ECONOMY AT A GLANCE

ETHEKWINI MUNICIPALITY

PREPARED BY ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION UNIT

ISSUE | MARCH 2018

STATE OF THE GLOBAL ECONOMY

	International Monetary Fund	The World Bank	OECD (Better Policies for Better Lives)
Projected GDP Growth for 2018	3.6%	3.0%	3.6%
2017 GDP Growth	3.1%	2.4%	3.0%
2019 GDP Growth	3.7%	3.1%	3.7%

GLOBAL HIGHLIGHTS

Africa Free-Trade Zone

The African Union has agreed to form a $3 trillion continental free-trade zone, however, Nigeria and South Africa did not sign up as yet, until certain legal processes are ratified with the relevant stakeholders. The trade bloc will comprise 55 nations and become the biggest in the world with the intention of increasing intra-regional trade, which currently stands at 15% of the Africa's total trade. *(Mercury, 22 March 2018).*

Global growth in Quarter 4 of 2017

Global economic growth was slow in the fourth quarter of 2017, despite remaining robust overall. The global economy expanded 3.4% annually in Q4 of 2017. This was attributed to the weaker than expected growth in Latin America, particularly in Brazil. Data for Q1 signals that the economy continues to sail smoothly, stimulated by largely accommodative monetary policies, tight labor markets and robust global trade. Against this backdrop, economic analysts expect the global economy to expand 3.5% in Q1 on improved dynamics in both advanced and emerging market economies. *(https://www.focus-economics.com/regions/major-economies)*

NATIONAL STATE OF THE ECONOMY

National GDP Growth and Forecasts

	South African Reserve Bank	International Monetary Fund	The World Bank	OECD (Better Policies for Better Lives)
Projected GDP Growth for 2018	1.5%	0.9%	1.1%	1.7%
Projected GDP Growth for 2019	1.8%	1.6%	1.7%	1.5%
2017 GDP/Growth	R3.09 trillion (increase of 0.3% from 2016, sourced from Statistics South Africa)			

NATIONAL HIGHLIGHTS

JANUARY TRADE DEFICIT

SA recorded a R27.6 billion trade deficit in January 2018 – the highest in 17 years, as exports decreased by R23.5 billion. (Mercury, 1st March 2018).

PHASE 2 OF DUBE TRADEPORT BEGINS

KwaZulu-Natal's Dube TradePort is prioritising construction of Phase 2 that is expected to attract over R10bn in private sector investment over the next 5 years. Dube TradePort has attracted R1.5bn in private investment since being designated a special economic zone, and will also be facilitating the 1st phase of an Automotive Supplier Park. *(Mercury, 19th March 2018).*

MOODY'S CREDIT RATING

Moody's Investor Services' rating left the country's local and foreign currency rating unchanged at Baa3 during March 2018. This decision has avoided South Africa being excluded from the Citygroup World Government Bond Index. *(Mercury, 27th March 2018)*

STANDARD & POORS LIFTS GROWTH FORECAST FOR SA

The international ratings agency S&P Global Ratings has lifted the country's GDP growth forecast for 2018 from 1% to 2% and for 2019 from 1.7% to 2.1%. This is following the new political leadership and recent policy announcements.
(Mercury, 28th March 2018)

KEY NATIONAL INDICATORS

INFLATION RATE

The inflation rate increased to

5.5%

in February 2018 year-on-year, after 4.7% in January 2018.
(https://www.news24.com/Tags/Topics/cpi)

PETROL PRICE

93: R14.23
95: R13.89

As at 4th April 2018
(SANews.gov.za)

EXCHANGE RATES

R/$: 11.8122
R/£: 16.5982
R/€: 14.4986

As at 4th April 2018
(Mercury, 4th April 2018)

VEHICLE SALES

New car sales in South Africa remain under pressure as evidenced in the

3,8%

year-on-year decline of aggregate domestic sales of 46 347 in February 2018.
(National Association of Automobile Manufacturers of South Africa)

QUARTERLY GDP / UNEMPLOYMENT TRENDS

South Africa's gross domestic product (GDP) growth rate was

3.1%

in the fourth quarter of 2017.

The largest positive contributor was the agriculture, forestry and fishing industry, which increased by

37.5%

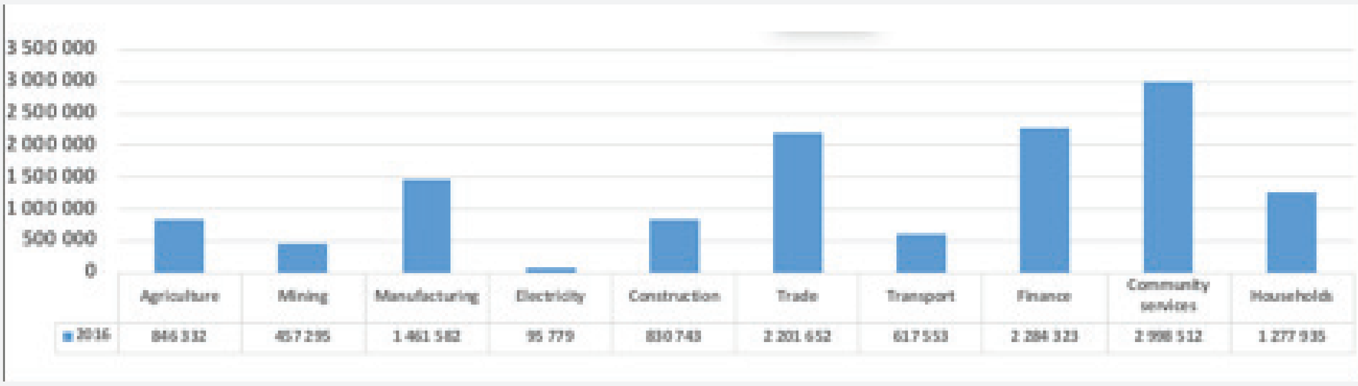
The industry's growth of 37.5% in the fourth quarter of 2017 was mainly the result of higher production of animal products.
(http://ewn.co.za/ 2018/03/06/gdp-3-1-in-fourth-quarter-of-2017)

The unemployment in the 4th quarter of 2017 decreased by 1 percentage point to

26.7%

(https://www.iol.co.za/business-report/economy/breaking-unemployment-rate-drops-to-267-1326004)

NATIONAL EMPLOYMENT & GDP: BROAD SECTORS: 2016



LOCAL STATE OF THE ECONOMY

ETHEKWINI INDICATORS

GDP / TOTAL POPULATION

R302.3 ↑

billion in 2016
Increased by 1.0% from 2015.
(Global Insight internal database)

The eThekwini population was recorded as 3,820,174 for 2016 according to Global Insight *(Increased by 1.4%) (Global Insight internal database)*

TOTAL EMPLOYMENT

Formal Sector employment recorded as

1,184

million according to the 2nd Quarterly Labour Force Survey in 2017 Statistics South Africa. This represented an increase of 0.5% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2017.pdf)*

Q4 2017 UNEMPLOYMENT INCREASES TO 23.3%

The City's quarterly unemployment rate decreased to

21.9%

during the 4th quarter of 2017 after 23.3% in the 3rd quarter. *(http://www.statssa.gov.za/publications/P0211/P02112ndQuarter3017.pdf)*

POVERTY STATISTICS

The number of people living below the poverty line in 2016 in eThekwini was recorded at approximately

852 000

(Source: Global Insight)

ANNUAL TRADE

Total Exports:

R71.8 bn

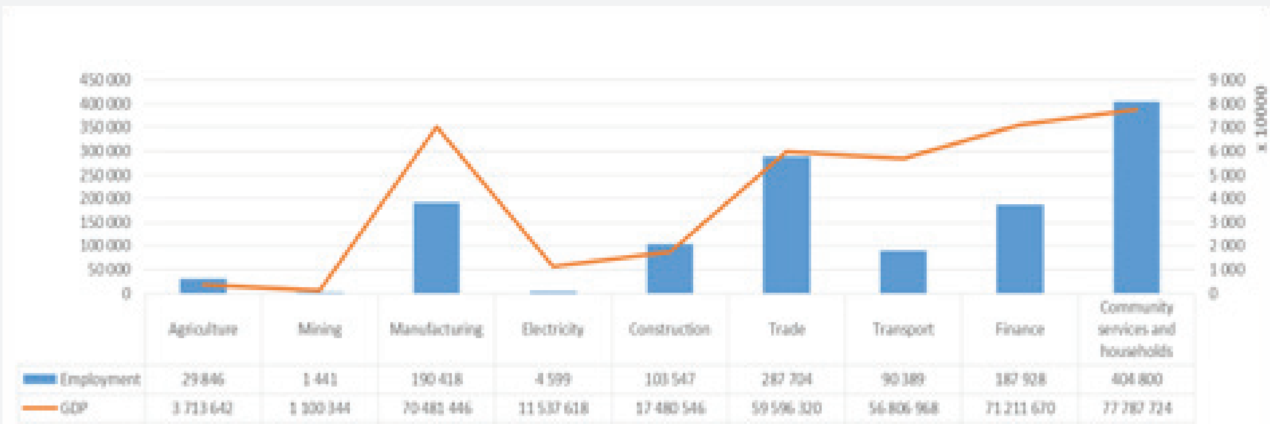
(Increased by 12.3%)

Total Imports:

R104.7 bn

(Increased by 9.3%)
(Global Insight internal database)

ETHEKWINI TOTAL EMPLOYMENT & GDP: BROAD SECTORS: 2016



UMLAZI MEGA CITY REVAMP

The R370m of Umlazi Mega City which began in 2015 has almost doubled the lettable area to 52 000 square metres. The revamp has increased the number of outlets and also saw the number of residents shopping outside the area drop from 49.9% to 34.2%.
(Mercury Network, 28th February 2018)

CITY TO SET UP CATALYTIC PROJECT OFFICE

The City is establishing a Catalytic Projects Office to fast-track major projects. Catalytic projects are defined as such if they have a major impact on employment, with substantial investment from both the private- and public sectors and are mixed-use in nature. At present some of the Catalytic Projects are the land-Use Strategic C3 Corridor, Pearls Umhlanga, Clairwood Logistics Park, Cornubia and Dube TradePort.
(Metro Ezasegagasini, 9-22 March 2018)

NEW AGRO-ECOLOGY UNIT IN THE CITY

The 152 hectare Keystone Park light industrial and logistics hub has already created 2 000 permanent jobs in the first phase. The development continues to benefit local businesses with sub-contracting opportunities and temporary jobs created during the construction phases. This development is in line with the Spatial Planning and Land-Use Management Act which promotes sustainable development and a good quality of life.
(Metro Ezasegagasini, 9-22 March 2018)

R57 MILLION FOR KZN SMALL BUSINESS SECTOR

Co-operatives and small business enterprises in KwaZulu-Natal will receive R57 million from the provincial Department of Economic Development, Tourism and Environmental Affairs (EDTEA).
This is set aside for the implementation of the Radical Agrarian Socio-Economic Transformation (RASET) programme, which sought to improve the participation by small scale farmers in the lucrative food production value chain.
(SANews, 14th March 2018)

EThekwini Economy at a glance: Policy Strategy Information & Research Dept. (PSIR): ref denny.thaver@durban.gov.za