

Quarterly Labour Force Survey

ECONOMICS | SOUTH AFRICA



The unemployment rate rose due to job losses and a larger labour force.

- The **unemployment rate** rose to 33.5% in Q2 2024 from 32.9% in Q1 as the drop in employment pushed the number of unemployed people sharply higher. At the same time, the labour force continued to expand.
- The number of unemployed people increased sharply by 158 000 or 1.9% qoq in Q2 as employment fell by 92 000. This was despite a stable power supply and the improvement in logistic services. The job losses were also unexpected in the build-up to the elections, which is usually associated with a rise in employment, albeit temporary.
- Most job losses occurred in the formal non-agricultural sector, which shed 77 000 jobs over the quarter, outweighing the 48 000 jobs created in the informal sector. Worryingly, the number of discouraged jobseekers rose substantially by 147 000 as hopes of securing employment faded and the economy failed to absorb the growth in the labour force.

Table 1: Key labour market statistics

| Employment (millions) | 2022 | | | | 2023 | | | | 2024 | | qoq change | |
|--|------|------|------|------|------|------|------|------|------|------|------------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Qoq ('000) | yoy% |
| Labour force (15-64 yrs) | 22.8 | 23.6 | 23.5 | 23.7 | 24.1 | 24.3 | 24.6 | 24.6 | 25.0 | 25.0 | 65.5 | 3.2 |
| Employed | 14.9 | 15.6 | 15.8 | 15.9 | 16.2 | 16.3 | 16.7 | 16.7 | 16.7 | 16.7 | -92.4 | 1.9 |
| Formal sector (Non-agricultural) | 10.2 | 10.6 | 10.8 | 11.0 | 11.2 | 11.3 | 11.6 | 11.5 | 11.5 | 11.5 | -76.7 | 1.2 |
| Informal sector (Non-agricultural) | 2.8 | 3.0 | 3.0 | 3.0 | 3.1 | 3.0 | 3.1 | 3.2 | 3.1 | 3.1 | 47.7 | 3.3 |
| Unemployed | 7.9 | 8.0 | 7.7 | 7.8 | 7.9 | 7.9 | 7.8 | 7.9 | 8.2 | 8.4 | 157.9 | 5.8 |
| Unemployment rate (%) | 34.5 | 33.9 | 32.9 | 32.7 | 32.9 | 32.6 | 31.9 | 32.1 | 32.9 | 33.5 | | |
| Discouraged work-seekers | 3.8 | 3.6 | 3.5 | 3.4 | 3.3 | 3.2 | 3.2 | 3.0 | 3.0 | 3.2 | 147.2 | 0.4 |
| Labour force participation rate (LF/Pop) | 56.9 | 58.6 | 58.3 | 58.5 | 59.4 | 59.6 | 60.2 | 60.0 | 60.7 | 60.6 | | |

Source: Stats SA

- The **sectoral breakdown** shows mixed performances. Most of the job losses occurred in the domestic trade sector, which shed a massive 111 000 jobs or 3.2% over the quarter, reversing the 109 000 jobs created in Q1. The sector remains constrained as the impact of higher interest rates weighs on spending. This was followed by the agricultural sector, which lost 45 000 jobs in Q2 (+21 000 in Q1), probably reflecting the impact of the drought and floods in some parts of the country. Encouragingly, the manufacturing and mining industries continued to create new jobs, likely encouraged by less disruptive load-shedding, as well as slightly firmer global demand and commodity prices. Community and social services (including government) employed 36 000 people in Q2 after a massive 122 000 jobs were shed in Q1. The subdued employment growth probably reflects the government's commitment to expenditure restraints in an effort to reduce the fiscal deficit and slow debt accumulation. The construction industry shed an additional 11 000 jobs as a result of weak fixed investment activity. The financial sector also recorded more job losses as credit growth slowed and impairments remained elevated.
- Compared to the same quarter a year ago, 306 000 jobs were created in Q2, down from 552 000 recorded in Q1. The unemployment rate remained well above pre-Covid 19 levels.

Chart 1: Total employment and the unemployment rate.

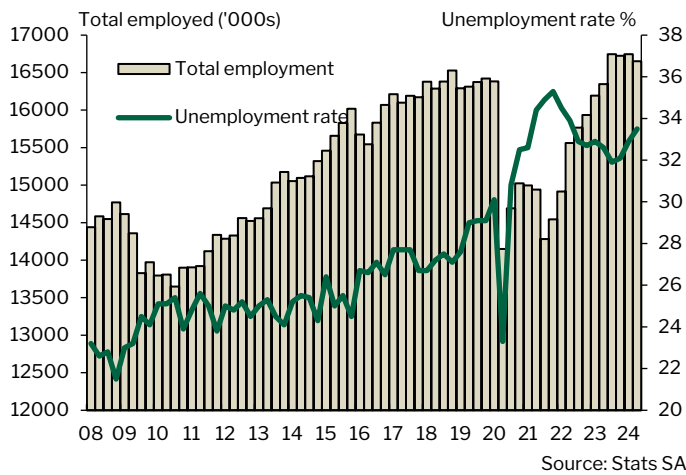
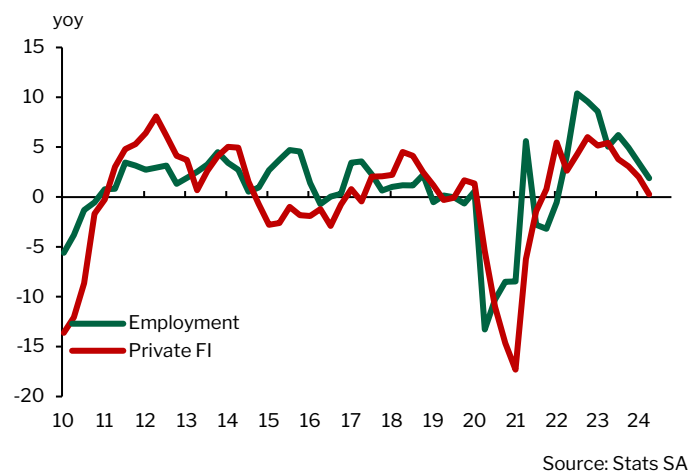


Chart 2: Fixed investment and employment.



- The outlook for the job market remains uncertain. Economic conditions have been improving since the start of the year. Some structural constraints have eased somewhat, with load-shedding reduced and logistical services improving. Global demand has also increased slightly. Given these positive outcomes and hopes that the formation of the Government of National Unity will accelerate structural reforms, business confidence improved in Q2. The above will support activity and possibly sustain employment growth in energy-intensive industries, and exporters in the coming months. However, employment in the services industries could remain stagnant as restrictive monetary policy continues to weigh on domestic demand, hurting confidence, constraining consumer spending, and containing fixed investment in the short term. Moreover, some producers might continue to focus on restoring their profit margins, which were depleted by the severe disruptions and surge in operating costs last year. At the same time, public sector employment will remain restricted by government caps on staff numbers to support necessary fiscal consolidation. Consequently, job creation will remain weak in 2024, with employment drifting sideways. A more meaningful recovery is likely to occur next year as inflation dips towards 4.5% and the SARB reduces interest rates more significantly, creating space for faster growth in domestic demand and job creation.

Table 2: Breakdown of employment

| Employment (million) | 2022 | | | | 2023 | | | | 2024 | | qoq change | |
|-----------------------------|------|------|------|------|------|------|------|------|------|------|------------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | qoq ('000) | yoy% |
| Total | 14.9 | 15.6 | 15.8 | 15.9 | 16.2 | 16.3 | 16.7 | 16.7 | 16.7 | 16.7 | -92.4 | 1.9 |
| Agriculture | 0.8 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 | 0.9 | 0.9 | 0.9 | -45.5 | 0.2 |
| Mining | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 2.4 | 3.0 |
| Manufacturing | 1.6 | 1.5 | 1.6 | 1.7 | 1.7 | 1.6 | 1.5 | 1.5 | 1.6 | 1.7 | 48.7 | 6.2 |
| Utilities | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 8.8 | -11.6 |
| Construction | 1.1 | 1.2 | 1.2 | 1.2 | 1.2 | 1.3 | 1.4 | 1.3 | 1.2 | 1.2 | -10.9 | -7.7 |
| Trade | 3.0 | 3.2 | 3.2 | 3.3 | 3.3 | 3.4 | 3.4 | 3.4 | 3.5 | 3.4 | -111.0 | 0.0 |
| Transport | 1.0 | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 | 2.7 | 8.0 |
| Finance | 2.3 | 2.5 | 2.4 | 2.5 | 2.7 | 2.6 | 2.8 | 3.0 | 2.9 | 2.9 | -9.1 | 11.8 |
| Community & social services | 3.5 | 3.8 | 3.8 | 3.7 | 3.9 | 4.0 | 4.1 | 3.9 | 3.8 | 3.8 | 36.1 | -3.5 |
| Private households | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 | -17.9 | 6.1 |

Source: Stats SA

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