QoQ GDP GROWTH RATE

**SOUTH AFRICA**
66.1%

**EASTERN CAPE**
61.9%

**KEY FINDINGS**

Global growth forecasts have been revised to:
- **-4.4%** in 2020
- **5.2%** in 2021

The South African economy is forecasted to contract by **-8.0%** in 2020 by the IMF.

The SOUTH AFRICAN ECONOMY expanded by **66.1%** with MANUFACTURING, MINING AND TRADE being the largest contributors to GDP growth.

The EASTERN CAPE PROVINCIAL ECONOMY grew by **61.9%**. However, the provincial economy is one of the four provincial economies with economic expansion below the NATIONAL LEVEL (66.1%) in 2020Q3, namely:
- **49.2%** in Gauteng
- **57.7%** in Western Cape
- **61.9%** in Eastern Cape
- **62.8%** in KZN

The EASTERN CAPE GDP (at market prices) increased by R25 863 million in 2020Q3 to R227 912 million.

The EASTERN CAPE’S TOTAL GROSS VALUE ADDED (GVA) at basic prices amounted to R207 716 million. The tertiary sector accounted for 81.5% of the provincial GVA.
According to the October update of the IMF World Economic Outlook, the global economy is projected to contract by -4.4% in 2020 owing to the current global health pandemic. However, the economy is projected to remain consistent in 2021, with economic growth of 5.2%, a downward revision of 0.2 of a percentage point from the June 2020 update. Across advanced economies, growth is projected at -5.8% in 2020 and is expected to recover in 2021 to 3.9%. Growth among the sub-Saharan African economies is forecasted to contract this year: Nigeria (-4.8%) and South Africa (-8.0%). Both countries are anticipated to recover in 2021, with growth estimates of 1.7% for Nigeria and 3.0% for South Africa.

The South African economy grew by 66.1% in 2020Q3, as production increased for the first time in 2020. This is a reflection of the easing of Covid-19 lockdown restrictions. The national GDP growth rate was recorded at -0.8% in 2019Q3 and -51.7% in 2020Q2. In the third quarter of 2020, all industries recorded positive growth. The industries with largest positive contributors to national growth in GDP in 2020Q3 on QoQ basis were manufacturing (increased by 210.0% and contributed 16.2 percentage points), mining (increased by 288.0% and contributed 11.8 percentage points) and trade (increased by 137.0% and contributed 14.6 percentage points). The Eastern Cape economy expanded in the third quarter amid global pandemic threat. The provincial economy grew at a record pace of 61.9% in 2020Q3, following a decline by 47.4% in 2020Q2, contraction of 0.8% in 2020Q1 and -0.2% in 2019Q3.
The figure above gives a comparison of provincial economic growth rates for 2019Q3, 2020Q2 and 2020Q3.

The following observations are drawn from the figure:

- Compared to the previous quarter, GDP increased in all nine provinces of the country.
- On a QoQ basis, large GDP growth was recorded in Mpumalanga (126.5%), Northern Cape (119.5%) and Limpopo (104.9%) in 2020Q3.
- Four provinces had economic expansion below the national level (66.1%) in 2020Q3, namely: Gauteng (49.2%), Western Cape (57.7%), Eastern Cape (61.9%) and KwaZulu-Natal (62.8%).

In rand values, the figure above shows that provincial GDP has increased significantly in 2020Q3 as a result of eased lockdown restrictions which opened and encouraged economic activity. The Eastern Cape GDP (at market prices) increased by R25 863 million in 2020Q3 to R227 912 million. The largest contributors to GDP growth were the trade, manufacturing and transport industries. However, compared with other provinces, the Eastern Cape contributed 7.7% to total national GDP. The largest contributors to national growth in GDP in the third quarter were Gauteng (33.9%), KwaZulu-Natal (15.9%) and Western Cape (13.8%).
In the Eastern Cape, all industries contributed positively to provincial GDP. The manufacturing industry increased at the rate of 203.9% in 2020Q3, followed by trade at 170.0% and the mining industry with 163.1% growth QoQ. Government services recorded the lowest growth of 0.9% in 2020Q3.

The Eastern Cape’s total gross value added (GVA) at basic prices amounted to R207 716 million in 2020Q3. The tertiary sector remained the principal contributing sector to the provincial GVA, accounting for 81.5% of the provincial GVA. The secondary sector and primary sector accounted for 16.6% and 1.9% respectively. In rand values, in 2020Q3, the tertiary, secondary and primary sectors’ GVA amounted respectively to R169 251 million, R34 518 million, and R3 947 million. In terms of individual sectors, government services continued to be the largest contributor to the provincial GVA, accounting for 24.1% of the total GVA. Finance and trade accounted for 20.9% and 20.5% respectively. The government services sector increased its contribution by 0.9 percentage points on a YoY basis.

On a QoQ basis, total GVA for all industries increased by R22 862 million, largest increases in GVA were recorded in trade (up by R9 357 million), manufacturing (up by R6 287 million), and transport (up by R2 596 million). However, on a YoY basis, GVA contracted in the manufacturing industry (down by R2 770 million) and transport industry (down by R2 052 million), whilst trade grew by R324 million.

Source: Stats SA, 2020
EMPLOYMENT AND GROSS VALUE ADDED (GVA) BY SECTOR
(QoQ % change)

- Agriculture
- Mining
- Manufacturing
- Electricity
- Construction
- Trade
- Finance
- Transport
- Personal Services
- General Government Services