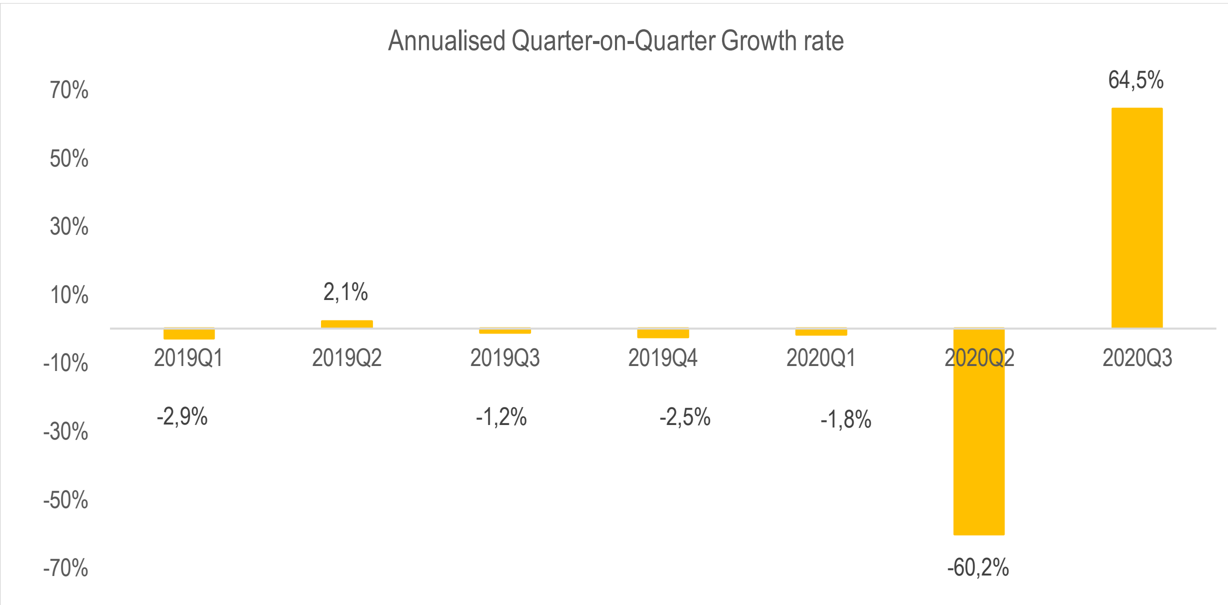
DISCLAIMER: Due to both the dynamic nature of COVID 19 economic performance, as well as delays in national statistic releases; all statistics quoted are preliminary figures and are subject to further revision.

1. INTRODUCTION

In Q3 2020, the City is slowly regained momentum and recovered what was lost when the nation was initially thrust into strict lockdown. Initial economic modelling estimates by eThekwini Municipality give an indication of how the economy slowly recovered. While there are still GDP losses compared to 2019, there were sharply noticeable growth gains between Q2 and Q3 of 2020.

2. NOTABLE ECONOMIC RECOVERY IN 2020 Q3

The graph below illustrates annualised quarter on quarter GDP growth rate. An annualised quarterly rate provides the growth rate of an area in one quarter, assuming it were to be maintained for four consecutive quarters. During the third quarter of 2020, Durban's annualised GDP growth rate is estimated to have expanded to 64,5%. This follows a decline of 60,2% experienced in the second quarter of 2020 when the nation was on hard lockdown. This is comparable with the national annualised growth rate of 66,1%. With the increase in economic activities and the easing of COVID-19 lockdown restrictions, we expect a gradual increase in the economy.



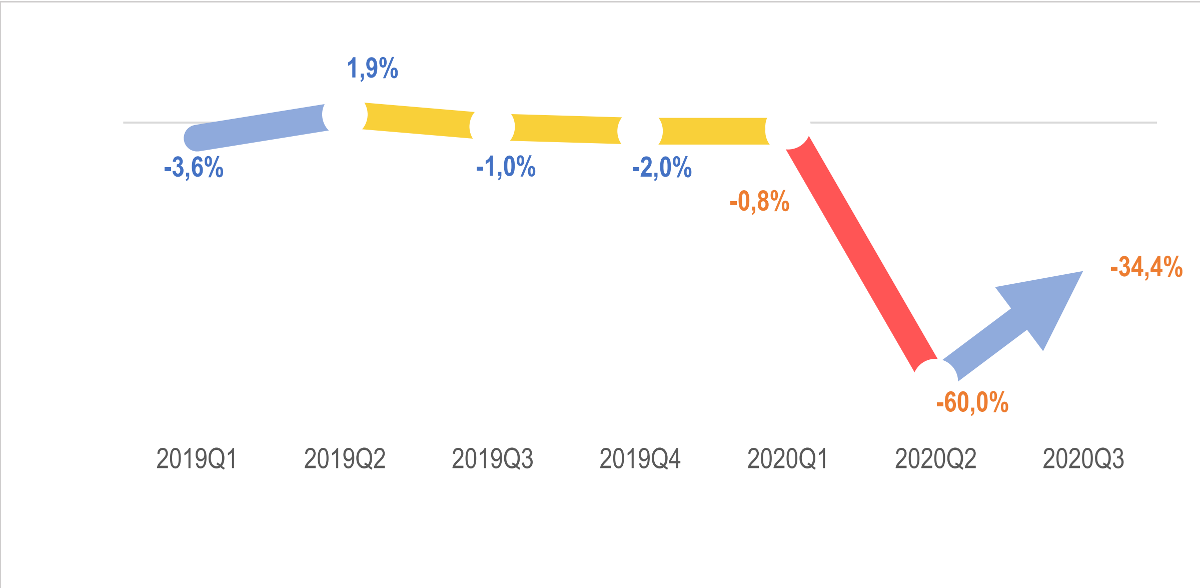
Source: Internal eThekwini Municipality Estimates (PSIR Department), 2020

While an increase of 64,5% is an encouraging recovery; it must be noted that the City grew off a low base (of -60,2% in Q2) and therefore the actual GDP value in Q3 2020 was still relatively low.

3. GDP LOSSES STILL OBSERVED, COMPARED TO 2019

The following graph is an estimation of GDP losses for 2020 compared to the previous year. Between Q2 and Q3, the City's economy is estimated to have declined by 34%, when compared to the average of the previous year's GDP. Put differently, the economy is estimated to be 10% smaller than it was on average in 2019, or 34% smaller, if the same trend were to continue for a full year (i.e. annualised).

While this is a loss compared to last year, it is important to realise that the lifting of lockdown levels has still resulted in an increase in economic activity, and therefore compared strictly to 2020 Q2, Durban's economy has grown by 64% on average from July to September 2020.



Source: Future Cities South Africa, 2020; Internal eThekwini Municipality Estimates (PSIR Department), 2020

4. CONCLUSION

While there have been some losses in GDP since the pandemic, the third quarter has showed a significant increase in GDP growth rate. The recovery is ascribed to easing of COVID-19 lockdown restrictions and further increase productivity in all sectors. The pace of the economic recovery is rather uncertain at this point in light of the second wave, and the ability of the country to achieve herd immunisation to curb any further waves. Full recovery of the economy at pre COVID-19 growth is only expected in the long run.

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