ETHEKWINI ECONOMY 'AT A GLANCE'

FEBRUARY 2021

STATE OF THE GLOBAL ECONOMY

	IMF	World Bank	OECD
Projected GDP Growth 2020	-3.5%	-4.3%	-3.5%
Projected GDP Growth 2021	5.5%	4.0%	2.9%
Projected GDP Growth 2022	4.2%	3.8%	3.8%
Global GDP in 2019 (Actual)	142 trillion US$ (Current prices, as per the World Bank)		

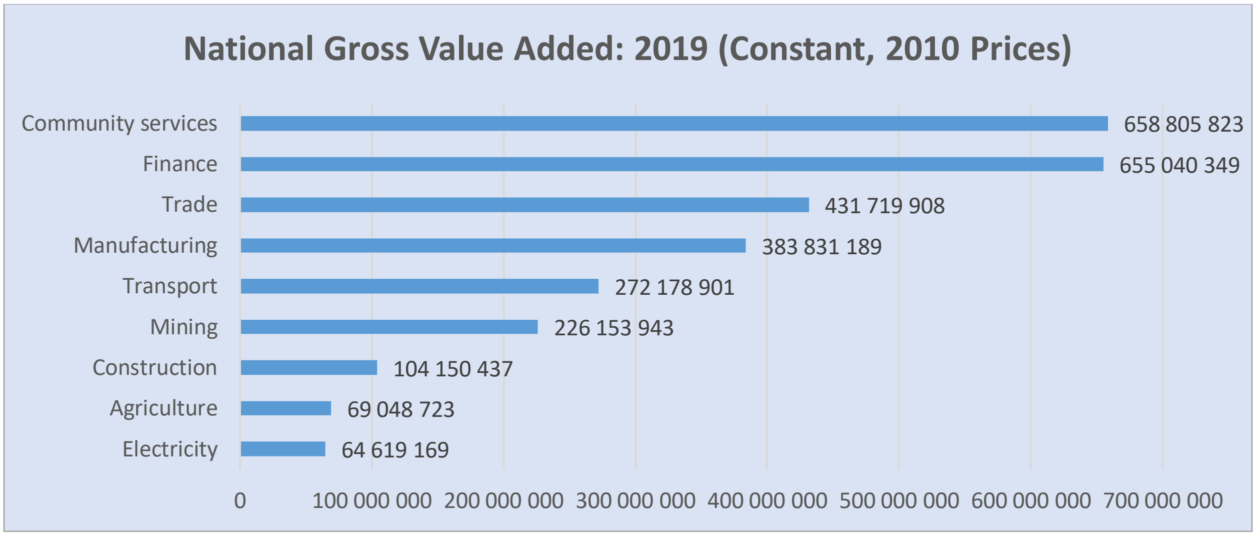
GLOBAL HIGHLIGHTS

Update on global economy

According to the IMF, the impacts from the Coronavirus and its new variants, are expected to show a global economic growth at 5.5% in 2021 and 4.2% in 2022. The 2021 forecast has been revised by 0.3%, reflecting expectations of a strengthening due to the administration of vaccines and additional policy support in some of the large economies. The growth contraction for 2020 is at -3.5%, up by 0.9% but the strength of further recoveries will depend on access to medical interventions, effectiveness of policy support, exposure to cross-country spill-overs, and structural characteristics entering the crisis. The IMF also states that strong multilateral cooperation is required to bring the pandemic under control everywhere. These include boosting funding for the Covax facility to accelerate access to vaccines for all countries, ensuring universal distribution of vaccines and facilitating access to the therapeutics at affordable prices.
(https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update)

STATE OF THE NATIONAL ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth 2020	-7.0%	-7.5%	-7.8%	-8.1%
Projected GDP Growth 2021	3.3%	2.8%	3.3%	3.1%
Projected GDP Growth 2022	1.9%	1.4%	1.7%	2.5%
2020 GDP/Growth trend	R2.92 trillion (constant, 2010 prices, 7% contraction from 2019, sourced from Statistics South Africa)			



Source: Global Insight 2020

NATIONAL HIGHLIGHTS

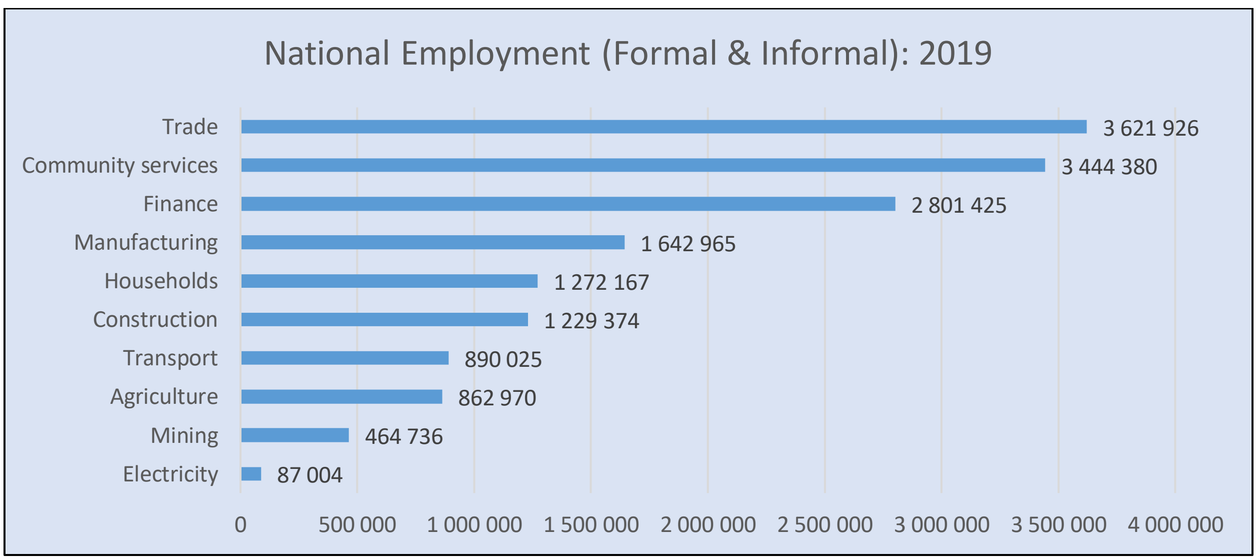
State of the Nation Address	**Treasury projects the economy to grow by 3.3%**	**GDP shrinks by 7% in 2020 and grew 1.5% in Q4: 2020**	**Banks, PIC push to solve R464bn Eskom debt crisis**
In his State of the Nation Address (SONA), the President has put economic recovery and structural reform, including job creation and fixing Eskom as priorities to resuscitate the economy. SA's economy is expected to contract by 7.0% in 2020, owing to the lockdown restrictions, but may expand by 3.3% in 2021. The SONA also stated that job creation initiatives need to be ramped up through measures such as buying locally manufactured goods and supporting small and medium businesses. He further stated that all social partners who participated in the Economic Reconstruction and Recovery Plan have agreed to help reduce reliance on imports by 20% over the next 5 years. Government have also implemented Master Plans in the poultry and sugar industries and revive the auto industry to drive more investment and create employment. Energy generation capacity will also	Releasing the Budget Review for the next three years, the National Treasury said the COVID-19 shock is estimated to have led to a 7.0% contraction in GDP growth in 2020. GDP growth of 3.3% is projected for 2021, moderating to an average of 1.9% in 2022 and 2023. The 2021 Budget provides continued support to the economy and public health in the short term without adding to long-term spending pressures. Capital spending is the fastest-growing component of non-interest spending. The department said the outlook remains highly uncertain and the economic effects of the pandemic are far-reaching. By the third quarter of 2020, there were 1.7 million fewer jobs than in the same period in 2019. *(SANews.gov.za, 25th February 2021)*	The national economy grew by 1,5% in the 4th quarter, with an annualised[1] growth rate of 6,3%. This follows the revised 13,7% (annualised: 67,3%) rise in economic activity recorded in the 3rd quarter. Eight of the ten industries made positive gains in the 4th quarter, most notably manufacturing (bolstered by increased production in food, beverages and motor vehicles) and trade (driven by retail, motor trade, catering and accommodation). Mining and finance, real estate and business services were the two industries that recorded a decline in economic activity *(http://www.statssa.gov.za/?p=14074)*	Nedbank is leading discussions to restructure Eskom's R464bn debt load, with one of the options to transfer R100bn of debt to a special-purpose vehicle overseen by the Public Investment Corp, which oversees the pensions of South African government workers, manages R1.91 trillion of assets, including about R90bn of Eskom's bonds. After transferring the debt to a special-purpose vehicle, the remaining liabilities could be divided between three proposed Eskom units - transmission, generation and distribution — when a planned split comes into effect. The proposals will be presented to the National Treasury in the coming weeks. *(Loni Prinsloo and Antony Sguazzin, Bloomberg 19 Feb 2021)*

be expanded, and Eskom needs to be restored to operational and financial health. *(https://www.iol.co.za/business-report/economy/sona-2021-ramaphosa-pledges-economic-reforms-adfb8388-5427-46f3-95d6-635bbc999cb9)*			

NATIONAL KEY INDICATORS

December Inflation Rate / Labour Data as at 4th Quarter 2020	**Petrol Prices**	**Exchange Rates**	**Vehicle Sales**	**Quarterly GDP grows by 1.5% in 4th Quarter of 2020**
The country's annual inflation rate increased to 3.2% year-on-year in January 2021 from 3.1% in December 2020 *(Statistics South Africa)* **Labour Update** National employment in the 4th quarter of 2020 was recorded as 15.024 million, down by 333,000 from previous quarter (2.3%). The official unemployment rate was 32.5%, up by 1.7% from previous quarter. Number of unemployed is at 7.233 million (up by 701,000. *(http://www.statssa.gov.za/publications/P0211/P02114thQuarter2020.pdf*	93 Octane: R15.64 95 Octane: R15.62 50ppm Diesel: 13.58 500ppm Diesel: R13.52 As at 3rd March 2021 *(https://www.aa.co.za /fuel-pricing)*	Rand/Dollar: 15.34 Rand/Pound: 21.18 Rand/Euro: 18.27 As at 8th March 2021 *(South African Reserve Bank)*	NAAMSA has stated that new vehicle sales in January 2021 showed a 13.9% drop compared with the same month in 2020, ending up on 34,784 units. Exports sales, however, registered a year-on-year increase of 39.7% at 22, 771 units. *(www.naamsa.co.za)*	National GDP grew by 1.5% in the 4th quarter of 2020. Statistics South Africa said that the manufacturing industry increased at a rate of 21.1% in the 4th quarter, contributing 2.4 percentage points to GDP growth. Nine of the ten manufacturing divisions reported positive growth rates in the 4th quarter. The largest contributions to the increase were food and beverages; motor vehicles, parts and accessories and other transport equipment; basic iron and steel, non-ferrous metal products, metal products and machinery; and wood and wood products, paper, publishing and printing. The trade, catering and accommodation industry increased at a rate of 9.8%, contributing 1.3 percentage points to GDP growth.

				Increased economic activity was reported for retail trade, motor trade, catering and accommodation. The transport, storage and communication industry increased at a rate of 6.7%, contributing 0.5 of a percentage point to GDP growth. Increased economic activity was reported for land and air transport and communication services *(https://www.702.co.za/articles/410774/sa-economy-grew-by-1-5-in-fourth-quarter-of-2020#)*

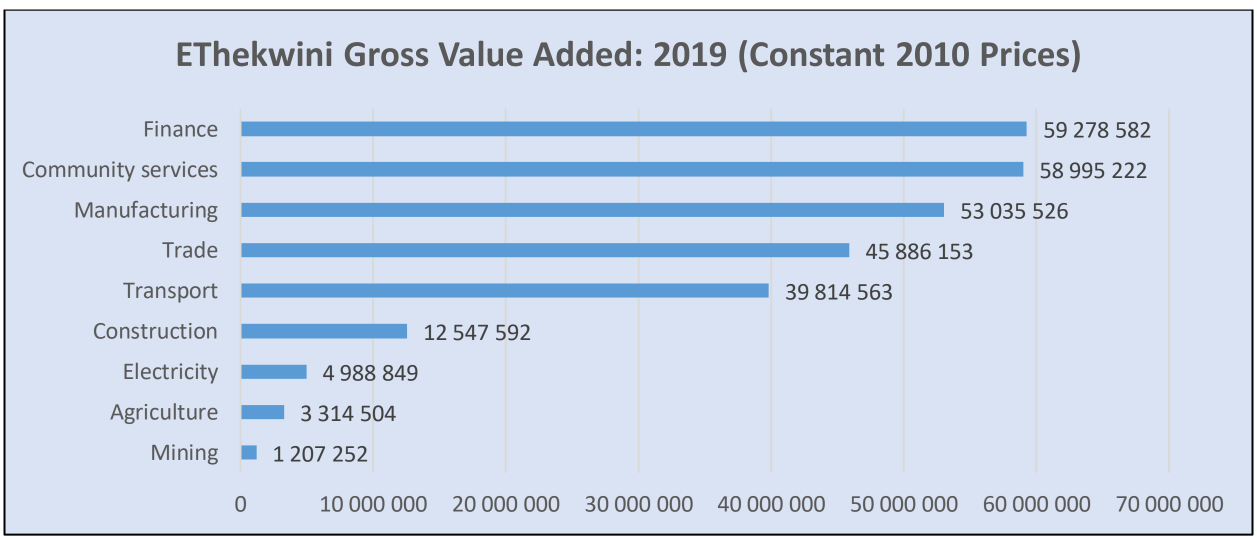


Source: Global Insight 2020

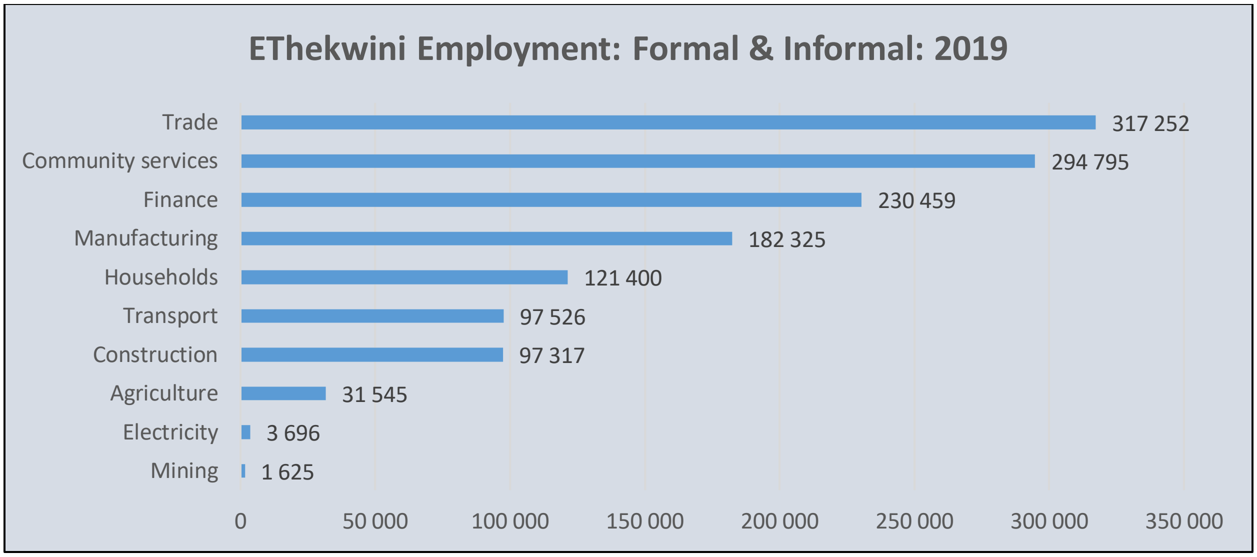
STATE OF THE LOCAL ECONOMY

ETHEKWINI INDICATORS

GDP / Total Population	**Total Employment Q4: 2020**	**Q4: 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 1.108m in the 4th quarter of 2020, according to Statistics South Africa. This represented an increase of 49,000 and a 4.6% increase from the previous quarter *(http://www.statssa.gov.za/publications/P0211/P02114th quarter2020.pdf)*	The City's official quarterly unemployment rate in the 4th quarter increased by 6.6 percentage points to 20.6% from 14.0% in the previous quarter. The number of unemployed in the 4th quarter is 288,000, up by 115,000 from previous quarter. This is the result of more people actively looking for work as the Covid-19 lockdowns restrictions were lowered. *(http://www.statssa.gov.za/publications/P0211/P02114th 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 km^2 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

City makes gradual economic gains	City forges ahead with Buy Local Campaign	Durban Film Office to host 14th Talents Durban 2021	Durban CBD no longer attractive to businesses, says economist
Despite the Covid-19 pandemic, the City has attracted R3.5 billion in foreign direct investment (FDI) for the 2019/21 financial year. The 3 main sectors with investment expansions underway are the automotive, agri-processing and chemicals, valued at R2.43 billion, R800 million and R200 million respectively. While full economic growth may take a while, the City is committed to prioritise and fast-track certain catalytic projects to create jobs and generate revenue *(Metro, Ezasegagasini, 12-25 February 2021)*	The Buy Local, Invest Local Campaign is part of the Economic Recovery Plan and seeks to assist to rebuild and revitalise economic activity among local businesses. A total of 268 local businesses responded to the call to register to become part of the campaign. Echoing the sentiments of the President during his SONA address, who ended his plea with a colloquial saying: "local is lekker" (local is nice), 15 local businesses for which further screening and due diligence has been undertaken to verify their authenticity have made the final cut to become eThekwini's first batch of uniquely Durban businesses. The chosen businesses will receive sector support, as well as widespread media	The 14th Talents Durban event will be hosted by the Durban Film Office, in partnership with Berlinale Talents. Emerging screenwriters and directors and documentary animation be given an opportunity to submit their projects. The objective is to stimulate the growth of the African film industry through the development of film projects, and to network African filmmakers within the continent *(Metro, Ezasegagasini, 12-25 February 2021).*	Durban-based economist Bonke Dumisa said the Durban CBD is no longer an attractive location for premium office space. Drawing from a report by the Durban Edge, it was stated that the CBD had the highest office vacancy rate when compared to other major business districts in the country such as Sandton, Johannesburg and Cape Town. Prior to the Covid-19 outbreak, companies were already moving outside of the CBD, due to less traffic and crime, and better property value. The report comes as Transnet is also planning to move its office from Durban to Port Elizabeth *(https://bereamail.co.za/256897/durban-cbd-no-longer-attractive-to-businesses)*

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	coverage that would assist to elevate their businesses through media exposure *(PSIR press release for Metro Ezasegagasini).*		

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 update.