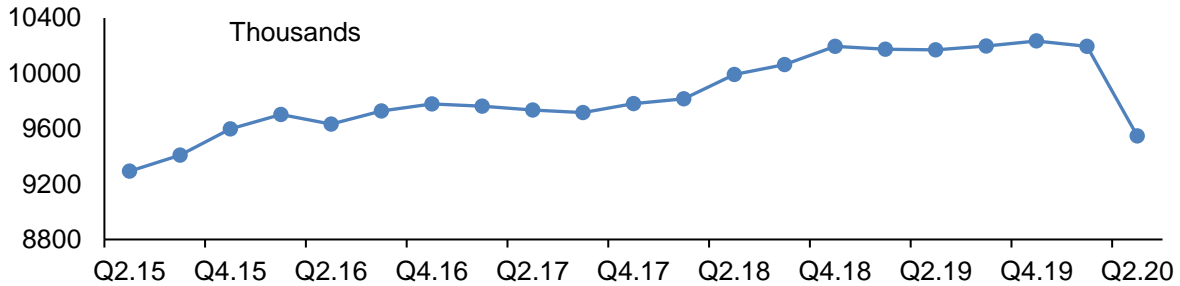




Employment update: Non-farm employment fell by -6.4% q/q in Q2.20 on the economic fallout from the pandemic

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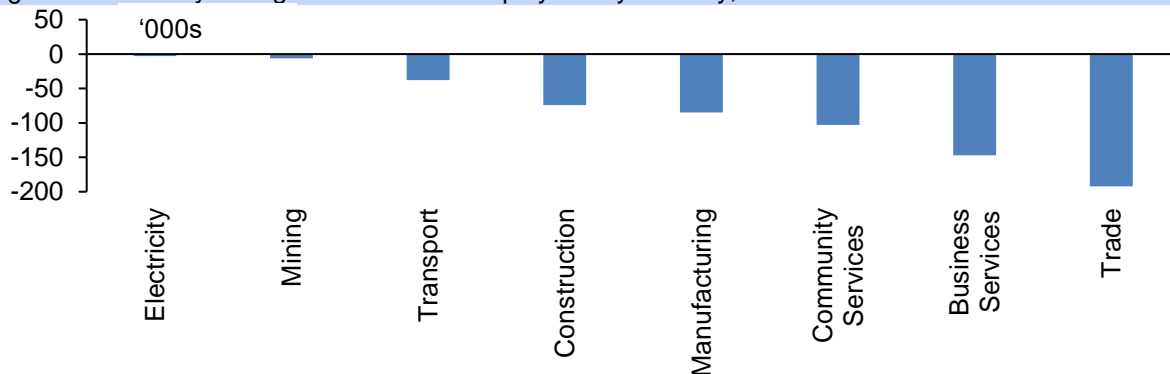
Figure 1: Employment in the non-agriculture formal sector



Source: Stats SA

- The Covid-19 linked lockdown restrictions devastated the economy causing many businesses to permanently shut their doors or decrease their workforce. According to the latest Quarterly Employment Statistics (QES) survey, formal, non-farm employment plummeted by 648 000 or -6.4% in Q2.20, on a quarter on quarter basis to 9 548mn individuals. Specifically, 541 000 full time-employees lost their jobs (-5.9% q/q), while part-time employment decreased by 107 000 or -10.4% q/q in Q2.20.
- Measured on an annual basis, total employment fell by -6.6% or 671 000, compared to the same period last year.
- The decrease was broad based across industries, however the largest quarterly declines were experienced in the construction and trade industries. Specifically, these sectors fell by a marked -13.2% q/q (-74 000) and -8.4% q/q (-192 000) respectively. Indeed, the trade sector which includes the hotel and restaurant industry has been one of the biggest casualties of the pandemic, with stringent restrictions placed on leisure tourism.
- Second waves of infection rates are currently being experienced in parts of the world, particularly Europe. Accordingly, until a viable vaccine or treatment is available and widely distributed heightened uncertainty is likely to persist. Although, economic activity has edged up in Q3.20, according to certain high frequency data indicators, the full effects of the pandemic on South Africa’s unemployment crisis has yet to be fully realised. Indeed, even prior to the current global financial crisis, bought on by the COVID-19 pandemic, South Africa had one of the highest unemployment rates in the world.

Figure 2: Quarterly change in number of employees by industry, Q2.20



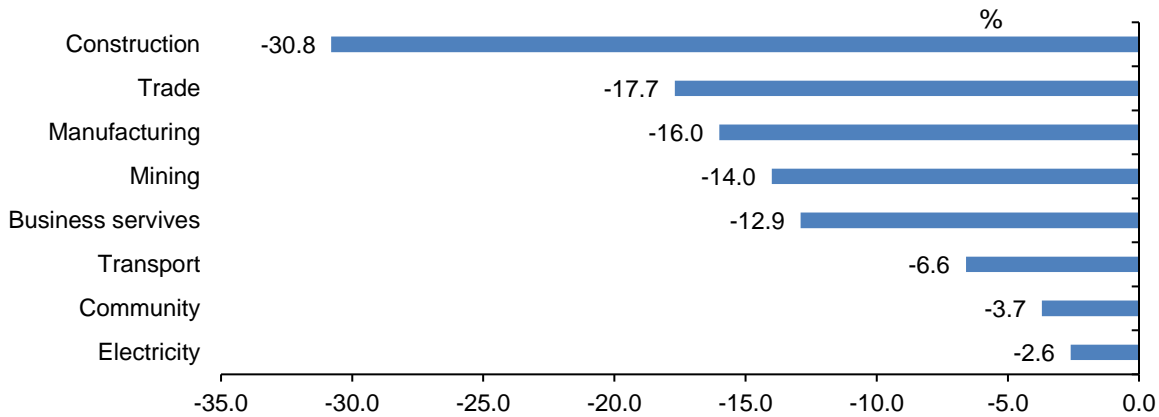
Source: Stats SA



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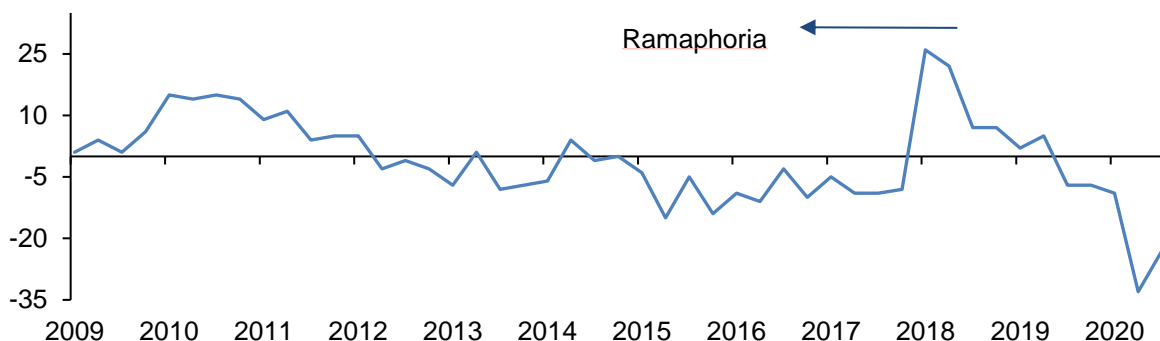
Figure 3: Total gross earnings by industry, Q2.20 (q/q % change)



Source: Stats SA

- The Quarterly Employment Survey also provides detail on wage developments across economic sectors. Gross earnings paid to employees across all industry groups fell by a notable R82.2bn or -11.3% q/q in Q2.20. The business services and trade sectors alone experienced gross earnings declines of -R25.3bn and -R18.4bn respectively. On a year-on-year basis total gross earnings fell by -9.1% or R64.1bn.
- Furthermore, on an average monthly basis (in real terms), earnings for non-farm employees fell by -3.4% q/q to R21 455 in May 2020 (incl. bonuses and overtime), with the construction and mining and quarrying sectors experiencing the largest declines of -21.4% q/q and -13.6% q/q respectively.
- The financial consequences of the pandemic have served to exacerbate the inequalities present in our country. Monetary and fiscal relief measures provided during this unprecedented time have helped to ease some of the burden on households. However, the accelerated implementation of reformative interventions is imperative to boost confidence and in turn stimulate growth and job creation.

Figure 4: Consumer confidence



Source: Stats SA



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