JOB GAINS IN THE THIRD QUARTER

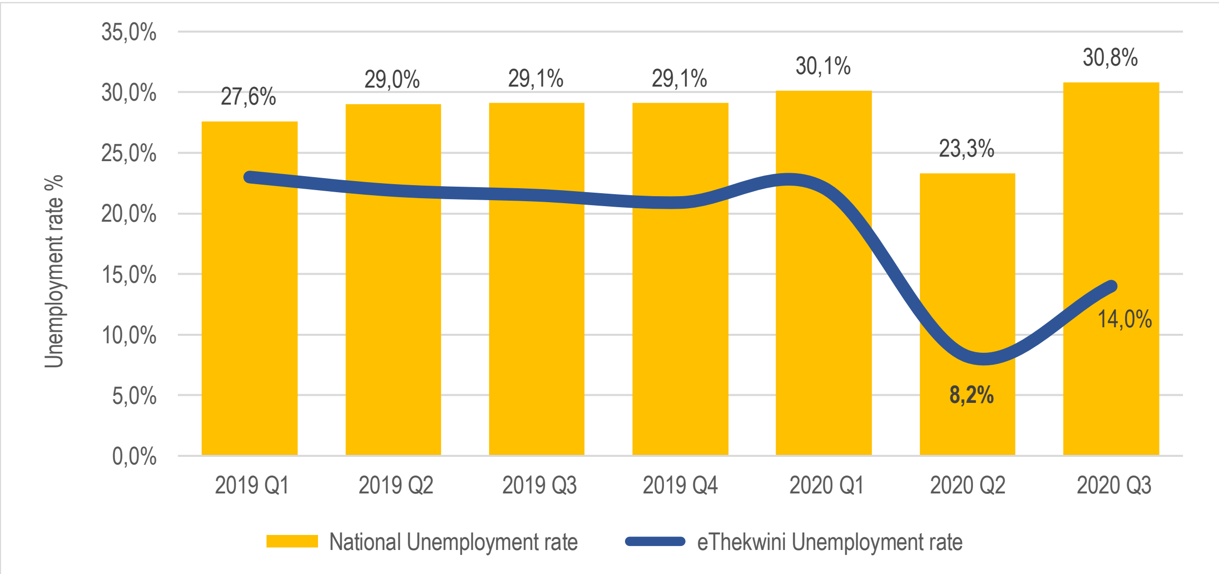
1. INTRODUCTION

The recent StatsSA Q3 QLFS publication reveals that despite the economy shedding jobs in the second quarter of 2020 due to the Covid-19 lockdown, the number of employed and unemployed persons has increased in the third quarter of 2020. The easing of lockdown regulations has triggered a slight recovery in the economy with more people searching for jobs following retrenchments in the previous quarter. This data story looks at the unemployment rate of eThekwini and how the employment profile has changed over time in light of Covid-19. It will further discuss the issue of rising unemployment amongst the youth.

2. INCREASES IN PEOPLE LOOKING FOR WORK

The City's official quarterly unemployment rate increased by 22,2 percentage points to 14,0% from -8,2% in the previous quarter. There has been an increase in real unemployment from the previous quarter, with 85 000 additional people out of work and looking for employment due to lockdown restrictions. (An initial increase in real unemployment is positive, as it represents an increase in the number of people actively looking for work. They may not have been able to do so previously because of Covid19 restrictions on mobility). When the country moved to level one around the third quarter, this allowed for people to look for work resulting in high strict unemployment.

This unemployment is however still low when compared with the average unemployment rate of 21% recorded in 2019. This is just an indication that even with the easing of lockdown restrictions job opportunities were still slim in the third quarter as businesses recovered, and that fewer people were actively searching for jobs than in 2019.

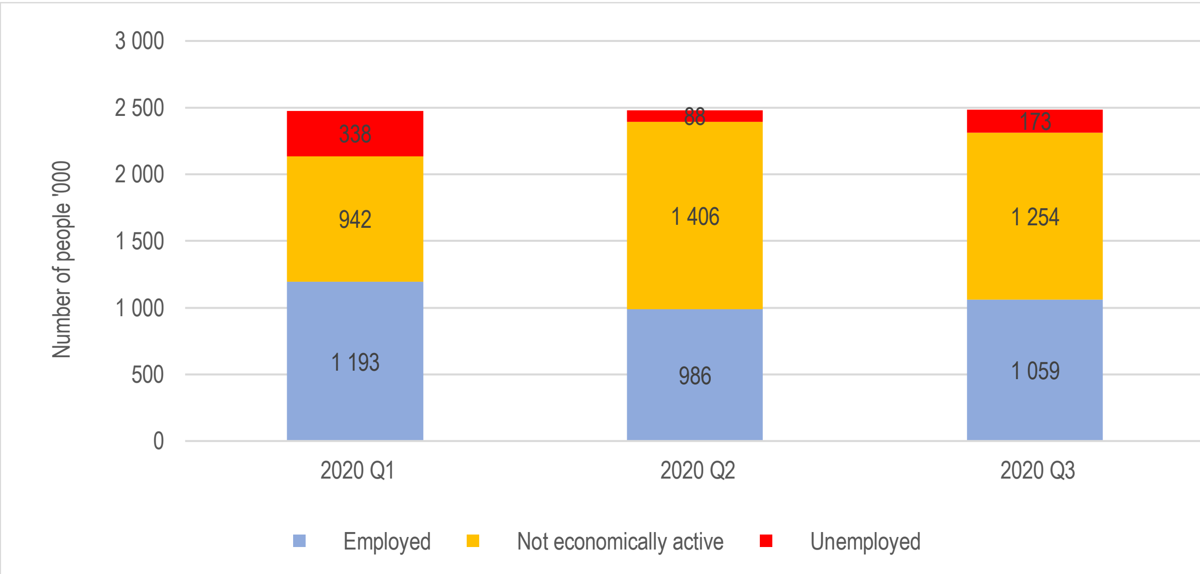


Source: StatsSA QLFS, 2020Q3

3. MORE PEOPLE FIND WORK IN Q3

The number of employed people has increased by 73 000 from 986 000 to 1, 059 million between the second and third quarter of 2020. In turn, the number of not economically active people has decreased by 152 000 between 2020 Q2 and 2020 Q3 from 1, 406 million to 1, 254 million. The graph also shows that:

- People are starting to actively look for work. Strict unemployment (people actively looking for work) increased by 85 000 people (from 88 000 to 173 000),
- There is therefore a move from the "not economically active" to "employed" and "unemployed" status when compared to previous quarter, resulting in an increase of 158 000 people in Durban's labour force (the labour force therefore had 2, 486 million people in total in Q3).

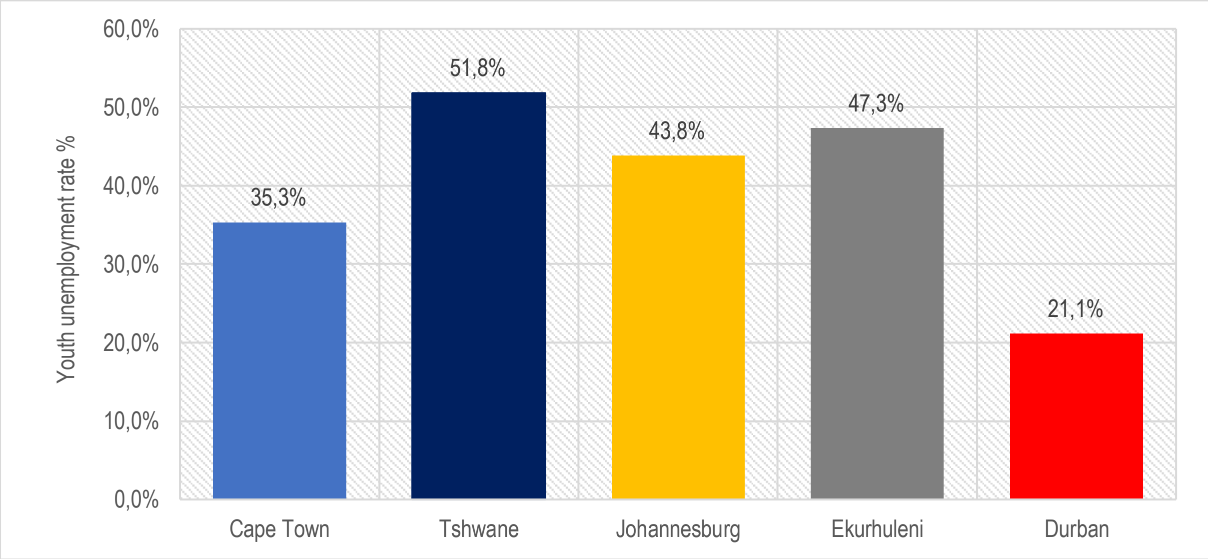


Source: StatsSA QLFS, 2020Q3

4. YOUTH UNEMPLOYMENT RATE STILL A CONSISTENT CHALLENGE

The issue of youth unemployment has been a consistent challenge, even before the pandemic. To date, the youth remains the most vulnerable of all age groups in the South African labour market. Durban's youth unemployment rate is 21,1% which is greater than the aggregate unemployment rate for all ages (14%). Job creation isn't happening fast enough to absorb youth into the labour force. While huge investment opportunities have been lost in the process of the pandemic, the city is actively implementing alternative ways to create jobs both in the formal and informal sector to attract investments back Nonetheless, even pre pandemic investment levels were not sufficient to create enough youth work opportunities, and therefore more work is needed.

Durban's youth unemployment is still significantly lower than that in its counterpart cities. This is due to the higher proportion of not economically active youth than in other cities.



Source: Quantec, 2020; StatsSA QLFS, 2020Q3.

5. CONCLUSION

It will take some time to understand the magnitude and severity of the impact of Covid-19 on the overall labour market. However, what is clear is that lockdown restrictions directly impact the number of people able to look for work; and the number of job opportunities available. Overall Q3 has therefore resulted in the return of some jobs to Durban's economy, with more people actively participating in job searches. Despite these positive gains; the City is still in the midst of a pandemic; and the labour market has still has not recovered to 2019 levels. Lastly, youth unemployment is still stubbornly high and remains a concern.

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