

## Labour update: The unemployment rate rose to 30.1% in the first quarter of the year

23<sup>rd</sup> June 2020



Figure 1: Unemployment levels ('000) and rates

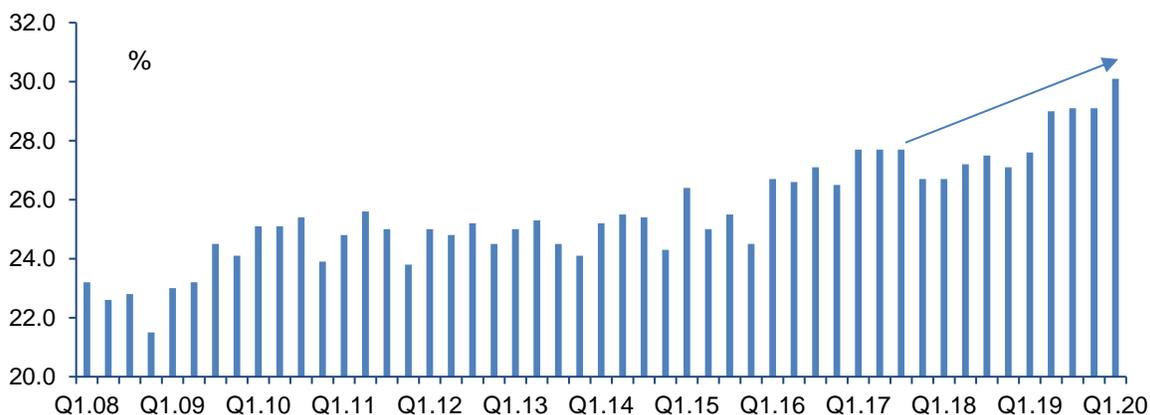
	Q3.19	Q4.19	Q1.20
Economically Active Population – labour force	23 109	23146	23452
Not Economically Active Population	15 474	15581	15422
Employed	16 375	16420	16383
Unemployed (official/ strict definition)	6 734	6726	7070
Unemployment rate (official/ strict) definition)	29.1%	29.1%	30.1%
Unemployed (expanded definition)	10 272	10 381	10 797
Unemployment rate (expanded definition)	38.5%	38.7%	39.7%

Source: Stats SA

\*Numbers are rounded

- South Africa's unemployment rate rose to 30.1% in the first quarter of 2020, from 29.1% in Q4.19 and is over 2.0% higher than Q1.19's unemployment figure of 27.6%.
- Specifically, there were 306 000 new entrants into the labour force in Q1.20, translating to a 1.3% q/q rise, while the number of individuals essentially employed during the period fell by 0.2% q/q or 38 000, accounting for the quarter's poor reading.
- Additionally, the expanded unemployment rate, (which includes individuals who desire employment regardless of whether they are actively seeking work) increased to 39.7% in Q1.20, from 38.7% in the fourth quarter of 2019, which is a marked 8.8% increase on levels logged during the same period in 2008. This reflects SA's dismal labour market situation where the chance of finding work is very low, while the costs related to looking for employment are high.
- 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, with weak economic growth, underpinned by structural inefficiencies and policy uncertainty driving the country's mounting unemployment crisis.
- The unprecedented situation we find ourselves in at the moment will serve to exacerbate the dire domestic unemployment predicament significantly as business closures and cutbacks accelerate. Consequently, we expect the unemployment rate to average in excess of 36.0% over the medium term (2020-2022).

Figure 2: Unemployment Trend



Source: Stats SA



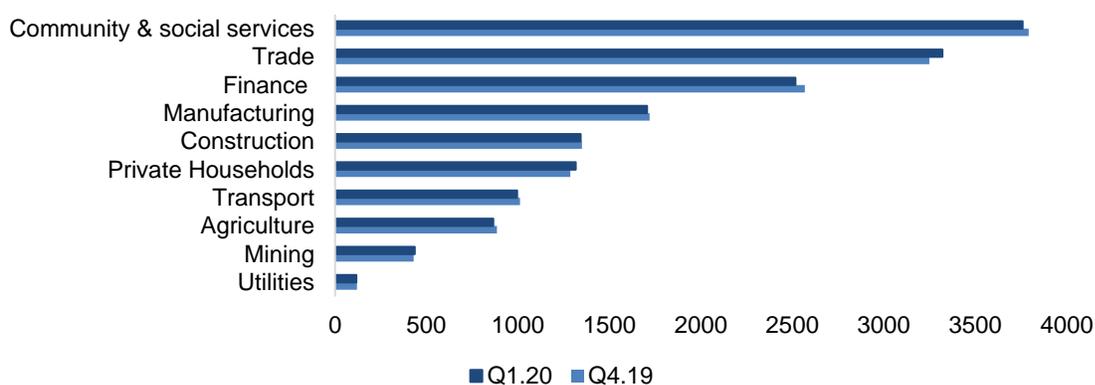
Figure 3: Youth Unemployment



Source: Stats SA

- Formal sector employment (non-agricultural) slid by 0.4% q/q or 50 000 individuals during Q1.20, while the number of individuals employed in the informal sector (non-agricultural) of the economy rose by a marginal 0.1% or 3000 persons when compared to the previous quarter. On a year-on-year basis informal employment was down 0.4%.
- An analysis of the data on an industry basis, suggests that the decline in employment was largely broad based, with seven of the ten sectors surveyed suffering job losses. 50 000 positions were lost in the finance sector, in Q1.20 (compared to Q4.19), followed by 33 000 and 21 000 in the community and social services and agriculture industries respectively. On a year-on-year basis the manufacturing sector lost a marked 72 000 employees, reflecting the dismal situation of an industry marred by muted levels of demand.
- Worryingly, youth unemployment (15-24 years) edged up to 59.0% in Q1.20, from 58.1% in Q4.19. Dealing with the severe unemployment situation, particularly within the youth category remains a key priority of government.
- In an address to the SA national editor’s forum (SANEF) on 31 May, the President stressed that there “will be a massive employment drive that will involve resetting our public employment initiatives, among other things, the expansion of current programmes like the National Youth Service, Community Works Programme (CWP), and the Presidential Youth Employment Intervention”.
- Indeed, following this unprecedented period, the hastened implementation of reformative interventions are essential to generate a faster growing, more labour-intensive economy.

Figure 4: Employment levels by industry ('000)



Source: Stats SA

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