



# LABOUR MARKET UPDATE

## Q3:2021

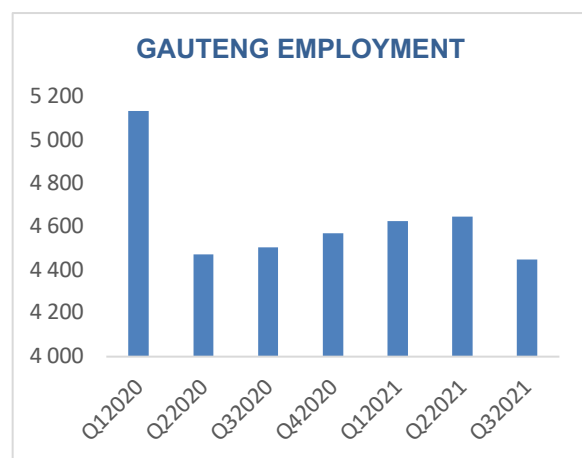
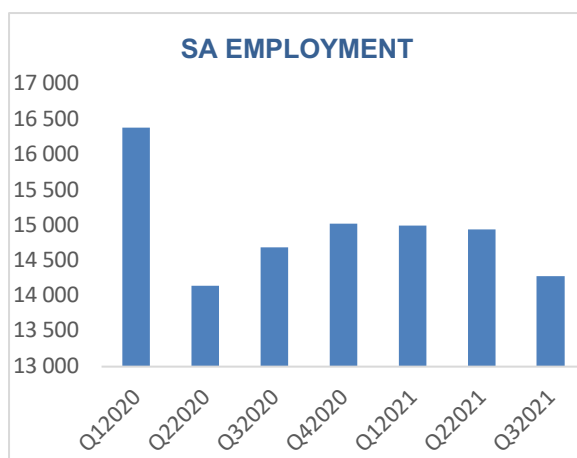


**Civil unrest in July 2021 brings domestic labour market to its knees.**

## JULY UNREST A DAMPER ON THIRD QUARTER JOB NUMBERS

The third quarter of 2021 (Q3:2021) kicked off on a back footing. The civil unrest and looting across several shopping centres in parts of KwaZulu-Natal (KZN) and Gauteng in July has dampened the jobs recovery and is likely to also translate in a weak Gross Domestic Product reading for the quarter. As shown by the recent data, KZN and Gauteng, as well as the retail trade sector were hard hit by the unrest. In addition, other associated sectors did not go unscathed, with the manufacturing sector suffering significant losses following the destruction of several factories in KZN. As a result, the expectation was for a notable decline in job numbers in Q3:2021.

In line with these expectations, the latest Quarterly Labour Force Survey (QLFS) released by Statistics South Africa (Stats SA) **reported national employment at 14.3 million, which implies that there were 660 000 fewer jobs in Q3:2021 relative to the previous quarter.** This marks the largest quarterly decline in job numbers since 2008 (excluding COVID-19 associated job losses) and is far worse than the job losses reported during 2009 financial crisis (-527 000 in Q3:2009). As the looting chiefly took place in malls and shopping sectors, **employment in the formal sector was severely affected and declined by 571 000 whilst the informal sector reported net gains of 9 000 jobs.**



**Data Source:** Statistics South Africa

The number of unemployed individuals declined by 183 000 to 7.6 million as 842 000 individuals exited the labour force, leaving it at 21.9 million. As a result, the national unemployment rate increased slightly by 0.5 percentage points to 34.9% in Q3:2021 from 34.4% in Q2:2021. Relative to the previous year, the unemployment rate has increased by 4.1 percentage points and the number of unemployed individuals has increased by 1.1 million.

### GAUTENG UNEMPLOYMENT REACHES RECORD HIGH OF 37%

Likewise, employment in Gauteng fell by 200 000 to register at 4.4 million after falling by 200 092 quarter-on-quarter (q/q) (vs. 123 000 in KZN) with the formal sector job losses amounting to 231 000. Meanwhile **the informal sector gained 31 000 jobs**, which highlights the

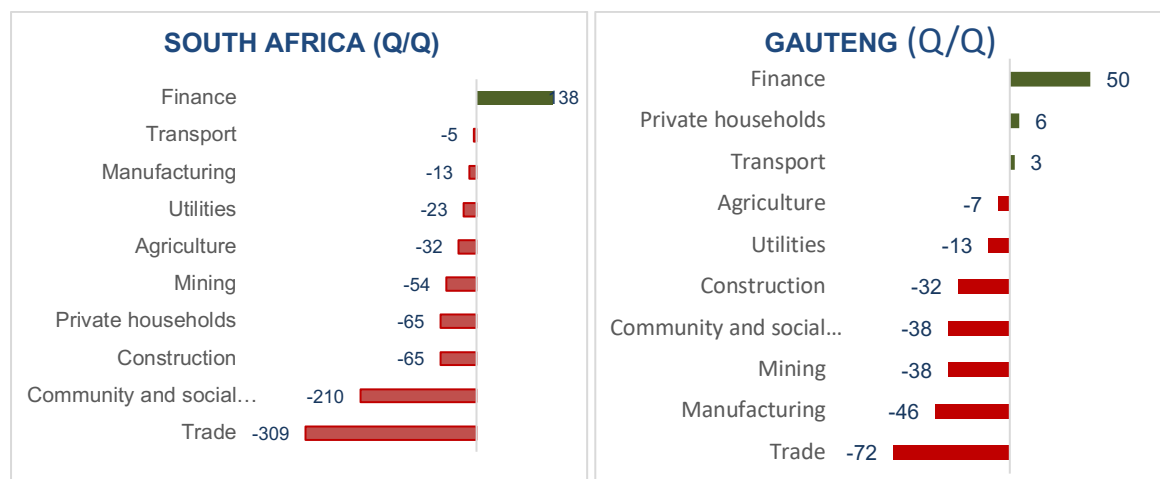
significant role that the informal economy is playing in supporting struggling households. The number of unemployed individuals in Gauteng increased by 59 000 to 2.6 million, cushioned by the reduction in the labour force of 141 000 to 7.1 million. As a result, ***the provincial unemployment rate increased by 1.6 percentage points to 37% in Q3:2021, from 35.4% in the previous quarter.*** Relative to a year ago, employment has declined by 58 000 whilst the number of unemployed individuals increased by 317 000, which makes ***the unemployment rate 3 percentage points higher.***

### LOOTING ACTIVITY DEVESTATES RETAIL TRADE JOB NUMBERS

Nationally, the quarterly employment numbers declined in all but one (1) industry – Finance. ***Job losses were highest for the Trade sector (-309 000) as employment declined in both the formal (-272 000) and informal sectors (-37 000).*** Community services also recorded massive job losses of 210 000.

In Gauteng, employment declined in seven (7) of the ten (10) sectors. Like the national trend, Trade led the job losses at -72 000 (vs. -53 000 in KZN), followed by manufacturing with 38 000 job losses. Mining also recorded notable job losses of 38 000.

#### Change in Employment by Industry ('000)



Data Source: Statistics South Africa

### CONCLUSION

The impact of the July civil unrest has not only reversed the jobs rebound post the first lockdown but the impact has been so dire that the recent job losses exceeded the quarterly job losses during the 2009 financial crisis. This indicates the severe impact of the two week-long disruption on economic activity and the resultant effect on the labour market. The long-term effects of such incidents on the economy should not be taken lightly. The fact that Gatueng registered unprecendent unemployment, even with and advancement in employment in its key sector (Finance) implies that the province will need to find innovative ways to support job growth across all sectors if it is to see any recovery in the fourth quarter of 2021.