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**Press statement**

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## **GDP in the third quarter of 2019 decreased by 0,6%**

### **Gross domestic product (measured by production)**

South Africa's gross domestic product (GDP) decreased by 0,6% in the third quarter of 2019.<sup>1</sup>

The mining and quarrying industry decreased by 6,1% and contributed -0,5 of a percentage point to GDP growth. Decreased production was reported for mining of platinum group metals (PGMs), coal and iron ore.

The manufacturing industry decreased by 3,9% and contributed -0,5 of a percentage point to GDP growth. The divisions that made the largest contributions to the decrease were basic iron and steel, non-ferrous metal products, metal products and machinery; petroleum, chemical products, rubber and plastic products; and wood and wood products, paper, publishing and printing.

The transport, storage and communication industry decreased by 5,4% and contributed -0,5 of a percentage point to GDP growth. Decreased economic activity was reported for land transport and transport support services.

In contrast, the trade, catering and accommodation industry increased by 2,6% and contributed 0,4 of a percentage point to GDP growth, largely as a result of positive growth in wholesale trade. Finance, real estate and business services increased by 1,6% and contributed 0,3 of a percentage point to GDP growth.

General government services increased by 2,4%, mainly attributed to increased employment in provincial government and higher education institutions.

The unadjusted real GDP at market prices for the first nine months of 2019 increased by 0,3% compared with the first nine months of 2018.

<sup>1</sup> 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.



## Expenditure on GDP<sup>2</sup>

Expenditure on real gross domestic product fell by 0,3% in the third quarter of 2019.

Household final consumption expenditure increased by 0,2% in the third quarter, contributing 0,1 of a percentage point to total growth. The main positive contributors to growth in HFCE were expenditures on food and non-alcoholic beverages (1,0% and contributing 0,2 of a percentage point) and restaurants and hotels (3,2% and contributing 0,1 of a percentage point). Negative contributions to growth in HFCE were reported for expenditures on clothing, housing, furnishings and recreation.

Final consumption expenditure by general government increased by 1,3%. Increases in employment and spending on goods and services were reported in the third quarter.

Gross fixed capital formation increased by 4,5%. The main contributors to the increase were machinery and equipment<sup>3</sup>, other assets<sup>4</sup> and transport equipment. Strong imports of machinery and equipment supported the increase in gross fixed capital formation.

There was a R9,5 billion drawdown of inventories in the third quarter of 2019. Large decreases were reported for the manufacturing, trade and mining industries.

Net exports contributed positively to growth in expenditure on GDP in the third quarter. Exports of goods and services were up 3,5%, largely influenced by increased trade in vegetable products; precious metals and stones; and vehicles and transport equipment.

Imports of goods and services decreased by 6,8%, driven largely by a decrease in imports of mineral products.

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<sup>2</sup> 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.

<sup>3</sup> This category includes computer equipment.

<sup>4</sup> This category includes computer software.