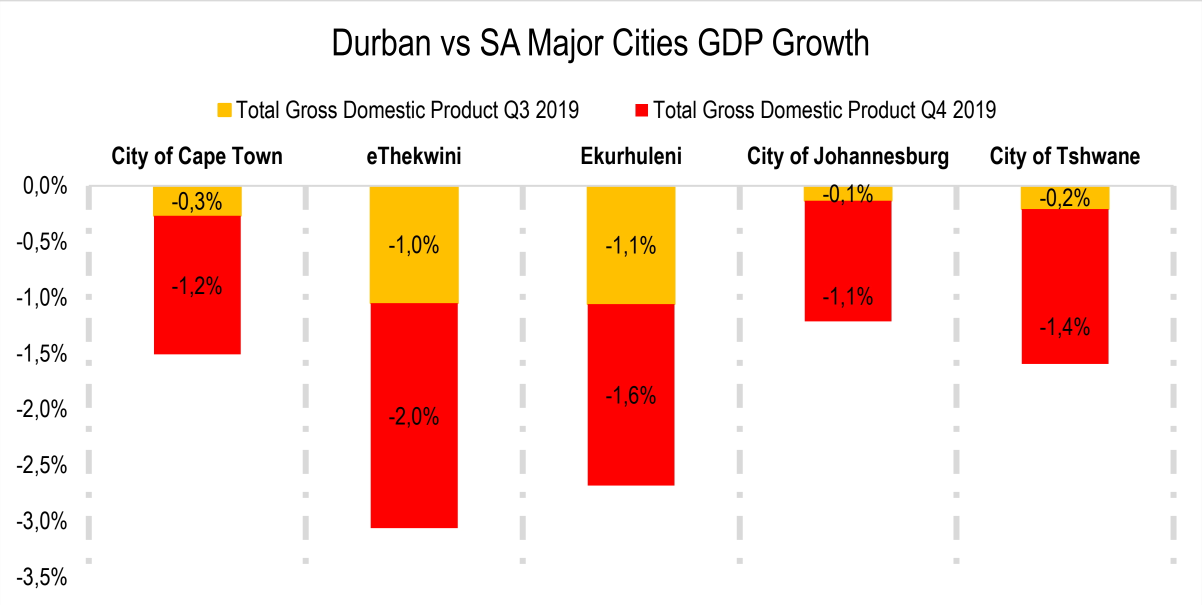
FROM 2019 Q3 DURBAN'S ECONOMY HAS BEEN IN TECHNICAL RECESSION

Durban's economy has contracted in quarter four. Due to contraction in quarter three, Durban officially experienced a technical recession in the last half of 2019. The growth rate is expected to decline by 3,4% in 2020, due to the COVID 19 impact and the global economic lockdown.

How did Durban's economy perform in 2019 Q4?

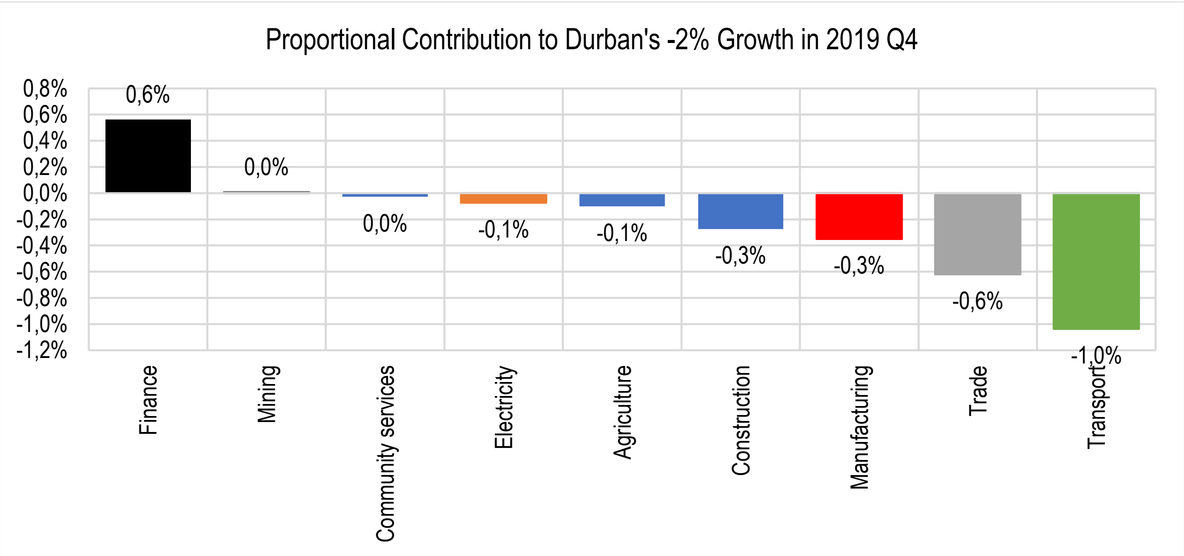
Durban's performance compared to SA's other major cites

All major cities in South Africa have experienced a technical recession with a negative growth rate of 1,5% in the fourth quarter, after a quarter of -0,5% on average across all major cities in the previous quarter. On average the construction, transport, electricity and retail trade sectors have performed the worst across all cities. Durban's negative growth was the most severe of all major cities, at -2% growth, compared to -1,1 % for the top performing economy (Johannesburg).



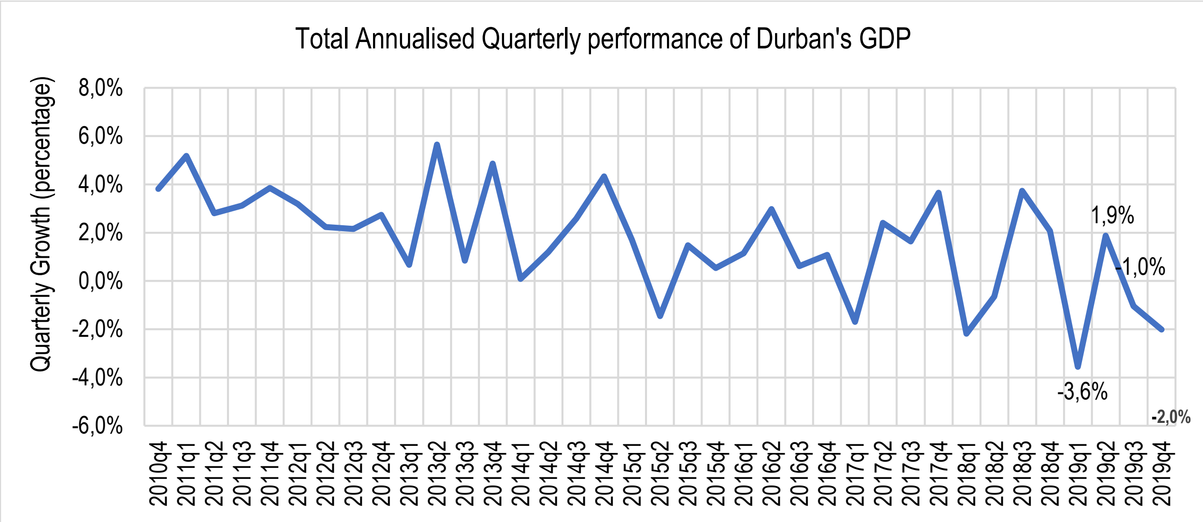
The biggest contributors to Durban's negative economic performance

Almost 79% of Durban's sectoral growth in the last quarter of 2019 has been negative. The finance sector was the only significant positive contributor to Durban's performance, and has consistently displayed positive performance over time with an average growth rate of 2,3% from Durban. Notable negative performance of transport, trade and manufacturing sectors indicate strain on households (trade), as well as pressure on production and exports.



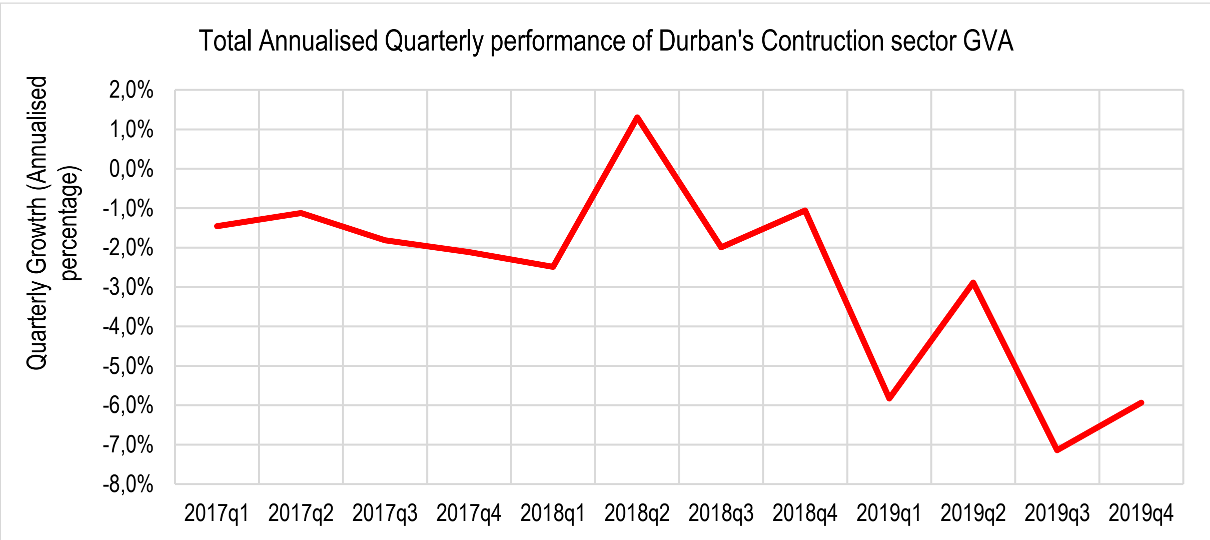
Performance Trends

The economy contracted in three of four quarters in 2019.



Construction in Distress

With the exception of 2018 Q2, the City (and Country's) Construction sectors have recorded consistent negative or sub-optimal performance since 2017 Q1 and requires support and assistance.



Conclusion.

Durban's economic growth remained sharply negative for the majority of 2019; resulting in a technical recession. The pace of economic activity is projected to remain weak in 2020 Q1. The city needs to redirect its resources to provide more support to assist distressed sectors such as construction, and understand the reasons for as well as principles behind the resilience of the finance and business sector.