

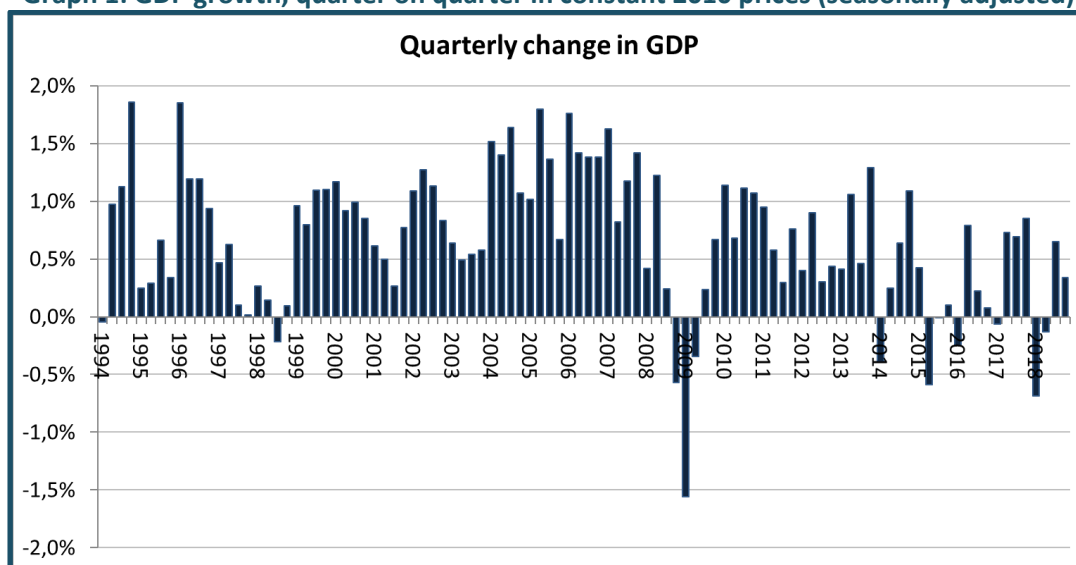
## GDP growth

South Africa's GDP grew by an estimated 0.3% in the fourth quarter of 2018, after expanding 0.6% in the third quarter. For the year, the GDP grew 0.8%. Manufacturing and agriculture continued to grow, but construction and mining struggled.

The GDP grew modestly in the fourth quarter, at 0.3%. As Graph 1 shows, this fits the pattern of slow and volatile economic growth since 2015. For the year, GDP growth came to just 0.8%, with growth in the past two quarters offset by declines in the first half of the year. That compared to 1.4% in 2017 and 0.4% in 2016, which was the slowest annual growth since the global financial crisis in 2008/9.

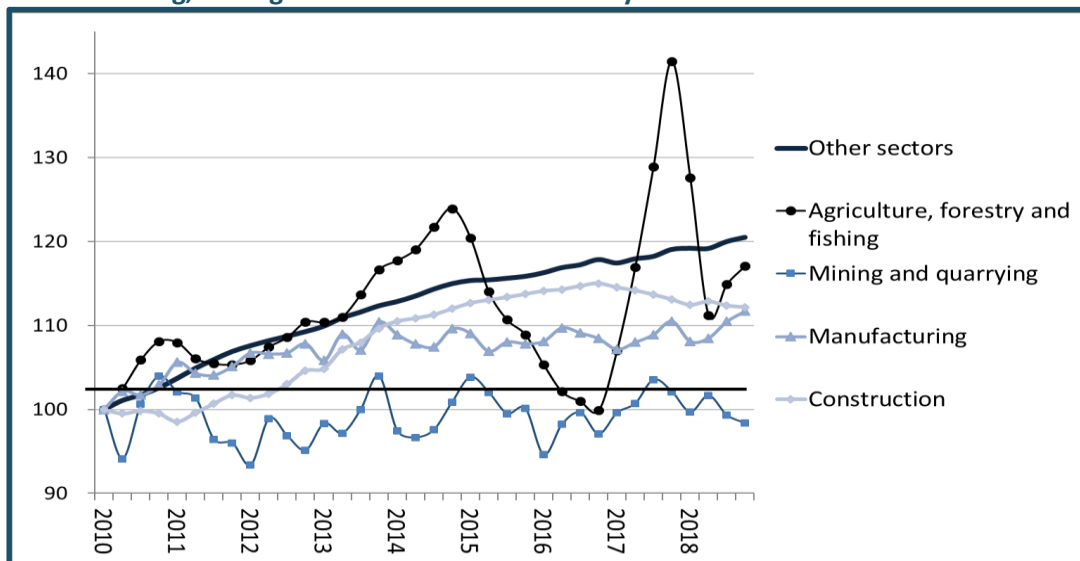
As Graph 2 indicates, the continued recovery in manufacturing and agriculture drove growth in the past quarter. The contribution of manufacturing to the GDP climbed 1.1% for the quarter in seasonally adjusted terms. As a result, manufacturing expanded by 1.0% for the year, its fastest rate of growth since 2013. In contrast, mining contracted some 1.1% in the quarter, for an annual decline of 1.7%. Construction also continued to shrink, by 0.2% for the quarter and 1.2% for the year – its second straight year of decline. The rest of the economy expanded, although retail trade and government services contracted slightly in seasonally adjusted terms.

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



Source: Stats SA GDP quarterly figures. Excel spreadsheet downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in March 2019.

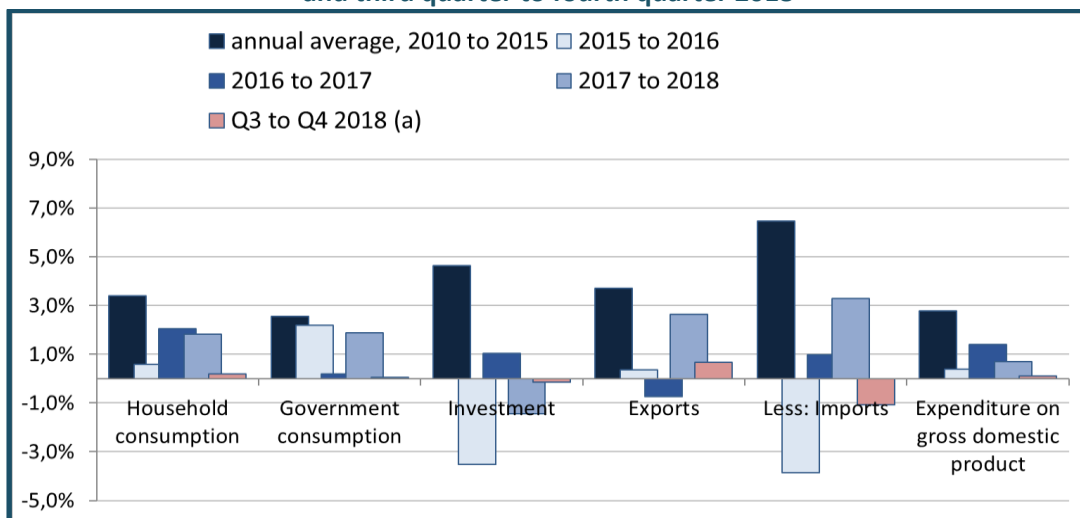
**Graph 2: Indices of quarterly seasonally adjusted economic growth for agriculture, manufacturing, mining and the rest of the economy from 2010**



Source: Stats SA GDP quarterly figures. Excel spreadsheet downloaded [www.statssa.gov.za](http://www.statssa.gov.za) in March 2019.

In terms of expenditure, investment continued to fall in the quarter. That was offset by improvements in the balance of trade as well as modest gains in household and government consumption. For the year as a whole, stagnant investment (mostly due to falling public investment, as discussed in the *Investment and profitability* subsection) formed a significant drag on the GDP, aggravated by more rapid growth in imports than exports. In contrast, government consumption recovered from the very low levels of 2016/7, and household consumption remained fairly strong.

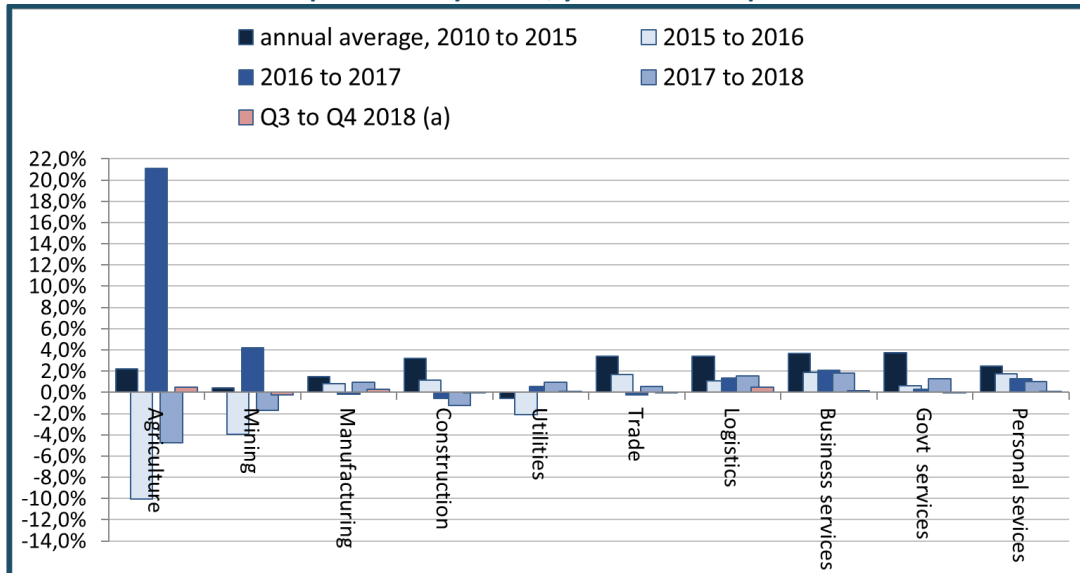
**Graph 3. Change in expenditure on the GDP, year to fourth quarter and third quarter to fourth quarter 2018**



Note: (a) seasonally adjusted. Source: Stats SA GDP quarterly figures. Excel spreadsheet downloaded [www.statssa.gov.za](http://www.statssa.gov.za) in March 2019.

As Graph 4 shows, in 2018 the most robust growth emerged in the services, followed by trade and utilities. In the real economy, as noted, mining and construction contracted while manufacturing grew. Agriculture continued to be the most volatile sector, which meant it had a disproportionate impact on the GDP as a whole.

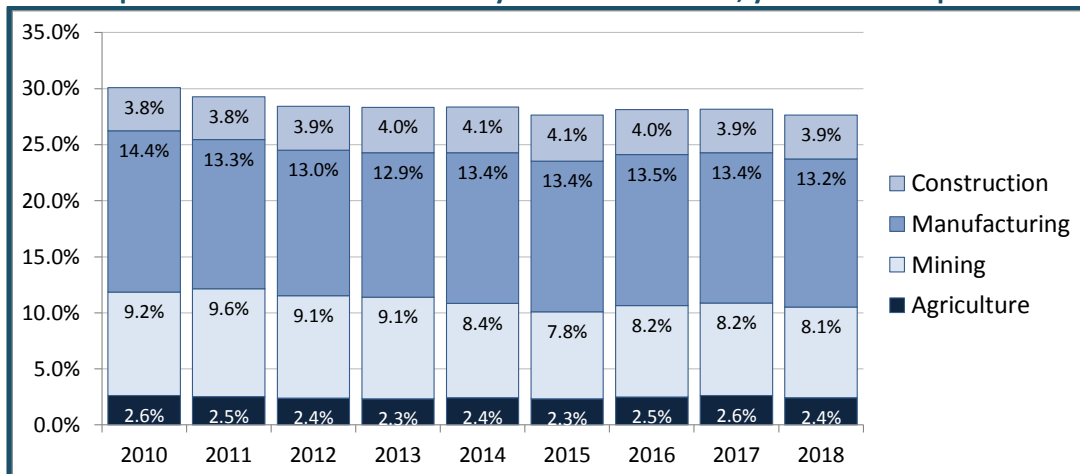
**Graph 4. GDP by sector, year to fourth quarter**



Note: (a) seasonally adjusted. Source: Stats SA GDP quarterly figures. Excel spreadsheet downloaded [www.statssa.gov.za](http://www.statssa.gov.za) in March 2019

For the year, the share of the real economy in the GDP declined marginally. It stabilised at just over 27% for the past five years, after falling from around 30% in 2010. The relative decline in value added over the year was driven by manufacturing and mining, which each fell around 1% as a share of the economy.

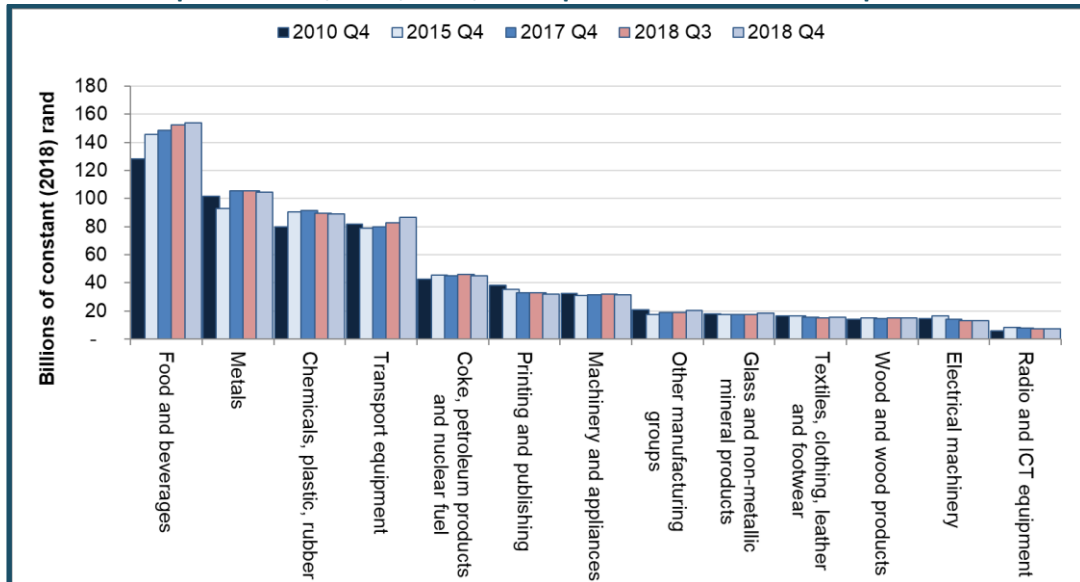
**Graph 5. Share of the real economy sectors in the GDP, year to fourth quarter**



Source: Stats SA GDP quarterly figures. Excel spreadsheet downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in March 2019.

In the year to the fourth quarter of 2018, most of the growth in manufacturing sales emerged in transport equipment, followed by food and beverages and glass and non-metallic mineral products. Metals, chemicals and machinery and equipment saw falling sales, while most other industries flattened out.

**Graph 6. Manufacturing sales in constant (2018) rand (a), fourth quarter 2010, 2015, 2017, third quarter 2018 and fourth quarter 2018**



Note: (a) Deflated with CPI rebased to third quarter 2018. Source: Stats SA. Manufacturing volume and sales. Excel spreadsheet. Downloaded in February 2019.