

## QoQ GDP GROWTH RATE

**SOUTH  
AFRICA**  
**0.2%**

**EASTERN  
CAPE**  
**0.1%**

## KEY FINDINGS FOR THE THIRD 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

**0.9%**  
end of 2023

The Eastern Cape GDP (at market prices) decreased to

**R367.8 bil**  
in 2023Q3

According to Stats SA, the national real gross domestic product (GDP) contracted by

**0.2%**  
in 2023Q3

The Eastern Cape economy contracted by

**0.1%**  
in 2023Q3

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

**R332.6 bil**  
in 2023Q3

# GLOBAL ECONOMIC OUTLOOK

## OCTOBER 2023 PROJECTIONS

According to the IMF October World Economic Outlook (WEO) update, global growth is forecasted to fall from an estimated 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024. This is a downward revision of 0.1 of a percentage point for 2024 from the July WEO update. According to the IMF, advanced economies continue to drive the decline in growth from 2022 (3.5%) to 2023, with stronger services activity offset by weaker manufacturing.

Growth for advanced economies is projected to slowdown from 2.6% in 2022 to 1.5% and 1.4% in 2024. These projections remain the same from the July WEO update. According to the IMF report, about 90% of advanced economies are projected to have lower growth in 2023. Consequently, annual unemployment is estimated to rise by an average of 0.1 percentage point between 2022 – 2024.

Sub-Saharan Africa's growth is estimated to decline to 3.3% in 2023 before increasing to 4.0% in 2024. This is a downward revision of 0.2 percentage points for 2023.

For Africa's two biggest economies, Nigeria and South Africa, growth is expected to reach 3.3% and 0.9% in 2023, respectively. The decline in growth is a reflection of mainly power shortages in the country. For 2024, growth is expected to peak at 3.1% for Nigeria and 1.8% for South Africa.

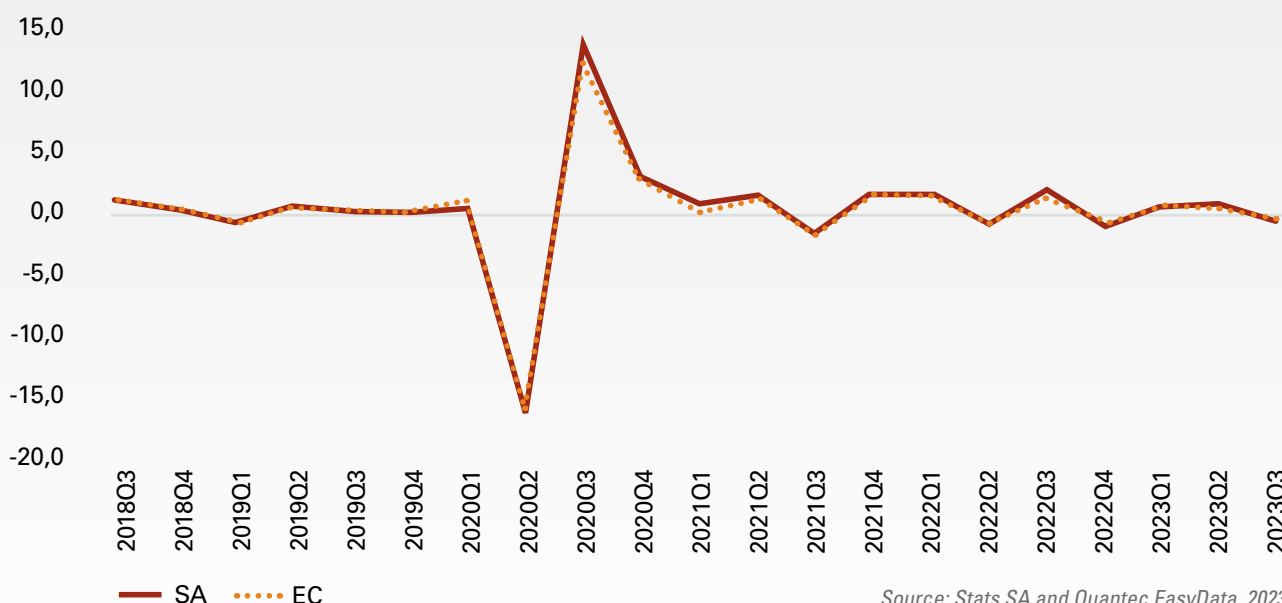
Table 1: Overview of the global economic outlook, October 2023 Projections

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

Source: IMF World Economic Outlook, October 2023 Update

# RSA & EC REAL GDP GROWTH RATES

Figure 1: RSA and EC Real GDP growth rates (seasonally adjusted and annualised): 2018Q3 – 2023Q3



Source: Stats SA and Quantec EasyData, 2023

The South African economy contracted by -0.2% in 2023Q3, followed by an expansion of 0.5% in the previous quarter. Growth is lower than the projected IMF rate of 0.9% for 2023. On a year-on-year basis, national GDP declined by 2.0 percentage points from 1.8% in 2022Q3.

Looking at the Stats SA quarterly GDP statistical report in detail, five industries contracted in the third quarter, namely, agriculture (down by 9.6%), construction (down by 2.8%), manufacturing (down by 1.3%), mining (down by 1.1%) and trade (down by 0.2%). Within the agriculture sector, a decline in output was recorded for field crops, animal products and horticulture products.

The main contributors to the national GDP in 2023Q3 were:

- The transport industry increased by 0.9% and contributed 0.1 of a percentage point to GDP growth.
- The personal services industry increased by 0.6% and contributed 0.1 of a percentage point to GDP growth.
- The finance industry increased by 0.5% and contributed 0.1 of a percentage point to GDP growth.

Following the national trend, the Eastern Cape economy declined by 0.1% in 2023Q3. However, the positive contributors to provincial growth in GDP in the third quarter were personal services, transport, finance and government services industries.

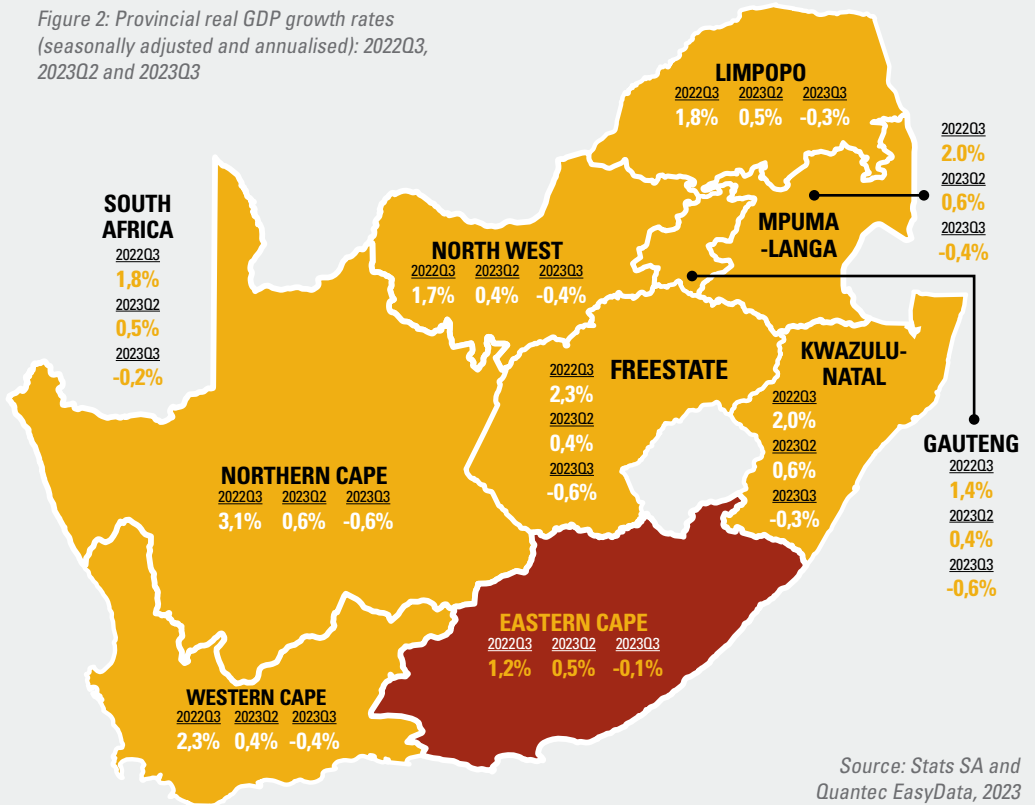
# PROVINCIAL REAL GDP GROWTH RATES

Figure 2 gives a comparison of provincial economic growth rates for 2022Q3, 2023Q3, and 2023Q3.

Figure 2: Provincial real GDP growth rates (seasonally adjusted and annualised): 2022Q3, 2023Q2 and 2023Q3

The following observations are drawn from the figure:

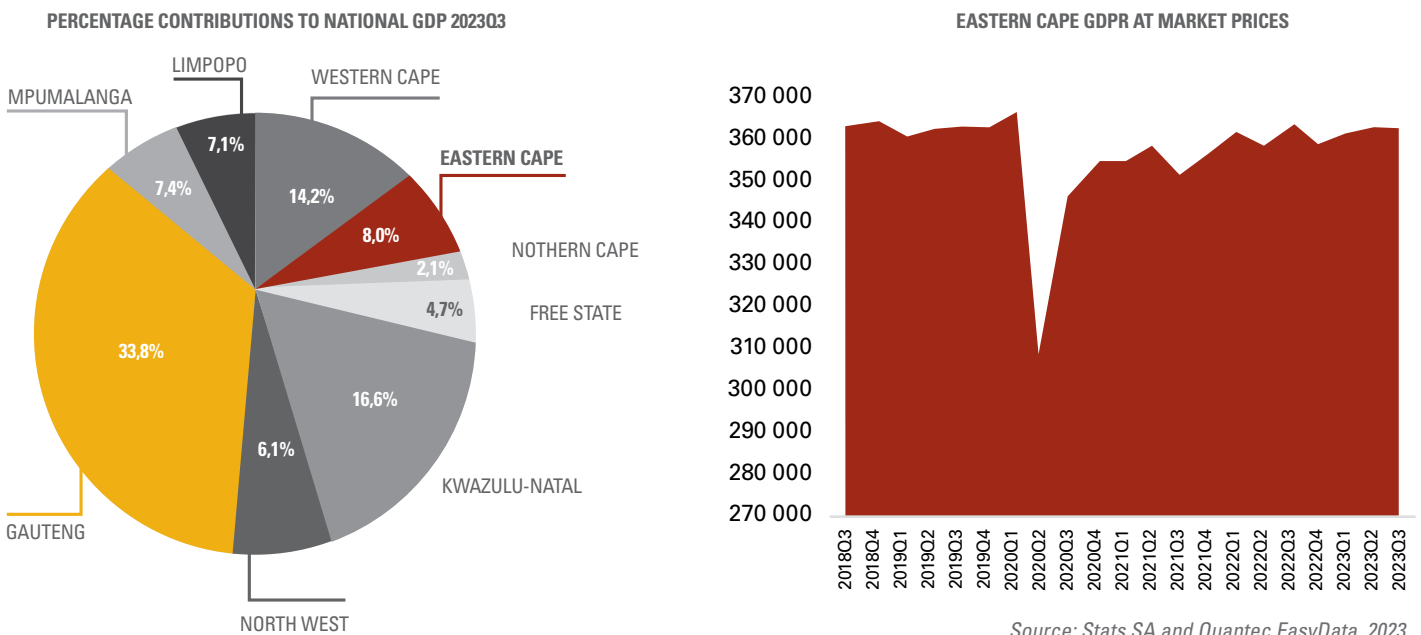
- All provincial economies contracted on a QoQ basis; North West and Free State both down by 0.6%. Three provinces down by 0.4% namely; Mpumalanga, North West and Western Cape. Two provinces down by 0.3% (Limpopo and KwaZulu Natal). Last, Eastern Cape and Gauteng provinces both down by 0.1% in the third quarter of 2023.
- On a YoY basis growth declined largely in Northern Cape (down by 3.7 percentage points), Free State (down by 2.9 percentage points) and Mpumalanga (down by 2.4 percentage points). For the Eastern Cape province, growth declined by 1.3 percentage points from 1.2% in 2022Q3.



Source: Stats SA and Quantec EasyData, 2023

## EASTERN CAPE GDP

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



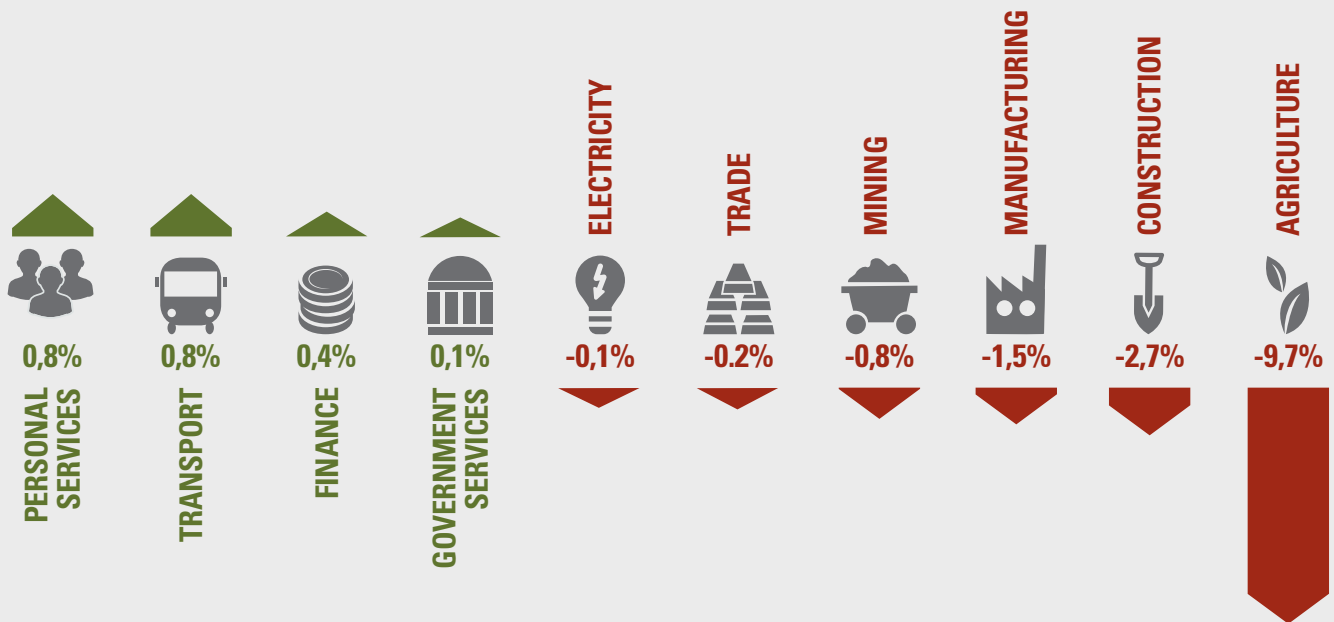
Source: Stats SA and Quantec EasyData, 2023

In rand values, Figure 3 shows how the Eastern Cape GDP (at market prices) decreased from R368.3 billion in 2023Q2 to R367.8 billion in 2023Q3. However, compared with other provinces, the Eastern Cape contributed 8.0% towards national GDP. The largest contributors to national growth in GDP in the third quarter of 2023 were Gauteng (33.8%), KwaZulu-Natal (16.6%) and Mpumalanga (7.4%).

# GROSS VALUE ADDED (GVA)

Figure 4: QoQ changes (%) in Sector Gross value added (seasonally adjusted and annualised), 2023Q3.

The provincial economy shrank in the third quarter with most industries recording negative growth rates. Industries that recorded large decline in growth in the third quarter of 2023 were: agriculture (down by 9.6%), construction (down by 2.7%) and manufacturing (down by 1.5%). However, the largest positive contributors to growth in GDP in the third quarter were personal services, transport, finance and government services (up by 0.8%, 0.8%, 0.4, and 0.1% QoQ respectively).



Source: Stats SA and Quantec EasyData, 2023

## GVA SECTOR DISTRIBUTION (%)

Table 2: Eastern Cape GVA by industry (seasonally adjusted and annualised quarterly), 2022Q3, 2023Q2 – 2023Q3

The Eastern Cape's total gross value added (GVA) at basic prices amounted to R332.1 billion in 2023Q3. The tertiary sector remained the principal contributing sector, accounting for 81.3% of provincial GVA. The secondary sector and primary sector accounted for 16.6% and 2.0% respectively. In rand values, in 2023Q3, the tertiary, secondary, and primary sectors' GVA amounted respectively to R271.3 billion, R55.2 billion, and R6.7 billion.

In terms of individual sectors, the personal services sector was the largest contributor to the provincial GVA, accounting for 28.6% of the total GVA in 2023Q3. This was followed by finance and trade sectors, accounting for 19.4% and 15.5% respectively. The manufacturing sector's contributions towards GVA increased by 0.2 percentage point on a YoY basis. In rand values, the manufacturing sector's contribution towards provincial GVA increased by R353 million YoY.

	2022Q3		2023Q2		2023Q3	
	R million	Share %	R million	Share %	R million	Share %
Agriculture	7 707	2,3	6 823	2,1	6 158	1,9
Mining	594	0,2	581	0,2	576	0,2
<b>PRIMARY SECTOR</b>	<b>8 300</b>	<b>2,5</b>	<b>7 404</b>	<b>2,2</b>	<b>6 735</b>	<b>2,0</b>
Manufacturing	41 760	12,5	42 734	12,8	42 112	12,7
Electricity	4 587	1,4	4 422	1,3	4 420	1,3
Construction	8 826	2,7	8 944	2,7	8 706	2,6
<b>SECONDARY SECTOR</b>	<b>55 173</b>	<b>16,6</b>	<b>56 100</b>	<b>16,9</b>	<b>55 238</b>	<b>16,6</b>
Trade	52 436	15,8	51 424	15,5	51 321	15,5
Transport	21 111	6,3	21 111	6,3	21 276	6,4
Finance	64 909	19,5	64 324	19,3	64 554	19,4
Personal services	92 972	27,9	94 204	28,3	94 949	28,6
Government services	37 888	11,4	38 038	11,4	38 077	11,5
<b>TERTIARY SECTOR</b>	<b>269 315</b>	<b>80,9</b>	<b>269 100</b>	<b>80,9</b>	<b>270 176</b>	<b>81,3</b>
<b>All industries at basic prices</b>	<b>332 789</b>	<b>100,0</b>	<b>332 604</b>	<b>100,0</b>	<b>332 149</b>	<b>100,0</b>

Source: Stats SA and Quantec EasyData, 2023

On a QoQ basis, GVA contracted significantly in the following sectors: agriculture (down by R664 million), manufacturing (down by R622 million), construction (down by R238 million), trade (down by R104 million), mining (down by R5 million) and electricity (down by R3 million). The personal services and finance industries expanded by R745 million and R230 million respectively in 2023Q3.

# EMPLOYMENT & GROSS VALUE ADDED (GVA)

## GROWTH BY SECTOR 2020Q3 – 2023Q3 (QOQ % CHANGE)

