ETHEKWINI MUNICIPALITY

ECONOMY AT A GLANCE

PREPARED BY ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION UNIT

ISSUE | MAY 2018

STATE OF THE GLOBAL ECONOMY

	International Monetary Fund	The World Bank	OECD Better Policies for Better Lives
Projected GDP Growth for 2018	3.9%	3.1%	3.9%
2017 GDP Growth	3.7%	3.0%	3.6%
2019 GDP Growth	3.9%	3.0%	3.9%

GLOBAL HIGHLIGHTS

Global Growth

After a period of subdued growth, the global economy has strengthened by the revival of investment and trade, strong business and consumer sentiment and improving labour market indicators. As the normalization of monetary policy in the United States and other developed economies gains momentum, financial markets may be subject to large corrections and sudden spikes in volatility. *(http://www.bit.ly/wesbrief)*

Developing Economies

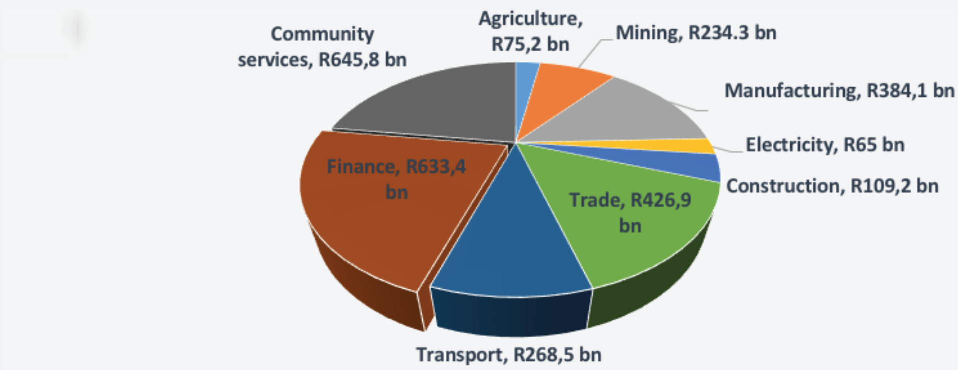
African countries have maintained a relative level of investment on par with world economies, despite the prevalence of risk factors, political instability, poor governance and social unrest. During 2012-2016 gross fixed capital formation as a percentage of GDP averaged 23.3% for African economies, compared to a world average of 23.4%. *(http://www.bit.ly/wesbrief)*

NATIONAL STATE OF THE ECONOMY

National GDP Growth and Forecasts

	South African Reserve Bank	International Monetary Fund	The World Bank	OECD Better Policies for Better Lives
Projected GDP Growth for 2018	1.7%	1.5%	1.4%	1.9%
Projected GDP Growth for 2019	1.5%	1.7%	1.8%	2.1%
2017 GDP/Growth	R3.12 trillion (Constant, 2010 Prices, increase of 1.3% from 2016, sourced from Global Insight)			

NATIONAL GDP: BROAD SECTORS 2017 (2010 , CONSTANT, R1000)



NATIONAL HIGHLIGHTS

BUSINESS CONFIDENCE DECLINES

The business confidence index dropped to 96 in April from 97.6 in March according to the SA Chamber of Commerce and Industry. This is the lowest since November 2017 when Jacob Zuma was still president. (SANews.gov.za, 7th May 2018)

10TH ITERATION OF INDUSTRIAL POLICY ACTION PLAN (IPAP)

The 10th Iteration of the IPAP is expected to reindustrialize the economy and double exports. The new IPAP is also focusing on transversal and specific sectorial programmes. The automotive, clothing, textiles, leather and footwear, metal fabrication, and agro-processing were some of the successful export sectors from the 9th Iteration. *(SANews.gov.za, 15th May 2018)*

UNEMPLOYMENT RATE UNCHANGED IN FIRST QUARTER OF 2018

The national unemployment rate remain unchanged at 26.7% for the Q1: 2018. Employment gains were recorded in the formal sector (111,000), informal sector (93,000) and private households (5,000). Agriculture lost 3,000 jobs in the first quarter. The number of discouraged work-seekers increased by 249,000. *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2018.pdf)*

MAIN HIGHLIGHTS OF THE FIRST QUARTER OF 2018

Although there is positive sentiment following Cyril Ramaphosa's rise to the presidency, the weak performances in the mining and manufacturing sectors during the past few months has dampened expectations of strong growth in the first quarter of 2018. However, other sectors have shown signs of an upturn since Ramaphosa took office, in the hopes of new business-friendly policies and a crackdown on corruption – despite a VAT hike and ongoing labour strikes. *(https://www.focus-economics.com/countries/south-africa)*

KEY NATIONAL INDICATORS

INFLATION RATE

The inflation rate decreased to

3.7%

in March 2018 year-on-year, after 5.5% in February 2018. *(http://www.inflation.eu/inflation-rates/south-africa/inflation-south-africa.aspx)*

National employment in the 1st Quarter of 2018 was recorded as 16,378 million. *(https://www.iol.co.za/business-report/economy/breaking-unemployment-rate-drops-to-267-13260041)*

PETROL PRICE

93: R14.72

95: R14.97

As at 23rd May 2018 *(SANews.gov.za)*

EXCHANGE RATES

R/$: 12.5784

R/£: 16.8914

R/€: 14.8916

As at 23rd May 2018 *(Mercury, 23rd May 2018)*

VEHICLE SALES

SA's new vehicle sales grew

3.3%

year-on-year in April, to 36,346 units. *(National Association of Automobile Manufacturers of South Africa)*

QUARTERLY GDP / UNEMPLOYMENT TRENDS

South Africa's gross domestic product (GDP) growth rate was

3.1%

in the fourth quarter of 2017.

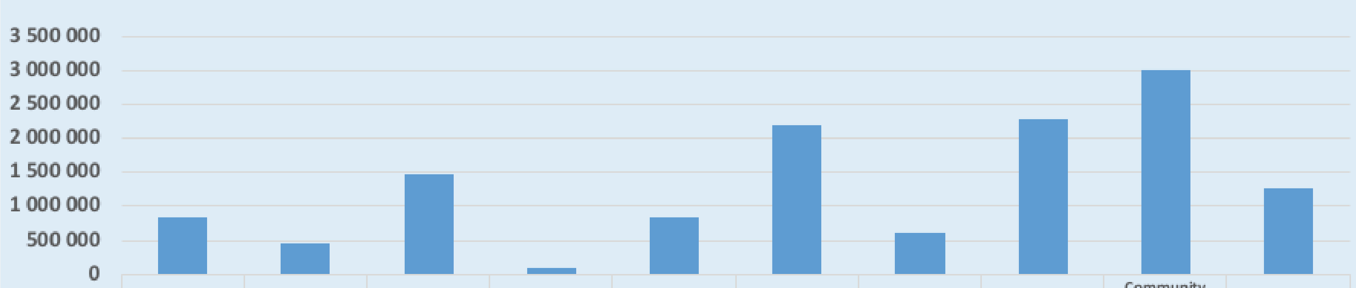
The largest positive contributor was the agriculture, forestry and fishing industry, which increased by 37.5%

The industry's growth of 37.5% in the fourth quarter of 2017 was mainly the result of higher production of animal products. *(http://ewn.co.za/2018/03/06/gdp-3-1-in-fourth-quarter-of-2017)*

The unemployment rate in the 1st quarter of 2018 remained unchanged at 26.7%

(https://www.iol.co.za/business-report/economy/breaking-unemployment-rate-drops-to-267-13260041)

NATIONAL EMPLOYMENT & GDP: BROAD SECTORS: 2017



	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services	Households
2016	846 332	457 295	1 461 582	95 779	830 743	2 201 652	617 553	2 284 323	2 998 512	1 277 935

LOCAL STATE OF THE ECONOMY

ETHEKWINI INDICATORS

GDP / TOTAL POPULATION

R304.4 ↑

billion in 2017 Increased by 0.8% from 2016. *(Global Insight internal database)*

The eThekwini population was recorded as 3,866,505 in 2017 according to Global Insight *(Increased by 1.4%)* *(Global Insight internal database)*

TOTAL EMPLOYMENT

Formal Sector employment recorded as

1,205

million according to the 1st Quarterly Labour Force Survey in 2018 according to Statistics South Africa. This represented an increase of 3.3% over the previous quarter. *(https://www.iol.co.za/business-report/economy/breaking-unemployment-rate-drops-to-267-13260041)*

Q4 2017 UNEMPLOYMENT INCREASES TO 23.3%

The City's quarterly unemployment rate decreased to

20.3%

during the 1st quarter of 2018 after 21.9% in the 4th quarter of 2017 *(https://www.iol.co.za/business-report/economy/breaking-unemployment-rate-drops-to-267-13260041)*

POVERTY STATISTICS

The number of people living below the food poverty line in 2017 in eThekwini was recorded at approximately

1,951,503

(Source: Global Insight)

ANNUAL TRADE 2017

Total Exports:

R72.7 bn

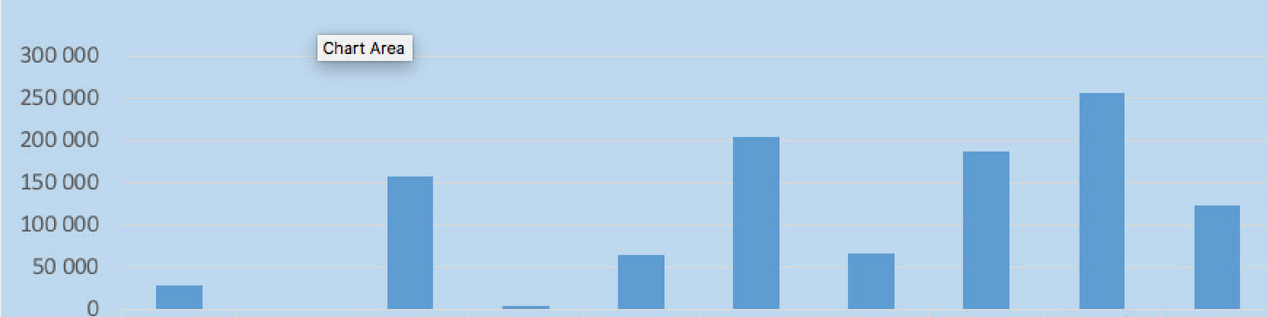
(Increased by 1.6%))

Total Imports:

R105.5 bn

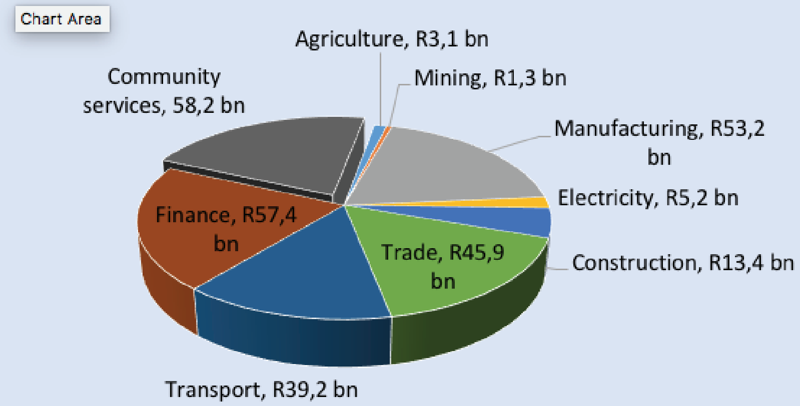
(Increased by 0.75%) (Global Insight internal database)

ETHEKWINI TOTAL EMPLOYMENT & GDP: BROAD SECTORS: 2017



	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services	Households
Employment	28 736	1 511	158 075	4 676	64 320	204 320	67 068	186 762	256 057	123 086

ETHEKWINI GDP BROAD SECTORS 2017 (CONSTANT, 2010, R1000)



EVENTS/LAUNCHES/INVESTMENT

DURBAN TOURISM AGREEMENT WITH TOURISM KZN

Durban Tourism has entered into an agreement with Tourism KwaZulu-Natal and SA Tourism for the Indaba for the next 3 years, commencing in 2018. Known now as Africa's Travel Indaba. This agreement is expected to reinforce the event's status as a premier African trade show committed to promoting and growing tourism on the African continent. This year the event attracted more than 6, 000 representatives from 80 countries with over 1,000 exhibitors during the Indaba in May 2018.
(Mercury Network, 2nd May 2018 and SANews.gov.za)

BRITISH AIRWAYS TO FLY FROM KING SHAKA INTERNATIONAL AIRPORT

British Airways announced a decision to introduce a direct, non-stop flight between London's Heathrow Airport and King Shaka International Airport, to commence on 29th October 2018.
(http://www.airports.co.za/airports/king-shaka)

DURBAN BUSINESS FAIR CELEBRATES 20 YEARS

The City will host its 20th Business Fair at the Inkosi Albert Luthuli International Convention Centre during September 2018, preceded by regional ones in Hammarsdale in May. The key focus this year will be on youth development and the economic revitalization of townships. The Fair is a strategic platform for small businesses to showcase their products, network and create linkages.
(EThekwini Municipality, Communications Department, 13th April 2018)

AFRICAN RENAISSANCE FESTIVAL

The African Renaissance Festival was held at the Inkosi Albert Luthuli International Convention Centre on 25th May 2018. The theme for 2018 was inclusive social economic transformation. The first day was addressed by senior leaders in business and the 3 spheres of government. Day 2 promoted and maximised the opportunities for youth to study internationally.
(https://icc.co.za/event/african-renaissance-2018/)

LINKS TO ECONOMIC REPORTS

NAME	DESCRIPTION	LINK
Forging a New Deal for South Africa	South Africa urgently needs a new approach to deal with dangerously high poverty, unemployment and inequality levels. In the interest of increasing public engagement, the Centre for Development and Enterprise (CDE) has put together a short outline of the core recommendations, focusing on those made in the areas CDE feels are central for tackling poverty, unemployment and inequality. CDE hopes that parliament and government will take the recommendations seriously, and that there will be frank, open and realistic discussion on what is needed to transform South Africa into a society that generates opportunities for everyone	http://www.cde.org.za/wp-content/uploads/2018/05/CDE-Forging-a-new-deal-for-South-Africa.pdf
Industrial Policy Action Plan (IPAP) 10th Iteration	Trade and Industry Minister, Dr Rob Davies, said the department will use the lessons learned over the past few years as a game changer for the Industrial Policy Action Plan (IPAP). This will help government in its bid to reindustrialise the economy and double exports.	http://www.thedti.gov.za/DownloadFileAction?id=1240
The Quarterly Labour Force Survey Q1: 2018	The South African working-age population increased by 153 000 or 0, 4 per cent in the first quarter of 2018 compared to the fourth quarter of 2017. The rise in both employment (up by 206 000) and unemployment (up by 100 000) over the quarter led to a rise in labour force participation rate (from 58, 8% to 59, 3%). The unemployment rate (26, 7%) remained unchanged over the first quarter of 2018 compared to the fourth quarter of 2017.	http://www.statssa.gov.za/?page_id=1854&PPN=P0211&SCH=7328

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