

Quarterly GDP growth

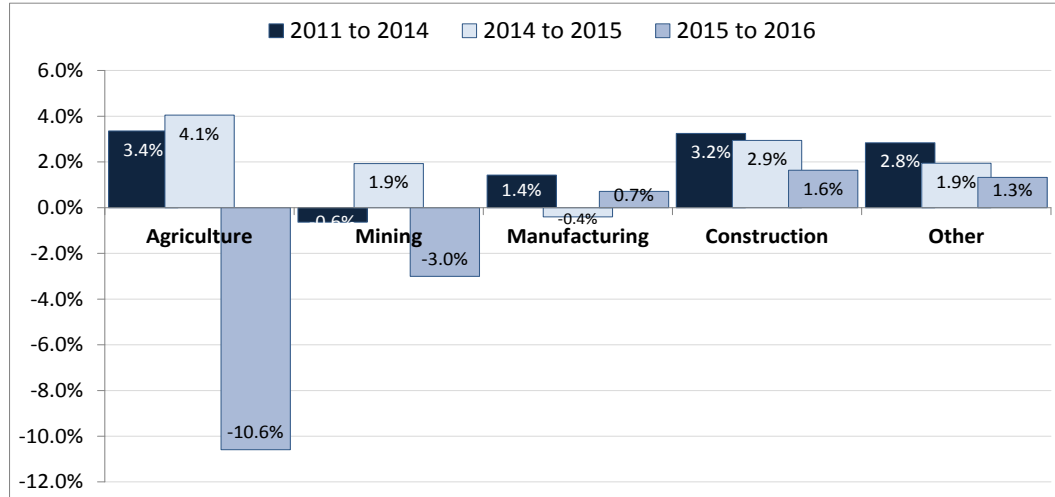
South Africa's GDP grew by 0,8% in the second quarter of 2016, in a marked recovery from the 0,3% contraction in the first quarter of the year. Mining and manufacturing made the largest sectoral contributions to growth. Mining grew (quarter on quarter) by 2,8%, while manufacturing grew by 2,0%. Agriculture continued to decline as the drought persisted, utilities fell by 0,4%, and construction remained unchanged.

The figures used in this bulletin are the seasonally adjusted quarterly figures for growth. In contrast, the Press generally reports growth in terms of the annualised rates. That is, they indicate how much the economy would grow if the quarterly rate persisted for the full year. In these annualised terms, the economy shrank at the rate of -1,2% in the first quarter and grew at 3,3% in the second.

In volume terms, compared with a year ago, manufacturing is the only sector that has performed better than last year. Both mining and agricultural production are down significantly from last year's levels. Graph 1 shows year-on-year changes in GDP.

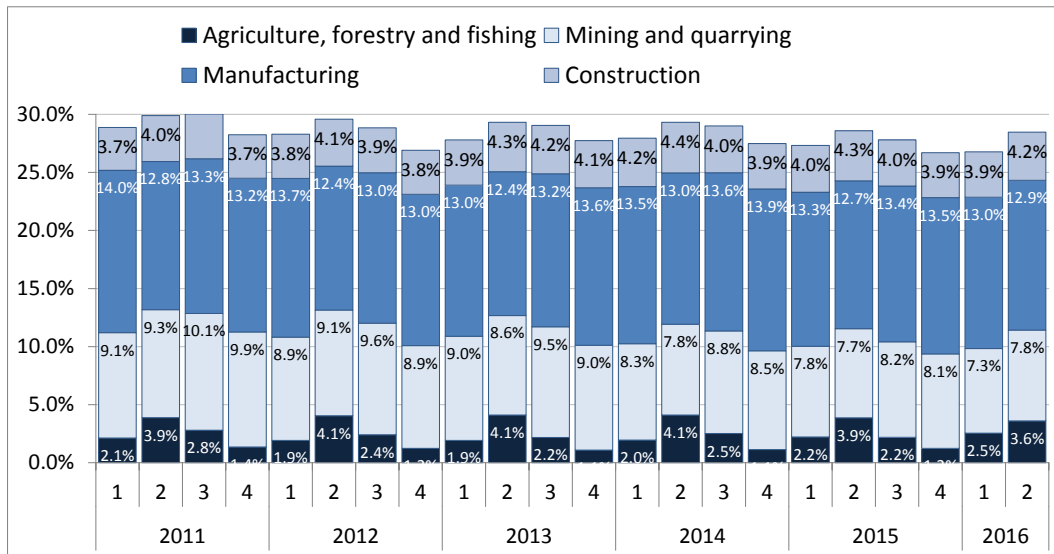
In current rand terms, the share of the real economy in the GDP recovered significantly in the past quarter, as Graph 2 shows. Much of the increase was due to the regular seasonal acceleration in agricultural value added, but mining and construction also increased their shares in the GDP. In contrast, at 12,9% of the GDP, manufacturing showed no significant growth over the second quarter in previous years back to 2011.

Graph 1: Change in GDP by sector in volume terms, year on year, in year to second quarter



Note: Calculated on the basis of the sum of four quarters of each year to the second quarter. Source: Calculated from Statistics South Africa. Electronic database. Series on Gross Domestic Product growth. Downloaded from www.statssa.gov.za in September 2016.

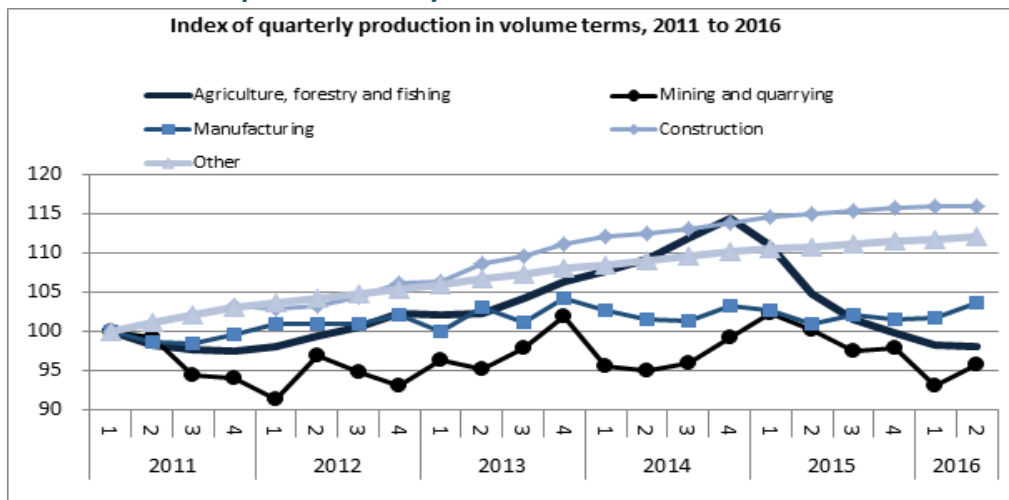
Graph 2: Share of the real economy in the GDP, in current terms, not seasonally adjusted



Source: Own compilation based on Statistics South Africa. Electronic database. Series on GDP growth. Downloaded from www.statssa.gov.za in September 2016.

Accounting for seasonal adjustments, agricultural production dipped once again (Graph 3), though at a slower pace, while mining and manufacturing production improved from last quarter, contributing to higher growth. The decline in agriculture from 2015 mainly reflects the drought. Mining also remains well below its peak in the first quarter of 2015 in terms of volume of production.

Graph 3: Quarterly Production Volumes 2011-2016

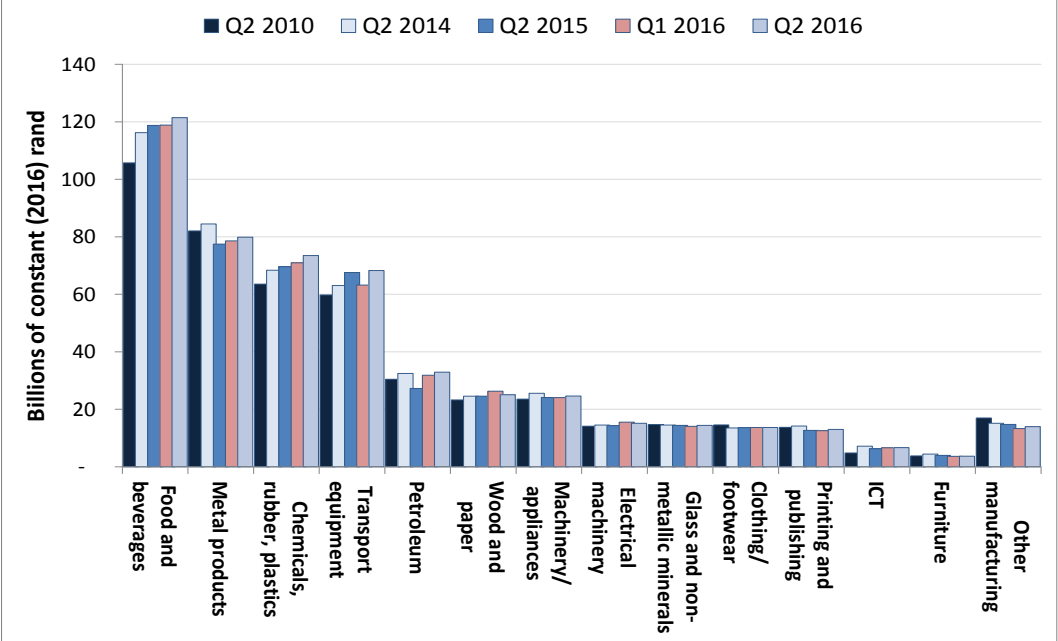


Source: Calculated from Statistics South Africa. Gross Domestic Product (Quarterly)(2016Q2). Excel spreadsheet downloaded in September 2016.

Within manufacturing, sales of ICT equipment, electrical machinery and chemicals showed the most rapid growth in the past year (Graph 4). Food and beverages continued fairly steadily, and metal products showed signs of recovery. Auto industry

production fell in the first quarter of 2016, but recovered in the second quarter. Auto export sales grew substantially in this period, but domestic sales levelled out due to a combination of slowing overall growth and price hikes as a result of depreciation of the rand.

Graph 4: Manufacturing sales by industry in constant (2016) rand



Note: Average of monthly figures for each quarter, deflated with CPI. Source: Calculated from StatSA, Manufacturing: Production and Sales. Excel spreadsheet. Downloaded from www.statssa.gov.za in September 2016.