

QoQ GDP GROWTH RATE

SOUTH AFRICA

-5.8%

EASTERN CAPE

-6.9%

KEY FINDINGS

Global economic performance is projected to grow by

5.9%

in 2021

The South African economy is forecasted to grow by

5.0%

in 2021

by the IMF.

According to STATS SA NATIONAL REAL GROSS DOMESTIC PRODUCT (GDP) CONTRACTED at an annualised rate of -5.8% in the third quarter of 2021.

The EASTERN CAPE ECONOMY contracted by 6.9%. The largest positive contributors to GDP growth were the AGRICULTURE, TRADE, AND MINING INDUSTRIES.

The EASTERN CAPE GDP (at market prices) DECLINED from R345.9 billion in 2021Q2 to R339.8 BILLION in 2021Q3.

PROVINCIAL TOTAL GROSS VALUE ADDED (GVA) at basic prices amounted to R312.7 BILLION in 2021Q3.

GLOBAL ECONOMIC OUTLOOK

According to the October update of the International Monetary Fund (IMF) World Economic Outlook (WEO), the global economic output has been revised down to 5.9% in 2021 and remained unchanged at 4.9% for 2022. The downgraded forecast mirrors more difficult near-term prospects for the advanced economy group, in part due to supply disruptions. The IMF reported that pandemic-related disruptions to contact-intensive sectors have caused the labour market recovery to significantly lag the output recovery in most countries.

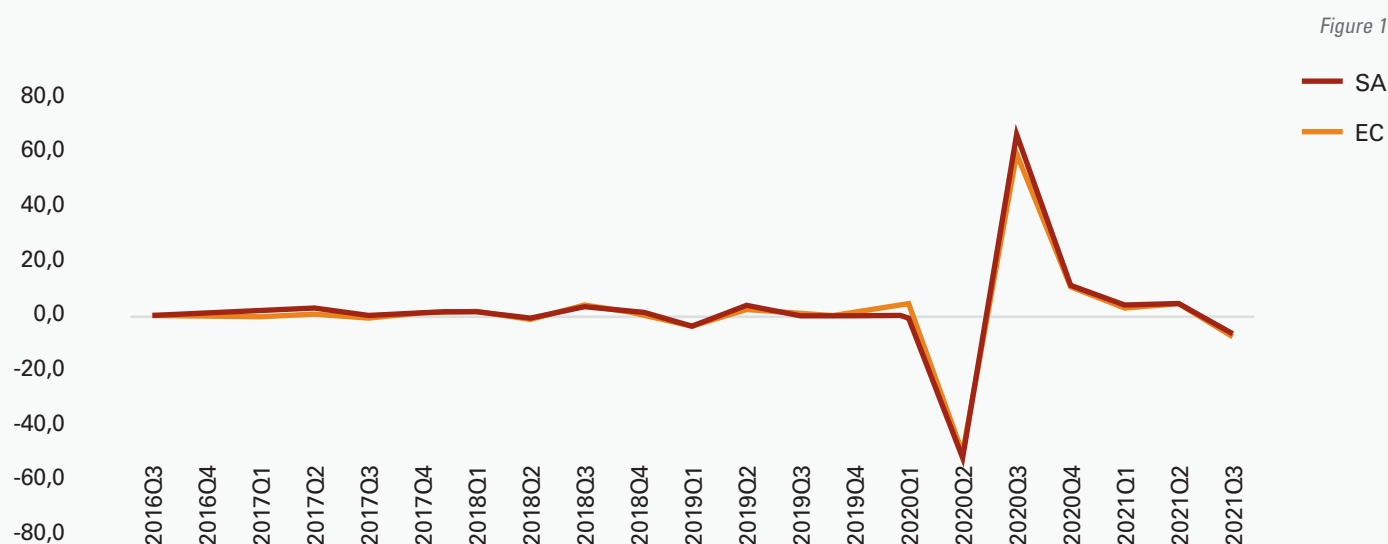
Region/ Country	2020	Projections		Difference from July 2021 WEO Update	
		2021	2022	2021	2022
World Output	-3,1	5,9	4,9	-0,1	0,0
Advanced economies	-4,5	5,2	4,5	-0,4	0,1
United States	-3,4	6,0	5,2	-1,0	0,3
Euro area	-6,3	5,0	4,3	0,4	0,0
Japan	-4,6	2,4	3,2	-0,4	0,2
United Kingdom	-9,8	6,8	5,0	-0,2	0,2
Emerging markets and developing economies	-2,1	6,4	5,1	0,1	-0,1
Brazil	-4,1	5,2	1,5	-0,1	-0,4
Russia	-3,0	4,7	2,9	0,3	-0,2
China	2,3	8,0	5,6	-0,1	-0,1
India	-7,3	9,5	8,5	0,0	0,0
Sub-Saharan Africa	-1,7	3,7	3,8	0,3	-0,3
Nigeria	-1,8	2,6	2,7	0,1	0,1
South Africa	-6,4	5,0	2,2	1,0	0,0

Source: IMF World Economic Outlook, October 2021

Across advanced economies, output is projected to increase to 5.2% (0.4 percentage point downward revision) in 2021, thereafter declining to 4.5% in 2022 (0.1 percentage point upward revision). Compared with other economies, growth among the sub-Saharan African group economies is forecasted to increase in 2021 by 3.7% (0.3 of a percentage point upward revision relative to the July WEO update) and in 2022 increase by 3.8%. For Africa's two biggest economies, growth is expected to increase by 2.6% and 5.0% in 2021 for Nigeria and South Africa, respectively.

RSA & EC REAL GDP GROWTH RATES

(seasonally adjusted and annualised):2016Q3 – 2021Q3



Source: Stats SA and Quantec EasyData, 2021

The South African economy decreased by an annualised rate of 1.5% in 2021Q3, following an increase of 1.1% in the second quarter of 2021. On a year-on-year basis, national GDP decreased 67.8% from 60.9% in 2020Q3. The economy in 2020Q3 recorded high GDP increases, recovering from the biggest recession (in 2020Q2 GDP contracted by 53.4%) in history of South African recessions which was caused by the peak level impact of the coronavirus pandemic.

Looking at the Stats SA GDP report in detail, the largest negative contributors to output growth in the third quarter were the trade industry (decreased by 5.5% and contributed -0.7 of a percentage point to GDP), manufacturing industry (decreased by 4.2% and contributed -0.5 of a percentage point to GDP) and agriculture industry (decreased by 13.6% and contributed -0.4 of a percentage point to GDP).

Following the national trend, the Eastern Cape economy decreased at a rate of 5.8% in 2021Q3. Six industries out of ten industries recorded negative growth in the third quarter of 2021. Both national and provincial economies are struggling to return to pre-COVID-19 growth levels. Pre-COVID, provincial and national GDP growth was recorded at 0.5% and 3.2% respectively.

PROVINCIAL REAL GDP GROWTH RATES

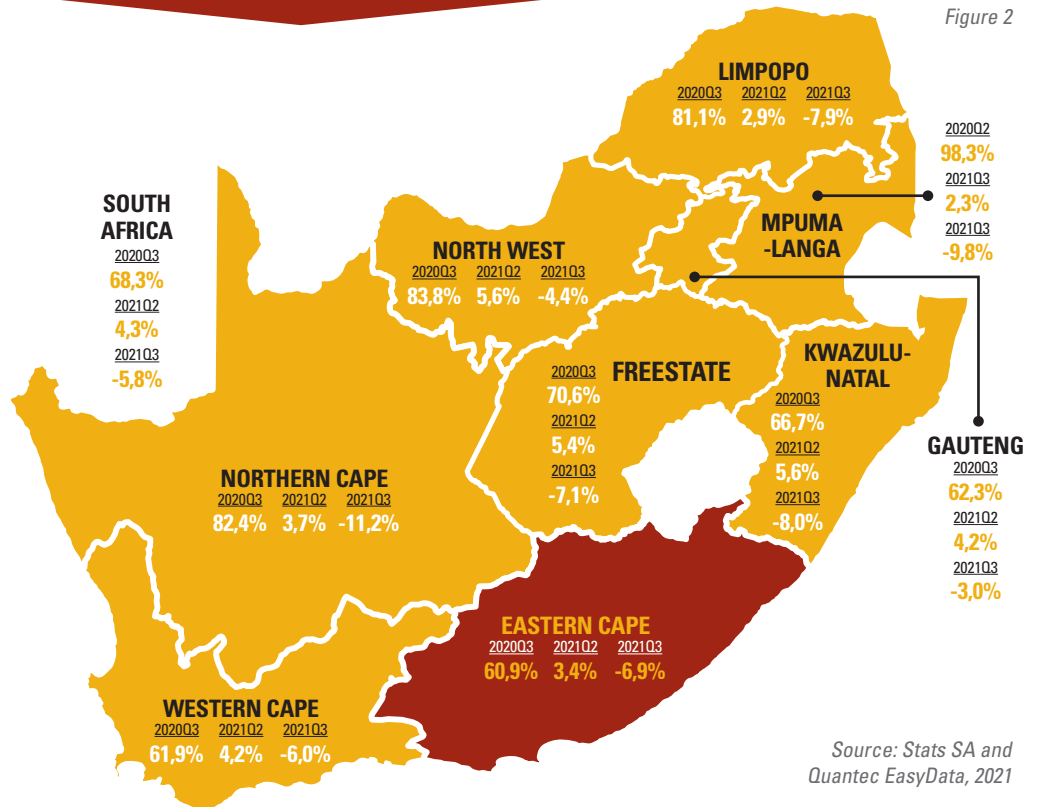
(Seasonally adjusted and annualised):
2020Q3, 2021Q2 and 2021Q3

Figure 2

The figure 2 gives a comparison of provincial economic growth rates for 2020Q3, 2021Q2 and 2021Q3.

The following observations are drawn from the figure:

- In the third quarter of 2021, GDP contracted all provinces. The largest declines were recorded in the following provinces: Northern Cape (11.2%), Mpumalanga (9.8%), KwaZulu-Natal (8.0%).
- On a YoY basis, in all nine provinces, economic output increased significantly in 2021Q3 compared to 2020Q3 as the economy was hard hit by the global coronavirus pandemic which restricted how businesses operate. However, post pandemic recovery slow as the pandemic has not entirely ended, industries continue to suffer long-term pandemic effects.



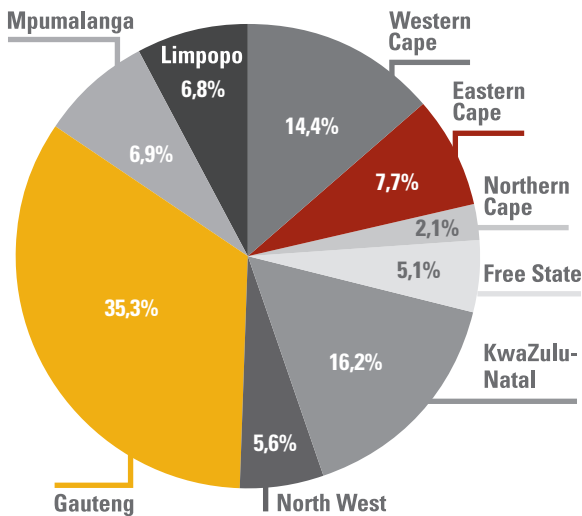
Source: Stats SA and Quantec EasyData, 2021

GDP

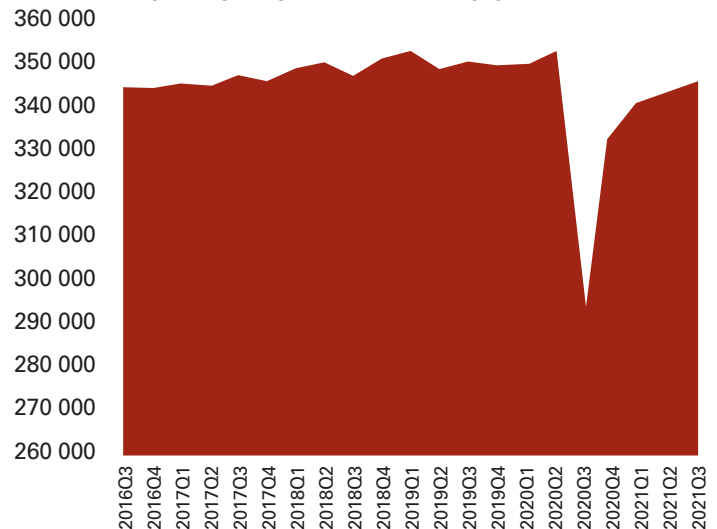
Seasonally adjusted at constant 2015 prices
(% share and R million)

Figure 3

PERCENTAGE CONTRIBUTIONS TO NATIONAL GDP 2021Q3



EASTERN CAPE GDP AT MARKET PRICES



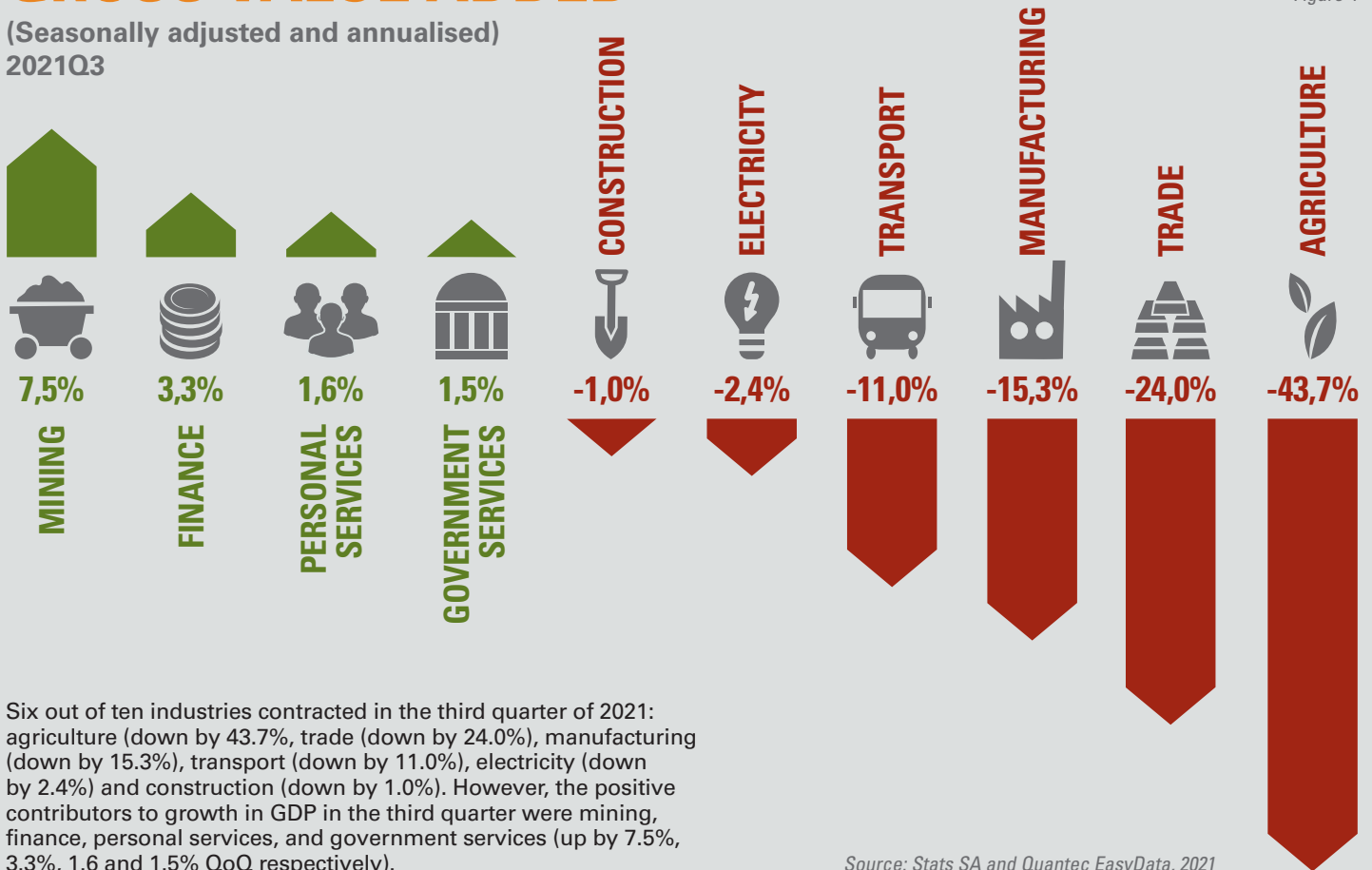
Source: Stats SA and Quantec EasyData, 2021

In rand values, Figure 3 shows how the Eastern Cape GDP (at market prices) declined from R345.9 billion in 2020Q2 to R339.8 billion in 2021Q3. The Eastern Cape GDP (at market prices) declined from R345.9 billion in 2020Q2 to R339.8 billion in 2021Q3. However, compared with other provinces, the Eastern Cape contributed 7.7% to the total national GDP. The largest contributors to national growth in GDP in the third quarter of 2021 were Gauteng (35.5%), KwaZulu-Natal (16.2%) and Western Cape (14.4%).

GROSS VALUE ADDED

(Seasonally adjusted and annualised)
2021Q3

Figure 4



Six out of ten industries contracted in the third quarter of 2021: agriculture (down by 43.7%, trade (down by 24.0%), manufacturing (down by 15.3%), transport (down by 11.0%), electricity (down by 2.4%) and construction (down by 1.0%). However, the positive contributors to growth in GDP in the third quarter were mining, finance, personal services, and government services (up by 7.5%, 3.3%, 1.6 and 1.5% QoQ respectively).

Source: Stats SA and Quantec EasyData, 2021

EASTERN CAPE GVA BY INDUSTRY

(Seasonally adjusted and annualised quarterly), 2020Q3, 2021Q2 – 2021Q3

Table 2

The Eastern Cape's total gross value added (GVA) at basic prices amounted to R312.7 billion in 2021Q3. The tertiary sector remained the principal contributing sector, accounting for 80.3% of provincial GVA. The secondary sector and primary sector accounted for 16.2% and 1.6% respectively. In rand values, in 2021Q3, the tertiary, secondary and primary sectors' GVA amounted respectively to R251.1 billion, R50.6 billion, and R5.2 billion.

In terms of individual sectors, the finance (Finance, real estate, and business services) sector was the largest contributor to the provincial GVA, accounting for 22.7% of the total GVA in 2021Q3. This was followed by personal services and trade accounting for 21.8% and 16.0% respectively. The government services sector contributions towards GVA declined by 2.0 percentage points on a YoY basis.

On a QoQ basis, total GVA for three industries in the tertiary sector increased, namely, finance (up by 574 million), personal services (up by R227 million) and government services (up by R137 million). Output contracted significantly in the trade sector (down by R3 551 million) and agriculture (down by R716 million). However, on a YoY basis, GVA contracted mainly in the trade sector (down by R1 029 million).

INDUSTRY	2020Q2		2021Q2		2021Q3	
	R million	Share %	R million	Share %	R million	Share %
Agriculture	4 781	1,8	5 354	1,7	4 638	1,5
Mining	542	0,2	580	0,2	591	0,2
PRIMARY SECTOR	5 323	2,0	5 934	1,9	5 229	1,7
Manufacturing	37 883	14,1	39 774	12,8	38 162	12,2
Electricity	4 095	1,5	4 060	1,3	4 036	1,3
Construction	8 351	3,1	8 448	2,7	8 427	2,7
SECONDARY SECTOR	50 329	18,7	52 282	16,9	50 625	16,2
Trade	51 051	19,0	53 574	17,3	50 023	16,0
Transport	22 730	8,5	24 607	7,9	23 903	7,6
Finance	68 600	25,5	70 377	22,7	70 951	22,7
Personal services	64 918	24,1	67 947	21,9	68 224	21,8
Government services	37 836	14,1	37 850	12,2	37 987	12,1
TERTIARY SECTOR	245 136	91,2	254 355	82,1	251 088	80,3
All industries at basic prices	268 850	100,0	309 944	100,0	312 652	100,0
Taxes less subsidies on products	31 455	-	33 330	-	32 809	-
GDPR at market prices	332 243	-	345 901	-	339 750	-

Source: Stats SA and Quantec EasyData, 2021

GROSS VALUE ADDED (GVA) BY SECTOR 2019Q3 - 2021Q3

(QoQ % change)

