ETHEKWINI ECONOMY *'AT A GLANCE'*

AUGUST 2020

Due to the COVID-19 pandemic, Statistics SA has been constrained by the restrictions put in place to manage the spread of the virus. The task of scheduling collection, analysis and publication of data is made all the more difficult by uncertainty, as enterprises resume operations and their staff return to work. Most publications may have a two-month lag. The lockdown extensions required a rethink about resuming the publication of statistics on the economy as well as the potential impact of these events on the quality of statistics. Hopefully this lag may be reduced as the economy picks up during Lockdown 2.

STATE OF THE GLOBAL ECONOMY

	IMF	World Bank	OECD
Projected GDP Growth 2019	2.9%	2.4%	2.9%
Projected GDP Growth 2020	-4.9%	-5.2%	-7.6%
Projected GDP Growth 2021	5.4%	4.2%	2.8%
Global GDP in 2018 (Actual)	84,835 trillion US$ (Current prices, as per the World Bank)		

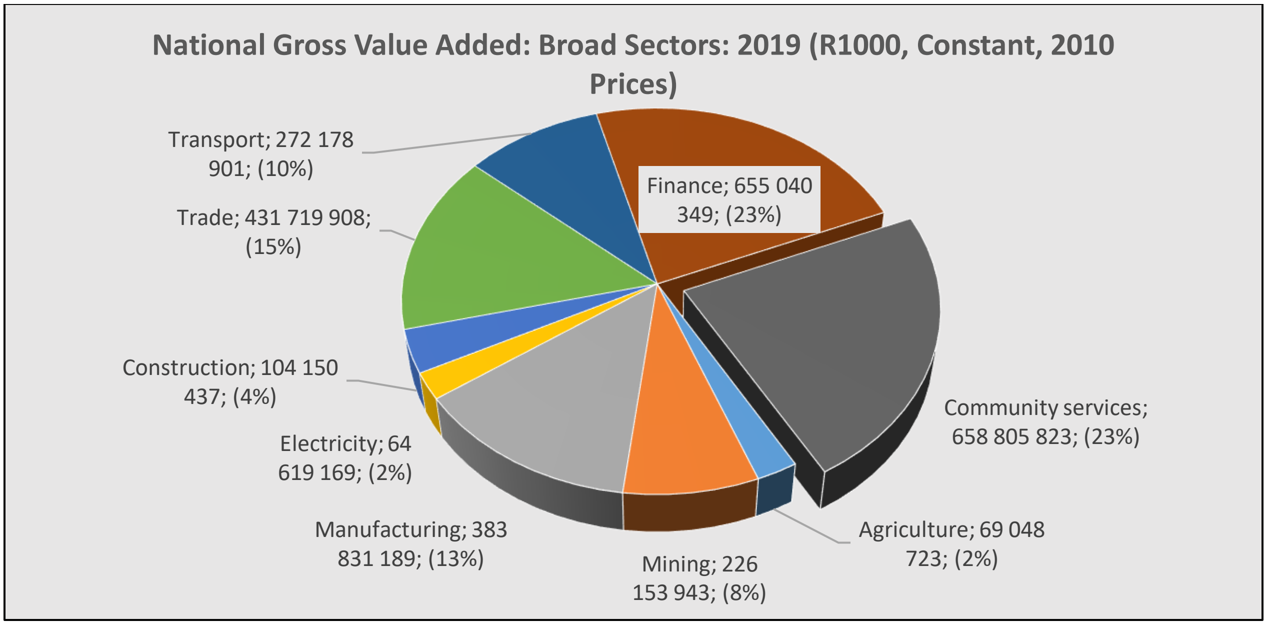
GLOBAL HIGHLIGHTS

Update on Covid-19 impact on global economy

The crisis from the outbreak of COVID-19 is hurting economies, regardless of income level. The most recent data from UNIDO's seasonally adjusted Index of Industrial Production indicate that both lower- and upper middle-income countries have been significantly impacted by COVID-19. Recent data from the Centre for Systems Science and Engineering at Johns Hopkins University show that the spread of the pandemic in terms of case numbers and deaths is quite asymmetric across countries. Sub-Saharan Africa, for example, one of the poorest regions in the world, does not seem to have been severely impacted by COVID-19. Many countries are experiencing a recession, even though COVID-19 has not had a serious effect on them in terms of health. Even minor public health events can severely affect firms in lower income countries due to their poor socio-economic conditions (vulnerability) and their weak capacity to respond to crises (resilience). Moreover, in a globalized world, many countries are suffering indirect consequences from value chain disruptions and lower international demand for goods due to widespread recession (*https://www.unido.org/stories/coronavirus-economic-impact-10-july-2020)*

STATE OF THE NATIONAL ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth 2019	0.3%	0.2%	0.2%	0.4%
Projected GDP Growth 2020	-7.2%	-8.0%	-7.1%	-8.2%
Projected GDP Growth 2021	3.8%	3.5%	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

South African Reserve Bank cuts Repo Rate	**Finalisation of Economic Recovery Plan**	**IMF approves loan to overcome Covid-19 pandemic**	**Quarterly Employment Survey: Q1: 2020**
The South African Reserve Bank has cut the repo rate by 25 basis points, taking it to 3.50% per annum with effect from 24th July 2020. In addition to continued easing of interest rates, the SARB has relaxed regulatory requirements on banks to ensure adequate liquidity in domestic markets. These actions are intended to free up more capital for lending by financial institutions to households and firms *(SA News, 23rd July 2020).*	National government will work with social partners to finalise the economic recovery programme to mitigate the negative impacts of Covid-19 especially unemployment, which reached 30% in the first quarter. *(Mercury, 28th July 2020).*	The International Monetary Fund has approved a US$4.3 billion (R70 billion) loan to overcome the Covid-19 Pandemic. This request for emergency financial support under the Rapid Financing Instrument will help to mitigate the adverse social and economic impact of the pandemic. National Treasury has stated it's a low-interest loan that contributes to government's fiscal relief package and will pave the way to provide the necessary financial relief required to kickstart the new economy *(SA News, 28th July 2020).*	According to the latest Quarterly Employment Statistics survey, formal, non-farm employment decreased by a marginal 3 000 in Q1.20 on a quarter on quarter basis to 10.231 million, as domestic labour market conditions remained sluggish. The business and community services, mining and transport sectors had moderate increases in employment during the quarter, however these were outnumbered by job losses in the trade (-17 000), construction (-14 000) and manufacturing (-2000) sectors. According to Stats SA, the employment decline in the trade segment of the economy which recorded the largest drop during the quarter, was predominantly

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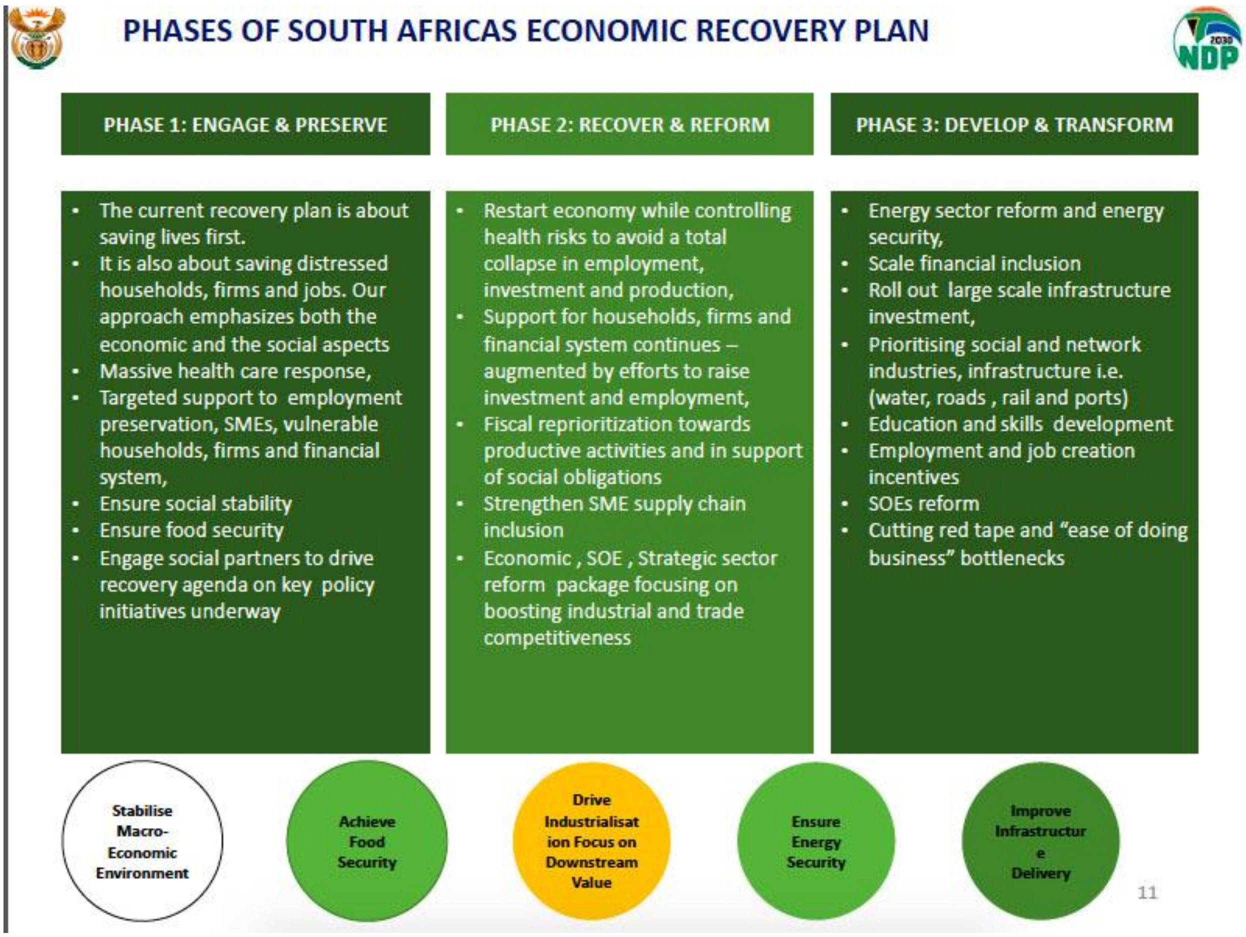
			due to decreases in employment in retail trade; wholesale trade and motor trade *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf)*

COVID-19 NEWS UPDATE: AUGUST 2020

South Africa's socio-economic recovery details will be discussed at the National Economic Development and Labour Council. Called the *"Economic Reconstruction, and Recovery Plan*", the government's economic recovery proposals to National Economic Development and Labour Council (Nedlac) comprises three phases:

1. *Engage & preserve;*
2. *Recover & reform and;*
3. *Develop & transform.*

These phases are outlined in greater detail in the table below:

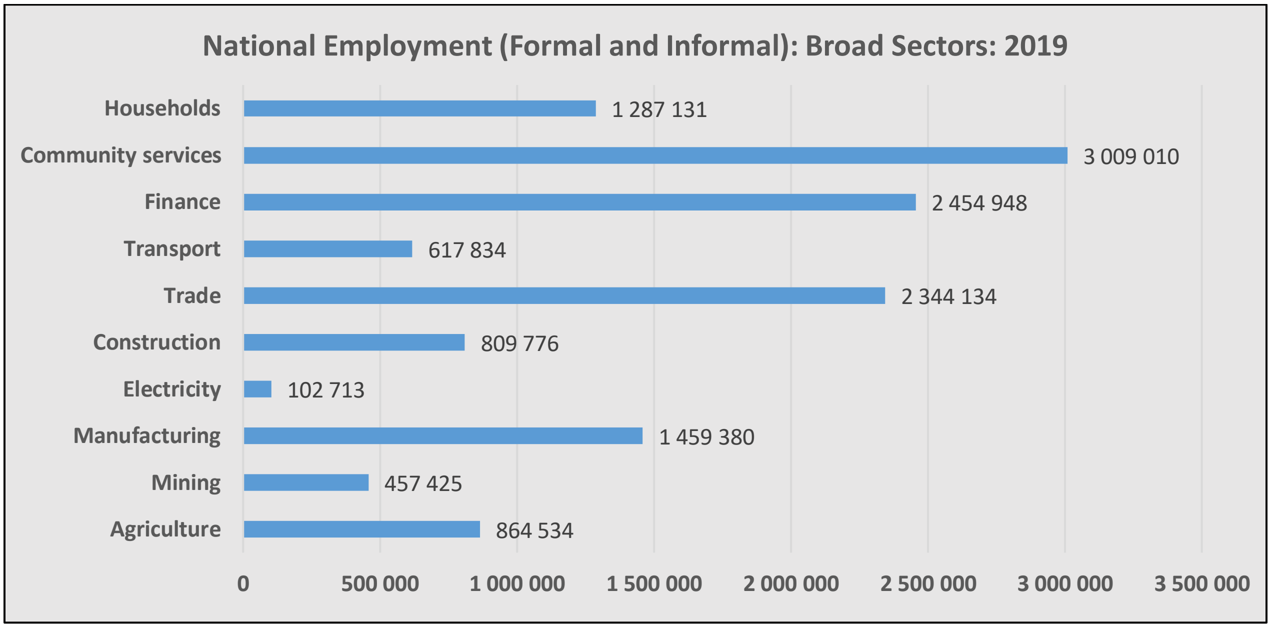


Source: Daily Maverick, 2020

NATIONAL KEY INDICATORS

Inflation Rate / National Labour Trends	Petrol Price	Exchange Rates	Vehicle Sales	Quarterly GDP Contracts in 1st Quarter of 2020
The annual inflation rate in South Africa rose to 3.2 % in July 2020 from 2.2% in the previous month. The increase was driven largely by fuel prices and municipal tariffs. (Mercury, 27th August 2020). National employment in the 1st quarter of 2020 was recorded as 16,383 million, down by 38,000 from previous quarter (-	93 Octane: R14.37 95 Octane: R14.47 50ppm Diesel: R12.94 500ppm Diesel: R12.58 As at 5th August 2020 *(https://www.aa.co.za /fuel-pricing)*	Rand/Dollar: 16.90 Rand/Pound: 22.30 Rand/Euro: 19.98 As at 27th August 2020 *(Mercury, 27th August 2020)*	*New Car Sales Summary for July 2020* South Africa's new-vehicle sales for July 2020 dropped nearly 30% year-on-year, according to the latest figures from Naamsa. The aggregate domestic sales for the month, of 32 396 units reflected a decline of 13 646 units or 29,6 percent from the 46 042 vehicles sold in	National GDP contracted by 2.0% in the 1st quarter of 2020 following a contraction of 0.8% and 1.4% in the 3rd and 4th quarters of 2019. Mining (-21.5%) and manufacturing (-8.5%) were the main sectors contributing to the contraction. *(http://www.statssa.gov.za/publications/P0441/P04411stQuarter2020.pdf)*

0.2%). The official unemployment was 30.1%, up by 1.0% from previous quarter. *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf)*			July in 2019 *(www.naamsa.co.za)*	

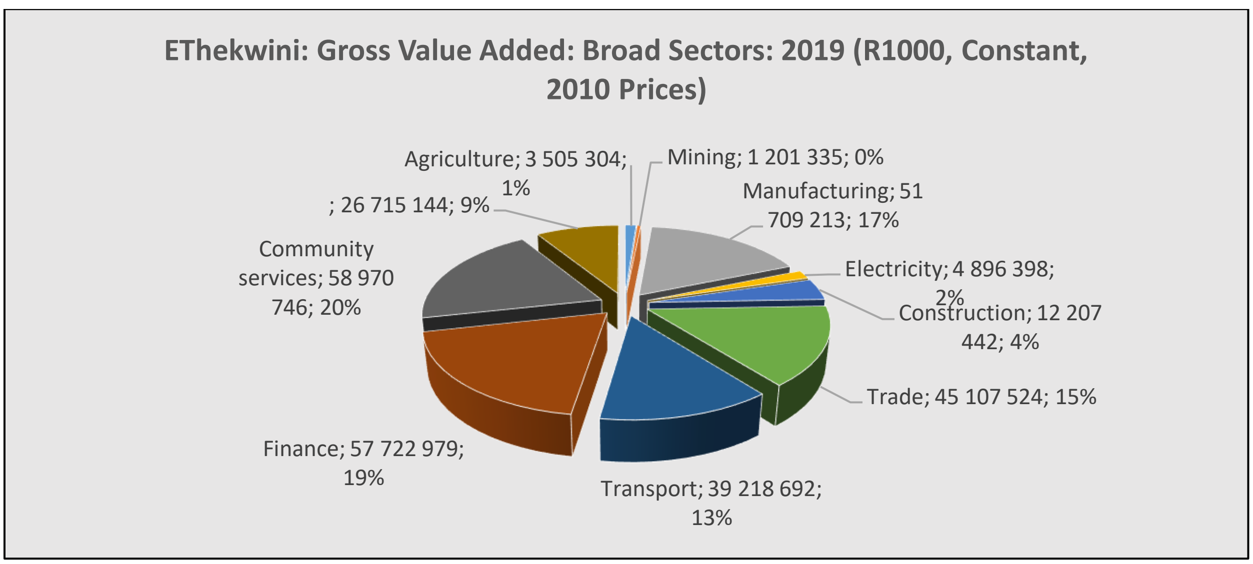


Source: Global Insight 2020

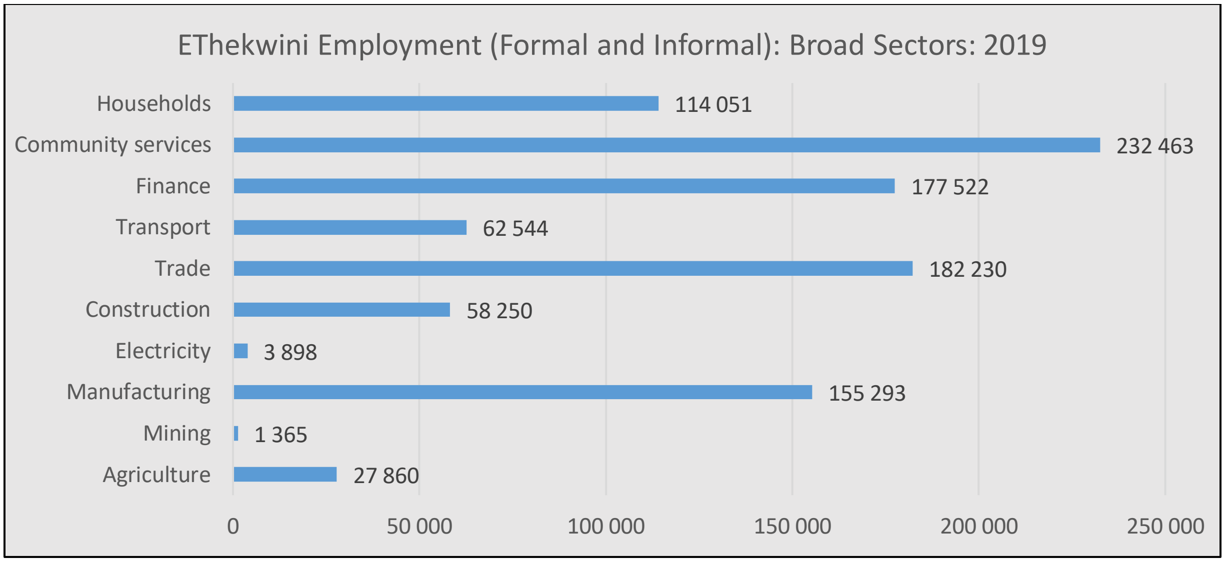
STATE OF THE LOCAL ECONOMY

ETHEKWINI INDICATORS

GDP / Total Population	Total Employment Q1: 2020	Q1: 2020 Unemployment	Development Indicators for 2019	Annual Trade 2019
GDP was 301.7 billion, -0.15% 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 was approximately 1.193 million in the 1st quarter of 2020 according to Statistics South Africa. This represented an increase of 2,000 and 0.2% over the previous quarter *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf)*	The City's official quarterly unemployment rate increased by 1.2 percentage points to 22.1% from 20.9% in the previous quarter. Number of unemployed is at 338 ,000, up by 23,000 from previous quarter *(http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.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 km² 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: Global Insight 2020

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

eThekwini's 2020 GDP forecast at negative 9.3%	**Plans in place to boost Durban's tourism sector**	**City to provide Free Wi-fi in public spaces**	**R2.5 billion investment by Toyota SA**
Global Insight has forecasted the eThekwini GDP to drop by 9.3% in 2020, while the country's 4 other major metro economies are estimated to contract by 8.4% on average. It has also forecasted national to drop by 8.6% in 2020. Initial estimates for Q1 GDP performance indicate that GDP declined by 7% in Q1 2020 and from Q1 2020 to Q2 2020 declined by a further 57%. *(Global Insight, 2020 and PWC- Future Cities South Africa, August 2020).*	Plans are in place to revive the city's tourism market. The Municipality's Durban Tourism has estimated a loss of revenue of R34 billion. There's a new strategy in place to attract international tourists as soon as the borders reopen. There are also plans to restore the local tourism sector with various incentives to assist service providers who are undergoing financial strain during the lockdown *(Mercury, 27th July 2020).*	The Municipality has commenced to roll out free Wi-fi in public spaces within the inner-city regeneration programme, including the beachfront, cultural precinct and Warwick Junction. This is in line with the City's Smart Initiative. The free Wi-fi is expected to support the needs of the formal and informal traders and also benefit the student population in the vicinity *(Mercury, 28th July 2020).*	Toyota SA has confirmed a R2.5 billion investment for the production of the first hybrid synergy drive (petro-electric) car at its Prospecton plant in Durban. Production will commence during the latter part of 2021. The new model will replace the Corolla sedan production at the factory, which came to an end at the beginning of 2020. (*https://www.moneyweb.co.za/news/companies-and-deals/new-toyota-hybrid-part-of-r2-5bn-durban-investment/)*

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.