ETHEKWINI ECONOMY *'AT A GLANCE'*

MAY 2020

Due to the COVID-19 pandemic, Statistics SA has been constrained by the restrictions put in place to manage the spread of the coronavirus. The task of scheduling collection, analysis and publication of data is made all the more difficult by uncertainty regarding when enterprises will resume operations and when their staff will be able to return to work. Most publications due in April have been suspended. The extension of the lockdown to the end of April required a rethink about resuming the publication of statistics on the economy as well as the potential impact of these events on the quality of statistics.

STATE OF THE GLOBAL ECONOMY

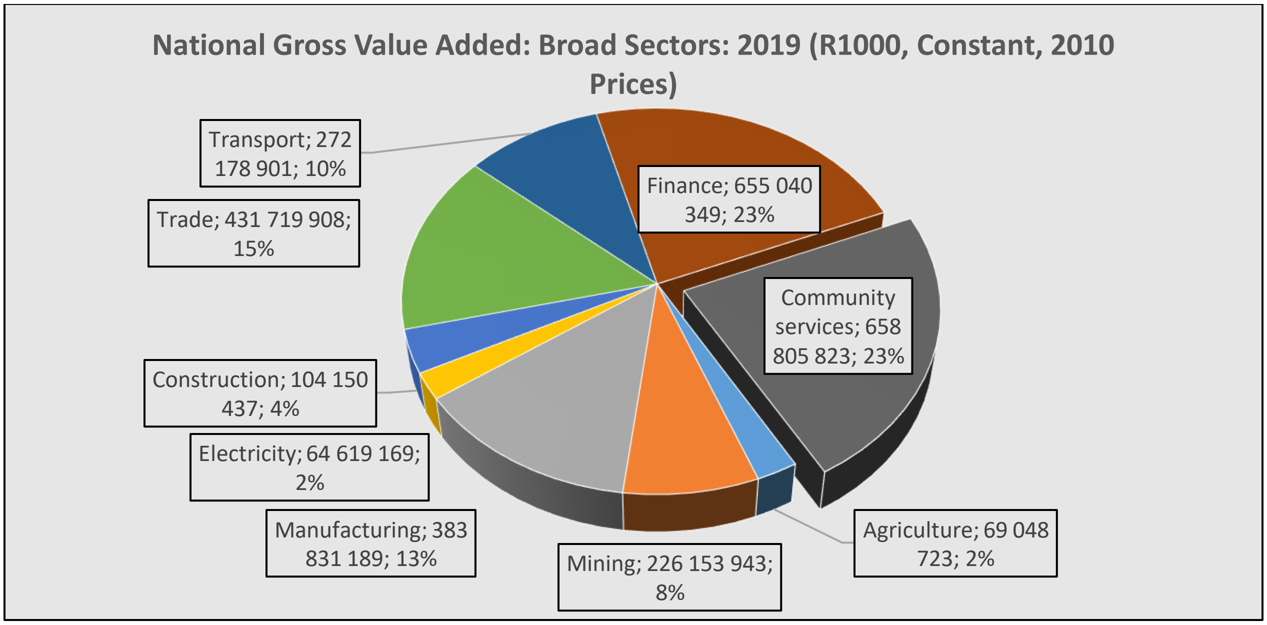
	IMF	World Bank	OECD
Projected GDP Growth 2019	2.9%	2.4%	2.9%
Projected GDP Growth 2020	-3.0%	-5.2%	-7.6%
Projected GDP Growth 2021	5.8%	4.2%	2.8%
Global GDP in 2018 (Actual)	84,835 trillion US$ (Current prices, as per the World Bank)		

GLOBAL HIGHLIGHTS

Update on Covid-19 impact on global economy
The COVID-19 outbreak has spread to all parts of the world and is having a significant impact on the global economy. Estimates have indicated the pandemic could reduce economic growth by 2.0% per month if the conditions persist. Global trade could drop by between 13%-32%, but the full impact will not be known until the effects of the pandemic peak. Preliminary data show that the U.S. GDP fell by 4.8%, while foreign investors have withdrawn an estimated $26 billion out of major developing Asian economies, threatening a major economic recession in Asia. Other estimates indicate that 29 million people in Latin America could fall into poverty. In Europe, over 30 million people in Germany, France, the UK, Spain and Italy have applied for state support of their wages. *(https://fas.org/sgp/crs/row/R46270.pdf)*

STATE OF THE NATIONAL ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth 2019	0.3%	0.2%	0.**2**%	0.4%
Projected GDP Growth 2020	-7.0%	-5.8%	-7.1%	-8.2%
Projected GDP Growth 2021	3.8%	4.0%	2.9%	0.6%
2019 GDP/Growth trend	R3.14 trillion (constant, 2010 prices, 0.15% growth from 2018, sourced from *Global Insight*)			



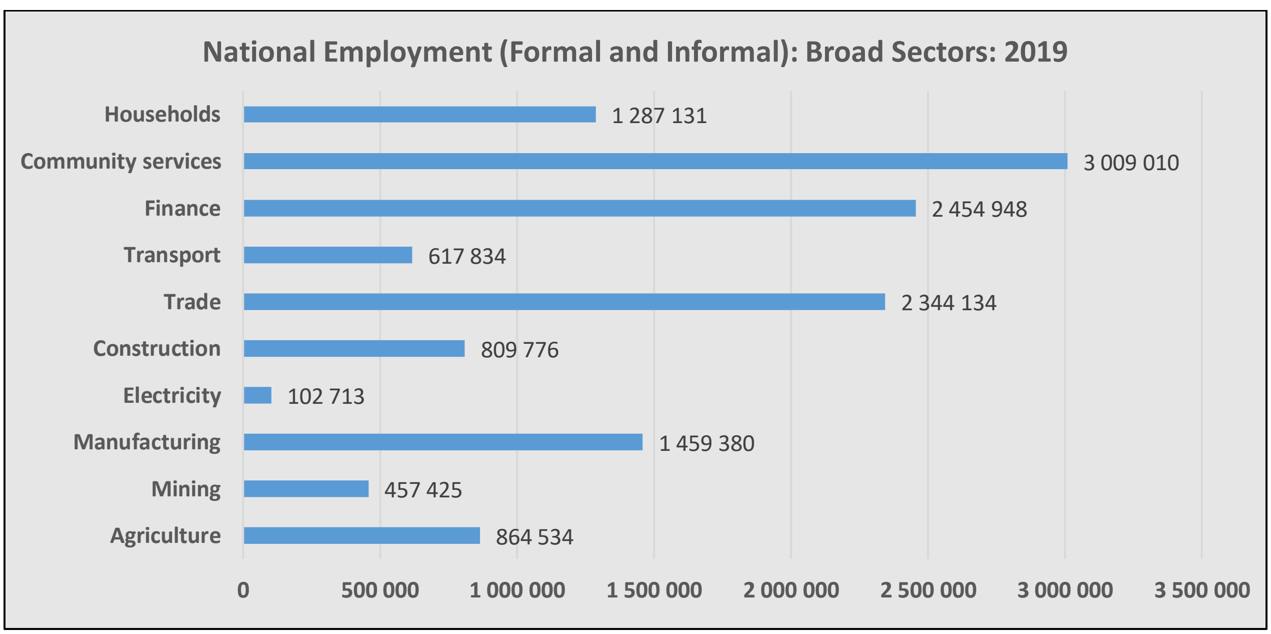
Source: Global Insight 2020

NATIONAL HIGHLIGHTS

Moody's warns on delay in launching African Free Trade Agreement (AfCFTA)	**South African Reserve Bank (SARB) downgrades GDP for 2020 further**	**SARB slashes Interest Rates**	**Lockdown moves to Level 3 from 1st June 2020**
Moody's has warned that the COVID-19 pandemic would make launch of the AfCFTA impossible for July. It is expected that the launch will boost intra-African exports by more than $1.1 million and create over 2 million jobs. (Mercury, 20th May 2020).	The South African Reserve Bank has slashed the country's GDP for 2020 from-6.1% to -7.0% as it expects the COVID-19 pandemic to affect the economic growth prospects for a few years. GDP is expected to grow by 3.8% in 2021 and 2.9% in 2022. *(Mercury, 22nd May 2020)*	The SARB has again slashed interest rates by 50 basis points to 3.75%. This follows after the International Monetary Fund has affirmed that global GDP would decrease by about 3% in 2020 as the COVID-19 pandemic continues to impact negatively on economic activity. *(22nd May 2020)*	The Cabinet has lowered the level alert from 4 to 3 with effect from 1st June. All manufacturing, mining, construction and financial services will commence subject to the development of sector protocols. Professional and business services, information technology, communications, government services and media services will also begin operations. *(Mercury, 25th May 2020).*

NATIONAL KEY INDICATORS

Inflation Rate / National Labour Trends	Petrol Price	Exchange Rates	Vehicle Sales	Quarterly GDP Contracts in 4th Quarter Of 2019
The CPI inflation eased to 4.1% year-on-year in March from 4.6% year-on-year previously on lower fuel price growth and weak domestic demand. (*https://tradingeconomics.com/south-africa/inflation-cpi*) National employment in the 4th quarter of 2019 was recorded as 16,420 million, up by 45,000 from previous quarter (0.3%). The official unemployment remained unchanged at 29.1% *(http://www.statssa.gov.za/publications/P0211/P02114thQuarter42019.pdf)*	93 Octane: R12/02 95 Octane: R12.22 50ppm Diesel: R11.08 As at 6th May 2020 (https://www.aa.co.za/fuel-pricing) (*https://www.aa.co.za/fuel-pricing)*	Rand/Dollar: 17.71 Rand/Pound: 21.58 Rand/Euro: 19.28 As at 25th May 2020 *(Mercury, 25th May 2020)*	*New Car Sales Summary for April 2020* New vehicle sales plummeted by 98.4% y/y or 36 213 units in April, following the significant 29.7% y/y fall in March, reflecting the severity of the economic situation as lockdown containment measures applied to "flatten the curve" have restricted manufacturing activity. *(www.naamsa.co.za)*	National GDP contracted by 1.4% in the 4th quarter of 2019 following a contraction of 0.8% in the 3rd quarter. Transport and trade were the main sectors contributing to the contraction. *(https://tradingeconomics.com/south-africa/gdp-growth)*

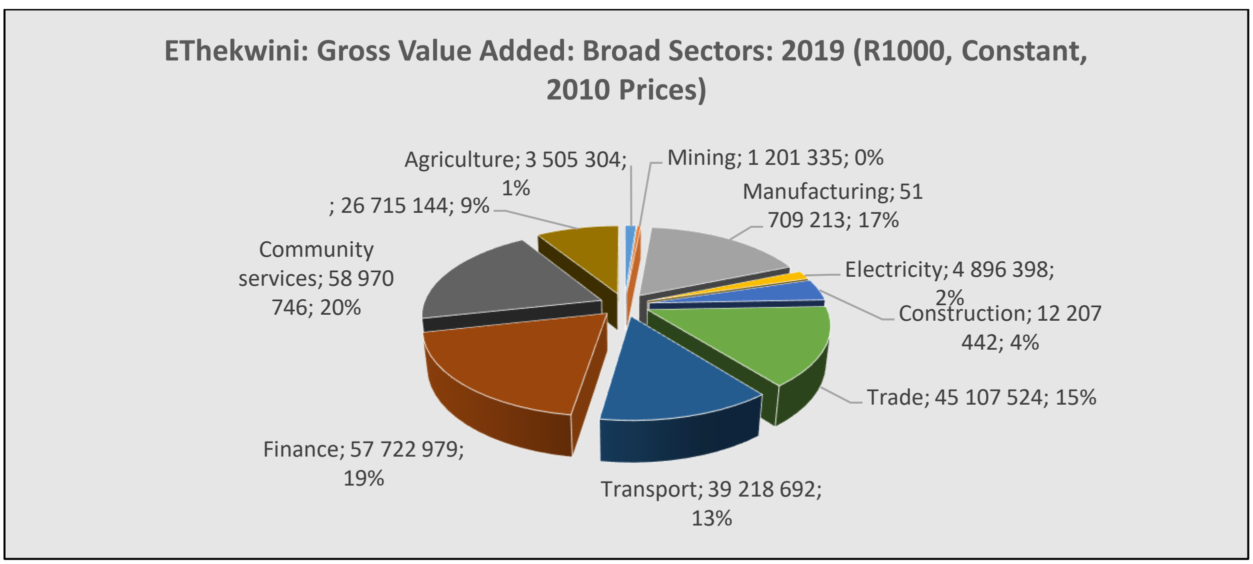


Source: Global Insight 2020

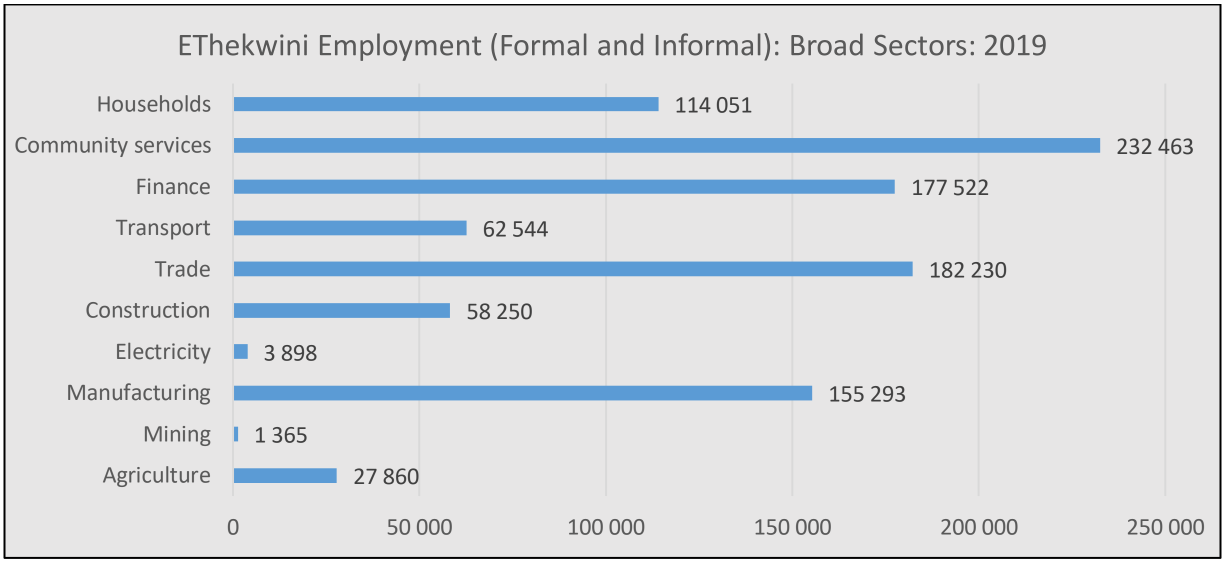
STATE OF THE LOCAL ECONOMY

ETHEKWINI INDICATORS

GDP / Total Population	Total Employment Q4: 2019	Q4: 2019 Unemployment Decreased to 20.9%	Development Indicators for 2019	Annual Trade 2019
GDP was 301.7 billion, -0.15% growth from 2018. *(Global Insight 2020)* The eThekwini population was recorded as 3,938,683 in 2020 according to Global Insight (Increased by 1.4%) *(Global Insight 2020)*	Formal Sector employment recorded as approximately 1.191 million in the 4th Quarterly Labour Force Survey in 2019 according to Statistics South Africa. This represented an increase of 7,000 and 0.6% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02114thQuarter2019.pdf)*	The City's official quarterly unemployment rate decreased by 0.6 percentage points to 20.9% from 21.9% in the previous quarter. Number of unemployed is at 315,000, down by 9,000 from previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02114thQuarter2019.pdf)*	Human Development Index: 0.66 Gini coefficient: 0.62 Functional Literacy: Total illiterate: 340,675 Total literate: 2,625,882 Number of Households: 1, 125, 767 Geographic Area: 2, 556 km^2 Number of Wards: 110 *(Source: Global Insight 2020/ Development Planning)*	Total Exports: R88.3 billion Total Imports: R79.9 billion. *(Quantec 2020)*



Source: Global Insight 2020



Source: Global Insight, 2020

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

EThekwini remains epicentre in KZN	**EThekwini economy at 30-40% operations during Lockdown 4**
KwaZulu-Natal accounts for 10% of Covid-19 cases nationally with eThekwini being the epicentre in the province with 1,144. The province currently has 1,777 confirmed cases with 49 deaths reported as at May 2020. *(Mercury, 25th May 2020).*	The city's economy has been operating at between 30 to 40% during lockdown 4, with R10,5 billion of investment put on hold. The city has plans to spend about R485 million in the next 12 months to unlock R10 billion worth of private sector developments, however, this may vary considerably in the next few months as the city prioritizes on other matters. *(Internal research by PSIR Department, April/May 2020)*

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.