

# LABOUR MARKET SNAPSHOT

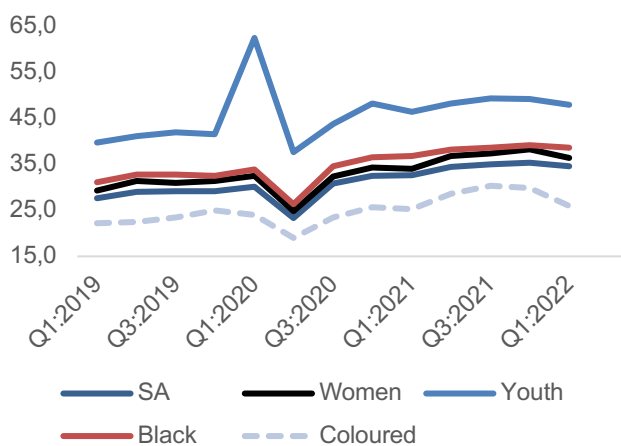
Q1:2022



**The unemployment rate eases, but unemployment remains elevated with high levels of uncertainty**

As reported by Statistics South Africa (StatsSA), the national unemployment rate eased to 34.5% in the first quarter of 2022 (Q1:2022) from a record high of 35.3% in the previous quarter. This was below market expectations of an increase in unemployment due to the subdued economic environment. The 0.8 percentage point quarter-on-quarter (q/q) decline is attributable to unemployment numbers declining by 60 000 (q/q) to 7.9 million whilst employment numbers soared by 370 000 (q/q) to 14.9 million. The number of discouraged work seekers declined by 54 000 (q/q) also pushing down the expanded unemployment rate by 0.7 percentage points to 45.5%.

**National unemployment rate by worker group**



**Data source:** Statistics South Africa

Notwithstanding the dip in joblessness, unemployment remains elevated, registering above levels recorded prior to the pandemic in the fourth quarter of 2019). Globally, unemployment levels are expected to remain elevated at least until 2023, reflecting the

lasting impact of the pandemic on the economy and jobs. Moreover, whilst employment numbers increased in Q1:2022, a total of 279 000 low skilled workers lost their jobs, further reflecting the subdued state of the economy which tends to disproportionately affect the most vulnerable groups more. This is comparable to 511 000 net gains across the semi-skilled group.

**Unemployment rate eases amongst the most vulnerable cohort buoyed by job gains**

The most vulnerable worker groups seem to have benefited somewhat from the job support programmes which translated in the easing of their respective unemployment rates. Specifically, the unemployment rate amongst women declined by 1.8 percentage points (q/q) to 36.4% in Q1:2022 from a historic high of 38.2% in Q4:2021. This comes after quarterly employment numbers for this cohort increased by 333 000. Likewise, the youth unemployment rate eased by 1.3 percentage points but remained high at 47.8% in Q1:2022. This comes after net employment gains of 244 000 (q/q).

In addition, the quarterly unemployment rate eased across all population groups except for whites, which increased by 1.2 percentage points to 10% after registering job losses of 110 000. For the black population group the unemployment rate decreased by 0.5 percentage points to 38.6% in Q1:2022 whilst employment surged by 333 000. The unemployment rate for the coloured group declined by 3.9 percentage points to 25.9% whilst employment increased by 72 000.

Lastly, the unemployment rate amongst the India/Asian cohort plunged by 10.1 percentage points to 17.1% whilst employment numbers rose by 76 000 (q/q).

**The unemployment rate in Gauteng edges up slightly driven by the exit of discouraged work-seekers**

In contrast to the national improvement, the Gauteng province's unemployment rate increased slightly by 0.1 percentage points from 36.6% in the previous quarter to 36.7% in Q1:2022. This was driven by a notable increase in unemployment numbers which rose by 46 000 to 2.7 million. In addition, the number of discouraged work-seekers decreased by 168 000 which weighed down on the employment gains of 62 000, to register a total of 4.6 million employed individuals in the province. However, on a positive note, the expanded unemployment rate eased by a percentage point to 43.4%.

**Employment by private households takes a knock as economic conditions weigh on disposable incomes**

At industry level, the national quarterly employment gains were driven by five (5) of the ten (10) sectors led by community services which registered an additional 298 000 jobs. This was buoyed by government public employment programmes. In addition, job gains were recorded in manufacturing (263 000) and trade (98 000). On the other hand, employment declined in Private households (-186 000) a sector that largely employs the most vulnerable - women and the low-skilled - as many households battle the tougher economic times. Furthermore, employment

also declined in the Finance (-72 000) and Construction (-60 000) sectors. Since COVID-19, the construction sector has shed the largest proportion of jobs.

In Gauteng, quarterly employment increased in six (6) of the ten (10) sectors, with job gains being driven by Manufacturing (99 000), Community services (73 000) and Trade (41 000). In addition, employment in Mining increased by 40 000, pushing the sector's total employment to above pre-COVID levels mostly supported by the recent commodity price boom. Conversely, employment contracted in Private households (-128 000), Construction and Transport - each shedding 39 000 jobs.

**Jobs outlook dampened by a combination of domestic and exogenous risks**

Despite the lower unemployment rate, overall unemployment remains elevated with the most vulnerable groups most affected. Furthermore, the subdued economic outlook together with the lingering effects of COVID-19 pose significant uncertainty regarding the future of the labour market. Looking ahead to the remainder of 2022, the net job gains are likely to be muted if not reversed as the economy battles several domestic and exogenous factors ranging from the deeper effects of the conflict in Ukraine on food security and added inflationary pressures; more frequent and extended bouts of load shedding; the protracted strike in the mining sector; higher public wage agreements and even tighter monetary policy - amongst others.