ETHEKWINI ECONOMY *'AT A GLANCE'*

JANUARY 2021

STATE OF THE GLOBAL ECONOMY

	IMF	World Bank	OECD
Projected GDP Growth 2020	-4.4%	-4.3%	-3.5%
Projected GDP Growth 2021	5.2%	4.0%	2.9%
Global GDP in 2019 (Actual)	142 trillion US$ (Current prices, as per the World Bank)		

GLOBAL HIGHLIGHTS

Update on global economy

According to the World Bank, the global economy is expected to grow by 4% in 2021, however, this is reliant on a Covid-19 vaccine rollout throughout the year. The economic recovery may be boosted by bold policy moves – public health, debt management, budget policies and structural reforms - to quell the pandemic and implement investment-enhancing reforms. A downside scenario where infections continue with a delay in vaccinations may limit global growth to 1.6% in 2021, while an upside scenario with successful pandemic control and faster vaccinations may accelerate growth to 5% in advanced economies.

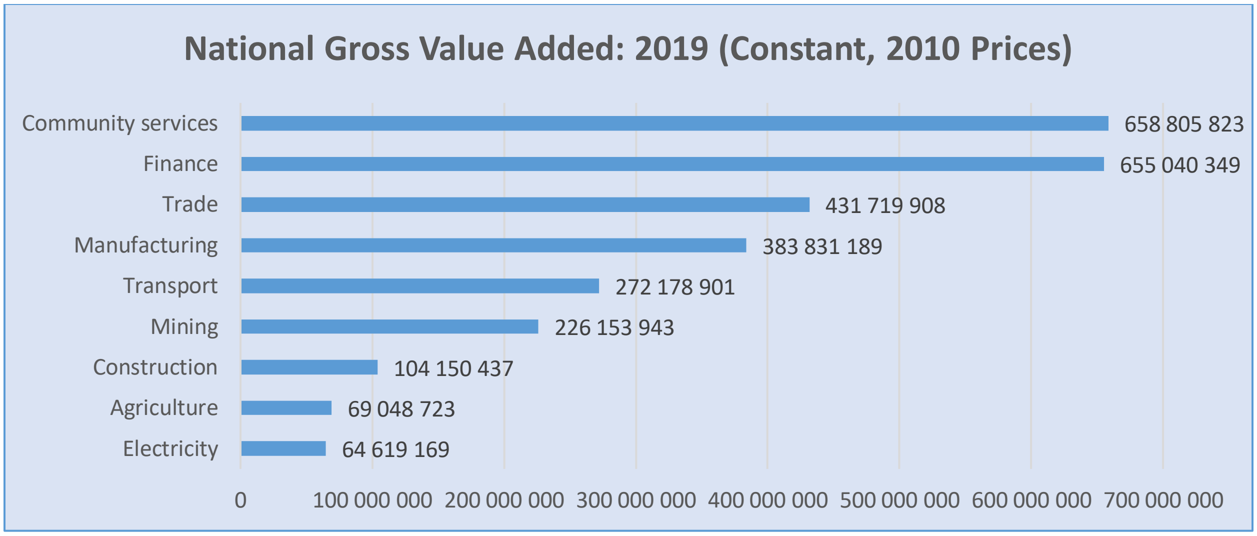
Emerging markets and developing economies are forecast to grow 3.4% in 2021, after a contraction of 5% in 2020. In the long term, in developing economies, policies to improve health and education services, digital infrastructure, climate resilience, and business and governance practices will mitigate the problems caused by the pandemic, reduce poverty and advance shared prosperity.

New American President Joe Biden has pledged to re-join the World Health Organisation, boost pandemic funding, and re-join the Paris Climate Agreement. In addition, President Biden has attempted to obtain Senate approval to spend 1.7 trillion dollars over 10 years on clean-energy technologies. There will also be an easing of immigrations restrictions, allowing in skilled workers to raise US productivity. President Biden is not expected to impose new tariffs and will likely try to align with traditional trading partners. New trade deals including an EU-US Transatlantic Trade & Investment Partnership are expected to be put on hold over domestic priorities over the next few years.

(https://www.worldbank.org/en/news/press-release/2021/01/05/;https://www.gbm.hsbc.com/insights/global-research/bidens-global-economic-impact)

STATE OF THE NATIONAL ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth 2020	-8.2%	-7.5%	-7.8%	-8.1%
Projected GDP Growth 2021	3.6%	2.8%	3.3%	2.5%
2019 GDP/Growth trend	R3.14 trillion (constant, 2010 prices, 0.15% growth from 2018, sourced from *Global Insight*)			



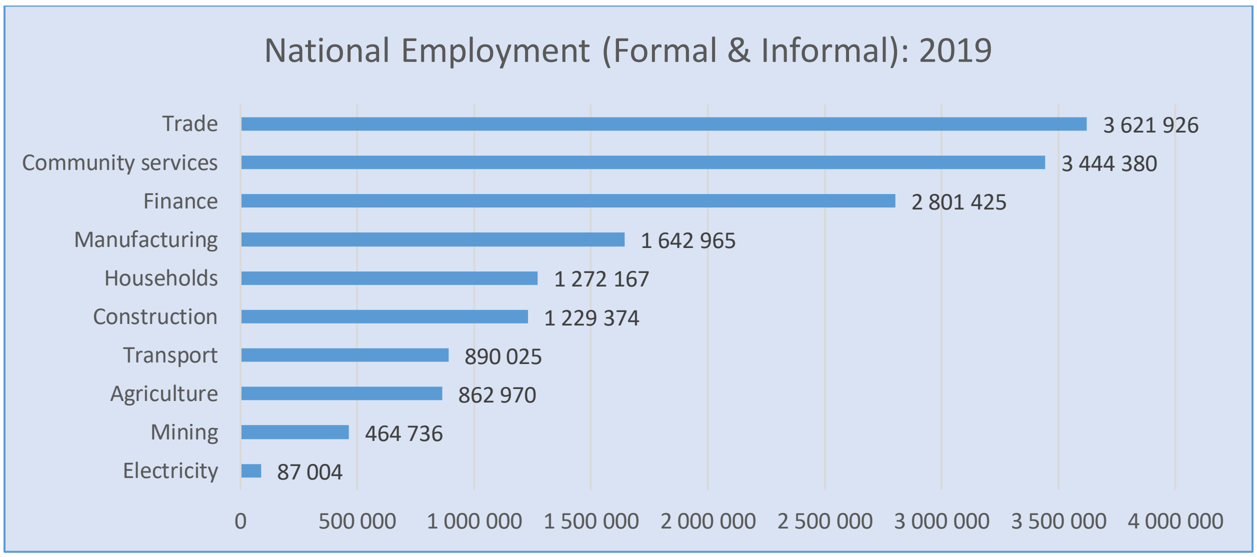
Source: Global Insight 2020

NATIONAL HIGHLIGHTS

Manufacturing Output	Moody's 2021 Outlook for Sub-Saharan Africa	SA Economic Outlook 2021
Manufacturing production is expected to stay contracted in the short-to-medium term due to depressed demand as a result of Covid-19 lockdown restrictions. Statistics South Africa data showed that manufacturing output continued to fall in November 2020 by 3.5% compared to a 3.4% decline in the previous month. This was the 18th straight month of declines in factory output (Mercury, 13th January 2021).	Ratings agency Moody's states that South Africa's liabilities from state-owned entities provides additional risk to already existing debt. It also reported that the country's revenue generation capacity will remain weak due to protracted consumer and business stress from the Covid-19 pandemic on the broader economy (Mercury, 15th January 2021).	According to the SARB, the country could expect the GDP growth rate to rebound to average 3.6% in 2021. With subdued inflation, interest rates are likely to remain lower for longer. Strong performances are expected in the agricultural sector and certain commodity exports which will help enhance growth. The SARB's latest Quarterly Bulletin also predicts a recovery in personal disposable income and consumer spending in the 2nd quarter. The pace of economic recovery post pandemic will depend on the country's basic economic resilience, the policy steps taken in 2021 and sustained growth in the years ahead. (https://www.bizcommunity.com/Article/196/861/211818.html#)

NATIONAL KEY INDICATORS

December Inflation Rate / National Labour Trends in 3rd Quarter	Petrol Prices	Exchange Rates	Vehicle Sales	Quarterly GDP Expands in 3rd Quarter of 2020
The country's annual inflation rate slowed to 3.1% year-on-year in December from 3.2% in November 2020. *(http://www.statssa.gov.za/publications/P0141/P0141December2020.pdf)*	93 Octane: R14.18 95 Octane: R14.16 50ppm Diesel: R12.44 500ppm Diesel: R12.39 As at 6th January 2021 *(https://www.aa.co.za /fuel-pricing)*	Rand/Dollar: 15.58 Rand/Pound: 20.97 Rand/Euro: 18.92 As at 12th January 2021 *(Mercury, 12th January 2021)*	Aggregate new vehicle sales in December 2020 were at 37,493 units, down by 10.1% compared to December 2019. (https://www.carmag.co.za/news/industry-news/sas-new-vehicle-sales-fall-12-percent-year-on-year-in-december2020/)	National GDP expanded by 66% in the 3rd quarter of 2020 following a contraction of 16.0% in the 2nd quarter. This follows the relaxation of lockdown restrictions as the first wave subsided. While this GDP growth was encouraging, it was off a low base. *(http://www.statssa.gov.za/publications/P0441/P04413rdQuarter2020.pdf)*

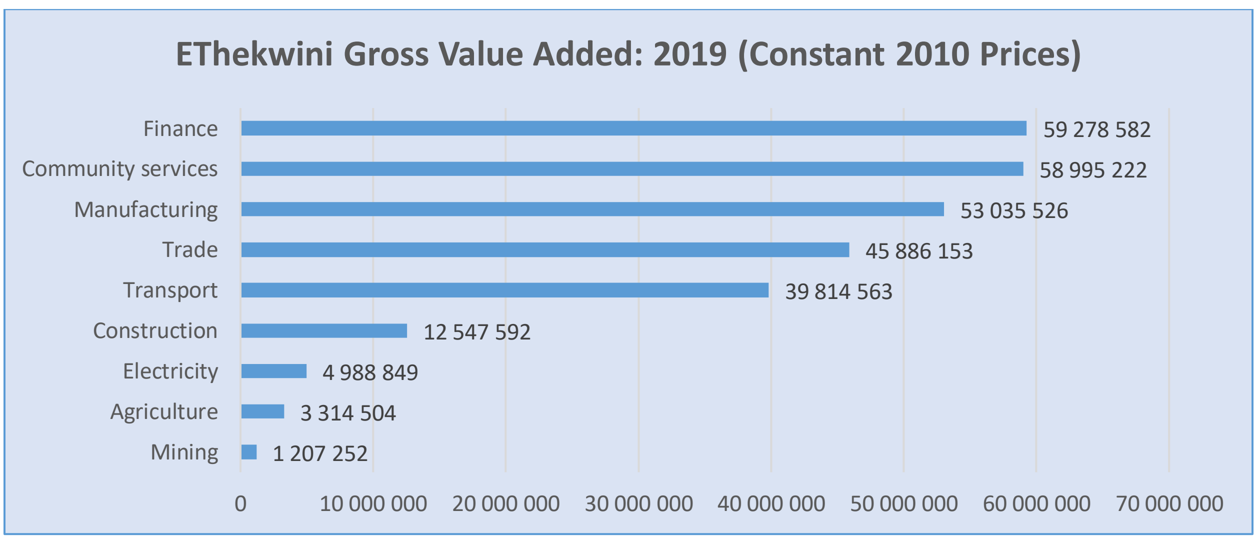


Source: Global Insight 2020

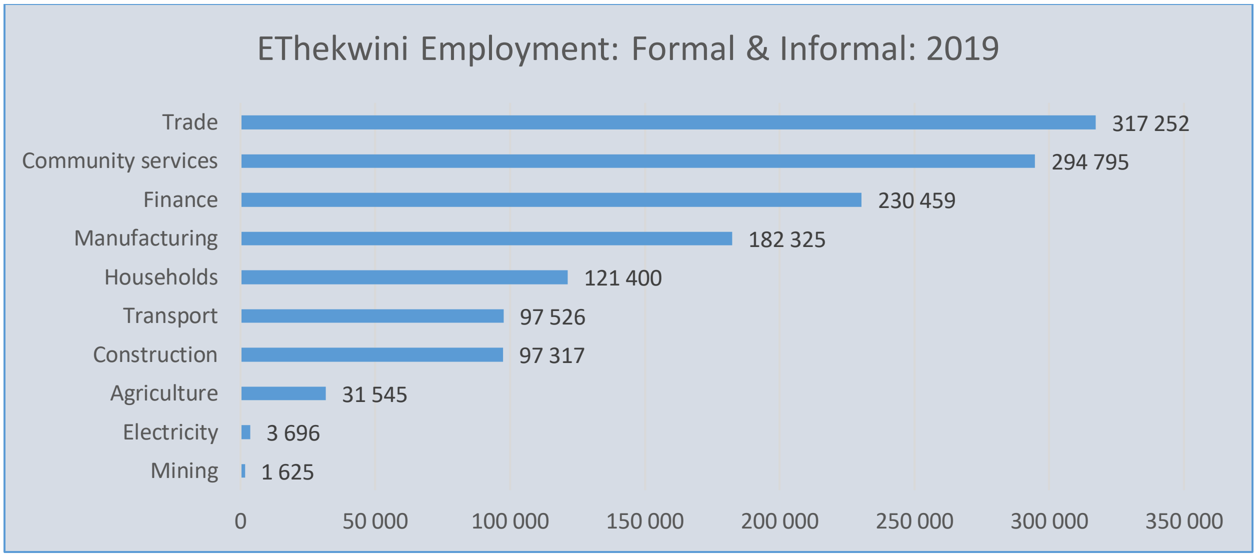
STATE OF THE LOCAL ECONOMY

ETHEKWINI INDICATORS

GDP / Total Population	Total Employment Q3: 2020	Q3: 2020 Unemployment	Development Indicators for 2019	Annual Trade 2019
GDP was 301.7 billion in 2019, which is a -0.15% growth from 2018. *(Global Insight, 2020)* The eThekwini population was recorded as 3,938,680 in 2020 according to Global Insight (Increased by 1.4%) *(Global Insight, 2020)*	Formal sector employment was approximately 1,059m in the 3rd quarter of 2020, according to Statistics South Africa. This represented an increase of 73,000 and a 7.4% increase from the previous quarter *(http://www.statssa.gov.za/publications/P0211/P02113rd quarter2020.pdf*)	The City's official quarterly unemployment rate in the 3rd quarter increased by 5.8 percentage points to 14.0% from 8.2% in the previous quarter. The number of unemployed in the 3rd quarter is at 173,000, up by 85,000 from previous quarter. This is the result of fewer people actively looking for work (and therefore officially counted as unemployed) in Q3 2020 compared 2019. This is turn is the result of a depressed economy, limited jobs and discouragement amongst work seekers. *(http://www.statssa.gov.za/publications/P0211/P02113rd Quarter2020.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, 139,727 Geographic Area: 2, 556 km² 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

KZN Government to assist Hilton Durban	Water losses during the pandemic	Transnet to move head office from Durban to Port Elizabeth
The KwaZulu-Natal Department of Economic Development and Environmental Affairs and Durban Tourism have stated they will work with the Hilton Durban hotel to reopen after a decision was taken to temporarily close its operations – in response to the Covid-19 pandemic. The Hotel's business comes mostly from business tourism through meetings and exhibitions at the Durban ICC, but this had been affected as the ICC had not been able to host events in light of the Covid-19 lockdown restrictions. Other hotels in the city will remain open. The eThekwini tourism sector has lost R1 billion in the during the festive season due to the covid-19 impact. *(Mercury, 11th, 19th January 2021, Daily News)*	Water losses in the City have caused a big decrease in revenues, due to the impact of the Covid-19 pandemic and the fact that some businesses are not fully operational yet. The 3 biggest services – water, electricity and sanitation cost approximately R1 billion in losses. Water revenue has decreased by R720 million compared with the year-to-date budget, while sanitation losses amounted to R362 million (Mercury, 27th January 2021).	Organised business, labour unions and the Durban Chamber of Commerce and Industry have indicated that the planned move by Transnet to move its head office from Durban to Port Elizabeth would have a negative impact on the City's economy. But according to Transnet National Port Authority, the decision to relocate was informed by ongoing cost-saving and efficiency initiatives. *(https://www.iol.co.za/mercury/news/transnets-planned-head-office-move-from-durban-to-pe-met-with-shock-0a89e666-72ba-4530-adea-3683ab458b66)*

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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.