

Quarterly Labour Force Survey

ECONOMICS | SOUTH AFRICA



The unemployment rate increased slightly in line with seasonal trends in Q1

- The **unemployment rate** increased to 32.9% in Q1 from 31.9% in Q4 as the number of the employed fell more than the decline of the labour force. Though the labour force fell by 54 000 or 0.2%, jobs were lost over the quarter. In Q1, total employment declined by 291 000, or 1.7%. Most of the job losses occurred in the formal sector (-245 000). However, the informal sector still managed to create 17 000 jobs. The overall drag in employment reflected weaker demand, which caused excess capacity in companies and due to seasonal effects. Usually, Q4 tends to record a rise in temporary employment during the festive season.
- The number of discouraged workers increased by 177 000 or 1.4% over the quarter, while the expanded unemployment rate rose to 40.3%.
- On a yoy basis, total employment increased marginally, up by 0.3%.

TABLE 1: Key labour market statistics

Employment (millions)	2023			2024				2025		yoy%
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	qoq change ('000)	
Labour force (15-64 yrs)	24.27	24.59	24.62	24.97	25.04	24.96	25.07	25.01	-53.84	0.2
Employed	16.35	16.74	16.72	16.74	16.65	16.95	17.08	16.79	-290.58	0.3
Formal sector (Non-agricultural)	11.33	11.62	11.49	11.54	11.47	11.59	11.68	11.43	-245.24	-1.0
Informal sector (Non-agricultural)	3.03	3.06	3.18	3.08	3.13	3.29	3.33	3.35	16.74	8.6
Unemployed	7.92	7.85	7.90	8.23	8.38	8.01	7.99	8.23	236.73	0.0
Discouraged work-seekers	3.18	3.16	3.05	3.05	3.19	3.35	3.47	3.47	7.23	14.0
Unemployment rate (%)	32.6	31.9	32.1	32.9	33.5	32.1	31.9	32.9		
Labour force participation rate (LF/Pop)	59.6	60.2	60.0	60.7	60.6	60.2	60.3	60.0		

Source: Stats SA

Chart 1: Total employment and the unemployment rate.

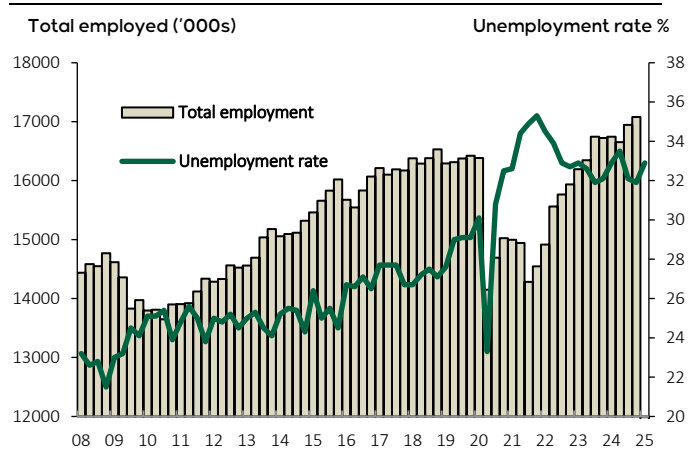
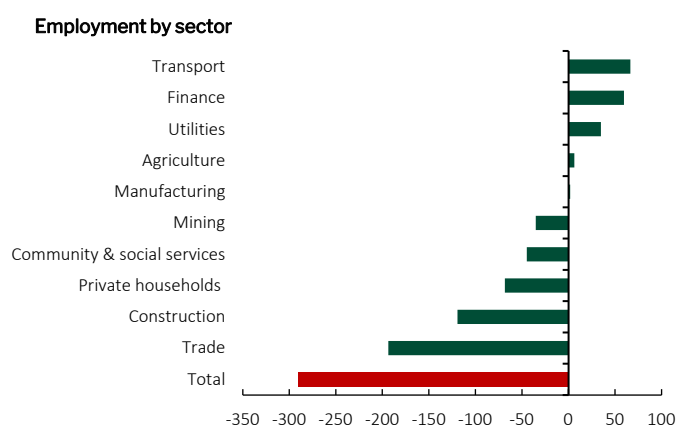


Chart 2: Sector breakdown of employment gains/losses



- The **sectoral breakdown** showed that five of the ten sectors recorded a decline in employment as companies sit with excess capacity due to weaker demand. Trade was the largest contributor, losing 194 000 jobs. Construction and private households followed with losses of 119 000 and 68 000, respectively. Encouragingly, employment increased in transport (67 000), finance (60 000) and utilities (35 000). In Q1, total employment rose by 43 000 compared to the previous year, mainly driven by job gains in community and social services, finance and manufacturing.

- The labour market outlook appears stable amid easing structural constraints, though cyclical factors are expected to become less supportive. Uncertainties related to the stability of the Government of National Unity and potential US tariffs are likely to hinder confidence and impact on economic activity. The mining and manufacturing sectors are particularly vulnerable, facing challenges from subdued global growth and falling commodity prices, which will affect their export capabilities. The anticipated tariffs from the US present additional obstacles, creating a less favourable environment for hiring in these industries. Despite the challenges facing manufacturing and mining, the agricultural sector is projected to thrive due to favourable weather conditions. The services sector is also expected to experience growth as inflation remains low, although fiscal consolidation may restrict government job creation. Overall, corporate profitability is likely to decline, discouraging companies from expanding their operations in the near term. The anticipated deterioration in economic conditions is a concern, particularly as weaker global demand further impacts key industries. We forecast GDP to grow by 1% in 2025 and 1.6% over the next three years. Considering the balance of drivers, we expect modest declines in the unemployment rate over the next two years.

Table 2: Breakdown of employment

Employment (million)	2023				2024				2025	qoq change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	qoq ('000)	yoy%
Total	16.19	16.35	16.74	16.72	16.74	16.65	16.95	17.08	16.79	-290.58	0.3
Agriculture	0.89	0.89	0.96	0.92	0.94	0.90	0.93	0.92	0.93	6.25	-1.2
Mining	0.41	0.44	0.41	0.45	0.45	0.46	0.48	0.47	0.43	-35.11	-5.2
Manufacturing	1.65	1.56	1.51	1.51	1.61	1.65	1.63	1.68	1.68	1.75	4.4
Utilities	0.13	0.13	0.11	0.12	0.11	0.11	0.13	0.11	0.15	34.92	38.1
Construction	1.20	1.30	1.36	1.32	1.22	1.20	1.38	1.36	1.24	-119.20	2.0
Trade	3.27	3.36	3.39	3.36	3.47	3.36	3.47	3.42	3.23	-193.60	-7.0
Transport	0.99	0.99	0.97	1.02	1.06	1.06	1.05	1.06	1.13	66.55	6.5
Finance	2.67	2.60	2.84	2.96	2.91	2.90	2.72	2.95	3.01	59.66	3.2
Community & social services	3.90	3.97	4.08	3.91	3.79	3.83	4.02	3.96	3.91	-44.73	3.2
Private households	1.06	1.09	1.12	1.13	1.18	1.16	1.13	1.15	1.08	-68.33	-8.5

Source: Stats SA

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