ECONOMY AT A GLANCE

ETHEKWINI MUNICIPALITY

PREPARED BY ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION UNIT

ISSUE | JULY 2017

GLOBAL STATE OF THE ECONOMY

	International Monetary Fund	The World Bank	OECD Better Policies for Better Lives
Projected GDP Growth for 2017	3.6%	2.7%	3.3%
2016 GDP Growth	3.4%	2.4%	3.0%

GLOBAL HIGHLIGHTS

Global Growth

Global output is projected to grow by 3.5 percent in 2017 and 3.6 percent in 2018. The U.S. growth projections are lower, possibly due to the assumption that fiscal policy will be less expansionary going forward than previously anticipated. Growth revised up for Japan and especially the euro area. China's growth projections have also been revised up, with expectations of continued fiscal support. Inflation in advanced economies remains subdued and generally below targets; it has also been declining in several emerging economies, such as Brazil, India, and Russia. (https://www.imf.org/en/Publications/WEO/Issues/2017/07/07/world-economic-outlook-update-july-2017)

Risks to Global Economy

The OECD Report on the global risks states that rising inflation and weak wage growth will impact negatively on the UK's living standards. The prediction for growth in the UK is forecasted as 1.6% in 2017 and just 1% for 2018. OECD expects the world economy to grow 3.3% in 2017 and 3.6% in 2018, but that's still "too slow" by historic standards as it averaged around 4% growth in the two decades before the 2007 financial crisis. (http://fortune.com/2017/03/07/global-economic-risks-oecd/)

UK Economy

According to the UK Economic outlook report by PwC, UK growth is projected to slow from 1.8% in 2016 to around 1.5% in 2017 and 1.4% in 2018. This reflects slower consumer spending growth, offset by some rise in UK exports and public investment. But risks to growth are weighted to the downside due to Brexit. (http://www.pwc.co.uk/services/economics-policy/insights/uk-economic-outlook.html)

Africa

African's average growth is expected to be 3.4% in 2017, as long as the recovery in commodity prices is sustained, the global economy is strengthened and domestic macroeconomic reforms are carried through. In 2018, growth is expected to expand to 4.3%. (African Economic Outlook 2017)

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 2017	0.5%	1.0%	1.1%	1.1%
2016 GDP Growth	R3.07 trillion (increase of 0.3% from 2015, sourced from *Statistics South Africa*)			

NATIONAL HIGHLIGHTS

REPO RATE

The Reserve Bank lowered its repo rate by 25 basis points to 6.75% (Natal Mercury, 21 July 2017)

SA MOVES 4 PLACES IN REPUTATION STUDY

The country moved 4 places up to be ranked 45th out of 71 countries in the 2017 CountryRepTrak Study conducted by Reputation House. The study measures SA's reputation from an internal and external perspective. (SANews.gov.za, 21st July 2017).

OECD ECONOMIC SURVEY OF SOUTH AFRICA 2017

The OECD report had the following recommendations from the Survey:

- Set up an independent commission of experts to advise on minimum wage adjustments
- Develop apprenticeship and internship programmes to increase youth employment
- Limit annual wage increases in the public sector and redeploy civil servants to priority areas
- Deepen implementation of public procurement reform and enforce sanctions for breaches of the Public Financial Management Act
- Ensure that state-owned enterprises respect procurement and expenditure rules
- Set up a scheme of universal student loans contingent on future incomes, with participation from banks and government guarantees

(http://www.oecd.org/southafrica/economic-survey-south-africa.htm)

CAPEX INCREASE BY R18BN

The total capital expenditure by public sector institutions increased by R18.4 billion from R265.2bn in 2015 to R283.6bn last year according to the Capital Expenditure by the Public Sector 2016 Report released by Statistics South Africa.
(Statistics South Africa)

NATIONAL KEY INDICATOR

INFLATION RATE

The inflation rate was recorded as 5.1%

5.4%

year-on-year in June, from 5.4% in May (South African Reserve Bank)

PETROL PRICE

93: R12.24
95: R12.37

As at 5 July 2017 (SANews.gov.za)

EXCHANGE RATES

R/$: 13.2560
R/£: 17.5403
R/€: 15.6555

As at 3rd August 2017 (Natal Mercury, 2017)

VEHICLE SALES

New vehicle sales of 45 369 units saw an increase of 418 units or

0.9%

compared to 44 951 vehicles sold in June 2016. Export sales at 31 631 vehicles, registered a gain of 429 units, an improvement of 1.4% compared to the 31 202 vehicles exported in June 2016.

(National Association of Automobile Manufacturers of South Africa)

QUARTERLY GDP / UNEMPLOYMENT TRENDS

The country's gross domestic product (GDP) growth rate was

-0,7%

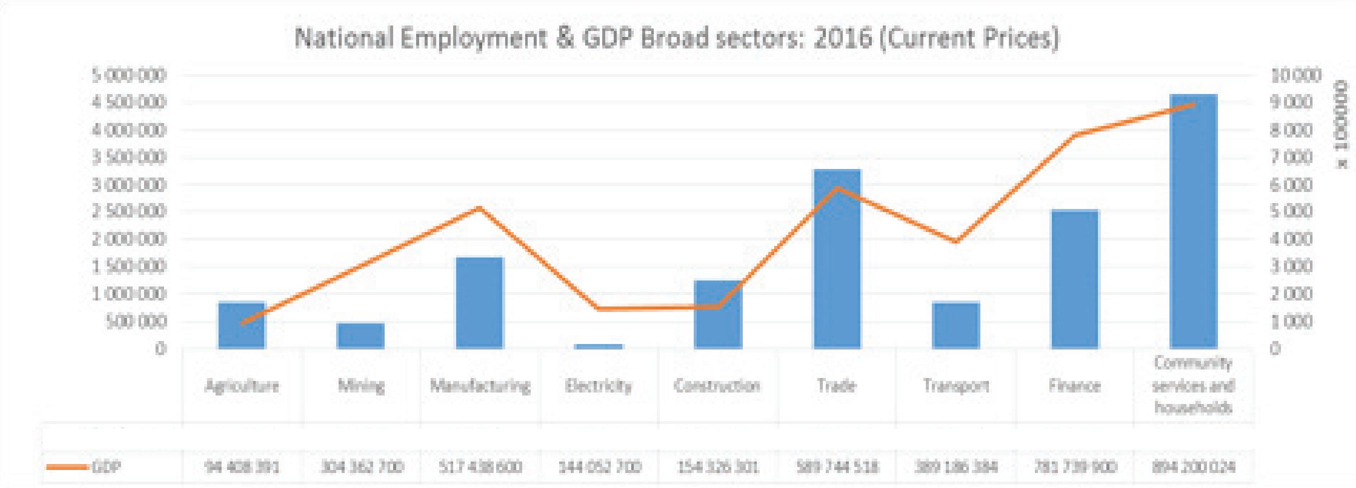
in the 1st quarter of 2017.

The unemployment in the 1st quarter of 2017 increased by

1.2%

percentage points to 27.7% - the highest since September 2003. (www.politics.web.co.za)

NATIONAL EMPLOYMENT & GDP: BROAD SECTORS: 2016



LOCAL STATE OF THE ECONOMY

ETHEKWINI HIGHLIGHTS

GDP

R292.1 ↑

Billion in 2016

Increased by 0.95% from 2015

EMPLOYMENT

Formal Sector:

1.093.631

(Increased by 0.39%)

QUARTELY UNEMPLOYMENT RATE

The City's quarterly unemployment rate was recorded as

21.8%

during the 1st quarter of 2017, a decrease of 0.2 percentage points from the last quarter (statssa.gov.za)

TOTAL POPULATION

The eThekwini population was recorded as

3,820,174

in 2016 according to Global Insight (Increased by 1.4%) (Global Insight internal database)

ANNUAL TRADE

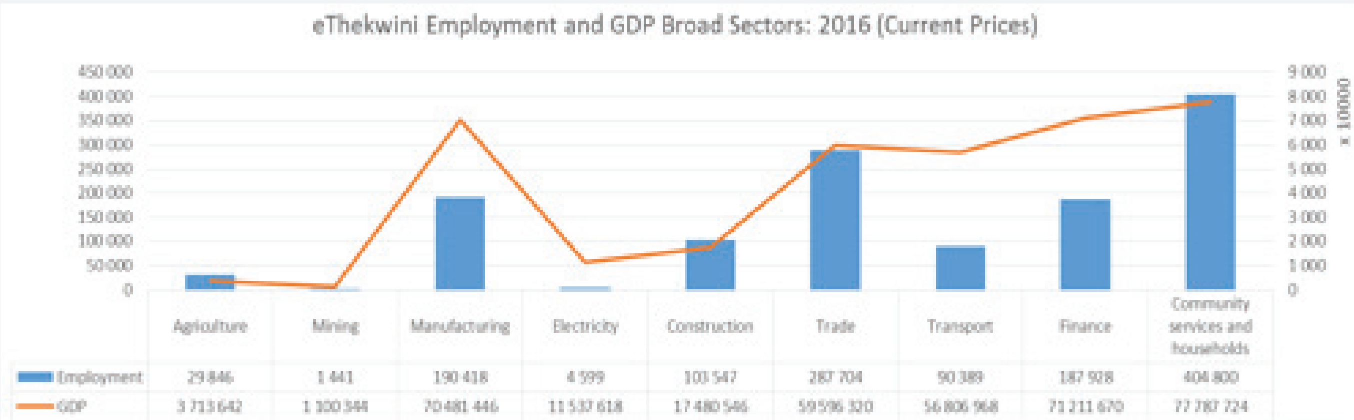
Total Exports:

R71.8 bn

(Increased by 12.3%)

Total Imports: R104.7 billion (Increased by 9.3%) (Global Insight internal database)

ETHEKWINI TOTAL EMPLOYMENT & GDP: BROAD SECTORS: 2016



EVENTS/LAUNCHES/INVESTMENTS

DURBAN FASHION FAIR 2017	ETHEKWINI PARTNERS WITH MUT	ETHEKWINI SCORES 5TH IN THE SOUTH AFRICAN CUSTOMER SATISFACTION INDEX (SACSI)	CITY WINS 2 AWARDS AT PREMIER'S SERVICE EXCELLENCE AWARDS	INCENTIVE PROGRAMME FOR TAXI INDUSTRY
The Annual Durban Fashion Fair 2017 will take place during 23-25 August at the Inkosi Albert Luthuli International Convention Centre (Metro Ezasegagasini 14-27 July 2017)	The City engaged with the private sector and Mongosuthu University of Technology (MUT) to improve innovation in the region as well as service delivery projects. (Metro Ezasegagasini 14-27 July 2017)	The city scored 5th in the SAcsi for municipalities in 2017. The reasons mentioned for the low position were the political infighting and violence which impacts negatively on the ability to deliver services such as roads, and storm water drainage. (https://businesstech.co.za/news/tag/sacsi/)	The Municipality won 2 awards at the Premier's Service Excellence Awards for applying the Batho Pele principles. The City's Water and Sanitation WhatsApp reporting line received a gold award. (EThekwini Weekly Bulletin, issue 58)	EThekwini will roll out a Public Transport Service Improvement Programme in October 2017 to ensure an improved service to commuters and empower members of the taxi industry. (EThekwini Weekly Bulletin, issue 85

CATALYTIC PROJECTS

CORNUBIA	DUBE TRADEPORT	POINT WATERFRONT	CENTRUM SITE	KEYSTONE
Construction of the first 486 units in Phase 1a Housing is complete. At present, 995 of the 2,180 units have been completed as part of Phase 1b. Cornubia Industrial and Business Estate is 100% sold and 13 businesses are already operational in the area. Environmental authorisation has been received for Phase 2, which includes the Cornubia Business Hub in extent of 85,000m2. (www.cornubia.co.za)	Dube TradePort has attracted over R1.4-billion investment to day. Dube TradeZone has secured Samsung Electronics; Amsted Reelin, Rossi SA, Ukuphanta and DB Schenker. The latest businesses to locate at the TradeZone is Yangtze Optics Africa Cable and Cipla Bio-Tec. Planning is already underway for Dube TradeZone 2, as well as Dube AgriZone Phase 2. (www.dubetradeport.co.za)	This is one of the key catalytic projects in the City – and also forms part of the City's initiative to redevelop and regenerate the inner-city. The first phase commenced in 2017 and relates mostly to the provision of infrastructure. The balance of the project will cover a 10-15-year horizon at between R25-R30-billion of public/private sector investment. (www.durbanpoint.co.za)	The development of the Durban Centrum site is part of a plan to enhance the city's environment and offer more cultural amenities for its citizens. This 28-hectare site comprises the largest single area of the central city and provides the potential for comprehensive redevelopment. It is expected that the redevelopment of this site will complement the adjoining central business district while trying to preserve the city's heritage in terms of its historic buildings.	The 152Ha R6.5b Keystone Park Light Industrial, Warehousing and Logistics Precinct is currently being developed by Keystone Park CC immediately adjacent the N3 Hammarsdale Interchange. Development activity commenced in January 2015 with the 15,000m2 Malda Pack facility having commenced business operation in , Mr Price's new 60,000m2 National Distribution Centre due to 'go live' on 01 June 2017 and with construction of Pepkor's new 85,000m2 Distribution Centre programmed to be complete by December 2017. Several further significant top-structure projects are in the final stages of being packaged. This regional catalytic development will generate substantial employment opportunities including around 3500 temporary construction jobs at peak and approximately 6500 direct permanent employment opportunities at height of operation. (www.keystoneinvestments.co.za)

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 make any updates at the time.