ECONOMY AT A GLANCE

ETHEKWINI MUNICIPALITY

PREPARED BY ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION UNIT

ISSUE | JUNE 2017

GLOBAL STATE OF THE ECONOMY

	International Monetary Fund	The World Bank	OECD
Projected GDP Growth for 2017	3.6%	2.9%	3.3%
2016 GDP Growth	3.4%	2.7%	3.0%

GLOBAL HIGHLIGHTS

Global Growth

Industrial activity has improved during the last quarter following an increase in global trade. In emerging markets obstacles to growth among commodity exporters are gradually diminishing with export activity remaining strong (www.worldbank.org)

Risks to Global Economy

The risks to the global economy include increased trade protectionism, economic policy uncertainty, possible financial market disruptions, and weaker potential growth over the long term. (www.worldbank.org)

Major Economies

Growth in major advanced economies has strengthened and their short-term outlook has improved despite the ongoing policy uncertainty. Import demand has increased as growth is expected to pick up in the United States, Japan and remain fairly stable in the Euro region (www.worldbank.org)

Emerging Markets

In emerging markets and development economies, growth is expected to recover to 4.1% in 2017 and reach an average of 4.6% in 2018/19. (www.worldbank.org)

NATIONAL STATE OF THE ECONOMY

NATIONAL GDP GROWTH AND FORECASTS

	South African Reserve Bank	International Monetary Fund	The World Bank	OECD
Projected GDP Growth for 2017	1.1%	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

SOUTH AFRICA DROPS ONE PLACE IN GLOBAL COMPETITIVENESS RANKING

The country's overall global competitiveness dropped from 52 in 2016 to 53 in 2017, according to the International Institute for Management Development's World Competitiveness Yearbook, citing a lack of sustainable and inclusive growth, high levels of structural employment and a lack of access to quality education as some of the reasons for the drop (SANews.gov.za).

SA RANKED TOP BUSINESS EVENTS DESTINATION IN AFRICA

The International Congress and Convention Association (ICCA) continues to rank South Africa as the top business events destination in Africa and the Middle East. The country hosts about one million business delegates every year and that the average business traveller spends seven days in South Africa, with five of the days being spent attending a business event (SANews.gov.za).

SOUTH AFRICAN 25TH MOST ATTRACTIVE INVESTMENT DESTINATION

The A.T. Kearney's 2017 Foreign Direct Investment Confidence report show SA as the 25th most attractive destination for foreign direct investment globally. In addition, the latest Africa Investment Index 2016 by Quantum Globals independent research has ranked the country as the 4th most attractive destination in Africa, after Botswana, Morocco and Egypt (SANews.gov.za).

GOVERNMENT WELCOMES S&P CREDIT RATING

Government says it has noted Moody's decision to downgrade South Africa' long-term foreign and local currency debt ratings to 'Baa3' from 'Baa2'. The rating agency announced that it had moved South Africa's long-term foreign and local currency debt ratings to 'Baa3' from 'Baa2' and maintained the negative outlook. The decision still puts the country at investment grade. (Natal Mercury, 30th May 2017).

NATIONAL KEY INDICATOR

INFLATION RATE

5.4% ↑

as at May 2017 – an increase of 0.1 percentage points from April 2017, but still within the South African Reserve Bank's targets (South African Reserve Bank)

PETROL PRICE

93: R13.18
95: R13.30 ↑

As at 30th June 2017 (SANews.gov.za)

EXCHANGE RATES

R/$: 12.94
R/£: 16.48
R/€: 14.49 ↑

As at 26th June 2017 (Natal Mercury, 26th June 2017)

VEHICLE SALES

Vehicle sales for May declined by

2.6 % ↓

in May, with exports down 12%. (National Association of Automobile Manufacturers of South Africa) (Engineering News, 2nd June 2017)

QUARTERLY GDP / UNEMPLOYMENT TRENDS

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

-0,7% ↓

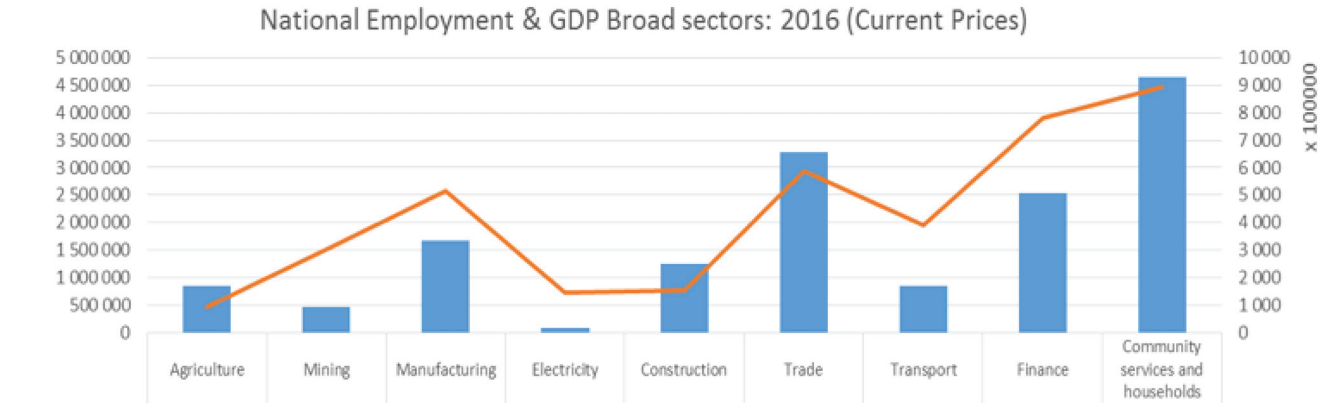
in the 1st quarter of 2017

The unemployment in the 1st quarter of 2017 increased by

1.2% ↑

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

NATIONAL EMPLOYMENT & GDP: BROAD SECTORS: 2016



	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services and households
Employment	850 142	458 765	1 667 075	95 536	1 260 903	3 285 241	847 642	2 541 991	4 643 711
GDP	94 408 391	304 362 700	517 438 600	144 052 700	154 326 301	589 744 518	389 186 384	781 739 900	894 200 024

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%)

Informal Sector:

207,042

(decreased by 2.6%)

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

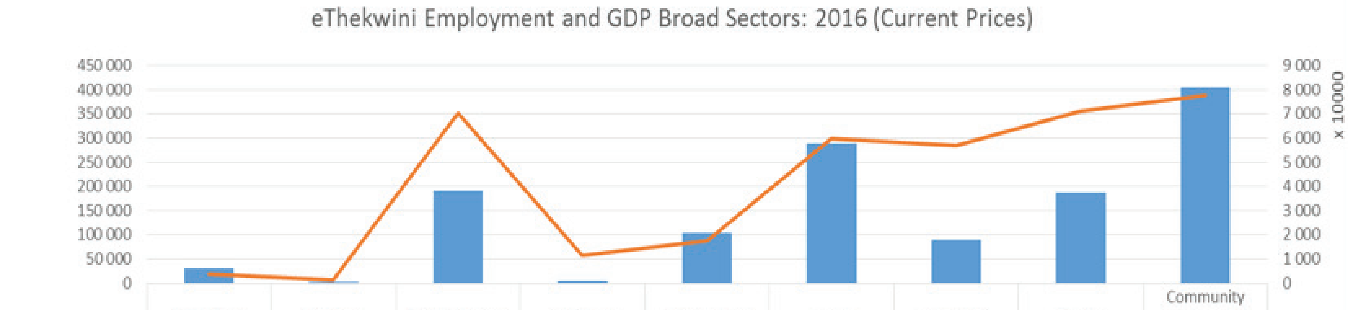
(Increased by 12.3%)

Total Imports:

R104.7 bn

(Increased by 9.3%)
(Global Insight internal database)

ETHEKWINI TOTAL EMPLOYMENT & GDP: BROAD SECTORS: 2016



	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services and households
Employment	29 846	1 441	190 418	4 599	103 547	287 704	90 389	187 928	404 800
GDP	3 713 642	1 100 344	70 481 446	11 537 618	17 480 546	59 596 320	56 806 968	71 211 670	77 787 724

EVENTS/LAUNCHES/INVESTMENTS

CITY BUDGET ADOPTED FOR 2017/18

The eThekwini Municipality's budget or R45bn for 2017/18 was adopted during June 2017. The operating is R37.5bn and capital R7.5bn. (Metro Ezassegagasini, 15th June 2017)

5TH EMERGING FILMMAKERS AWARDS

The 5th Emerging Filmmakers Awards was hosted by eThekwini Filmmakers Assocation in Durban during May. The event was hailed by local filmmakers as an ideal platform to expose their work to industry experts (www.durban-filmoffice.co.za)

ETHEKWINI HOST DIPLOMATS TO SHOW-CASE OPPORTUNITIES

The Economic Development and Investment Promotion Unit hosted 20 diplomats on 30th May 2017, to present key investment projects and other opportunities. The object was to strengthen ties with the private sector and unlock R700bn worth of investment projects planned for the city (Natal Mercury, 15th June 2017)

SUBCONTRACTORS TO BENEFIT FROM RADICAL ECONOMIC TRANSFORMATION

The eThekwini Municipality has announced that subcontractors will benefit from the inclusive Radical Economic Transformation Framework through the City's electricity service delivery projects Ezassegagasini, 15th June 2017).

CRUISE TERMINAL DEVELOPMENT BIDDER ANNOUNCED

The new cruise terminal for Durban will be developed by KwaZulu Cruise Terminal (Pty) Ltd – a joint venture of MSC Cruises SA and Africa Armada Consortium according to Transnet National Ports Authority (Metro Ezassegagasini, 15th June 2017)

CATALYTIC PROJECTS

CORNUBIA

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

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)

POINT WATERFRONT

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)

CENTRUM SITE

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.

KEYSTONE

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.keystoneinvest-ments.co.za)