



## SLIGHTLY MORE THAN EXPECTED GDP GROWTH RECORDED IN 2021

### ALBEIT OFF A LOW BASE

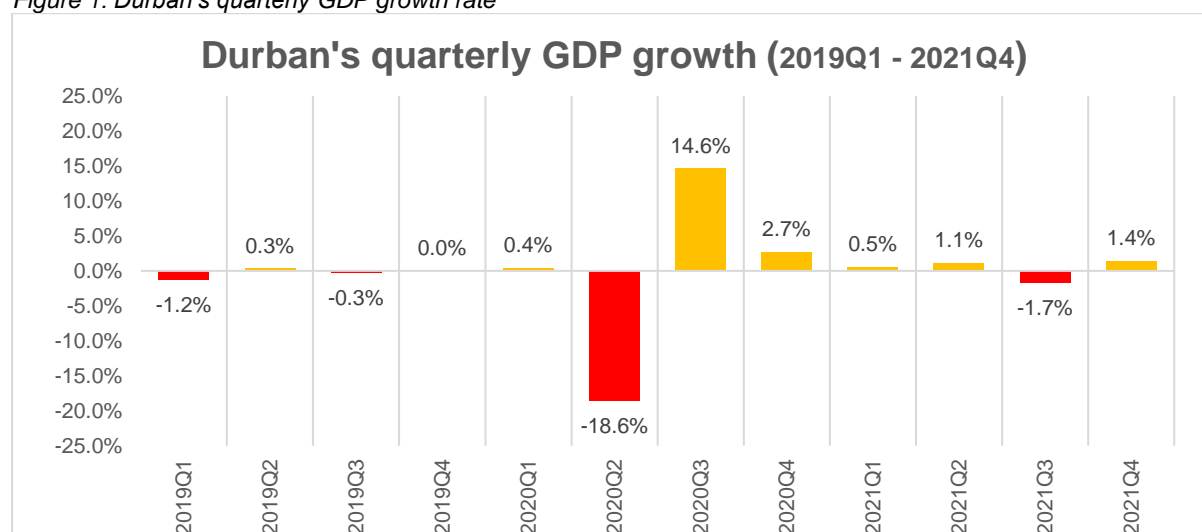
#### 1. MODEST GDP GROWTH IN 2021

According to Stats SA's 2021Q4 GDP publication, national GDP grew by 1,2% in 2021Q4 following a decline of 1,7% in the previous quarter. In 2021, the annual GDP grew slightly more than expected at 4,9% and this was in line with the forecasted increase of 4,8%. While this growth is an indication of recovery it must be noted that national GDP grew off a low base of (-6,4% in 2020). This data story reflects on the GDP performance of Durban in the last quarter of 2021 and how sectors have contributed to Durban's GDP between 2019Q4 (before Covid-19) and 2 years later (2021Q4).

#### 2. SUBDUED GDP GROWTH IN 2021Q4

Durban's GDP expanded by 1,2% in quarter 4 of 2021. This comes after GDP shrunk by 1,7% in the previous quarter. Despite this growth, the economy is still smaller when compared to quarter 4 of 2019. The emergence of the new omicron variant, prolonged strike action in the steel sector and rising inflation had an undesirable impact on the already sluggish economy. However, the increase in economic activity and demand during the annual festive season managed to stabilise the economy. Nonetheless, growth remains constricted.

Figure 1: Durban's quarterly GDP growth rate



Source: I.H.S Markit, 2021Q4

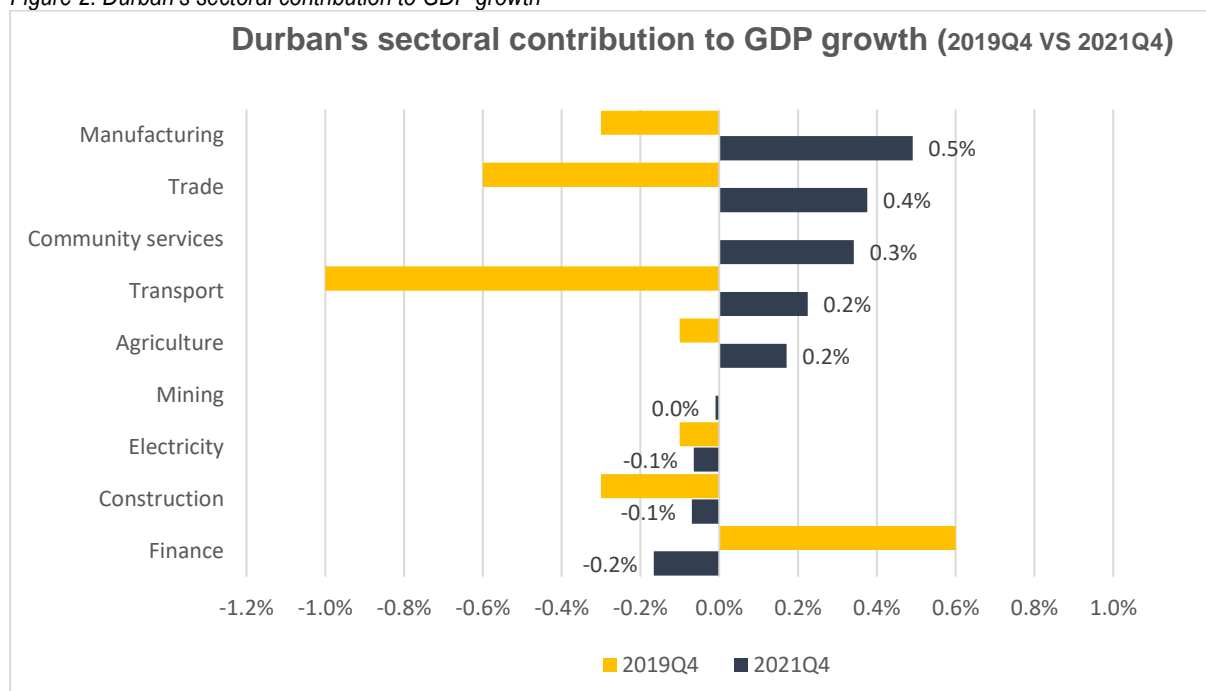


### 3. A PERSPECTIVE ON SECTOR CONTRIBUTION TO GDP GROWTH AMID COVID-19

In 2019Q4, South Africa was in a vulnerable state and the economy experienced a technical recession with all sectors in Durban except finance shrinking. In 2020, the country was hit by the Covid-19 pandemic and the economy has since been attempting to recover over the 2-year period. Since then, despite lockdown restrictions, economic pressures, and unreliable electricity supply, the following five sectors have managed to rebuild over time.

The sectors that positively contributed to 2021Q4 GDP 1,2% growth are the manufacturing sector (0,5%), followed by trade (0,4%), community services (0,3%), transport (0,2%), and agriculture (0,2%). The community services sector is the only sector that grew in all quarters of 2021. The same sectors recorded positive growth at national level.

Figure 2: Durban's sectoral contribution to GDP growth



Source: I.H.S.Markit, 2021Q4

### 4. CONCLUSION

The above expected growth and recovery in the last quarter of 2021Q4 is ascribed to increased productivity in Durban's key sectors (manufacturing, trade, community services and transport). While the economy has improved however, it is still smaller than 2019 levels. Government needs to support economic prospects through accelerating the implementation of economic reforms, reconstruction, and recovery plans and in particular the Sakha iTheku Shape Durban Strategy. This strategy looks at strategic focus areas such as re-industrialising the economy through localisation and investment in targeted industries and creating a government that is capable; customer-centric, enabling, efficient and integrated. There are also important policy recommendations listed in the Sakha iTheku strategy which are likely to result in significant positive shifts in the City's economy if implemented.

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