



Declining unemployment with rising participation

- The latest General Authority for Statistics (GaStat) labor market release for Q1 2019 shows that unemployment declined to 12.5 percent, reaching its lowest rate since Q4 2016 (Figure 1).
- Total youth unemployment (20-24 years old) continued to decline, from 36.6 percent in Q4 2018 to 36.3 percent in Q1 2019, helped by a significant drop in female youth unemployment.
- Female labor force participation continued to rise, reaching 20.5 percent in Q1 2019, up from 20.2 percent in Q4 2018.
- The data shows that the total number of foreigners in the Saudi labor market declined by around 1.8 million since the start of 2017, with around 185 thousand workers leaving the market during Q1 2019.
- Looking at sectorial employment, GaStat's latest labor market release shows a new classification for employment by sector, to follow the International Standard Industrial Classification of all economic activities, Revision 4 (ISIC4).
- In the year-to-April, the Ministry of Labor (MLSD) announced the employment of 64 thousand Saudis through a number of agreements with public and private entities, which is equal to 8 percent of estimated total unemployed persons, according to our calculations.

Saudi Unemployment Rate (percent)

	Q4 2018	Q1 2019
Males	6.6	6.6
Females	32.5	31.7
Youth (20-24)	36.6	36.3
Total	12.7	12.5

Saudi Labor Force Participation Rate (percent)

	Q4 2018	Q1 2019
Males	63	63.3
Females	20.2	20.5
Youth (20-24)	29.8	27.8
Total	42	42.3

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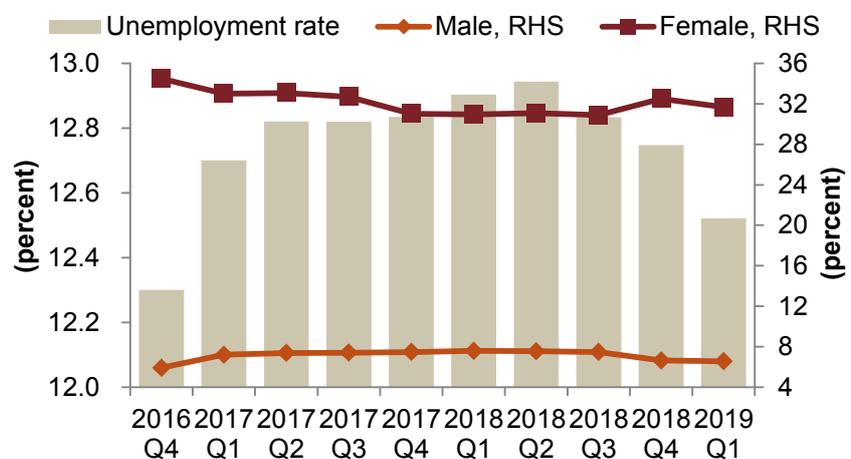
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Figure 1: Saudi unemployment rates





Main Developments in Q1 2019

Unemployment declined to 12.5 percent, from 12.7 percent in the previous quarter.

GaStat's latest labor market release for Q1 2019 shows that unemployment declined to 12.5 percent, down from 12.7 percent in Q4 2018, reaching its lowest rate since Q4 2016. Whilst male unemployment was unchanged at 6.6 percent in Q1 2019, female unemployment was down from 32.5 percent to 31.7 percent (Figure 2). In addition, total youth unemployment (20-24 years old) continued declining, from 36.6 percent in Q4 2018 to 36.3 percent in Q1 2019.

Both male and female labor force participation rates inched up during Q1 2019.

A significant drop in female youth unemployment led to an overall decline in youth unemployment, which, in turn, led to a significant decline in Q1 2019 to 62.3 percent, the lowest rate in ten quarters (Figure 3). Female youth (20-24) comes third in terms of the number of unemployed persons by age group, making up 22 percent of total unemployed females, behind (25-29) and (30-34) age groups. However, the case is different within male unemployed persons, where male youth (20-24) shows the largest weight at 37 percent.

During Q1 2019, a total of 185 thousand foreign workers left the labor market.

At the same time, both male and female labor force participation rates inched up during Q1 2019. Male labor force participation was up from 63 percent in Q4 2018 to 63.3 percent, and female labor force participation rose from 20.2 percent to 20.5 percent (Figure 4). Higher labor force participation came as a result of the MLSA introducing several measures to support hiring Saudis in the private sector. For example, the MLSA announced the employment of 64 thousand Saudis in the year-to-April, through a number of agreements with public and private entities in a number of sectors such as real estate, housing and IT, as we previously discussed in our [labor market update - 2018](#), published in April 2019. The number of employed persons represents around 8 percent of estimated total unemployed persons, according to our calculations.

Slowing number of expats leaving the labor market

During Q1 2019, a total of 185 thousand foreign workers left the labor market, pushing total expat departures to 1.8 million since the start of 2017. At the same time, the number of departures on a quarterly basis has slowed to its lowest level since Q3 2017, as Figure 5 shows the number of departures peaked in Q2 2018, and has since decelerated.

Figure 2: Unemployment rates, by gender

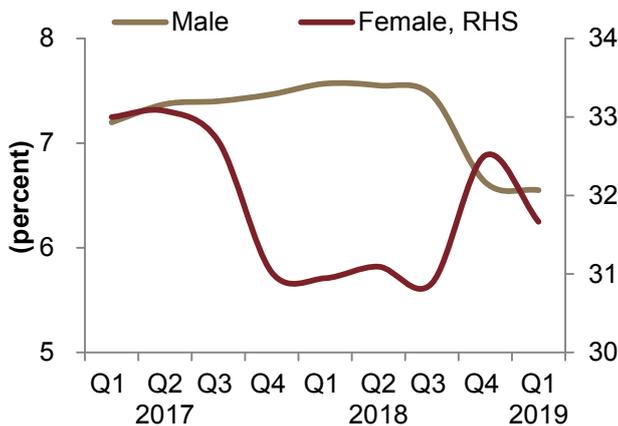
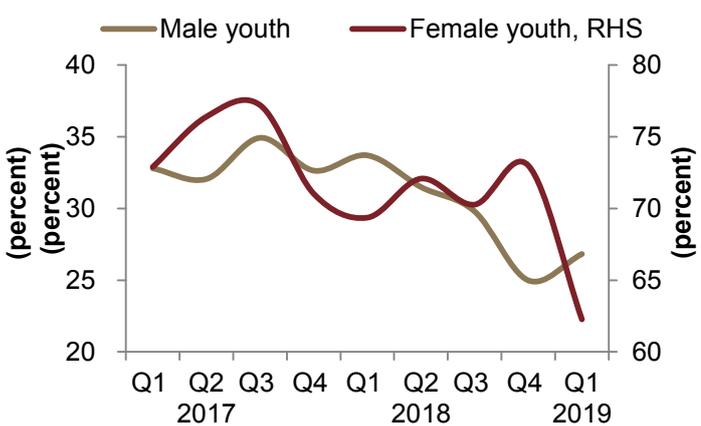


Figure 3: Youth unemployment rates, by gender





GaStat's latest labor market release shows a new classification for employment by sector...

...to comply with the ISIC4 classification...

...which aims to provide more detail on economic activities.

At the same time, the number of new expat work visas issued during Q1 2019 was up by 34 percent year-on-year, marking the highest rise in five quarters, and boosted by a rise in private sector visas (excluding household worker visas).

Employment by kind of economic activity

GaStat's latest labor market release shows a new classification for employment by sector, in line with the International Standard Industrial Classification of all economic activities, Revision 4 (ISIC4). The new classification was first introduced by GaStat in 2017, with the purpose of the classification being to harmonize economic activities from different entities (Box 1).

Box 1: Economic activity change in classification

Since Q1 2017, GaStat has updated its labor market economic activity classification surveys to start following the ISIC4. The ISIC4 classification was introduced by the United Nations in 2008, and covers 21 main economic activities, of which GaStat used to publish 10 main clustered industries in 2017 and 2018, and started to disclose the full range in Q1 2019.

The new classification now shows more detailed sectors, such as separating financial activities and real estate activities, which were reported previously under one sector. Also, new sectors are now reported individually, such as education, arts and entertainment, and human health and social activities.

The ISIC4 classification aims to provide more detail on 2922 economic activities within the local economy, and is in line with international standards, therefore making cross-country comparisons more easier. This initiative is seen as direct result of the Vision 2030's goal to improve open-access data, with GaStat confirming that ISIC4 will be officially and fully implemented by all related entities.

Figure 4: Labor force participation rates, by gender

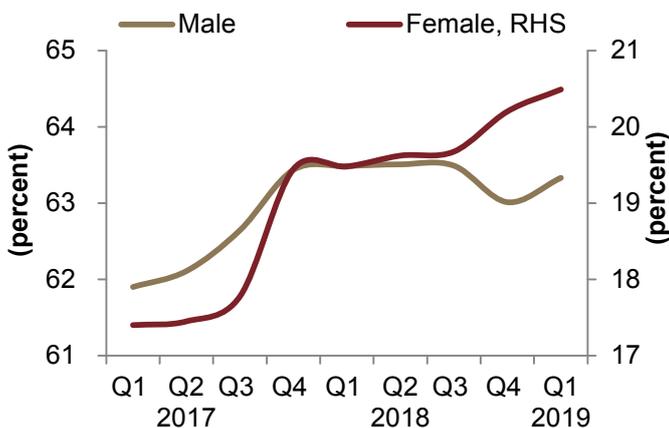
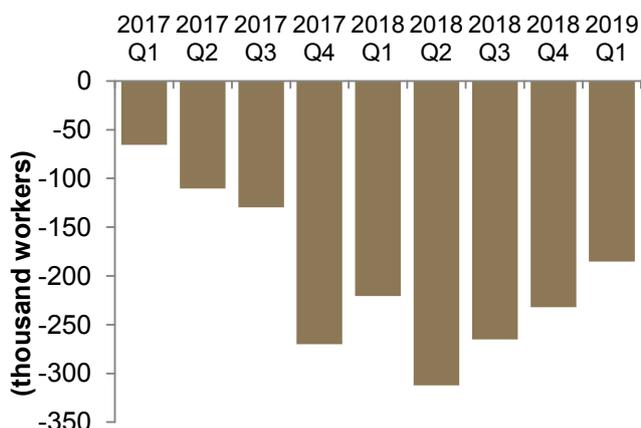


Figure 5: Foreign workers leaving the labor market (excluding domestic workers)





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