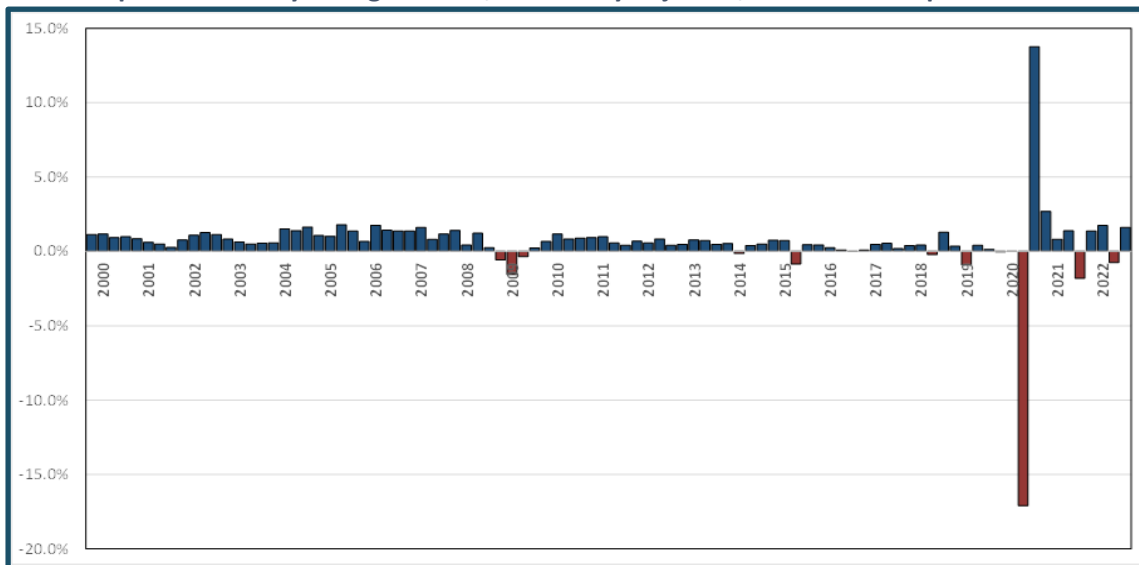


GDP growth

GDP grew by 1.6% in the third quarter of 2022, an unexpectedly strong performance in light of intensified loadshedding and continuing volatility in the global economy. Agriculture grew most rapidly, at an exceptional 19%, while the rest of the economy expanded far more modestly. For the first time, the GDP has now exceeded pre-pandemic levels.

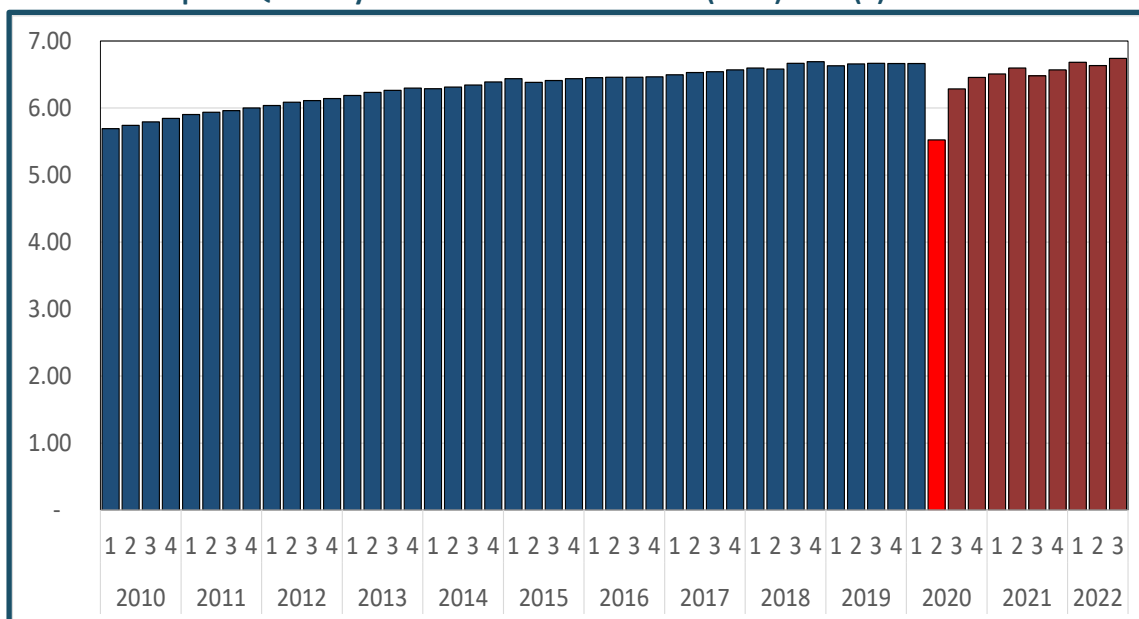
After a setback in the second quarter of 2022 due to a 0.7% decline in GDP, the recovery from the COVID-19 pandemic got a boost in the third quarter. Despite intensified loadshedding and sustained volatility in global markets, the South African economy reportedly grew by 1.6% in the third quarter of 2022 (Graph 1). As a result, GDP reached R6.7 trillion in constant 2022 rand, surpassing its pre-pandemic level for the first time (Graph 2).

Graph 1. Quarterly change in GDP, seasonally adjusted, 2000 to third quarter 2022



Source: Calculated from Statistics South Africa. GDP quarterly figures. GDP P0441 – 2022Q3. Excel spreadsheet.

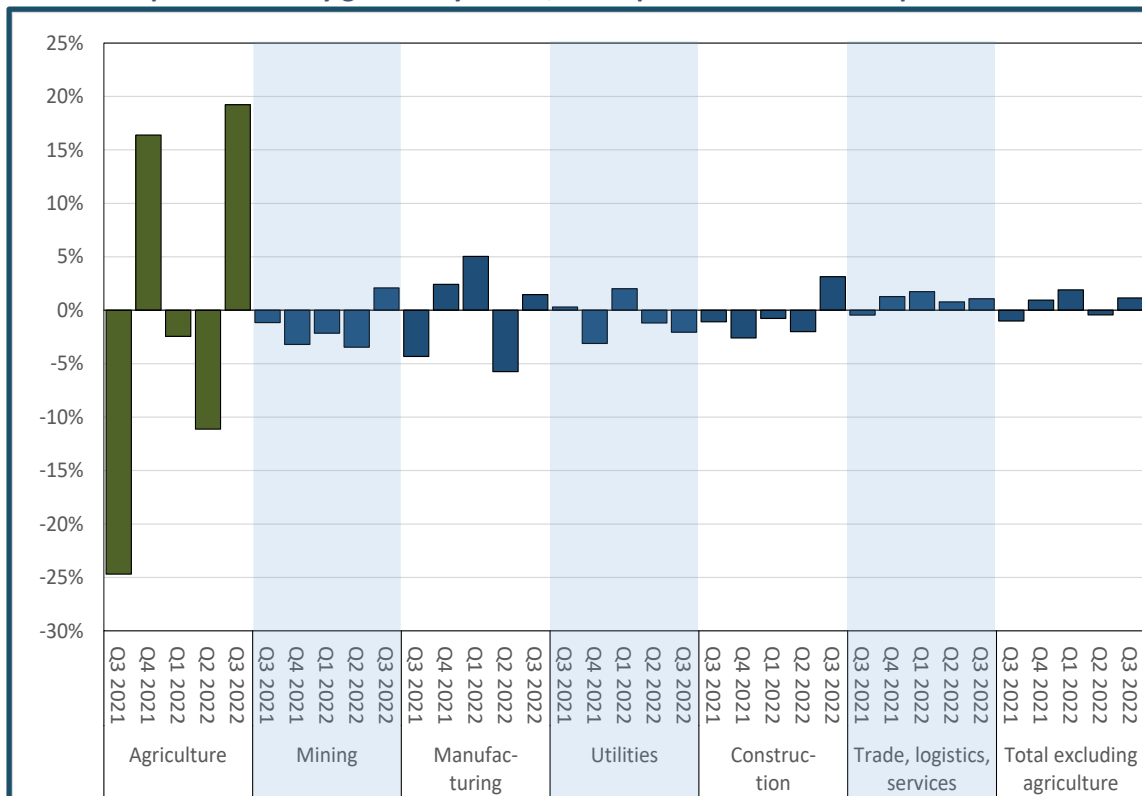
Graph 2. Quarterly GDP in trillions of constant (2022) rand (a) from 2010



Note: Rebased using implicit GDP deflator rebased to 2022. Source: Calculated from Statistics South Africa. GDP quarterly figures. GDP P0441 – 2022Q3. Excel spreadsheet.

The third quarter saw growth across the real-economy sectors as well as in services (Graph 3). The reported exceptional 19% expansion in the agricultural sector had a disproportionate impact, in line with the volatility in reported growth in the sector over the past five years or so. Growth outside agriculture was still positive but more modest, at 1.2% for the quarter. In annualised terms, that translates to around 5% growth – the fourth highest quarterly growth rate in non-agricultural value added since 2010. The three fastest quarterly growth records for the GDP excluding agriculture all occurred since 2020, during the recovery from the pandemic.

Graph 3. Quarterly growth by sector, third quarter 2021 to third quarter 2022

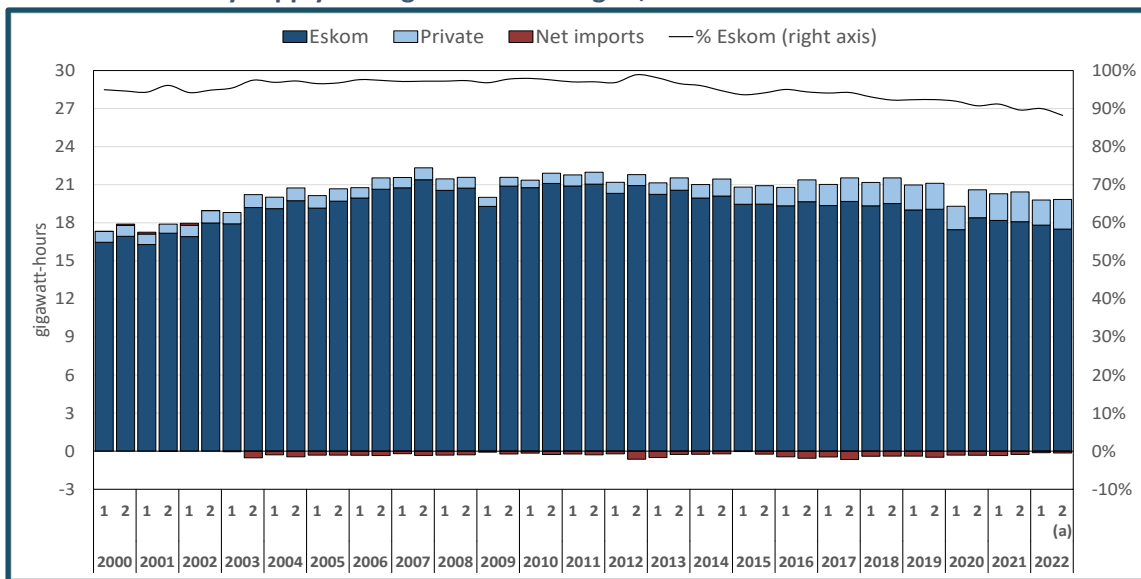


Source: Calculated from Statistics South Africa. GDP quarterly figures. GDP P0441 – 2021Q3. Excel spreadsheet.

The strong quarterly growth performance was accompanied by improved job creation, investment and imports, all of which point to a real upswing. The recovery in construction is particularly noteworthy.

The economy showed notable resilience in the face of heavy loadshedding, with 2022 the worst year on record by a substantial margin in terms of both duration of outages and gigawatt hours of energy shed. As Graph 4 shows, in the past quarter electricity on the national grid stabilised, although at a low level. Eskom’s electricity production continued its long-run decline, but the fall was offset by an increase in private sales to the national grid. As a result, Eskom’s share in on-grid electricity fell to 88%, a record low. In addition, enterprises have now had some time to adapt to loadshedding, including by reorganising working time and finding off-grid solutions, usually either generators or solar. This response will ultimately reduce energy costs, bolstering national competitiveness. Absent government support for lower income households and small business, however it will deepen inequality as the largest firms and wealthiest households replace public electricity in ways that others cannot.

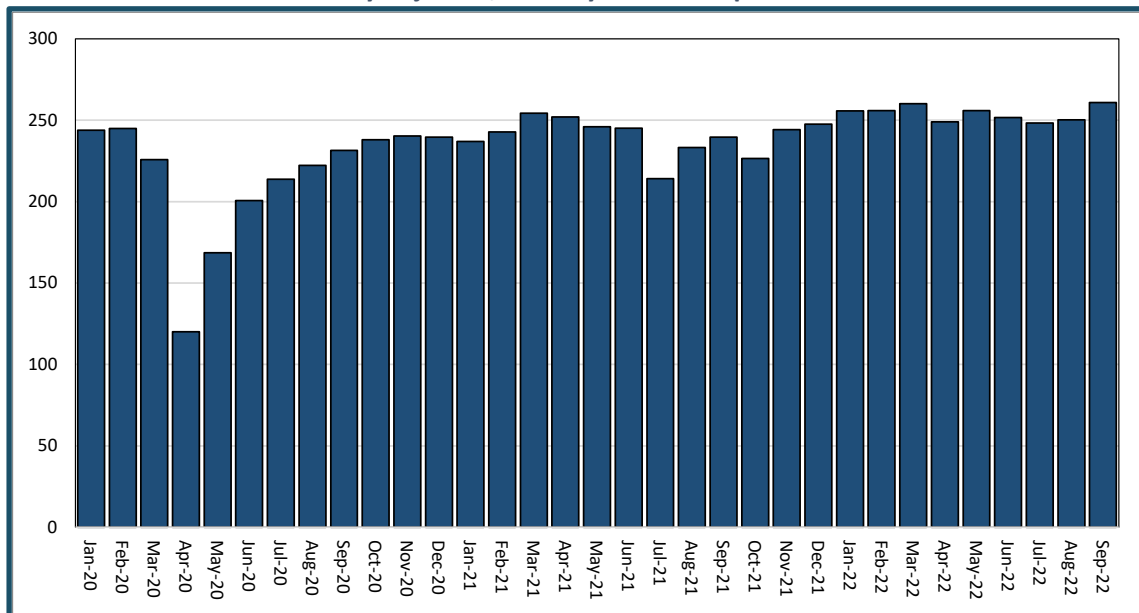
Graph 4. Electricity available for distribution in GWh and share of Eskom in total electricity supply through the national grid, first half 2000 to first half 2022



Note: (a) Figures from July to October. Source: Calculated from Statistics South Africa. P4141. Electricity generated and available for distribution. Excel spreadsheet

Monthly manufacturing sales grew steadily through the third quarter of 2022, following a second quarter when sales fell 3.2% from the first quarter (Graph 5). Overall, manufacturing sales grew 12.7% in real terms between September 2020 and September 2022. In September 2022, they were 7% higher than before the pandemic.

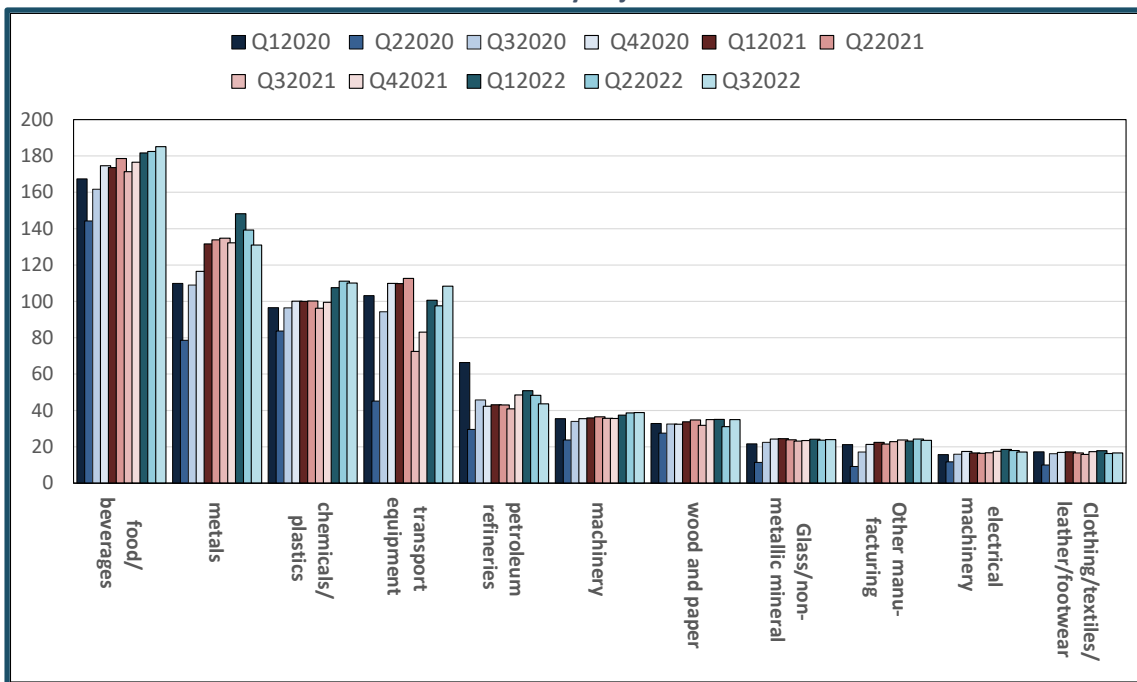
Graph 5. Monthly manufacturing sales in billions of constant (2022) rand (a), seasonally adjusted, January 2020 to September 2022



Note: (a) Refflated with CPI. Source: Calculated from Statistics South Africa. Manufacturing: Production and Sales, September 2022. P3041.2.

Food and beverages, and autos drove manufacturing sales in the third quarter of 2022. Metals sales have now declined significantly two quarters in a row, falling 12% from a strong first quarter to well below the levels posted in the third quarter of 2021.

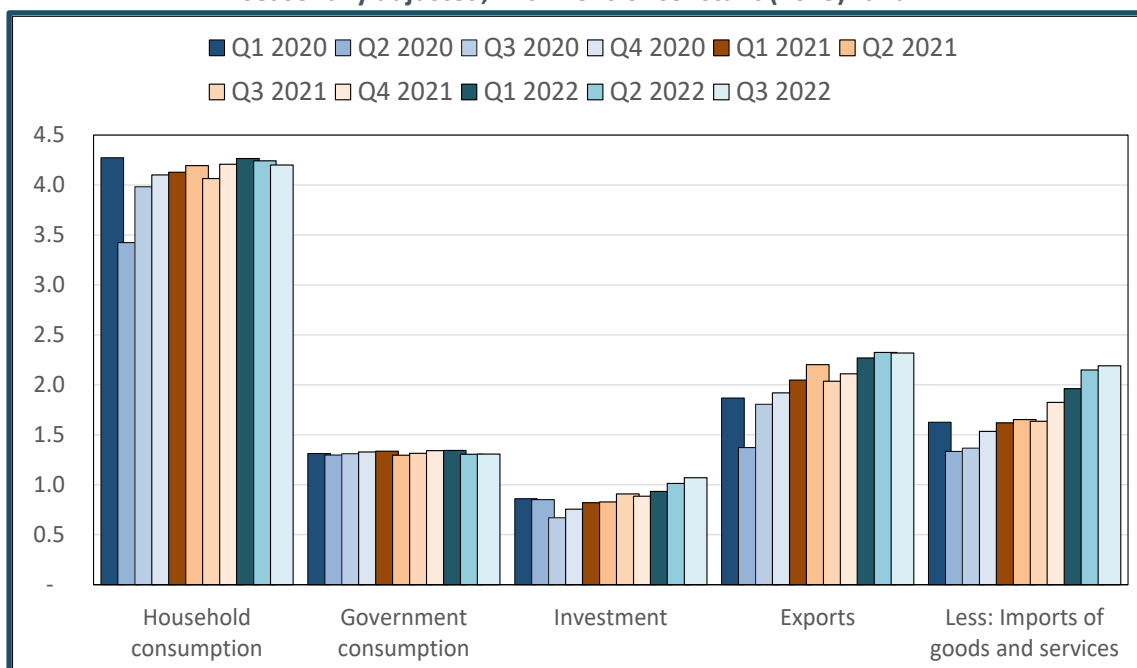
Graph 6. Quarterly sales by manufacturing industry in billions of constant (2022) rand (a), seasonally adjusted



Note: (a) Refflated with CPI. Source: Calculated from Statistics South Africa. Manufacturing: Production and Sales, September 2022. P3041.2

From an expenditure perspective, growth in the third quarter of this year appears to have been driven primarily by investment, while both household and government consumption have declined slightly from the previous quarter (Graph 7). Investment growth was driven by the public sector, as discussed in more detail in the [section on investment](#).

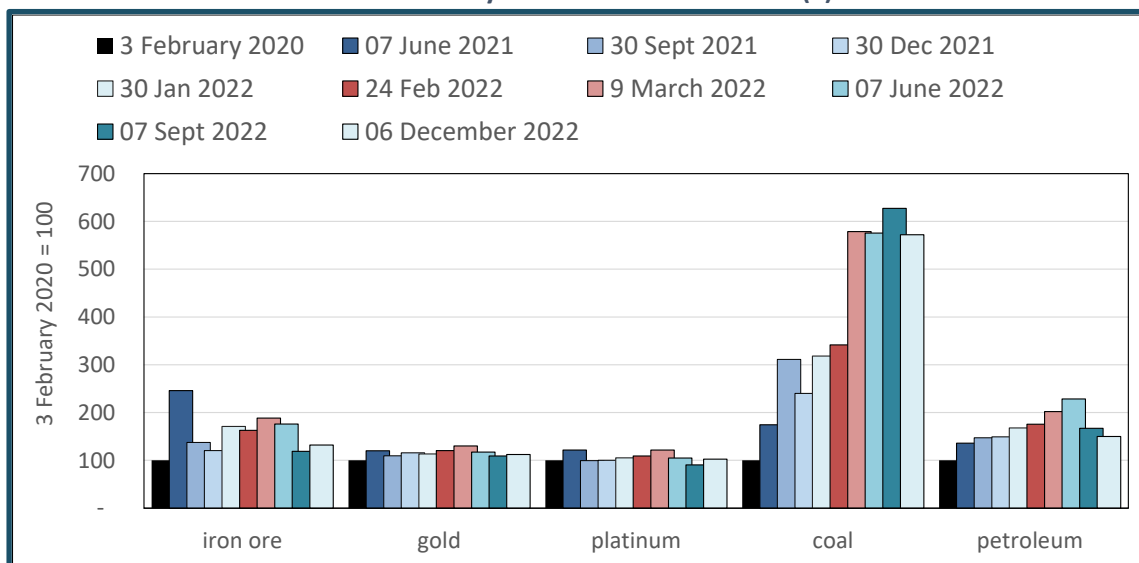
Graph 7. Quarterly expenditure on GDP, first quarter 2020 to third quarter 2022, seasonally adjusted, in trillions of constant (2015) rand



Source: Statistics South Africa. GDP quarterly figures. Excel spreadsheet

Graph 8 illustrates changes in the prices of key mineral-based commodities, which have important implications for South Africa’s trade balance. Note that since market data is available in real time, the figures are a quarter ahead of the other of data in this bulletin. For all of South Africa’s main exports, prices are well above the levels in early 2020. Coal prices soared when Russia invaded Ukraine and remain at all-time highs. The prices of iron ore, gold and platinum increased slightly in the fourth quarter of 2022 (to 6 December). In contrast, the prices of hydrocarbons like coal (which South Africa exports) and petroleum (which is a major import) have softened somewhat. As for the third quarter, the [section on international trade](#) illustrates that the trade balance has continued to narrow as imports outgrow exports. This trend reflects the combination of changing commodity prices and the normal tendency of imports to escalate when growth accelerates.

Graph 8. Indices of global US dollar prices for South Africa’s major mining exports from February 2020 to December 2022 (a)



Note: (a) Russia invaded Ukraine on 24 February 2022. Source: Calculated from Trading Economics. Commodity prices. Interactive dataset. Accessed at <https://tradingeconomics.com/commodities> on 6 December 2022