

FLASH NOTE

Nº 03.2025 | 30 May, 2025

Employment rate maintains growth trend in Q12025

Employment and informality seem to follow the same path

A. DESCRIPTION

1| In the first quarter of 2025, the unemployment rate fell by 3.0 percentage points (pp) to 29.4%, when compared to the same quarter of the previous year. This is the lowest rate in the last two years. According to data from the Employment Survey released by INE, unemployment fell by around 3.0pp, a sharper reduction when compared to -1.5pp last quarter, reflecting the very positive performance that the Angolan economy presented in 2024.

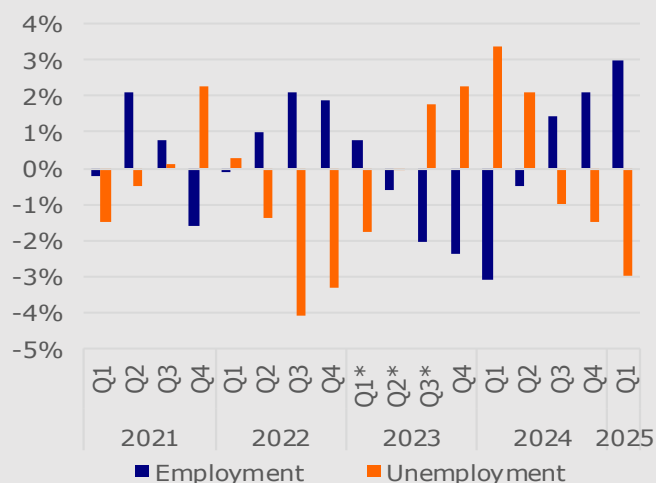
2| Despite the year-on-year drop, the unemployment rate in Angola remains persistently among the highest in Africa. Currently, only a few countries, such as Swaziland and South Africa, have higher rates, with 35.1% and 32.9%, respectively, according to data, updated by Trading Economics.

B. ANALYSIS

1| Employment data are relatively positive but may reflect the effects of the good performance observed in 2024, and not necessarily indicate that the economy remained heated in the first quarter of 2025. The employment rate increased by 3.0 percentage points both year-on-year and quarter-on-quarter - the highest year-on-year growth on the last 2 years and the highest in the last 17 quarters. More specifically, the year-on-year increase of 3.0pp in the employment rate represents, in absolute terms, around 1.0 million new jobs created. At the same time, there was a reduction of 2,619 people in the group of inactive people (i.e., people who neither work nor look for a job), while approximately 306.5 thousand people left the condition of unemployment.

Unemployment rate registers biggest annual drop in the last 2 years

YoY Variation

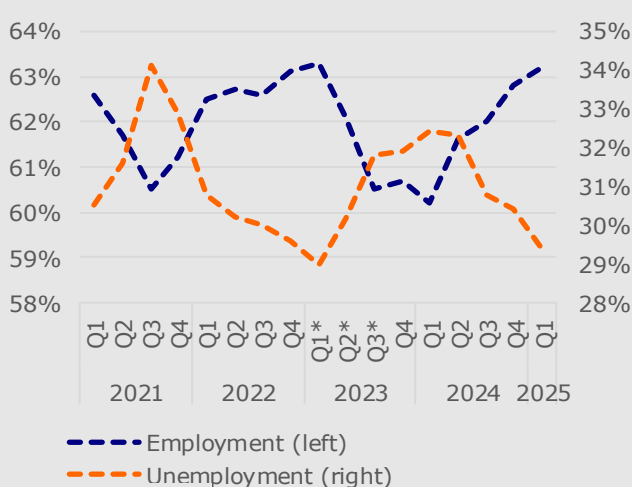


*BFA Estimates

Source: INE

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

Percentage



*BFA Estimates

Source: INE

2| Looking at the different age groups, the youngest group - between 15 and 24 years old - continues to have the highest unemployment rate, above 50%. In Q125, the youth unemployment rate fell by 9.2pp year-on-year, standing at 54.3%. Despite this reduction, the amount still represents about 3.3 million young people out of the labor market. Among the other age groups, the data show that the groups between 35-44 years and 45-55 years have the highest employment rates, with a relatively low proportion of unemployed.

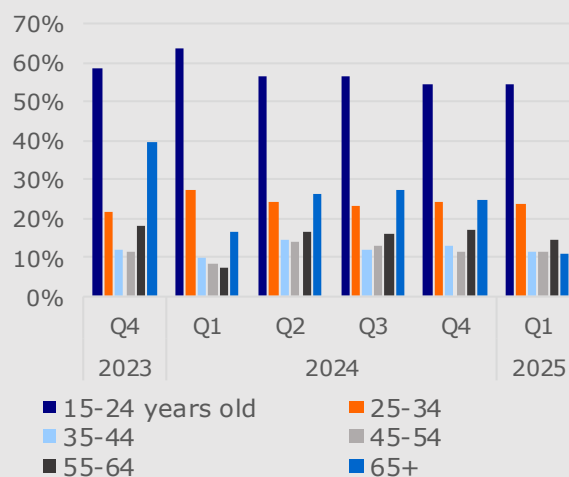
According to the employment situation, the self-employed without employees and self-employed persons with employees increased by 2.2pp and 0.6pp year-on-year. On the other in public companies recorded a reduction of 1.1pp. These data signal that more and more people have embarked on entrepreneurship, operating, for the most part, in the informal market, as we will see later.

3| The data by sector reveal that the main contributions to employment growth came from Industry, Agriculture and Fisheries, and Construction. Employment in the agricultural sector - which includes activities such as fishing, livestock and forestry - increased by 16.2% yoy, totaling about 6.5 million people. This sector may be significantly driving the increase in self-employment. In Industry, employment registered a year-on-year growth of 27.0%, the highest among all sectors. The Construction sector had a more moderate expansion, of 16.2% yoy. On the other hand, employment in the Services sector fell by 3.2% compared to the same period of the previous year.

As mentioned earlier, the good performance of the labor market may be a response to the strong acceleration of economic activity in 2024, and not necessarily a reflection of greater dynamism in Q125. It is worth remembering that, in 2024, non-oil GDP grew by 5.0% year-on-year, with emphasis on the primary sector - agriculture and fisheries - which expanded by 7.0% yoy. This growth may explain the higher job creation in this traditionally labor-intensive sector. The Industry and Construction sectors also recorded growth, although more moderate, of 2.3% and 2.0% year-on-year, respectively. Construction, as it is labor-intensive, played a relevant role in the generation of employment. The industrial sector, although more dependent on capital, also contributed to the creation of jobs. On the other hand, the Services sector - represented mainly by trade - showed an opposite trajectory, with signs of retraction.

Unemployment remains more prevalent among the younger group

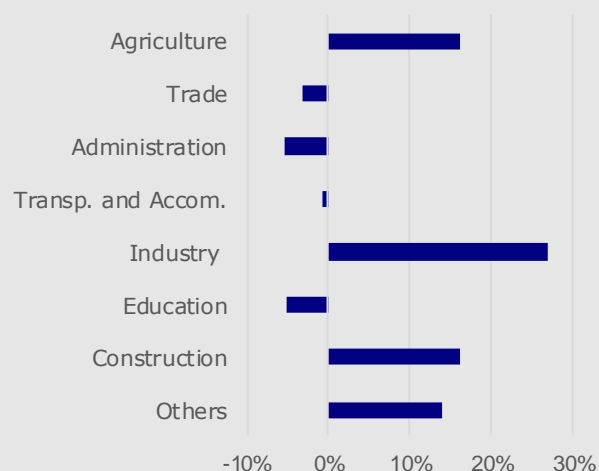
Percentage



Source: INE

Manufacturing continues to be the sector that absorbs the most workforce

YoY Variation



Source: INE

4| The level of informality of the Angolan economy remains high, currently standing at 80.8%, which corresponds to about 10.3 million people – around 964.4 thousand new people when compared to Q12024. This indicates that, although employment has increased, a significant part of the workers was absorbed by the informal segment. In addition, it is observed that the youngest age group - between 15 and 24 years old - is the one that most resorts to informality: about 96.7% of employed young people, equivalent to 2.7 million people, work in informal conditions. On the other hand, the formality rate stands at only 19.2%, which means that only 2.4 million workers have formal jobs, generally associated with better working conditions and social protection.

C. CONCLUSION

1| The Q125 data reveal a relevant improvement in employment indicators in Angola, with the unemployment rate registering the largest year-on-year drop in recent years. This performance appears to be strongly linked to the economic acceleration observed in 2024, especially in the non-oil sector, driven by agriculture, industry and construction. The net creation of about 1 million jobs and the exit of more than 300 thousand people from unemployment are positive signs, although partially influenced by lagging effects of the previous economic situation.

2| However, the structure of the Angolan labor market remains marked by a high degree of informality, which covers more than 80% of the employed population. Youth are particularly vulnerable, with almost all young people employed working in the informal sector. Although the increase in self-employment points to greater entrepreneurial initiative, it also highlights the fragility of formal employment in the country. Therefore, despite the favorable trend in the short term, the data reveal that the long-term challenge lies in the creation of formal and sustainable jobs that ensure better living conditions and greater social inclusion.

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 .