

Quarterly Labour Force Survey

ECONOMICS | SOUTH AFRICA



The unemployment rate drops due to job gains amid a smaller labour force.

- The **unemployment rate** fell to 32.1% in Q3 from 33.5% in Q2 because employment increased and the labour force shrunk as discouraged workers increased.
- Encouragingly, The number of unemployed declined by 373 000 or 4.5% qoq in Q3. Employment rose by 294 000, supported by improved economic activity over the quarter as domestic demand recovered and structural constraints eased. Worryingly, the number of discouraged jobseekers rose by a substantial 160 000 as the economy failed to absorb the growth in the labour force.
- Although both the formal and informal sectors contributed to employment. The informal sector created the most jobs, adding 165 000 over the quarter. The formal sector hired 122 000 people.

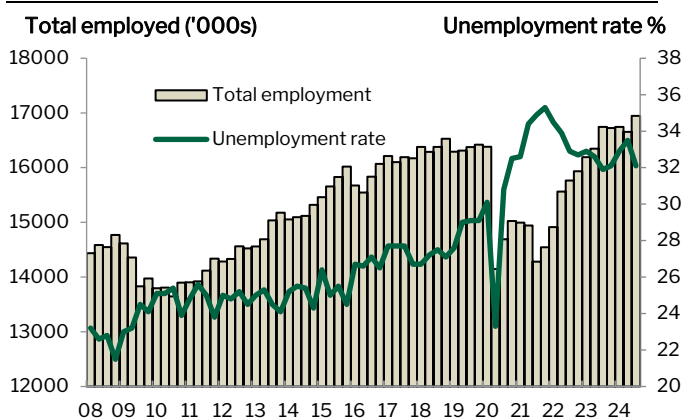
Table 1: Key labour market statistics

Employment (millions)	2023				2024			qoq change		YTD
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	qoq ('000)	yoy%	%
Labour force (15-64 yrs)	24.13	24.27	24.59	24.62	24.97	25.04	24.96	-79.46	1.5	2.7
Employed	16.19	16.35	16.74	16.72	16.74	16.65	16.95	293.84	1.2	2.2
Formal sector (Non-agricultural)	11.19	11.33	11.62	11.49	11.54	11.47	11.59	121.97	-0.2	1.4
Informal sector (Non-agricultural)	3.06	3.03	3.06	3.18	3.08	3.13	3.29	165.23	7.7	3.9
Unemployed	7.93	7.92	7.85	7.90	8.23	8.38	8.01	-373.30	2.1	3.9
Unemployment rate (%)	32.9	32.6	31.9	32.1	32.9	33.5	32.1			
Discouraged work-seekers	3.28	3.18	3.16	3.05	3.05	3.19	3.35	160.15	6.3	-0.2
Labour force participation rate (LF/Pop)	59.40	59.60	60.20	60.00	60.70	60.60	60.20			

Source: Stats SA

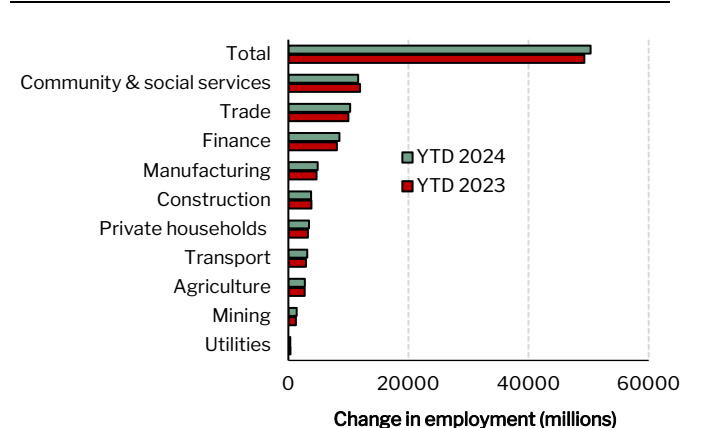
- The **sectoral breakdown** shows mixed performances. The most job gains occurred in community and social services (including government), adding 194 000 jobs in Q3 after creating 36 000 in Q2. Employment by the construction sector also rose by a substantial 176 000, likely boosted by increased fixed investment activity as the structural constraints eased. Domestic trade created 109 000 jobs over the quarter, supported by firmer consumer demand, underpinned by the ongoing recovery in household incomes, lower inflation and expectations of lower interest rates. Employment in agriculture also improved as the impact of the drought faded. Similarly, the mining sector continued to create jobs, albeit at a slower rate, reflecting the modest improvement in global demand and commodity prices. In contrast, the finance sector shed 189 000 jobs, as credit growth remained weak and impairments elevated. The manufacturing sector also shed jobs, while transport reduced employment by 18 000.

Chart 1: Total employment and the unemployment rate.



Source: Stats SA

Chart 2: Employment gains/losses over the year to date.



Source: Stats SA

- For the year to date, total employment rose by 2.2% yoy, with 503 000 jobs created over the period. These gains lifted employment above the pre-pandemic level. However, the pace of job creation still failed to outpace the growth in the labour force. Consequently, the unemployment rate remained well above pre-pandemic levels of around 30%.
- The outlook for the job market looks more promising. Employment will likely increase moderately as the economy recovers over the next 12 to 18 months. Trading conditions have already improved significantly, with load-shedding suspended and logistic networks slightly less clogged. Easing supply-side constraints, coupled with relatively steady, albeit uninspiring, global demand, should support employment in agriculture, mining and manufacturing. The main boost will likely come from services driven by the anticipated recovery in consumer demand as real household incomes return to growth, inflation remains subdued, and interest rates decline further. Further upside could stem from government's plans to accelerate infrastructure spending. In its October Medium Term Budget Policy Statement, National Treasury announced that government will prioritise infrastructure investment by removing regulatory and administrative hurdles and scaling up partnerships with the private sector. In contrast, government caps on staff numbers will restrict public-sector employment. While employment is forecast to increase, the pace of job creation will still be too slow to absorb new entrants into the labour market and reduce unemployment significantly. Consequently, the unemployment rate will likely remain high, easing only slightly and still leaving a large pool of discouraged workers.

Table 2: Breakdown of employment

Employment (million)	2023				2024			qoq change		YTD
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	qoq ('000)	yoy%	%
Total	16.19	16.35	16.74	16.72	16.74	16.65	16.95	293.8	1.2	2.2
Agriculture	0.89	0.89	0.96	0.92	0.94	0.90	0.93	39.0	-2.2	1.3
Mining	0.41	0.44	0.41	0.45	0.45	0.46	0.48	27.3	18.4	10.3
Manufacturing	1.65	1.56	1.51	1.51	1.61	1.65	1.63	-20.2	8.4	3.7
Utilities	0.13	0.13	0.11	0.12	0.11	0.11	0.13	13.3	12.7	-8.0
Construction	1.20	1.30	1.36	1.32	1.22	1.20	1.38	176.5	1.7	-1.6
Trade	3.27	3.36	3.39	3.36	3.47	3.36	3.47	108.8	2.3	2.8
Transport	0.99	0.99	0.97	1.02	1.06	1.06	1.05	-17.9	8.3	7.8
Finance	2.67	2.60	2.84	2.96	2.91	2.90	2.72	-189.1	-4.2	5.3
Community & social services	3.90	3.97	4.08	3.91	3.79	3.83	4.02	194.3	-1.5	-2.6
Private households	1.06	1.09	1.12	1.13	1.18	1.16	1.13	-32.4	1.1	6.2

Source: Stats SA

GROUP ECONOMIC UNIT

Johannes (Matimba) Khosa
Nicky Weimar

+27 10 234 8359
+27 10 234 8357

johanneskh@nedbank.co.za
nickywe@nedbank.co.za

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