

FLASH NOTE

Nº 16.2024 | October 10, 2024

Unemployment halts upward trend, but remains high

Trade and Transport are the sectors that generate the most employment

A. DESCRIPTION

1 | In the second quarter of 2024, the unemployment rate fell by 0.2 percentage points (pp) to 32.3%, when compared to the previous quarter. According to data from the Employment Survey, published by INE, this is the lowest rate since the beginning of the year, although it remains significantly above the lows recorded in the fourth quarter of 2022.

2 | Angola's unemployment rate remains persistently around 30%, consolidating its position as one of the highest in the world. Currently, only a few countries, such as Namibia and South Africa, have higher rates, at 33.4% and 33.5%, respectively, according to data updated by Bloomberg.

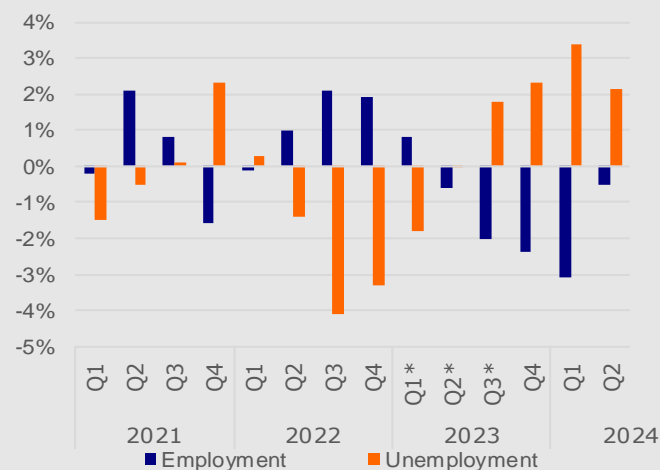
B. ANALYSIS

1 | After rising for at least two consecutive periods, the unemployment rate has fallen again, with a quarterly drop of 0.2pp. The population aged 15 or over rose to 106,000. At the same time, there was a reduction of 352,000 inactive people, who are now part of the active population (i.e., those who work or are looking for work). The number of unemployed people grew by 118,000 people and, on the other hand, the number of employed people increased by 341,000. The employment rate stabilized at 61.6%, reflecting a quarterly increase of 1.4 percentage points; this increase suggests a slight acceleration in economic growth, especially in the non-oil sector, which plays a key role in job creation.

2 | Looking at the differences between age groups, the unemployment rate for the youngest group, 15-24 years old, stood at 56.4% and recorded the largest quarterly drop in Q2, reaching levels close to the lows of Q2 2022. On the other hand, the performance for the older

Unemployment rate may have slowed by 0.5pp YoY

YoY Variation

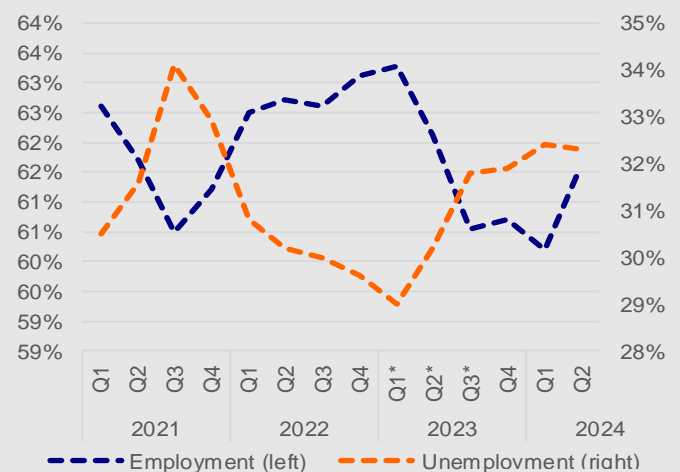


*BFA Estimates

Source: INE

Employment is rising again in line with the performance of economic activity

Percentage

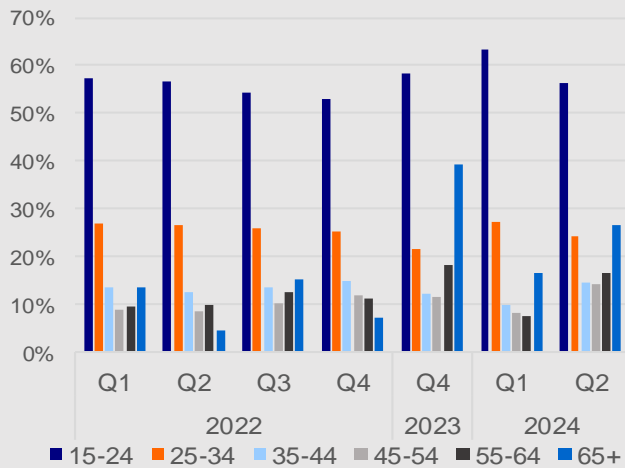


*BFA Estimates

Source: INE

Older and younger age groups record higher unemployment rates

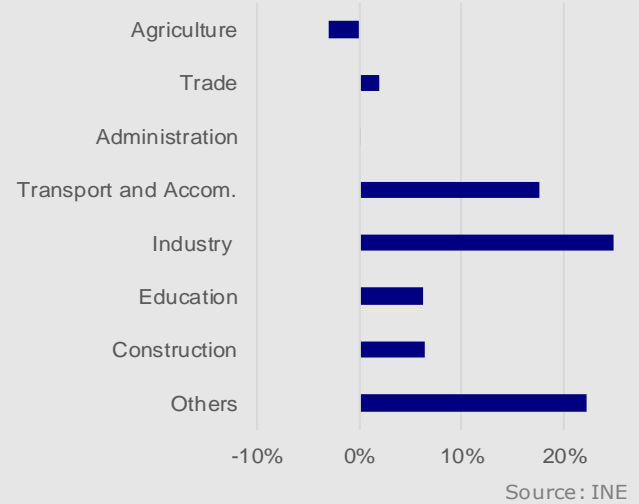
Percentage



Source: INE

Employment grew more in the manufacturing industry, compared to the previous quarter

QoQ Variation



Source: INE

group was the opposite – the unemployment rate for the group aged 65 and over accelerated by 10.0 pp to 26.5%.

On the employment side, the rate recorded significant increases and stood at 61.6% in this quarter: the employment rate for the group aged 15-24 accelerated by 7.9 pp to 37.8%, being slightly higher for women than men: 38.9% and 36.7%, respectively. However, the data reveal that the age groups 35-44 and 45-54 are those in which the employment rate is highest, with a low proportion of unemployed people.

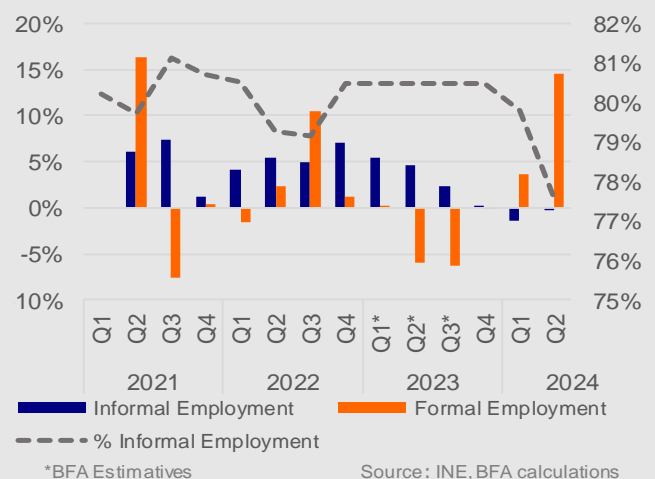
Regarding the employment situation, self-employed workers with employees and people working in private residences grew by 20.4pp and 7.5pp compared to the previous quarter. Conversely, unpaid family work recorded the largest quarterly reduction, -14.3pp, followed by self-employed work without employees, -13.1%.

The urban and rural labor markets showed a mixed trend in Q2, with unemployment rising in urban areas and falling in rural areas. In urban areas, unemployment rose by 5.4pp to 37.8%, while in rural areas it stood at 19.3%, a fall of 13.1pp QoQ.

3| Sectoral data show that the sectors that contributed most to employment growth were Transport and Accommodation, Industry and Construction. Employment in the agricultural sector (including fisheries, livestock, etc.), which still accounts for most of the employment, has seen significant declines. Compared to the previous quarter, there was a 3.0% drop, but year-on-year we estimate a decrease of over 5%. The percentage of people employed in the sector now stands at 44.5% of jobs, with only the third quarter recording a figure below 50%. This decline is consistent with the decline in unpaid family work mentioned above, and with the decline in informal

The level of informality has been registering slight reductions over time

YoY Variation; Percentage



*BFA Estimates

Source: INE, BFA calculations

employment, which we will discuss below. This is a trend that will naturally continue with greater agricultural mechanization.

4| The level of informality in the Angolan economy remains quite significant, despite recording slight reductions over time, currently standing at 78.4%, below the average of recent quarters, 80.3%. More than half of the Angolan population operates in the informal sector, which represents in absolute terms around 9.5 million people.

The population's activity rate is now at 91.0%, the highest level since the last quarter of 2021, which could signal a dynamic labor market with a large part of the population actively participating in the economy.

C. CONCLUSION

1| The improvement in labor market conditions in the second quarter of 2024 indicates a slight acceleration in economic activity in the non-oil sector. However, it is challenging to assess the employment trend more precisely, as data for the first three quarters of 2023 are missing.

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