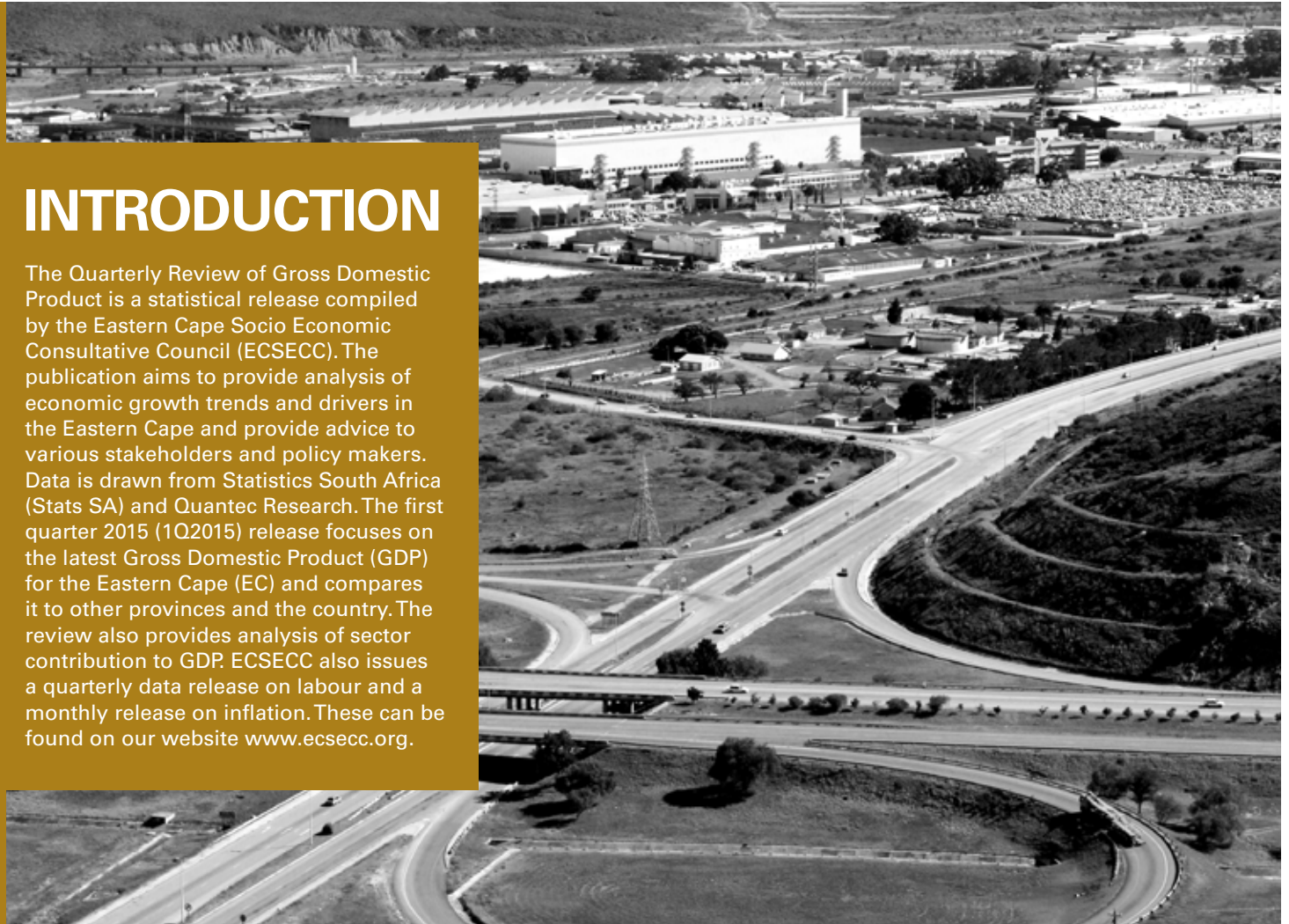


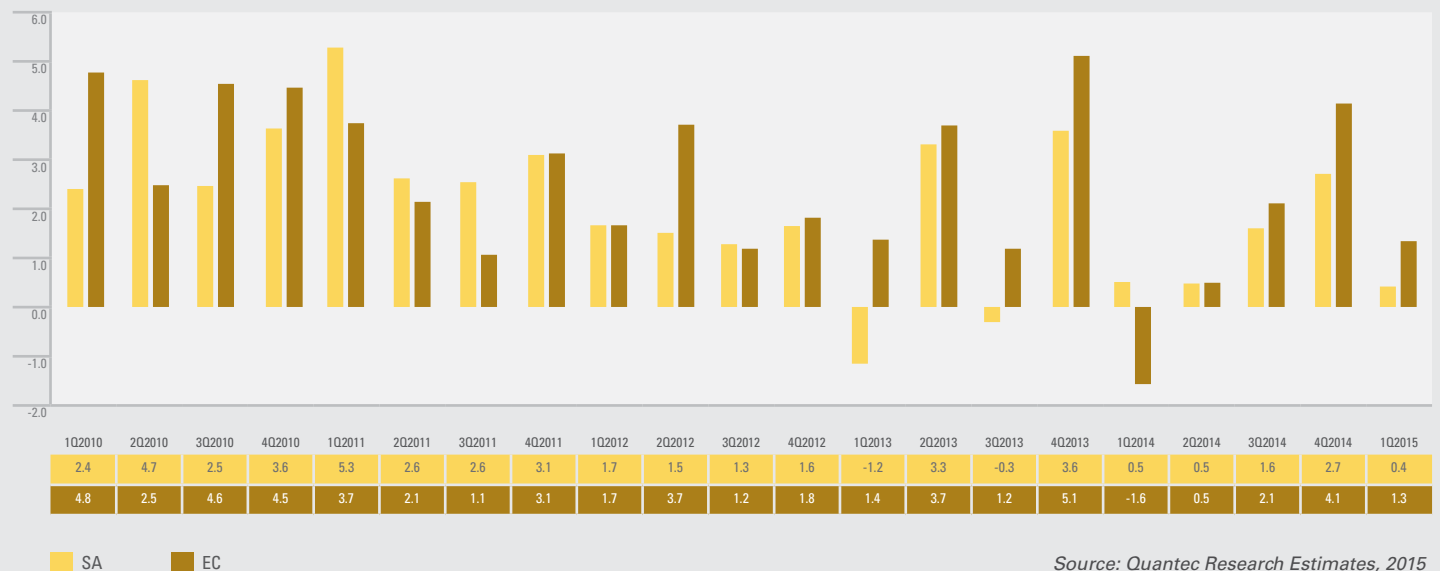
INTRODUCTION

The Quarterly Review of Gross Domestic Product is a statistical release compiled by the Eastern Cape Socio Economic Consultative Council (ECSECC). The publication aims to provide analysis of economic growth trends and drivers in the Eastern Cape and provide advice to various stakeholders and policy makers. Data is drawn from Statistics South Africa (Stats SA) and Quantec Research. The first quarter 2015 (1Q2015) release focuses on the latest Gross Domestic Product (GDP) for the Eastern Cape (EC) and compares it to other provinces and the country. The review also provides analysis of sector contribution to GDP. ECSECC also issues a quarterly data release on labour and a monthly release on inflation. These can be found on our website www.ecsecc.org.



KEY GDP FINDINGS FOR 1ST QUARTER 2015

FIGURE 1: QoQ GDP growth for South Africa and the Eastern Cape at constant 2010 prices, 1Q2010-1Q2015



Source: Quantec Research Estimates, 2015

KEY GDP FINDINGS FOR 1ST QUARTER 2015 *CONTD.*

South Africa's seasonally adjusted real GDP at market prices increased by an annualised rate of 1.3% Quarter on Quarter (QoQ) in 1Q2015 compared with an increase of 4.1% per cent during 4Q2014. The first quarter increase was below market expectations due to a slump in agriculture and manufacturing.

The South African economy's GDP growth was greater than the Eastern Cape GDP growth in 1Q2015. The Eastern Cape's GDP increased by an annualised growth rate of 0.4% QoQ, compared to an increase of 2.7% QoQ in the preceding quarter.

The main contributors to an increase of 0.4% QoQ in economic activity of the Eastern Cape were the finance sector (0.60 of a percentage point based on positive growth of 3.0%), trade sector (0.14 of a percentage point based on positive growth of 0.7%) and the transport sector (0.07 of a percentage point based on positive growth of 0.8%).

Negative contributions were recorded by the government sector (-0.19 of a percentage point), agriculture sector (-0.29 of a percentage point), and the manufacturing sector (-0.33 of a percentage point).

However, year on year (YoY) GDP growth for the Eastern Cape remained the same as the previous quarter at 1.3% YoY in 1Q2015.

WHAT IS THE CURRENT GDP GROWTH RATE IN **SOUTH AFRICA?**



WHAT IS THE CURRENT GDP GROWTH RATE IN THE **EASTERN CAPE?**

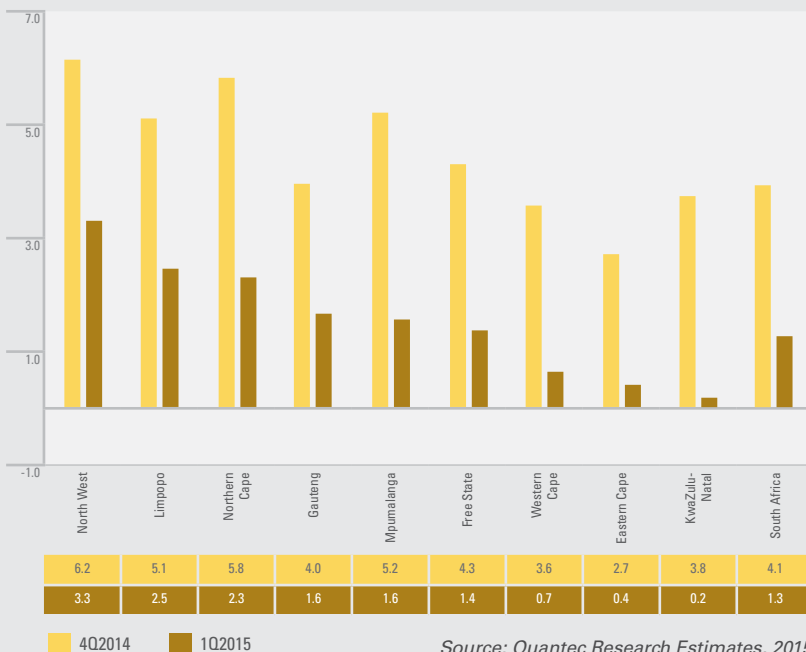


WHICH ARE THE MAIN CONTRIBUTORS TO THE **INCREASE IN ECONOMIC ACTIVITY**



REGIONAL COMPARISONS

FIGURE 2: Comparative regional growth rates for 4Q2014-1Q2015



Source: Quantec Research Estimates, 2015

All provinces in South Africa experienced positive growth in 1Q2015, however the growth rates were lower than the previous quarter.

Provincial economies that experienced positive growth above the national average of 1.3% were North West (3.3%), Limpopo (2.5%), Northern Cape (2.3%), Gauteng (1.6%) and Free State (4.2%).

Provincial economies that experienced positive growth below the national average of 1.3% were, Western Cape (0.7%), Eastern Cape (0.4%) and KwaZulu-Natal (0.2%).

The Eastern Cape recorded the second lowest GDP growth for the first quarter of 2015 when compared to other provinces.

EASTERN CAPE SECTORAL GDP GROWTH DRIVERS

TABLE 1: Eastern Cape's sector growth and contribution to GDP for 4Q2014 to 1Q2015

EASTERN CAPE	4Q2014		1Q2015		4Q2014	1Q2015
	R million	Share %	R million	Share %	QoQ	QoQ
Agriculture	3 778	1.8	3 617	1.7	7.5	-16.0
Mining	660	0.3	665	0.3	10.2	3.4
PRIMARY SECTOR	4 438	2.1	4 282	2.1	7.7	-13.7
Manufacturing	29 226	14.0	29 053	13.9	9.5	-2.4
Electricity	2 538	1.2	2 542	1.2	0.3	0.7
Construction	8 168	3.9	8 186	3.9	3.6	0.9
SECONDARY SECTOR	39 932	19.1	39 781	19.1	7.5	-1.5
Trade	40 748	19.5	40 821	19.6	-0.8	0.7
Transport	17 949	8.6	17 986	8.6	2.5	0.8
Finance	41 868	20.1	42 176	20.2	2.7	3.0
Community services	15 660	7.5	15 694	7.5	0.8	0.9
Government	48 126	23.1	48 026	23.0	1.0	-0.8
TERTIARY SECTOR	164 351	78.7	164 704	78.9	1.1	0.9

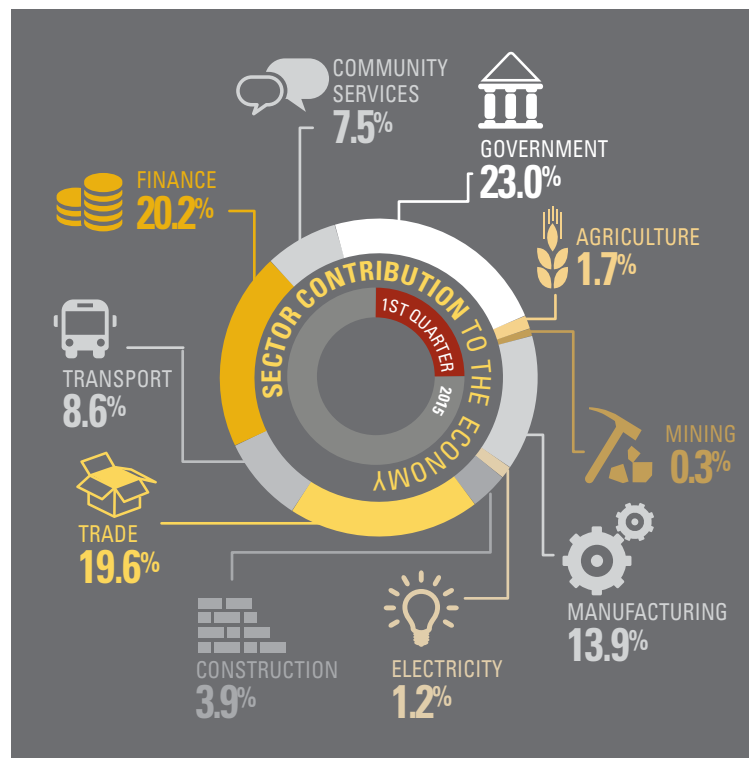
Source: Quantec Research Estimates, 2015

In 1Q2015 GDP growth QoQ was driven by the tertiary sector only, whereas the secondary sector and primary sector experienced a negative growth in the same quarter.

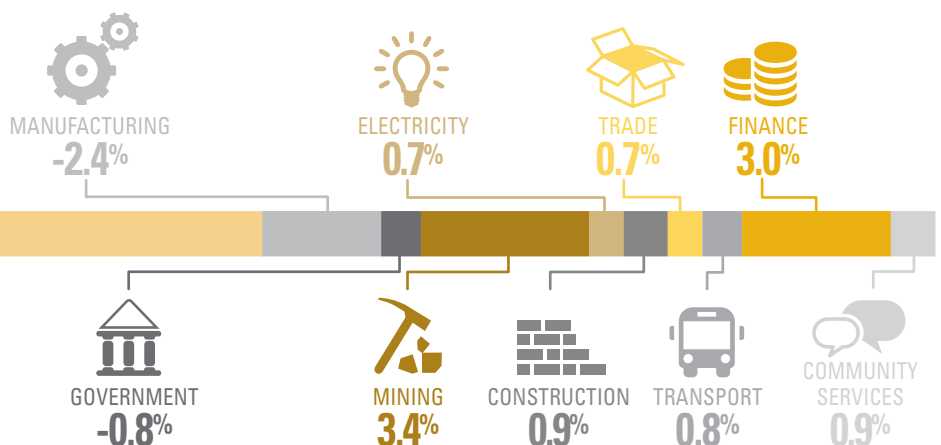
The real value added by the primary sector contracted at an annualised rate 13.7% in the 1Q2015, following an increase of 7.7% in the preceding quarter.

The negative growth performance in this sector has been attributed to the agriculture sector that experienced negative growth. A pronounced annualised increase of 7.7% QoQ in the real value added by the agriculture sector in 4Q2014 was followed by a contraction of 16.0% QoQ in 1Q2015. Growth in the real output of the mining sector decelerated from an annualised rate of 10.2% QoQ in 4Q2014 to 3.4% QoQ in 1Q2015.

The secondary sector had a negative growth at an annualised rate of 1.5% QoQ in 1Q2015, from an increase of 7.5% QoQ in the preceding quarter.



ECONOMIC GROWTH PER SECTOR



EASTERN CAPE SECTORAL GDP GROWTH DRIVERS *CONTD.*

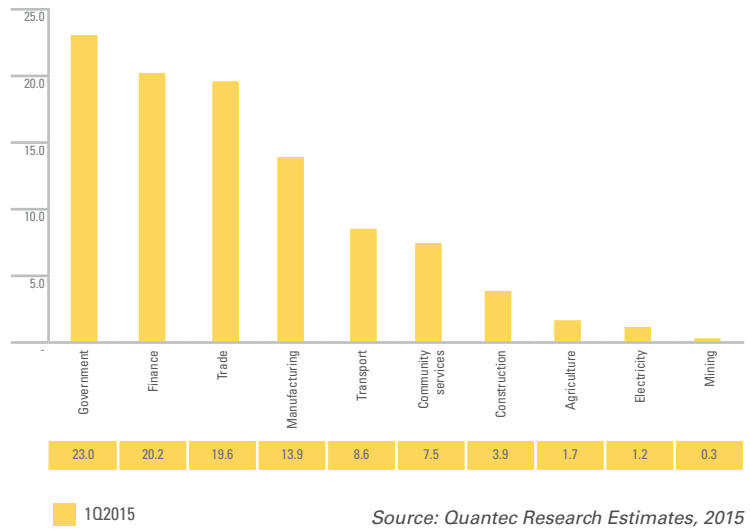
The real value added by the electricity and construction sectors increased in 1Q2015, recording positive growth of 0.7% and 0.9% respectively. Real value added by the manufacturing sector declined to 2.4% QoQ, from an increase of 9.5% QoQ in the preceding quarter.

The tertiary sector grew at an annualised rate of 0.9% QoQ, down from an increase of 1.1% QoQ in the preceding quarter.

The real value added by the trade, transport and community services sectors increased in the 1Q2015, although growth of these sectors was slow.

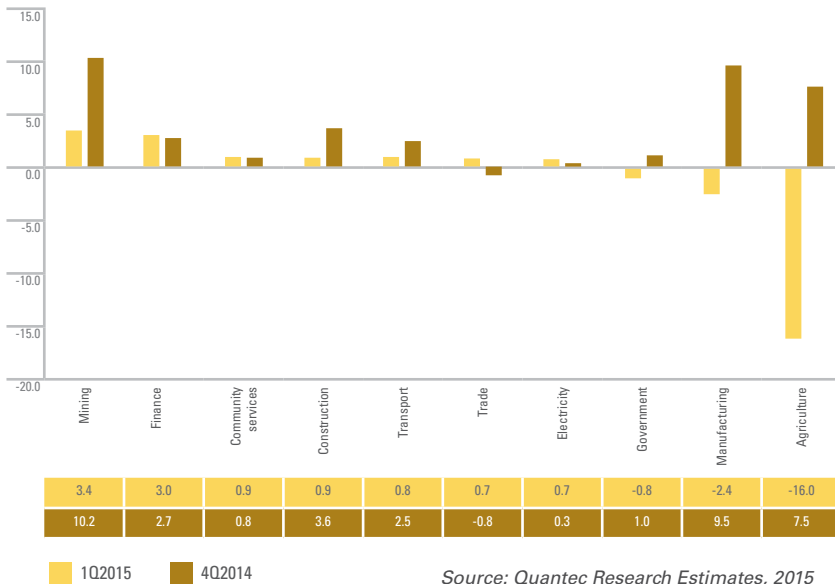
The positive growth in the tertiary sector emanated from an increase in growth in the finance sector (3.0%), compared to 2.7% in the previous quarter. Subsequent to positive growth in all the quarters in 2014, QoQ growth in the real value added by government sector experienced negative growth at an annualised rate of 0.8% in the 1Q2015, adding 0.19 of a percentage point decline in growth experienced in this period.

FIGURE 3: Eastern Cape sector contribution to GDP for 1Q2015



The main contributing sectors towards GDP in the Eastern Cape economy in 1Q2015 were the government sector (23.0%), followed by the finance sector (20.2%), trade sector (19.6%) and manufacturing sector (13.9%).

FIGURE 4: GDP growth at constant 2010 prices for 4Q2014 to 1Q2015



Out of 10 sectors, the sector that grew the most in 1Q2015 was mining, with a growth of 3.47% QoQ, followed by finance with growth of 3.0%. Although mining had the largest growth when compared to other sectors, it only contributes 0.3% to the Eastern Cape economy.

The sectors that experienced negative growth in the Eastern Cape were agriculture (-16.0%), manufacturing (-2.4%) and government (-0.8%).