# ETHEKWINI ECONOMY *'AT A GLANCE'*

FEBRUARY 2019

## GLOBAL STATE OF THE ECONOMY

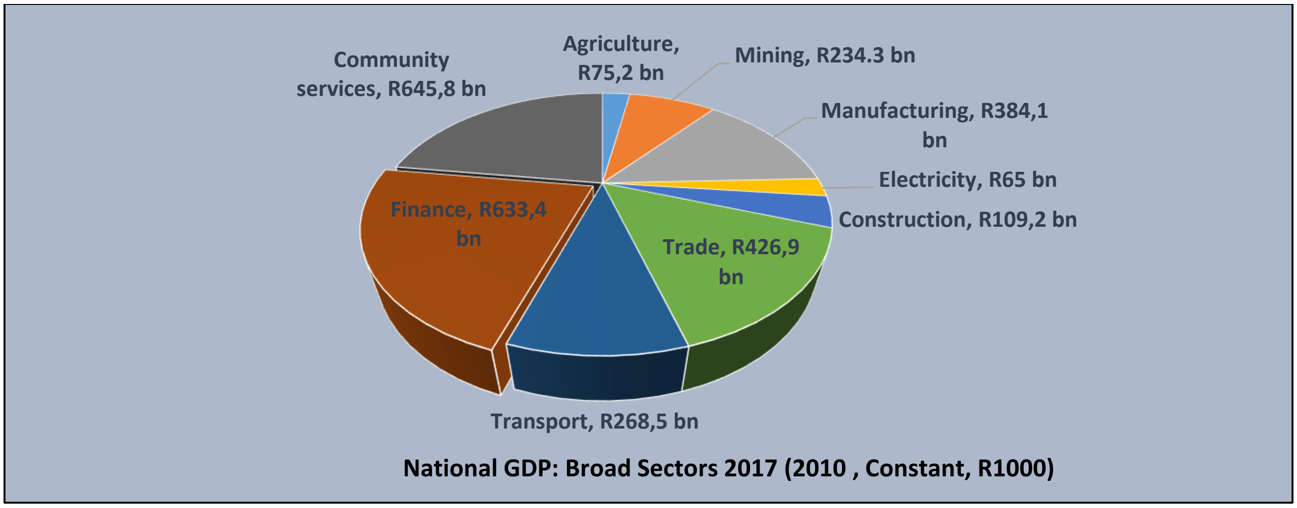
| | IMF | World Bank | OECD |
|---|---|---|---|
| **Projected GDP Growth 2019** | 3.5% | 2.9% | 3.5% |
| **2018 GDP Growth** | 3.7% | 3.0 % | 3.7% |
| **Projected GDP Growth 2020** | 3.6% | 2.8% | 3.5% |

## GLOBAL HIGHLIGHTS

| Growth in Africa | Global Growth in 2019 |
|---|---|
| Regional growth in Africa is expected to be 3.4% in 2019, in light of diminished policy uncertainty and improved investment in large economies together with continued robust growth in non-resource intensive countries. Per capita growth is forecast to remain well below the long-term average in many countries, yielding little progress in poverty reduction *(http://www.africanews.com/2019/01/09/january-2019-global-economic-prospects-materials//)* | Global growth is expected to moderate from an estimated 2.8% in 2018 to around 2.3% in 2019. In the Eurozone uncertainty relating to global trade tensions and Brexit will be an impact on growth in the region during 2019. In China, the impact of US tariffs and the need to control debt levels are likely to slow growth in 2019. Developing economies may come under periodic pressure from the strong US dollar and may diminish towards the end of 2019 when the US economy is expected to slow down. *(https://www.pwc.com/gx/en/issues/economy/global-economy-watch.html)* |

## NATIONAL STATE OF THE ECONOMY

| | South African Reserve Bank | IMF | The World Bank | OECD |
|---|---|---|---|---|
| **Projected GDP Growth for 2019** | 1.7% | 1.4% | 1.3% | 1.7% |
| **Projected GDP Growth for 2020** | 2.0% | 1.7% | 1.3% | 1.8% |
| **2018 GDP/Growth** | R3.14 trillion (Constant, 2010 Prices, **forecasted** , sourced from *Global Insight*) | | | |



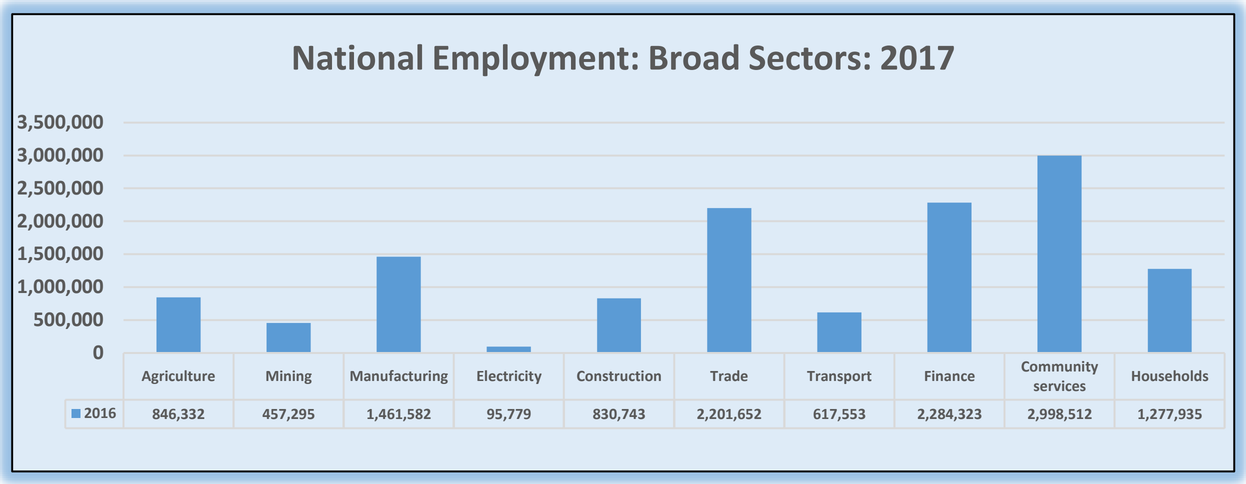

Source: Global Insight 2018

## NATIONAL HIGHLIGHTS

| State of the Nation Address (SONA) | Budget Report 2019 | Unemployment rate reduces in Q4: 2018 | Growth in tourism to South Africa |
|---|---|---|---|
| The SONA reaffirmed the main economic policy goal of investment for faster economic growth. The economy needs to grow between 3-5% to alleviate unemployment from its current rate of 30%. The SONA also emphasised the significance of more collaboration between government, business and organized labour to aid effective implementation of infrastructure projects. (SANews.11th February 2019). | The 2019 Budget showed tough fiscal measures with National Treasury revising downward the GDP forecast for 2018 to 0.7%. This is due to the slow improvement in production and employment following poor investment growth in 2018 and subdued global trade and investment. The GDP for 2019 has been forecast as 1.5% by National Treasury. *(http:/www.investec.com/en_za/ focus/economy.html).* | The unemployment rate reduced by 0.4 percentage points to 27.1% in the 4th quarter of 2018. The number of employed people was estimated at 16.5 million with 6.1 million unemployed. The labour force also increased by 79,000 to 22.67 million from 22.59 million in the previous quarter. The expanded definition of unemployment, including people who have stopped looking for work, decreased to 37% in the fourth quarter of 2018 from 37.3% in the third quarter. *(Statistics South Africa, Quarterly Labour Force Survey, Q4: 2018)* | Tourism to SA grew by 1.8% y/y in 2018 boosted by a 3.0% y/y increase in arrivals from Africa. The number of travellers passing through SA's ports of entry rose in December by 2.1% to 4.50 million people. Tourism remains a key vehicle for growth and job creation and is a key priority for government. Over the past year 10 million people visited the country and government is intending to lift this figure to 21 million by 2030. *(http://www.investec.co.za/research-and-insights/economy/economic-research-v1.html).* |

## NATIONAL KEY INDICATORS

| INFLATION RATE / NATIONAL EMPLOYMENT | PETROL PRICE | EXCHANGE RATES | VEHICLE SALES | QUARTERLY GDP |
|---|---|---|---|---|
| The annual inflation rate in SA declined to 4.0% in January 2019 from 4.5% in December 2018 and below market expectations of 4.3%. It is the lowest inflation rate since March last year mainly due to falling fuel prices. The inflation Rate in South Africa averaged 9.03 percent from 1968 until 2019, reaching an all-time high of 20.7% in January of 1986 and a record low of 0.20% in January of 2004. *(https://tradingeconomics.com/south-africa/inflation-cpi)*<br><br>National employment in the 4th Quarter of 2018 was recorded as 16,529 million up by 0.9% from the previous quarter *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)* | **93 Octane**: R15.01<br><br>**95 Octane**: R14.65<br><br>**0.05% Diesel**: R14.19<br><br>As at 5th December 2018<br><br>*(https://www.enca.com/south-africa/petrol-price-to-increase-on-wednesday)* | Rand/Dollar: 13.8616<br><br>Rand/Pound: 18.2468<br><br>Rand/Euro: 15.7357<br><br>As at 27th February 2019<br><br>*(Mercury, 27th February 2019)* | January 2019 sales was weak at 29 040 and is a decline of 10, 8% compared with the 32 552 new cars sold in January 2018. As had been the case for most of 2018, the car rental industry had made a major contribution accounting for 19, 9% of new car sales in January 2019 – translating into one in every five new cars sold during the month being a car rental sale. *(https://www.carmag.co.za/news/naamsa-january-2019-unexpectedly-weak-start-to-the-year/)* | The South African economy has officially exited the recession after reporting 2.2% Gross Domestic Product (GDP) growth for the third quarter of the year, according to Statistics South Africa. *(https://tradingeconomics.com/south-africa/gdp-growth)* |

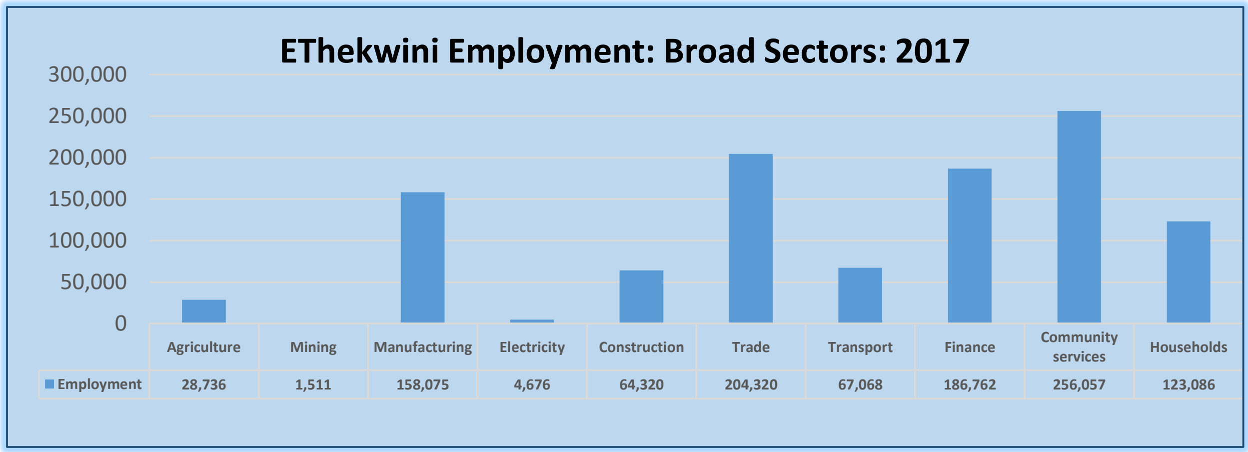



Source: Global Insight 2018

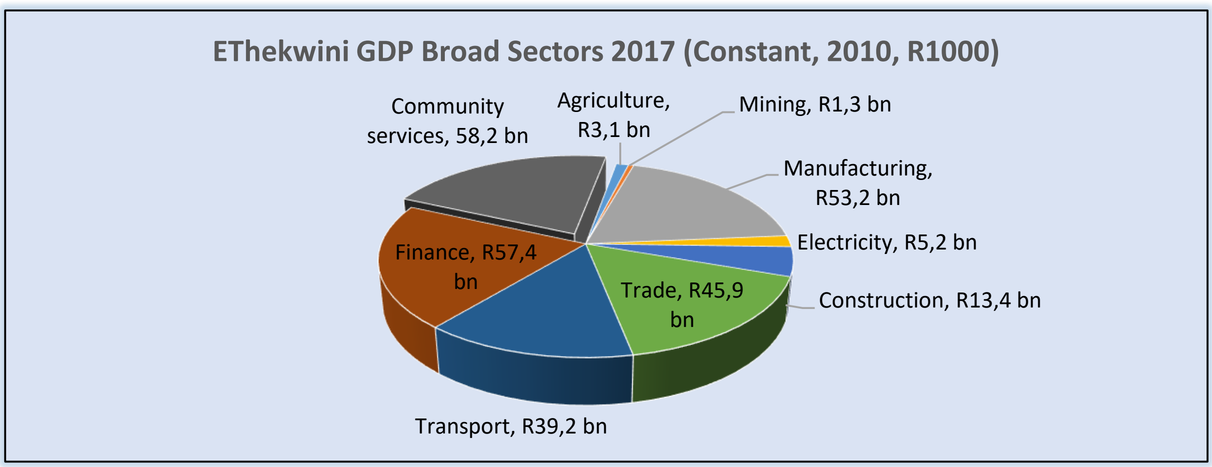
## LOCAL STATE OF THE ECONOMY

## ETHEKWINI INDICATORS

| GDP / TOTAL POPULATION | TOTAL EMPLOYMENT | Q4:2018 UNEMPLOYMENT INCREASED TO 21.8% | Development Indicators for 2017 | ANNUAL TRADE 2017 |
|---|---|---|---|---|
| R306.2 billion **forecasted** for 2018. *(Global Insight updated database)*<br><br>The eThekwini population was recorded as 3,866,505 in 2017 according to Global Insight (Increased by 1.4%) ***(Global Insight internal database)*** | Formal Sector employment recorded as approximately 1,179 million according to the 4th Quarterly Labour Force Survey in 2018 according to Statistics South Africa. This represented decrease of 2.7% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02114thQuarter2018.pdf)* | The City's quarterly unemployment rate increased by 3.6 percentage points to 21.8% from 18.2% in the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)* | Human Development Index: **0.67**<br><br>Gini coefficient: **0.63**<br><br>Functional Literacy:<br><br>Total illiterate: **345,146**<br>Total literate: **2,577,044**<br><br>*(Source: Global Insight)* | Total Exports: R72.7 billion (Increased by 1.6%)<br>Total Imports: R105.5 billion (Increased by 0.75%)<br>*(Global Insight internal database)* |




Source: Global Insight 2018




Source: Global Insight 2018

## ETHEKWINI EVENTS/AWARDS/INVESTMENTS

| **Upgrade of Informal Settlements** | **KwaZulu-Natal Transformation in the Property Sector Unit Breakfast** | **Durban ICC commended for clean audit report** | **eThekwini multi-million rand infrastructure project** |
|---|---|---|---|
| The City has reserved R100-million to purchase land as part of the plan to address the housing backlog. This was confirmed at the recent Informal Settlements Upgrade Summit in Durban. The city still has a huge backlog even though over 200,000 houses have been built since 1994. *(Metro,* | This event was held at the Durban ICC during February and highlighted the City's plans to introduce transformation in the property sector. Limited support, the absence of financial aid, no formal structures for sharing information and disintegration of business relationships were some of the challenges | The Inkosi Albert Luthuli International Convention Centre (Durban ICC) hosted 456 (21 international and 435 domestic) events during 2017/18 year and contributed R4.7 billion to the country's GDP and R4.6 billion to KwaZulu-Natal's GDP while receiving a clean | The City is planning a multimillion-rand infrastructure project along Dumisani Makhaye Drive to boost the township economy in the City. The R250 million project, which will see the City partner with a private company, forms part of the GO! |

| | | | |
|---|---|---|---|
| *Ezasegagasini, 22nd February – 7th March 2019)* | mentioned at the Breakfast. *(Metro, Ezasegagasini, 22nd February – 7th March 2019)* | audit report for the 2017/18 financial year. | Durban project along the City's Integrated Rapid Public Transport Network corridor. The developments include the Midway Crossing Mall project, at cost more than half a billion rand. The Municipality sold a portion of the land to Siveni Investments, who are spearheading the development. *(Media Monitoring Report, 27th February 2019)* |

## LINKS TO ECONOMIC REPORTS

| Name | Description | Link |
|---|---|---|
| ***State of the Nation Address 2019*** | State of the Nation address by President Ramaphosa which includes a section on economic development. | *https://www.moneyweb.co.za/news/south-africa/sona-2019-read-president-cyril-ramaphosas-full-speech/* |
| ***Budget Speech 2019*** | The 2019 Budget Speech by Minister Tito Mboweni. | *http://www.treasury.gov.za/documents/national%20budget/2019/speech/speech.pdf* |

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

Although care has been taken to source the most up-to-date information for this edition, new information may come on stream during the editing, layout and printing of the *'Economy at a Glance'* publication and it may not be possible to update.