ETHEKWINI ECONOMY *'AT A GLANCE'*

MARCH 2020

Apart from OECD's estimate at 1.5%; 2020 global GDP growth data has not been officially revised to incorporate COVID19. However, the IMF estimates that we are already in recession, and that global growth may be worse than during the 2008 – 2009 Financial Recession.

https://www.imf.org/en/News/Articles/2020/03/23/pr2098-imf-managing-director-statement-following-a-g20-ministerial-call-on-the-coronavirus-emergency

STATE OF THE GLOBAL ECONOMY

	IMF	World Bank	OECD
Projected GDP Growth 2019	2.9%	2.4%	2.9%
2018 GDP Growth	3.6%	3.0 %	3.5%
Projected GDP Growth 2020	3.3%	2.5%	1.5%
Projected GDP Growth 2021	3.4%	2.6%	3.3%
Global GDP in 2018 (Actual)	84,835 trillion US$ (Current prices, as per the World Bank)		

GLOBAL HIGHLIGHTS

Coronavirus could cost the global economy $2.7 trillion.

Bloomberg Economists has outlined 4 scenarios to show the corresponding impact of Coronavirus on the global economy;

1. Scenario 1: Assumes that China's economy does not get back on its feet quickly. Since China is a major source of supply, demand and affects financial markets significantly. During 2019 China imports were $2.1 trillion – the country is a major earner for multinationals and a prolonged lockdown will be detrimental. China is also the world's largest producer of manufactured components – if their factories shut down, then these components have to be sought elsewhere.

2. Scenario 2: Outbreaks cause localised disruption. If the problem gets worse and China takes longer to return to normal, then many factories may not have sufficient inventory which means the supply chain obstacles will stunt production capacity and reduce global growth further.

3. Widespread contagion: This assumes a severe shock to South Korea, Italy, Japan, France and Germany. And add a similar shock to all countries that reported cases since the start of March, which includes the US, India, the UK, Canada and Brazil indicating that the world's 10 biggest economies suffer a slowdown as they fight to contain the domestic spread of the virus. Here global growth for 2020 may slide to 1.2% which the euro-area and Japan going into recession, the US dropping to 0.5% with negative impacts on employment.

4. Scenario 4: Global pandemic: Here it is assumed all countries face severe shock – equivalent to the drop in growth China is experiencing in the first quarter. Should this happen, global growth goes to zero. The US will also be in recession with the worldwide lost output estimated at $2.7 trillion. (***https://www.bloomberg.com/graphics/2020-coronavirus-pandemic-global-economic-risk/***)

5. In light of this, the global growth rates may be under constant revision given the volatile financial impacts of the virus on tourism, financial markets, trade and employment.

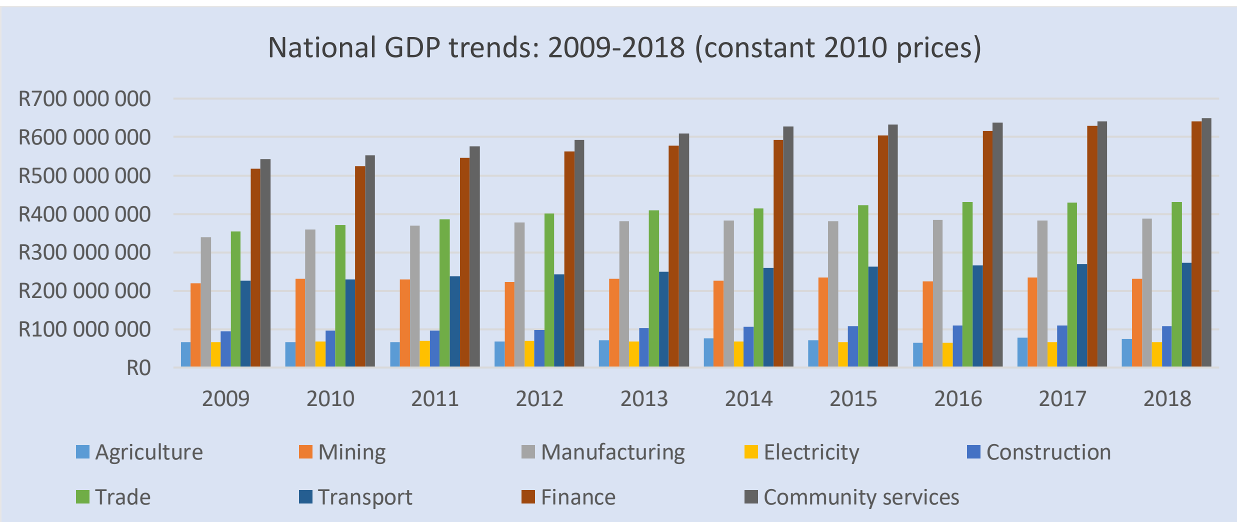
6. The eThekwini Municipality is currently crafting an *Economic Recovery Plan,* to mitigate the negative impacts of Covid-19. The Plan will take into account all the measures being offered by national government. Furthermore the Plan will be undertaken in collaboration with organised business, through the Durban Chamber of Commerce and Industry, KZN

Growth Coalition, Minara Chamber of Commerce and other business formations. To provide input into the Plan, fill out the following 2 minute survey: **Bit.ly/CVD19EDGE**

At the time of publication, neither the IMF, World Bank, nor OECD had released COVID19 revised 2020 GDP growth data for South Africa.

STATE OF THE NATIONAL ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth 2019	0.5%	0.7%	0.4%	0.4%
Projected GDP Growth 2020	-0.2%	0.8%	0.9%	1.2%
Projected GDP Growth 2021	1.6%	1.4%	1.3%	1.3%
2019 GDP/Growth	Forecasted at R3.14 trillion (constant, 2010 prices, 0.1% growth from 2018, sourced from *Global Insight, 2018 GDP = R302.4 billion*)			



Source: Global Insight 2020

NATIONAL HIGHLIGHTS

Moody's downgrades SA's credit rating	RMB/BER Business Confidence Index drops	Economic impacts of Coronavirus	SARB cuts repo rate
Moody's has downgraded SA's sovereign credit rating to 'junk' status on 27th March. The rating has moved from Ba1 to Baa3, now with a negative outlook. The main driver for the downgrade was the continuing deterioration	The RMB/Ber business confidence index fell to 18 – a level last seen in 1999 with 82% of businesses surveyed dissatisfied with the current business conditions during the survey period. One of the key concerns was the	The State President has announced strict measures to combat the spread of the coronavirus. These include a ban on travelling to countries stricken by the virus, the closure of most of the country's land ports and	The SA Reserve Bank has cut the repo rate by 100 basis points due to the low inflation and poor economic conditions locally, and over the coronavirus which is creating uncertainty in global

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in fiscal strength and structurally weak growth. The agency is the last of the 3 big agencies to downgrade the country to sub-investment grade, after S&P Global and Fitch did so in 2017. *(https://www.iol.co.za/business-report/economy/moodys-downgrades-south-africa-to-junk-status-45700334)*	contraction of economic growth in the last 2 quarters of 2019. Businesses also showed concern on the outbreak of the rapidly spreading Covid-19 virus around the world, with SA already in recession, and the impact of load shedding which may stretch the recession. (*https://www.investec.com/en_za/focus/economy.html)*	imminent announcements of fiscal and other measures to mitigate the effect of the virus on the economy. The economy could shrink by 2% in 2020 and the country's budget deficit could reach 10%. There may also be job losses in industries such as tourism, accommodation and the mining industry. (*https://city-press.news24.com/Business/negative-effect-of-covid-19-on-sa-economy-to-escalate-say-economists-20200321)* *(https:www.biznews.com/).*	markets. (*Mercury, 20th March 2020).*

NATIONAL KEY INDICATORS

Inflation Rate / National Labour Trends	Petrol Price	Exchange Rates	Vehicle Sales	Quarterly GDP Contracts in 4th Quarter Of 2019
The CPI inflation increased to 4.6% year-on-year in February compared to 4.5% year-on-year in January 2020. (*https://tradingeconomics.com/south-africa/inflation-cpi)* National employment in the 4th quarter of 2019 was recorded as 16,420 million, up by 45,000 from previous quarter (0.3%). The official unemployment remained unchanged at 29.1% *(http://www.statssa.gov.za/publications/P0211/P02114thQuarter42019.pdf)*	93 Octane: R15.52 95 Octane: R15.20 50ppm Diesel: R13.54 As at 27th March 2020 (https://www.aa.co.za/fuel-pricing) (*https://www.aa.co.za/fuel-pricing)*	Rand/Dollar: 17.63 Rand/Pound: 21.66 Rand/Euro: 19.39 As at 30th March 2020 *(Mercury, 30th March 2020)*	*New Car Sales Summary for February 2020* The aggregate domestic sales were recorded as 43,485 units showing a decline of 320 units from the 43,805 vehicles sold in February 2019. (*https://www.cars.co.za/motoring news/new-car-sales-in-sa_February 2020)*	National GDP contracted by 1.4% in the 4th quarter of 2019 following a contraction of 0.8% in the 3rd quarter. Transport and trade were the main sectors contributing to the contraction. *(https://tradingeconomics.com/south-africa/gdp-growth)*

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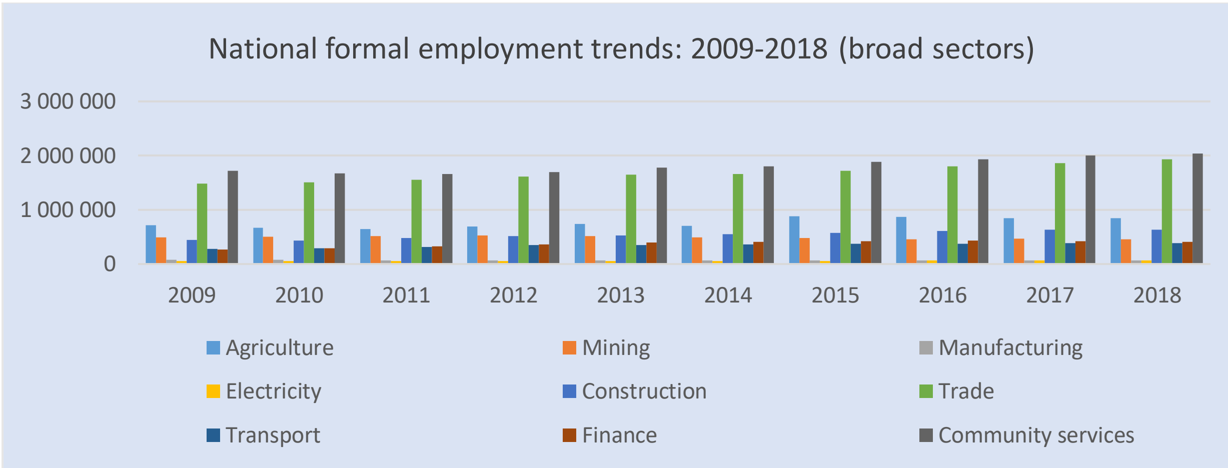
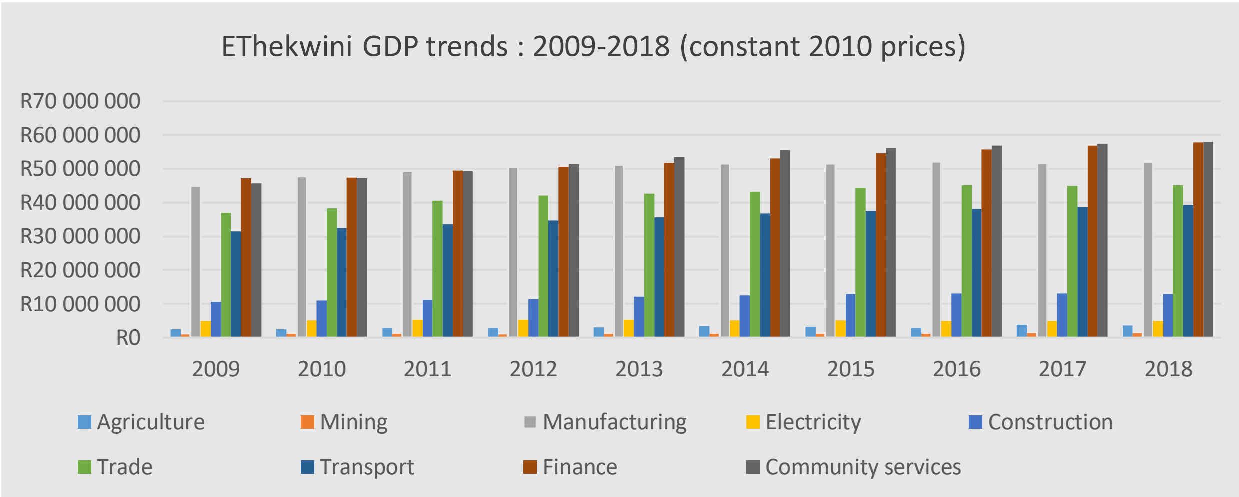


Source: Quantec 2020

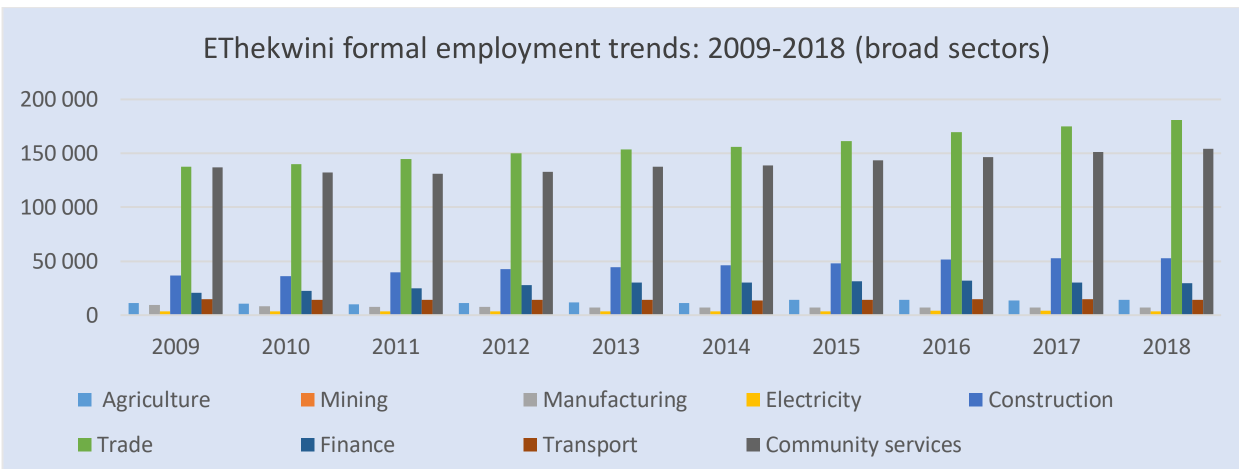
STATE OF THE LOCAL ECONOMY

ETHEKWINI INDICATORS

GDP / Total Population	Total Employment Q4: 2019	Q4: 2019 Unemployment Decreased to 20.9%	Development Indicators for 2018	Annual Trade 2019
Estimated to have grown to R302.8 billion, 0.1% growth from 2018. *(Global Insight 2020)* The eThekwini population was recorded as 3,938,683 in 2020 according to Global Insight (Increased by 1.4%) *(Global Insight 2020)*	Formal Sector employment recorded as approximately 1.191 million in the 4th Quarterly Labour Force Survey in 2019 according to Statistics South Africa. This represented an increase of 7,000 and 0.6% over the previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02113rdQuarter2019.pdf)*	The City's official quarterly unemployment rate decreased by 0.6 percentage points to 20.9% from 21.9% in the previous quarter. Number of unemployed is at 315,000, down by 9,000 from previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02114thQuarter2019.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, 125, 767 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: Quantec 2020

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

Durban Aerotropolis initiative gathers momentum	**Launch of Innovation Co-Lab facility in Durban**	**EThekwini municipal region on lockdown till 18th April 2020**
The province's smart city initiative – the Durban Aerotropolis is progressing well with project implementation plans being developed in the 32, 000-hectare site that will include bulk infrastructure, public transport and the zoning of additional industrial and commercial areas. The aerotropolis centres around the Kind Shaka International Airport and has a 50-year development horizon and is expected to attract R1-trillion in investment opportunities and create	The province's first Innovation Co-Lab was launched during March 2020 in uMkhumbane, Cato Manor – with the purpose of bringing the Fourth Industrial Revolution (4IR) benefits to historically disadvantaged communities. The goal is to skill individuals so they may acquire employment opportunities as well as enterprise development. Innovate Durban, in partnership with Technology Innovation Agency,	The eThekwini municipal region will heed the State President's call for a lockdown from 27th March to 18th April 2020. Only essential services will be operating during this period. The City's Economic Development Unit will be crafting a 'Covid-19 Economic Recovery Plan' to mitigate the impacts of the virus, especially for small businesses, supply chain logistics and informal traders. All essential services as stipulated by national government will

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750, 000 job opportunities. *(KZN Network, 11th March 2020).*	Software AG, and the eThekwini Municipality's Economic Development and Business Support Units were responsible for the launch of the Co-Lab. *(KZN Network, 11th March 2020).*	continue during the lockdown. (*Policy, Strategy, Information & Research Department (PSIR),Economic Development Unit, eThekwini Municipality)*

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.