Employment update: Non-farm employment adds a modest 22 000 positions in Q1.19

25th June 2019

According to the latest Quarterly Employment Statistics (QES) survey, formal, non-farm employment lifted by a marginal 0.2% q/q or 22 000 jobs in Q1.19 to 10.17mn. The modest gain was underpinned predominantly by the 19 000 positions added to the community services sector over the quarter, with growth “(i)n employment in national departments; extra Budgetary institutions; health and social work and other educational institutions”, primarily responsible for the uptick, according to Stats SA.

Conversely, the trade industry suffered the largest number of job losses, shedding 9 000 positions over the quarter, specifically as a result of “(d)ecreases in employment in the building completion and building of complete constructions or parts thereof, civil engineering”

On an annual basis, employment levels rose by 0.8% y/y or 76 000 positions in Q1.19, below the 1.6% y/y lift experienced in Q4.18. This was achieved once again, on the back of employment gains in the trade and business services segments of the economy, which grew by 3.1% y/y and 2.5% y/y respectively.

While moderate employment gains were attained in certain sectors of the economy, overall domestic labour market conditions continue to remain sluggish, with weak economic growth prospects weighing on consumer and business confidence, detracting from critical fixed investment in the economy.

Job creation, especially amongst the youth, remains a key priority of government. As such, the President tabled specific measures to attain this vital objective in his recent State of the Nation Address (SONA). He highlighted the unacceptably high youth unemployment rate, which is sitting at in excess of 50% as “(e)ssentially a national crisis that demands urgent, innovative and coordinated solutions”. Further stressing 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”.

Figure 1: Employment in the non-agriculture formal sector

Source: Stats SA

Figure 2: Quarterly change in number of employees by industry, Q1.19

Source: Stats SA
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The Quarterly Employment Survey also provides detail on wage developments across sectors.
Compensation (gross earnings) of employees fell by a notable 5.6% q/q, or R40 448 mn in Q1.19. The slide was broad based, with all industries suffering a decline.
On a year-on-year basis however, gross earnings earnings for non-farm employees rose, lifting by 3.7%, with the community services sector experiencing the largest recorded increase at R17 244 mn or 8.4% y/y.
The highest average monthly earnings of R392 120 (incl. bonuses and overtime), continued to be paid to employees in the electricity, gas and water-supply industry, followed by those in the community, social and personal services industry.
In line with wage developments, the President further commented in his SONA that “The National Minimum Wage Commission is expected to conclude research on the impact of the minimum wage on employment, poverty, inequality and wage differentials by the end of September 2019”.

Source: Stats SA

Figure 3: Annual change in number of employees by industry, Q1.19

Source: Stats SA

Figure 4: Average monthly earnings at constant prices – as at end February (q/q % chng.)

Source: Stats SA
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