

Labour update: The unemployment rate remained unchanged at an elevated 29.1% in Q4.19

11th February 2020



Figure 1: Unemployment levels ('000) and rates

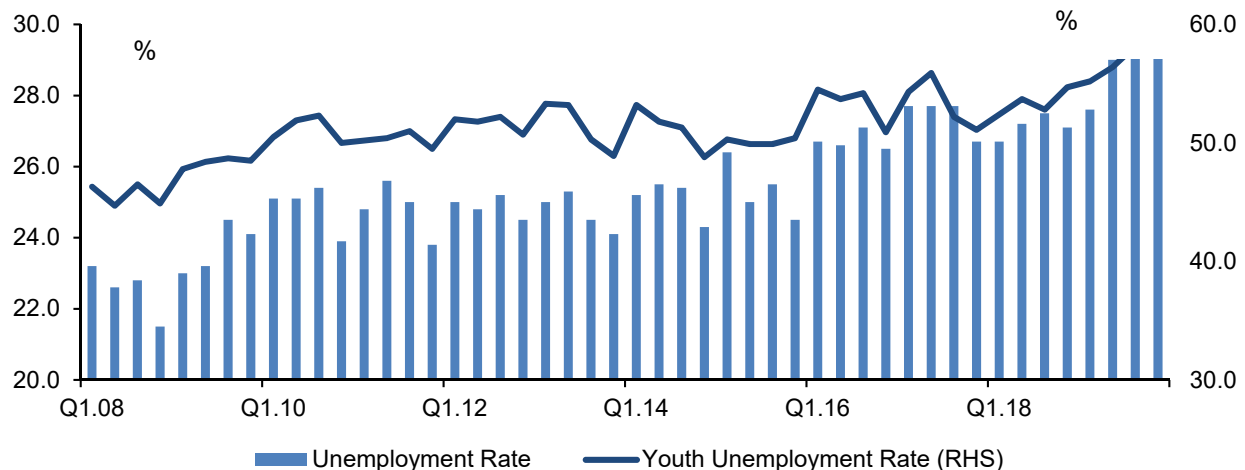
	Q2.19	Q3.19	Q4.19
Economically Active Population – labour force	22 968	23 109	23146
Not Economically Active Population	15 465	15 474	15581
Employed	16 313	16 375	16420
Unemployed (official/ strict definition)	6 655	6 734	6726
Unemployment rate (official/ strict) definition)	29.0%	29.1%	29.1%
Unemployed (expanded definition)	10 226	10 272	10 381
Unemployment rate (expanded definition)	38.5%	38.5%	38.7%

Source: Stats SA

*Numbers are rounded

- South Africa's unemployment rate remained at 29.1% in the fourth quarter of 2019, following its surge to this rate in Q3.19 and is 2.0% higher than Q4.18's unemployment figure of 27.1%.
- While the number of individuals employed during the period, increased by a marginal 0.3% q/q or 45 000 individuals, this was largely overshadowed by the 0.2% q/q (38 000) lift in new entrants into the labour force.
- The expanded unemployment rate, (which includes individuals who desire employment regardless of whether they are actively seeking work) rose slightly to 38.7% in Q4.19, from 38.5% in the third quarter, which is a marked 7.5% 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.
- South Africa has one of the highest unemployment rates in the world (see figure 2). Weak economic growth, which is not projected to exceed 2.0% over the medium term, underpinned by structural inefficiencies and policy uncertainty is driving the country's mounting unemployment crisis.
- Corporate profit margins are under immense pressure on stagnant economic activity, exacerbated by electricity load shedding, commodity price and exchange rate volatility and higher operating costs linked to administered price increases. According to Stats SA's latest liquidations and insolvencies release, "(l)iquidations increased by 10,7% in 2019 compared with 2018", with company specific liquidations up 11.0% y/y. The hastened implementation of key reforms is needed to boost depressed confidence levels which continue to plague businesses and investors, hindering growth.

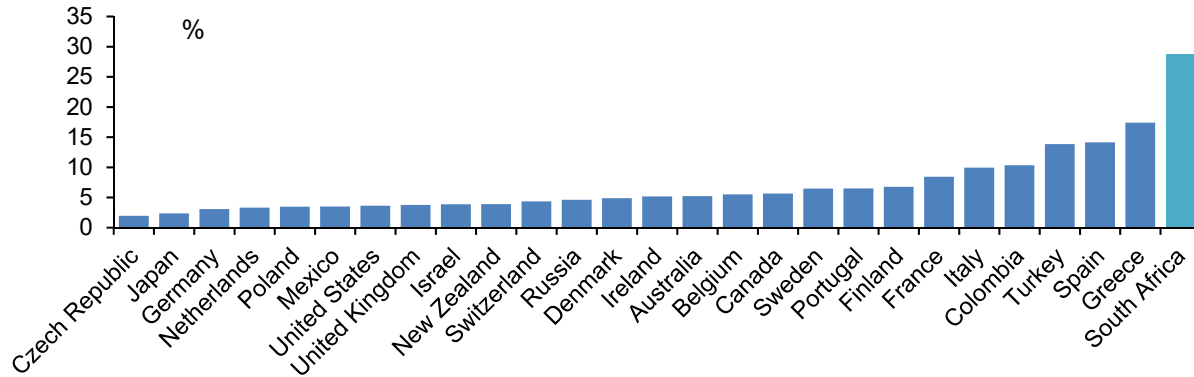
Figure 2: Unemployment Levels



Source: Stats SA



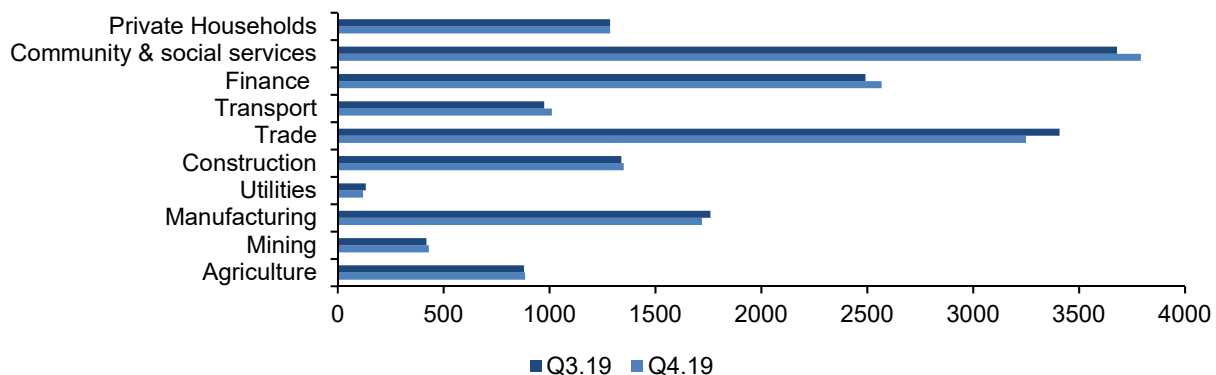
Figure 3: Unemployment rates in selected countries



Source: OECD

- The majority of individuals employed during the last quarter of the year were absorbed into the formal sector of the economy. Conversely, the informal sector saw employment levels slip by 77 000 or 2.6% compared to the previous quarter.
- An analysis of the data on an industry basis, reveals that six of the ten sectors surveyed experienced a lift in employment over the quarter, led by the community and social services segment, which employed an additional 113 000 individuals in Q4.19. Conversely, the largest declines in employment of 159 000 and 39 000 persons, were recorded in the trade and manufacturing sectors respectively.
- Muted levels of demand, underpinned by highly constrained consumers, continue to weigh on retail and manufacturing sector activity, affecting employment in these sectors.
- Furthermore, youth unemployment (15-24 years) declined marginally on a quarterly basis to 58.1% in Q4.19, from 58.2% in the third quarter, but remains at a critically high level.
- Dealing with the dire unemployment situation is a key priority of government and many initiatives have been put forward or already implemented in this regard. The State of the Nation address (SONA), to be delivered on Thursday 13th February will likely expand on developments in tackling South Africa's unemployment predicament.

Figure 4: Employment levels by industry ('000)



Source: Stats SA

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