

OVERVIEW

The Quarterly Review of the Eastern Cape Labour Market (QRELM) is a statistical release compiled by the Eastern Cape Socio-Economic Consultative Council (ECSECC). The publication aims to analyse the latest developments in the Eastern Cape labour market.

The analysis is extended to include employment and unemployment dynamics for the two metropolitan cities in the province. The data used in the report is drawn from Statistics South Africa's Quarterly Labour Force Survey (QLFS). This issue covers the second quarter of 2023 (2023Q2).

HIGHLIGHTS 2023Q2

The Eastern Cape unemployment rate **DECLINED** by **0.3 PERCENTAGE POINTS** to

39.7%

The Eastern Cape youth unemployment rate (aged 15 - 34 years) **INCREASED** to

52.4%

Among the not economically active persons,

56.5%

in the province have secondary not completed.

The **FEMALE** unemployment rate was higher

40.5%

than that of **MALES**

39.0%

Employment **INCREASED** significantly in the agriculture sector by

34.4%



MAJOR MACROECONOMIC ISSUES

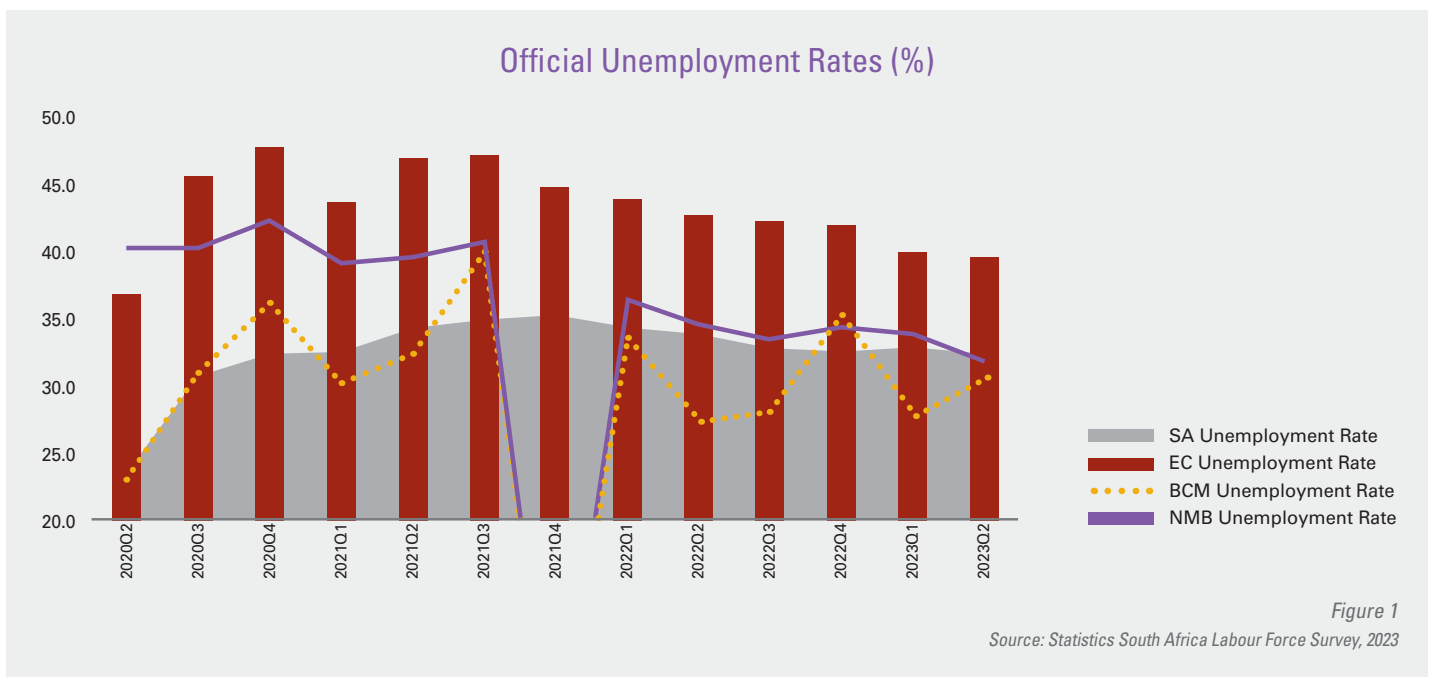
According to StatsSA Consumer Price Index report, national annual consumer price inflation was 4.7% in July 2023, down from 5.4% in June 2023.

This is the lowest the inflation rate has been in two years, bringing hope for better economic conditions for consumers. StatsSA reported that the main contributors to the 4.7% annual inflation rate were: food and non-alcoholic beverages (increased by 9.9% year-on-year and contributed 1.7 percentage points); housing and utilities (increased by 5.1% year-on-year and contributed 1.2 percentage points); and miscellaneous goods and services (increased by 6.3% year-on-year and contributed 0.9 of a percentage point). Given this information, the market expects interest rates to be lower. However, the next SARB MPC meeting will be held on the 21st of September, when the interest rates will be announced.

The Eskom Generation Adequacy Report (Week 33) indicates that the country does not produce enough energy and there is opportunity for further outages throughout the year. The national economy remains resilient as no signs of recession have been flagged.

Data from the Central Energy Fund (CEF) indicates that large fuel price hikes are expected in September 2023. On Wednesday 02 August, increased price changes were implemented for all petroleum related products per litre: petrol 93 & 95 (up by 37 cents), Diesel 0.05% (up by 72 cents), Diesel 0.005% (up by 71 cents), and wholesale illuminating paraffin (up by 71 cents). The economic factors influencing the price changes were mainly the average international product prices which increased for during July 2023. The CEF reported that rand appreciated against the US Dollar. On average, the Rand/US Dollar exchange rate for the period 30 June 2023 to 27 July 2023 was 18.2801 compared to 18.6825 during the previous period. This leads to increased business costs in the country and is expected to affected consumers negatively. Continuous increases fuel prices lead to increased cost of transportation and food prices for consumers with little to no changes in income levels.

PROVINCIAL UNEMPLOYMENT RATE DECREASED IN 2023Q2



The official unemployment rate for South Africa decreased by 0.3 of a percentage point in the unemployment rate to 32.6% in 2023Q2 compared to 2023Q1. However, this rate is however lower the 34.7% unemployment rate forecasted by the International Monetary Fund¹ for 2023, indicating that South Africa's resilient economy is performing better than expected. On a year-on-year basis, the national unemployment rate decreased by 1.3 percentage points from 33.9% in 2022Q2.

In 2023Q2, the provincial unemployment rate (39.7%) was above the national level of 32.6%. At the sub-provincial level, the unemployment rate declined in NMB by 1.9 percentage points to 32.0%, whilst BCM recorded an increase of 2.9 percentage points in 2023Q2.

Due to the change in methodology to Computer Assisted Telephone Interviewing (CATI) to adapt to COVID-19 lockdown restrictions has had its limitations to the data collected. Low response rates were observed with national rates declining from an average of 76.9% in 2020Q2 to a low of 44.6% in 2021Q4. Metro-level data is not available for the fourth quarter of 2021.

¹ World Economic Outlook (April 2023), The International Monetary Fund.

UNEMPLOYMENT RATE

Eastern Cape official unemployment rate hits below the 40% mark.

In 2023Q2 the South African official unemployment rate decreased by 0.3 of a percentage point to 32.6% (from 32.9% in 2023Q1). Nationally, the number of employed persons increased to 16.3 million, unemployed persons decreased to 7.9 million, number of discouraged work seekers also decreased to 3.2 million and the number of people who were not economically active for reasons other than discouragement decreased to 13.3 million in 2023Q2.

In the second quarter of 2023, the unemployment rate decreased in five out of nine provinces on a QoQ basis, namely: Limpopo (down by 2.0 percentage points to 31.6%), North West (down by 1.2 percentage points to 36.8%), Western Cape (down by 0.7 a percentage points to 20.9%), Eastern Cape (down by 0.3 of a percentage point), Mpumalanga (down by 0.1 of a percentage point to 38.4%). The unemployment rate increased significantly in the Free State province (up by 2.3 percentage point) to 34.4% in 2023Q2 from 36.7% in 2023Q1.

On a year-on-year basis, the South African unemployment rate decreased by 1.3 percentage points from 33.9% in 2022Q2. On provincial levels, the largest decline in the unemployment rate were recorded in Western Cape (down by 6.6 percentage points), Limpopo (down by 4.7 percentage point) and Eastern Cape (down by 3.1 percentage points) while Gauteng remained unchanged at 34.4%. The unemployment rate increased by over 4.0 percentage points in Free State(4.3%) and North West (4.6%) on a YoY basis.

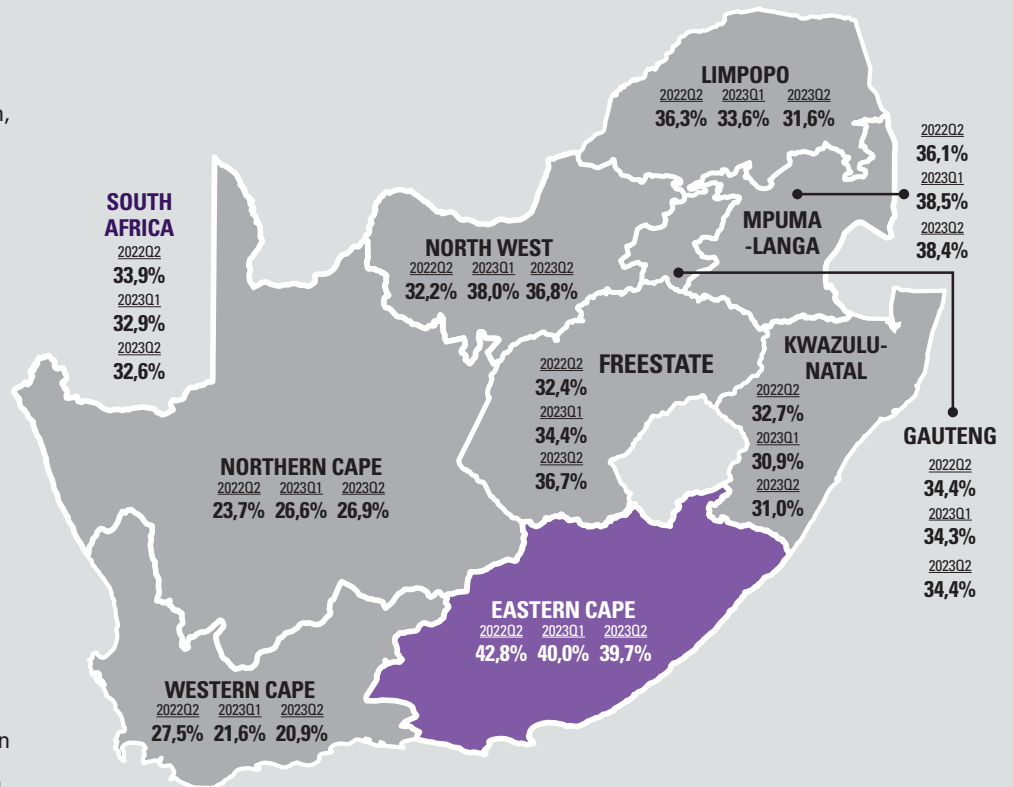


Figure 2

Source: Statistics South Africa Labour Force Survey, 2023

CHANGES IN THE EASTERN CAPE LABOUR MARKET

QoQ% changes, 2023Q2

Emerging from the figure above are salient changes in the Eastern Cape labour market between 2023Q1 and 2023Q2:

- The working age population (15 – 64 years) increased by 0.3% to 4.5 million.
- The labour force increased by 1.1% to 2.4 million.
- The not economically active population decreased by 0.5% to 2.1 million.
- The number of employed people increased by 1.6% to 1.4 million.
- The number of unemployed people decreased by 0.3% to 948 872.
- The number of discouraged work-seekers decreased significantly by 22.2% to 110 864.
- Employment increased significantly in the agriculture sector by 18.6% and declined by 10.1% in the agricultural sector.

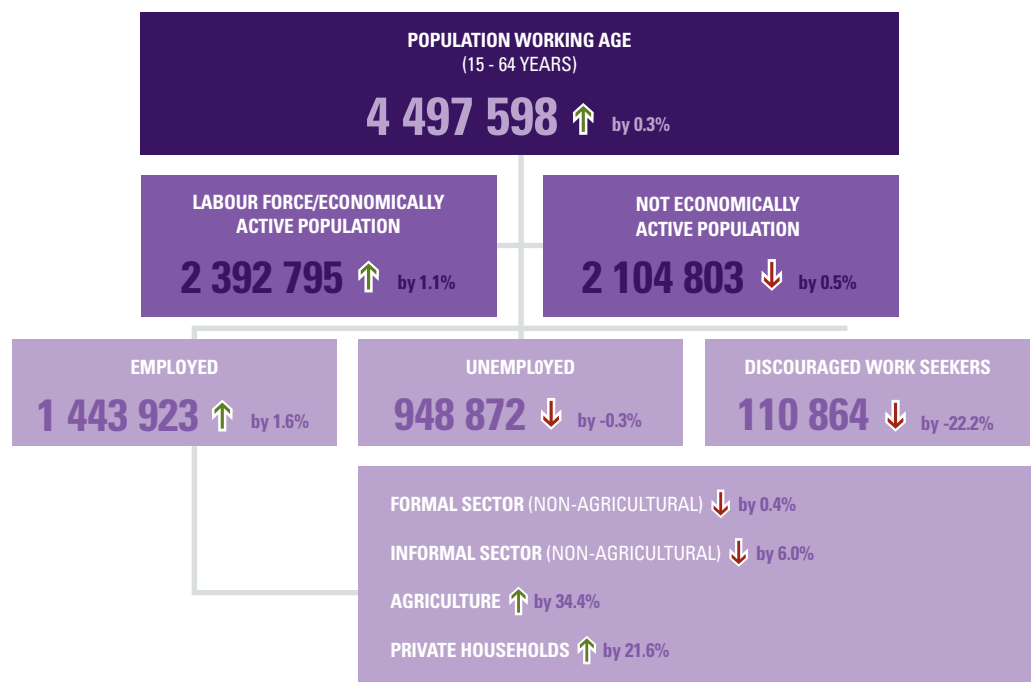
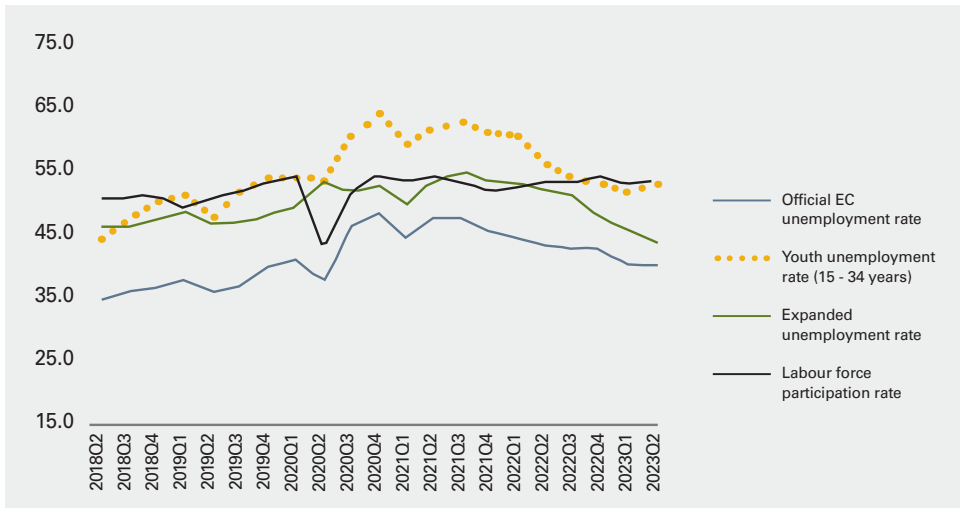


Figure 3

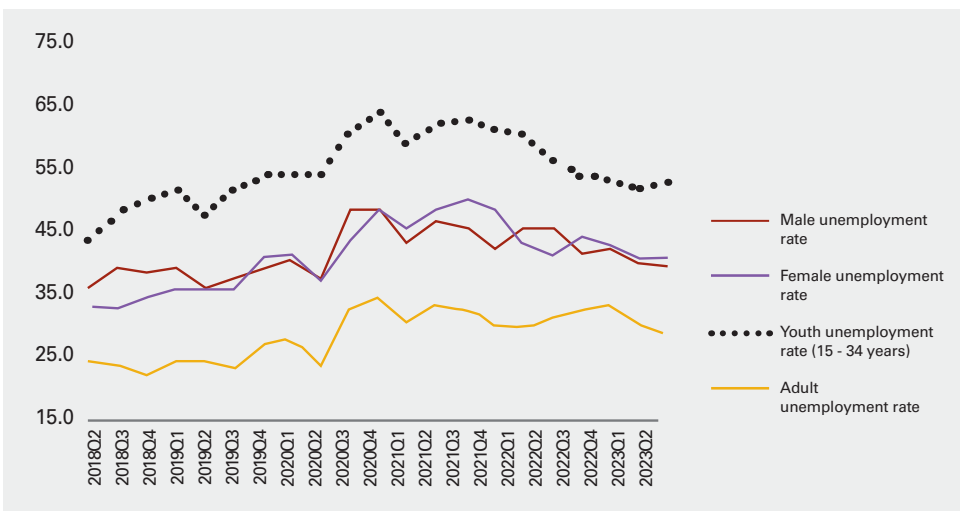
Source: Stats SA (QLFS, 2023), ECSECC (2023) own calculations

PERFORMANCE AND PROMINENT TRENDS

in the Eastern Cape Labour Market (%)



The above figures present a trend of the overall labour market status of the Eastern Cape from 2018Q2 to 2023Q2. Job creation improved in the second quarter, labour participation rate also increased to 53.2% and the expanded definition of unemployment rate which includes discourage job seekers declined significantly by 2.0 percentage points to 43.3% on a QoQ basis. The provincial unemployment was recorded below the 40% mark for the first time since 2020Q2 where the same rate was 37.2%. During this period, both national and provincial economies were affected by the covid-19 health pandemic and had experienced two consecutive quarters of a recession between 2019Q3 and 2020Q1.

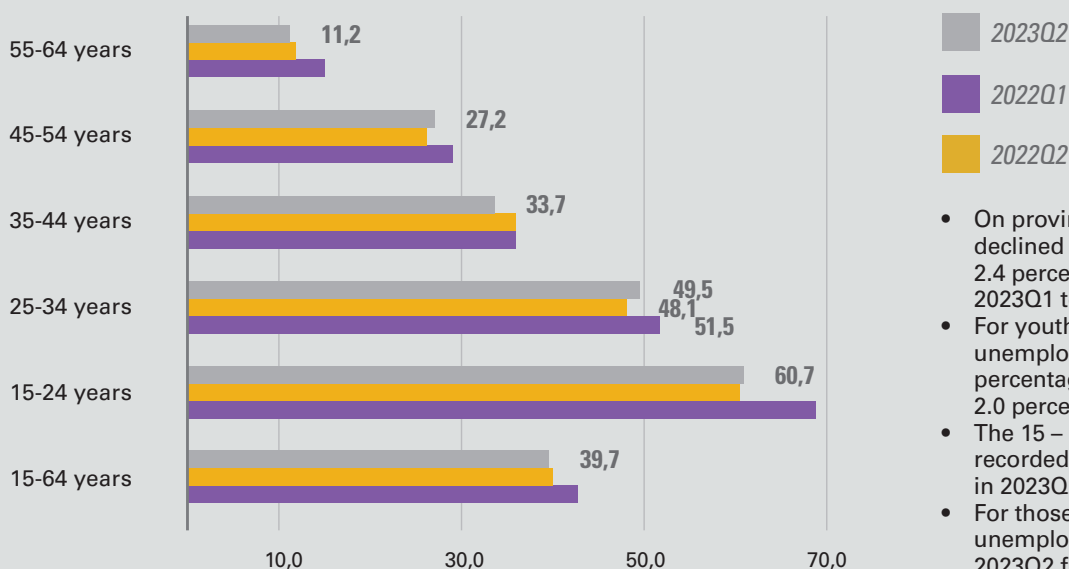


For youth (aged 15 - 34 years), the youth unemployment rate grew by 1.0 percentage points to 52.4% in the second quarter of 2023. Meanwhile, the unemployment rate among adults (aged 35–64 years) was decreased by 1.4 percentage points to 28.2% in 2023Q2. On a YoY basis, youth unemployment rate declined largely by 3.7 percentage points compared with that of adults (down by 2.5 percentage points).

In terms of gender, on a QoQ basis, females recorded an unemployment rate of 40.5% (up by 0.1 of a percentage point). This rate lower than the unemployment rate for males of 39.0% (down by 0.7 of a percentage points) in 2023Q2. On a YoY basis, male unemployment decreased significantly by 5.8 percentage points, from 44.7% in 2022Q2. While the female unemployment rate declined only by 0.1 of a percentage points from 40.6% in 2022Q2. This indicates that females continue to be counted amongst vulnerable groups in the labour market.

Figure 4
Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

EC UNEMPLOYMENT RATE (%) BY AGE GROUP



- On provincial level, the unemployment rate declined for the age group 35 – 44 years by 2.4 percentage points from 36.1% in 2023Q1 to 33.7% in 2023Q2.
- For youth aged 25 – 34 years, unemployment rate increased by 1.4 percentage points QoQ and decreased by 2.0 percentage points YoY.
- The 15 – 24 youth age group (60.7%) recorded the highest unemployment rate in 2023Q2.
- For those within 55-64 years of age, unemployment rate declined to 11.2% in 2023Q2 from 11.9% in 2023Q1.

Figure 5
Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

CHARACTERISTICS OF THE EMPLOYED AND EMPLOYMENT IN EASTERN CAPE 2023Q2(%)

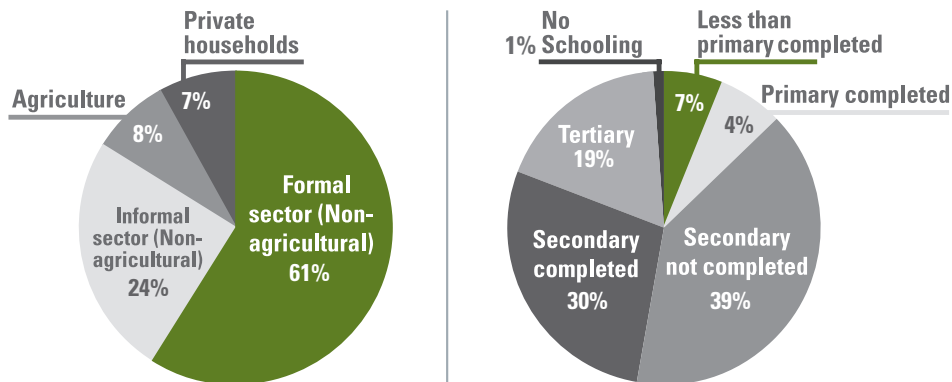


Figure 6

Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

COMMUNITY SERVICES, TRADE, AND FINANCE SECTORS EMPLOY MORE THAN HALF OF ALL WORKERS IN THE PROVINCE

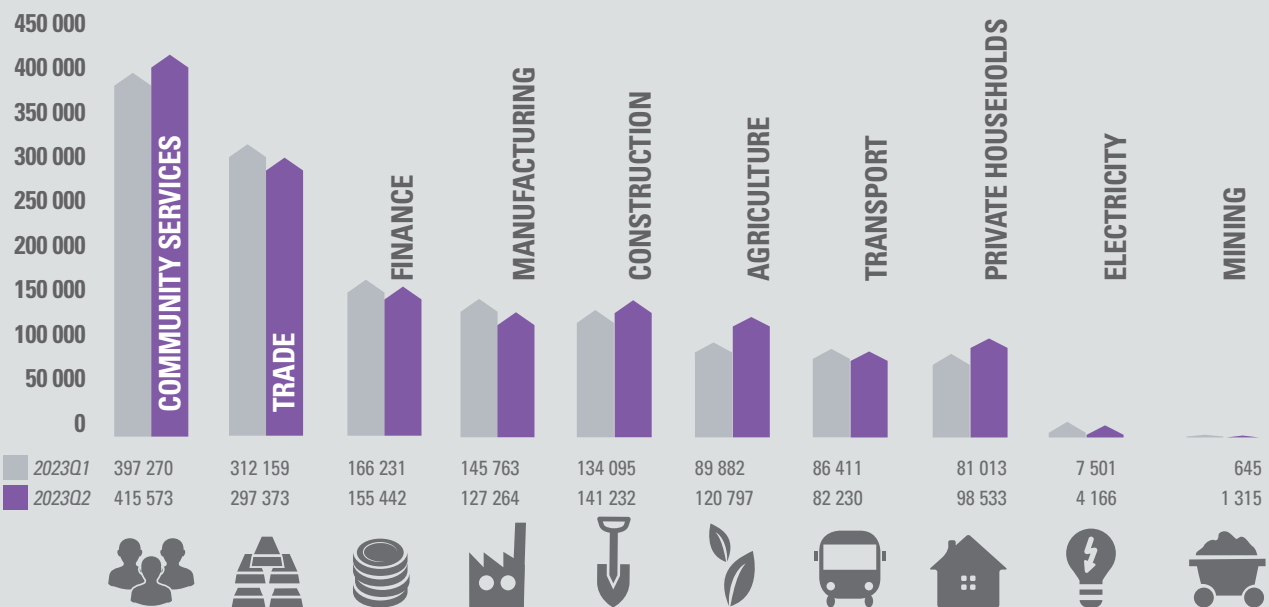


Figure 7

Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

In 2023Q2, the Eastern Cape had a total of 1 443 923 employed persons. Community services (government) remained as the largest employer in the province, hiring 28.8% of total employed persons. This was followed by trade (20.6%) and finance (10.8%). Together these three industries employed 60.1% of the Eastern Cape's employees.

On a QoQ basis, a total of 22 952 jobs were created. The largest job gains were recorded in the following industries: agriculture (30 915), community services (18 302) and private households (17 519). The manufacturing sector lost 18 302 jobs in 2023Q2.

EMPLOYED BY OCCUPATION

QoQ% changes 2023Q2

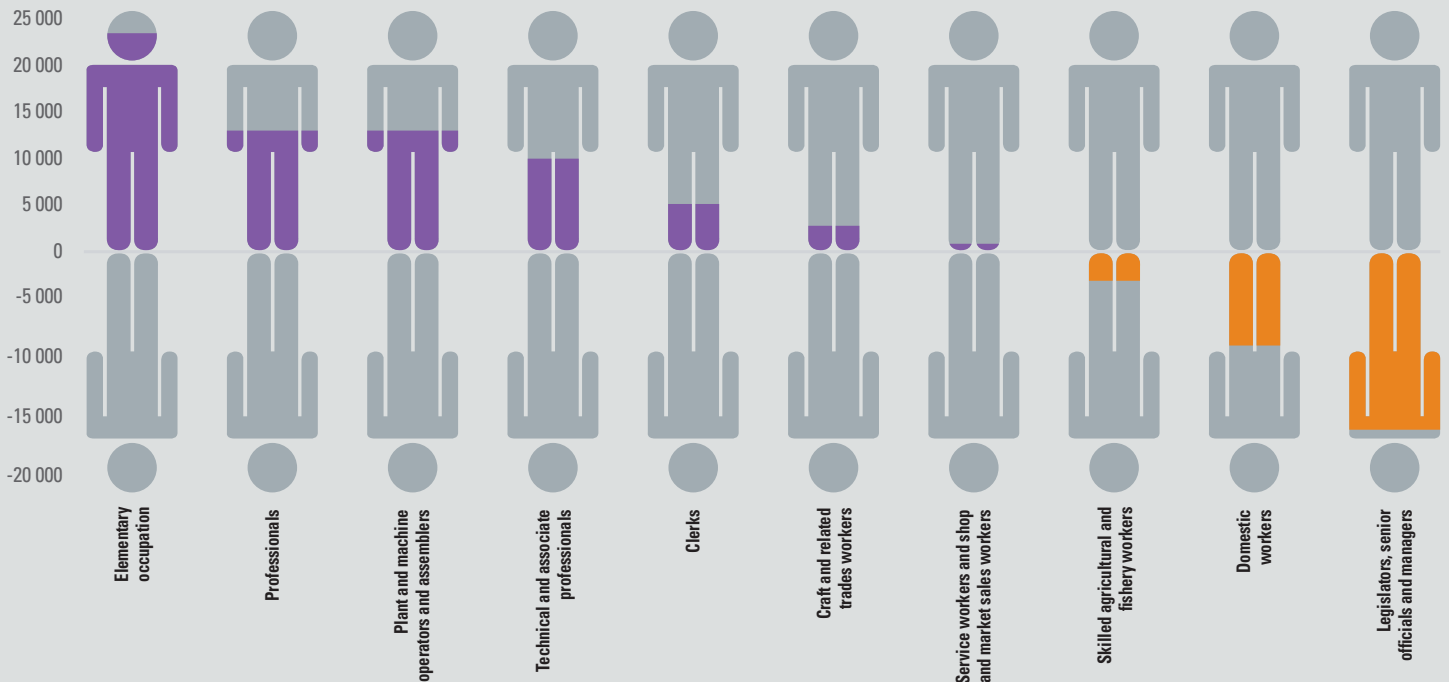


Figure 8

Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

The occupation that gained most jobs during the second quarter of 2023 was the “Elementary Occupation” category, followed by the “Professionals” category. Workers in the “Elementary Occupation” category increased by 23 130, from 406 743 in 2023Q1 to 456 870 in 2023Q2. There was a significant decline in the number of workers in the “Legislators, senior officials and managers” occupation, where 16 233 jobs were shed during the second quarter of 2023.

Looking at new jobs created by skill levels categories, 54 153 jobs were gained for low-skilled workers in 2023Q2. Whilst 2 156 and 29 045 jobs were shed in the skilled and semi-skilled category on a QoQ basis respectively. In 2023Q2, the semi-skilled occupation category accounted for 43.9% of total employment in the province, followed by low-skilled (37.6%).

EC LABOUR MARKET EDUCATION STATUS 2023Q2

EDUCATION STATUS	Working population (age 15+)	Labour force / economically active	Employed	Unemployed	Not economically active	Discouraged job seeker
NO SCHOOLING	1,7%	0,9%	0,8%	1,1%	2,7%	-
LESSTHAN PRIMARY COMPLETED	9,8%	7,8%	7,0%	8,9%	12,1%	12,3%
PRIMARY COMPLETED	7,0%	5,1%	3,9%	6,8%	9,2%	9,6%
SECONDARY NOT COMPLETED	49,3%	43,0%	38,6%	49,6%	56,5%	54,6%
SECONDARY COMPLETED	22,8%	29,4%	29,8%	28,8%	15,3%	16,6%
TERTIARY	8,7%	13,2%	19,0%	4,5%	3,6%	5,3%
OTHER	0,7%	0,6%	0,9%	0,0%	0,7%	1,6%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Table 1

Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

Table 2 above presents labour market status by education levels of the population in EC province. The table shows that in 2022Q3, the majority (56.1%) of the not economically active population have not completed secondary schooling. Of the 948 872 unemployed people in the province, 49.6% have secondary not completed, whilst only 4.5% have tertiary education. Overall, the labour force has a small share of people who have no schooling (0.9%), followed by those who completed primary education (5.1%). Only 5.3% of the discouraged job seekers have completed tertiary education in 2022Q2. This analysis serves as reminder that education levels still do determine the position one will be in the labour market. Higher education levels lower the risk of being unemployed and unemployable.

DEFINITIONS

The **labour force** comprises all persons who are employed plus all unemployed persons.

The **working-age population** comprises all persons aged 15–64 years.

The **unemployment-to-population ratio (labour absorption rate)** is the proportion of the working-age population that is employed.

The **unemployment rate** is the proportion of the labour force that is unemployed.

Labour force participation rate is the proportion of the working-age population that is either employed or unemployed.

A **discouraged work-seeker** is a person who was not employed during the reference period, wanted to work, was available to work/start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work was any of the following: No jobs available in the area; unable to find work requiring his/her skills; lost hope of finding any kind of work.

Unemployed persons (aged 15–64 years) are those who:

- Were not employed in the reference week; **and**
- Actively looked for work or tried to start a business in the four weeks preceding the survey interview; **and**
- Were available for work, i.e., would have been able to start work or a business in the reference week; or
- Had not actively looked for work in the past four weeks but had a job or business to start at a definite date in the future and where available.

Unemployment and not in employment, education, or training (NEET): Those young people (15-24 years) who are categorised as NEET are disengaged from both work and education.

Expanded unemployment is the unemployment rate that includes discouraged work-seekers.

VACANCIES

IN THE PROVINCES CAN BE FOUND ON THE FOLLOWING WEBSITES



the dpsa

Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

<http://www.dpsa.gov.za/dpsa2g/vacancies.asp>



employment & labour

Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA

<https://www.labour.gov.za/vacancies>

PNET

<https://www.pnet.co.za/jobs/Eastern-Cape.html>

Career Junction
co.za
Better jobs. More often.

<https://www.careerjunction.co.za/jobs/eastern-cape/>

careers24

<https://www.careers24.com/jobs/lc-eastern-cape/>



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