

QoQ GDP GROWTH RATE

**SOUTH
AFRICA**
0.6%

**EASTERN
CAPE**
0.5%

KEY FINDINGS FOR THE SECOND QUARTER OF 2023

Global economic performance is projected to grow by

3.0%
in 2023

The South African economy is forecasted by the IMF to grow by

0.3%
end of 2023

The Eastern Cape GDP (at market prices) increased to

R361.9 bil
in 2023Q2

According to Stats SA, the national real gross domestic product (GDP) grew at an annualized rate of

0.6%
in 2023Q2

The Eastern Cape economy expanded by

0.5%
in 2023Q2

Provincial total gross value added (GVA) at basic prices amounted to

R328.1 bil
in 2023Q2

GLOBAL ECONOMIC OUTLOOK

JULY 2023 PROJECTIONS

According to the IMF July World Economic Outlook (WEO) update, global growth is forecasted to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. This is an upward revision of 0.42 of a percentage point for 2023 from the April WEO update. Inflation is easing in most countries but remains high, with divergences across economies and inflation measures.

Compared with other economies, advanced economies continue to fuel the decline in overall global growth from 2022 to 2023, "with weaker manufacturing, as well as idiosyncratic factors, offsetting stronger services activity." The slowdown in advanced economies is projected to reach 1.5% in 2023 and increase to 1.4% in 2024. According to the IMF report, about 93% of advanced economies are projected to have lower growth in 2023.

Sub-Saharan Africa's growth is estimated to decline to 3.5% in 2023 before increasing to 4.1% in 2024.

For Africa's two biggest economies, Nigeria and South Africa, growth is expected to reach 3.2% and 0.3% in 2023, respectively. The economic growth rate is lower for South Africa, down from 1.9% in 2022, reflecting power shortages the country is currently facing. However, the South African economy remains resilient as there are still no flagged possibilities of experiencing a recession.

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

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

Source: IMF World Economic Outlook, July 2023 Update

RSA & EC REAL GDP GROWTH RATES

Figure 1: RSA and EC Real GDP growth rates (seasonally adjusted and annualised): 2018Q2 – 2023Q2



Source: Stats SA and Quantec EasyData, 2023

The South African economy grew by 0.6% in 2023Q2, followed by an expansion of 0.4% in the previous quarter. Growth is higher than the projected IMF rate of 0.3% for 2023. On a year-on-year basis, national GDP increased by 1.4 percentage points from -0.8% in 2022Q2.

Looking at the Stats SA quarterly GDP statistical report in detail, four industries contracted in the second quarter, namely, construction (down by 0.4%), trade (down by 0.4%), electricity (down by 0.8%), and transport (down by 1.9%). Within the manufacturing sector divisions, nine out of the ten manufacturing divisions reported growth rates in the second quarter.

The main contributors to the national GDP in 2023 Q2 were:

- The manufacturing industry increased by 2.2% and contributed 0.3 of a percentage point to GDP growth.
- The finance industry increased by 0.7% and contributed 0.2 of a percentage point to GDP growth.
- The agriculture industry increased by 4.2% and contributed 0.1 of a percentage point to GDP growth.

Following the national trend, the Eastern Cape economy expanded by 0.5% in 2023 Q2. However, the positive contributors to provincial growth in GDP in the second quarter were agriculture, manufacturing, and personal services industries.

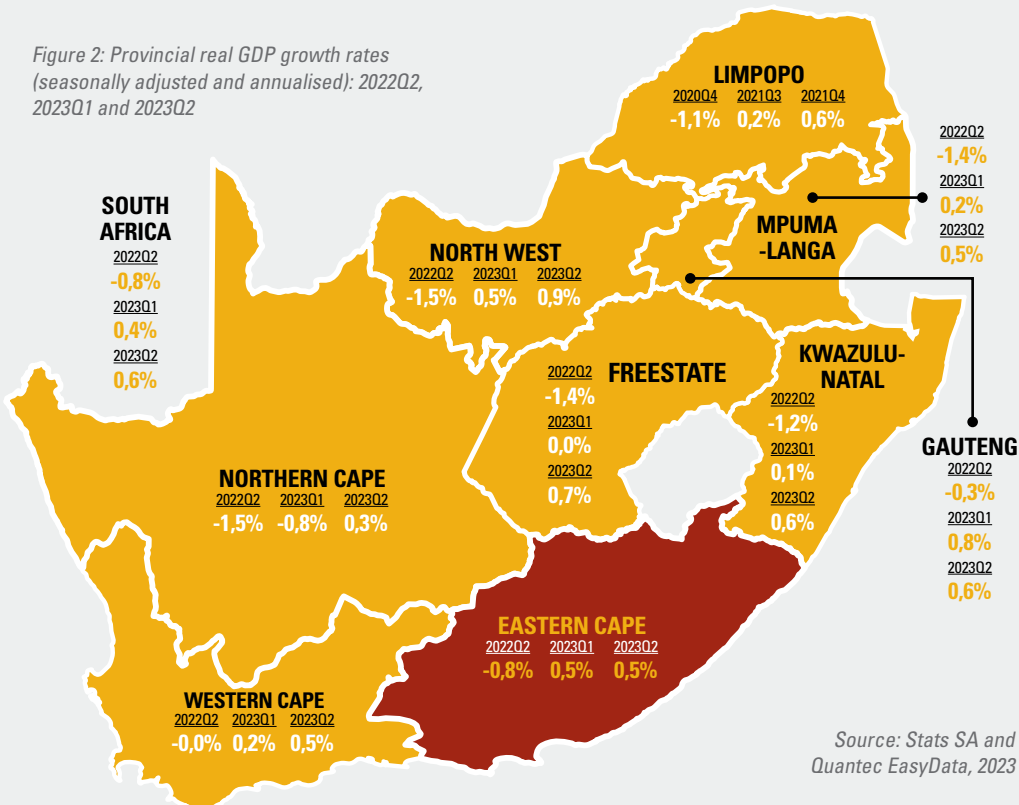
PROVINCIAL REAL GDP GROWTH RATES

Figure 2 gives a comparison of provincial economic growth rates for 2022Q2, 2023Q1, and 2023Q2.

The following observations are drawn from the figure:

- All provincial economies recorded an expansion in GDP growth on a QoQ basis. North West (0.9%), Free State (0.7%), and Gauteng (0.6%). Compared with the previous quarter, GDP growth declined in Gauteng by 0.2 of a percentage point from 0.8% in 2023 Q1.
- On a YoY basis, all nine provinces recorded growth above 1.0%. The largest increases in GDP growth rates were recorded in North West Cape (up by 2.4 percentage points), Free State (up by 2.1 percentage points), and Mpumalanga (up by 1.9 percentage points).

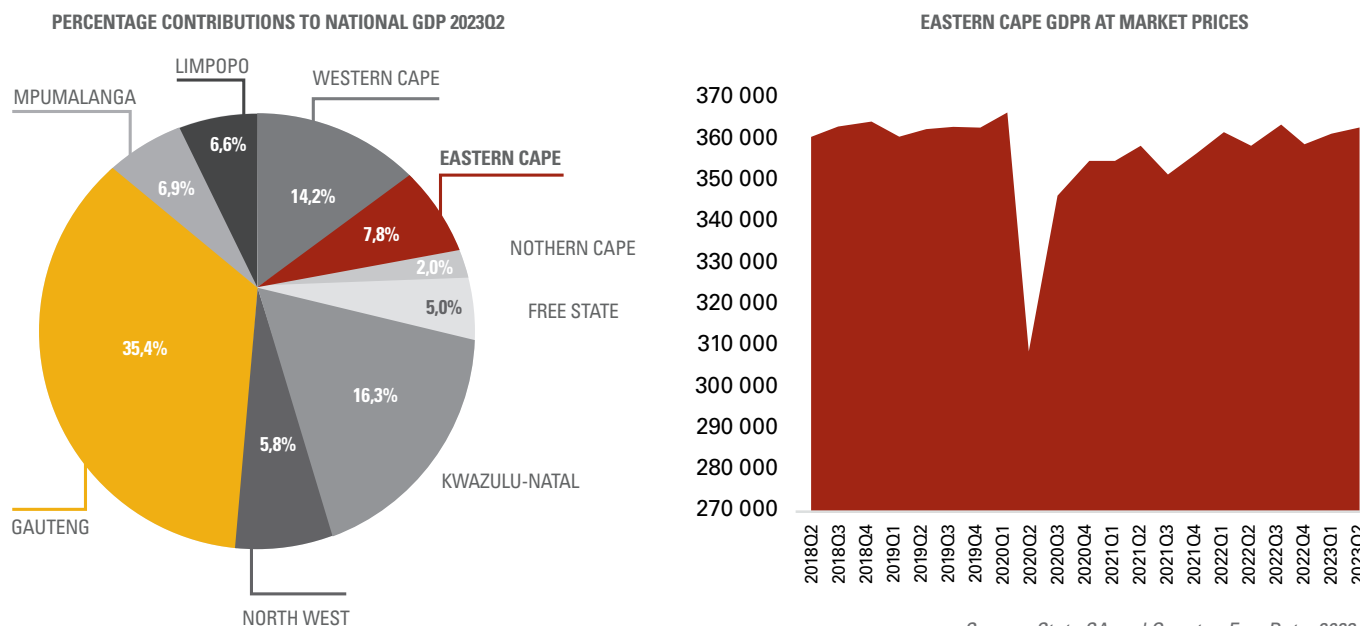
Figure 2: Provincial real GDP growth rates (seasonally adjusted and annualised): 2022Q2, 2023Q1 and 2023Q2



Source: Stats SA and Quantec EasyData, 2023

EASTERN CAPE GDP

Figure 3: GDP: Seasonally adjusted at constant 2015 prices (% share and R million)

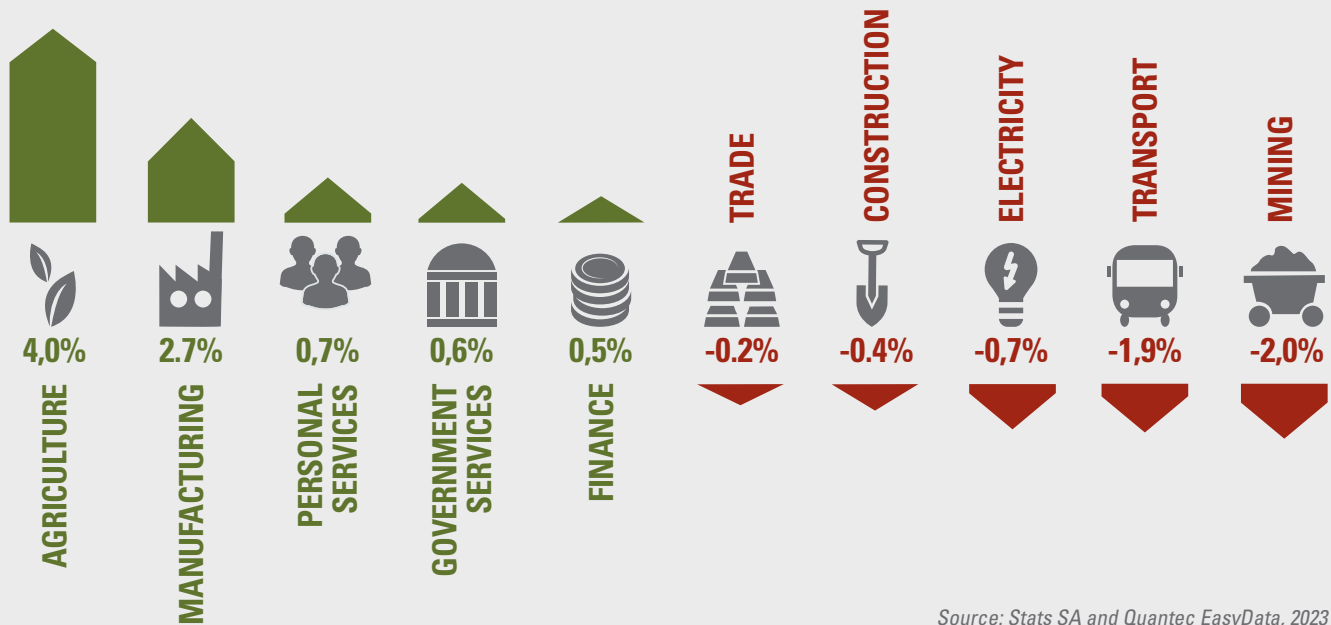


Source: Stats SA and Quantec EasyData, 2023

In rand values, Figure 3 shows how the Eastern Cape GDP (at market prices) increased from R360.0 billion in 2023Q1 to R361.9 billion in 2023Q2. However, compared with other provinces, the Eastern Cape contributed 7.8% towards national GDP. The largest contributors to national growth in GDP in the second quarter of 2023 were Gauteng (35.4%), KwaZulu-Natal (16.3%) and Mpumalanga (6.9%).

GROSS VALUE ADDED (GVA)

Figure 4: QoQ changes (%) in Sector Gross value added (seasonally adjusted and annualised), 2023Q2.



Source: Stats SA and Quantec EasyData, 2023

GVA SECTOR DISTRIBUTION (%)

Table 2: Eastern Cape GVA by industry (seasonally adjusted and annualised quarterly), 2022Q2, 2023Q1 – 2023Q2

The Eastern Cape's total gross value added (GVA) at basic prices amounted to R328.1 billion in 2023 Q2. The tertiary sector remained the principal contributing sector, accounting for 82.6% of provincial GVA. The secondary sector and primary sector accounted for 15.3% and 2.0% respectively. In rand values, in 2023 Q2, the tertiary, secondary, and primary sectors' GVA amounted respectively to R271.1 billion, R50.3 billion, and R6.7 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 24.0% of the total GVA in 2023 Q2. This was followed by personal services and trade sectors, accounting for 22.9% and 17.0% respectively. The manufacturing sector's contributions towards GVA increased by 0.4 percentage point on a YoY basis. In rand values, the manufacturing sector's contribution towards provincial GVA increased by R1.6 billion YoY.

	2022Q2		2023Q1		2023Q2	
	R million	Share %	R million	Share %	R million	Share %
Agriculture	5 367	1,7	6 023	1,8	6 267	1,9
Mining	454	0,1	440	0,1	431	0,1
PRIMARY SECTOR	5 821	1,8	6 464	2,0	6 699	2,0
Manufacturing	35 082	10,8	35 752	11,0	36 720	11,2
Electricity	4 985	1,5	4 723	1,4	4 691	1,4
Construction	8 466	2,6	8 926	2,7	8 886	2,7
SECONDARY SECTOR	48 533	15,0	49 401	15,1	50 297	15,3
Trade	56 262	17,3	56 031	17,2	55 915	17,0
Transport	25 170	7,8	26 480	8,1	25 984	7,9
Finance	78 592	24,2	78 213	24,0	78 591	24,0
Personal services	74 694	23,0	74 521	22,8	75 015	22,9
Government services	35 336	10,9	35 345	10,8	35 551	10,8
TERTIARY SECTOR	270 055	83,2	270 590	82,9	271 056	82,6
All industries at basic prices	324 409	100,0	326 455	100,0	328 052	100,0

Source: Stats SA and Quantec EasyData, 2023

On a QoQ basis, GVA contracted significantly in the following sectors: transport (down by R496 million), trade (down by R116 million), construction (down by R40 million), electricity (down by R32 million), and agriculture (down by R9 million). The manufacturing and transport industries expanded by R968 million and R494 million respectively in 2023Q2.

EMPLOYMENT & GROSS VALUE ADDED (GVA)

GROWTH BY SECTOR 2020Q2 – 2023Q2 (QOQ % CHANGE)

