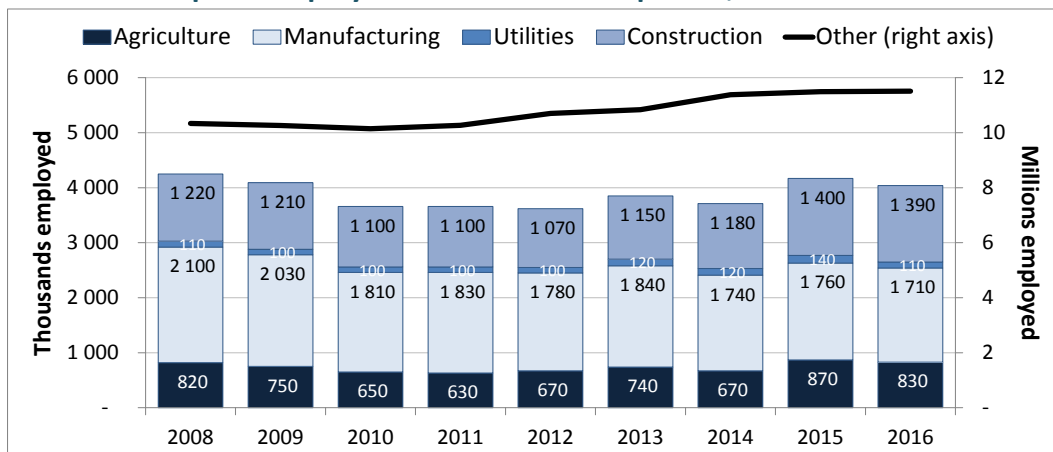


Employment

Despite the relatively rapid growth in GDP in the second quarter of 2016, according to the official data employment in the economy as a whole fell by 130 000, or around 0,8% in the second quarter of 2016 compared to the first quarter, and around 0,7% when compared to the previous year. In contrast, the data show gains in manufacturing and construction. Agriculture usually loses jobs in the second quarter compared to the first, but in 2016 the shrinkage was higher than usual. In mining, using the employer survey (which is considered more reliable for this sector), employment dropped by 4 000 in the first quarter of 2016, or just under 1%. The end of the commodity boom has seen major losses in mining, and some 15% of miners have lost their jobs since 2012.

Graph 5 shows the change in employment by sector from the second quarter of 2008 to the second quarter of 2016. Employment in the real economy remains lower than it was before the 2008/2009 crisis because of persistent job losses in manufacturing, although employment overall recovered in 2013.

Graph 5: Employment in the second quarter, 2008 to 2016

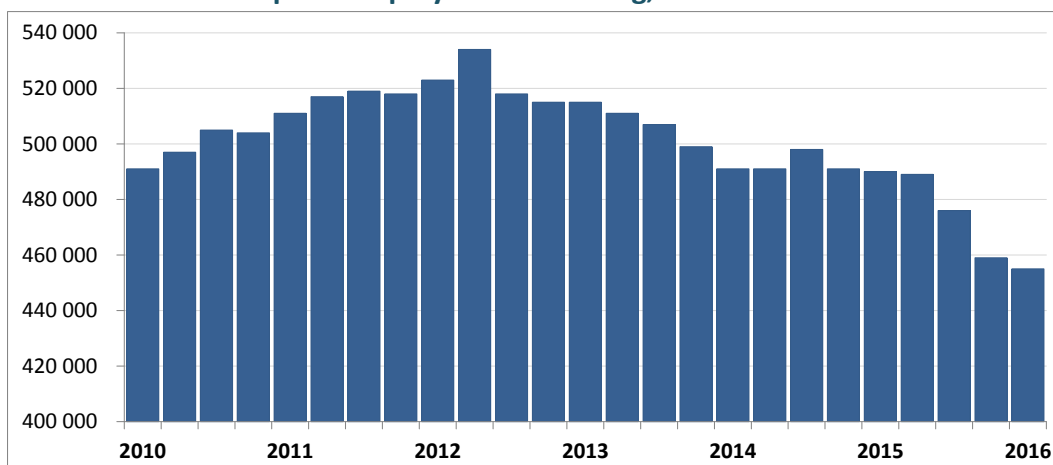


Source: Statistics South Africa. Quarterly Labour Force Survey. Trends from 2008. Excel spreadsheet. Downloaded in September 2016.

Agricultural employment declined by 44 000, or 5,0%, in the second quarter of 2016. The second quarter typically shows a seasonal fall in farm employment. From 2008 to 2015, however, the average drop was 2,9%, so the fall in 2016 was much higher than normal.

Job losses in mining started around a year after metals prices began a precipitous decline in 2012 (Graph 6). Since the peak in the second quarter of 2012, around one in seven miners has been retrenched. These job losses affect communities that depend on mining in the North West, Limpopo, the Northern Cape and Mpumalanga.

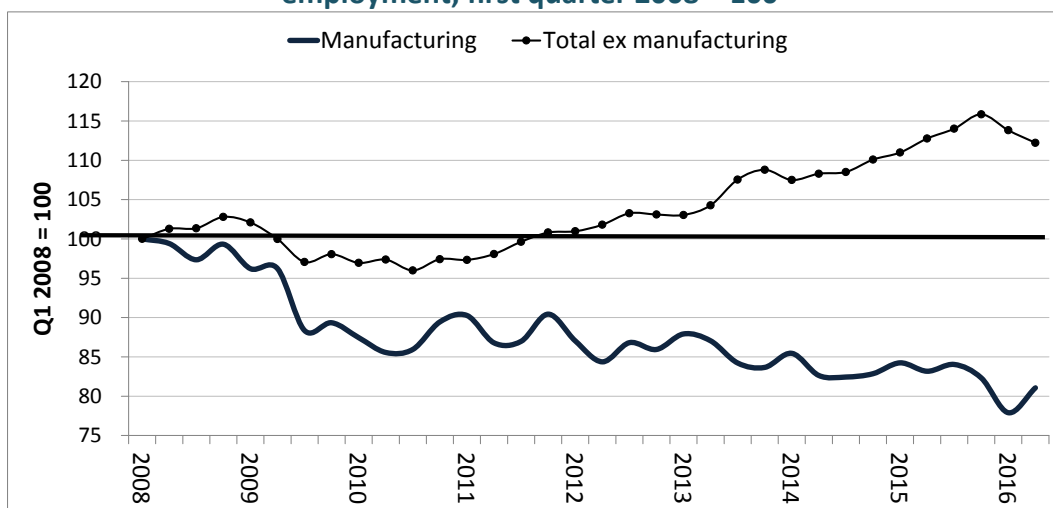
Graph 6: Employment in mining, 2010 to 2016



Source: Statistics South Africa. Quarterly Employment Survey. March 2014 and March 2016.

In contrast to mining, the official data show job gains in manufacturing after a sharp fall in the previous two quarters. Manufacturing reportedly gained 67 000 jobs, or 4,1%, in the second quarter of 2016 – a quarter in which the sector usually loses employment. It is not clear if the figures reflected a longer-term reversal of the five-year trend of job losses in manufacturing, which is shown in Graph 7. Manufacturing employment was still almost 50 000 lower than in the second quarter of 2015, and almost 400 000 below the second quarter of 2008, before the crisis hit.

Graph 7: Index of manufacturing and other employment, first quarter 2008 = 100

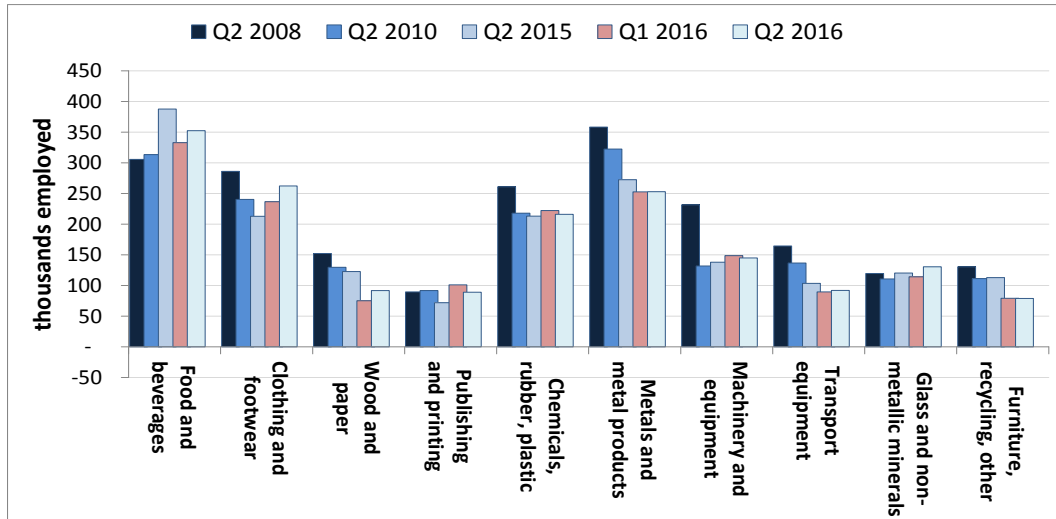


Source: Statistics South Africa. Quarterly Labour Force Survey. Trends from 2008. Excel spreadsheet. Downloaded in September 2016.

The figures on the change in employment by industry within manufacturing suggest the need to be cautious about long-term trends. Because the samples at this level are small, the quarterly changes are typically not reliable.

Still, the data indicate that virtually all job creation occurred in just four industries – food and beverages, clothing, glass and non-metallic minerals (mostly used in construction) and wood and paper – that together account for around half of total manufacturing employment. In contrast, metals, machinery and chemicals saw virtually no growth in jobs over the past quarter (Graph 8).

Graph 8: Employment in manufacturing by industry, 2008 to 2016



Note: Includes all reported employees, not just those aged 15 to 64. Source: Calculated from Statistics South Africa. Quarterly Labour Force Survey for relevant quarter. Electronic database. Series on industry.