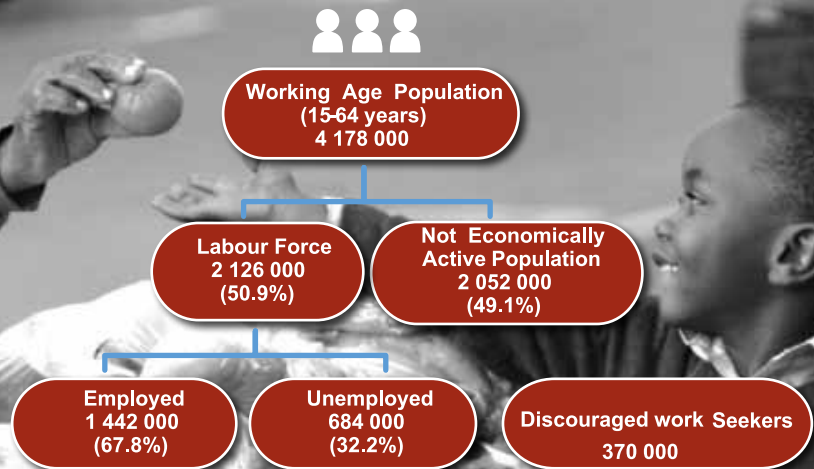


1. INTRODUCTION

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

The analysis includes employment and unemployment dynamics for the two metropolitan municipalities in the province, Nelson Mandela Bay and Buffalo City. The data used in the report is drawn from Statistics South Africa's Quarterly Labour Force Survey (QLFS). This issue covers the first quarter of 2017 (2017Q1).

Figure 1: Status of the Eastern Cape labour market, 2017Q1



Source: Statistics SA - QLFS, Jun 2017

2. LABOUR MARKET OVERVIEW

Table 1: Labour market dynamics in the Eastern Cape, 2016Q4-2017Q1

Eastern Cape labour market	Numbers (000)			Percentage (%)		
	2016Q4	2017Q1	QoQ change	YoY change	QOQ change	YOY change
Population working age (15-64)	4166	4178	12	45	0.3	1.1
Labour force/ EAP	2021	2126	104	212	5.2	11.1
Total Employment	1447	1442	-5	76	-0.4	5.5
Formal (non-agricultural)	905	923	18	62	2.0	7.2
Informal (non-agricultural)	346	327	-19	39	-5.5	13.6
Agricultural	88	87	-2	-8	-1.7	-8.0
Private households	107	105	-3	-18	-2.6	-14.5
Unemployment	574	684	110	136	19.1	24.9
Not economically active	2144	2052	-92	-167	-4.3	-7.5
Discouraged work-seekers	403	370	-33	-140	-8.1	-27.4
Other (not economically active)	1741	1682	-59	-27	-3.4	-1.6
	Rates (%)		Percentage points			
Unemployment rate	28.4	32.2	3.8	3.6		
Labour absorption rate	34.7	34.5	-0.2	1.4		
Labour force participation rate	48.5	50.9	2.4	4.6		

Source: Statistics SA - QLFS, Jun 2017

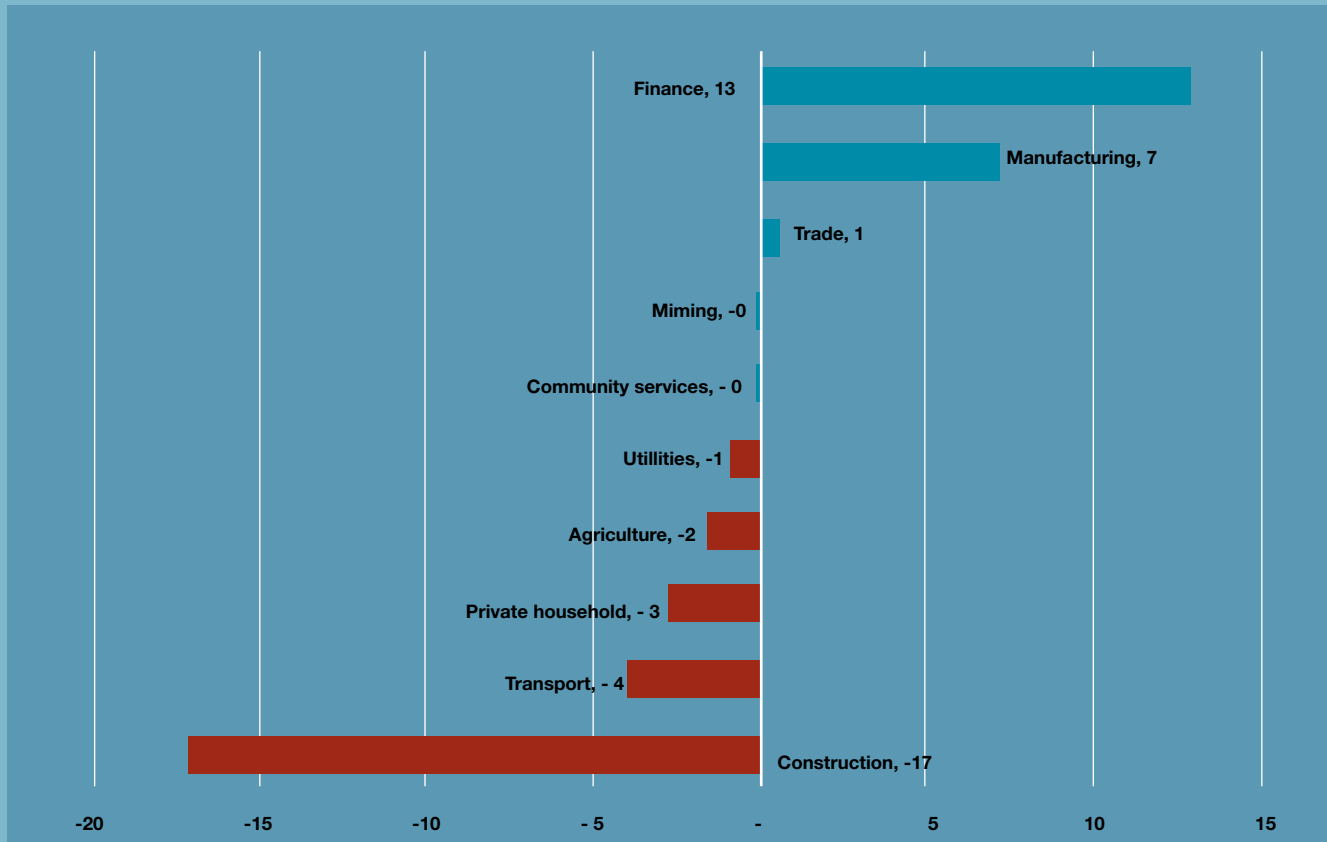
The Quarterly Labour Force Survey (QLFS) is a household-based sample survey conducted by Statistics South Africa. It collects data on the labour market activities of individuals aged 15 years and above in the country. A brief analysis of the QLFS for the Eastern Cape (2017Q1) is presented below. The working age population grew by 12 000 quarter-on-quarter (QoQ) or 0.3% while labour force grew by 104 000 or 5.2% persons in 2017Q1 compared to the previous

quarter. Employment of the province decreased by 5 000 persons whereas unemployment increased significantly by 110 000 in the 2017Q1, resulting in an increase significantly in unemployment rate by 3.8 percentage points to 32.2%. The absorption rate decrease by 0.2 of a percentage point to 34.5%, whereas, labour force participation increased by 2.4 percentage points to 50.9%. Employment decreased in three sectors; informal sector employment declined by 19 000, followed

by private sector declining by 3 000 and then agriculture declined by 2 000 in the 2017Q1. Employment increases was recorded in the formal sector (18 000). When comparing employment to the same quarter of last year, employment increased by 76 000 year-on-year (YoY) or 5.5% while unemployment increased by 136 000 YoY or 24.9%. This led to a significant increase in unemployment rate for the Eastern Cape by 3.6 percentage points to 32.2% in 2017Q1.

2.1. FORMAL AND INFORMAL EMPLOYMENT IN THE EASTERN CAPE

Figure 2: Employment changes by sector in the Eastern Cape ('000), 2017Q1



Source: Statistics SA - QLFS, Jun 2017

Quarterly employment losses of 5 000 in 2017Q1 in the Eastern Cape were driven by decreases in seven of the ten industries. The largest decreases were recorded in Construction (17 000), Transport (4 000), Private Households (3 000), Agriculture (2 000) and Utilities (1 000). The number of employed persons increased in three industries, namely; Finance (13 000), Manufacturing (7 000) and Trade (1 000) whereas Mining and construction sectors grew steadily.

Table 2: Employment by industry in the Eastern Cape, 2016Q4-2017Q1

SECTOR	2016Q4		2017Q1		2017Q1		2017Q1	
	000S	Share%	000s	Share%	Qrt on Qrt change	Yr on Yr change	Qtr on Qrt %	Yr on Yr %
EASTERN CAPE	1447	100.0	1442	100.00	-5	76	-0.4	5.5
Agriculture	88	6.1	87	6.0	-2	-8	-1.7	-8.0
Mining	0	-	0	-	-	-4	-6.9	-88.8
PRIMARY SECTOR	88	6.1	87	6.0	-1	-1	-1.1	-12.1
Manufacturing	142	9.8	149	10.3	7	29	5.0	23.7
Utilities	8	0.6	8	0.6	-1	1	-8.8	11.9
Construction	185	12.8	168	11.7	-17	26	-9.3	18.0
SECONDARY SECTOR	335	23.2	325	22.5	-10	55	-3.0	20.4
Trade	323	22.3	324	22.5	1	32	0.2	11.1
Transport	80	5.5	76	5.3	-4	6	-4.8	8.6
Finance	149	10.3	162	11.2	13	51	8.8	46.1
Community and social services	364	25.2	363	25.2	-	-40	0.0	-9.9
Private Households	107	7.4	105	7.3	-3	-18	-2.6	-14.5
TERTIARY SECTOR	1023	70.7	1030	71.4	7	32	0.7	3.2

Source: Statistics SA - QLFS, Jun 2017

Table 2 above shows the year-on-year, employment gains of 76 000 were largely contributed by Finance (51 000), Trade (32 000), manufacturing (29 000) and construction (26 000). Employment decline were reflected in four out of ten sectors namely Community and social service (40 000), Private households (18 000), Agriculture (8 000) and Mining.

In 2017Q1, employment in the Eastern Cape has been largely driven by the tertiary sector contributing 71.4%, followed by secondary sector contributing 22.5% and then followed by primary sector contributing 6.0% to the total employment. Among the key sectors that contributed to employment in the Eastern Cape in 2017Q1 was community and social services accounting 25.2%, followed by

trade which accounts 22.5%, construction accounting 11.7% and Finance accounting 11.2%. The manufacturing sector has slipped from being the fourth contributor to employment in the Eastern Cape to being the fifth contributor towards employment, contributing (10.3%).

3. LABOUR MARKET ANALYSIS FOR EASTERN CAPE'S METROPOLITAN MUNICIPALITIES

3.1 EMPLOYMENT IN THE EASTERN CAPE METROS

Table 3 and Table 4 gives an overview of selected key labour market indicators for Buffalo City Metro (BCM) and Nelson Mandela Bay Metro (NMBM) for the period 2016Q4 to 2017Q1.

Table 3: Labour force profile for Buffalo City Metro (BCM): 2016Q4 – 2017Q1

Buffalo City labour market	Numbers (000)			Percentage (%)		
	2016Q4	2017Q1	QoQ change	YoY change	Q0Q change	YOY change
Population working age (15-64)	504	506	1	4	0.2	0.8
Labour force/ EAP	358	365	7	59	1.8	19.4
Total Employment	239	257	18	25	7.7	11.0
Formal (non-agricultural)	170	179	9	1	5.4	0.4
Informal (non-agricultural)	47	55	8	28	16	105.6
Agricultural	2	3	1	-1	32.4	-25.4
Private households	19	20	1	-3	5.5	-11.1
Unemployment	119	107	-12	34	-10	45.8
Not economically active	146	141	-5	-55	-3.7	-28.1
Discouraged work-seekers	5	5	0	-27	-3.5	-85.2
Other (not economically active)	142	136	-5	-28	-3.7	-17.2
	Rates (%)		Percentage points			
Unemployment rate	33.4	29.5	-3.9	5.4		
Labour absorption rate	47.3	50.8	3.5	4.6		
Labour force participation rate	71.0	72.1	1.1	11.2		

Source: Statistics SA - QLFS, Jun 2017

The working age population for Buffalo City grew by 1 000 or by 0.2% QoQ and the labour force grew by 7 000 QoQ in 2017Q1 compared to previous quarter. The quarterly employment levels in Buffalo City increased by 18 000,

whereas, unemployment decreased by 12 000, resulted in unemployment rate decrease by 3.9 percentage points to 29.5% in 2017Q1 from 33.4% in the previous quarter. The labour absorption rate increased by 3.5

percentage points to 50.8% and labour participation rate increased by 1.1 percentage points to 72.1%.

Table 4: Labour force profile for Nelson Mandela Bay Metro (NMBM): 2016Q4 – 2017Q1

Nelson Mandela Bay labour market	Numbers (000)			Percentage (%)		
	2016Q4	2017Q1	QoQ change	YoY change	Q0Q change	YOY change
Population working age (15-64)	795	798	3	9	0.3	1.1
Labour force/ EAP	522	515	-6	-5	-1.2	-1.0
Total Employment	367	360	-7	13	-2.0	3.6
Formal (non-agricultural)	281	277	-4	8	-1.3	2.8
Informal (non-agricultural)	54	47	-7	13	-12.5	39.5
Agricultural	7	4	-3	-2	-44.7	-29.6
Private households	25	31	6	-7	25.4	-17.7
Unemployment	154	155	1	-18	0.6	-10.2
Not economically active	274	283	9	14	3.3	5.3
Discouraged work-seekers	3	1	-2	0	-66.4	0.0
Other (not economically active)	271	282	11	13	4.1	4.9
	Rates (%)		Percentage points			
Unemployment rate	29.6	30.2	0.6	-3.1		
Labour absorption rate	46.1	45.1	-1.0	1.1		
Labour force participation rate	65.6	64.5	-1.1	-1.4		

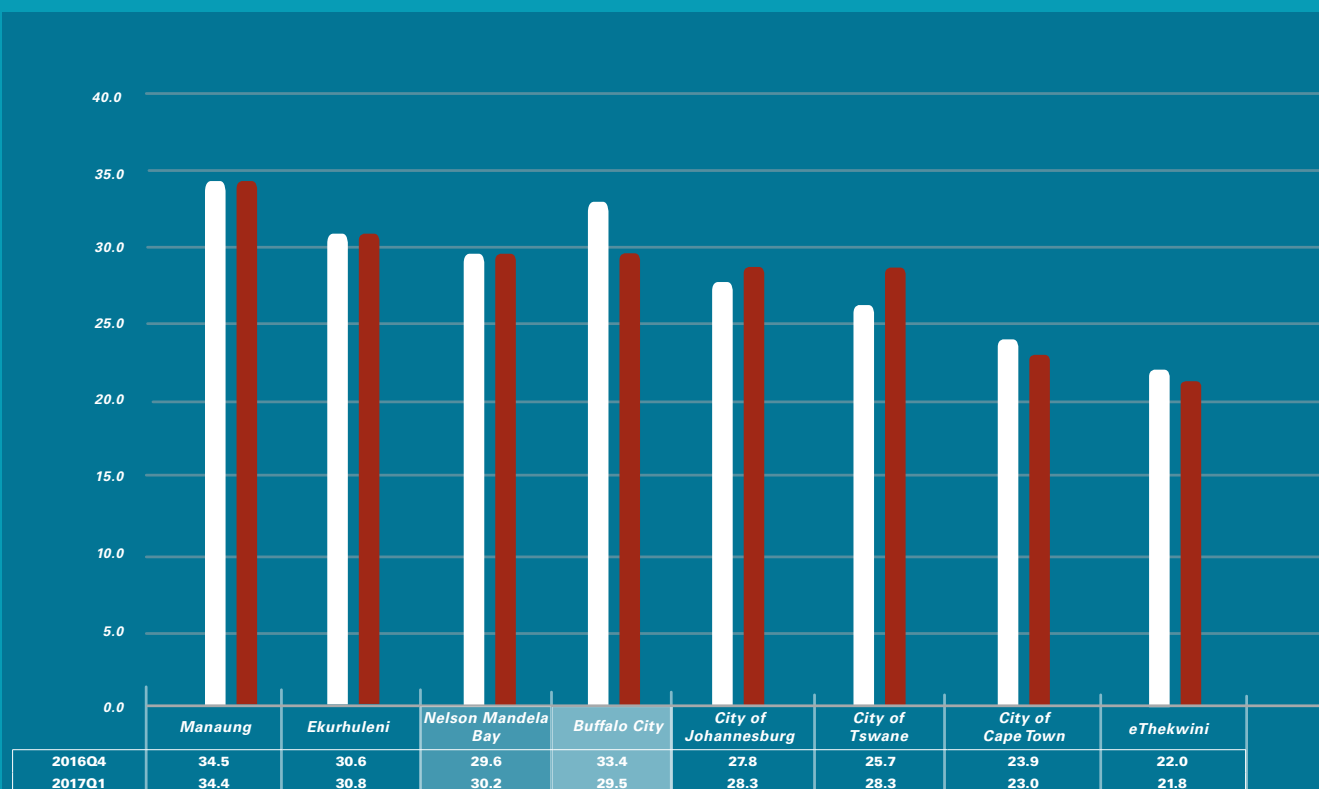
Source: Statistics SA - QLFS, Jun 2017

The working age population for Nelson Mandela Bay grew by 3 000 or 0.3% and the labour force declined by 6 000 or 1.2% people to 515 000 population in 2017Q1. Employment decreased by 7 000 or 2.0% and unemployment increased by 1 000 or 0.6%.

This resulted in an increase in unemployment rate by 0.6 of a percentage point to 30.2% in 2017Q1 from 29.6% in the previous quarter. The labour absorption rate decreased by 1.0 percentage points to 45.1% in 2017Q1, down from 46.1% in the previous quarter and

labour force participation rate decreased by 1.1 percentage points to 64.5% in 2017Q1, down from 65.6% in the previous quarter.

Figure 3: Unemployment rate (official definition) by metro municipalities in South Africa, 2016Q4-2017Q1



Source: Statistics SA - QLFS, Jun 2017

Figure 3 presents a short trend analysis of unemployment rate using the official definition for all South African Metropolitan Municipalities. In 2017Q1, quarterly increases in the official unemployment rate were observed in four of the eight metropolitan municipalities, with the highest increase being recorded in City of Tshwane (up by 2.6 percentage points), followed by Nelson Mandela Bay (up by 0.6 of a percentage point), City of

Johannesburg (up by 0.5 of a percentage point) and Ekurhuleni (0.2 of a percentage point).

Compared to 2016Q1, Ekurhuleni and Nelson Mandela Bay recorded the largest decreases in the official unemployment rate at 3.7 and 3.1 percentage points respectively. Manguang Metro Municipality continued to experience the highest unemployment rate (34.4%), followed

by Ekurhuleni (30.8%) and Nelson Mandela (30.2%). The Buffalo City Metro Municipality experienced the fourth largest unemployment rate of 29.5% and the lowest rate of unemployment was experienced by eThekwini (21.8%) in the same quarter.

Table 2: Unemployment rate by metropolitan municipality (2016Q1, 2016Q4 and 2017Q1)

	Official unemployment rate					Expanded unemployment rate				
	2016Q1 Percent (%)	2016Q4 Percent (%)	2017Q1 Percent (%)	QoQ change Percentage Change	YoY change Percentage Change	2016Q1 QoQ change Percent (%)	2016Q4 YoY change Percent (%)	2017Q1 YoY change Percent (%)	QoQ change Percentage Change	YoY change Percentage Change
City of Cape Town	21.8	25.3	25.1	-0.2	3.3	21.1	23.9	23.0	-0.9	1.9
Buffalo City	31.8	36.1	32.4	-3.7	0.6	24.1	33.4	29.5	-3.9	5.4
Nelson Mandela Bay	33.3	30.2	30.4	0.2	-2.9	33.3	29.6	30.2	0.6	-3.1
Manguang	33.5	40.1	40.7	0.6	7.2	28.2	34.5	34.4	-0.1	6.2
eThekwini	27.3	28.0	28.7	0.7	1.4	18.9	22.0	21.8	-0.2	2.9
Ekurhuleni	37.4	34.4	34.0	-0.4	-3.4	34.5	30.6	30.8	0.2	-3.7
City of Johannesburg	31.2	30.2	30.2	0.0	-1.0	29.9	26.8	28.3	0.5	-1.6
City of Tshwane	29.6	29.1	30.1	1.0	0.5	26.0	25.7	28.3	2.6	2.3

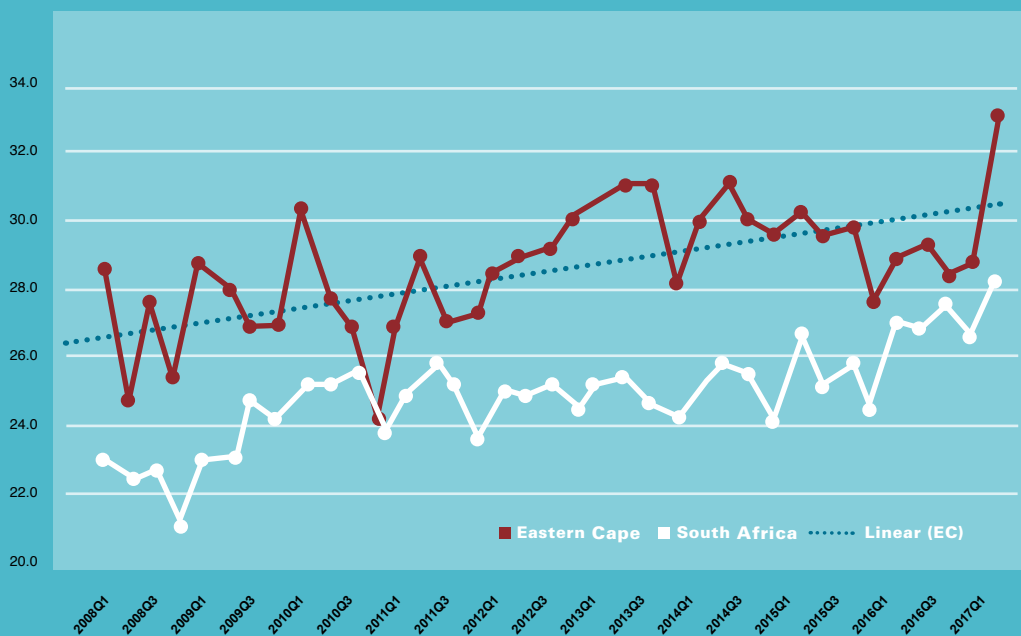
Source: Statistics SA - QLFS, Jun 2017

Compared to 2016Q1, the expanded unemployment increased in four metropolitan municipalities, with City of Tshwane recording the largest quarterly increases of 1.0 percentage points while Buffalo City (down by 3.7 percentage points) recorded the largest decline in expanded unemployment rate during the same period.

4.1 UNEMPLOYMENT TRENDS USING OFFICIAL DEFINITION

The official definition of unemployment considers a person to be unemployed only if they have “taken active steps to look for work or to start some form of self-employment”.

Figure 4: Unemployment rate (official definition) trends in SA and EC, 2008Q1-2017Q1



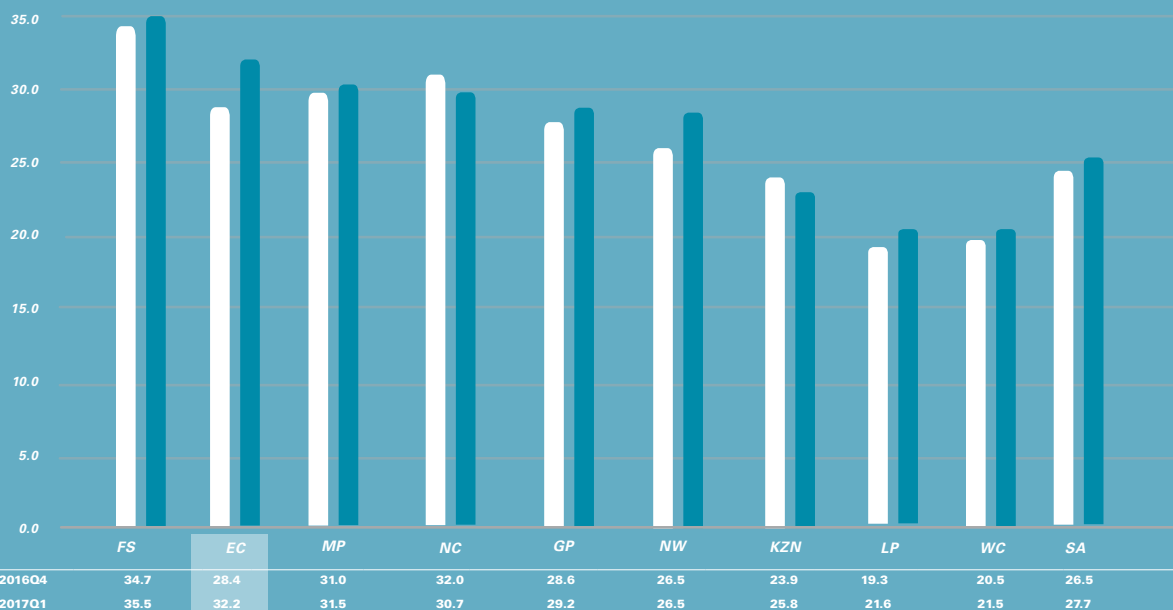
Source: Statistics SA - QLFS, Jun 2017

Figure 4 above shows the unemployment rate for South Africa and the Eastern Cape for the period 2008Q1 to 2017Q1. The unemployment trend shows that Eastern Cape has always had unemployment rate higher than that of the country for the period we looking at. The unemployment

rate in South Africa increased to 27.7% in 2017Q1, up from 26.5% in the previous period. It is the highest jobless rate since the first quarter of 2004 as unemployment rose faster than employment and more people joined the labour force. The Eastern Cape official unemployment rate increased

significantly by 3.8 percentage points to 32.2% in 2017Q1, up from 28.4% in the previous quarter. This was the highest unemployment rate between 2008Q1 and 2017Q1.

Figure 5: Unemployment rate (official definition) by province, 2016Q4-2017Q1



Source: Statistics SA - QLFS, Jun 2017

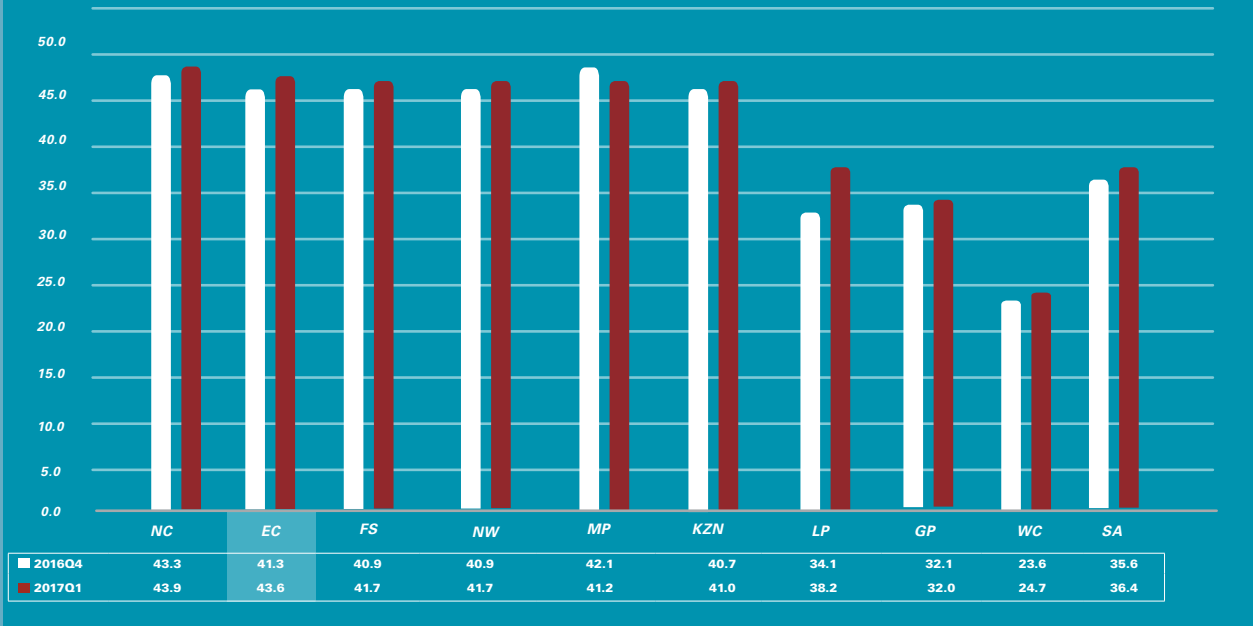
Quarterly increases in the official unemployment rate were observed in seven of the nine provinces, with the highest increase recorded in Eastern Cape

(3.8 percentage points), Limpopo (2.3 percentage points) and KwaZulu-Natal (1.9 percentage point). Northern Cape was the only province that recorded a decrease

in the official unemployment rate (1.3 percentage points), whereas, North West recorded no change in unemployment rate.

4.2 UNEMPLOYMENT TRENDS USING EXPANDED DEFINITION

Figure 6: Expanded rate of unemployment by province, 2016Q4-2017Q1



Source: Statistics SA - QLFS, Jun 2017

The expanded definition of unemployment takes into account everybody who is available for work even if they did not search for work. It includes all persons who are unemployed according to the official definition plus the part of the inactive population (according to official definition) who indicated that they were available, regardless of the reason they gave up for looking for work, the so-called discouraged work seekers.

Quarterly expanded definition of unemployment rate increased in seven of the nine provinces, with highest increase in Limpopo (4.1 percentage points), followed by Eastern Cape (2.3 percentage points) and Western Cape (1.1 percentage points). The provinces that recorded decreases of unemployment rate of 0.1 and 0.9 of a percentage point were both Mpumalanga and Gauteng respectively. The highest unemployment rate according to the expanded

definition was recorded in the Northern Cape (43.9%), followed by Eastern Cape (43.6%), then followed by both Free State and North West each with 41.7%. In South Africa, the unemployment rate for 20167Q1 (using the expanded definition) increased by 0.8 of a percentage point to 36.4% in 2017Q1, up from 35.6% in the previous quarter.

UNEMPLOYMENT RATE (OFFICIAL DEFINITION) BY PROVINCE, 2017Q1

SOUTH AFRICAN METROPOLS	2017Q1
FREE STATE - MANGAUNG	34.4
GAUTENG - EKURHULENI	30.8
EASTERN CAPE - NELSON MANDELA BAY	30.2
EASTERN CAPE - BUFFALO CITY	29.5
GAUTENG - CITY OF JOHANNESBURG	28.3
GAUTENG - CITY OF TSHWANE	28.3
WESTERN CAPE - CITY OF CAPE TOWN	23.0
KWAZULU-NATAL - ETHEKWINI	21.8

