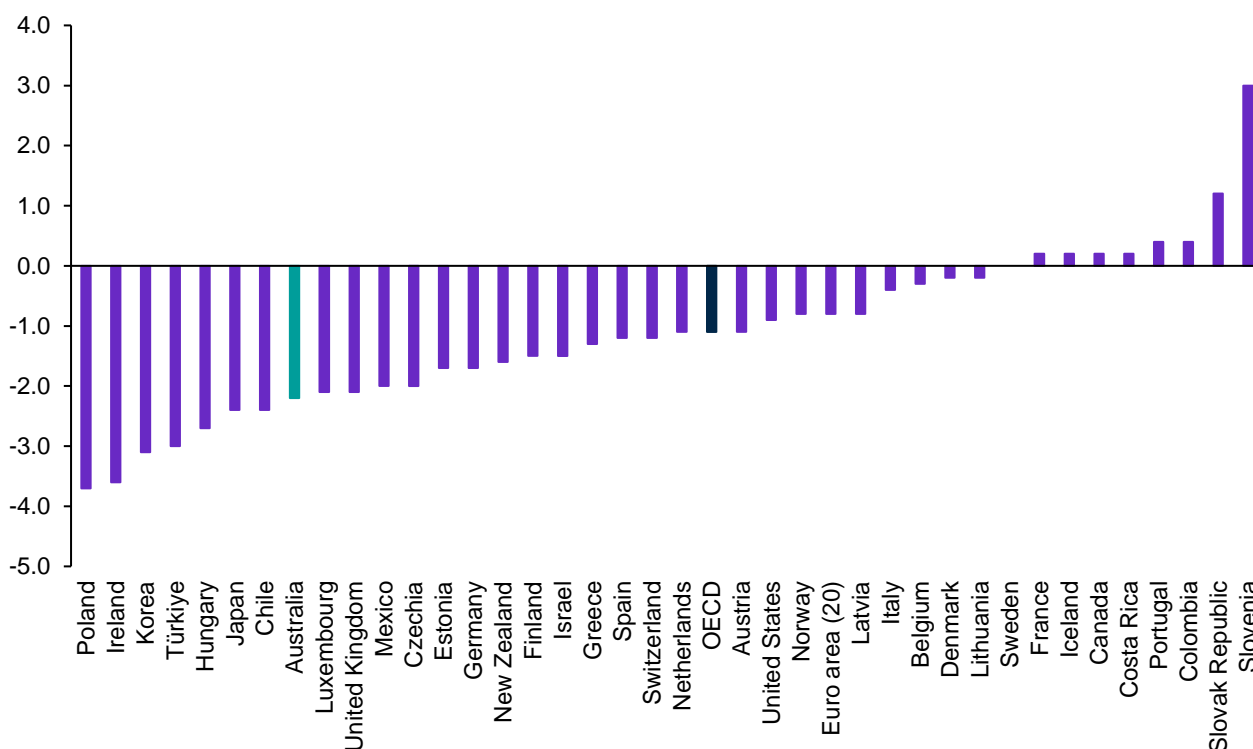
²⁰ OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

²¹ OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

Additionally, Eurofound suggests that women benefited more than men from the pandemic recovery. In mid-2021, 1.9 million more women were employed in Europe than before the pandemic, compared to 0.75 million more men.²²

Labour force participation rates in the OECD increased more for women than for men compared to pre-pandemic levels. This caused gender participation gaps to narrow by around 1.1pp between the December quarter 2019 and March quarter 2024.²³ Figure 1 shows Australia had a large reduction in the gender participation gap compared to the OECD average.²⁴

Figure 1: Change in gender participation gap among working age population in the OECD (percentage points), December quarter 2019 to March quarter 2024



Source: OECD Employment Outlook 2024

The IMF suggests the rise of flexible working arrangements such as remote and hybrid work in many countries likely encouraged more women to join the labour force following the pandemic.²⁵

²² Eurofound – [Living and working in Europe 2023 | European Foundation for the Improvement of Living and Working Conditions \(europa.eu\)](#) – 2 May 2024

²³ The gender participation gap is defined as the male-to-female difference in the labour force participation rates.

²⁴ OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

²⁵ IMF – [The Role of Structural Fiscal Policy on Female Labor Force Participation in OECD Countries \(imf.org\)](#) – 8 September 2023

Economic outlook

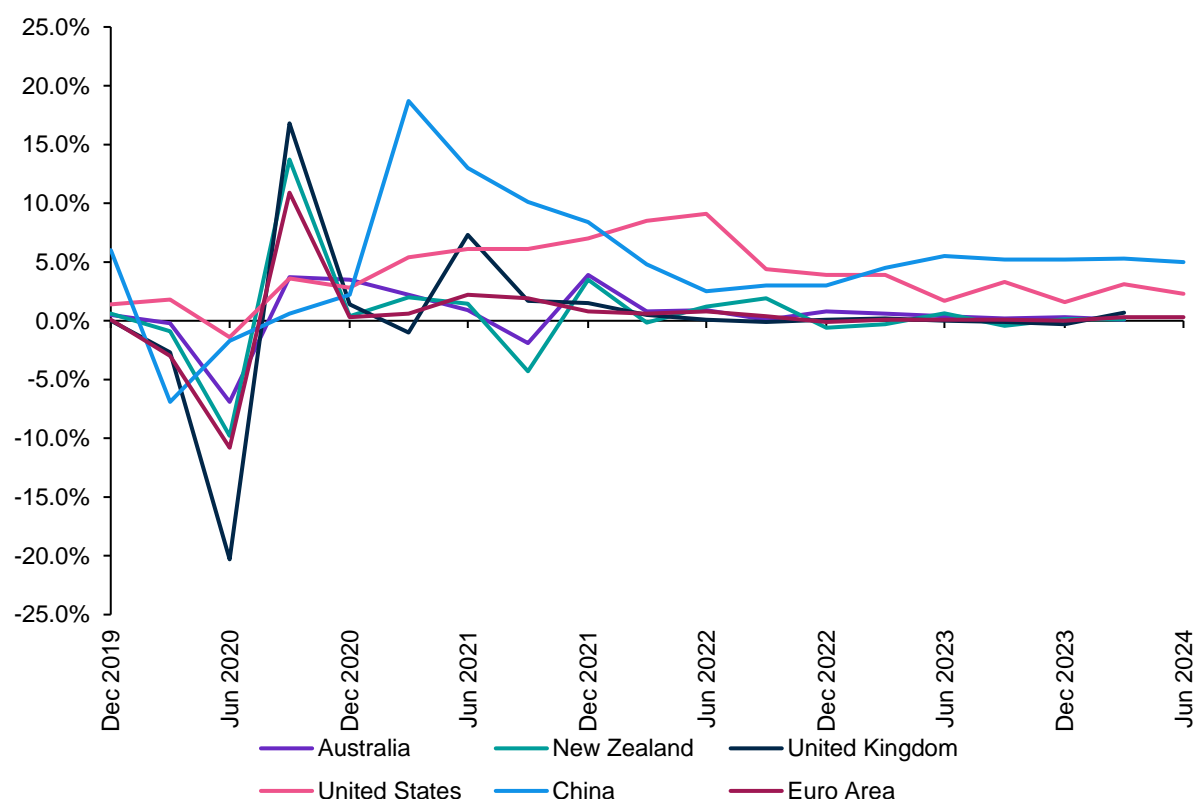
The global economy remained steady in the first half of 2024. The likelihood of a recession reduced in most advanced economies as disinflation²⁶ slowed and unemployment stabilised. A decline in energy and food prices and cooling labour markets contributed to falling inflation.²⁷

The IMF expects global GDP growth will be 3.2% in 2024 and 3.3% in 2025. The 2024 IMF forecast is 0.1pp higher than the OECD forecast. Differences in GDP growth are expected to narrow over the coming quarters among advanced economies.²⁸

The United Nations (UN) expects global GDP growth will be 2.7% in 2024. GDP growth in advanced economies is expected to be 1.6% in 2024 and 2025. Global economic prospects may be affected by public debt, high interest rates, climate challenges and geopolitical events.²⁹

In the first half of 2024 the Euro Area experienced strong consumption, real wage growth and increased investment. Similarly, the USA experienced a strong labour market, real wage and consumption growth.³⁰

Figure 2: GDP growth (%) in selected countries, December quarter 2019 to June quarter 2024



Source: LSEG Datastream

Figure 2 shows Australia's GDP growth remained low at 0.1% in the March quarter 2024. In comparison, the UK recovered from negative GDP growth. In NZ and the Euro Area GDP growth stagnated in the first half of 2024. GDP growth in mainland China remained high at 5.0% but in the USA fell by 0.8pp in the June quarter 2024

²⁶ Disinflation is a decrease in the rate of inflation (i.e. a slowdown in the rate of increase of the general price level of goods and services in a nation's GDP over time).

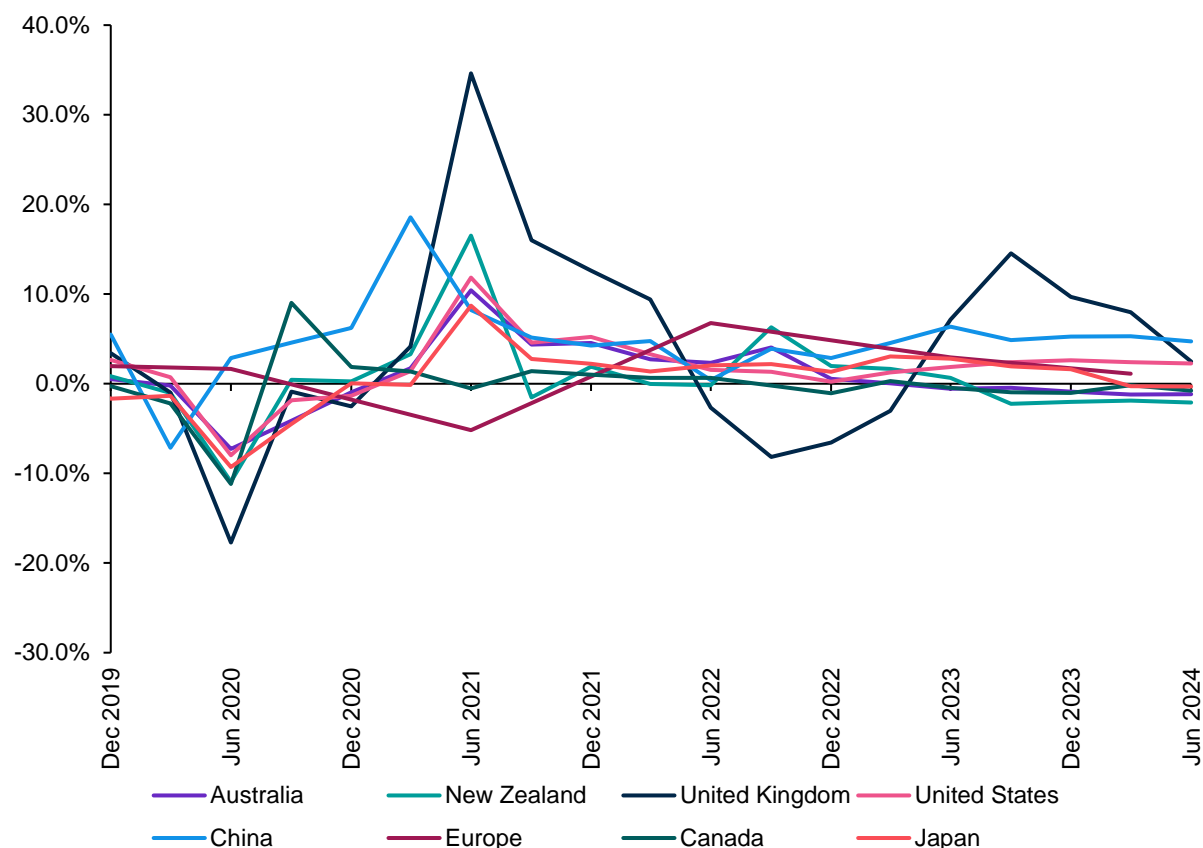
²⁷ United Nations – [World Economic Situation and Prospects Report, mid-year update](#) – 16 May 2024

²⁸ IMF – [World Economic Outlook Update](#) – July 2024

²⁹ United Nations – [World Economic Situation and Prospects Report, mid-year update](#) – 16 May 2024

³⁰ IMF – [World Economic Outlook Update](#) – July 2024

Figure 3: Annual growth in GDP per capita (%) in selected countries, December quarter 2019 to June quarter 2024



Source: LSEG Datastream

Figure 3 shows GDP per capita growth was negative in Australia, NZ, Japan and Canada in the June quarter 2024. GDP per capita declined in the UK from 14.5% in September quarter 2023 to 2.5% in June quarter 2024.

The UN predicts GDP per capita growth in advanced economies will be 1.6% in 2024 and 2025. The World Bank (WB) predicts GDP per capita growth in developing economies to be about 3.0% over 2024 to 2026.³¹ OECD-wide average GDP per capita growth to 2060 is projected to be about 1.7% annually.³²

Unemployment

According to the UN, labour markets in advanced economies remained tight and unemployment rates stayed at record lows in the first 4 months of 2024.³³ In April 2024, the OECD unemployment rate was 4.9% and is expected to rise to 5.0% over 2024 to 2025. The gender gap in unemployment rates was stable for OECD countries between December 2019 to April 2024.³⁴

Figure 4 shows unemployment rates rose through 2023 for most advanced economies but remained close to historic lows. Unemployment rates marginally increased over the June quarter 2024 in Australia (0.1pp), Canada (0.3pp), the UK (0.2pp) and the USA (0.2pp).

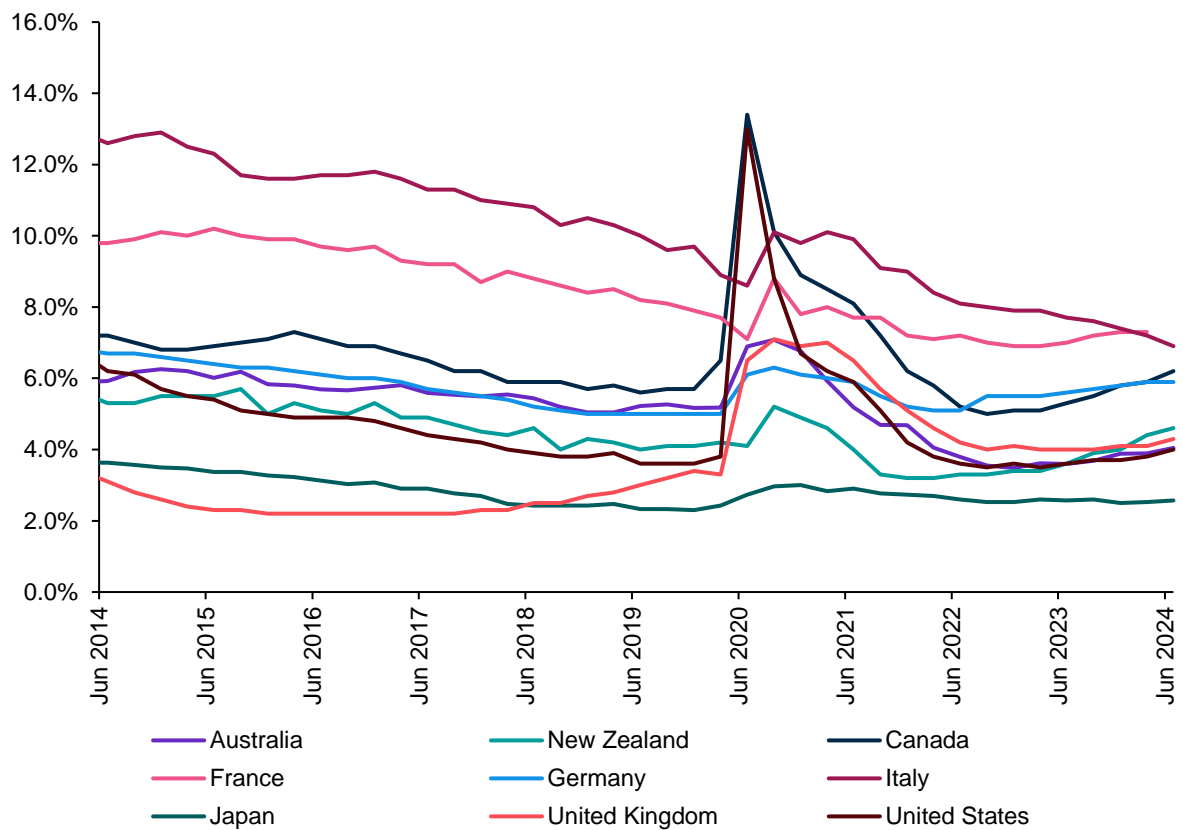
³¹ World Bank – [Global Economic Prospects Report](#) – June 2024

³² OECD – [Economic Outlook](#) – May 2024

³³ United Nations – [World Economic Situation and Prospects Report, mid-year update](#) – 16 May 2024

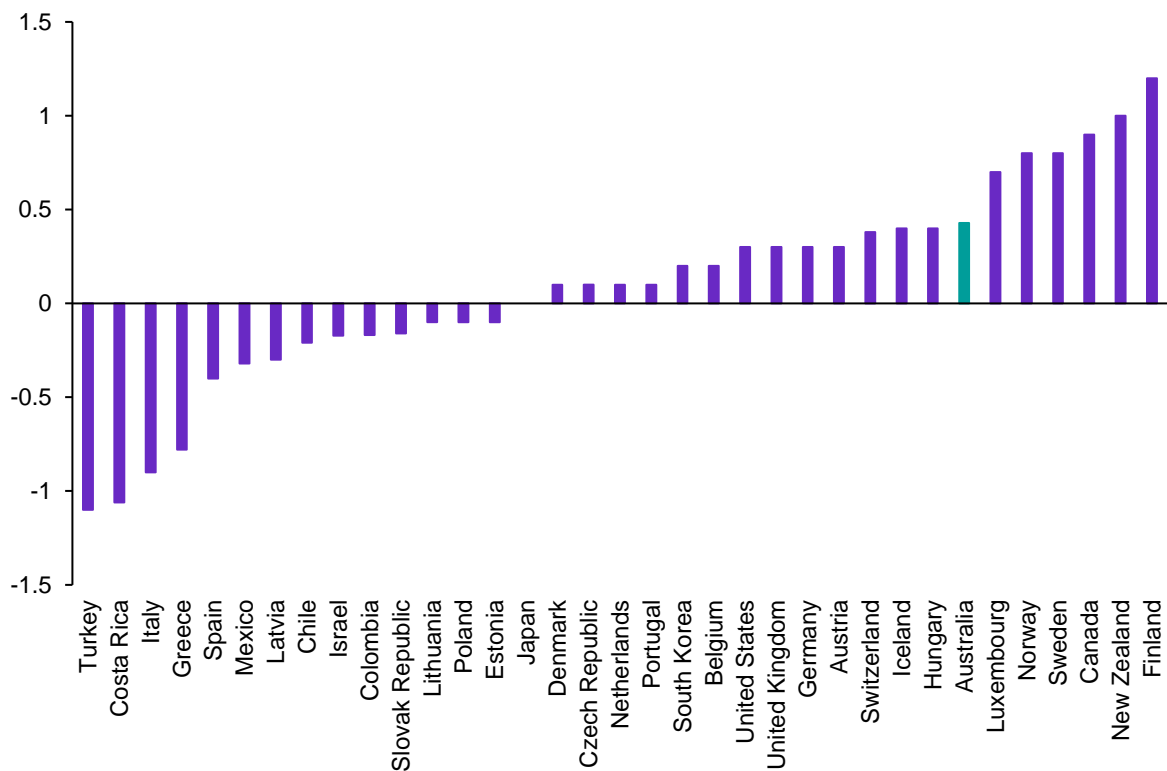
³⁴ OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

Figure 4: Unemployment rates (%) for selected countries, June quarter 2014 to June quarter 2024



Source: LSEG Datastream

Figure 5: Changes in unemployment rates for OECD countries (percentage points), May 2023 to May 2024



Source: LSEG Datastream

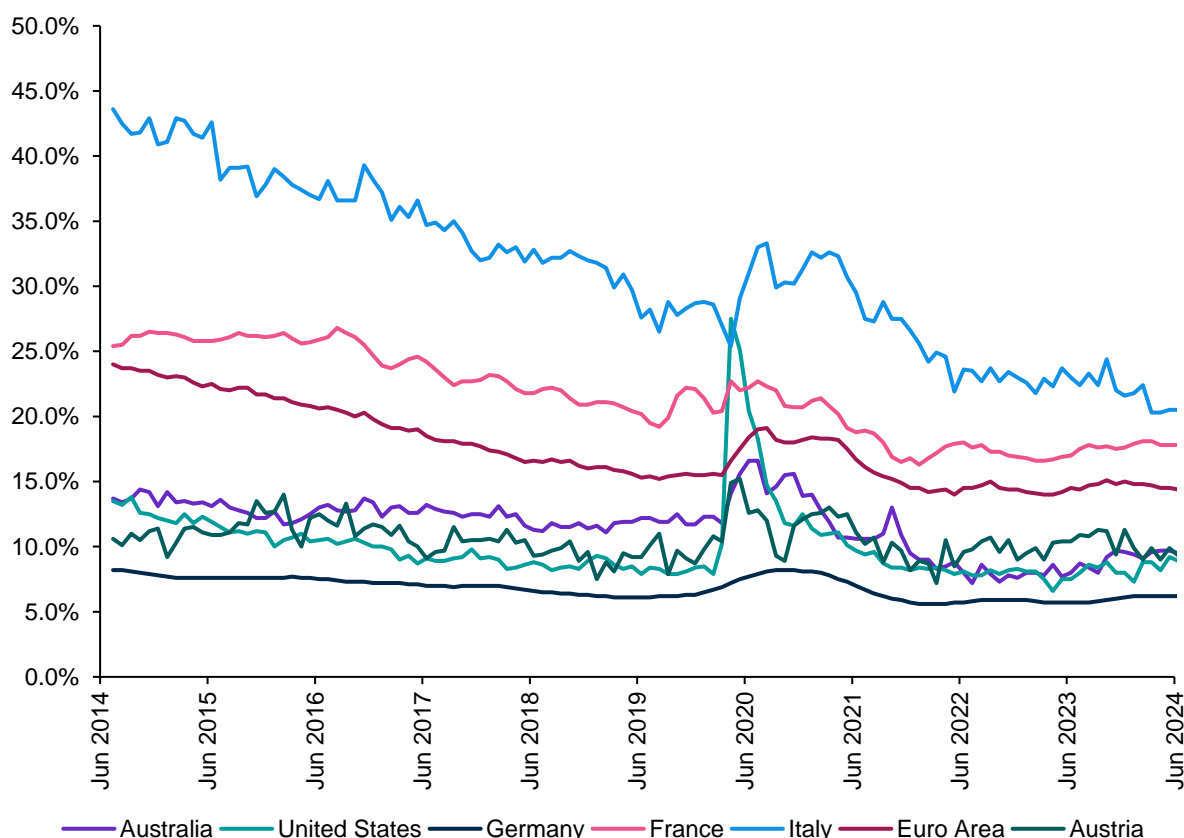
Figure 5 shows the rise in Australia’s unemployment rate in the year to May 2024 (latest comparable data) was in the top third of OECD countries. Fourteen OECD countries experienced a 0.25pp or greater increase in unemployment rates in the past 6 months including Australia, the UK, Sweden, the USA, Canada, Hungary, South Korea and Belgium.³⁵

According to the UN, economic activity among European youth remained weak in 2024 despite improvements since 2022. Since 2015, youth unemployment declined in Greece, Italy, Spain and Czechia. Youth unemployment remained a challenge in developing economies including Africa, Asia and the Pacific and Latin America where youth unemployment rates averaged above 13.0% in 2024.³⁶

The WB found the share of people in developing economies aged 15-24 years who were not in employment, education or training (NEET) was 1.0pp higher (at 27.7%) in 2022 than in 2019. Additionally, the youth unemployment rate was 1.1pp higher in 2022 than in 2019.³⁷ The NEET rate for NZ rose by 1.2pp over the year to 12.4% in June 2024.³⁸

In 2023, 130 of the 187 International Labour Organisation (ILO) member states indicated they had an active youth employment strategy. By region this was 86.0% of ILO members in Europe, 67.0% in Africa, 66.0% in the Americas, 61.0% in Asia and the Pacific and 45.0% in Arab States.³⁹

Figure 6: Youth unemployment rates for selected countries (%), June quarter 2014 to June quarter 2024⁴⁰



³⁵ OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

³⁶ United Nations – [World Economic Situation and Prospects Report, mid-year update](#) – 16 May 2024

³⁷ World Bank – [Global Economic Prospects Report](#) – June 2024

³⁸ StatsNZ – [Labour Market Statistics: June 2024 quarter](#)

³⁹ ILO – [Youth employment policies: Patterns and trends in two unique data sets](#) – 19 February 2024

⁴⁰ The ILO describes underemployment as underutilisation of the productive capacity of the employed population. See [Statistics on unemployment and labour underutilization - ILOSTAT](#).

Figure 6 shows youth unemployment rates remained stable post-pandemic, but in June 2024 remained well above that of the total labour force (aged 15-64) as shown in Figure 4.

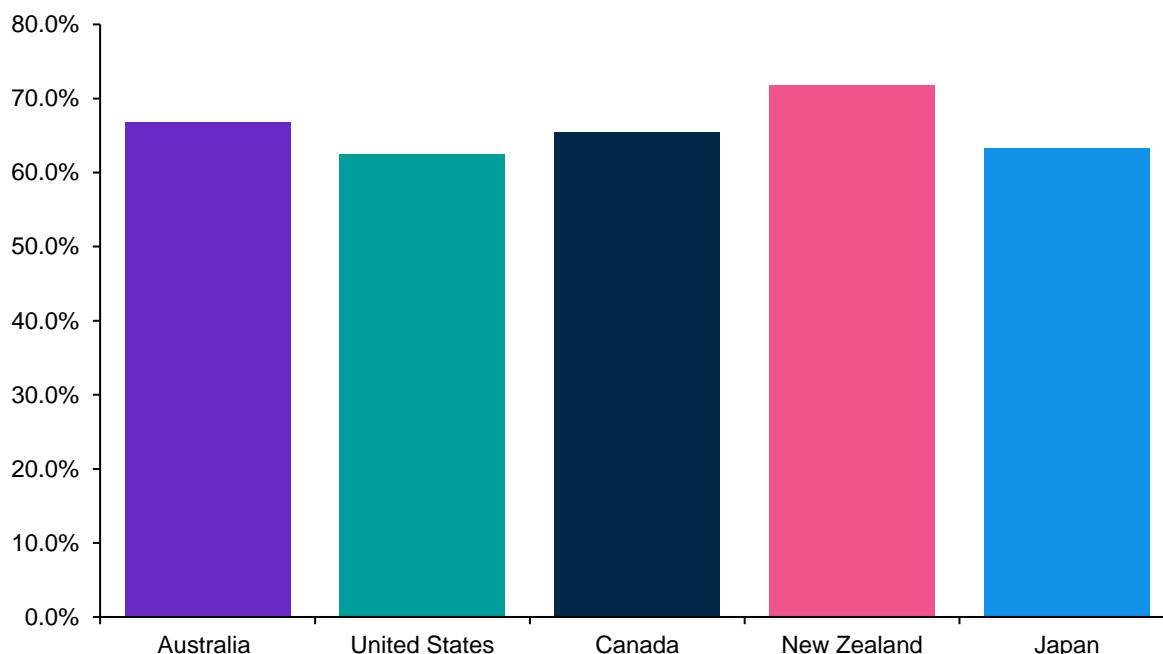
Labour force participation

Across the OECD, the labour force participation rate (for those aged 15-64) was at a high of 73.8% in the December quarter 2023.⁴¹ Participation rates rose by an average of 1.3pp across OECD countries between the end of 2019 and the March quarter 2024.⁴² The UN suggests higher participation rates in the USA mostly drove lower unemployment in recent years.⁴³

Across the OECD, participation rates rose for all age groups, especially for older workers over the age of 55 (3.5pp higher than pre-pandemic levels). Only the UK, Costa Rica and Colombia had overall participation rates more than 1.0pp lower than pre-pandemic levels. The IMF suggests a higher incidence of sickness and disability following the pandemic reduced the UK's participation rate.⁴⁴ By 2029, an aging population is expected to reduce overall labour supply, even with higher migration levels.⁴⁵

In Canada, the IMF notes the female labour force participation gap was largest for women between the ages of 30 and 39 and suggests women's participation could be improved through affordable childcare programs.⁴⁶ While overall participation rates were highest in NZ at 71.7% (see Figure 7), participation for persons with disabilities was at 44.7% in June 2024.⁴⁷ The participation rate was lowest in the USA at 62.5% in May 2024.

Figure 7: Labour force participation rates (%) for selected countries, May 2024



Source: LSEG Datastream

⁴¹ OECD – [Labour Market Situation](#) – 17 April 2024

⁴² OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

⁴³ United Nations – [World Economic Situation and Prospects Report, mid-year update](#) – 16 May 2024

⁴⁴ IMF – [United Kingdom: 2024 Article IV Consultation-Press Release; Staff Report \(imf.org\)](#) – 8 July 2024

⁴⁵ Ibid

⁴⁶ IMF – [Canada: 2024 Article IV Consultation-Press Release; and Staff Report \(imf.org\)](#) – 16 July 2024

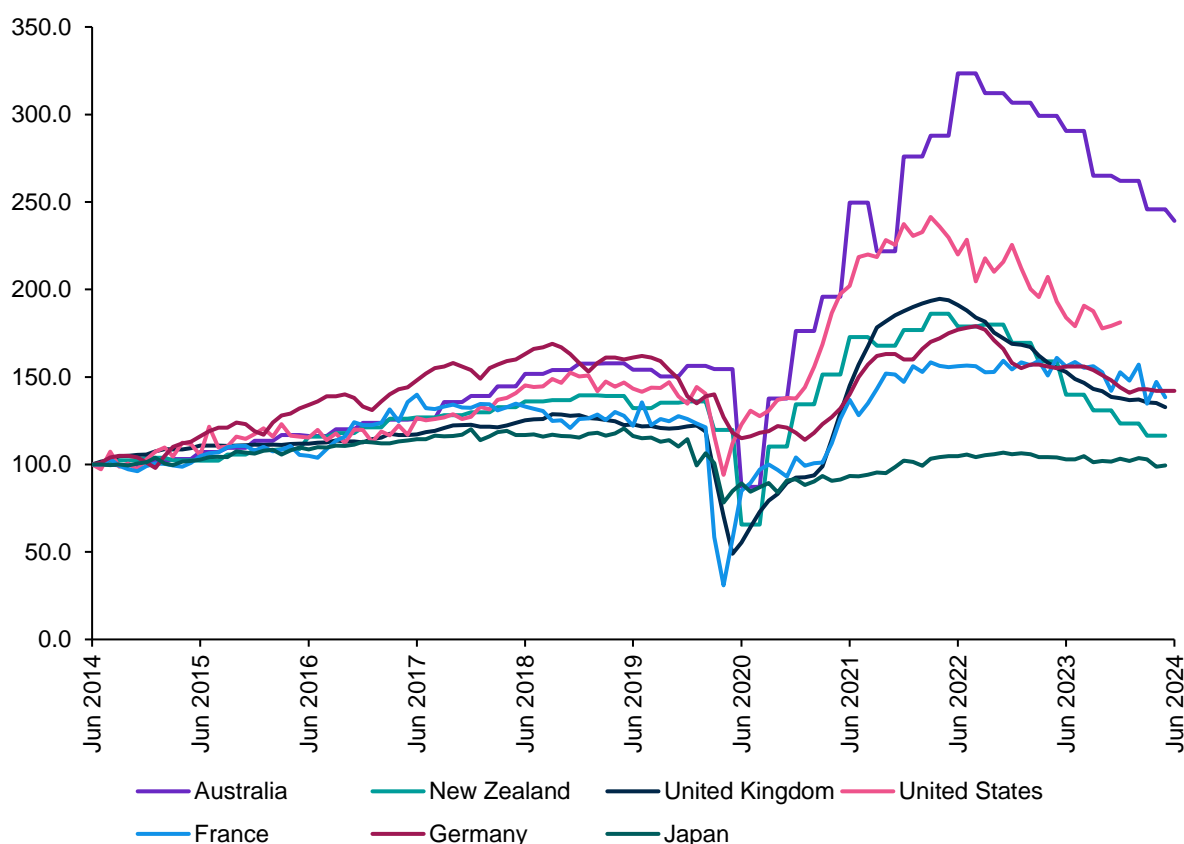
⁴⁷ Stats NZ – [Labour market statistics: June 2024 quarter](#) – 7 August 2024

Job vacancies

Job vacancies fell in most advanced economies in 2024. The IMF notes vacancy rates in the UK fell since 2023 but stabilised above the 2012-19 average, possibly showing the impact of Brexit on labour market flexibility.⁴⁸ The vacancy-to-unemployed ratio in Canada was the lowest since mid-2021 in the March quarter 2024, driven by higher unemployment and fewer vacancies.⁴⁹ Job vacancy rates in the Euro Area fell by 0.4pp in the year to March 2024, but remained high.⁵⁰

Figure 8 shows indexed vacancies fell towards the end of 2023 and into 2024 compared to peaks in 2022. Indexed vacancies remained lower than their pre-pandemic levels in Japan which indicated low but stable labour demand.

Figure 8: Indexed job vacancies for selected countries, June quarter 2014 to June quarter 2024, indexed to June quarter 2014



Source: LSEG Datastream

⁴⁸ IMF – [United Kingdom: 2024 Article IV Consultation-Press Release; Staff Report \(imf.org\)](#) – 8 July 2024

⁴⁹ IMF – [Canada: 2024 Article IV Consultation-Press Release; and Staff Report \(imf.org\)](#) – 16 July 2024

⁵⁰ European Commission – [Publications catalogue - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#) – 22 April 2024

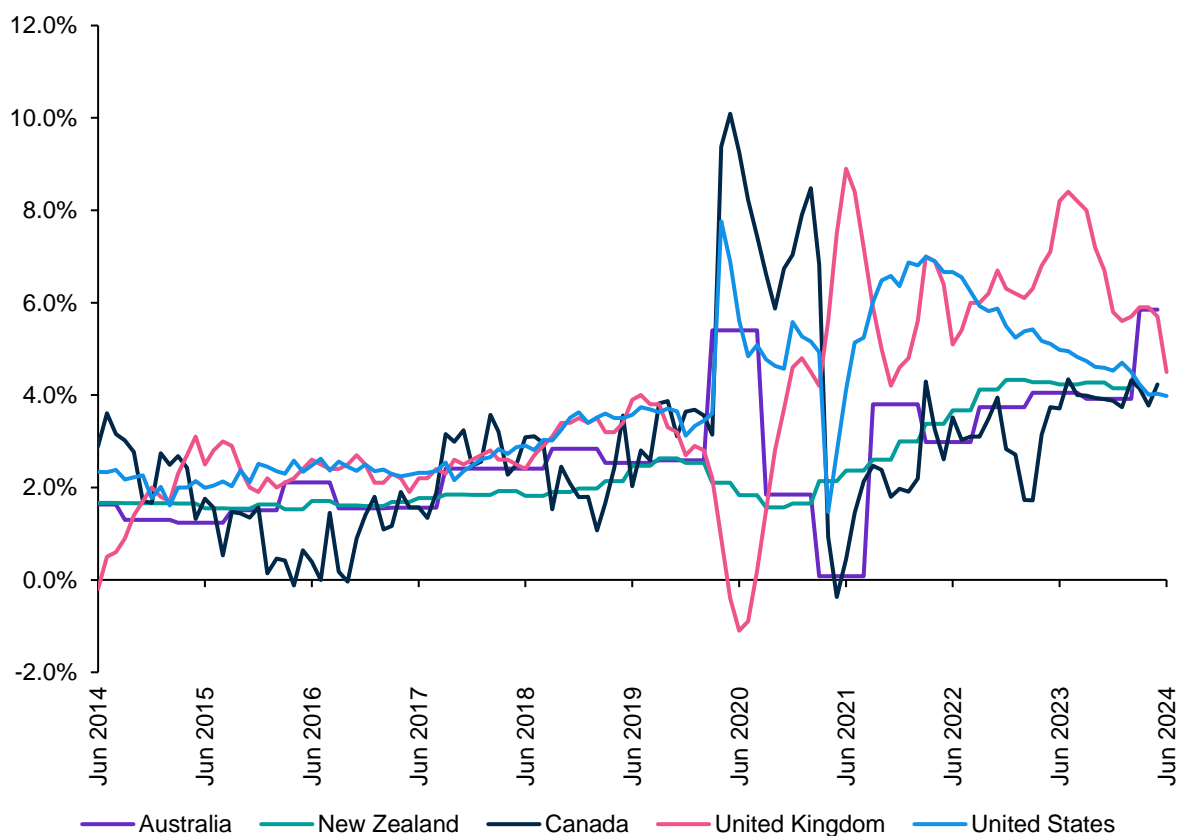
Employee earnings

The IMF notes nominal wage growth remained strong in 2024.⁵¹ The OECD notes real wage growth improved in the first half of 2024 as inflation fell in many OECD economies. Real wages grew by 3.5% on average in 29 of 35 OECD countries. This was attributed to tight labour markets and increases in statutory minimum wages.⁵²

A Bank of England survey of business leaders in the UK suggests expected pay growth fell by 0.1pp to 4.1% in July 2024.⁵³ Real wages were above pre-pandemic levels but low real wage growth likely reflected weak productivity growth since the Global Financial Crisis.⁵⁴ Wage growth slowed in the USA in March 2024, particularly at the lower end of the wage distribution.⁵⁵

Figure 9 shows nominal earnings growth in Australia, NZ, Canada, the USA, and the UK remained above pre-pandemic levels in the June quarter 2024.

Figure 9: Nominal earnings growth for selected countries (yearly percentage change), June quarter 2014 to June quarter 2024



Source: LSEG Datastream

⁵¹ IMF – [World Economic Outlook Update July 2024 \(imf.org\)](#) – 16 July 2024

⁵² OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

⁵³ Bank of England – [Monthly Decision Maker Panel data - July 2024](#) – 1 August 2024

⁵⁴ IMF – [United Kingdom: 2024 Article IV Consultation-Press Release; Staff Report \(imf.org\)](#) – 8 July 2024

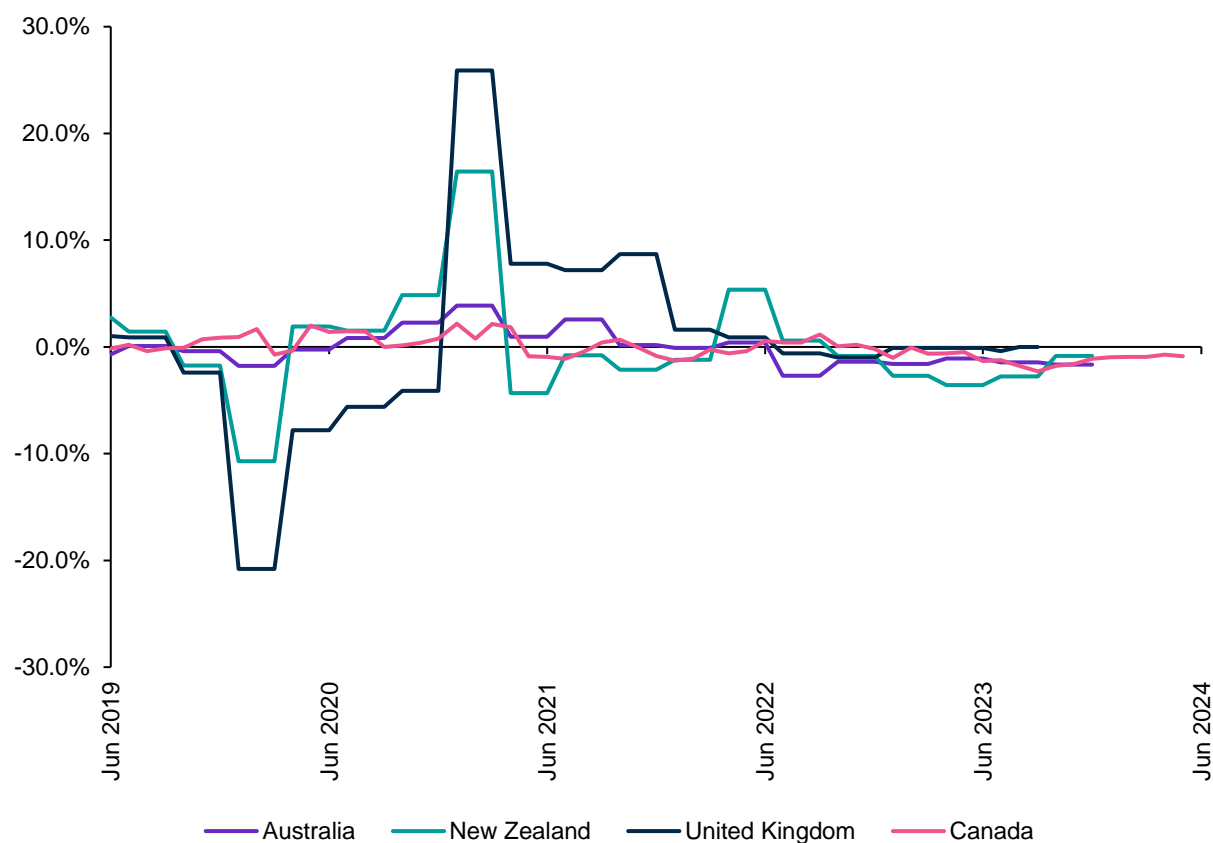
⁵⁵ United Nations – [World Economic Situation and Prospects Report, mid-year update](#) – 16 May 2024

Productivity

Productivity was low in most advanced economies after the pandemic. The OECD notes tight labour markets and persistent labour shortages may create incentives to invest in technology and boost productivity. Annual productivity growth in NZ averaged 0.2% over the last decade⁵⁶ and the OECD suggests raising competition and improving educational outcomes will support productivity growth.⁵⁷ The OECD suggests Canada could improve productivity growth through tax reform, supporting employment through better childcare policies and reducing trade barriers.⁵⁸ In the USA, supporting skill development among younger workers and education for people from disadvantaged groups may help raise productivity.⁵⁹

Figure 10 shows productivity in Australia, NZ, the UK and Canada was zero or negative since late 2022.

Figure 10: Productivity growth for selected countries (yearly change in output per worker), June quarter 2019 to June quarter 2024



Source: LSEG Datastream

⁵⁶ NZ Treasury – [The productivity slowdown: implications for the Treasury's forecasts and projections](#) – 3 May 2024

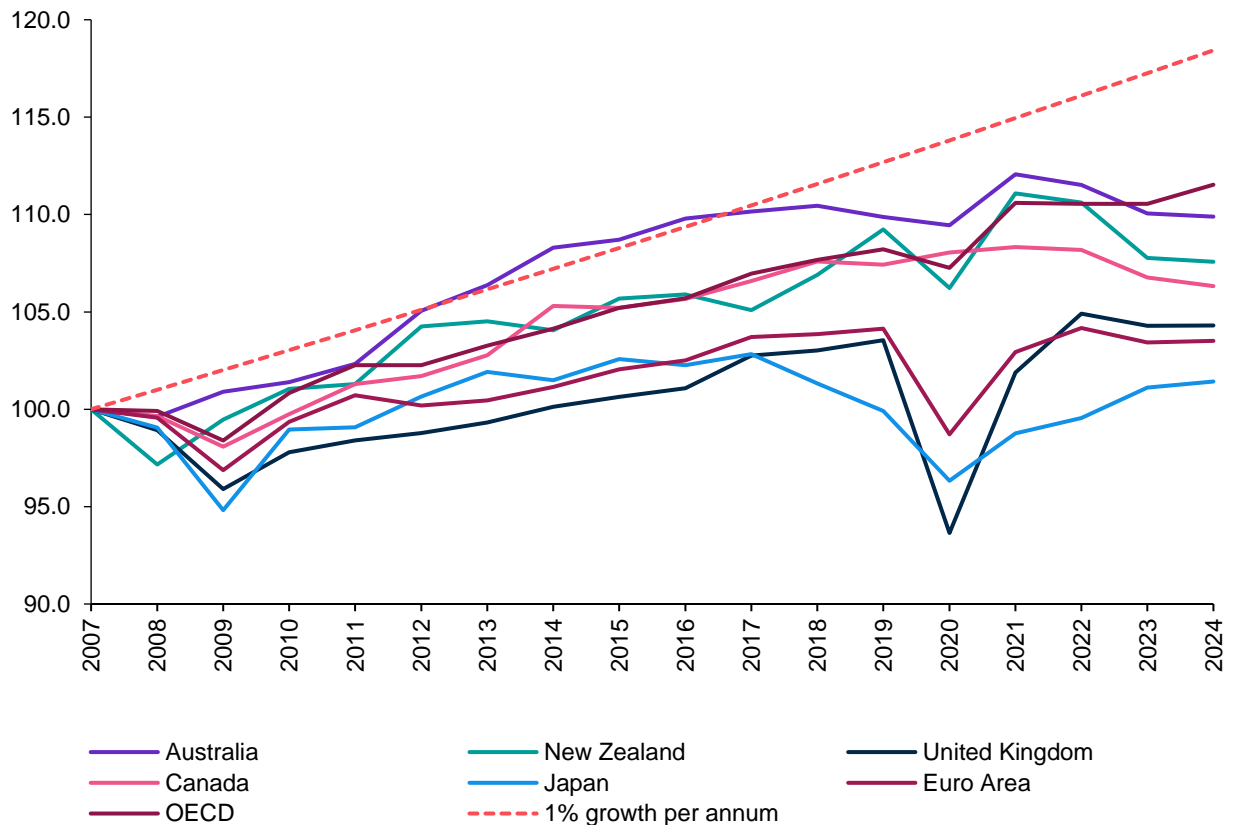
⁵⁷ OECD – [Economic Outlook](#) – May 2024

⁵⁸ Ibid

⁵⁹ Ibid

Figure 11 shows labour productivity fell in Australia, NZ, Canada and the UK in 2023. The OECD expects labour productivity to grow at a faster pace in 2024 and 2025.⁶⁰ New technologies such as artificial intelligence⁶¹ may support growth in labour productivity, which is essential for sustainable real wage growth in the medium-to-long-term.⁶² Canada's labour productivity rose by 0.4% in the December quarter 2023 after consistent declines since 2022. Over 2023, Canada's labour productivity fell by 1.8%.⁶³ The IMF suggests low labour productivity in the UK will make improvements in living standards difficult.⁶⁴

Figure 11: Indexed labour productivity growth for selected countries, 2007 to 2024⁶⁵



Source: LSEG Datastream

⁶⁰ OECD – [Economic Outlook](#) – May 2024

⁶¹ Ibid

⁶² OECD – [OECD Employment Outlook 2024 | OECD](#) – 9 July 2024

⁶³ Statistics Canada – [Labour productivity, hourly compensation and unit labour cost, fourth quarter 2023](#) – 6 March 2024

⁶⁴ IMF – [United Kingdom: 2024 Article IV Consultation-Press Release; Staff Report \(imf.org\)](#) – 8 July 2024

⁶⁵ 2024 data uses an OECD forecast.