

## Labour update: The expanded unemployment rate climbed to 43.2% in Q1.21, from 42.6% in Q4.20

Tuesday 1 June 2021



Figure 1: Unemployment levels ('000) and rates

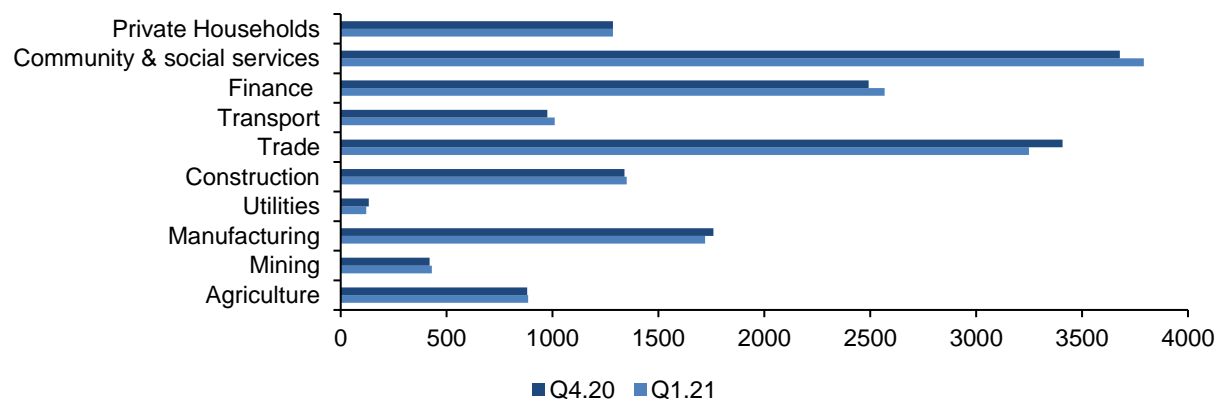
	Q3.20	Q4.20	Q1.21
Economically Active Population – labour force	21 224	22 257	22 237
Not Economically Active Population	17 944	17 054	17 218
Employed	14 691	15 024	14 995
Unemployed (official/ strict definition)	6 533	7 233	7 242
Unemployment rate (official/ strict) definition)	30.8%	32.5%	32.6%
Unemployed (expanded definition)	11 145	11 156	11 422
Unemployment rate (expanded definition)	43.1%	42.6%	43.2%

Source: Stats SA

\*Numbers are rounded

- The official unemployment rate remained largely unchanged in Q1.21, lifting by 0.1 of a percentage point to 32.6%, the highest documented reading since the commencement of the QLFS in 2008.
- The working age population grew by 144 000 or 0.4% q/q in Q1.21, however those actively participating in the labour force declined by 20 000, when compared to the previous quarter. Specifically, “a large number of persons moved from the “employed” status to “not economically active” and “unemployed” categories between the two quarters,” according to Stats SA.
- Proportionately more moved to the “not economically active” grouping, accordingly this segment of the economy rose by 1.0% q/q, with the number of discouraged work-seekers up by a marked 6.9% q/q. Indeed, the effect of the pandemic on joblessness has been immense, with many businesses forced to shut their doors permanently or decrease their workforce headcount.
- Formal sector employment (non-agricultural) increased by a modest 0.8% q/q or 79 000 individuals during Q1.21, however this was countered by decreases in employment within the informal sector (non-agricultural) of the economy, the agricultural sector, and private households. Specifically, employment within these categories fell by 0.8% q/q, 2.2% q/q and 5.8% q/q respectively. On a year-on-year basis however both formal and informal employment were down a notable -6.3% and -14.3% respectively.

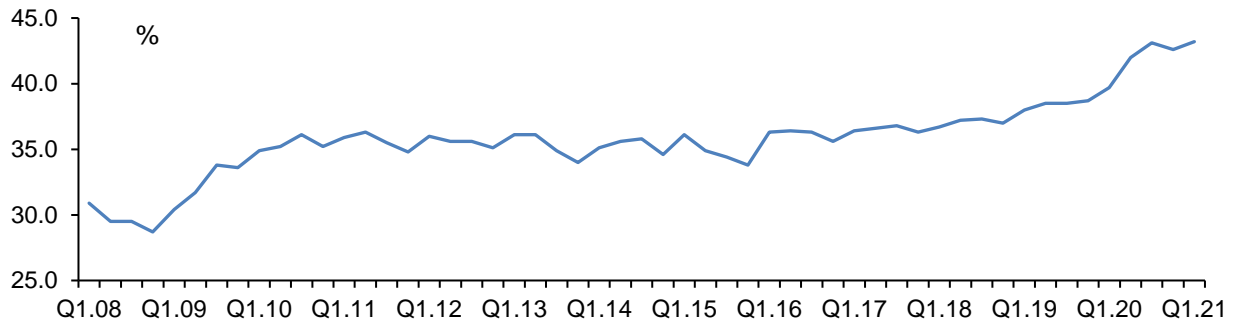
Figure 2: Employment levels by industry ('000)



Source: Stats SA



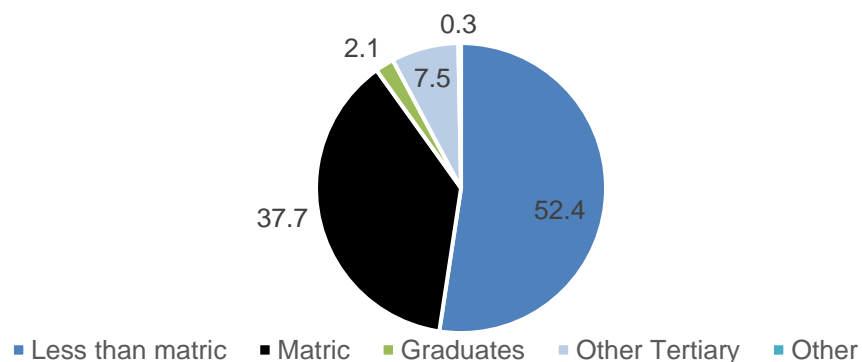
Figure 3: Expanded Unemployment Rate Trend



Source: Stats SA

- An analysis of the data on an industry basis, suggests that employment levels declined in five of the ten industries surveyed in the first quarter of 2021. Job losses within the construction sector was most pronounced at 87 000, a -7.5% q/q decrease, followed by the trade sector which shed 84 000 positions over the quarter. Indeed, the construction industry and tourism and hospitality sectors have been particularly hard hit by the effects of the pandemic. Business confidence is depressed, hindering investment, while the harsher lockdown restrictions implemented by government at the end of 2020 placed pressure on the already struggling tourism and hospitality sector during the all-important holiday period.
- The expanded unemployment rate, (which includes individuals who desire employment regardless of whether they are actively seeking work) rose modestly in Q1.21 to 43.2%, from 42.6% previously, however it is a marked 12.3 percentage points higher than the rate logged during the same period in 2008. This reflects SA's dismal labour market predicament, where even before the onset of covid-19, the country had a very low labour absorption rate by international standards.
- Moreover, youth unemployment (15-24 years), a priority area of government rose further, albeit marginally, to 63.3% in Q1.20, from 63.2% in Q4.20.
- Further restrictions implemented by government in response to the third wave have thus far been modest, with government continuously trying to balance economic and health concerns, accordingly, we are still anticipating growth of 3.9% this year. Risks to this outlook however remain and a timeous, efficient vaccine rollout and the hastened implementation of key government reforms remain essential.

Figure 4: Proportion of the unemployed by education level – Q1.21 (%)



Source: Stats SA

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