

FLASH NOTE

N° 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

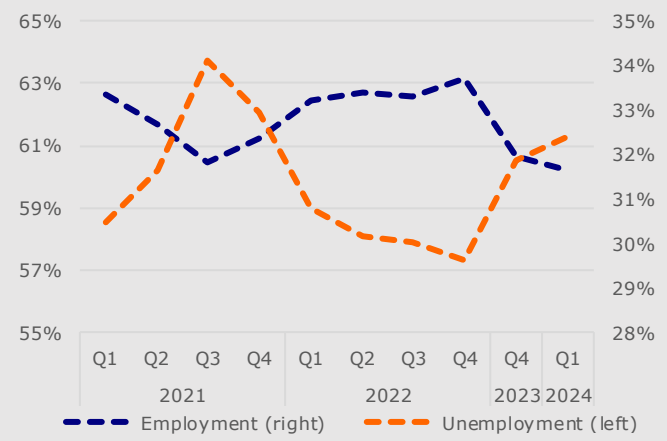
Unemployment rate stood at 32.4% in Q12024, an acceleration of 0.5pp QoQ

QoQ variation



The employment rate continued to fall; stood at 60.2%, the lowest since Q32019

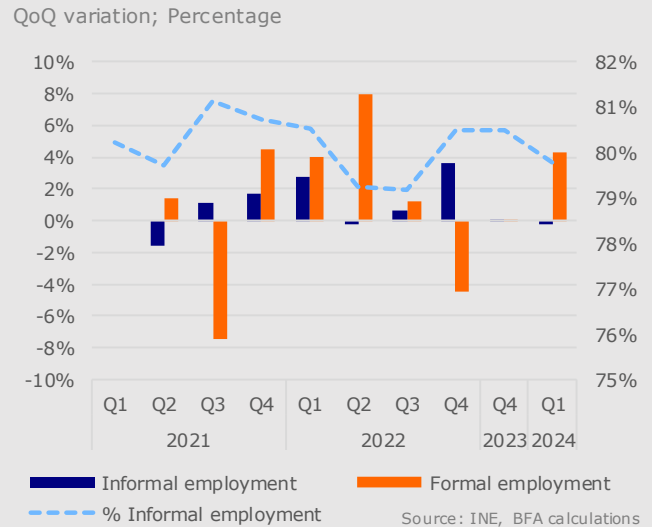
Percentage



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 decreased by about 0.2% QoQ



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 quarter, and an 18% quarterly 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.

The information contained in this document has been obtained from sources believed to be reliable, but its accuracy cannot be fully guaranteed. The recommendations are for internal use only and may be changed without notice. The opinions expressed are the sole responsibility of their authors, reflecting only their points of view and may not coincide with BFA's position in the referred markets. BFA, or any affiliate, in the person of its employees, is not responsible for any loss, direct or potential, resulting from the use of this publication or its contents. BFA and its employees may hold positions in any asset mentioned in this publication. Reproduction of part or all this publication is permitted, subject to an indication of the source. Numbers are expressed using the period as the thousand's separator and the comma as the decimal separator and using the "thousand million" designation for 10^9 .