ETHEKWINI ECONOMY *'AT A GLANCE'*

MARCH 2021

STATE OF THE GLOBAL ECONOMY

	IMF	World Bank	OECD
Projected GDP Growth 2020	-3.5%	-4.3%	-3.5%
Projected GDP Growth 2021	6.0%	4.0%	2.9%
Projected GDP Growth 2022	4.4%	3.8%	3.8%
Global GDP in 2019 (Actual)	142 trillion US$ (Current prices, as per the World Bank)		

GLOBAL HIGHLIGHTS

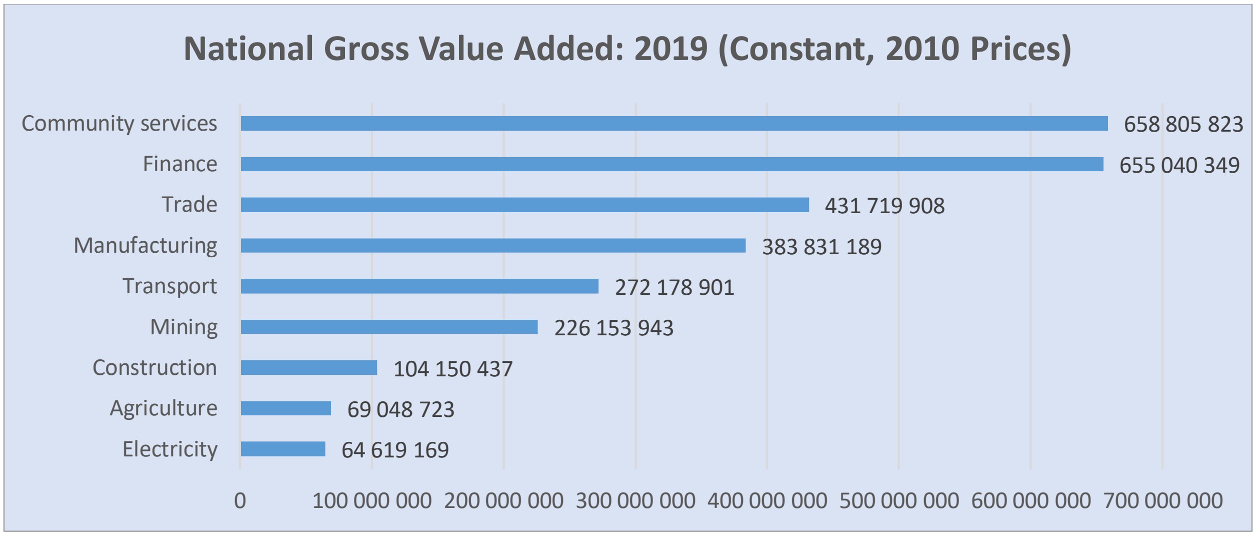
Update on global economy

Although the global economy is emerging from the impacts of the COVID-19 pandemic, the recovery is likely to be small and gradual, and global GDP is projected to remain well below its pre-pandemic trend for a prolonged period. While risks cloud the outlook, including those related to the pandemic and to rapidly rising debt, the pandemic has also diminished already-weak growth prospects for the next decade. Decisive policy actions will be critical in determining the likelihood of better growth outcomes while warding off worse ones. Immediate priorities include supporting vulnerable groups and ensuring a prompt and widespread vaccination process to bring the pandemic under control. Although macroeconomic policy support will continue to be important, limited fiscal policy space amid high debt highlights the need for an ambitious reform agenda that will bolster growth prospects. To address many of these challenges, global cooperation will be key.

(https://openknowledge.worldbank.org/handle/10986/34710)

STATE OF THE NATIONAL ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth 2020	-7.0%	-7.5%	-7.0%	-8.1%
Projected GDP Growth 2021	3.3%	3.1%	3.0%	3.1%
Projected GDP Growth 2022	2.4%	2.0%	1.9%	2.5%
2020 GDP/Growth trend	R2.92 trillion (constant, 2010 prices, 7% contraction from 2019, sourced from Statistics South Africa)			



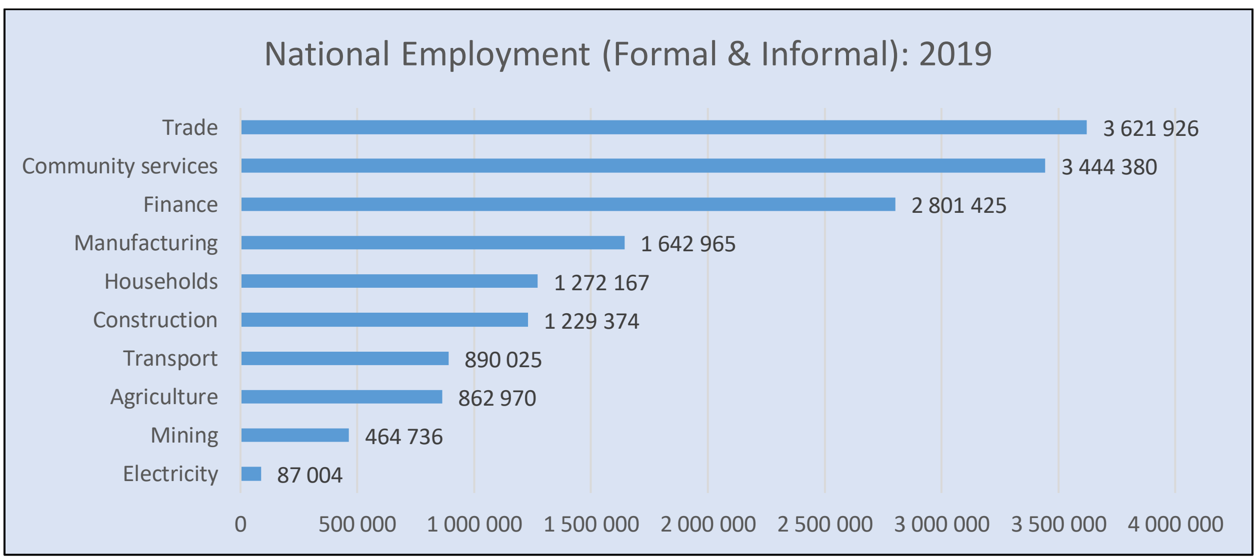
Source: Global Insight 2020

NATIONAL HIGHLIGHTS

RMB/BER Business Confidence Index drops	**Tourism Sector welcomes grant**	**Mineral Resources and Energy Minister announces 8 investment projects**	**S & P warns of rating downgrade**
The RMB/BER business confidence index dropped to 35 in Q1:2021, meaning that 65% of businesses surveyed were dissatisfied with the prevailing conditions when the survey was taken. Business confidence is also weak as meaningful progress on eliminating corruption and prosecuting key figures are still lacking. The failure to implement the necessary changes to electricity regulations to allow the private sector to add electricity to the grid is also eroding business confidence *(www.investec.co.za)*	Tourism bodies and businesses have welcomed the announcement of a special R20m grant to assist about 400 small businesses in KwaZulu-Natal in financial difficulties as a result of impacts from Covid-19. The fund was announced by the KZN Premier in his State of the Province address during March 2021. The fund will be a maximum grant of R50,000 for successful applicants. Tourism KZN has also launched a domestic and international marketing campaign to restore the industry to its former glory *(The Rising Sun, 23rd March 2021).*	The Minister announced the preferred bidders for generating 2,000 megawatts for independent power procurement which is expected to inject R45 billion of private sector investment. The preferred bidders are ACWA Power Project DAO, Karpowership SA Coega, Karpowership Saldanha Bay, Karpowership Richards Bay, Mulilo Total Coega, Mulilo Total Hydra Storage, Oya Energy Hybrid Facility, and Umoyilanga Energy, all of whom are expected to provide 3,800 job opportunities during the 18-month construction period *(Mercury, 19th March 2021).*	Ratings Agency S & P Global has warned that it could downgrade the country's credit rating if the economic prospects fail to recover in the medium term. The agency will review its position towards South Africa if fiscal financing or external pressures mount. In November 2020, the agency downgraded the country's sovereign debt to BB with a stable outlook. The 2021 Budget framework has put the country on course to achieve a primary surplus after stabilising debt at 88.9% of GDP in 2025/26. The government's gross loan debt was expected to increase from R3.95 trillion in the current financial year to R5.2 trillion in 2023/24 (*Mercury, 10th March 2021).*

NATIONAL KEY INDICATORS

December Inflation Rate / Labour Data as at 4th Quarter 2020	**Petrol Prices**	**Exchange Rates**	**Vehicle Sales**
The annual inflation rate decreased to 2.9% in February from 3.2% in January. *(Statistics South Africa)* **Labour Update** National employment in the 4th quarter of 2020 was recorded as 15.024 million, down by 333,000 from the 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: R16.58 95 Octane: R16.61 50ppm Diesel: 13.92 500ppm Diesel: R14.16 As at 7th April 2021 *(https://www.aa.co.za /fuel-pricing)*	Rand/Dollar: 14.53 Rand/Pound: 20.15 Rand/Euro: 17.21 As at 7th April 2021 *(South African Reserve Bank)*	The February 2021 export sales was 29,582 units, showing a decline of 2,561 vehicles or 0.8% when compared to the 32,143 vehicles exported in February 2020. Despite the decline, the export volumes have been steadily gaining traction and for the first two months of 2021 exports are now 3,895 units above the corresponding period last year. *(www.naamsa.co.za)*

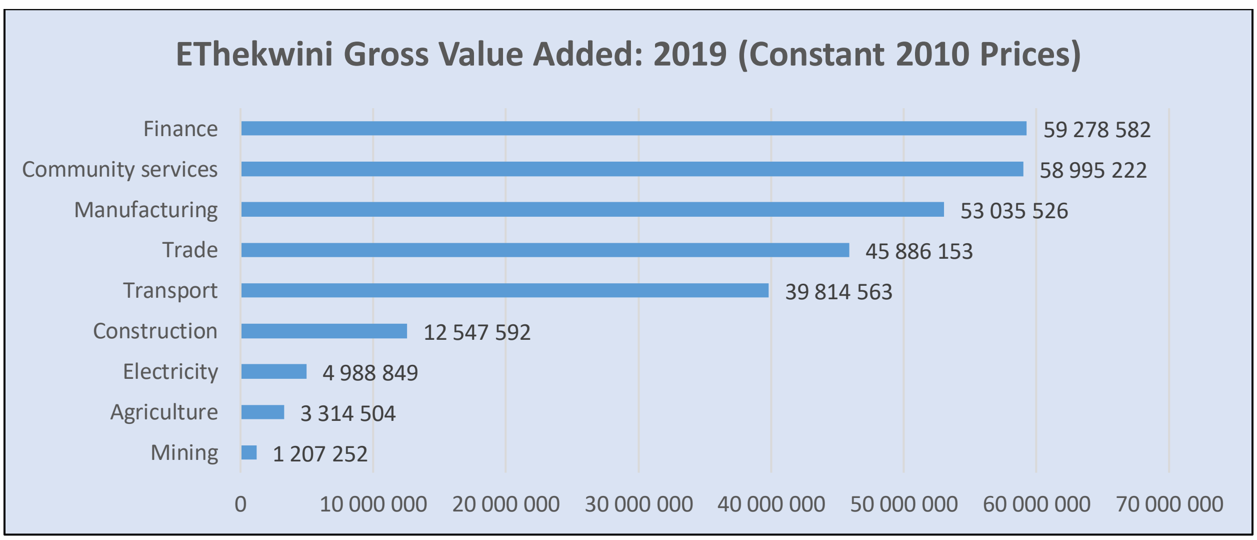


Source: Global Insight 2020

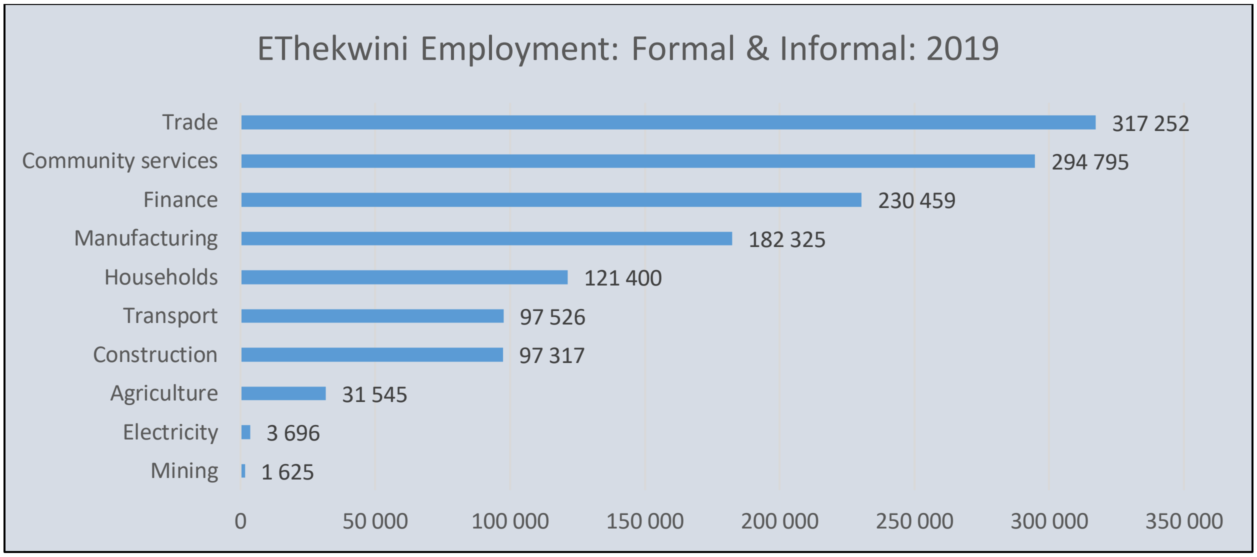
STATE OF THE LOCAL ECONOMY

ETHEKWINI INDICATORS

GDP / Total Population	Total Employment Q4: 2020	Q4: 2020 Unemployment	Development Indicators for 2019	Annual Trade 2020
GDP was 301.7 billion in 2019, which is a -0.15% growth from 2018. *(Global Insight, 2020)* The population at eThekwini 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. *(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: R77,3billion (down R2,4 billion). Total Imports: R90,7 billion (up R2,4 billion) *(Quantec, 2020)*



Source: Global Insight, 2020



Source: Global Insight, 2020

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

Major changes for Port of Durban	**City to accelerate plans for tourism recovery**	**City's adjusted budget tabled**	**Covid-19 takes its toll on SA's largest Municipalities**	**Easter weekend gives boost to tourism in Durban**
In his 2021 State of the Nation Address, the President announced that the Port of Durban will be developed as a hub port for the southern hemisphere. The development will have a positive impact for shipping lines, logistics companies, consumers and with the latest technology, will be able to operate in concert with other ports around the country and the neighbouring trade regions. However, some of the major businesses in the city are querying why container traffic is be diverted to Ngqura with the Port of Durban being developed as the hub port. The recent decision to relocate the Transnet National Ports Authority head office to the Eastern Cape also	The City hosted the Durban Tourism Imbizo where the private sector and the Municipality shared ideas to turn the sector around. The City will use the Re-Ignite Durban programme which was introduced in September 2020 to re-project key assets that bring people to the city. Beach tourism, events and sports were also included as key activities. The City has also submitted a bid to host the Tourism Indaba permanently – in recognition of its contribution to local tourism growth *(Ezasegagasini, 12-25 March 2021).*	The City tabled the special adjustment budget for 2020/21 at a Council meeting on 25 February. The total consolidated second budget including entities is R49,412,044. The city has undertaken not to disconnect services to the most vulnerable residents since March 2020, but those with substantial arrears who could not meet their financial obligations had to be disconnected. The City has maintained its collection rate of 95% as at January 2021 *(Ezasegagasini, 12-25 March 2021).*	The 2020 State of the Cities Report by the South African Cities Network revealed that the state of cities' finances remained poor as they battled to generate enough revenue to keep their levels of service delivery up, after being severely affected by the pandemic – which has left cities operating in an unstable and difficult environment, and burdened with additional responsibilities and costs such as providing sanitation and shelter. The issue of raising revenue was also compounded by the public's inability to pay for services as many ratepayers have lost their jobs or have	The Easter weekend provided much needed economic relief to Durban's tourism sector. Initial estimates are that 45 000 visitors arrived in Durban over Easter, with hotel occupancies averaging 60%. This was complemented by direct spending of an estimated R60-million, and a GDP contribution of around R150-million. A total of 320 jobs were supported over this period. *(IOL, 9 April 2021).*

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does not appear to support the president's announcement *(Mercury, 22 February 2021).*			had household incomes reduced *(Mercury, 11th March 2021).*	

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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.