

AUSTRALIA UNEXPECTEDLY DROPPED 6,300 JOBS



In November, Australia employers unexpectedly reduced their payrolls as the heightened risks to the global economy and a strong currency prompted the biggest but in full-time jobs since April. Then the local dollar repeated. The number of people employed fell by 6,300 after a revised increase of 16,800 in the month of October, the statistics bureau said in Sydney yesterday. The median estimate in the Bloomberg News survey of 22 economists was for a 10,000 advance. The jobless rate rose from 5.2 percent to 5.3 percent. The data showed that the nation's economy, which expanded more than was forecasted last quarter, may be succumbing to Europe's sovereign-debt crisis. The traders boosted bets that the Reserve Bank Governor Glen Stevens will follow this week's interest-rate cut with more next year. The report is "consistent with the RBA's easing bias, in part justifying their cuts over the last two months," said Su-Lin Ong, head of Australian economic and fixed-income strategy at RBC Capital Markets in Sydney. "We remain comfortable looking for at least another 50 basis points of cuts in 2012." Yesterday's report showed that the number of full-time jobs plunged by 39,900 in the month of November, and part-time employment rose up by 33,600. It also showed that Australia's participation rate, which is a measure of the working-age population, fell to 65.5 percent in November from 65.6 percent a month earlier. On Wednesday in New York, the Australian dollar dropped 0.4 percent, the most in a week, to \$1.0252 from \$1.0285 before the data was released. In November, Goldman Sachs Group Inc. (GS)'s economists were the only forecasters in the Bloomberg survey that was predicting an employment decline. Australia's unemployment rate is "still very low," Assistant Treasurer Bill Shorten told the Bloomberg Television in an interview after the data. "I'm sure there would be plenty of European and North American jurisdictions that would like some of these numbers," said Shorten. Macquarie Group Ltd. (MQG), who is Australia's biggest investment bank, reduced the headcount by 3 percent in the six months to September 30, the first reduction in almost 2 1/2 years. The Chief Financial Officer Greg Ward told the reporters on October 28 that the bank expects to find "ongoing efficiencies" as it focuses on the costs. Last month, the RBA cut its forecasts for economic growth and inflation for the next two years as turmoil abroad makes domestic consumers wary about spending. The interbank cash-rate futures showed yesterday that traders are pricing in a 36 percent chance Stevens will lower the borrowing costs by a half percentage-points at the RBS's next policy meeting on February 7, up from 24 percent before the data. He reduced the rates to 4.25 percent from 4.5 percent on December 6. Reflecting those expectations, the currency has fallen 7.5 percent since it reached \$1.1081 on July 27, which is the highest level since it was freely floated in 1983.

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