

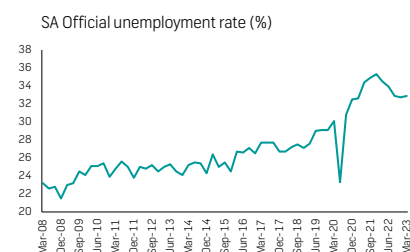


Flash Note: Employment

May 2023

Employment recovery sustained with over 1.9 million cumulative job gains over the past six quarters

Figure 1: Official unemployment rate climbed to 32.9% in 1Q23 - remains structurally high



Source: Stats SA, FNB Economics

The Quarterly Labour Force Survey (QLFS) data (not seasonally adjusted) showed that the official unemployment rate remained high at 32.9%, up from 32.7% in 4Q22. The outturn was slightly lower than the Bloomberg consensus prediction of 33.0%.

Despite the structurally elevated unemployment rate (32.9% now versus 23.2% in 1Q08), the employment recovery has been sustained with 1 910 271 cumulative net employment gains over the past six quarters. Employment grew by 1.6% q/q (257 786 q/q) and 8.6% y/y (1 278 071 y/y) in 1Q23, to 16 192 279. Meanwhile, unemployment increased by 2.3% q/q (179 367 q/q) and 0.9% y/y (70 956 y/y) to 7 932 749.

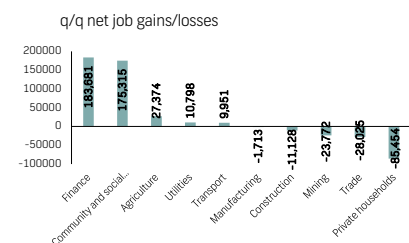
Employment gains in 1Q23 largely reflect an increase in the formal (non-agricultural) sector's 208 754 q/q (1 006 805 y/y) employment, followed by the informal sector's increase of 107 112 q/q (243 946 y/y), and the agricultural sector's increase of 27 374 q/q (43 213 y/y). Employment by the private household sector fell by 85 454 q/q and 15 911 y/y. These numbers are encouraging and indicate a resilient labour market against a highly uncertain economic environment dominated by hard power shortages.

Key sectorial figures

Within the formal and informal non-agricultural sector:

- Mining and quarrying shed 23 772 q/q jobs but recorded 6 641 y/y jobs gains.
- Manufacturing shed 1 713 q/q but gained 74 863 y/y jobs.
- Electricity, gas and water supply gained 10 798 q/q and 31 911 y/y jobs.
- Construction lost 11 128 q/q but gained 127 539 y/y jobs.
- Wholesale and retail trade, motor trade, hotels and restaurants lost 28 025 q/q jobs, but gained 275 262 y/y jobs.
- Transport, storage and communication gained 9 951 q/q and 31 956 y/y jobs.
- Financial intermediation, insurance, real estate and business services gained 183 681 q/q and 335 217 y/y jobs.
- Community and social services gained 175 315 q/q and 356 540 y/y jobs.

Figure 2: Quarterly net employment gains positive but mixed



Source: Stats SA, FNB Economics

Economist

Thanda Sithole

Contact us:

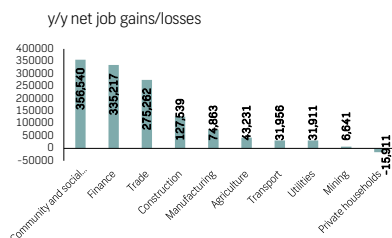
Website: fnb.co.za/economics-commentary

Email: Thanda.Sithole@fnb.co.za

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Figure 3: Annual employment gains were broad-based across most sectors



Source: Stats SA, FNB Economics

Outlook: employment recovery clouded by prevailing economic uncertainty

The employment recovery remains marginally incomplete at 227 990 below the 4Q19 level. Nevertheless, we are encouraged by the resilience that the domestic labour market has demonstrated over the past six quarters. If sustained at the current momentum, the employment recovery should be complete by the end of this year. But prevailing economic uncertainty with persistently higher stages of load-shedding poses a material downside risk to the ongoing labour market recovery. The domestic economy is expected to stagnate at 0.1% this year, following 2.0% growth in 2022, before gradually recovering 1.6% by 2025.

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