

Labour update: Unemployment climbs to 29.0% in Q2.19, against a backdrop of very weak growth

30th July 2019



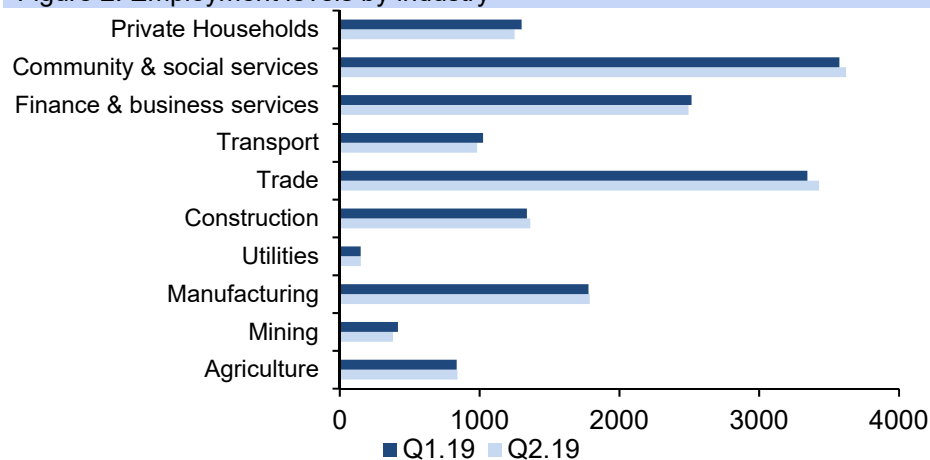
Figure 1: Unemployment levels (rounded) and rates

	Q4.18	Q1.19	Q2.19
Economically Active Population – labour force	22 668 000	22 492 000	22 968 000
Not Economically Active Population	15 466 000	15 791 000	15 465 000
Employed	16 529 000	16 291 000	16 313 000
Unemployed (official/ strict definition)	6 139 000	6 201 000	6 655 000
Unemployment rate (official/ strict) definition)	27.1%	27.6%	29.0%
Unemployed (expanded definition)	9 706 000	9 994 000	10 226 000
Unemployment rate (expanded definition)	37.0%	38.0%	38.5%

Source: Stats SA

- The official unemployment rate climbed by 1.4% on a quarter-on-quarter basis, to 29.0% in the second quarter of 2019. This is the highest level of unemployment recorded since the inception of the quarterly labour force survey (QLFS) in early 2008. Additionally, the expanded unemployment rate (which includes individuals who desire employment regardless of whether they are actively seeking work) increased by 0.5% q/q to 38.5% in Q2.19.
- In Q2.19, the labour force grew by 2.1% q/q to 22.97mn, far outpacing the 0.1% q/q lift in the number of individuals employed during the period (21 000). Thereby rendering a markedly higher unemployment rate.
- Looking at a disaggregation of the data on an industry basis, six of the ten sectors surveyed experienced a lift in employment. However, substantial employment losses in the other four sectors, led by private households and the transport industry, offset most of the gains and as a result the lift in employment was moderate at 21 000.
- A worse than anticipated contraction in economic growth in Q1.19, which saw the economy plunge by 3.2% q/q, would have hindered formal sector employment. Subsequently the number of individuals employed in the formal sector of the economy fell by 49 000 in Q2.19, with the mining, transport and construction sectors chiefly responsible for this dip.
- Job losses serve to aggravate the financial pressure many households are already experiencing, against a muted economic background.
- In order to see any significant job creation in South Africa, economic growth needs to be ignited, underpinned by effective policy implementation and policy certainty, which are required to restore confidence and enhance the investment climate.

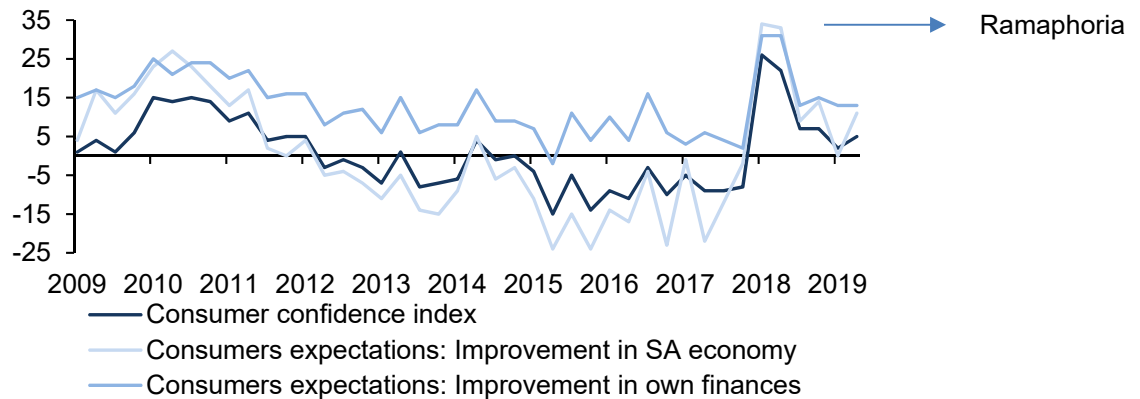
Figure 2: Employment levels by industry



Source: Stats SA



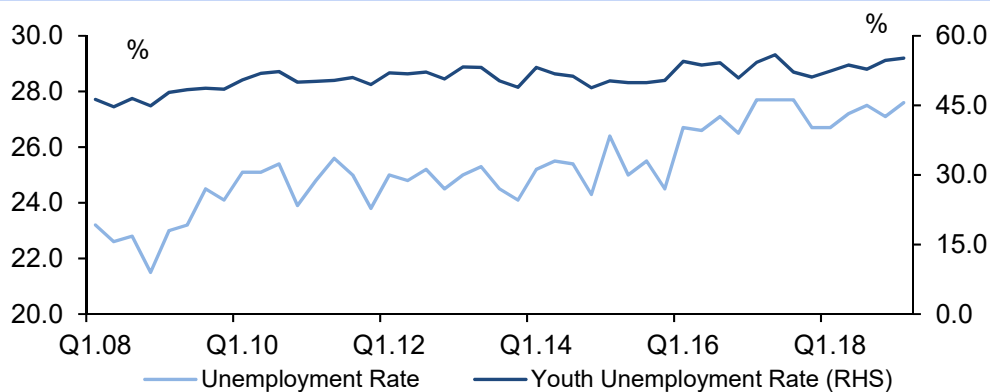
Figure 3: Consumer confidence index¹



Source: BER

- Youth unemployment (15-24 years) also edged up on a quarterly basis, to 56.4% in Q2.19, from 55.2% in the first quarter. Unemployment in this segment of the market remains at a critically high level and is key priority area for government. The President in his latest State of the Nation address stressed that it is“(e)ssential that we proceed without delay to implement a comprehensive plan to create no fewer than two million new jobs for young people within the next decade”.
- While sustainable economic growth is key to improving this dire situation, any viable solution to the unemployment crisis will need to include a significant revaluation of the current education system to ensure necessary skills are produced for the economy.

Figure 4: Unemployment levels



Source: Stats SA

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