

QoQ GDP GROWTH RATE



SOUTH AFRICA

4.7%

EASTERN CAPE

3.4%

KEY FINDINGS

Global economic performance is projected to grow by

6.0%

in 2021

The South African economy is forecasted to grow by

4.0%

in 2021

by the IMF.

According to STATS SA, NATIONAL REAL GROSS DOMESTIC PRODUCT (GDP) INCREASED at an annualised rate of 4.67% in the second quarter of 2021.

The EASTERN CAPE ECONOMY grew at a rate of 3.4%. The largest positive contributors to GDP growth were the TRANSPORT, AGRICULTURE AND MINING INDUSTRIES.

The EASTERN CAPE GDP (at market prices) INCREASED from R343.1 billion in 2021Q1 to R346.0 BILLION in 2021Q2.

PROVINCIAL TOTAL GROSS VALUE ADDED (GVA) at basic prices amounted to R312.7 BILLION in 2021Q2.

GLOBAL ECONOMIC OUTLOOK

According to the July update of the International Monetary Fund (IMF) World Economic Outlook (WEO), the global economy is anticipated to see a stronger recovery in 2021. Global economic performance is projected to grow by 6.0% in 2021 (no change from the April 2021 projections). However, the global economy is estimated to grow by 4.9% in 2022, an upward forecast relative to the April 2021 forecast (up by 0.5 of a percentage point). Across advanced economies, growth is projected to significantly increase to 5.1% (0.5 percentage point upward

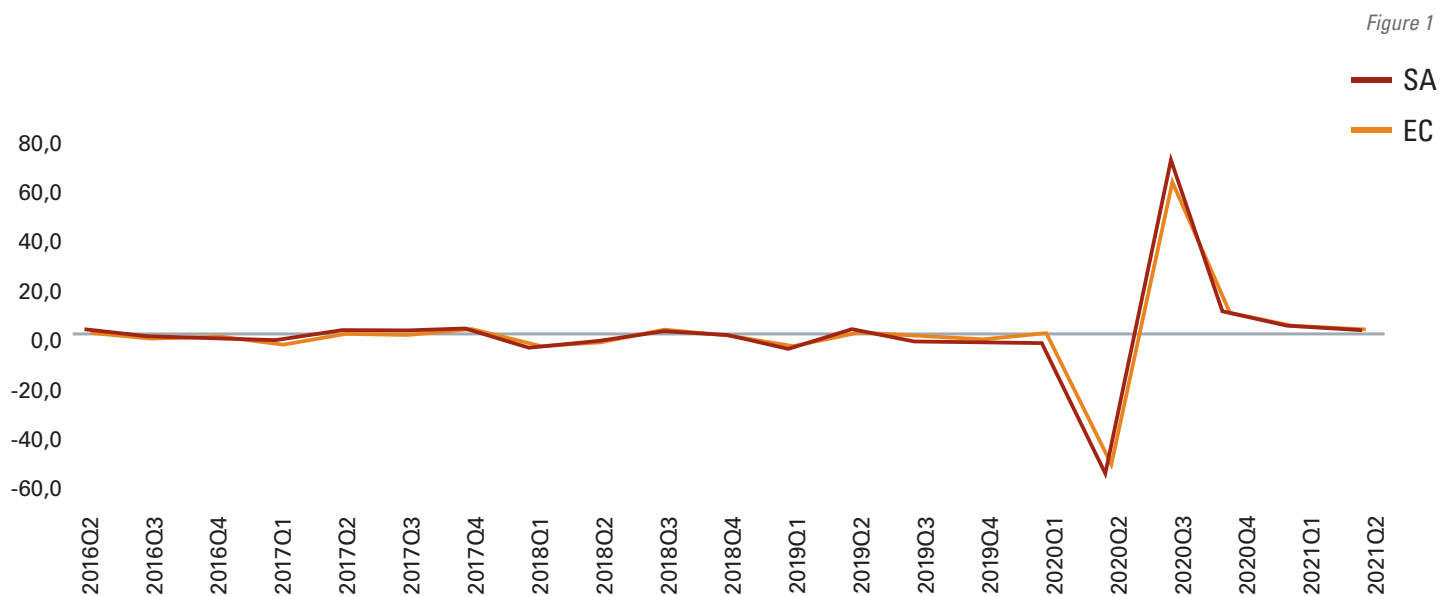
REGION / COUNTRY	PROJECTIONS			DIFFERENCE FROM JAN 2020 WEO UPDATE	
	2020	2021	2022	2021	2022
World	-3.2	6.0	4.9	0.0	0.5
Advanced economies	-4.6	5.6	4.4	0.5	0.8
United States	-3.5	7.0	4.9	0.6	1.4
Euro area	-6.5	4.6	4.3	0.2	0.5
United Kingdom	-4.7	2.8	3.0	-0.5	0.5
Japan	-9.8	7.0	4.8	1.7	-0.3
Emerging markets and developing economies	-2.1	6.3	5.2	-0.4	0.2
Brazil	-4.1	5.3	1.9	1.6	-0.7
Russia	-3.0	4.4	3.1	0.6	-0.7
India	2.3	8.1	5.7	-0.3	0.1
China	-7.3	9.5	8.5	-3.0	1.6
Sub-Saharan Africa	-1.8	3.4	4.1	0.0	0.1
Nigeria	-1.8	2.5	2.6	0.0	0.3
South Africa	-7.0	4.0	2.2	0.9	0.2

Source: IMF World Economic Outlook, July 2021

revision) in 2021, thereafter declining to 4.4% in 2022 (0.5 percentage point upward revision). Compared with other economies, growth among the sub-Saharan African group economies is forecasted to increase in 2021 by 3.4% (unchanged relative to the April WEO) and in 2022 increase by 4.1% (0.1 of a percentage increase). For Africa's two biggest economies, growth is expected to increase by 2.5% and 4.0% in 2021 for Nigeria and South Africa, respectively. Access to vaccines contributed positively to economic growth prospects for the sub-Saharan African region. However, the uncertain developments surrounding the economic recovery plans are expected to weigh on the region's pace of recovery post-pandemic.

RSA & EC REAL GDP GROWTH RATES

(Seasonally adjusted and annualised) 2016Q2 – 2021Q2



Source: Stats SA and Quantec EasyData, 2021

The South African economy grew by an annualised rate of 4.7% in 2021Q2, following an increase of 4.2% in the first quarter of 2021. On a year-on-year basis, national GDP increased by 54.7 percentage points from -51.3% in 2020Q2. Low economic growth levels in the second quarter of 2020 was a result of the coronavirus global pandemic and lockdown restrictions which started in March 2020.

In the first quarter of 2021, the largest positive contributors to growth in GDP were the transport, personal services and trade industries. Looking at the Stats SA GDP report in detail, the transport industry increased by 6.9% and contributed 0.5 of a percentage point to GDP growth. The personal services industry increased by 2.5% and contributed 0.4 of a percentage

point to GDP growth. The trade industry increased by 2.2% and contributed 0.3 of a percentage point to GDP growth.

The Eastern Cape economy grew at a rate of 3.4% in 2021Q2 from contracting by 51.3% (YoY) owing to Covid-19 regulations on a YoY basis. Both national and provincial economies show strong resilient recovery from the COVID-19 pandemic impacts.

PROVINCIAL REAL GDP GROWTH RATES

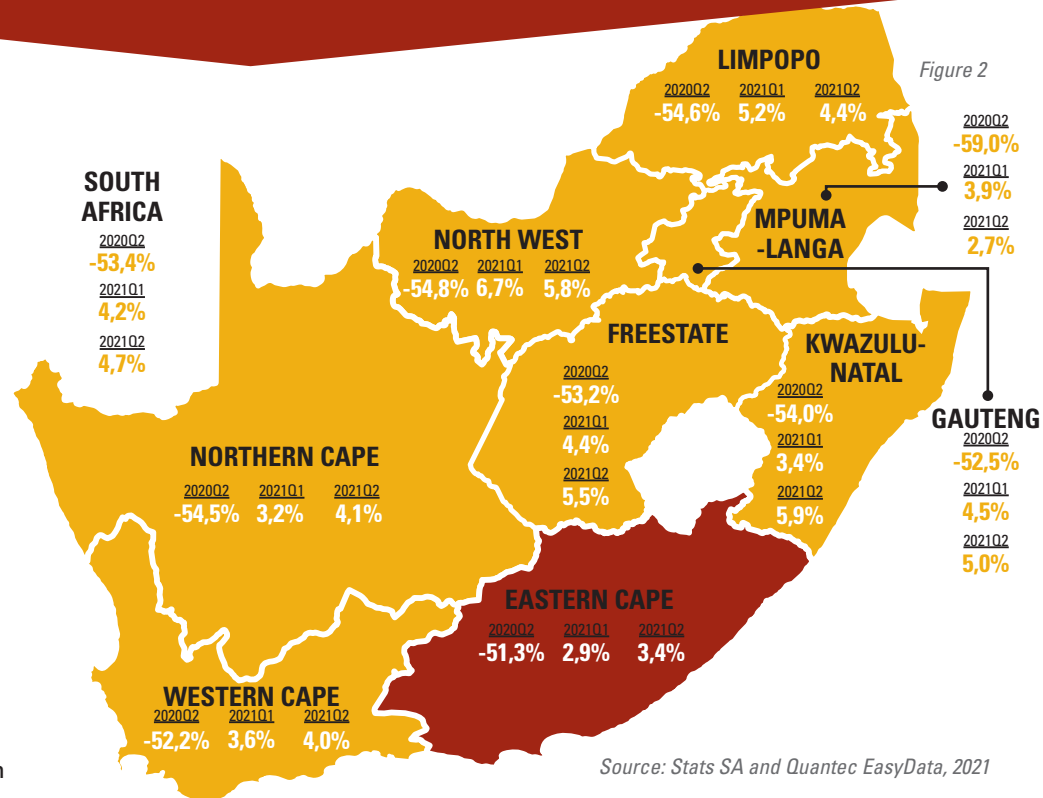
(seasonally adjusted and annualised)

2020Q2, 2021Q1 and 2021Q2

The figure on the right gives a comparison of provincial economic growth rates for 2020Q2, 2021Q1 and 2021Q2.

The following observations are drawn from the figure:

- In the second quarter of 2021, GDP contracted in three provinces, namely; Mpumalanga (down by 1.2%), North West (down by 0.9%) and Limpopo (down by 0.8%).
- On a QoQ basis, the largest GDP growth rates (above the national level 4.7%) were recorded in KwaZulu-Natal (5.9%), North West (5.8%), Free State (5.5%) and Gauteng (5.0%).
- On a YoY basis, in all nine provinces, economic output increased significantly in 2021Q2 compared to 2020Q2 when the economy was hard hit by the global coronavirus pandemic which restricted how businesses operate.

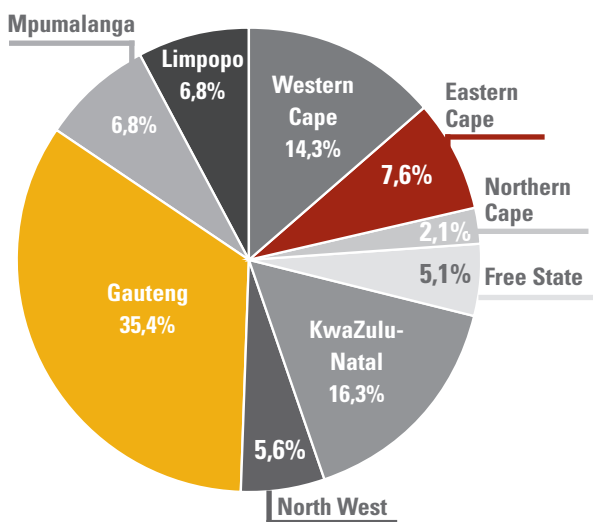


GDP

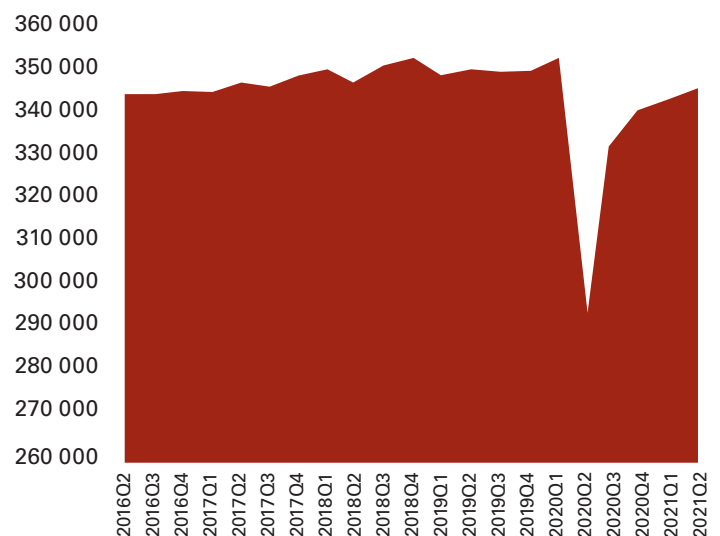
Seasonally adjusted at constant 2010 prices (% share and R million)

Figure 3

PERCENTAGE CONTRIBUTIONS TO NATIONAL GDP 2021Q2

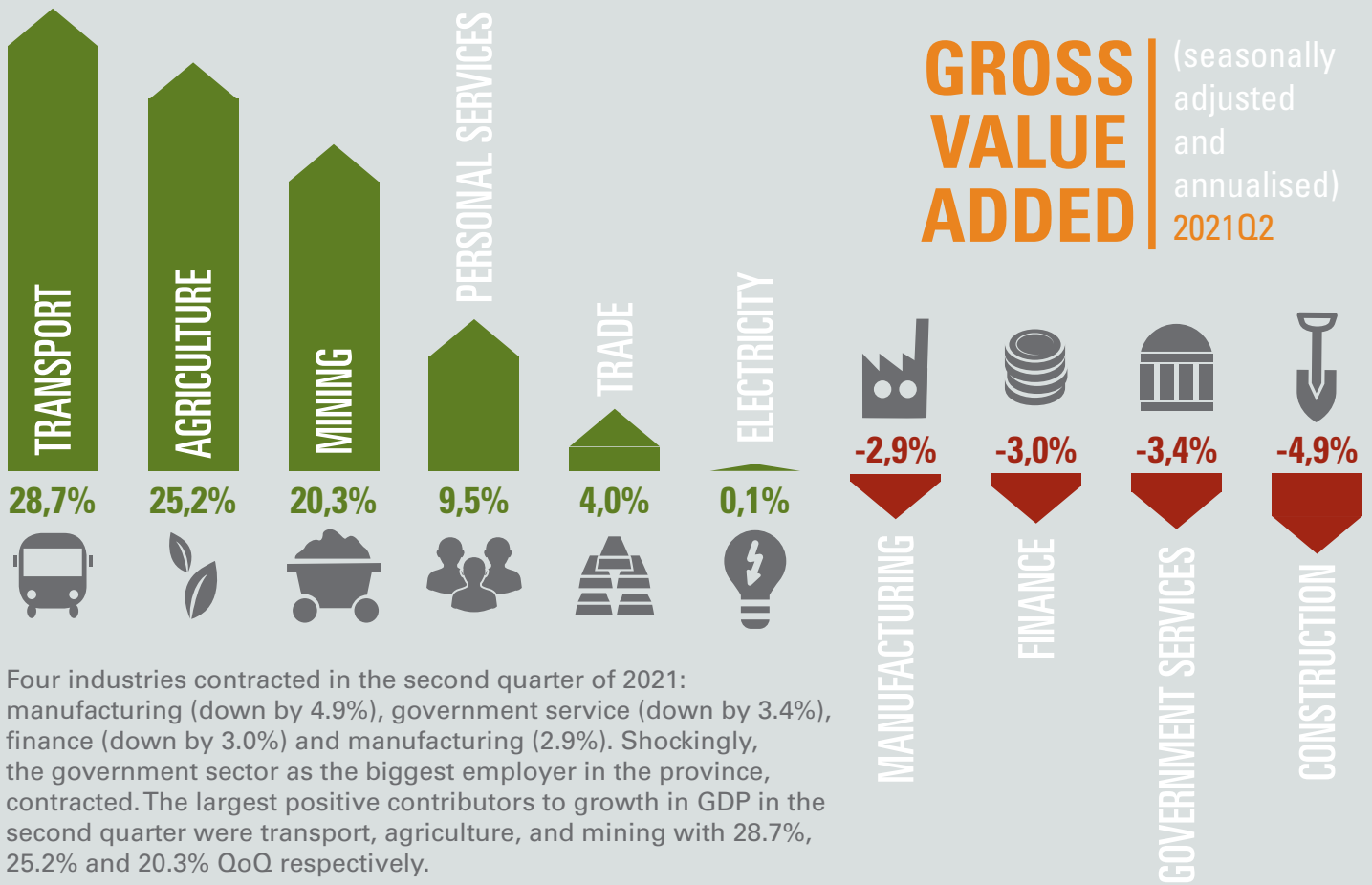


EASTERN CAPE GDP AT MARKET PRICES



Source: Stats SA and Quantec EasyData, 2021

In rand values, the figure above shows that provincial GDP continued to increase between 2020Q3 to 2021Q2. The Eastern Cape GDP (at market prices) increased from R268.9 billion in 2020Q2 to R312.7 billion in 2021Q2. However, compared with other provinces, the Eastern Cape contributed 7.6% to the total national GDP. The largest contributors to national growth in GDP in the second quarter of 2021 were Gauteng (35.4%), KwaZulu-Natal (16.3%) and Western Cape (14.3%).



Source: Stats SA, 2021

EASTERN CAPE GVA BY INDUSTRY

(seasonally adjusted and annualised quarterly)
2020Q2, 2021Q1 and 2021Q2

Table 2

The Eastern Cape's total gross value added (GVA) at basic prices amounted to R312.7 billion in 2021Q2. The tertiary sector remained the principal contributing sector to the provincial GVA, accounting for 81.4% of provincial GVA. The secondary sector and primary sector accounted for 16.7% and 1.9% respectively. In rand values, in 2021Q2, the tertiary, secondary and primary sectors' GVA amounted respectively to R254.4 billion, R52.4 billion, and R5.9 billion.

In terms of individual sectors, the personal services sector was the largest contributor to the provincial GVA, accounting for 22.8% of the total GVA in 2021Q2. This was followed by finance and trade accounting for 22.6% and 17.0% respectively. The government services sector contributions towards GVA declined by 1.8 percentage points on a YoY basis.

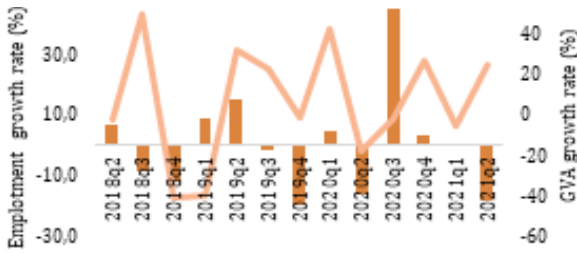
On a QoQ basis, total GVA for all industries increased by R2.7 billion and the largest increases in GVA were recorded in personal service (up by 1.6 billion), transport (up by 1.5 billion), and trade (up by R514 million). GVA contracted significantly in the finance sector (down by R539 million), government (down by R299 million) and manufacturing sector (down by R290 million). However, on a YoY basis, GVA contracted only in the government services sector (down by R27 million).

INDUSTRY	2020Q2		2021Q1		2021Q2	
	R million	Share %	R million	Share %	R million	Share %
Agriculture	4,805	1.8	5,006	1.6	5,295	1.7
Mining	374	0.1	579	0.2	606	0.2
PRIMARY SECTOR	5 179	1.9	5 584	1.8	5 901	1.9
Manufacturing	28,001	10.4	40,154	13.0	39,865	12.8
Electricity	3,629	1.3	4,063	1.3	4,064	1.3
Construction	7,217	2.7	8,536	2.8	8,431	2.7
SECONDARY SECTOR	38 846	14.4	52 754	17.0	52 360	16.7
Trade	40,729	15.1	52,532	16.9	53,046	17.0
Transport	19,296	7.2	23,168	7.5	24,678	7.9
Finance	64,452	24.0	71,153	23.0	70,615	22.6
Personal services	65,603	24.4	69,734	22.5	71,334	22.8
Government services	34,745	12.9	35,017	11.3	34,718	11.1
TERTIARY SECTOR	224,825	83.6	251,605	81.2	254,391	81.4
All industries at basic prices	268,850	100.0	309 944	100.0	312 652	100.0
Taxes less subsidies on products	26,444	-	33 189	-	33 350	-
GDPR at market prices	295,294	-	343 133	-	346 002	-

Source: Stats SA, 2021

EMPLOYMENT AND GROSS VALUE ADDED (GVA) BY SECTOR (QoQ % change)

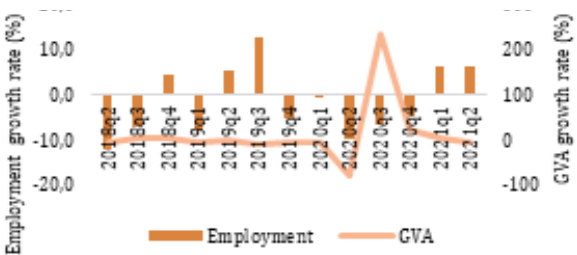
AGRICULTURE



MINING



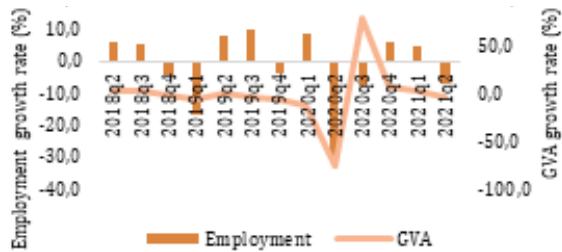
MANUFACTURING



ELECTRICITY



CONSTRUCTION



TRADE



FINANCE



TRANSPORT



PERSONAL SERVICES



GENERAL GOVERNMENT SERVICES

