

QoQ GDP GROWTH RATE

**SOUTH
AFRICA**
0.4%

**EASTERN
CAPE**
0.6%

KEY FINDINGS

The global economy is projected to grow by

2.8%
in 2023

The South African economy is forecasted to grow by

0.1%
end of 2023

The national real GDP grew by

0.4%
in 2023Q1

The Eastern Cape economy expanded by

0.6%
in 2023Q1

The size of the Eastern Cape economy increased to

R363.2 bil
in 2023Q1

The **MANUFACTURING**, **CONSTRUCTION**, and **TRANSPORT** industries were the largest positive contributors to provincial GDP GROWTH

GLOBAL ECONOMIC OUTLOOK

APRIL 2023 PROJECTIONS

According to the IMF October World Economic Outlook (WEO) update, global growth is forecasted downward from 3.4% in 2022 to 2.8% 2023.

For advanced economies, output is projected to decline to 1.3% in 2022, thereafter rising to 1.4% in 2023. Overall, about 90% of advanced economies are projected to see a decline in 2023. According to the IMF, this sharp weakening of the economy is going to result in high unemployment.

Sub-Saharan African economic growth is projected to decline from 3.9% in 2022 to 3.6% in 2023.

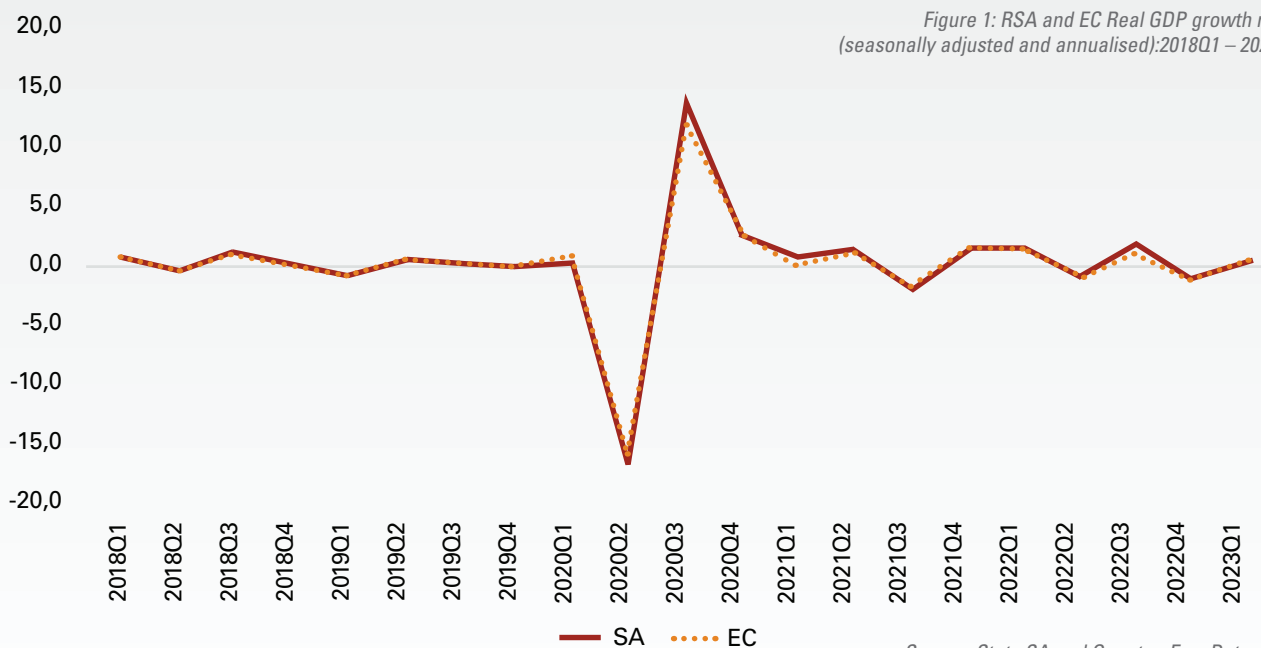
For Africa's two biggest economies, in 2023, growth is expected to reach 3.2% for Nigeria, and 0.1% for South Africa. Economic growth for South Africa has been revised down by 1.1 percentage points for 2023 but it is expected to increase to 1.8% in 2024.

Table 1: Overview of the global economic outlook, APRIL 2023 Projections

Region/ Country	Projections			Difference from January 2023 WEO Update	
	2022	2023	2024	2023	2024
World Output	3,4	2,8	3,0	-0,1	-0,1
Advanced Economies	2,7	1,3	1,4	0,1	0,0
United States	2,1	1,6	1,1	0,2	0,1
Euro Area	3,5	0,8	1,4	0,1	-2,0
United Kingdom	4,0	-0,3	1,0	0,3	0,1
Japan	1,1	1,3	1,0	0,3	0,1
Emerging Market and Developing Economies	4,0	3,9	4,2	-0,1	0,0
Brazil	2,9	0,9	1,5	-0,3	0,0
Russia	-2,1	0,7	1,3	0,4	-0,8
India	6,8	5,9	6,3	-0,2	-0,5
China	3,0	5,2	4,5	0,0	0,0
Sub-Saharan Africa	3,9	3,6	4,2	-0,2	0,1
Nigeria	3,3	3,2	3,0	0,0	0,1
South Africa	2,0	0,1	1,8	-1,1	0,5

Source: IMF World Economic Outlook, April 2023 Update

RSA & EC REAL GDP GROWTH RATES



Source: Stats SA and Quantec EasyData, 2023

The **South African economy grew by 0.4% in 2023Q1**, followed by a contraction of 1.1% in previous quarter. However, this rate (0.4%) is higher than the 0.1% projected by the IMF for 2023, indicating a better performance in the first quarter. Nevertheless, the GDP growth rate in this quarter is lower than the 1.8% attained during the post-covid peak in 2022Q3.

According to the Stats SA quarterly GDP statistical report, only two industries contracted in the first quarter of 2023, namely, **electricity, and agriculture down by 1.0% and 12.3%** respectively.

For the agricultural industry, a decline in output was recorded for field crops and animal products.

- Conversely, the main contributors to the national GDP in 1Q2023 were:
- the manufacturing industry which increased by 1.5% and contributed 0.2 of a percentage point to GDP growth,
 - the finance industry which increased by 0.6% and contributed 0.2 of a percentage point to GDP growth, and
 - the transport industry which increased by 1.1% and contributed 0.1 of a percentage point to GDP growth.

Turning now to the provincial economy, Figure 1 shows how the provincial economy follows the national trend. The gap is miniature: in the first quarter of 2023, the Eastern Cape economy expanded by 0.6% compared with 0.4% for the national economy. In 1Q2023, the largest positive contributors to the provincial GDP were manufacturing, trade, and finance industries. The mining and agriculture were the only two industries which contracted in 2023Q1.

The energy crisis and high inflation rate pose a major risk the country's economic performance.

PROVINCIAL REAL GDP GROWTH RATES

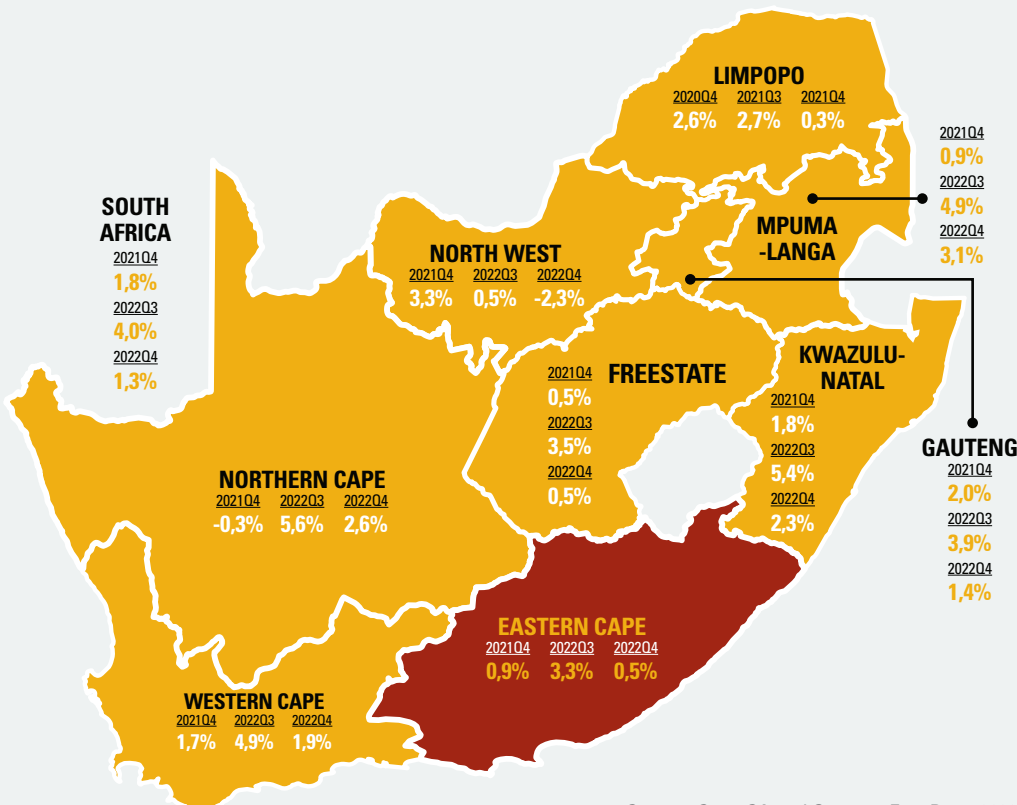
Figure 2 shows how the nine provinces in South Africa have performed in 2022Q1, 2022Q4 and 2023Q1. The following observations are drawn from Figure 2:

Figure 2: Provincial real GDP growth rates (seasonally adjusted and annualised): 2022Q1, 2022Q4 and 2023Q1

In 2023Q1, on a QoQ basis, only two out of the nine provincial economies had negative GDP growth namely, Free State and Northern Cape.

The provinces that recorded high GDP expansion above the national level (0.4%) were Gauteng (0.8%) and Eastern Cape (0.6%). North West recorded GDP growth rate of 0.4%.

On a YoY basis, eight out of the nine provinces experienced economic contraction. The lowest contractions were recorded in Northern Cape and Mpumalanga (both down by 2.4 percentage points), Western Cape (down by 1.6 percentage points), Western Cape (down by 1.4 percentage points), and Free State (both down by 1.2 percentage points).

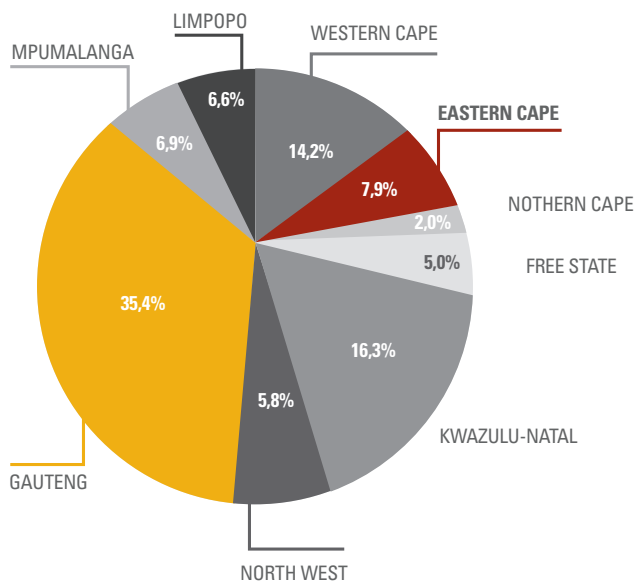


Source: Stats SA and Quantec EasyData, 2023

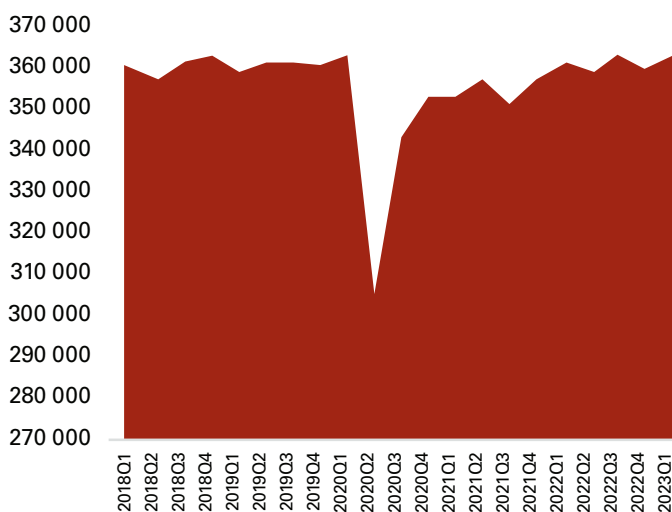
EASTERN CAPE GDP

Figure 3: Eastern Cape GDP: Seasonally adjusted at constant 2015 prices (% share and R million), 2023Q1

PERCENTAGE CONTRIBUTIONS TO NATIONAL GDP 2023Q1



EASTERN CAPE GDPR AT MARKET PRICES



Source: Stats SA and Quantec EasyData, 2023

The Eastern Cape GDP (at market prices) increased from R361.0 billion in 2022Q4 to R363.2 billion in 2023Q1 (See Figure 3). The main contributors to the national GDP were Gauteng (35.4%), KwaZulu-Natal (16.3%) and Western Cape (14.2%). The EC province only contributed 7.9% to the total national GDP.

GROSS VALUE ADDED (GVA)

Figure 4: QoQ changes (%) in Sector's Gross value added (seasonally adjusted and annualised), 2023Q1

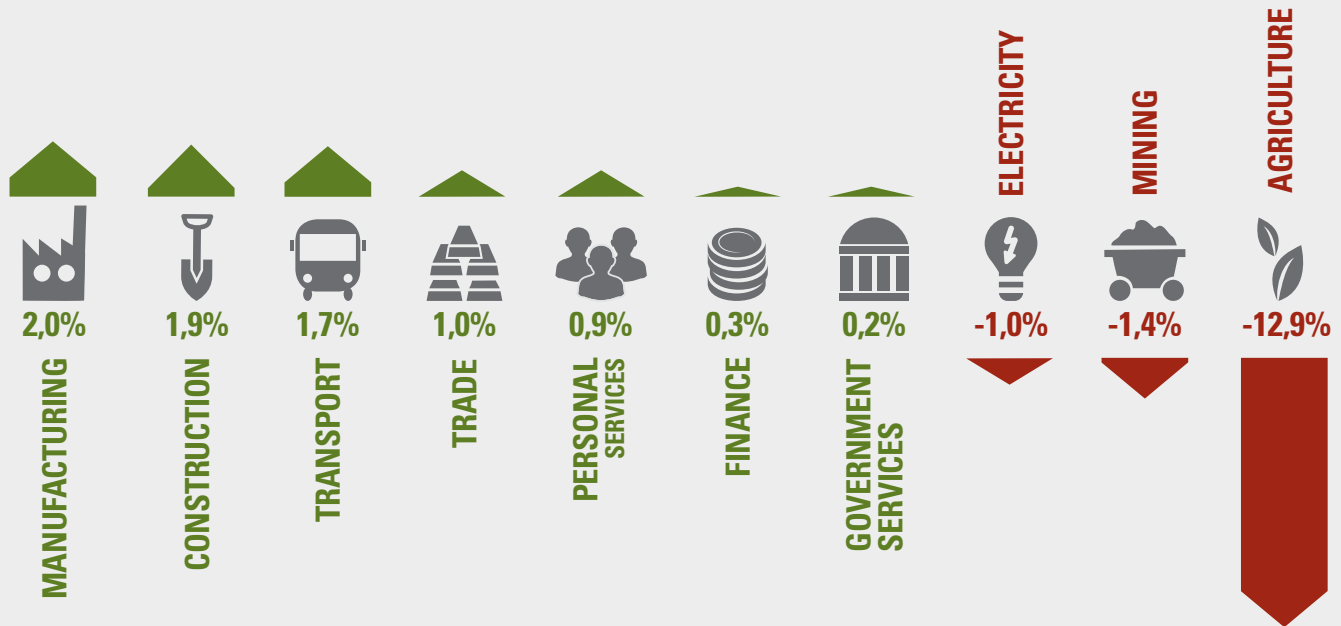


Figure 4 shows that three industries contracted in the first quarter of 2023, namely, agriculture (down by 12.9%), mining (down by 1.4%) and electricity (down by 1.0%). It also shows sectors that expanded the most, specifically manufacturing, construction and transport (up by 2.0%, 1.9%, and 1.7% QoQ respectively).

Government services industry, the biggest employer in the Eastern Cape, only grew by 0.2% in 2023Q1.

Source: Stats SA and Quantec EasyData, 2023

GVA SECTOR DISTRIBUTION (%)

Table 2: Eastern Cape GVA by industry (seasonally adjusted and annualised quarterly), 2022Q1, 2022Q4 – 2023Q1

The Eastern Cape's total gross value added (GVA) at basic prices amounted to R329.7 billion in 2023Q1. The contribution of the tertiary sector (82.9%) to the Eastern Cape economy is remarkable. The secondary sector and primary sector accounted for 15.2% and 1.9% respectively. In rand values, in 2023Q1, the tertiary, secondary and primary sectors' GVA amounted respectively to R329.7 billion, R50.3 billion, and R6.3 billion.

In terms of individual sectors, the finance sector, which includes real estate, and business services, was the largest contributor to the provincial GVA, accounting for 23.8% of the total GVA in the province. This was followed by personal services and trade sectors, accounting for 23.2% and 16.9% respectively.

	2022Q1		2022Q4		2023Q1	
	R million	Share %	R million	Share %	R million	Share %
Agriculture	6 072	1,8%	6 737	2,1%	5 869	1,8%
Mining	440	0,1%	411	0,1%	405	0,1%
PRIMARY SECTOR	6 513	2,0%	7 148	2,2%	6 274	1,9%
Manufacturing	37 818	11,5%	35 847	10,9%	36 558	11,1%
Electricity	4 990	1,5%	4 701	1,4%	4 653	1,4%
Construction	8 656	2,6%	8 873	2,7%	9 041	2,7%
SECONDARY SECTOR	51 463	15,6%	49 421	15,1%	50 252	15,2%
Trade	56 926	17,3%	55 342	16,9%	55 869	16,9%
Transport	24 737	7,5%	26 704	8,1%	27 151	8,2%
Finance	77 565	23,6%	78 139	23,8%	78 409	23,8%
Personal services	76 002	23,1%	75 837	23,2%	76 584	23,2%
Government services	35 675	10,8%	35 072	10,7%	35 148	10,7%
TERTIARY SECTOR	270 905	82,4%	271 130	82,7%	273 161	82,9%
All industries at basic prices	328 880	100,0%	327 698	100,0%	329 686	100,0%

Source: Stats SA and Quantec EasyData, 2023

On a QoQ basis, the GVA of the following sectors expanded by large portions: personal services (up by R711 million), manufacturing (up by R711 million), trade (up by R528 million) and transport (up by R447 million) in 2023Q1. However, GVA contracted in agriculture sector (down by R868 million) and electricity (down by R48 million). As the energy crises persist, GVA for the electricity sector is expected to decline again in the second quarter of 2023.

EMPLOYMENT & GROSS VALUE ADDED (GVA)

GROWTH BY SECTOR 2019Q1 – 2023Q1 (QOQ % CHANGE)

