Employment remains resilient, but the labour market is gradually cooling

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July's labour force survey was softer than expected, with employment falling 15,800 and unemployment edging up to 4.5%, although the increase was largely a rounding effect and should not be overplayed. The broader trend remains one of gradual labour market rebalancing, with employment growth holding up reasonably well but labour supply continuing to grow faster, pushing unemployment slowly higher. Meanwhile, hours worked are showing clearer signs of weakness, suggesting firms are responding to softer demand by reducing workers' hours rather than cutting jobs.

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