

South Africa's agricultural sector experiences job cuts in Q2, 2016 – 28 July 2016

- South Africa's official unemployment rate marginally decreased to 26.6% in the second quarter of this year from 26.7% in the previous quarter.
- The active labour force currently stands at 15.5 million, down by 1% or 129 000 jobs from the previous quarter. Job losses were spread across a number of industries with notable ones being agriculture and mining. Moreover, it is worth noting that primary agriculture constitutes 5% of employment in South Africa, which is well above sectors such as mining, and almost at par with the transport industry. Jobs in the agricultural sector were cut by 5% compared to the previous quarter and same period last year. However, this is no surprise as the industry experienced an El Nino induced drought between 2015 and 2016.
- A close observation of the agricultural sector reveals that most quarter-on-quarter job losses were in the game industry, logging service, animal husbandry and crop farming. Meanwhile, the aquaculture, as well as the forestry industry showed notable gains (see **Chart 1**).
- When comparing the second quarter of 2016 to the same period last year, it is clear that some sub-sectors such as fisheries, forestry and livestock (farming of animals) showed positive gains (see **Chart 2**). This could be attributed to increased volumes of output across these industries over the reviewed period. That said, higher feed prices – induced by drought conditions – continue to undermine the livestock sector. Job cuts in the mixed enterprises (crops and livestock) can be attributed to decreased activity in crop farming.
- Looking ahead, the third quarter could present similar trend, as conditions will likely remain the same. However, in the fourth quarter, we could see an uptick due to expected increase in field work activity.

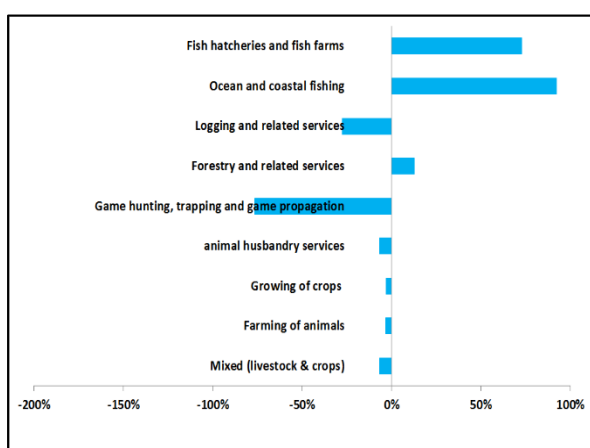


Chart 1: Q-o-Q percentage change employment

Source: Statistics South Africa, Agbiz Research

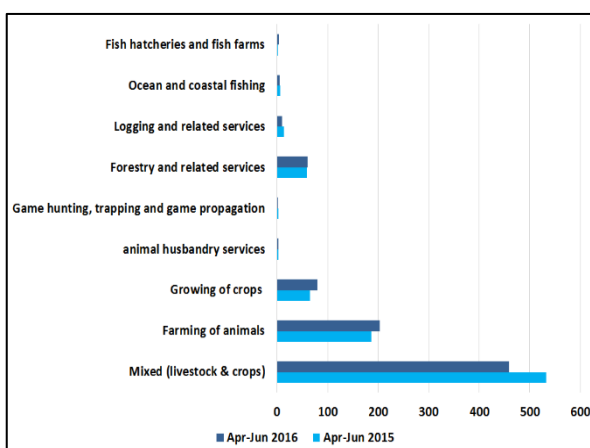


Chart 2: Employment in RSA's agricultural sector ('000)

Source: Statistics South Africa, Agbiz Research

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