ETHEKWINI ECONOMY *'AT A GLANCE'*

OCTOBER 2020

STATE OF THE GLOBAL ECONOMY

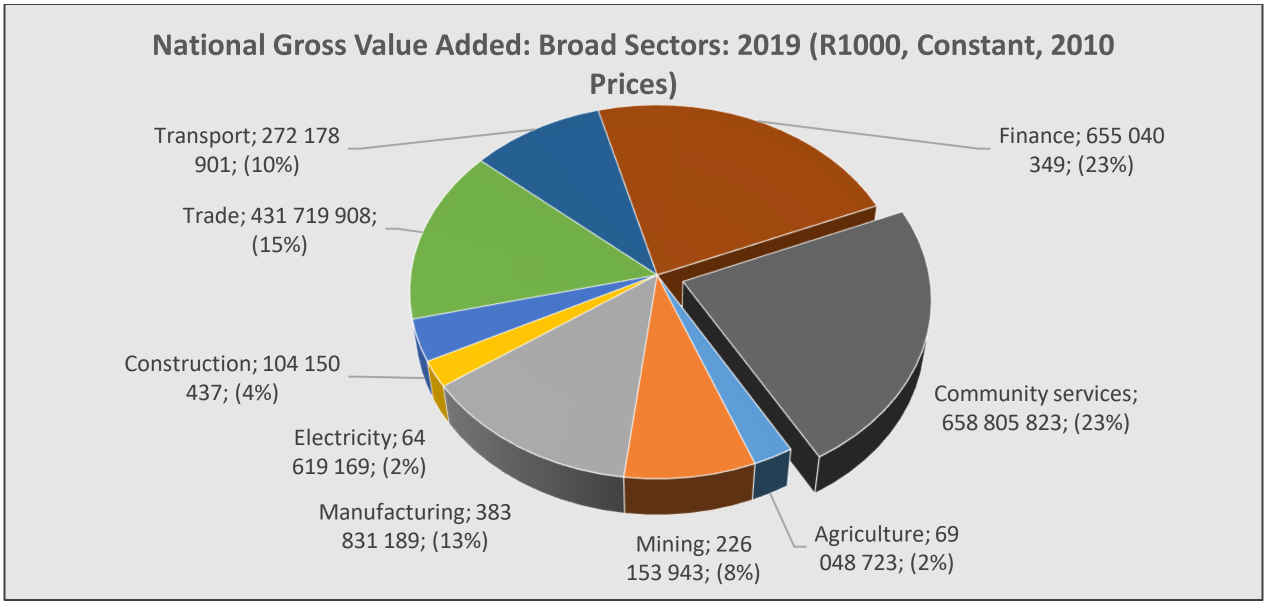
	IMF	World Bank	OECD
Projected GDP Growth 2020	-4.4%	-5.2%	-7.6%
Projected GDP Growth 2021	5.4%	4.2%	2.8%
Global GDP in 2019 (Actual)	142 trillion US$ (Current prices, as per the World Bank)		

GLOBAL HIGHLIGHTS

Update on global economy
The International Monetary Fund (IMF) has stated the global economy would remain in a deep recession during 2020, with real GDP growth at -4.4% (an upward revision of 0.8%). The IMF also projected that Sub-Saharan Africa's growth would contract 3% in 2020 and increase to 3.1% in 2021. For emerging markets, growth was forecast at -3.3% in 2020 to rise to 6% in 2021. *(Mercury, 14th October 2020)*

STATE OF THE NATIONAL ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth 2020	-7.8%	-8.0%	-7.1%	-11.5%
Projected GDP Growth 2021	3.3%	3.0%	2.9%	0.6%
2019 GDP/Growth trend	R3.14 trillion (constant, 2010 prices, 0.15% growth from 2018, sourced from *Global Insight*)			



Source: Global Insight 2020

NATIONAL HIGHLIGHTS

SA's Economic Performance	SA's Economic Recovery Plan	Medium-Term Budget Policy Statement
Available data for Q3 indicates the economy remained weak, after the record GDP contraction in Q2 following the Covid-19 pandemic outbreak since the beginning of the year. Although the drops in manufacturing output and retail sales eased from Q2 in July–August, largely reflecting the gradual lifting of restrictions, they were still relatively steep. Moreover, the manufacturing PMI index remained contractionary in the quarter, as did business confidence, which likely weighed on the lack of investment activity. On 15th October 2020, the government introduced an economic revival plan, focusing on increased infrastructure spending, which aims to unlock R1 trillion in private investment in the next four years, while also directing R100 billion towards job creation. *(https://www.focus-economics.com/countries/south-africa)*	The key points of the Plan: • Targeting 3% average annual economic growth over the next decade. • Presidential panel to be established to reduce the time it takes to make decisions on projects that could help grow the economy. • A state infrastructure fund to provide R100 billion in finance, to unlock a further trillion rand in investment. • About 11,800 megawatts of new power generation capacity will be brought online from 2022, more than half of which will come from renewable sources. • Agreements to be finalised with independent power producers to supply another 2,000 megawatts of capacity from existing projects by June 2021. • About R13.8 billion will be spent on creating 800,000 jobs and economic opportunities by the end of March next year. A further R86.2	Some of the highlights from the Finance Minister's Medium-Term Budget Policy Statement (MTBPS): the economy is expected to contract by 7.8% in 2020. The stock of gross debt is expected to rise by approximately R4 trillion to R5.5 trillion in 2023/24; Cabinet has decided to extend the social relief grant to the end of January 2021; R1 billion has been allocated for food relief; R12.6 billion has been allocated to the employment initiatives championed by the president; government is borrowing at a rate of R2.1 billion per day; R10.5 billion has been allocated to SAA to implement the business rescue plan and the State Capture Commission of Inquiry was allocated an additional R63 million to finalise investigations for the close-out report. *(https://www.thesouthafrican.com/news/political-reaction-tito-mboweni-mid-term-budget-speech/)*

SA's Economic Performance	SA's Economic Recovery Plan	Medium-Term Budget Policy Statement
	billion will be spent on employment creation over the next two years. • The government will seek to promote industrialisation by increasing local production and procurement. • Data costs will be reduced, and broadband expanded to poor households. The time it takes to secure mining and water licenses will be halved. • A R350 welfare grant for those who don't qualify for other government support will be extended up to January 2021. *(https://businesstech.co.za/news/business/441174/south-africas-economic-recovery-plan-in-a-nutshell/)*	

NATIONAL KEY INDICATORS

Inflation Rate / National Labour Trends	Petrol Price	Exchange Rates	Vehicle Sales	Quarterly GDP Contracts in 2nd Quarter of 2020
The annual inflation rate in South Africa moderated to 3.0 % in September 2020 from 3.1% in August. *(https://southafrica.opendataforafrica.org/kcsrrb/consumer-price-index-cpi-august)* National employment in the 2nd quarter of 2020 was recorded as 18.443 million in the 2nd Quarter, a decrease of 5.009 million from previous quarter . The official unemployment rate was 23.3% with 4.295 million, a drop of 2,775 million from the previous quarter. *(http://www.statssa.gov.za/publications/P0*	93 Octane: R14.15 95 Octane: R14.16 50ppm Diesel: R11.80 500ppm Diesel: R11.77 As at 7th October 2020 *(https://www.aa.co.za /fuel-pricing)*	Rand/Dollar: 16.39 Rand/Pound: 21.26 Rand/Euro: 19.22 As at 29th October 2020 *(Mercury, 29th October 2020)*	The SA vehicle market remains under pressure but continues on its steady recovery as lockdown levels have begun to ease. Compared with August 2020, 4 148 more vehicles were so ld in September 2020. A total of 37 403 vehicles were sold in stark contrast to September 2019 where 49 140 vehicles were sold *(www.naamsa.co.za)*	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)*

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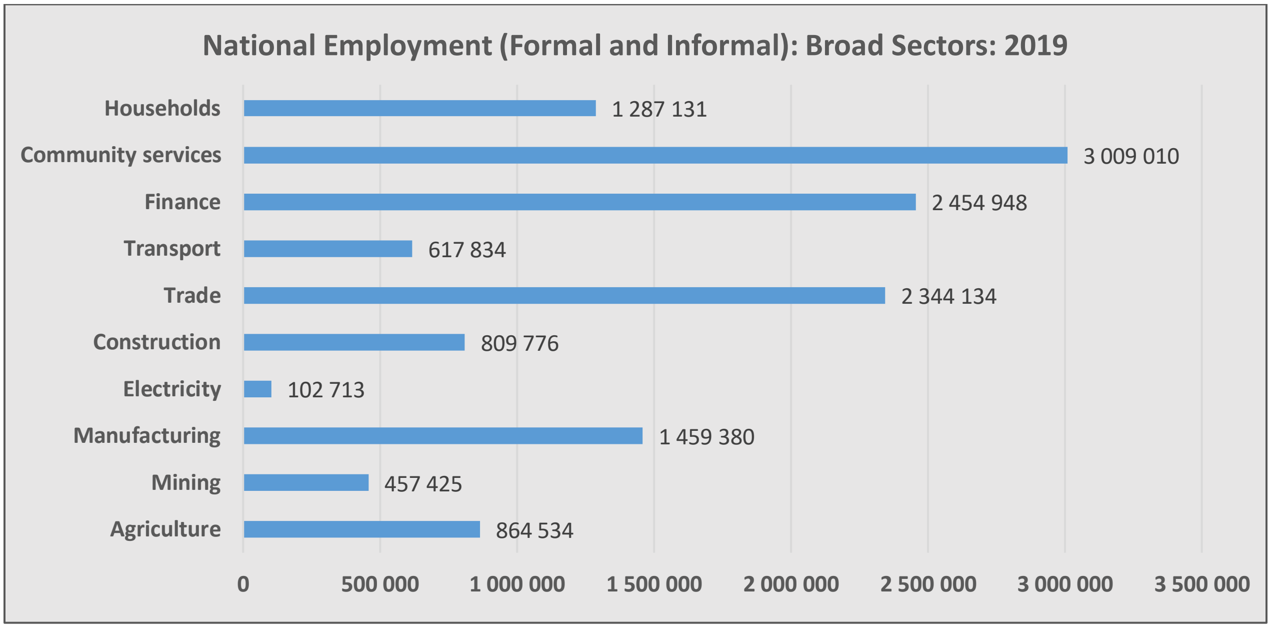


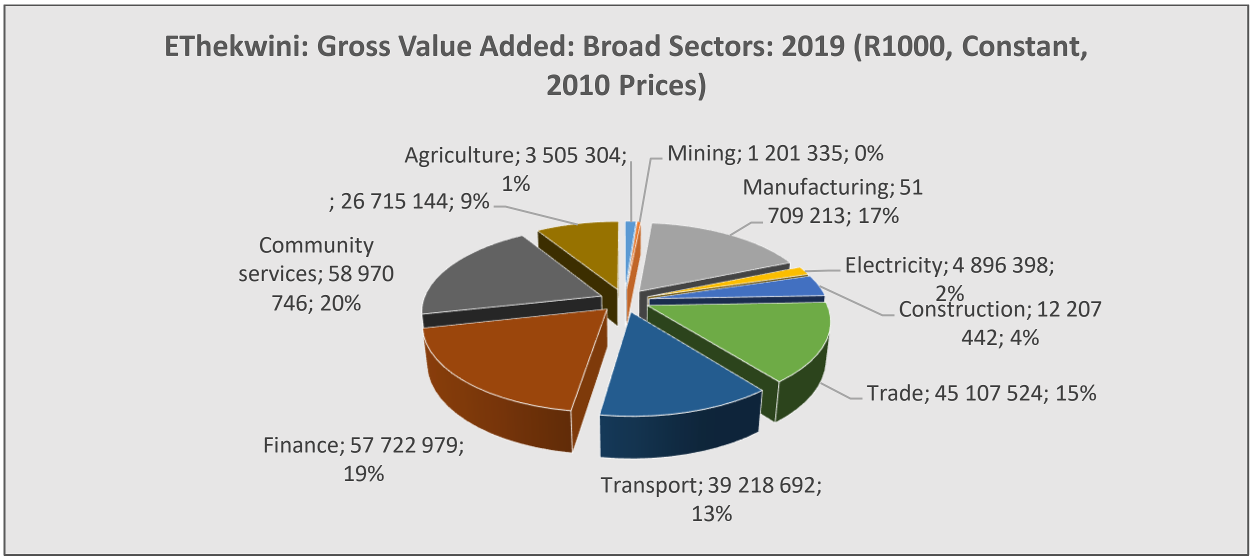
Source: Global Insight 2020

STATE OF THE LOCAL ECONOMY

ETHEKWINI INDICATORS

GDP / Total Population	Total Employment Q2: 2020	Q2: 2020 Unemployment	Development Indicators for 2019	Annual Trade 2019
GDP was R301.7 billion, -0.15% growth from 2018. *(Global Insight 2020)* In Q3 2020 (Lockdown Levels 3, 2 and partially 1). GDP declined by 10% which indicates an improvement from the 21% decline in Q2. The eThekwini population was recorded as 3,938,683 in 2020 according to Global	Formal Sector employment was approximately 986, 000 2nd quarter of 2020 according to Statistics South Africa. This represented a decrease of 207,000 and a -17.3% from the previous quarter *(http://www.statssa.gov.za/publications/P0211/P02112ndQuarter 2020.pdf*)	The City's official quarterly unemployment rate decreased by 13.9 percentage points to 8.2% from 22.1% in the previous quarter (this indicates a significant number of people; 45 000 who could not and therefore did not look for work, due to lock down regulations. The result is a growth in **expanded** unemployment from 31% to 38% between Q1 and Q2 2020). Therefore in reality, 38% of people who are	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 km²	Total Exports: R88.3 billion Total Imports: R79.9 billion. *(Quantec 2020)*

GDP / Total Population	Total Employment Q2: 2020	Q2: 2020 Unemployment	Development Indicators for 2019	Annual Trade 2019
Insight (Increased by 1.4%) *(Global Insight 2020)*		available to work, are unemployed. *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf)*	Number of Wards: 110 *(Source: Global Insight 2020/ Development Planning)*	



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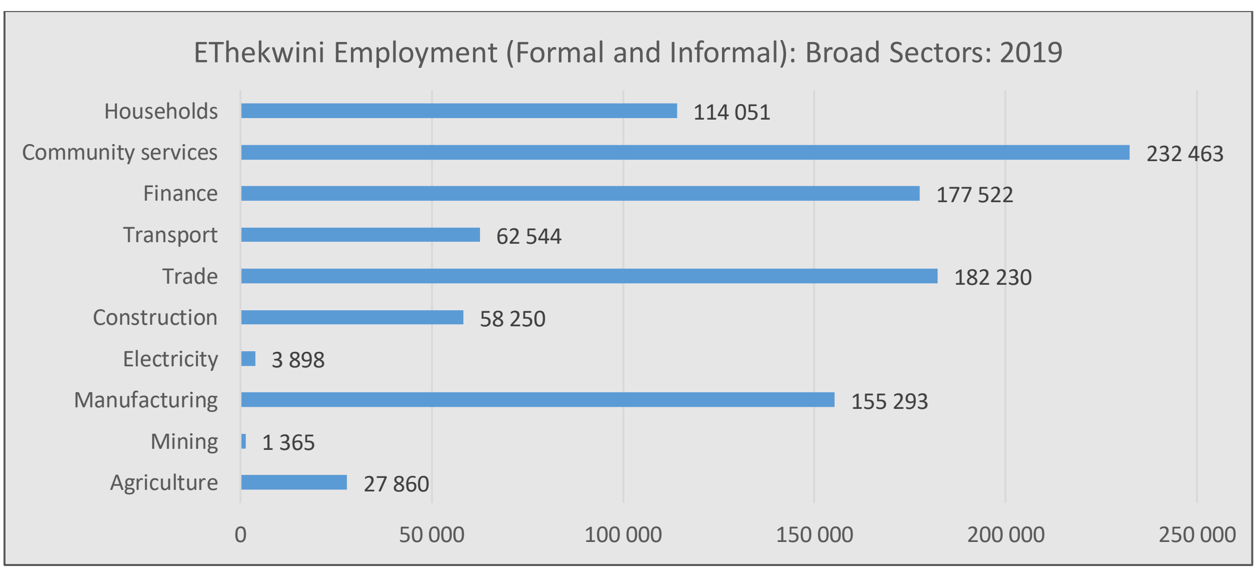

Source: Global Insight 2020

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

First meeting of eThekwini Economic Council	Go!Durban C9 bridge connects uMhlanga economic Hub	R2.bn of City's R15bn outstanding debt unlikely to be recovered	Partnership with SmartXchange for business directory
The eThekwini Economic Council (EEC) held its first meeting on 15th October. At the meeting the Mayor expressed the City's commitment to the EEC of a conducive environment to do business and ensure improved access to basic services and also briefed the EEC on the establishment of the Jobs Creation and Skills Revolution War room which will work through social compacts, such as the EEC to rebuild the economy. The EEC has formed specific working groups to address specially-identified areas on which to focus. *(Metro, Ezasegagasini, 23 October-5 November 2020).*	The Cornubia bridge, which was recently completed, is a key component of the City's Go!Durban Integrated Rapid Public Transport Network, now connects the economic hub of uMhlanga Newtown in the east to Cornubia with its large residential community and mixed-use developments in the west. The R410m project created 395 job opportunities for the local people. *Ezasegagasini, 23 October-5 November 2020).*	The City's debt has risen to R15bn – increased by R2.3bn year-on-year and this increase is unlikely to be recouped as the Covid-19 pandemic continues to have a negative impact on the local economy. Among the other likely bad debts is the R192.5 million owed by the Ingonyama Trust. The other dafaulters include Section 21 schools (R156.7m), Public Works (R34.4m) and Water Affairs (28.5m) *(Mercury, 29th October 2020).*	The City has partnered with SmartXchange to get township businesses ready to utilise new technological ways of doing business, by profiling their products and services online and have them delivered using an app. This initiative will ensure that township businesses are adapting to digital technology to enhance their online presence and improve local visibility *Ezasegagasini, 23 October-5 November 2020).*

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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.