ETHEKWINI ECONOMY AT A GLANCE

ETHEKWINI MUNICIPALITY

PREPARED BY ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION UNIT **ISSUE | NOVEMBER 2019**

GLOBAL STATE OF THE ECONOMY

	International Monetary Fund	The World Bank	OECD (Better Policies for Better Lives)
Projected GDP Growth 2019	3.2%	2.9%	2.9%
2018 GDP Growth	3.7%	3.1%	3.7%
Projected GDP Growth 2020	3.5%	2.8%	3.0%
Global GDP in 2018	84,835 trillion US$ (Current prices, as per the World Bank)		

GLOBAL HIGHLIGHTS

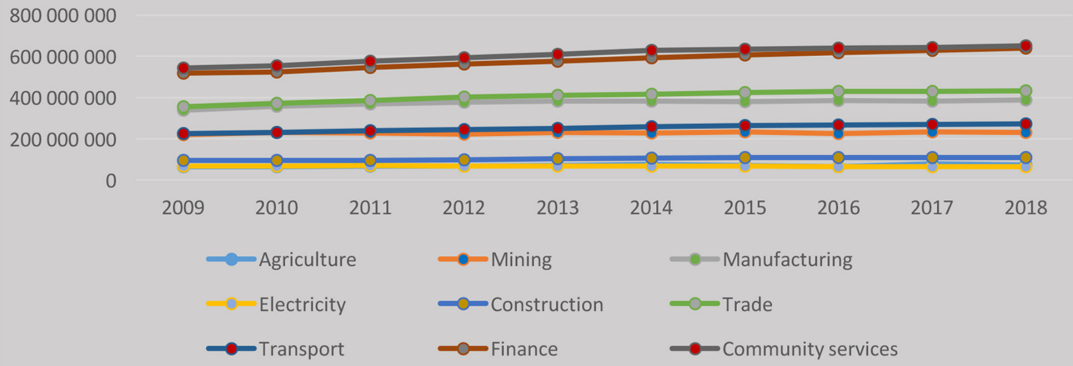
Global Economic Activity

After slowing sharply in the last 3 quarters of 2018, the pace of global economic activity remains weak. Momentum in manufacturing activity, in particular, has weakened substantially, to levels not seen since the global financial crisis. Rising trade and geopolitical conflict have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions and global trade. A notable shift towards increased monetary policy accommodation – through both action and communication has cushioned the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector has supported employment growth. *(International Monetary Front, Economic Highlights, 2018)*.

NATIONAL STATE OF THE ECONOMY

	South African Reserve Bank	International Monetary Fund	The World Bank	OECD (Better Policies for Better Lives)
Projected GDP Growth for 2019	0.5%	0.7%	0.8%	0.5%
Projected GDP Growth for 2020	1.4%	1.1%	1.0%	1.0%
2018 GDP/Growth	R3.14 trillion (Constant, 2010 Prices, 0.8% growth from 2017, sourced from *Global Insight*)			

GDP trends National: 2009-2018 (Constant, 2010 prices)



Source: Global Insight 2018

NATIONAL HIGHLIGHTS

LOWEST CONSUMER CONFIDENCE SINCE 4TH QUARTER 2007

The FNB/BER Consumer Confidence Index was recorded as lowest since the 4th quarter of 2007. This has been attributed to a confluence of adverse economic developments that include rising unemployment, declining per capita incomes and government bail-outs of State-owned enterprises.
(Mercury, 6th November 2019)

MOODY'S SLASHES SA'S GROWTH

Ratings agency Moody's has slashed SA's 2020 growth from 1.5% to 1% - the reasons were attributed to global factors such as trade tensions and geopolitical risk, even though there are indications that SA's monetary policy direction was tightening. Moody's also revised other emerging markets' growth for 2020.
(Mercury, 15th November 2019)

REPO RATE REMAINS UNCHANGED

The Reserve Bank left the repo rate unchanged at 6.5%. The repo rate, which is the rate in which the central bank lends money to commercial banks, has remained at 6.5% since July. This means the prime lending will remain at 10%.
(https://www.google.com/search?q=repo+rate+unchanged&oq=repo+rate+unchanged&aqs=chrome..69i57j69i59l3.2060j0j8&sourceid=chrome&ie=UTF-8)

RESERVE BANK LOWERS GDP GROWTH FOR 2019

The Reserve Bank's forecast for GDP growth for 2019, has been lowered from 0.6% to 0.5%. The bank's forecasts for 2020 and 2021 have been lowered to 1.4% (from 1.5% in September) and 1.7% (from 1.8%) respectively. The Reserve Bank governor said the 3rd quarter GDP is expected to be weak, with the country still facing low business confidence.
(https://www.fin24.com/Economy/sarb-leaves-interest-rate-unchanged-downgrades-gdp-growth-projection-20191121)

REPO RATE REMAINS UNCHANGED

The Reserve Bank left the repo rate unchanged at 6.5%. The repo rate, which is the rate in which the central bank lends money to commercial banks, has remained at 6.5% since July. This means the prime lending rate will remain at 10%.
(https://www.google.com/search?q=repo+rate+unchanged&oq=repo+rate+unchanged&aqs=chrome..69i57j69i59l3.2060j0j8&sourceid=chrome&ie=UTF-8)

KEY NATIONAL INDICATORS

INFLATION RATE / NATIONAL EMPLOYMENT

Annual inflation rate eased to it's lowest rate in 10 years to

3.7%

in October from

4.1%

in September
(https://tradingeconomics.com/south-africa/inflation-cpi)

National employment in the 3rd quarter of 2019 was recorded as

16,375 million,

up by **62,000** from previous quarter

(0.4%).

(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter3019.pdf)

PETROL PRICE

93: R15.66
95: R15.44
0.05: R14.20

As at 6th November 2019

(https://www.aa.co.za/fuel-pricing)

EXCHANGE RATES

R/$: 24.7424
R/£: 19.0212
R/€: 16.2236

(Mercury, 29th November 2019)

VEHICLE SALES

New Car Sales Summary - August 2019

The month of October 2019 yielded some positive results according to figures released by the National Association of Automobile Manufacturers of South Africa (NAAMSA). Aggregate new vehicle sales in October 2019 was

51 978 units

up by **0.2%**

(+122 units) compared with October 2018

(https://www.cars.co.za/motoring_news/new-car-sales-in-sa-october-2019/47689/)

QUARTERLY GDP / UNEMPLOYMENT TRENDS

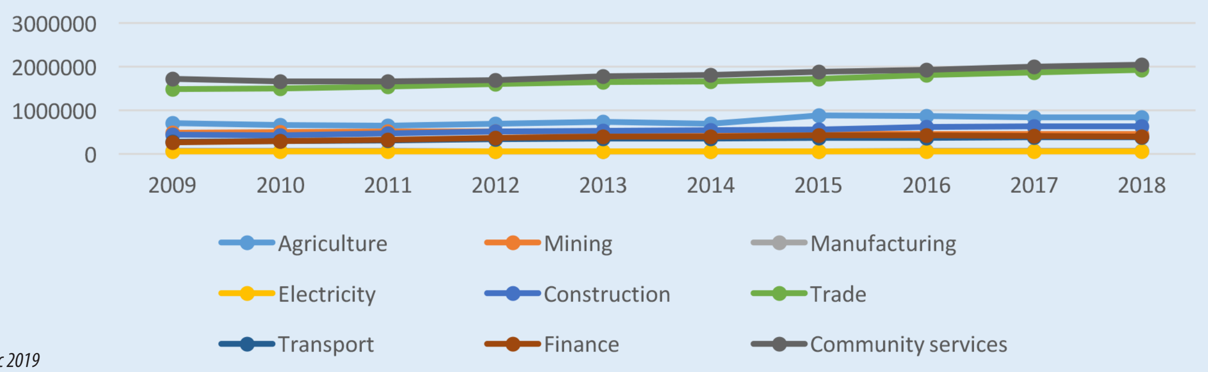
National GDP increased by

3.1%

in the 2nd quarter of 2019.

(https://tradingeconomics.com/south-africa/gdp-growth)

National employment Trends: broad sectors: 2009-2018



Source: Quantec 2019

LOCAL STATE OF THE ECONOMY

ETHEKWINI INDICATORS

GDP / TOTAL POPULATION

R301.9 ↑
billion in 2017

0.9% growth from 2017.
(Global Insight 2019)

The eThekwini population was recorded as 3,918,863 in 2018 according to Global Insight (Increased by 1.4%)
(Global Insight 2019)

TOTAL EMPLOYMENT Q3 2019

Formal Sector employment recorded as approximately

1.183

million in the 3rd Quarterly Labour Force Survey in 2019 according to Statistics South Africa. This represented an increase of 24, 000 and 2.1% over the previous quarter.
(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2019.pdf)

Q3:2019 UNEMPLOYMENT DECREASED TO 21.5%

The City's quarterly unemployment rate decreased by

0.4%

percentage points to 21.5% from 21.9% in the previous quarter Number of unemployed is at 323,000, down by 1,000 from previous quarter.
(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2019.pdf).

DEVELOPMENT INDICATORS FOR 2018

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 km2**

Number of Wards: **110**

(Source: Global Insight 2019/ Development Planning)

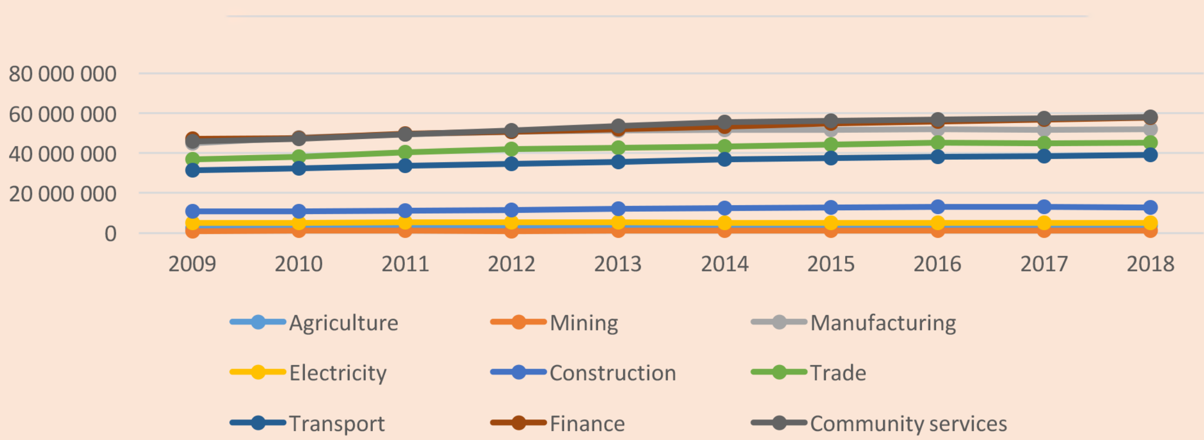
ANNUAL TRADE 2018

Total Exports:
R82, 7 bn
(Increased by **1.6%**)

Total Imports:
R114, 5 bn
(Increased by **8.5%**)

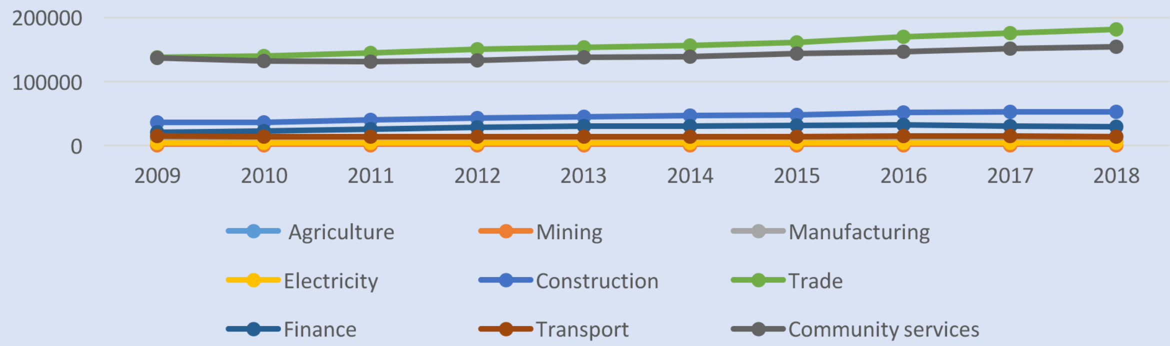
(Global Insight 2019)

GDP Trends EThekwini: 2009-2018 (Constant, 2010 Prices)



Source: Global Insight 2018

EThekwini employment Trends: Broad sectors: 2009-2018



Source: Quantec 2019

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

BEACHFRONT PROMENADE EXTENSION COMPLETE

The beachfront promenade, now the longest in Africa was completed during October and officially opened in November 2019. The 8-kilometre promenade stretches from the Durban harbour mouth to Blue Lagoon. The promenade is expected to unlock the R36 billion Point Waterfront development over the next 10 to 15 years and will generate over R200 million in rates income and create 11, 000 temporary construction- and 6,750 permanent jobs. *(Metro Ezasegagasini, 1-14 November 2019).*

TOYOTA INCREASES TAXI PLANT INVESTMENT

Toyota South Africa has boosted its investment in its HiAce Ses'fikile taxi vehicle plant in Prospecton, Durban to over R1 billion since 2012. The latest R454 million investment will enhance local production of the model by increasing the local value addition. *(https://www.moneyweb.co.za/news/-companies-and-deals/toyota-boosts-investment-in-taxi-plant-to-more-than-r1bn/)*

DIRECT FLIGHTS FROM DURBAN TO LONDON BOOST TOURISM

The introduction of direct flights from King Shaka International Airport to London since October 2018 has resulted in international passenger numbers growing by 11% for the 2019 period up to September, compared with the same period in 2018. The route is expected to boost the province's tourism potential to help grow the international market. *(Network, 6th November 2019).*

WORK TO BEGIN ON CRUISE TERMINAL

The Cruise Terminal will be operational from January 2021, following the announcement by Transnet National Ports Authority to commence construction next year. Transnet will also connect the Cruise Terminal to its section of the new promenade to provide access to the central beachfront. *(Mercury, Network, 20th November 2019).*