

FLASH NOTE Nº 11.2024 | June 11, 2024

Unemployment rate accelerates for the second consecutive quarter

Trade and Public Administration with the greatest impact on job formation

A. DESCRIPTION

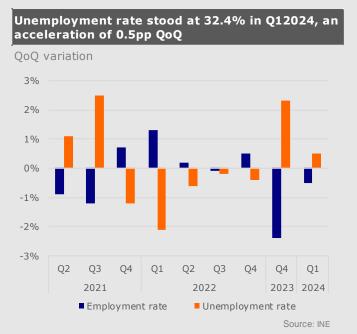
1| The unemployment rate increased by 0.5 percentage points (pp) to 32.4% when compared to the previous quarter. According to data from the Employment Survey in Angola published by INE, this rate is the highest since Q42021. The data shows a setback in the progress that was being made, comparing unfavorably compared to the low of 29.6% reached in Q4 2022.

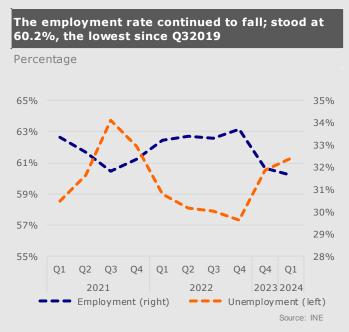
2| The unemployment rate in Angola remains persistently at around 30%, making it one of the highest in the world, with only a few countries with higher rates, such as Namibia and South Africa, 34.0% and 32.9%, respectively, according to updated Bloomberg data.

B. ANALYSIS

1| The 0.5pp quarterly increase in the unemployment rate represents about 181,000 additional people who are looking for a job but are unable to get one. Regarding employment figures, for the same period there were 75 thousand more jobs, compared to the last quarter of 2023. With the employment rate contracting by 0.5pp to 60.2%, the market stopped absorbing about 86 thousand people, who would have a job if the rate remained similar.

2| **Analyzing the differences between age groups, the unemployment rate for the group aged 65 and over registered the largest quarterly drop (-22.9pp), followed by the 55-64 age group, with a drop of 10.6pp.** Meanwhile, the performance for the younger groups was the opposite, specifically between 15-24 and 25-34. The unemployment rate for the group between 15-24 years old grew by 5.20pp, and now stands at 63.5%, the highest percentage since the beginning of the numerical





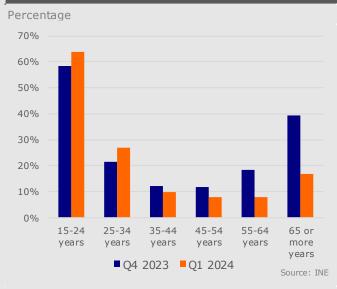


series, which makes a total of 3.7 million (M) unemployed people. Unemployment also increased in the 25-34 group, standing at 27.3% (+5.7pp QoQ), Q42021 highs. These figures are even more worrying when we understand that more than 50% of the population is in these age groups.

In terms of gender, the indicators are slightly more favorable for men: the employment rate for men is 61%, compared to 59% for women. In addition, the activity rate for men is 89.7% while for women it is 88.6%.

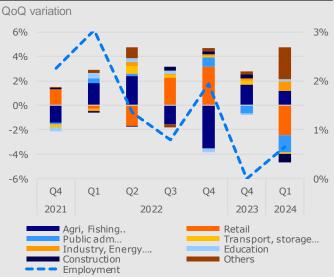
According to the employment situation, the number of people employed by the private sector grew by 1.9pp QoQ, followed by production for own consumption (+1.3pp). The self-employed population with worker(s) had the largest quarterly reduction, -2.1pp, followed by unpaid family work, -1.4pp.

3 The overall job growth rate in Q1 was 1%, which corresponds to 75.5 thousand net new jobs. Sectoral data show that employment growth in the quarter was mainly in Trade and Public Administration. Tertiary activity - which absorbs less than 30% of the labor force - had the largest contribution to employment growth, having added around 3.5pp to the overall rate, creating +414 thousand jobs compared to the previous quarter. The weight of the State also increased in the last guarter, with the administrative, defense and security sector adding 2.3pp to the overall employment rate, with +274 thousand jobs created. The primary sector (the one that employs the most) and the secondary sector saw the number of jobs decrease: agriculture and fisheries removed 3.3pp and industry removed 0.5pp from the general employment rate. In all, +440 thousand jobs were lost. According to our calculations, job growth would be 4.8% if it were not for the fall in these two sectors.



Unemployment is highest in younger groups, especially between 15-24 years old





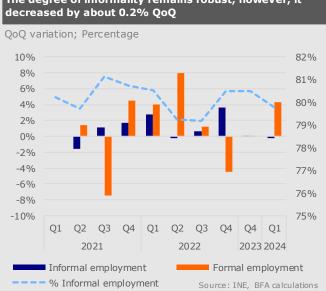
On the other hand, the transport, education, and construction sectors together created 90,000 jobs.

4| The informality of the Angolan economy remains very relevant, however, there was a reduction in the number of people employed in the informal market during Q1 2024 by 21.8 thousand (-0.2% compared to Q42023). About 79.8% of the total number of employees in Angola operate in the informal sector, which represents in absolute terms about 9.3M people. It should be noted that for the period under review, most of the informal employed are in the rural area, about 89.0%, compared to 74.6% in the urban area. Informality continues to be led by women, whose representation in the sector exceeds 88%. The average ratio between informal employment and formal employment remains close to 4, indicating that only one in five employed people works in the formal sector.



There was also a slight deceleration in the inactivity rate, to 10.9% (-0.1pp QoQ). Analyzing inactivity by age group, we find that the older age groups recorded the largest quarterly increases: +4.1pp in the 55-64 age group and +17.3pp in the 65-plus age group, bringing the rates to 14.6% and 38.8%, respectively. This movement may be caused by the retirement of several workers (whether due to age or disability).

5 We maintain the outlook that the labor market situation remains very difficult and dependent on a robust pace of growth in the non-oil economy. It should be noted that the oil economy is more capital-intensive and generates less job growth. Still, and despite an economic slowdown, we think the non-oil economy will grow this year, leading to further improvements in employment.



The degree of informality remains robust, however, it

C. CONCLUSION

1 The national labor market continues to be challenging and worrying: the still persistently high degree of informality, the high levels of unemployment, predominantly in the younger age groups, as well as the quality of the employment itself generated, are recurrent issues that require greater action efforts. The growth of the non-oil economy is crucial for the reduction of unemployment.

2|The slowdown in labor market conditions in 1Q2024 may be a prelude to economic activity slowing in the first 3 months of the year, but it may also be a seasonal development. It becomes difficult to assess when there is no data for the first 3 quarters of 2023. Still, Trade, the largest sector of the non-oil economy, had the highest proportion of employment this guarter, and an 18% guarterly growth in the number of people employed. On the other hand, the drop in employment in the Industry and Construction sectors may be signs of lower economic activity in these sectors. Again, it remains difficult to assess with the paucity of existing data on the year 2023.



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