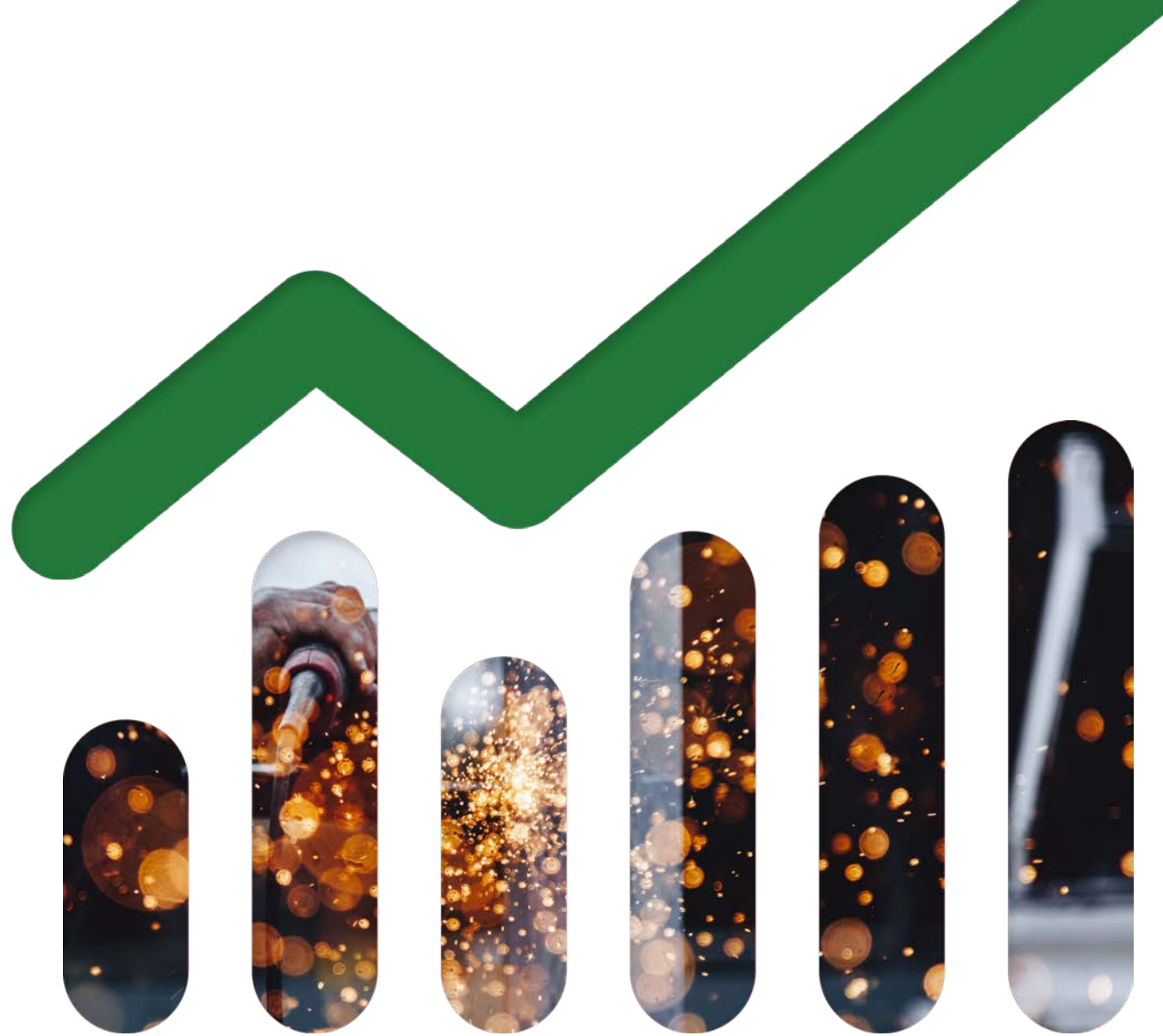




**National Economic
Development and
Labour Council**

Economic and Employment Trends in South Africa

March 2025 | Issue 24





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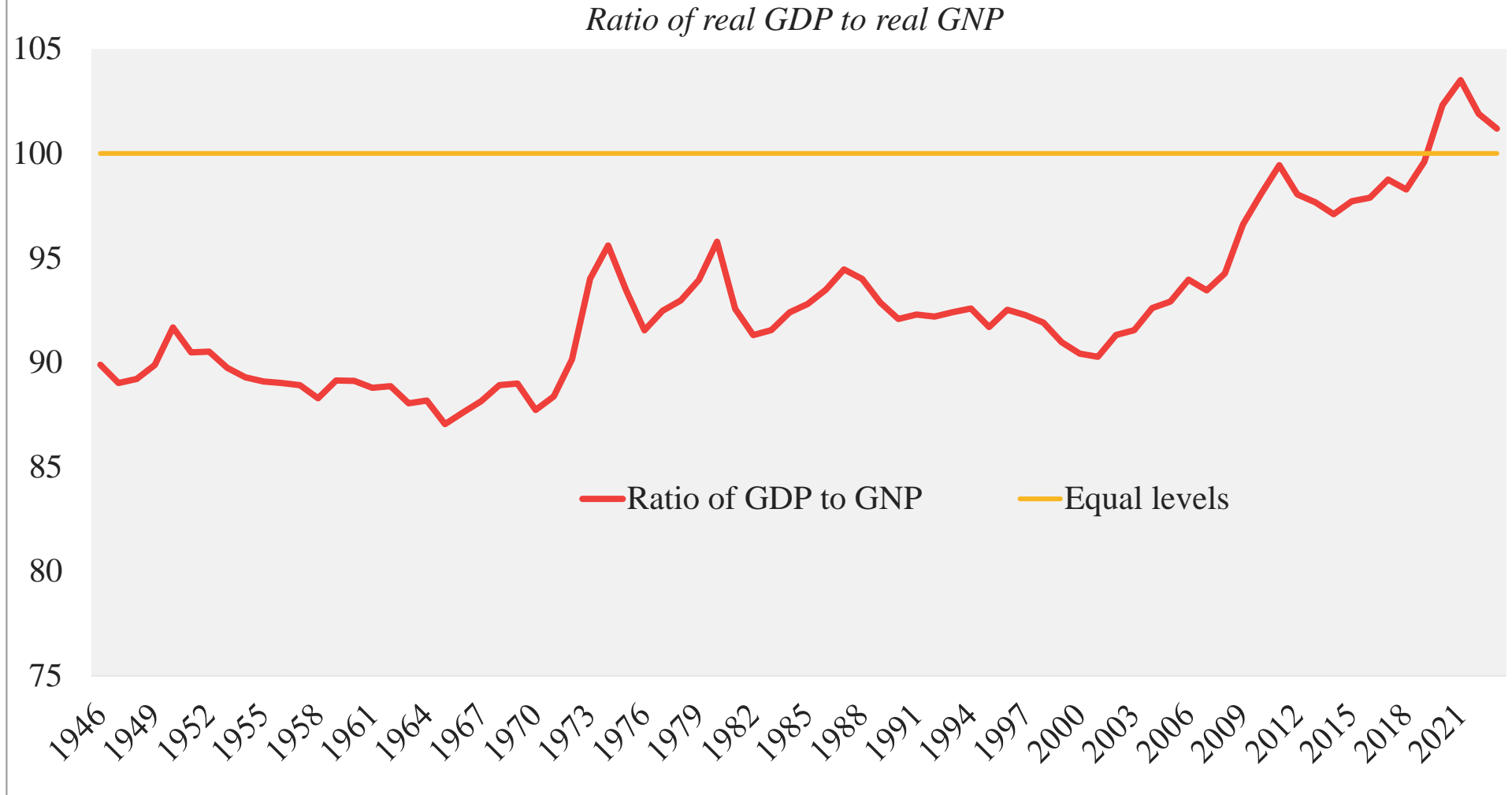
Overview of current economic and employment trends

- Gross Domestic Product (GDP) measures the **value of production in SA**, whereas Gross National Product (GNP) measures the **income earned by South Africans in SA and other economies**. The rise in SA's real GDP relative to real GNP suggests that **the value of production by foreign companies in SA is increasing faster than that of SA companies abroad** ([Slide 4](#)).
- In the fourth quarter of 2024, **South Africa's official unemployment rate dropped to its lowest level since 2023:Q3**. This decline was partly due to an **increase in the number of discouraged work-seekers** ([Slide 5](#)).
- At the provincial level, the overall decline in the unemployment rate was largely driven by **strong employment gains in the Western Cape, KwaZulu-Natal and Gauteng**, while the **highest job losses were recorded in the Free State**, followed by the **North West and Limpopo** ([Slide 11](#)).
- **StatsSA recently updated the consumer price index (CPI) weights**, adjusting the relative importance of various goods and services to better align with current household spending patterns. The biggest change was in **restaurants and accommodation services**, which saw its weight in the headline index increase from 3.3% to 6.1% ([Slide 6](#)).
- South Africa's Foreign Direct Investment (FDI) regulations are **stricter than the OECD median benchmark** across several sectors. These include foreign equity restrictions in the transport, media, and fishing and aquaculture sectors ([Slide 7](#)).
- Since 2006/07, South Africa's **tax revenue composition has shifted** from being equally reliant on personal and corporate income taxes to **being more reliant on personal income tax**. In contrast, the **share of Value-Added Tax (VAT)**, and other tax revenue **has remained relatively stable**, with VAT contributing around 25% of total tax revenue ([Slide 8](#)).
- The **growth in SA's exports** over time is mainly due to **rising prices rather than an increase in volumes** ([Slide 9](#)).
- Many South African industries are **highly concentrated**, with a **small number of firms dominating the industry** ([Slide 10](#)). High concentration industries like **post and telecommunications have experienced low profit margins**, reflecting a long-term decline in net profit margins and operational and financial challenges faced by government-related corporations.

Gross Domestic Product

- Gross Domestic Product (GDP) measures the **value of production in SA**, whereas Gross National Product (GNP) measures the **income earned by South Africans in SA and other economies**.
- The rise in the ratio implies that **the value of production by multinationals with operations in SA has been growing faster** than SA companies operating abroad.
- A high and rising ratio suggests **the benefits of economic activity are accruing to foreign investors** more than residents.

The rise in SA's real GDP relative to real GNP suggests that **the value of production by foreign companies in SA is increasing faster than that of SA companies abroad**



Source: SARB, EconData.

Employment

- In the fourth quarter of 2024, **South Africa recorded the lowest official unemployment rate since 2023:Q3.**
- While **132 000 more individuals found employment** between 2024:Q3 and 2024:Q4, a significant number of individuals gave up searching for jobs, recording 111 000 additional discouraged work-seekers.

An **increase in the number of discouraged work-seekers** between 2024:Q3 and 2024:Q4 contributed to the decrease in the unemployment rate in 2024:Q4

Changes in the number of employed, unemployed and economically inactive individuals, 2024:Q3 vs 2024:Q4

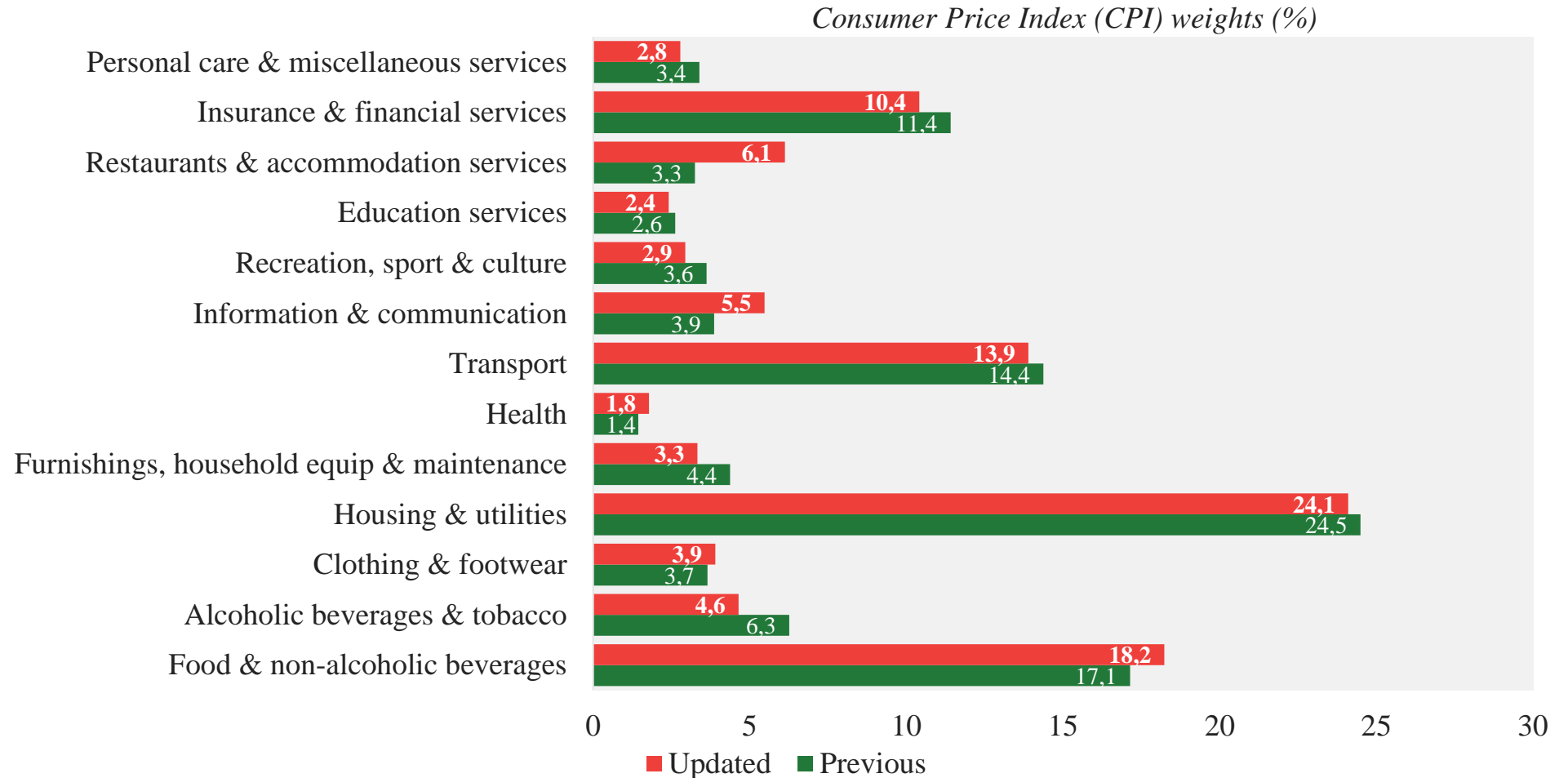


Source: [Quarterly Labour Force Survey 2024:Q4, Stats SA](#)

Households

- StatsSA recently updated the consumer price index (CPI) weights, adjusting the relative importance of various goods and services to better align with current household spending patterns.
- The biggest change was in **restaurants and accommodation services**, which saw its weight in the headline index increase from 3.3% to 6.1%.
- Other large increases in weights include those for **information and communication**, with the inclusion of products such as modems and routers and streaming services.

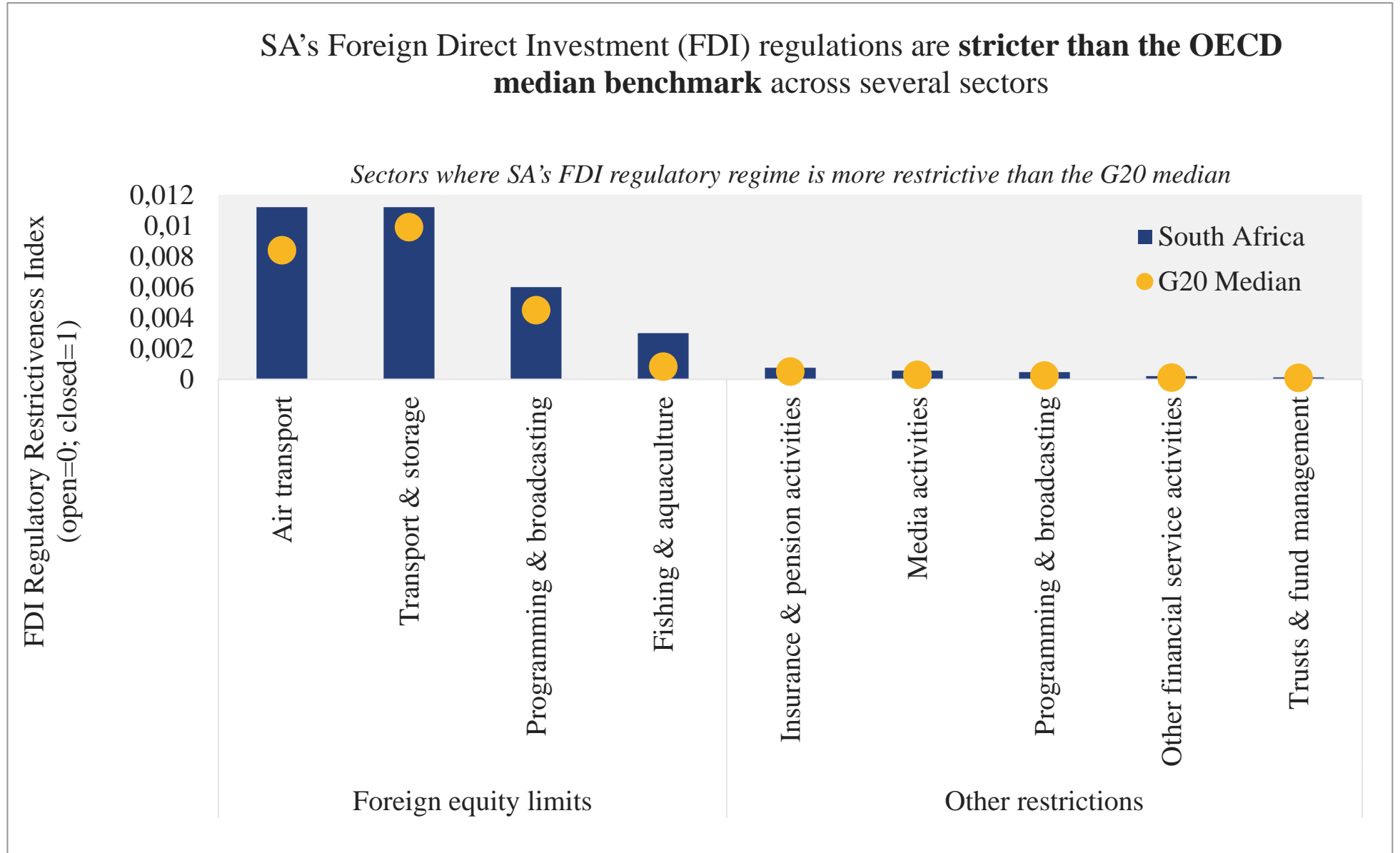
Recent StatsSA updates show that **the biggest change in CPI weights was in restaurants & accommodation services**, increasing from 3.3% to 6.1%, while information & communication also grew significantly



Source: Statistics South Africa, EconData

Investment

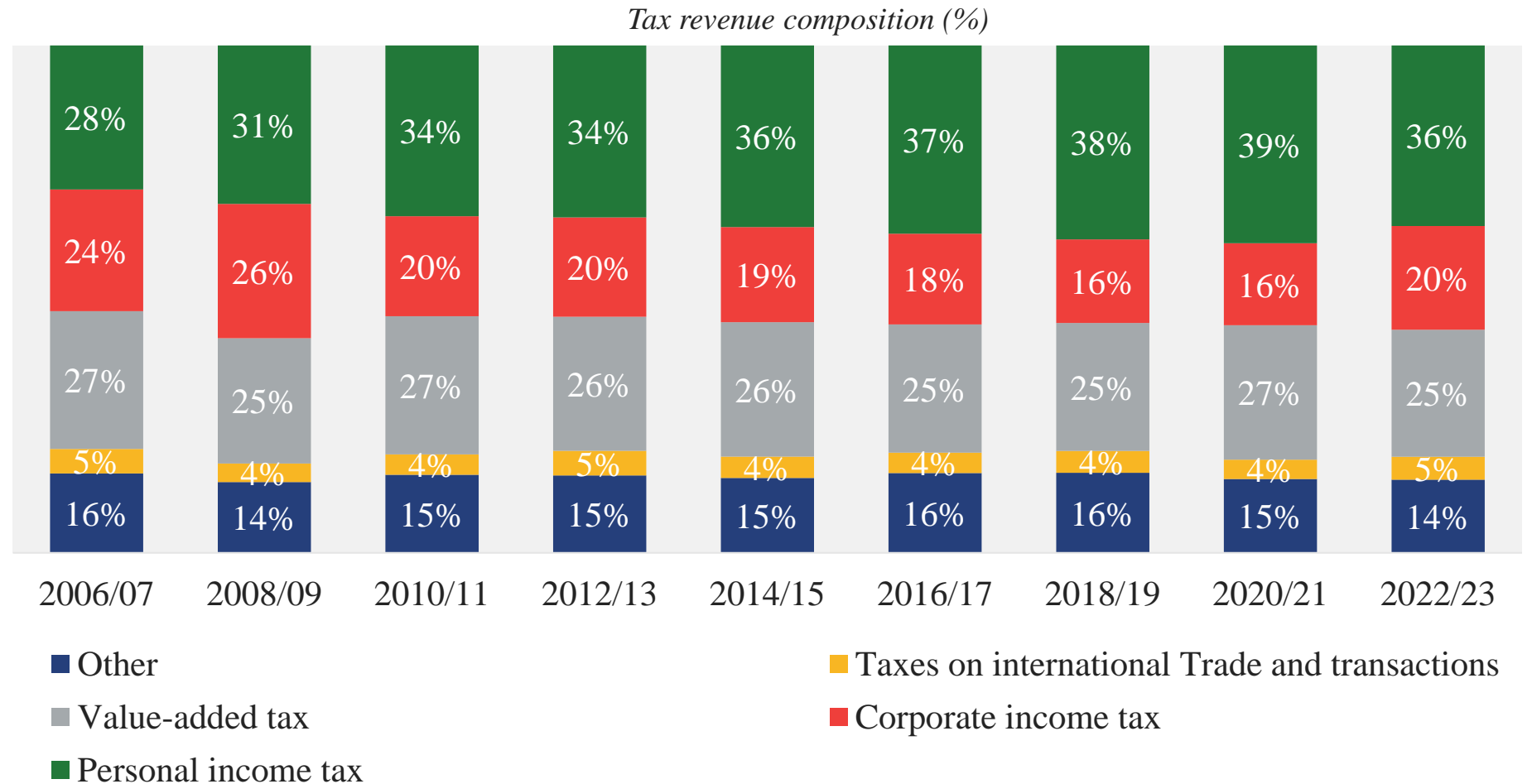
- South Africa imposes **stricter Foreign Direct Investment (FDI) regulations** compared to the **OECD median** benchmark in various sectors.
- These include **foreign equity restrictions** in the **transport, media, and fishing and aquaculture** sectors.



Government

- Since 2006/07, South Africa's **tax revenue composition has shifted** from being equally reliant on personal and corporate income taxes to being **more reliant on personal income tax**.
- In contrast, the **share of Value-Added Tax (VAT)**, and other tax revenue **has remained relatively stable**, with VAT contributing around 25% of total tax revenue.

SA's tax revenue composition has become **more reliant on personal income tax**, while the contribution of corporate income tax has declined, and VAT has remained relatively unchanged



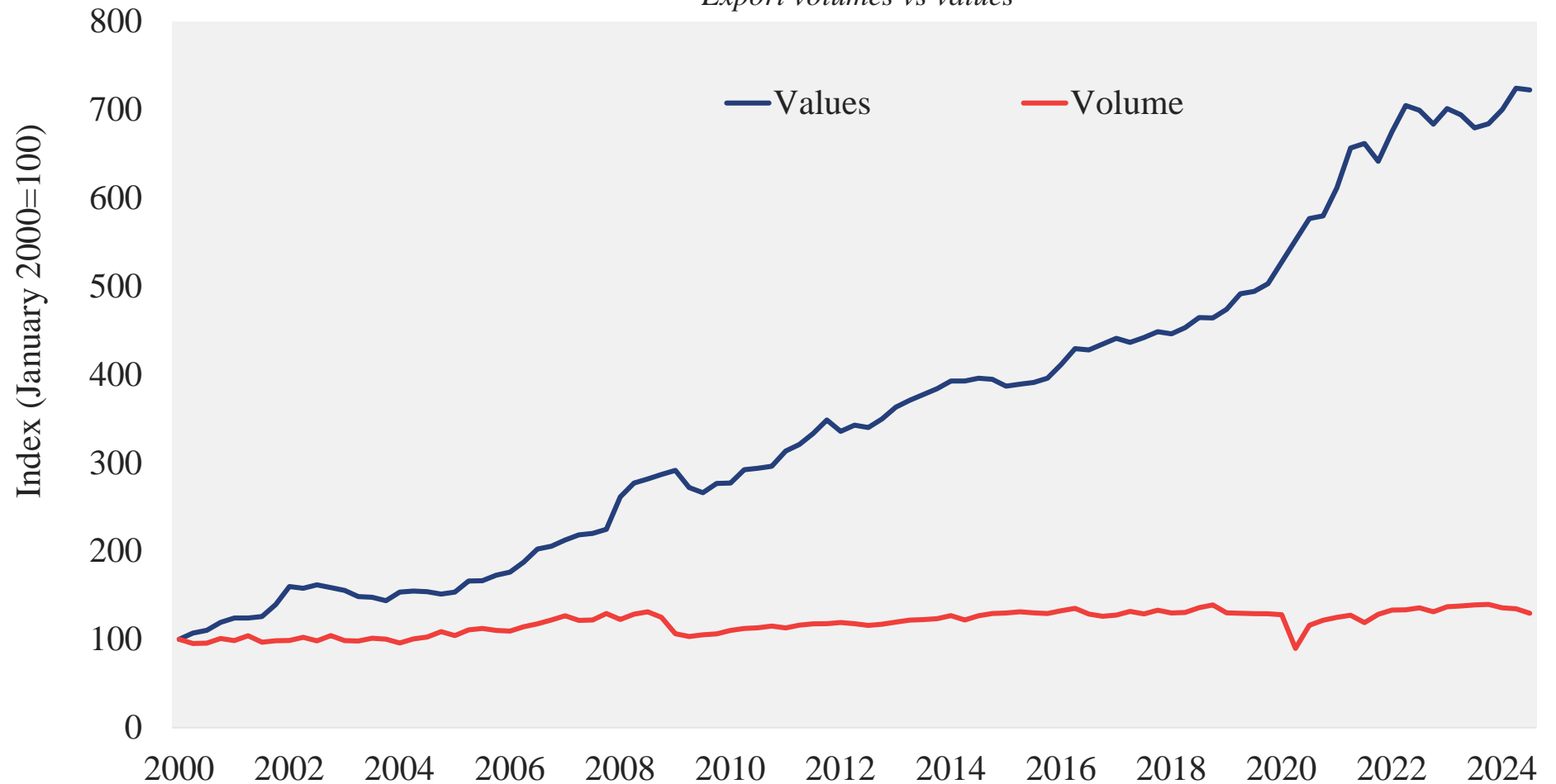
Source: National Treasury. [2024 National Budget](#)

International Trade

- South Africa's **export gains over time have been driven by higher prices** rather than increased volumes.

The **growth in SA's exports** over time is mainly due to **rising prices** rather than an increase in volumes

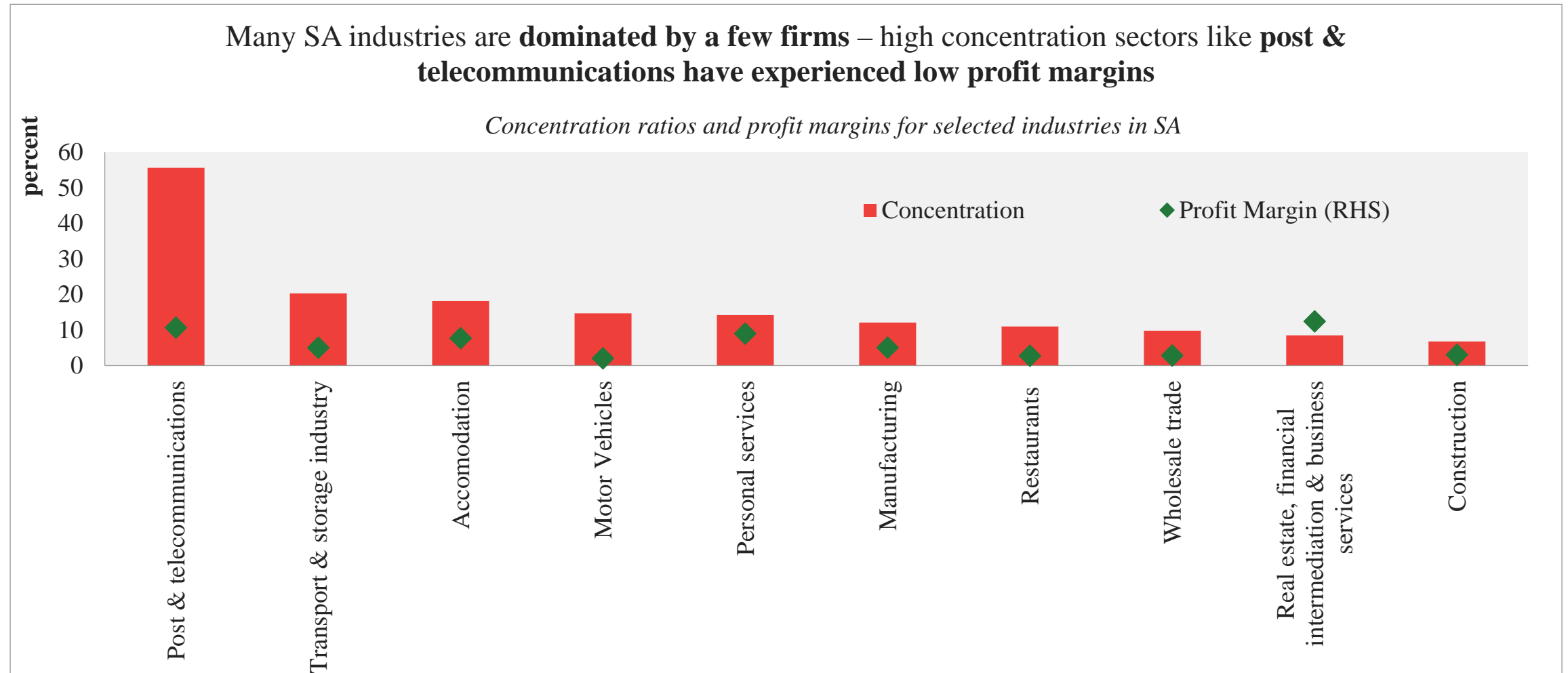
Export volumes vs values



Source: SARB, EconData. Exports including gold.

Industry concentration and profitability in SA

Many South African industries are **highly concentrated**, with a **small number of firms dominating the industry**. High concentration industries like **post and telecommunications** have experienced **low profit margins**, reflecting a long-term decline in net profit margins and operational and financial challenges faced by government-related corporations.

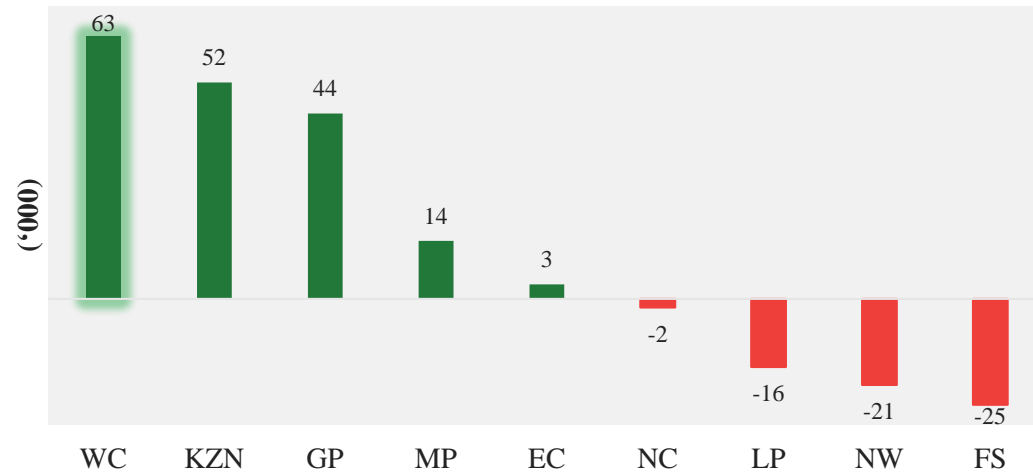


Source: Statistics South Africa, Codera Analytics. These ratios show the value of income that the five largest enterprises contribute to the industry's total, expressed as a percentage. Profit margin is averaged across available survey dates.

Between 2024:Q3 and 2024:Q4, South Africa's unemployment rate decreased by 0.2 percentage points from 32.1% to 31.9%.

The Western Cape recorded the highest increase in employment, while the Free State recorded the highest job losses

Quarter-on-quarter change in employment by province, 2024:Q3 vs 2024:Q4

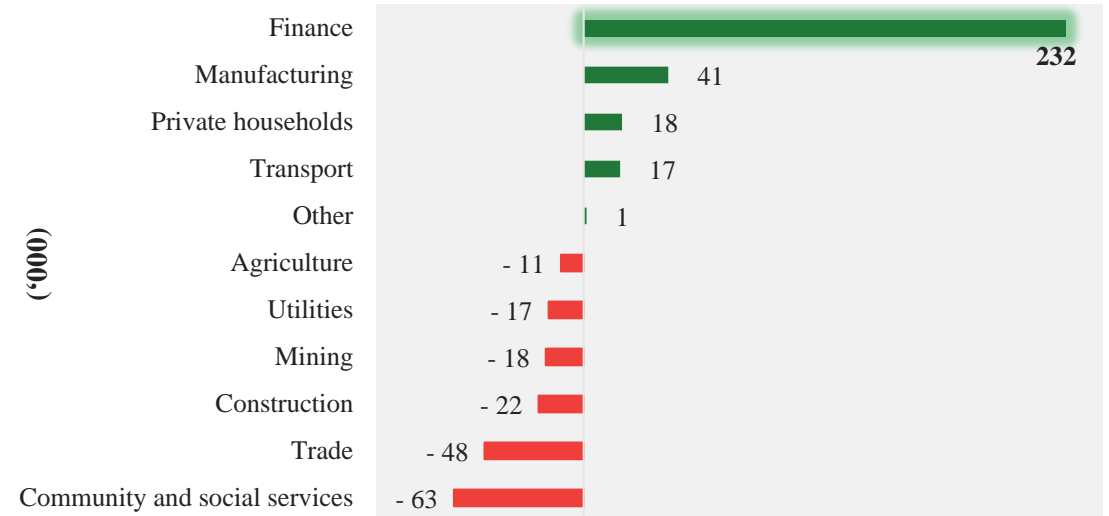


The overall decline in the unemployment rate was largely driven by **strong employment gains in the Western Cape, KwaZulu Natal and Gauteng**, while the **highest job losses** were recorded in the **Free State**, followed by the **North West** and **Limpopo**.

Source: Quarterly Labour Force Survey 2024:Q4, Stats SA

The finance industry was the largest contributor to South Africa's employment in the last quarter

Quarter-on-quarter change in employment by industry ('000), 2024:Q3 vs 2024:Q4



While six industries experienced job losses, the strength of the **financial industry's growth**, with 232 000 new jobs, **played a key role in reducing the unemployment rate**. Job losses were mainly in the **Community and Social Services** industry.

Source: Quarterly Labour Force Survey 2024:Q4, Stats SA

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Purpose of this Report

This report has been prepared in support of the NEDLAC Social Partners' Economic Recovery Action Plan. The report provides a snapshot of key macro-economic and employment trends based on official statistics and other relevant sources of data.

Disclaimer

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