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Statistics South Africa
REPUBLIC OF SOUTH AFRICA

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GDP in the second quarter of 2020 fell by 51,0%[1]

Gross domestic product (measured by production)

South Africa's gross domestic product (GDP) decreased by 51,0% in the second quarter of 2020 owing to the impact of the COVID-19 lockdown restrictions since the end of March 2020. Notably, this was the fourth consecutive decline in quarterly GDP since the second quarter of 2019.

The manufacturing industry contracted by 74,9% in the second quarter. All ten manufacturing divisions reported negative growth rates in the second quarter. The divisions that made the largest contributions to the decrease were basic iron and steel, non-ferrous metal products, metal products and machinery; food and beverages; and petroleum, chemical products, rubber and plastic products.

The trade, catering and accommodation industry decreased by 67,6%. Decreased economic activity was reported in wholesale trade, retail trade, motor trade, catering and accommodation. The industry was hit hard as only selected essential goods were allowed to be sold during the early stages of the lockdown. In addition, catering and accommodation establishments were severely restricted during lockdown.

The transport, storage and communication industry decreased by 67,9%. Decreases were reported for land transport, air transport and transport support services.

The mining and quarrying industry decreased by 73,1% and contributed -6,0 percentage points to GDP growth. Owing to global lockdown restrictions, demand for mineral products fell, contributing to decreased production in platinum group metals (PGMs), gold, iron ore, chromium ore and coal.

The finance, real estate and business services industry decreased by 28,9% and contributed -5,4 of a percentage point to GDP growth. Decreases were reported for financial intermediation, insurance and pension funding, auxiliary activities and other business services.

The agriculture, forestry and fishing industry was the only positive contributor to GDP growth, with an increase of 15,1% and a contribution of 0,3 of a percentage point to GDP growth. The increase was mainly due to increased production of field crops and horticultural and animal products.

1 Unless otherwise specified, growth rates are quarter-on-quarter, seasonally adjusted and annualised. All growth rates are calculated on the basis of series at constant prices. The GDP estimates are preliminary and may be revised.

The unadjusted real GDP at market prices for the first six months of 2020 decreased by 8,7% compared with the first six months of 2019.

Expenditure on GDP[2]

Expenditure on real gross domestic product fell by 52,3% in the second quarter of 2020.

Household final consumption expenditure decreased by 49,8% in the second quarter, contributing -30,8 percentage points to total growth. The largest decreases were reported for expenditures on semi-durable and durable goods as the sale of these goods was largely restricted during lockdown.

The main negative contributors to growth in HFCE were expenditures on transport (-71,4% and contributing -11,7 percentage points), clothing and footwear (-91,5% and contributing -8,0 percentage points), alcoholic beverages, tobacco and narcotics (-92,4% and contributing -6,9 percentage points), recreation and culture (-86,0% and contributing -6,6 percentage points), restaurants and hotels (-99,9% and contributing -6,5 percentage points), furnishings, household equipment and maintenance (-58,2% and contributing -5,3 percentage points) and food and non-alcoholic beverages (-26,8% and contributing -4,5 percentage points).

Expenditure on utilities, communication and education contributed positively to growth in HFCE as many households started working from home, consequently increasing their usage of utilities and communication services.

Final consumption expenditure by general government decreased by 0,9%. Decreases in employment and spending on goods and services were reported in the second quarter. Notwithstanding increased spending for the purchase of personal protective equipment on account of COVID-19, total spending on goods and services declined.

Gross fixed capital formation decreased by 59,9%. The main contributors to the decrease were construction works, machinery and other equipment[3], residential buildings, transport equipment and non-residential buildings. Weak imports of machinery and other equipment as well as transport equipment contributed to the decrease in gross fixed capital formation.

Other assets[4] contributed positively to growth in GFCF, owing to increased expenditure on computer software.

There was a R74,0 billion drawdown of inventories in the second quarter of 2020. The decreases in mining and manufacturing production contributed to the inventory drawdowns experienced in the second quarter of 2020. Drawdowns were also reported for the trades.

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2 The figures showing growth in expenditure on GDP exclude the residual, calculated as the difference between GDP measured by production and the sum of the expenditure components. For more detail see Table 30 on the Stats SA website.

3 Machinery and other equipment includes computers and related equipment.

4 Other assets includes research and development, computer software, mineral exploration and cultivated biological resources.

Net exports contributed negatively to growth in expenditure on GDP in the second quarter. Exports of goods and services were down 72,9%, largely influenced by decreased trade in vehicles and other transport equipment, precious metals and stones, base metals, machinery and equipment, and services.

Imports of goods and services decreased by 54,2%, driven largely by decreases in imports of vehicles and other transport equipment, machinery and electrical equipment, mineral products, base metals, and services.

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