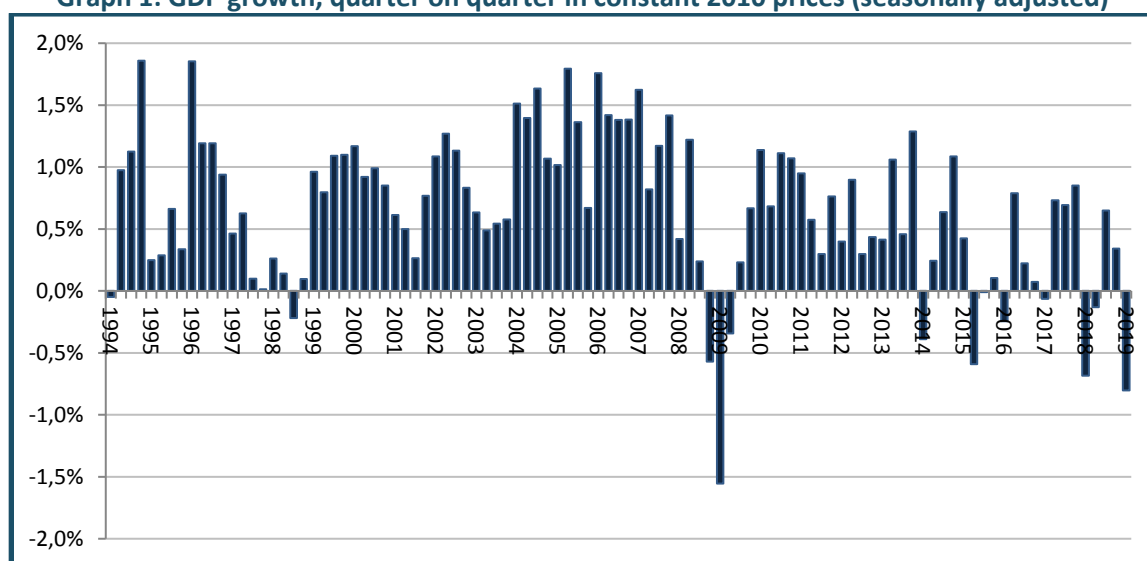


GDP growth

The GDP declined in the first quarter of 2019, while the economy lost jobs. The downturn continues the trend of volatile growth rates that began five years ago. Previous quarterly downturns in this period, however, were driven by agriculture; in contrast, the past quarter saw a broad-based decline. The [briefing note on the economic slowdown](#) explores factors behind these trends.

South Africa's GDP fell by 0.8% in seasonally adjusted terms from the last quarter of 2018 to the first quarter of 2019 (Graph 1). This follows two quarters of marginally positive growth in the third and fourth quarters of 2018, which were preceded by a technical recession of two quarters at the beginning of 2018. These figures highlight continued volatility in economic conditions as well as the slowing tendency.

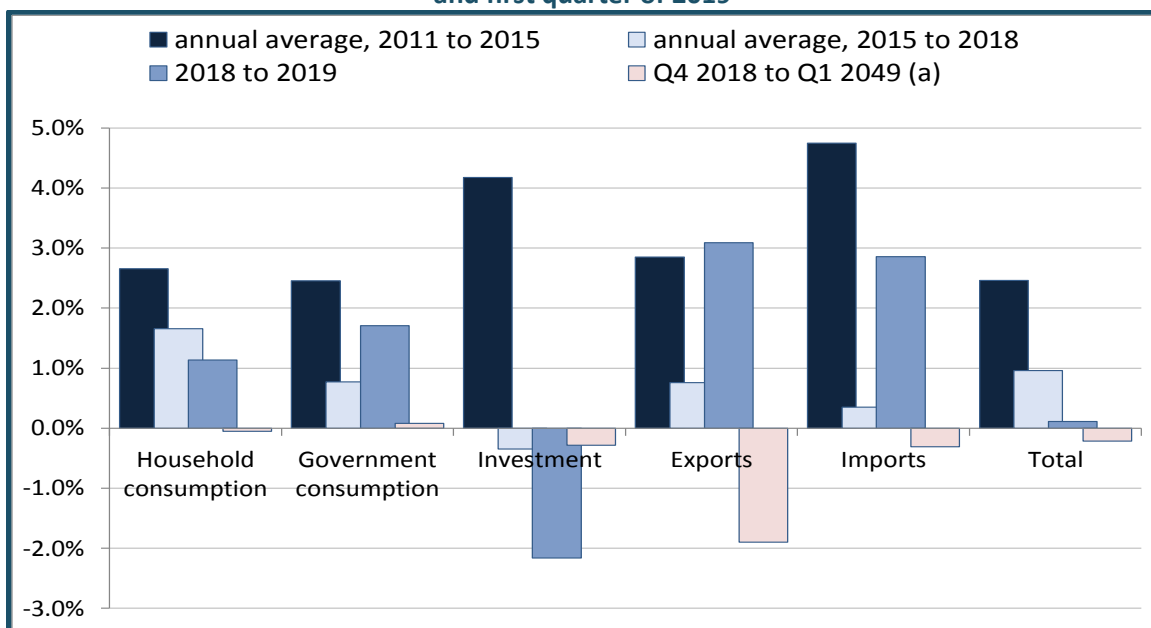
Graph 1: GDP growth, quarter on quarter in constant 2010 prices (seasonally adjusted)



Note: Seasonally adjusted change from fourth quarter 2018 to first quarter of 2019. Source: StatsSA GDP quarterly figures. Excel spreadsheet downloaded from www.statssa.gov.za in June 2019.

On the expenditure side, household consumption turned negative in the first quarter of 2019 after years of driving growth (Graph 2). Income inequalities mean that the richest 10% of households account for over half of all spending. The downturn apparently reflects a combination of job losses and uncertainty about the overall economic climate. As discussed in more detail in other sections of the bulletin, investment continued the decline that started in 2015. Exports dropped almost 2%, reflecting the turbulence in international trade.

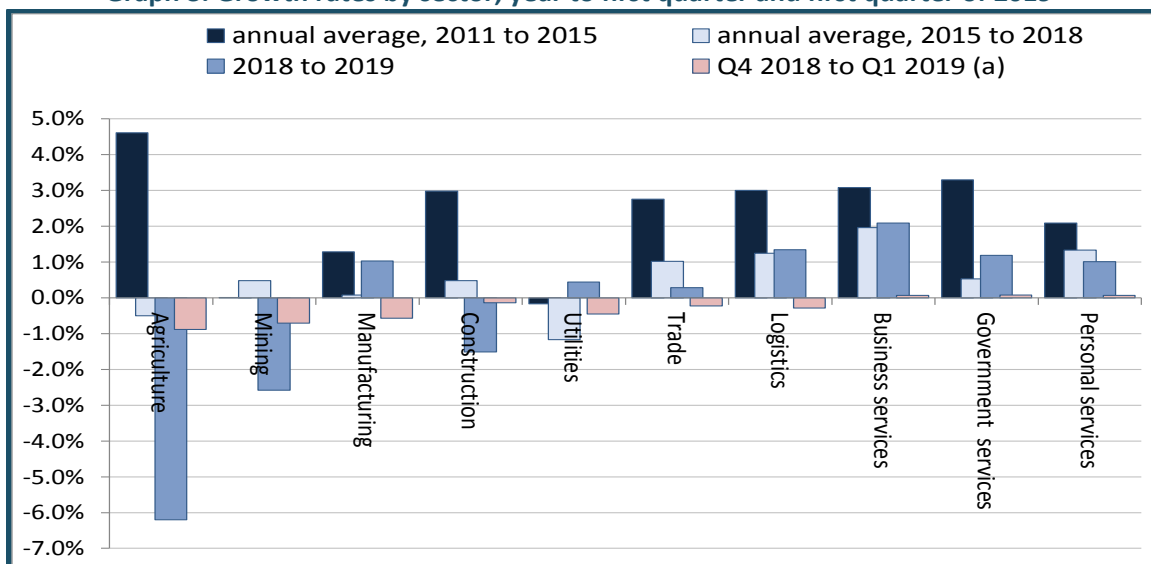
Graph 2: Change in expenditure on the GDP, year to first quarter and first quarter of 2019



Note: (a) Seasonally adjusted change from fourth quarter 2018 to first quarter of 2019. Source: StatsSA GDP quarterly figures. Excel spreadsheet downloaded from www.statssa.gov.za in June 2019

In terms of production, the fall in the first quarter of 2019 was broad-based, affecting every sector outside of the services – and they grew a mere 0.1%. Agriculture registered the sharpest contraction at -0.9%. The manufacturing and mining sectors fell by -0.6 and -0.7% respectively, while construction shrank by 0.1%.

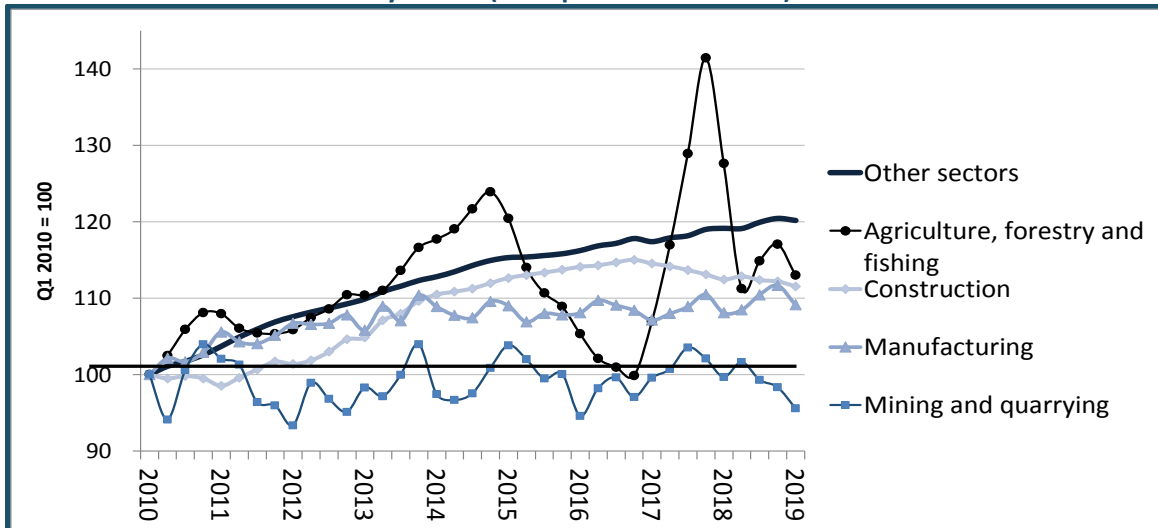
Graph 3. Growth rates by sector, year to first quarter and first quarter of 2019



Note: (a) Seasonally adjusted change from fourth quarter 2018 to first quarter of 2019. Source: StatsSA GDP quarterly figures. Excel spreadsheet downloaded from www.statssa.gov.za in June 2019.

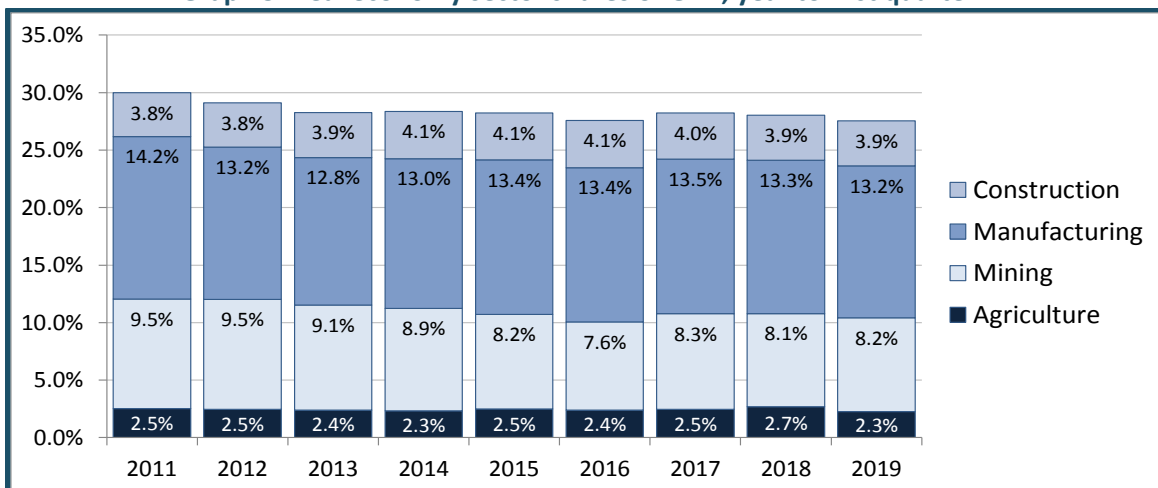
The contraction in the first quarter of 2019 was the third consecutive quarterly decline for mining and construction. Manufacturing production has remained almost unchanged over the past five years.

Graph 4. Indices of quarterly contribution to the GDP in constant terms by sector (first quarter 2010 = 100)



Source: StatsSA GDP quarterly figures. Excel spreadsheet downloaded www.statssa.gov.za in June 2019. The share of the real economy decreased for the second year in a row, from 28.0% in 2018 to 27.5% in 2019, down from a peak of 30% in 2011. Agriculture accounted for most of the decline in the past year, as its share dropped from 2.7% of the GDP in 2018 to 2.3% in 2019. The share of manufacturing has stabilised at just over 13% since 2013, after falling from 14% in 2011 when the end of the global commodity boom brought a downturn to the metals industry.

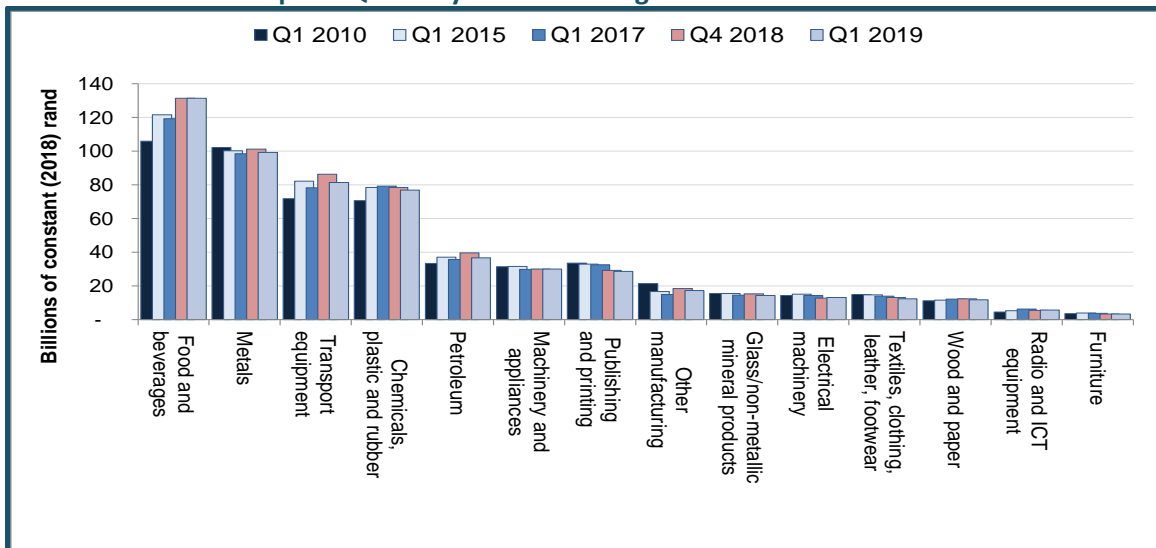
Graph 5: Real economy sector shares of GDP, year to first quarter



Source: StatsSA GDP quarterly figures. Excel spreadsheet downloaded from www.statssa.gov.za in June 2019.

In constant rand, manufacturing sales in the first quarter of 2019 were down 3% from the last quarter of 2018, falling from R638 billion to R563 billion. However, that was still 2% above the figure for the first quarter of 2018.

Graph 6: Quarterly manufacturing sales in constant rand



StatsSA. Manufacturing volume and sales from 1998. Excel spreadsheet. Downloaded in May 2019.

A decline in sales was recorded across the board. The food and beverages, furniture, machinery and appliances sectors maintained sales level with the previous quarter. The only sectors that registered positive growth in sales between the last quarter of 2018 and the first quarter of 2019 were the electrical machinery and the radio and ICT sectors (growing at 2% and 3% respectively). Major quarterly decreases in sales (ranging between 5% and 7%) were noted in clothing and footwear, petroleum products, glass and non-metallic mineral products and transport equipment.