

# Quarterly Labour Force Survey

ECONOMICS | SOUTH AFRICA



## The unemployment rate moderated slightly

- The **unemployment rate** eased slightly to 31.9% in Q4 from 32.1% in Q3 as employment growth outpaced the expansion in the labour force.
- Total employment rose by 131 700 in Q4, an increase of 0.8% over the quarter and 2.1% over the year. Both the formal and informal sectors employed more people, but the formal sector led the way, creating 90 300 jobs. The boost came from stronger demand, compounded by seasonal factors, as firms tend to hire more temporary staff during the festive season. Although the labour force increased, the number of unemployed fell by 19 600.
- However, the number of discouraged workers increased by a further 110 620 over the quarter, leaving the expanded unemployment rate unchanged at a high 40.1%. Discouragingly, this is still up from 39.6% a year ago.

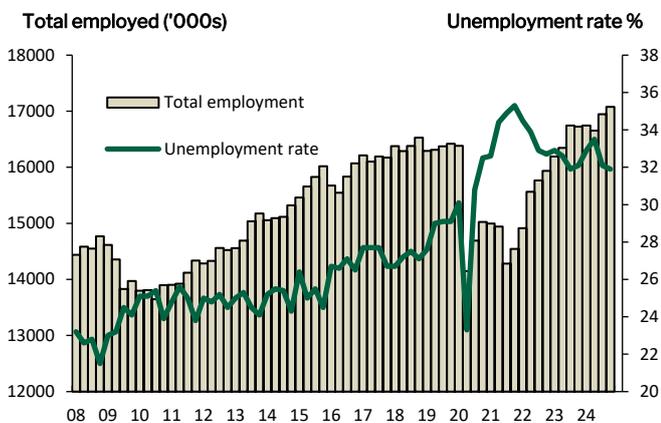
Table 1: Key labour market statistics

Employment (millions)	2023				2024				qoq change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	qoq ('000)	yoy%
Labour force (15-64 yrs)	24.13	24.27	24.59	24.62	24.97	25.04	24.96	25.07	112.10	1.8
Employed	16.19	16.35	16.74	16.72	16.74	16.65	16.95	17.08	131.67	2.1
Formal sector (Non-agricultural)	11.19	11.33	11.62	11.49	11.54	11.47	11.59	11.68	90.34	1.7
Informal sector (Non-agricultural)	3.06	3.03	3.06	3.18	3.08	3.13	3.29	3.33	33.89	4.6
Unemployed	7.93	7.92	7.85	7.90	8.23	8.38	8.01	7.99	-19.57	1.2
Discouraged work-seekers	3.28	3.18	3.16	3.05	3.05	3.19	3.35	3.47	110.62	13.7
Unemployment rate (%)	32.9	32.6	31.9	32.1	32.9	33.5	32.1	31.9		
Labour force participation rate (LF/Pop)	59.4	59.6	60.2	60.0	60.7	60.6	60.2	60.3		

Source: Stats SA

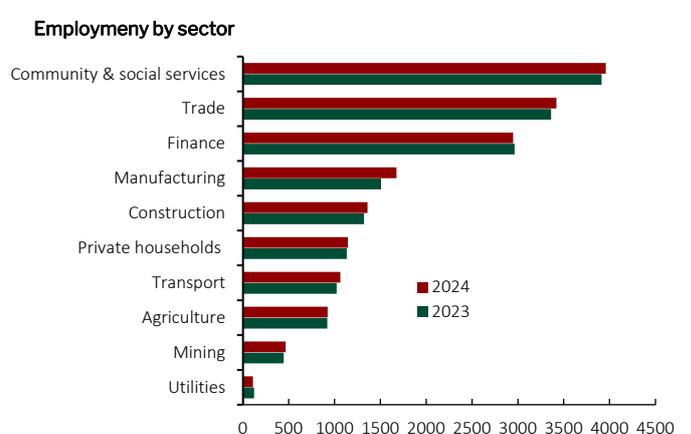
- The **sectoral breakdown** shows that finance was the largest contributor to the increase in employment over the quarter, adding 232 000 jobs (+8.5% qoq). Manufacturing, private households, and transport also contributed, adding 40 700, 18 000 and 17 000 jobs, respectively. These offset sharp declines in employment by community and social services, domestic trade, construction, and mining.
- On yoy basis, a total of 355 000 jobs were created, driven by manufacturing, domestic trade, community and social services and construction. In sharp contrast, employment in finance and utilities were lower than a year ago.

Chart 1: Total employment and the unemployment rate.



Source: Stats SA

Chart 2: Employment gains/losses 2023 and 2024



Source: Stats SA

- We expect the labour market outlook to improve modestly as structural constraints ease and cyclical forces become more favourable. Steady power supply and slightly smoother logistics should continue to support underlying economic activity. Steady global growth and firmer commodity prices should offer some support to exporters in the mining and manufacturing sectors. Agriculture should benefit from more favourable weather conditions. On top of these positives,

we expect an acceleration in consumer spending, boosted by rising real incomes, subdued inflation and withdrawals from the two-pot system. Given the anticipated economic recovery, corporate profitability should improve, which, together with accelerated economic reforms, should lift business confidence and encourage companies to consider expanding operations and employing more people. In contrast, fiscal consolidation will limit government employment growth. Looming labour disputes and retrenchment in specific industries, particularly manufacturing and mining, could also undermine the effort to reduce unemployment. Over the medium- to longer-term, a meaningful reduction in the unemployment rate will only be achieved through faster labour-absorbing economic growth. We forecast GDP to grow by 1.4% in 2025 and 1.6% over the next three years. Okun’s Law suggests that a 1% decrease in unemployment will occur when the economy grows by 2% or more.

**Table 2: Breakdown of employment**

Employment (million)	2023				2024				qoq change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	qoq ('000)	yoy%
Total	16.19	16.35	16.74	16.72	16.74	16.65	16.95	17.08	131.67	2.1
Agriculture	0.89	0.89	0.96	0.92	0.94	0.90	0.93	0.92	-11.01	0.4
Mining	0.41	0.44	0.41	0.45	0.45	0.46	0.48	0.47	-18.30	4.5
Manufacturing	1.65	1.56	1.51	1.51	1.61	1.65	1.63	1.68	40.66	11.1
Utilities	0.13	0.13	0.11	0.12	0.11	0.11	0.13	0.11	-16.92	-9.8
Construction	1.20	1.30	1.36	1.32	1.22	1.20	1.38	1.36	-21.79	2.8
Trade	3.27	3.36	3.39	3.36	3.47	3.36	3.47	3.42	-47.82	1.8
Transport	0.99	0.99	0.97	1.02	1.06	1.06	1.05	1.06	17.47	4.0
Finance	2.67	2.60	2.84	2.96	2.91	2.90	2.72	2.95	232.17	-0.5
Community & social services	3.90	3.97	4.08	3.91	3.79	3.83	4.02	3.96	-62.52	1.2
Private households	1.06	1.09	1.12	1.13	1.18	1.16	1.13	1.15	18.45	1.1

Source: Stats SA

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