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## **Unemployment falls but hiring confidence wavers**

Recently released labour force figures show a continued downward trend for unemployment in the Hunter, with a third consecutive monthly fall, but continued uncertainty in the economic environment has businesses poised for a hiring slowdown.

Australian Bureau of Statistics (ABS) data shows unemployment across the Hunter dropped from 4.7 per cent in April to 4.5 per cent in May in line with decreases observed at national (4.6 to 4.4 per cent) and state (4.5 to 4.3 per cent) levels across the same period.

In the Newcastle and Lake Macquarie statistical area, the number of jobless fell from 4.6 to 4.4 per cent in May and across the rest of the Hunter Valley from 4.7 to 4.6 per cent.

Business Hunter CEO Bob Hawes said the figures were welcome but declining numbers of job advertisements and increased caution among employers suggested the trend might not be sustainable.

“Job advertisements in the region, as measured through the Jobs and Skills Australia Internet Vacancy Index, have fallen over the last three months from a high of 5,000 in March to 4,640 in May,” Mr Hawes said.

“Recruitment firms are noting anecdotally that employers are being more cautious about expanding and this aligns with the feedback to the most recent Business NSW Business Conditions Survey, which indicated that businesses had hit the brakes on hiring.

“The report showed an alarming 45 per cent of respondents in Newcastle and Lake Macquarie had cut staff in the three months leading up to May – more than any other region in NSW – and 28 per cent of Hunter Valley businesses had reduced headcount.

“Hiring intentions were also negative, with 38 per cent of businesses in Newcastle and Lake Macquarie and 28 per cent in the Hunter Valley expecting to reduce staff over the next three months, compared with just 14 per cent and eight per cent respectively planning to take on new employees.

“We can expect to see the impact of those decisions in unemployment figures in coming months, unless there is a significant turnaround in ebbing business confidence.”

Mr Hawes said the recent easing of tensions in the Middle East, combined with the Federal Government’s extension of fuel subsidies, could help offset pessimism in the business environment.

“Business confidence is directly related to cost pressures, so any changes government can make to reduce costs will see uplift in business bottom lines and hiring capacity.”

The ABS figures also recorded a fall in youth unemployment across the region, from 11.3 per cent in April to 10.7 per cent in May, suggesting this sector of the market remains relatively stable despite uncertainty in economic circumstances.

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