ETHEKWINI ECONOMY *'AT A GLANCE'*

JULY 2019

GLOBAL STATE OF THE ECONOMY

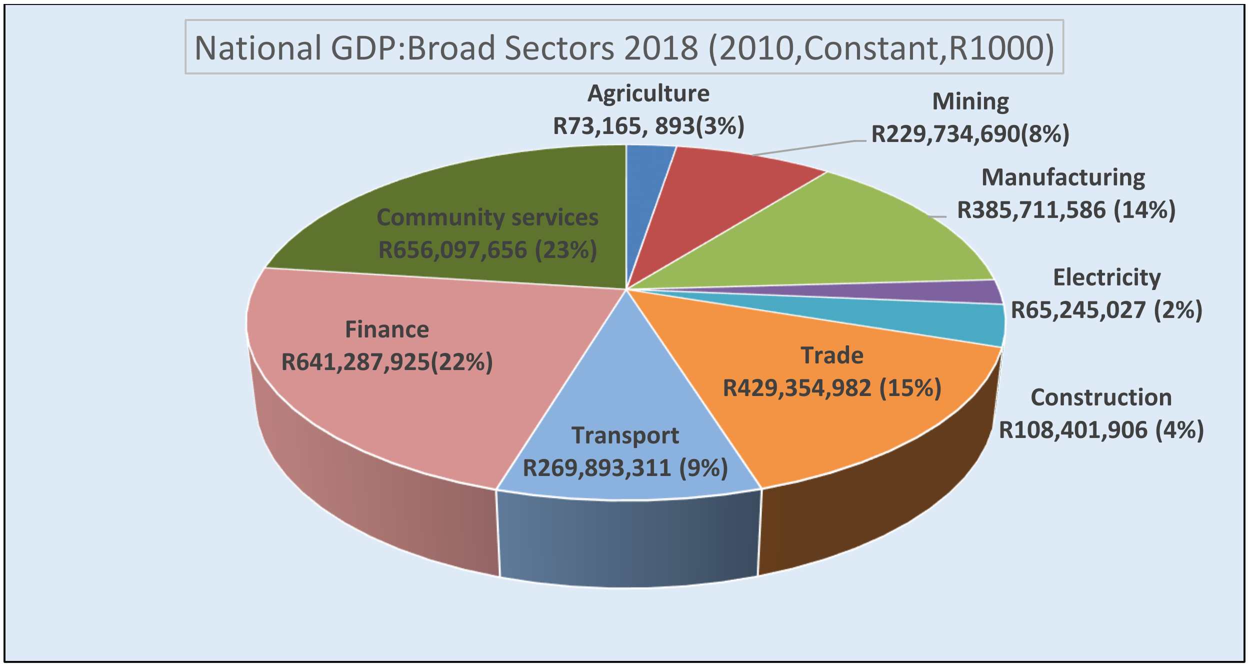
	IMF	World Bank	OECD
Projected GDP Growth 2019	3.2%	2.9%	3.2%
2018 GDP Growth	3.5%	3.1 %	3.7%
Projected GDP Growth 2020	3.6%	2.8%	3.4%
Global GDP in 2018	84,835 trillion US$ (Current prices, as per the World Bank)		

GLOBAL HIGHLIGHTS

Global Economic news	Boris and Brexit
According to the IMF, global growth is forecast at 3.2% in 2019 and is expected to pick up to 3.5% in 2020. Investment and demand for consumer goods have been subdued in both advanced and emerging economies as firms and households continue to hold back on long-term spending. *(https://www.imf.org/en/Publications/WEO/Issues/2019/07/18/WEOupdateJuly2019)*	The new UK Prime Minister will attempt to leave the European Union (EU) on 31st October 2019 and the new government needs to re-evaluate its relationship with Africa. After Brexit, the UK will have to craft new trade agreements with Africa. Moreover, the new Continental Free Trade Agreement (CFTA) in Africa may be an advantage in negotiating more equitable agreements with the EU. The EU is Africa's oldest trade partner and the CFTA could help Africa get the best out of Brexit. *(https://qz.com/africa/1629615/boris-johnson-as-prime-minister-will-be-bad-for-africa/)*

NATIONAL STATE OF THE ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth for 2019	1.0%	0.7%	1.3%	1.2%
Projected GDP Growth for 2020	1.8%	1.1%	1.3%	1.8%
2018 GDP/Growth	R3.14 trillion (Constant, 2010 Prices, 0.8% growth from 2017 , sourced from *Global Insight*)			



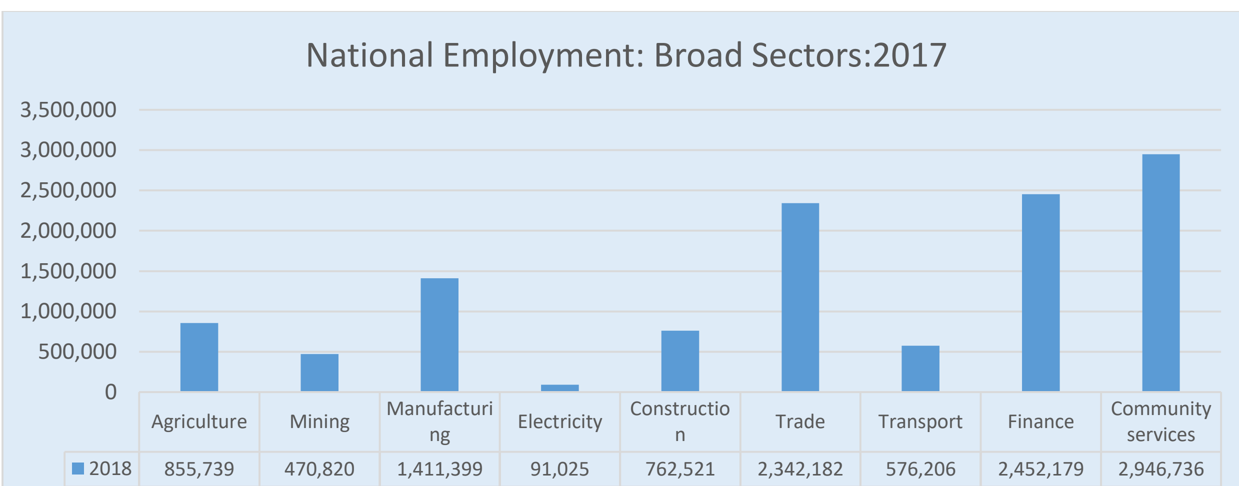
Source: Global Insight 2018

NATIONAL HIGHLIGHTS

Political Forum on Sustainable Development at UN	**SA Works to finalise tariff schedule of AfCFTA**	**Government to release state-owned to be prioritised**	**SARB cuts repo rate**
A South African delegation attended the High-Level Political Forum on Sustainable Development at the United Nations during July 2019. The Forum, convened by the United Nations Economic and Social Council (ECOSOC), with the theme 'Empowering people and ensuring inclusiveness and equality' and discussing the experiences of national governments as they work to implement the 2030 Agenda in their countries. South Africa is one of 47 countries that are submitting their Voluntary Reviews for 2019. *(SA News, 16th July 2019).*	The country is working to finalise its tariff schedule related to the African Continental Free Trade Area Agreement (AfCFTA). This follows from the 12th Extraordinary Summit of the African Union (AU), held during July. The new trade agreement connects 1.2 billion people into a single bloc where products will be manufactured, bought and sold between countries, without any trade tariffs. The country is expected to list all products covered by the AfCFTA and the rules of origin that set out what qualifies as a locally-manufactured article. *(SA News, 15th July 2019)*	Government is planning to release state-owned land to fast-track land reform as it felt the continuing skewed capital and land ownership patterns are hampering broad-based participation in economic productive activities. The acceleration of the land reform programme will continue to focus on improving access to land for agriculture, economic development and sustainable human settlements. The agriculture sector has the potential to broaden economic participation and mitigate the challenges of rural poverty and the productive capacity of communal land will also be prioritised. *(SA News, 18th July 2019)*	The South African Reserve Bank has reduced the repo rate by 25 basis points to 6.5% per annum with effect from 19th July 2019. The Monetary Policy Committee are of the view, however, that the current challenges facing the economy are primarily structural in nature and cannot be resolved by monetary policy alone. *(SA News, 19th July 2019)*

NATIONAL KEY INDICATORS

INFLATION RATE / NATIONAL EMPLOYMENT	PETROL PRICE	EXCHANGE RATES	VEHICLE SALES	QUARTERLY GDP
Annual consumer price inflation was 4, 5% in June 2019, unchanged from May 2019. The main contributors to annual inflation were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services *(https://tradingeconomics.com/south-africa/inflation-cpi)* National employment in the 1st Quarter of 2019 was recorded as 16,291 million, down by 237,000 from previous quarter (-1.4%). *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2018.pdf)*	**93 Octane**: R15.61 **95 Octane**: R15.17 **0.05% Diesel**: R15.47 As at 3rd July 2019 *(https://www.enca.com/south-africa/petrol-price-to-increase)*	Rand/Dollar: 14.1915 Rand/Pound: 17.6200 Rand/Euro: 15.8000 As at 26th July 2019 *(Mercury, 26th July 2019)*	**New Car Sales Summary - June 2019** The National Association of Automobile Manufacturers of South Africa (Naamsa) reports that new vehicle sales continued to decline in June 2019, although lower passenger car sales had been offset by growth in some of the commercial vehicle segments. The aggregate domestic sales at 45 939 units showed a decline of 724 units or 1.6% from the 46 663 vehicles sold in June 2018. *(https://www.cars.co.za/motoring_news/new-car-sales-in-sa-Junel-2019/46602/)*	National GDP decreased by 3.2% in the 1st quarter of 2019. *(https://tradingeconomics.com/south-africa/gdp-growth)*

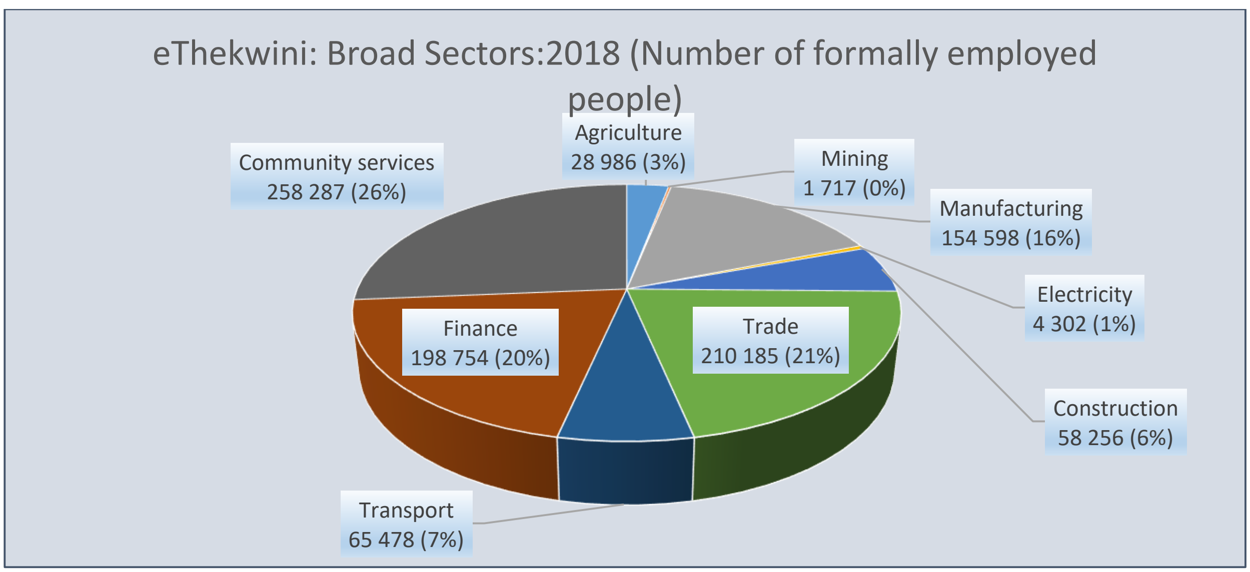


Source: Global Insight 2018

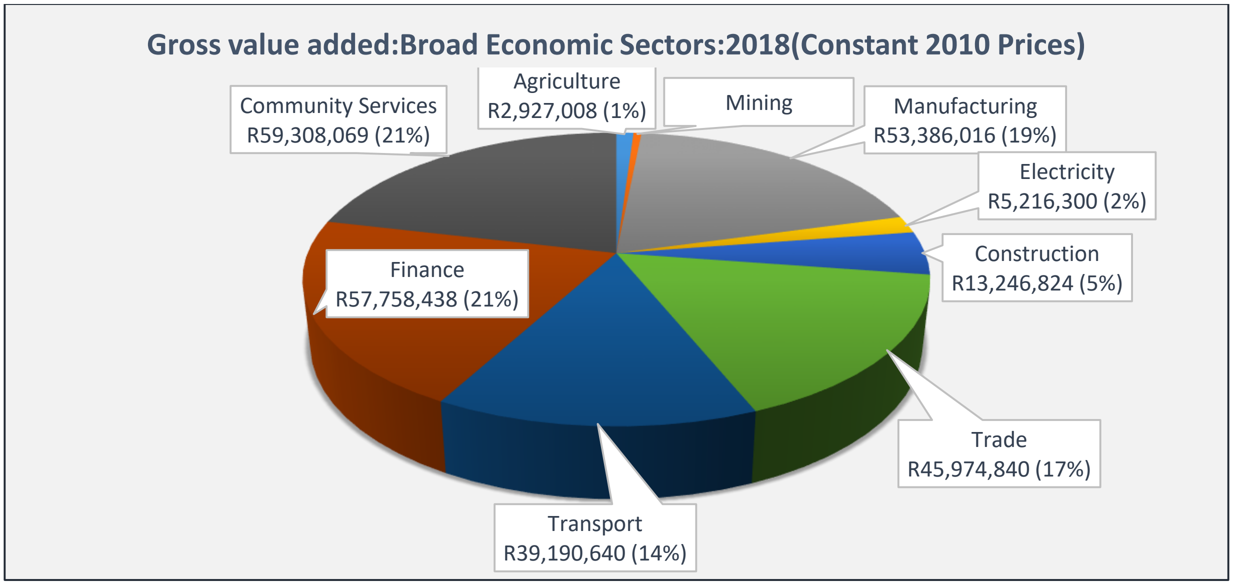
LOCAL STATE OF THE ECONOMY

<u>ETHEKWINI INDICATORS</u>

GDP / TOTAL POPULATION	TOTAL EMPLOYMENT	Q1:2019 UNEMPLOYMENT INCREASED TO 23.0%	Development Indicators for 2018	ANNUAL TRADE 2018
R305.9 billion, 0.9% growth from 2017. *(Global Insight 2019)* The eThekwini population was recorded as 3,918,863 in 2018 according to Global Insight (Increased by 1.4%) ***(Global Insight 2019)***	Formal Sector employment recorded as approximately 1,160 million in the first Quarterly Labour Force Survey in 2019 according to Statistics South Africa. This represented a decrease of 1.6% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2019.pdf)*	The City's quarterly unemployment rate increased by 1.2 percentage points to 23.0% from 21.8% in the previous quarter. Number of unemployed is at 347,000, down by 18,000 from previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2019.pdf)*	Human Development Index: **0.66** Gini coefficient: **0.62** Functional Literacy: Total illiterate: 340,675 Total literate: 2,625,882 *(Source: Global Insight 2019)*	Total Exports: R82,7 billion (Increased by 13.8%) Total Imports: R114, 5 billion (Increased by 8.5%) *(Global Insight 2019)*



Source: Global Insight 2018



Source: Global Insight 2018

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

New Flight School at Virginia Airport	**The Durban July - Economic Impact**	**Tourism Agreement between Tourism KZN and Chinese Group**	**Most expensive cities study**
A new R10-million pilot training school, Focus Air was opened at Virginia Airport in July 2019. The company plans to train 100 individuals from disadvantaged backgrounds. *(Mercury, Network, 10 July 2019)*	The 2019 Durban July was expected to make a R380-million contribution to the City's GDP. The event also benefited the hospitality industry and the local SMME sector. Approximately 45,000 local and international visitors graced the event. *(Metro Ezasegagasini, 12-25 July 2019)*	Tourism KwaZulu-Natal has signed a memorandum of agreement with the China Comfort Tourism Group. The partnership will see an increase in Chinese tourists to the province. Tourism KZN is expecting to grow the industry by R98 billion in the next few years which will also provide ample job opportunities. *(Metro Ezasegagasini, 12-25 July 2019)*	Numbeo recently published its Cost of Living Index for mid-year 2019, ranking the most expensive cities in the world. In South Africa, Durban was 5th after Pretoria, Johannesburg, Cape Town and Port Elizabeth. (https://www.numbeo.com/quality-of-life/rankings.jsp)

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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.