

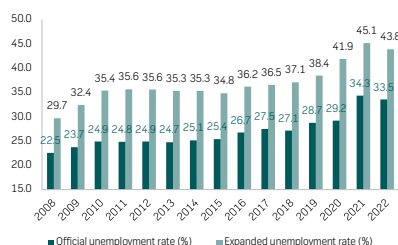


# Flash Note: Employment

February 2023

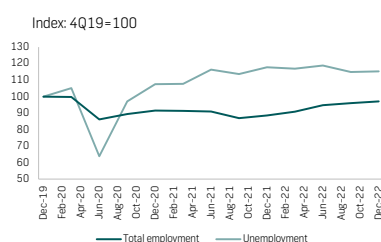
## The labour market recovery: 1 652 486 cumulative job gains over the past five quarters

Figure 1: Unemployment rate remains high



Source: Stats SA, FNB Economics

Figure 2: Employment 3% below 4Q19 level, while unemployment is 15% above



Source: Stats SA, FNB Economics

The Quarterly Labour Force Survey (QLFS) data (not seasonally adjusted) showed that the official unemployment rate remained high at 32.7% in 4Q22 but reflected a slight moderation from 32.9% in 3Q22. The outturn was slightly higher than the 32.6% median estimate of the six economists surveyed by Bloomberg. The unemployment rate averaged 33.5% in 2022, lower than the 34.3% average for 2021 but higher than the 28.7% average for 2019. Overall, the economy continued creating jobs in 4Q22 with cumulative net job gains over the past five quarters amounting to 1 652 486, comprising 1 348 973 formal jobs and 303 513 other jobs. There were 169 089 (1.1% q/q) net job gains in 4Q22, while net job gains were 1 390 362 (9.6 % y/y) compared to the same quarter last year. The unemployment level rose by 28 252 q/q (but declined by 168 049 y/y) to 7 753 383. Part of the robust annual growth in the labour force is due to the lower base, created by the lingering impact of the July 2021 civil unrest.

### Key sectorial figures

The 169 089 quarterly job gains primarily reflected formal sector net job gains of 142 805 and private household net job gains of 54 119. Meanwhile, the informal sector shed 15 474 jobs, and the agricultural sector shed 12 361 jobs. The number of estimated SME owners, which account for close to 16% of total employment, was 2 477 069 in 4Q22, reflecting a 103 969 q/q decline (and 111 104 y/y increase). Within the formal and informal non-agricultural sector:

- Mining and quarrying gained 29 652 q/q and 66 378 y/y jobs.
- Manufacturing gained 25 634 q/q and 339 657 y/y jobs.
- Electricity, gas, and water supply gained 7 657 q/q and 42 555 y/y jobs.
- Construction lost 11 587 q/q but gained 78 809 y/y jobs.
- Wholesale and retail trade, motor trade, hotels and restaurants gained 51 865 q/q and 401 572 y/y jobs.
- Transport, storage, and communications gained 43 498 q/q and 31 806 y/y jobs.
- Financial intermediation, insurance, real estate, and business services gained 103 033 q/q and 79 311 y/y jobs.
- Community and social services lost 121 871 q/q but gained 462 490 y/y jobs.

## Economist

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## **Outlook: recovery protracted and clouded by prevailing uncertainty**

As measured by the QLFS data, total employment is still below the pre-pandemic 4Q19 level by 485 775, with the formal sector below by 353 778, private households by 131 997 and agriculture by 24 965. The informal sector is above the 4Q19 level by 37 204, likely indicating that some of those who lost their jobs have migrated into the informal sector. Nevertheless, it is encouraging that the labour market has gained momentum over the past five quarters. We expect the recovery in employment to continue, albeit protracted, especially given the prevailing domestic and global headwinds. The domestic economy is expected to moderate to 0.4% this year, from 2.4% in 2022, before a gradual recovery to 1.6% by 2025. GDP growth of above 3.0% will need to be sustained to make a meaningful impact on employment creation.

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