

QUARTERLY STATISTICAL RELEASE QUARTER 3 -2022

QoQ GDP GROWTH RATE

**SOUTH
AFRICA**

1,6%

**EASTERN
CAPE**

1,3%

KEY FINDINGS

Global economic performance is projected to grow by

3.2%

in 2022

The South African economy is forecasted to grow by

2.1%

by the end of 2022 (IMF, 2022)

According to STATS SA, NATIONAL REAL GROSS DOMESTIC PRODUCT (GDP) GREW at an annualised rate of 1.6% in the third quarter of 2022.

The EASTERN CAPE ECONOMY expanded by 1.3%. The largest positive contributors to GDP growth were the AGRICULTURE, TRANSPORT AND CONSTRUCTION INDUSTRIES.

The EASTERN CAPE GDP (at market prices) INCREASED from R360.0 billion in 2022Q2 to R364.5 BILLION in 2022Q3.

PROVINCIAL TOTAL GROSS VALUE ADDED (GVA) at basic prices amounted to R330.7 BILLION in 2022Q3.

GLOBAL ECONOMIC OUTLOOK

OCTOBER 2022 PROJECTIONS

According to the IMF October World Economic Outlook (WEO) update, global growth is forecasted to slowdown from 6.0% in 2021 to 3.2% in 2022 and to 2.7% in 2023. This is a downward revision of 0.2 of a percentage point for 2023 projection from the July WEO update.

For advanced economies, output is projected to 2.4% (0.1 of a percentage point downward revision) in 2022, thereafter moderating to 1.1% in 2023 (0.3 of percentage point downward revision). This downward revision reflects the impact that the declining real disposable income and higher interest rates have on consumer demand and spending.

Sub-Saharan African economic growth is projected to decline from 4.7% in 2021 to 3.6% in 2022 and to 3.7% in 2023. According to the IMF, this forecast reflects low trading partner, tight financial and monetary conditions, and negative shifts in the commodity terms of trade. Growth for the two giant Africa's economies (Nigeria and South Africa) was revised down by 0.2 of a percentage point for 2022. For Nigeria, GDP is expected to decline from 3.6% in 2021 to 3.0% in 2023. In South Africa, GDP is expected to decline from 4.9% in 2021 to 1.1% in 2023.

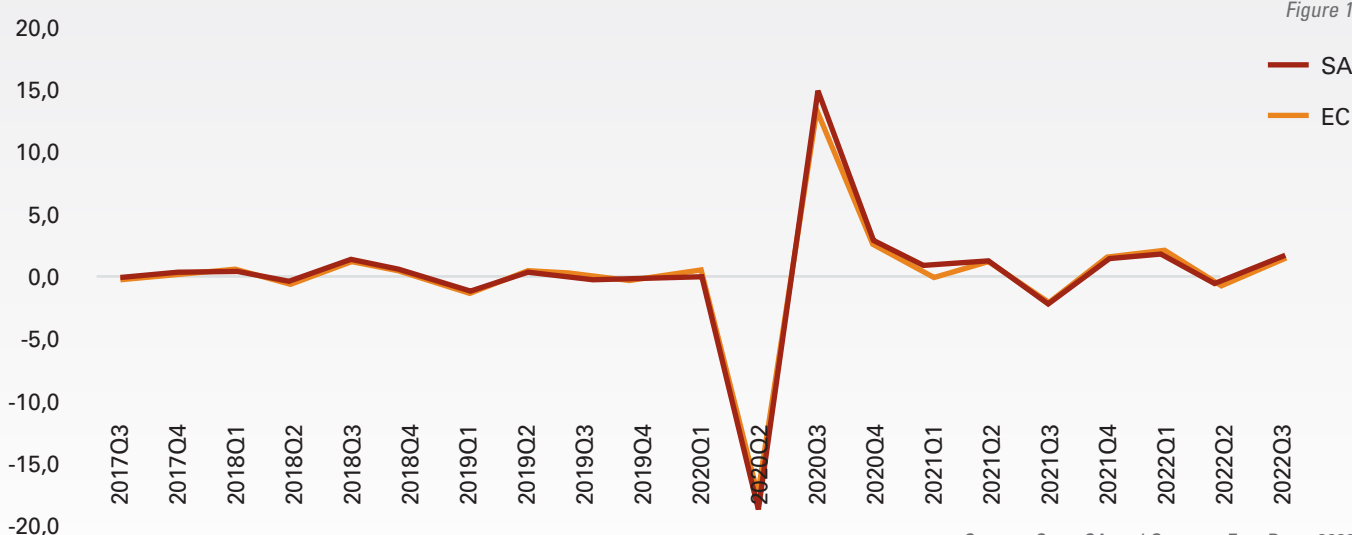
Table 1

Region/ Country	2021	Projections		Difference from April 2022 WEO Update	
		2022	2023	2022	2023
World Output	6,0	3,2	2,7	0,0	-0,2
Advanced economies	5,2	2,4	1,1	-0,1	-0,3
United States	5,7	1,6	1,0	-0,7	0,0
Euro area	5,2	3,1	0,5	0,5	-0,7
United Kingdom	7,4	3,6	0,3	0,4	-0,2
Japan	1,7	1,7	1,6	0,0	-0,1
Emerging markets and developing economies	6,6	3,7	3,7	0,1	-0,2
Brazil	4,6	2,8	1,0	1,1	-0,1
Russia	4,7	-3,4	-2,3	2,6	1,2
India	8,7	6,8	6,1	-0,6	0,0
China	8,1	3,2	4,4	-0,1	-0,2
Sub-Saharan Africa	4,7	3,6	3,7	-0,2	-0,3
Nigeria	3,6	3,2	3,0	-0,2	-0,2
South Africa	4,9	2,1	1,1	-0,2	-0,3

Source: IMF World Economic Outlook, October 2022 Update

RSA & EC REAL GDP GROWTH RATES

(Seasonally adjusted and annualized and quarterly GDP): 2017Q3 – 2022Q3



Source: Stats SA and Quantec EasyData, 2022

The South African economy grew by 1.6% in 2022Q3, followed by a contraction of 0.7% in the previous quarter. However, this rate is lower than the projected 2.1% growth anticipated by the IMF. On a YoY basis, national GDP increased by 3.4 percentage points from -1.8% in 2021Q3.

According to the Stats SA quarterly GDP statistical report, only two industries contracted in 2022Q3: personal services (down by 1.2%), and electricity (down by 2.1%). The main sectors that contributed the most to national GDP growth were:

agriculture (increased by 19.2% and contributed 0.5 of a percentage point to GDP), finance (increased by 1.9% and contributed 0.5 of a percentage point to GDP) and transport industry (increased by 3.7% and contributed 0.3 of a percentage point to GDP). The increased economic activities for agriculture were reported for field crops and horticulture products.

Figure 1 shows how the Eastern Cape economy has followed a similar trajectory to the National economy. In 2022Q3, the provincial economy expanded by a slower pace (1.3%) compared with the national

economy (1.6%). Economic growth in the province was mainly driven by two sectors, namely, agriculture and transport. However, the two sectors that poorly performed in 2022Q3 were the personal services and electricity. They contracted significantly.

The continuous power shortages or lack of stable electricity pose a major risk to economic growth and employment creation country wide as most industries rely on electricity to function and to produce output. This also affects the country's ability to attract investments and to fight poverty.

PROVINCIAL REAL GDP GROWTH RATES

(seasonally adjusted and annualised):
2021Q3, 2022Q2 and 2022Q3

Figure 2 provides a spatial comparison of economic growth rates across the country for 2021Q3, 2022Q2 and 2022Q3.

The following observations are drawn from the figure:

- On a QoQ basis, in 2022Q3, all provinces recorded a positive GDP growth. Except for the Eastern Cape (1.3%) and Gauteng (1.0%), all provinces recorded GDP expansion above the national, the top three being: Northern Cape (2.8%), KwaZulu-Natal (2.1%), and Limpopo (2.1%).
- On a YoY basis, all nine provinces experienced economic expansion. The largest growth rates were recorded in Northern Cape (up by 6.4 percentage points), KwaZulu-Natal (up by 4.7 percentage points) and Free State (up by 4.5 percentage points).

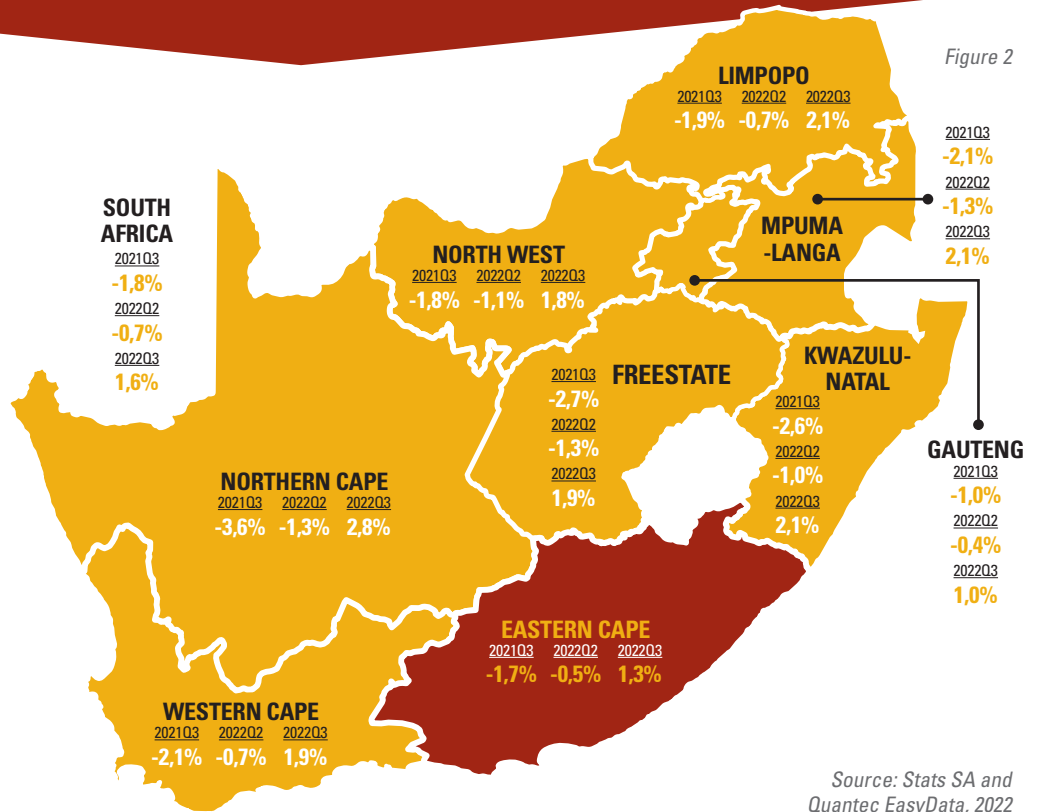


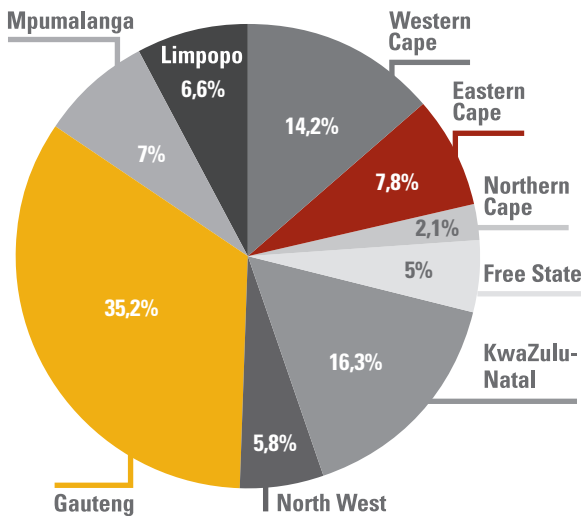
Figure 2

Source: Stats SA and Quantec EasyData, 2022

GDP

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

PERCENTAGE CONTRIBUTIONS TO NATIONAL GDP 2022Q3



EASTERN CAPE GDP AT MARKET PRICES

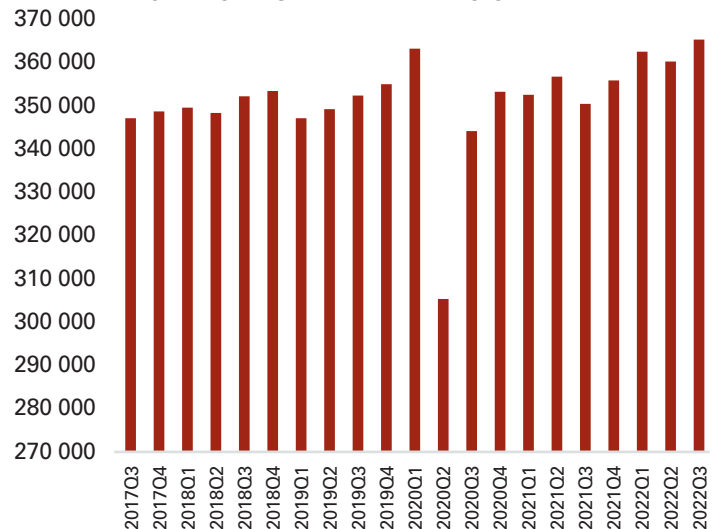


Figure 3

Source: Stats SA and Quantec EasyData, 2022

Looking at the size of the economy in rand values, Figure 3 shows how the Eastern Cape GDP (at market prices) increased from R360.0 billion in 2022Q2 to R364.5 billion in 2022Q3. However, compared with other provinces, the Eastern Cape contributed 7.8% to the total national GDP. Three provinces generated more than three quarter (75,7%) of the country's GDP, namely, Gauteng (35,2%), KwaZulu-Natal (16,3%) and Western Cape (14,2%).

GROSS VALUE ADDED

QoQ changes (%) in Sector Gross value added (seasonally adjusted and annualised), 2022Q3

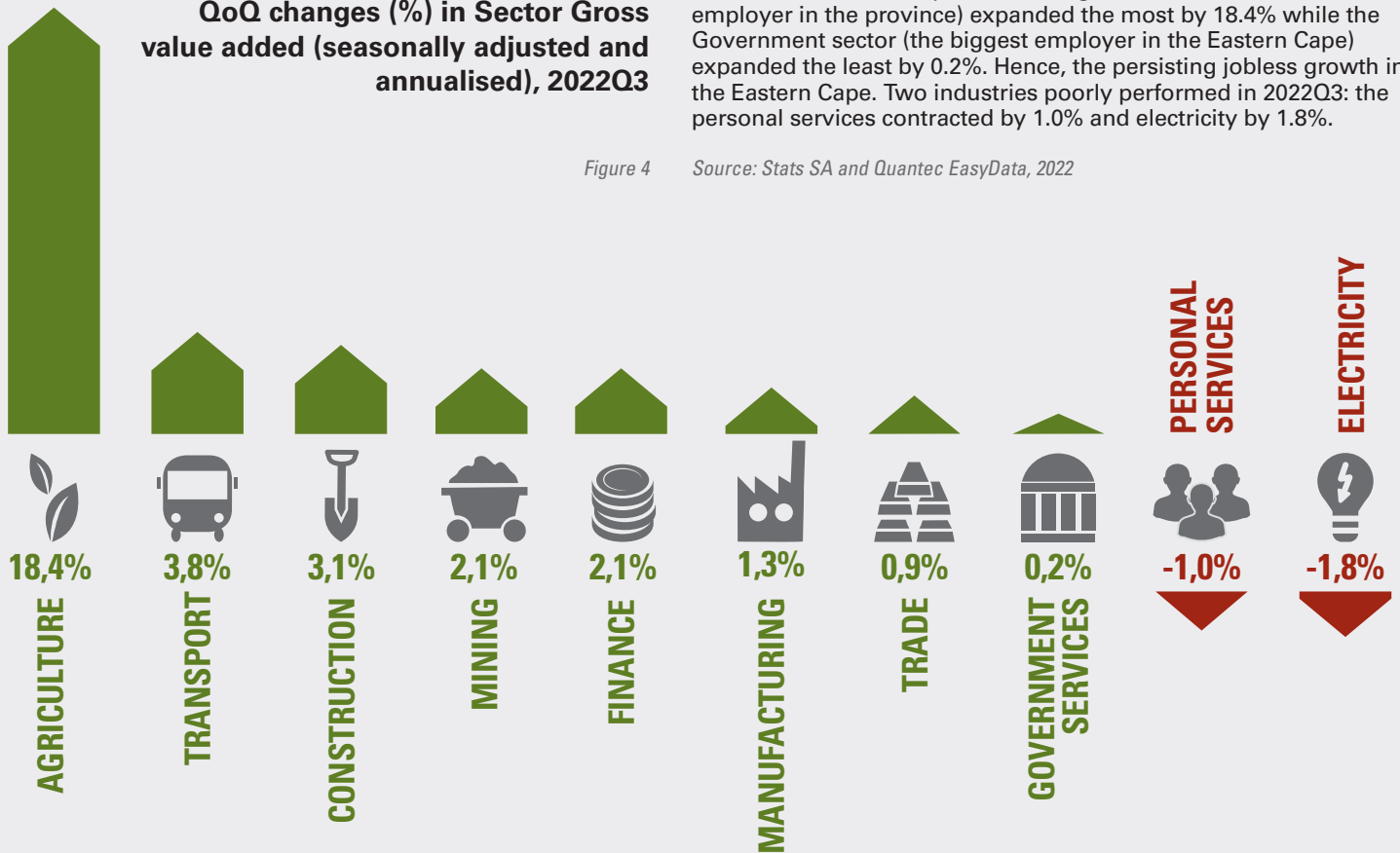


Figure 4

Source: Stats SA and Quantec EasyData, 2022

EASTERN CAPE GVA BY INDUSTRY

(seasonally adjusted and annualised quarterly), 2021Q3, 2022Q2 – 2022Q3

The Eastern Cape's total gross value added (GVA) at basic prices amounted to R330.7 billion in 2022Q3. The tertiary sector remained the principal contributing sector, accounting for 82.0% of the provincial GVA. The secondary sector and primary sector accounted for 15.0% and 2.0% respectively. In rand values, in 2022Q3, the tertiary, secondary and primary sectors' GVA amounted respectively to R274.4 billion, R49.6 billion, and R6.7 billion.

In terms of individual sectors, in 2022Q3, the finance sector accounted almost for a quarter (24.8%) of the total GVA, followed by personal services and trade sectors, accounting for 22.4% and 17.1% respectively. On a YoY basis, the finance sector's contribution towards GVA increased by 0.4 of a percentage point.

On a QoQ basis, GVA contracted in the personal services sector (down by R700 million) and electricity (down by R90 million). The following sectors expanded by large portions in the third quarter: finance (up by R1.6 billion), agriculture (up by R980 million) and transport (up by R967 million). The manufacturing industry expanded by R473 million in 2022Q3.

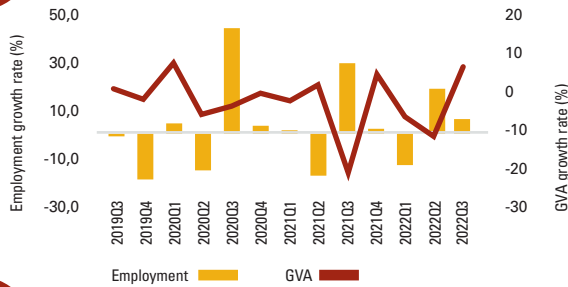
Table 2

INDUSTRY	2021Q2		2022Q1		2022Q2	
	R million	Share %	R million	Share %	R million	Share %
Agriculture	5 377	1,7	5 333	1,6	6 313	1,9
Mining	446	0,1	393	0,1	401	0,1
PRIMARY SECTOR	5 823	1,8	5 725	1,8	6 714	2,0
Manufacturing	35 243	11,1	35 611	10,9	36 084	10,9
Electricity	5 071	1,6	4 973	1,5	4 883	1,5
Construction	8 894	2,8	8 421	2,6	8 686	2,6
SECONDARY SECTOR	49 209	15,5	49 005	15,0	49 652	15,0
Trade	53 652	16,9	56 191	17,2	56 707	17,1
Transport	23 526	7,4	25 215	7,7	26 182	7,9
Finance	77 521	24,4	80 356	24,6	82 012	24,8
Personal services	72 230	22,8	74 851	22,9	74 081	22,4
Government services	35 476	11,2	35 302	10,8	35 388	10,7
TERTIARY SECTOR	262 405	82,7	271 914	83,2	274 369	83,0
All industries at basic prices	317 437	100,0	326 644	100,0	330 736	100,0

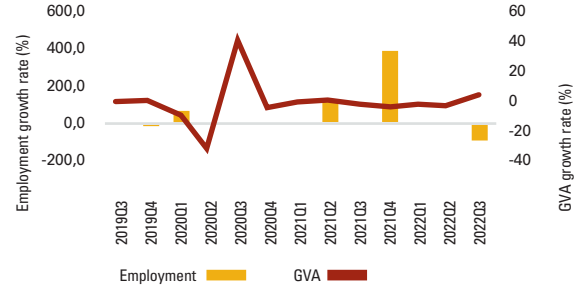
Source: Stats SA and Quantec EasyData, 2022

EMPLOYMENT & GROSS VALUE ADDED (GVA) GROWTH BY SECTOR 2019Q2 – 2022Q2 (QoQ % change)

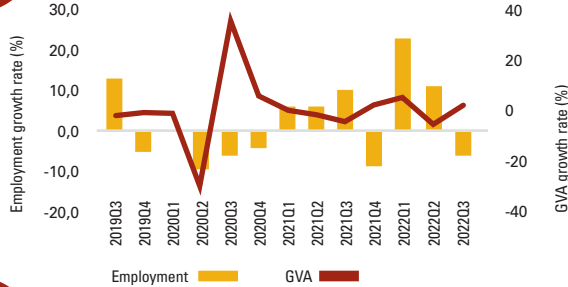
AGRICULTURE



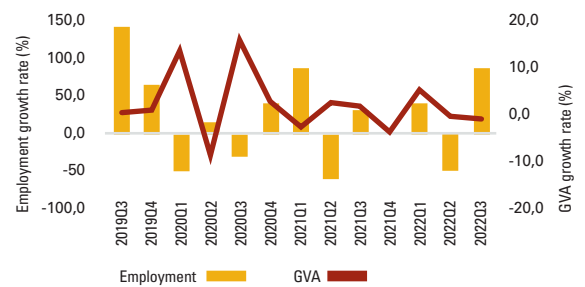
MINING



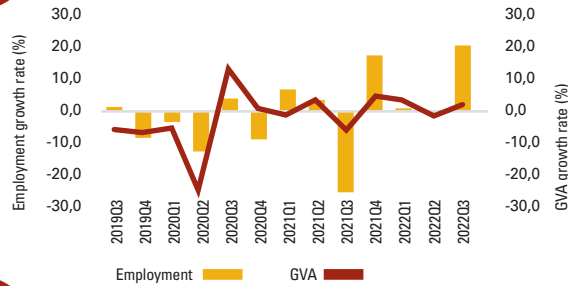
MANUFACTURING



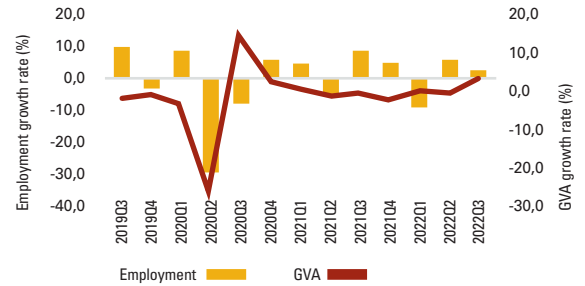
ELECTRICITY



TRADE



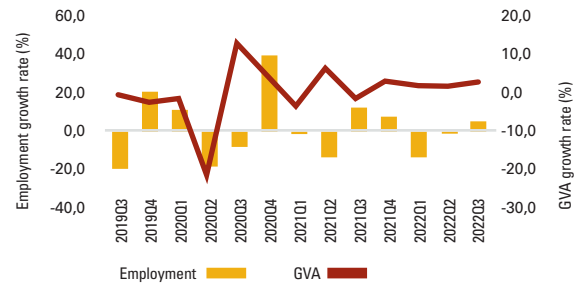
CONSTRUCTION



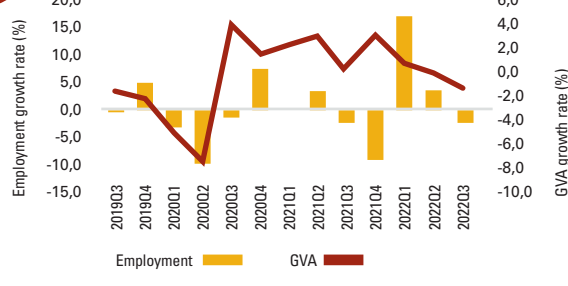
FINANCE



TRANSPORT



PERSONAL SERVICES



GOVERNMENT SERVICES

