



ETHEKWINI ECONOMY 'AT A GLANCE'

JULY 2020

Due to the COVID-19 pandemic, Statistics SA has been constrained by the restrictions put in place to manage the spread of the virus. The task of scheduling collection, analysis and publication of data is made all the more difficult by uncertainty, as enterprises resume operations and their staff return to work. Most publications may have a two-month lag. The lockdown extensions required a rethink about resuming the publication of statistics on the economy as well as the potential impact of these events on the quality of statistics.

STATE OF THE GLOBAL ECONOMY

	IMF	World Bank	OECD
Projected GDP Growth 2019	2.9%	2.4%	2.9%
Projected GDP Growth 2020	-4.9%	-5.2%	-7.6%
Projected GDP Growth 2021	5.4%	4.2%	2.8%
Global GDP in 2018 (Actual)	84,835 trillion US\$ (Current prices, as per the World Bank)		

GLOBAL HIGHLIGHTS

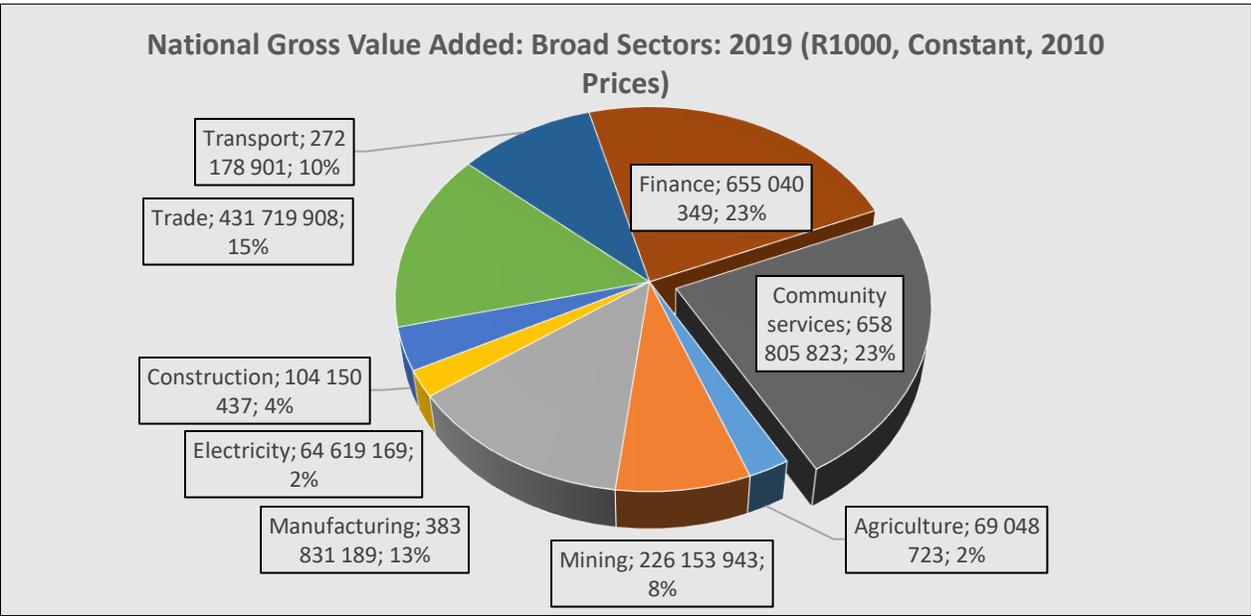
Update on Covid-19 impact on global economy

The COVID-19 pandemic continues to spread, infecting millions globally and bringing economic activity to a near-standstill as countries impose restrictions on movement. Significant impacts have been felt in the health and economic sector, representing the largest economic shock in over 7 decades. For emerging markets and developing countries, it is critical to strengthen public health systems and implement reforms to support strong and sustainable growth once the health crisis abates. The pandemic will send advanced economies into recession in 2020 projecting to shrink growth by 7%. This is expected to spill over to emerging economies with growth forecasted to shrink by 2.5% as these countries cope with the domestic impacts of the virus. Should the outbreak persist, and economic activity continue to be disrupted, the recession could be deeper, leading to difficulties in servicing debt, increased borrowing costs, and bankruptcies and defaults resulting in further financial crises where growth could shrink by almost 8% in 2020.

(<https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>)

STATE OF THE NATIONAL ECONOMY

	South African Reserve Bank	IMF	The World Bank	OECD
Projected GDP Growth 2019	0.3%	0.2%	0.2%	0.4%
Projected GDP Growth 2020	-7.2%	-5.8%	-7.1%	-8.2%
Projected GDP Growth 2021	3.8%	4.0%	2.9%	0.6%
2019 GDP/Growth trend	R3.14 trillion (constant, 2010 prices, 0.15% growth from 2018, sourced from <i>Global Insight</i>)			



Source: Global Insight 2020

NATIONAL HIGHLIGHTS

Economic Recovery expected to be slow following the pandemic	Covid-19 impact expected to wane in 2020	Strong FDI inflows during Jan-March 2020	Confidence 15-year low in service sector
Economists anticipate a slower recovery due to the severe effect of the extended lockdown, while many structural weaknesses remain. Additionally, the ongoing weak ability to meet the electricity needs will be a key limitation to economic recovery in the latter part of 2020 and 2021 (https://www.investec.com/en_za/focus/economy/sa-economics.html)	The Covid-19 pandemic is expected to wane as a key risk factor in South Africa this year, but the ongoing weak domestic growth is likely to continue to be the country's key threat due to the persistent lack of substantive, effective growth-enhancing government reforms. (https://www.investec.com/en_za/focus/economy/sa-economics.html)	The country experienced strong foreign direct investment inflows in the first 3 months despite the sovereign rating downgrades. The South African Reserve Bank reported a R29 billion increase in investments compared to the R10.5 billion in the final quarter of 2019. (Mercury, 17 th July 2020)	Confidence in the service sector dropped to a 15-year low in the 2 nd quarter as the industry continues to be affected by the lockdown regulations since March. The last survey revealed that most businesses were prohibited from operating or could from a limited scale. (Mercury, 22 nd July 2020).

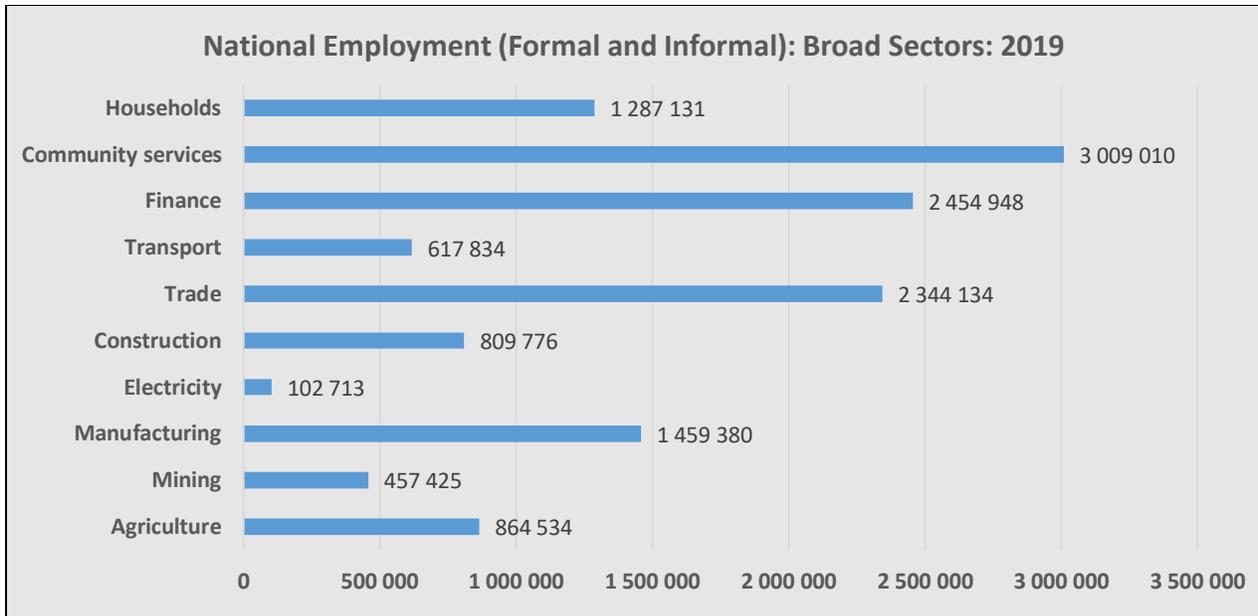
COVID-19 NEWS

- 1) While official data for South Africa's GDP and jobs is not available as yet for quarter 2, but monthly data readings shows the impact on the economy has been severe due to the measures used to constrain Covid-19. Statistics SA has shown that over 10% of businesses closed permanently by the end of May, with 20% temporarily closed (SA News, 17th July 2020).

- 2) The Department of Labor has indicated that the Unemployment Insurance Fund, paid a total of R31 billion to workers around the country to help them cope with the effects of the pandemic (<https://www.careersportal.co.za/news/uif-pays-r31-billion-to-covid-19-hit-employees>)
- 3) There has been a severe impact on households and consumers – Statistics SA reports that during May, 80% of businesses said they had to make up to 20% of their workers redundant, while the remaining 20% said they had made 21-100% of their workforce redundant (<http://www.statssa.gov.za/publications/Report-00-80-01/Report-00-80-01June2020.pdf>).
- 4) The Coronavirus Rapid Mobile Survey (NIDS-CRAM) is a nationally representative panel survey of 7, 000 South African Individuals and is scheduled to be conducted every month with the same people in the sample. They are phoned and asked on their income and employment, their household welfare, grants and their knowledge and behavior about Covid-19. There are 5 aspects of the study (called Waves), one per month from May to October 2020. The objective is to provide monthly information on key outcomes such as unemployment, household incomes, child hunger and access to government grants. Thus far the survey suggest Covid-19 has had a significant impact on employment with an estimated 3-million jobs lost and 1.5-million employees furloughed (put on leave). Job losses were concentrated among women, who accounted for 2-million of the 3-million jobs lost. Almost half of all survey respondents (47%) reported they ran out of money to buy food in April. (CRAM/Spaull-et-al.-NIDS-CRAM-Wave-1-Synthesis-Report-Overview-and-Findings-1.pdf)

NATIONAL KEY INDICATORS

Inflation Rate / National Labour Trends	Petrol Price	Exchange Rates	Vehicle Sales	Quarterly GDP Contracts in 1 st Quarter of 2020
<p>CPI inflation increased slightly to 2.2% from 2.1% in May 2020, indicating slight increase in economic activity as regulations are eased.</p> <p>http://www.statssa.gov.za/publications/P0141/P0141June2020.pdf</p> <p>National employment in the 1st quarter of 2020 was recorded as 16,383 million, down by 38,000 from previous quarter (-0.2%). The official unemployment was 30.1%, up by 1.0% from previous quarter. (http://www.statssa.gov.za/publications/P0211/P0211stQuarter2020.pdf)</p>	<p>93 Octane: R14.83</p> <p>95 Octane: R14.42</p> <p>50ppm Diesel: R 12.49</p> <p>500ppm Diesel: R12.43</p> <p>As at 1st July 2020</p> <p>(https://www.aa.co.za/fuel-pricing)</p>	<p>Rand/Dollar: 16.43</p> <p>Rand/Pound: 20.92</p> <p>Rand/Euro: 19.04</p> <p>As at 23rd July 2020</p> <p>(Mercury, 23rd July 2020)</p>	<p>New Car Sales Summary for May and June 2020</p> <p>A total of 27 496 new vehicles were sold in May 2020 - a 68% decline compared with the same month last year. Similarly, export sales fell by 64%. 31 867 new vehicles were sold in June representing a slow recovery of the industry, but still a 30.7% decline on June 2019.</p> <p>(www.naamsa.co.za)</p>	<p>National GDP contracted by 2.0% in the 1st quarter of 2020 following a contraction of 0.8% and 1.4% in the 3rd and 4th quarters of 2019. Mining (-21.5%) and manufacturing (-8.5%) were the main sectors contributing to the contraction. (http://www.statssa.gov.za/publications/P0441/P04411stQuarter2020.pdf)</p>



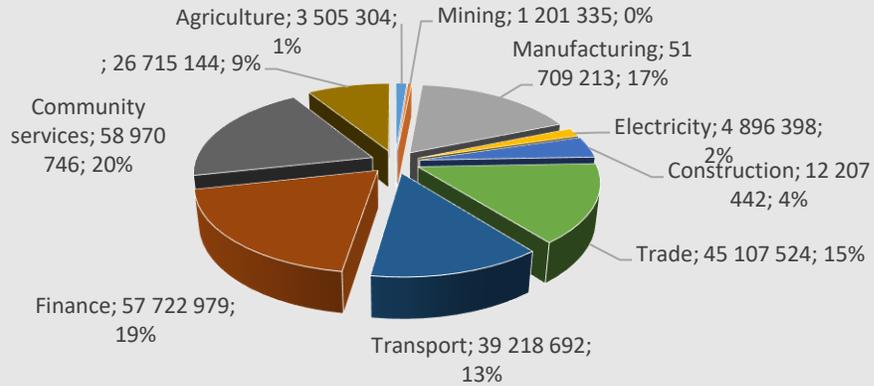
Source: Global Insight 2020

STATE OF THE LOCAL ECONOMY

ETHEKWINI INDICATORS

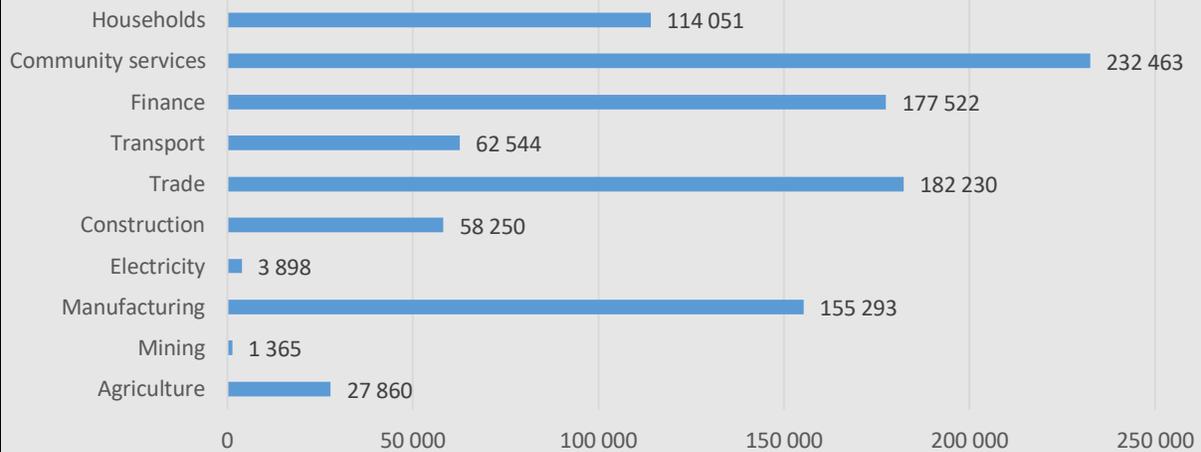
GDP / Total Population	Total Employment Q1: 2020	Q1: 2020 Unemployment	Development Indicators for 2019	Annual Trade 2019
<p>GDP was 301.7 billion, -0.15% growth from 2018. (Global Insight 2020)</p> <p>The eThekwini population was recorded as 3,938,683 in 2020 according to Global Insight (Increased by 1.4%) (Global Insight 2020)</p>	<p>Formal Sector employment was approximately 1.193 million in the 1st quarter of 2020 according to Statistics South Africa. This represented an increase of 2,000 and 0.2% over the previous quarter (http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf)</p>	<p>The City's official quarterly unemployment rate increased by 1.2 percentage points to 22.1% from 20.9% in the previous quarter.</p> <p>Number of unemployed is at 338 ,000, up by 23,000 from previous quarter (http://www.statssa.gov.za/publications/P0211/P02111stQuarter2020.pdf)</p>	<p>Human Development Index: 0.66</p> <p>Gini coefficient: 0.62</p> <p>Functional Literacy:</p> <p>Total illiterate: 340,675</p> <p>Total literate: 2,625,882</p> <p>Number of Households: 1, 139,727</p> <p>Geographic Area: 2, 556 km²</p> <p>Number of Wards: 110</p> <p>(Source: Global Insight 2020/ Development Planning)</p>	<p>Total Exports: R88.3 billion</p> <p>Total Imports: R79.9 billion. (Quantec 2020)</p>

EThekweni: Gross Value Added: Broad Sectors: 2019 (R1000, Constant, 2010 Prices)



Source: Global Insight 2020

EThekweni Employment (Formal and Informal): Broad Sectors: 2019



Source: Global Insight 2020

ETHEKWINI EVENTS/AWARDS/INVESTMENTS

EThekwini's 2020 GDP forecast at -9.3%	Economic Activity Survey (of Covid-19 impact) with eThekwini businesses	eThekwini social Relief for COVID-19 pandemic
<p>Initial GDP forecasts for Durban in 2020 are set at -9.3% while the country's 4 other major metro economies are estimated to contract by 8.4% on average (Global Insight, 2020).</p> <p>At level 3 of lockdown, the worst revenue losses in Durban's economy are in Manufacturing, Finance and Business, and Wholesale and Retail Trade -a loss of R10.77bn; R7.9bn and R5bn in revenue respectively at level 3 of the national lockdown (Internal research by PSIR, June 2020).</p>	<p>The Economic Development Unit undertook a survey with a sample of businesses during June 2020 to gauge the impact of the Covid-19 pandemic. The findings show that firms have let staff go due to the lockdown and responses also show that 18.7% expect to still let staff go even at Level 1 of lockdown, while 8/7% of firms expect to hire more staff at Level 1. The majority of the firms are experiencing significant revenue declines compared to last year with 55.7% of firms in the sample expecting to experience 40% or more in revenue declines compared to last year at Level 1. A significant number of firms were able to meet financial obligations at Level 5, but this declined sharply in Level 4. Most firms indicated they will be able to meet obligations by Level 1, however a sizeable proportion have said they are unable to meet financial obligations in the foreseeable future (Internal research by PSIR, June 2020).</p>	<p>The eThekwini Municipality has a revised forecasted budget of R290m for the COVID-19 pandemic. This comprises mainly food hampers for R65m, R66m for the homeless, R121m for Personal protective equipment (PPE), R10m for Human Settlements and Infrastructure (HSI) and R25m for water and sanitation. A final budget adjustment will take place by end August 2020.</p> <p>There is no revised budget for 20/21 as yet, however, per the Division of Revenue Act (DORA) allocation of grants to municipalities, there has been a decrease of approximately R330 million.¹ (eThekwini Treasury Unit, 22nd July 2020).</p>

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Although care has been taken to source the most up-to-date information for this edition, new information may come on stream during the editing, layout and printing of the 'Economy at a Glance' publication and it may not be possible to update.

¹ These refer to the Public Transport National Infrastructure-, Neighborhood Development Partnership-, Urban Settlements Development- and the Energy Efficiency and Demand-side Management Grants