ETHEKWINI ECONOMY AT A GLANCE

ETHEKWINI MUNICIPALITY

PREPARED BY ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION UNIT

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Due to the COVID-19 pandemic, Statistics SA has been constrained by the restrictions put in place to manage the spread of the virus. The task of scheduling collection, analysis and publication of data was made all the more difficult by uncertainty, as enterprises resumed operations and their staff returned to work. Most publications may still have lags. The lockdown extensions 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. Hopefully this lag disappear as the economic activity picks up during Lockdown 1.

GLOBAL STATE OF THE ECONOMY

	International Monetary Fund	The World Bank	OECD
Projected GDP Growth for 2019	-4.9%	-5.2%	-7.6%
2018 GDP Growth	5.4%	4.2%	2.8%
Global GDP in 2019 (Actual)	142 trillion US$ (Current prices, as per the World Bank)		

GLOBAL HIGHLIGHTS

Update on global economy

Although the coronavirus was the biggest event of this year, the result of the US presidential election in November is likely to have a significant impact on the global economy, business environment and geopolitics. While President Trump has turned the table, endorsing restrictions on trade and immigration, dismissing alliances and treaties, and focusing on a domestic agenda. If Trump is re-elected, we may see a continuance of trade and immigration restriction. This will imply more isolation and protectionism for the US and probably see China emerge as the new economic powerhouse.

As at 21st September, the number of global Covid-19 infections exceeded 31 million, with approximately 965, 000 deaths and over 22 million recoveries.

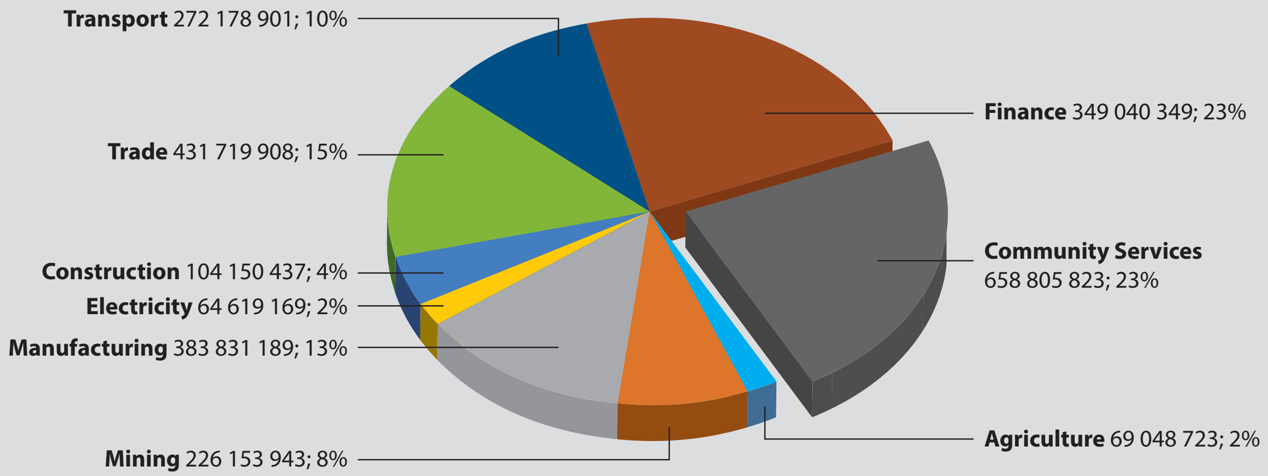
(https://www2.deloitte.com/za/en/insights/economy/global-economic-outlook/weekly-update.html)

STATE OF THE NATIONAL ECONOMY

	South African Reserve Bank	International Monetary Fund	The World Bank	OECD
Projected GDP Growth 2019	0.3%	0.2%	0.2%	0.4%
Projected GDP Growth 2020	-8.2%	-7.2%	-7.1%	-11.5%
Projected GDP Growth 2021	3.8%	3.5%	2.9%	0.6%
2019 GDP/Growth trend	R3.14 trillion (constant, 2010 prices, 0.15% growth from 2018, sourced from Global Insight)			

National Gross Value Added: Broad Sectors: 2019

(R1000, Constant, 2010 Prices)



Source: Global Insight 2020

NATIONAL HIGHLIGHTS

GDP contracts by 16% in 2nd Quarter of 2020

The national GDP contracted by just over 16% between the 1st and 2nd quarters of 2020 and an annualised growth rate of -51%. This contraction happened during the most severe lockdown period where agriculture was the only sector positively affected. All other industries experienced a drop in output with construction being the biggest (76.6%). Manufacturing fell by 74.9% (SA News, 8th September 2020)As at 21st September, the number of global Covid-19 infections exceeded 31 million, with approximately 965, 000 deaths and over 22 million recoveries.

Africa's most-industrialised economy will probably shrink by 8%

The slow reforms and the return of rolling power cuts in the country could threaten growth and see Africa's most industrialised economy shrink by 8% in 2020, according to the median estimate of 29 economists in a Bloomberg survey that was published on 18 September.

The government started a phased re-opening of the economy on May 1 and restrictions were eased further to lockdown level 1 from 21st September. However, business closures and job losses due to the lockdown affected most of the economy, as well as blackouts imposed by Eskom from July, threaten output. A social compace to mobilise funding to address Eskom's financial crisis has been mobilised by the National Economic Development and labour Council (NEDLAC).

(https://www.biznews.com/sa-investing/2020/08/21/economy-2)

Retail confidence improves in 3rd Quarter

The Bureau for Economic Research (BER) said that retail trade confidence improved in the 3rd quarter after falling to a 29-year low in the 2nd quarter. The Index has risen to 36 points following the drop to 11 points in the 2nd quarter. The BER said this improvement could be attributed to the easing of the lockdown restrictions. The retailers are not expecting conditions to improve much further in the 4th quarter.

(Mercury, 22nd September 2020).

COVID-19 NEWS UPDATE: SEPTEMBER 2020

The country has withstood the Coronavirus storm and the president made an announcement on 16th September 2020 to move to lockdown alert level 1 from midnight on Sunday, 20 September 2020.

> *"We have withstood the Coronavirus storm. Now is the time to return our country, its people and our economy to a situation that is more normal, that more resembles the lives that we were living six months ago. It is time to move to what will become our new normal for as long as the Coronavirus is with us,"*

Cabinet approved the extension of the COVID-19 National State of Disaster to 15 October 2020.

Two months ago, South Africa was recording around 12 000 ne w cases a day. Currently, the country is on average recording less than 2 000 cases a day. The move to level 1 recognises that the levels of infection are relatively low and that there is sufficient capacity in the country's health system to manage the current need.

Under alert level 1 social, religious, political and other gatherings will be permitted, as long as the number of people does not exceed 50% of the normal capacity of a venue, up to a maximum of 250 people for indoor gatherings and 500 people for outdoor gatherings.

Health protocols, such as washing or sanitising hands, social distancing and mask-wearing, will need to be strictly observed. Under level 1, the maximum number of people who may attend a funeral is increased from 50 to 100 due to the higher risk of viral transmission at funerals. Night vigils are still not permitted.

While venues for exercise, recreation and entertainment – such as gyms and theatres - were initially limited to 50 people, these establishments will now be allowed to accommodate up to 50% of their venue's capacity as determined by the available floor space. Establishments will still operate subject to social distancing and other health protocols.

With government moving to increase economic activity, The Department of Public Service and Administration will shortly issue circulars to all public servants on the measures that will enable the return of all areas of government to full operation safely and without undue delay.

In light of the move to increase economic activity, the sale of alcohol at retail outlets for home consumption is now permitted from Monday to Friday, from 09h00 to 17h00. Alcohol will be permitted for on-site consumption in licensed establishments only and with strict adherence to the curfew.

NATIONAL KEY INDICATORS

Inflation Rate / National Labour Trends

The annual inflation rate in South Africa declined slightly to

↓ **3.1%**

in August 2020 from 3.2% in the previous month.

Prices of most items remained the same as in the previous month with the exception of prices of alcoholic beverages which increased slightly (In line with the lifting of restrictions) and prices of residual goods which decreased slightly.

http://www.statssa.gov.za/publications/P0141/P0141August2020.pdf

National employment in the 1st quarter of 2020 was recorded as **16,383 million,** down by 38,000 from previous quarter (-0.2%). The official unemployment was 30.1%, up by 1.0% from previous quarter.

(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf)

Petrol Price

93 Octane: **R14.15**

95 Octane: **R14.16**

50ppm Diesel: **R11.83**

500ppm Diesel: **R11.74**

As at 7th October 2020

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

Exchange Rates

Rand/Dollar: **16.49**

Rand/Pound: **21.39**

Rand/Euro: **19.44**

As at 7th October 2020

(South African Reserve Bank, 7th September 2020)

Vehicle Sales

During September 2020, the National Association of Automobile Manufacturers of South Africa (Naamsa) confirmed that **aggregate domestic sales** were at 37 403 units and reflected a decline of

↓ **11 737 units** or **23.09%**

from the 49 140 vehicles sold in September 2019.

This performance is still an improvement on August 2020 and is reflective of the lowering of lockdown levels.

(www.naamsa.co.za)

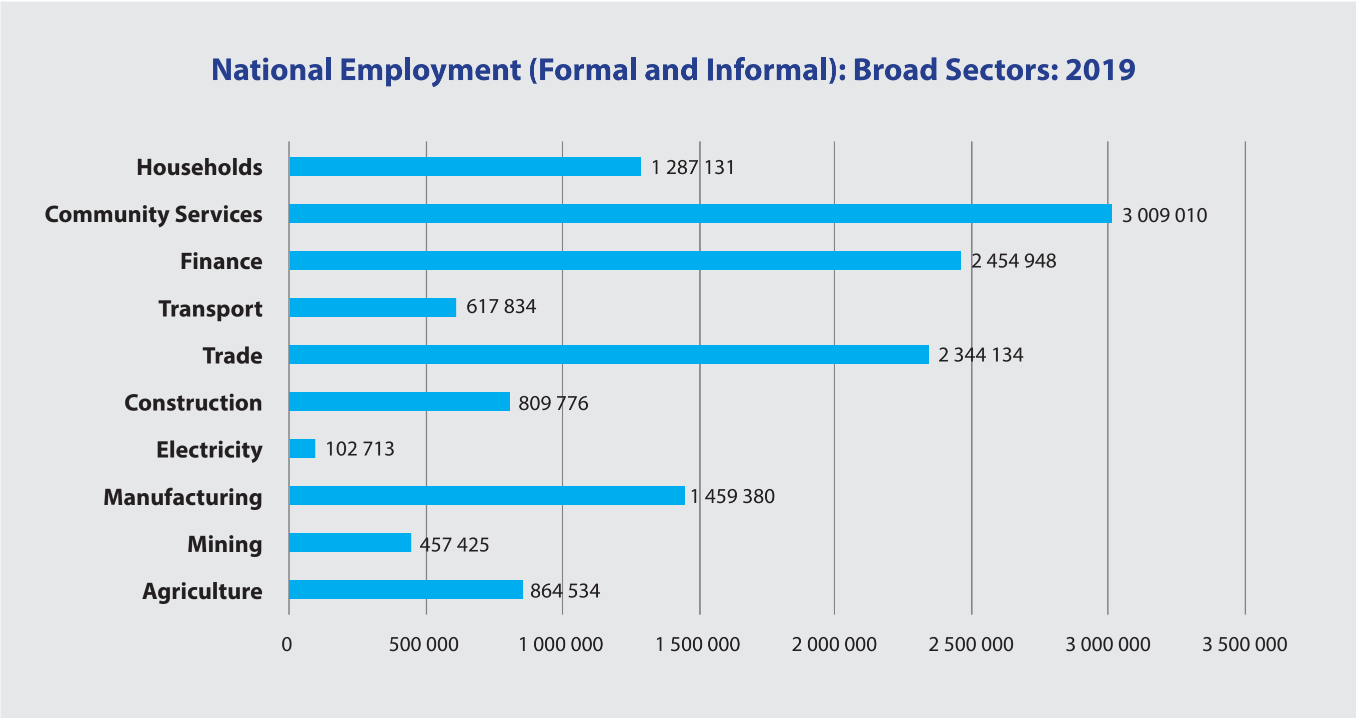
Quarterly GDP Contracts in 2nd Quarter of 2020

National GDP contracted by

↓ **16%**

in the 2nd quarter of 2020 following a contraction of 2.0% in the 1st quarter.

(http://www.statssa.gov.za/publications/P0441/P04412ndQuarter2020.pdf)



Source: Global Insight 2020

STATE OF THE LOCAL ECONOMY

GDP / TOTAL POPULATION

GDP was 301.7 billion,

-0.15% ↑

growth from 2018.
(Global Insight 2020)

The eThekwini population was recorded as 3,938,683 in 2019 according to Global Insight (Increased by 1.4% from 2018)
(Global Insight 2020)

TOTAL EMPLOYMENT Q1: 2020

Formal Sector employment was approximately

1.193 ↑ **million**

in the 1st quarter of 2020 according to Statistics South Africa. This represented an increase of

2,000 and **0.2%** ↑

over the previous quarter
(http://www.statssa.gov.za/publications/P0211/P02111st Quarter2020.pdf)

Q1: 2020 UNEMPLOYMENT

The City's official quarterly unemployment rate increased by 1.2 percentage points to

22.1% ↑

from 20.9% in the previous quarter.

Number of unemployed is at

338 ,000,

up by 23,000 from previous quarter
(http://www.statssa.gov.za/publications/P0211/P02111st Quarter2020.pdf)

DEVELOPMENT INDICATORS FOR 2019

Human Development Index:
0.66

Gini coefficient:
0.62

Number of Households:
1, 139,727

Geographic Area:
2, 556 km²

Number of Wards:
110

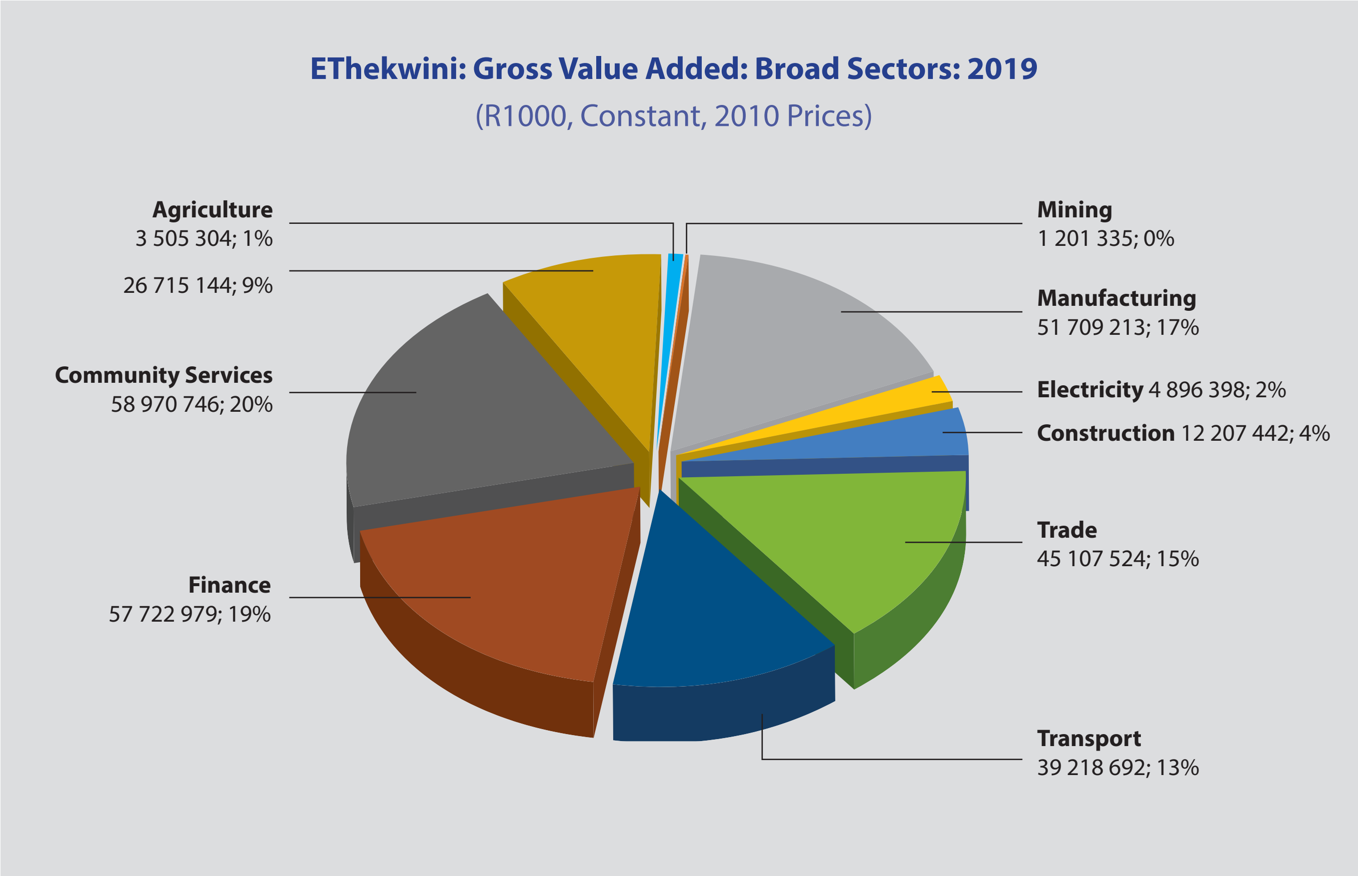
(Source: Global Insight 2020/ Development Planning)

ANNUAL TRADE 2019

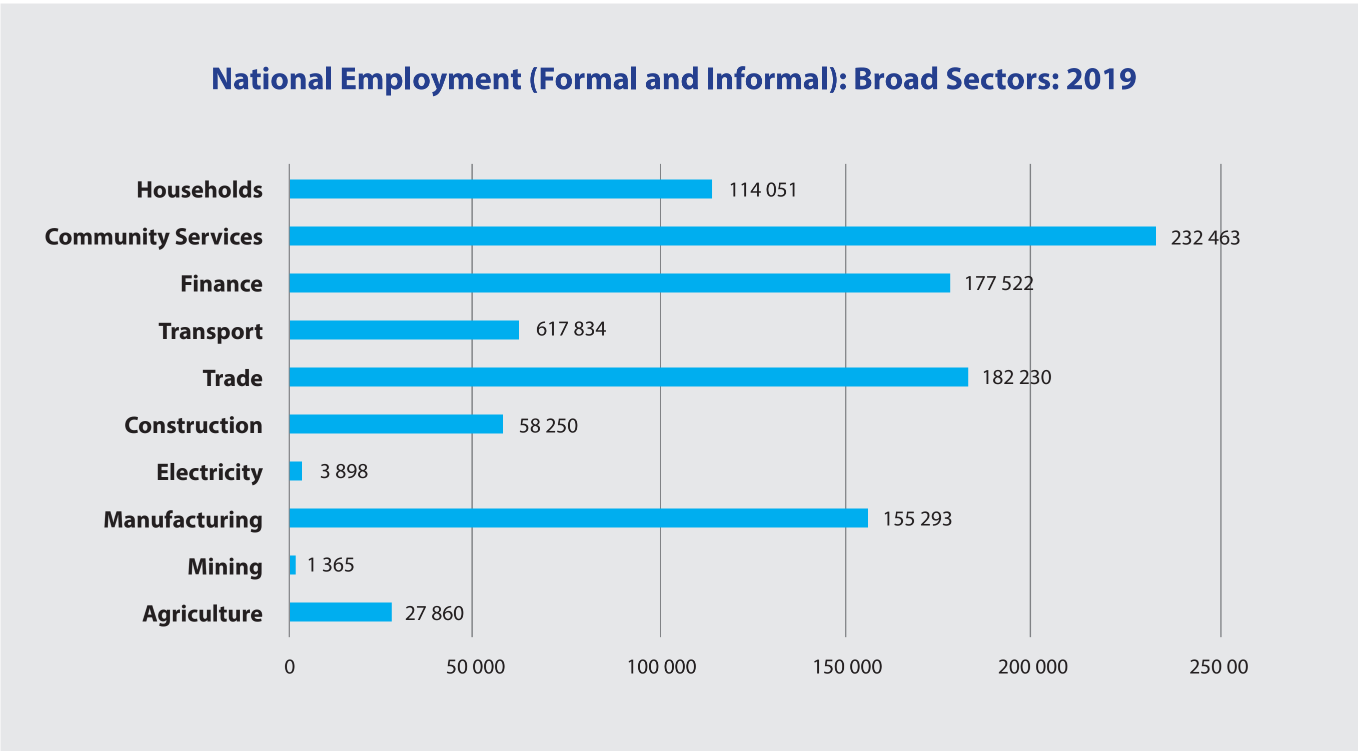
Total Exports:
R88.3 billion

Total Imports:
R79.9 billion

(Quantec 2020)



Source: Global Insight 2020



Source: Global Insight 2020

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

CITY LAUNCHES ETHEKWINI ECONOMIC COUNCIL

The Mayor launched the eThekwini Economic Council (EEC) on 9th September. The EEC's objective is to enable the economic potential of the City and seek solutions to socio-economic challenges. The other functions include advising the City leadership on economic development and investment promotion. The EEC comprises a diverse grouping of stakeholders from the public and private sector.

BUY LOCAL CAMPAIGN

The eThekwini Municipality has launched a "Buy Local, Invest Local Campaign" to profile uniquely eThekwini businesses, events, and experiences with a view to marketing these across the city and beyond. This will assist local industries and small businesses in their efforts to deal and recover from the challenges brought about by the tough economic environment and the recent Covid-19 pandemic. The campaign was mentioned in the Mayor's Heritage Day Programme on 24th September 2020.

(Policy, Strategy, Information & Research Department, 22nd September 2020).

CITY UNLOCKS 350 HECTARE CATALYTIC DEVELOPMENT

The City has signed an agreement with Main Street 57 for the Brickworks Development in the Avoca Node, north of Durban. The 350 hectare site has the potential capital investment value of R10 billion and will create an estimated 23, 000 construction jobs and 13, 500 permanent jobs. The City will offer a substantial rates rebate as part of the Rates Incentive Policy – a 5-year rates rebate has been approved for each of the three phases of the development.

(Metro Ezasegagasini, 25 September – 8th October 2020)

ECONOMIC GROWTH UPDATES AND COVID-19

Initial estimates by the UK Prosperity Fund's Future City South Africa program together with eThekwini Municipality are that Durban's economy contracted by 20.5% between quarters one and two of 2020. Annualised growth has been estimated at -60% for Q2; meaning only 40% of Durban's economy was operational between April and June 2020. This is comparable with StatsSA's national estimate of a of 16% GDP contraction for the same period.

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