

Tuesday 28 February 2023



Figure 1: Unemployment levels ('000) and rates

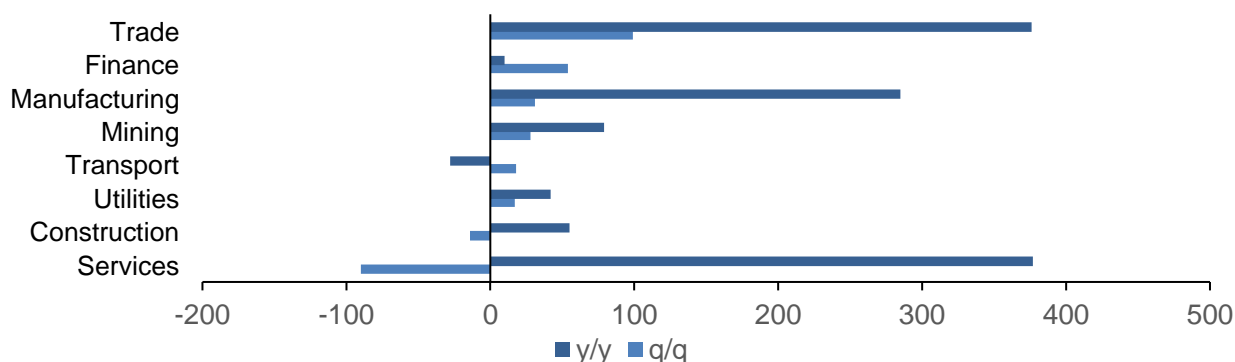
| | Q2.22 | Q3.22 | Q4.22 |
|--|--------|--------|--------|
| Economically Active Population – labour force | 23 556 | 23 491 | 23 688 |
| Not Economically Active Population | 16 621 | 16 831 | 16 774 |
| Employed | 15 562 | 15 765 | 15 934 |
| Unemployed (official/ strict definition) | 7 994 | 7 725 | 7 753 |
| Unemployment rate (official/ strict) definition) | 33.9% | 32.9% | 32.7% |
| Unemployed (expanded definition) | 12 282 | 11 931 | 11 849 |
| Unemployment rate (expanded definition) | 44.1% | 43.1% | 42.6% |

Source: Stats SA

*Numbers are rounded

- The official unemployment rate eased marginally to 32.7% in the last quarter of 2022 from 32.9% logged in Q2.22. Although it has declined notably from levels logged during the pandemic, it remains at a critically high level, with the labour participation rate at 58.5% evincing the fragility of the South African economy, which is plagued by ongoing rotational load shedding, significantly impeding activity and weighing heavily on confidence and investment.
- A “number of persons moved from “not economically active” category to “employed” and “unemployed” statuses between the two quarters” according to Stats SA. The number of persons employed rose by 1.1% q/q ahead of the 0.4% q/q increase in the unemployment category leading to the reduced unemployment reading.
- Specifically, the number of employed persons climbed by 169 000, with the formal sector of the economy primarily absorbing these individuals. The informal (non-agriculture) sector shed 15 000 positions (-0.5%) over the quarter. When measured on a year-on-year basis however informal sector employment has grown by a notable 11.6%, attracting those who perhaps lost their formal sector jobs or businesses during the pandemic.
- A disaggregation of the data on an industry basis, indicates that six of the eight industries surveyed within the formal sector (non-agriculture) reported a lift in employment, with only the construction and services sectors logging declines.
- The trade sector recorded the largest number of job gains over the quarter at 99 000, followed by the finance sector at 54 000. The fourth quarter of the year generally sees a seasonal pick-up in employment, particularly in the tourism, hospitality and related sectors.

Figure 2: Employment levels by industry (Formal Sector) ('000)

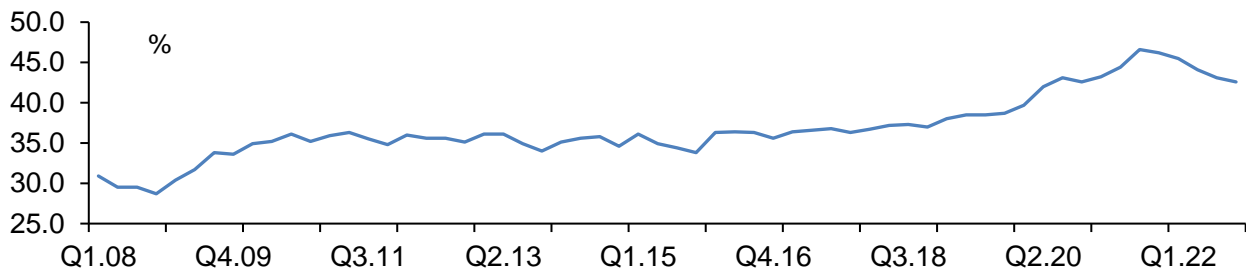


Source: Stats SA

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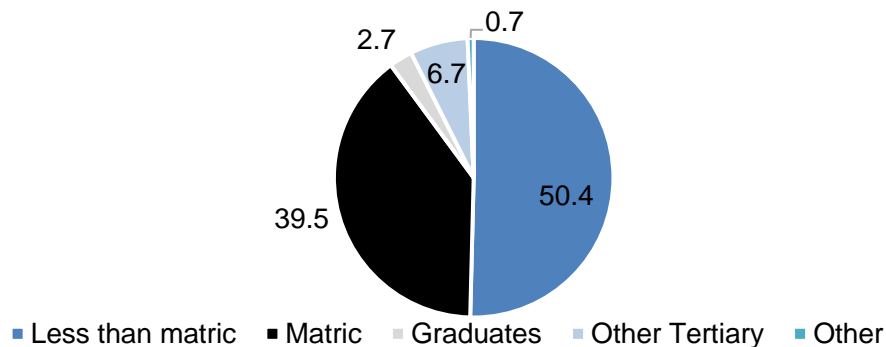
Figure 3: Expanded Unemployment Rate Trend



Source: Stats SA

- The largest increase in employment over the quarter stemmed from the Western Cape at 6.9% (or 167 000) supported by the semigration trend, with an influx of skilled individuals moving to this province. Conversely the Gauteng Province saw employment numbers drop by -0.4% q/q.
- The youth category which comprises those aged 15-24 years are the most afflicted segment of the economy. Unemployment in this group rose to an unacceptably high 61.0% in Q4.22, after easing slightly in Q3.22. Improving the quality of and access to education remains essential. According to Stats SA, “of the 7,8 million unemployed persons in the fourth quarter of 2022, as many as 50,4% did not have matric, and 39,5% had completed matric”. The budget recently tabled, allocated R475.1bn to learning and development in the next fiscal year, with basic education making up nearly R300bn of this amount.
- The expanded unemployment rate, (which includes individuals who desire employment regardless of whether they are actively seeking work) declined to 42.6% (from 43.1% in Q3.22) but is a marked 13.9 percentage points higher than the rate logged during the same period in 2008, demonstrating the extent of SA’s unemployment crisis.
- Despite the marginal improvement in unemployment in the fourth quarter, consumers remain constrained. Real incomes have declined, while the indebted are having to contend with markedly higher interest rates.
- A significant pick up in confidence is imperative to drive sustainable growth and accordingly job creation. “Without a reliable supply of electricity, our efforts to grow an inclusive economy that creates jobs and reduces poverty will not succeed,” according to the President (SONA 2023).

Figure 4: Proportion of the unemployed by education level – Q4.22 (%)



Source: Stats SA



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