

QoQ GDP GROWTH RATE

**SOUTH
AFRICA**
0.1%

**EASTERN
CAPE**
0.1%

KEY FINDINGS FOR THE FOURTH QUARTER OF 2023

Global economic performance is projected to grow by

3.1%
in 2023

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

0.6%
in 2023

The Eastern Cape GDP (at market prices) decreased to

R368.9 bil
in 2023Q4

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

0.1%
in 2023Q4

The Eastern Cape economy contracted by

0.1%
in 2023Q4

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

R332.2 bil
in 2023Q4

GLOBAL ECONOMIC OUTLOOK

JANUARY 2024 PROJECTIONS

According to the IMF January World Economic Outlook (WEO) update, global growth is estimated to be 3.1% in 2023 and is expected to remain the same in 2024 before increasing to 3.2% in 2025. This is an upward revision of 0.4 of a percentage point for 2024 from the October WEO update. These economic projections are based on assumptions that fuel and nonfuel commodity prices will decline in 2024 and 2025, and that interest rates will decline in major economies.

Advanced economies are estimated to grow by 1.6% in 2023 and decline to 1.5% in 2024, representing a downward revision of 0.1 of percentage point for 2024.

Sub-Saharan Africa's growth is estimated to be 3.3% in 2023 before increasing significantly to 3.8% in 2024 and 4.1% in 2025.

For Africa's two biggest economies, Nigeria and South Africa, growth is projected at 2.8% and 0.6% in 2023, respectively. The 2024 economic growth rate is lower for South Africa, down by 0.8% from the October 2023 update. According to the IMF, the downward revision reflects a weaker projection for South Africa due to increasing logistical constraints, including those in the transportation sector, on economic activity.

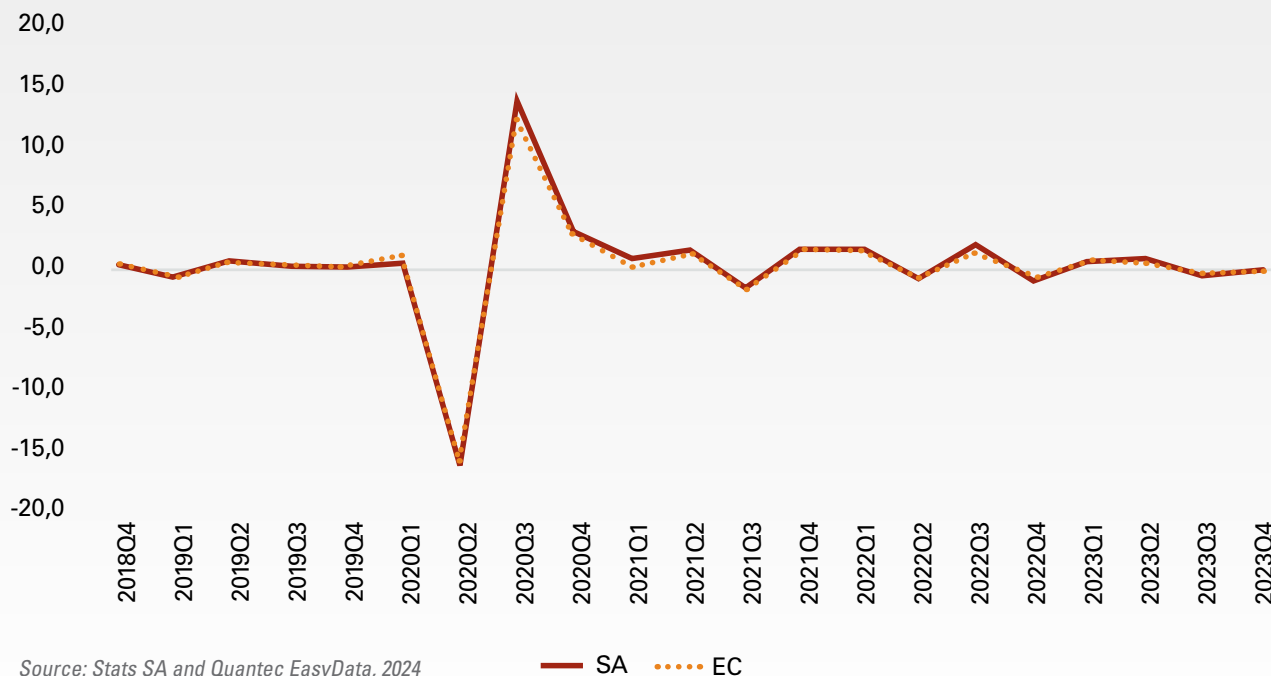
Table 1: Overview of the global economic outlook, January 2024 Projections

Region/ Country	Projections			Difference from January 2023 WEO Update	
	2023	2024	2025	2024	2025
World Output	3,1	3,1	3,2	0,2	0,0
Advanced economies	1,6	1,5	1,8	0,1	0,0
United States	2,5	2,1	1,7	0,6	-0,1
Euro area	0,5	0,9	1,7	-0,3	-0,1
United Kingdom	1,9	0,9	0,8	-0,1	0,2
Japan	0,6	1,6	1,6	0,0	-0,4
Emerging markets and developing economies	4,1	4,1	4,2	0,1	0,1
Brazil	3,1	1,7	1,9	0,2	0,0
Russia	3,0	2,6	1,1	1,5	0,1
India	6,7	6,5	6,5	0,2	0,2
China	5,2	4,6	4,1	0,4	0,0
Sub-Saharan Africa	3,3	3,8	4,1	-0,2	0,0
Nigeria	2,8	3,0	3,1	-0,1	0,0
South Africa	0,6	1,0	1,3	-0,8	-0,3

Source: IMF World Economic Outlook, January 2024 Update

RSA & EC REAL GDP GROWTH RATES

Figure 1: RSA and EC Real GDP growth rates (seasonally adjusted and annualised): 2018Q4 – 2023Q4



Source: Stats SA and Quantec EasyData, 2024

— SA EC

The South African economy grew by 0.1% in 2023Q4, followed by a contraction of 0.2% in the previous quarter. Growth is lower than the projected IMF rate of 0.6% for 2023. On a year-on-year basis, national GDP increased by 1.2 percentage points from -1.1% in 2022Q4.

Looking at the Stats SA quarterly GDP statistical report in detail, six industries recorded growth in the fourth quarter. The trade industry was the main negative contributor, decreasing by 2.9% and contributing -0.3 of a percentage point to GDP growth.

The main contributors to the national GDP in 2023Q4 were:

- The transport industry increased by 2.9% and contributed 0.2 of a percentage point to GDP growth.
- The finance industry increased by 0.6% and contributed 0.1 of a percentage point to GDP growth.
- The personal services industry increased by 0.9% and contributed 0.1 of a percentage point to GDP growth.

The Eastern Cape economy contracted by 0.2% in 2023Q4. However, the positive contributors to provincial growth in GDP in the fourth quarter were mining, electricity, and transport industries.

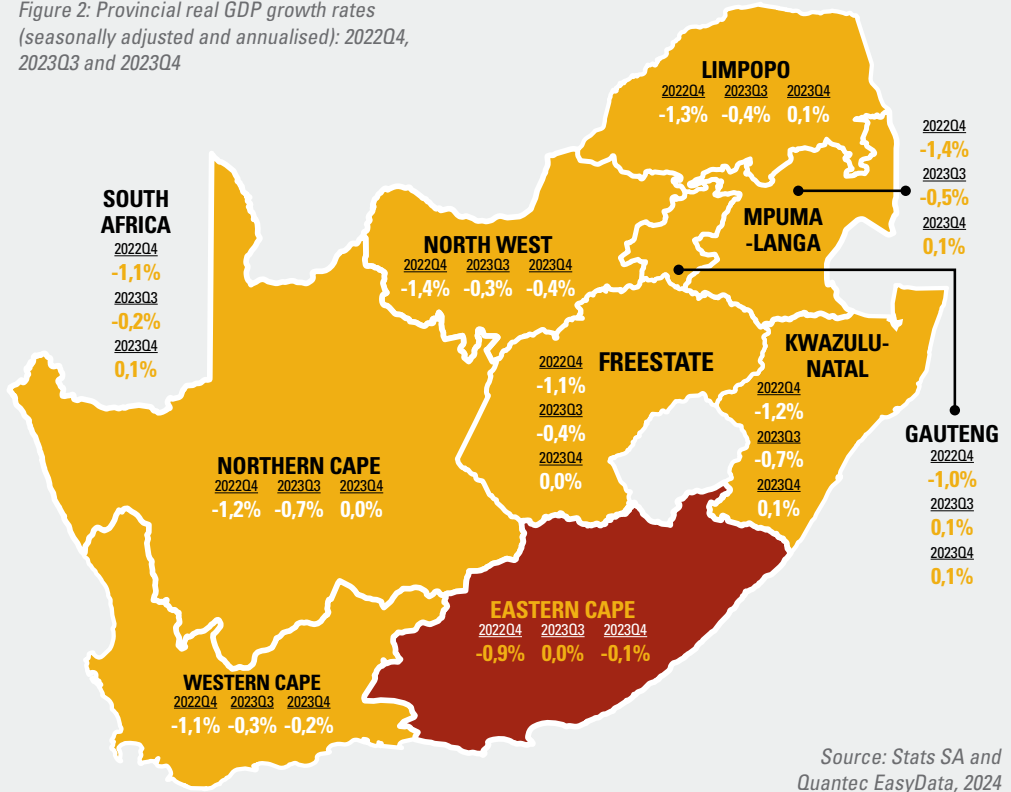
PROVINCIAL REAL GDP GROWTH RATES

Figure 2 compares provincial economic growth rates for 2022Q4, 2023Q3, and 2023Q4.

Figure 2: Provincial real GDP growth rates (seasonally adjusted and annualised): 2022Q4, 2023Q3 and 2023Q4

The following observations are drawn from the figure:

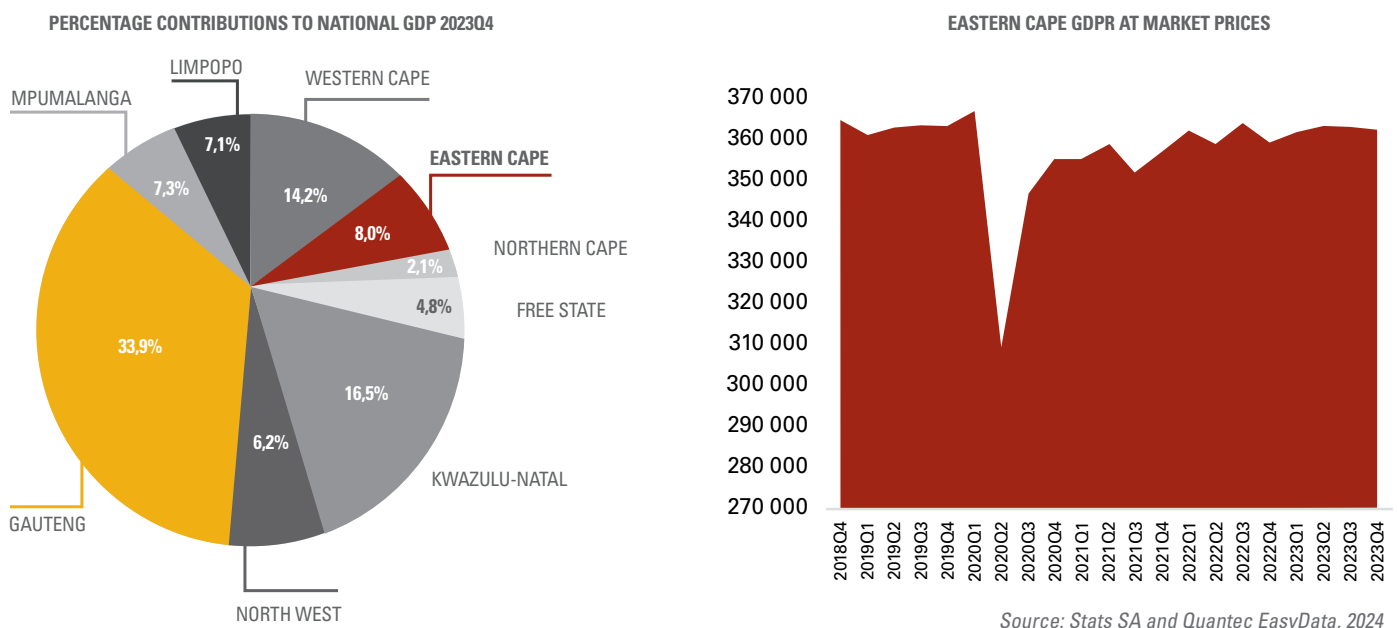
- Only two out of the nine provincial economies contracted in the fourth quarter, namely: Eastern Cape (down by 0.1%) and Western Cape (down by 0.2%). GDP growth was high in North West (0.4%) compared with other provinces on a QoQ basis, while GDP in Gauteng grew by 0.1% in 2023Q4.
- On a YoY basis, all nine provinces showed improved economic performance. The largest increases in GDP growth rates were recorded in North West Cape (up by 1.7 percentage points from 1.4%), Limpopo (up by 1.4 percentage points from -1.3%) and Mpumalanga (up by 1.4 percentage points from -1.4%).



Source: Stats SA and Quantec EasyData, 2024

EASTERN CAPE GDP

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

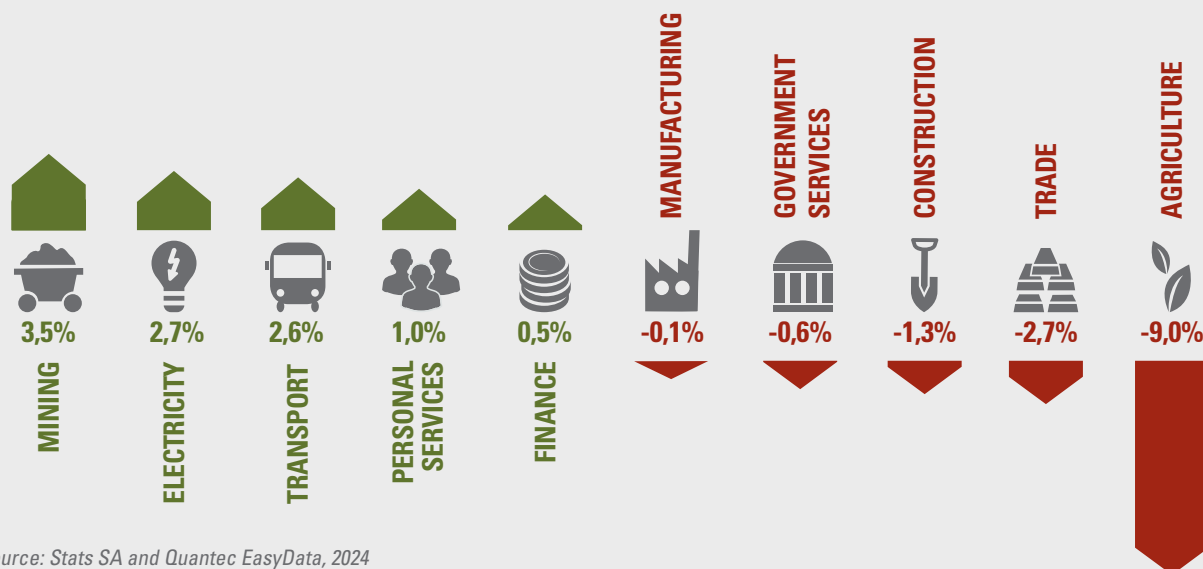


Source: Stats SA and Quantec EasyData, 2024

In rand values, Figure 3 shows how the Eastern Cape GDP (at market prices) decreased from R369.1 billion in 2023Q3 to R368.8 billion in 2023Q4. However, compared with other provinces, the Eastern Cape contributed 7.8% towards national GDP. The largest contributors to national growth in GDP in the fourth quarter of 2023 were Gauteng (33.9%), KwaZulu-Natal (16.5%) and Western Cape (14.2%).

GROSS VALUE ADDED (GVA)

Figure 4: QoQ changes (%) in Sector Gross value added (seasonally adjusted and annualised), 2023Q4



Source: Stats SA and Quantec EasyData, 2024

GVA SECTOR DISTRIBUTION (%)

Table 2: Eastern Cape GVA by industry (seasonally adjusted and annualised quarterly), 2022Q4, 2023Q3 – 2023Q4

The Eastern Cape's total gross value added (GVA) at basic prices amounted to R333.2 billion in 2023Q4. The tertiary sector remained the principal contributing sector, accounting for 81.6% of provincial GVA. The secondary sector and primary sector accounted for 16.6% and 1.8% respectively. In rand values, in 2023Q4, the tertiary, secondary, and primary sectors' GVA amounted respectively to R271.9 billion, R55.1 billion, and R6.1 billion.

In terms of individual sectors, the personal services sector was the largest contributor to the provincial GVA, accounting for 28.9% of the total GVA in 2023Q4. This was followed by finance and trade sectors, accounting for 19.7% and 15.1% respectively. The manufacturing sector's contributions towards GVA remained the same on a QoQ basis at 12.6%.

	2022Q4		2023Q3		2023Q4	
	R million	Share %	R million	Share %	R million	Share %
Agriculture	7 557	2,3	6 030	1,8	5 486	1,6
Mining	573	0,2	585	0,2	605	0,2
PRIMARY SECTOR	8 130	2,5	6 614	2,0	6 091	1,8
Manufacturing	41 281	12,5	41 981	12,6	41 950	12,6
Electricity	4 522	1,4	4 527	1,4	4 648	1,4
Construction	8 859	2,7	8 658	2,6	8 549	2,6
SECONDARY SECTOR	54 661	16,6	55 166	16,5	55 147	16,6
Trade	51 328	15,6	51 654	15,5	50 283	15,1
Transport	21 276	6,5	21 272	6,4	21 816	6,5
Finance	63 867	19,4	65 203	19,6	65 524	19,7
Personal services	92 693	28,1	95 419	28,6	96 358	28,9
Government services	37 632	11,4	38 177	11,4	37 964	11,4
TERTIARY SECTOR	266 795	80,9	271 725	81,5	271 944	81,6
All industries at basic prices	329 586	100,0	333 505	100,0	333 182	100,0

Source: Stats SA and Quantec EasyData, 2024

On a QoQ basis, GVA declined in the following sectors: agriculture (down by R544 million), government services (down by R214 million), construction (down by R109 million) and manufacturing (down by R31 million). The personal services sector grew by R939 million QoQ and by R3.7 million YoY.

EMPLOYMENT & GROSS VALUE ADDED (GVA)

GROWTH BY SECTOR 2020Q4 – 2023Q4 (QOQ % CHANGE)

