



**Solidarity
Research Institute**
Part of the Solidarity Movement

Quarterly Report

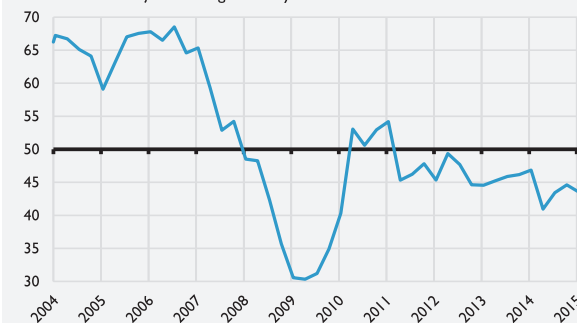
3. Solidarity-ETM Labour Market Index Q1 2015

Falling levels of worker security apparent in Q1

SA Labour Market Index Summary (50,0 = Neutral)				
	Q1 2015	Q4 2014	Q1 2014	Weight
LMI	43,5	44,6	46,8	100%
<i>Employee Confidence</i>	30,7	43,3	47,5	33,3%
<i>Labour Affordability</i>	47,6	41,1	47,9	33,3%
<i>Business Cycle</i>	52,3	49,5	45,2	33,3%

- The Solidarity-ETM South African Labour Market Index (LMI) fell to 43,5 in Q1 2015 from an upwardly revised figure of 44,6 in Q4 2014 (44,5 in previous release). Note that this measure of job and wage security in the South African labour market sets 50,0 as the breakeven between rising and falling job security.
- The Q1 reading is **indicative of an environment of continued falling job security**, where the degree of deterioration was larger than in Q4 2014 but somewhat better than the multi-year low of 40,9 achieved on the index in Q2 2014. At present levels the index reflects conditions where there is **slow or no real wage growth on aggregate, and where some sectors continue to see retrenchments**. It should be noted that the index has been showing these anaemic employment conditions since the end of 2007, with the exception of the period of Q2 2010 to Q1 2011 where the index averaged 52,7.
- The **Solidarity Employee Confidence Index (ECI)** fell sharply on the quarter, reaching an all-time low of 30,7 in Q1 from an upwardly revised figure of 43,5 the prior quarter. This was driven by a higher number of respondents reporting deteriorated levels of job security in the quarter, congruent with a rising level of layoffs in the mining sector as the likes of Anglo Platinum restructure business operations in the aim of staying solvent. Note that the survey is relatively young with only two years of data to consider.
- The share of **survey respondents reporting satisfactory job security fell to 46,5%**, down sharply from 52,4% in Q4 while those reporting **unsatisfactory job conditions climbed to 26,6%** from just 16,0% in the prior survey.
- It is not all bad news, however, with the other two components in the index improving on the quarter. The **Labour Affordability Index (LAI)** rose 6,5 points on the quarter to a reading of 47,6 – its highest level in over a year. The **ETM Business Cycle Index** rose by 2,8 points to 52,3. The move in the business cycle index is encouraging since that it implies that macroeconomic conditions have improved somewhat. Moreover, labour affordability has not deteriorated as it did through much of 2014.

Solidarity-ETM Labour Market Index (LMI)
Index: 50 = Neutral job and wage security



Sources: Solidarity; ETM Analytics; StatsSA

Looking ahead, it remains questionable whether South Africa's economy can continue to recover given a weak export environment, an ailing Eskom, and a volatile rand making it difficult to plan ahead.

Note:

For a more detailed treatment of the composition of the index and its subindices, see the January–March 2014 edition of the South African Labour Market Report, or the background paper on the index. Both are obtainable from the Solidarity Research Institute on request.



Media enquiries

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