



2021:Q1

QUARTERLY ECONOMIC UPDATE

HOPE AMIDST FRAGMENTED RECOVERY

ENQUIRIES: Economic Research and Knowledge Management | research.ded@gauteng.gov.za



GAUTENG PROVINCE
ECONOMIC DEVELOPMENT
REPUBLIC OF SOUTH AFRICA

FOREWORD

To stay the tide of Covid-19, governments across the globe embarked on numerous interventions to preserve lives whilst also inducing economic activity. The implications of these interventions have inevitably changed the landscape of the South African economy. The GDED Quarterly Economic Update, titled “*Hope Amidst Fragmented Recovery*” characterises South Africa’s and particularly Gauteng’s experience almost a year after lockdown.

This bulletin provides a summary of economic developments as at the end of the first financial year 2021/22 (April-March 2021). The first section - The **Global Economy Outlook**, highlights key developments in the global economy as these bear significance on the Gauteng City Region (GCR) economy. This is followed by **Fragmented Recovery | Economic Growth but No Jobs**, which unpacks the latest Gross Domestic Product (GDP) and labour figures within the domestic economy; and elucidates the labour mismatch within the economy, particularly among marginalised groups such as women and youth. The envisioned future trajectory is summarised in the last section.

Economic Planning of the Gauteng Department of Economic Development (GDED) remains steadfast in providing information that is not only critical for decision making in the Gauteng province but that further strengthens evidence-based planning.

THE GLOBAL ECONOMY OUTLOOK

The long shadow cast by the COVID-19 pandemic is beginning to lift in many parts of the global economy. Prospects are rising, and to this effect, the level of global economic activity is expected nudge closer to its pre-pandemic level recorded at the end of 2019, by the end of this year. Nevertheless, uncertainty remains high, about both the health crisis and how economies are likely to perform beyond the crisis. Three main factors will affect the global economic outlook in the coming months

- Vaccination Schemes
- Policy Stimulus
- Accumulated Savings

Economic prowess in the U.S economy implies scoring highly on all three of the factors listed above and likely spurring economic growth to over 6% this year before moderating to 4.4% in 2022. In contrast to the U.S, the near-term outlook in the euro area is distinctly less positive. At the heart of this is the relatively slow pace of the EU-wide vaccination scheme. This has coincided with a surge in COVID-19 infections and renewed lockdown measures in the early months of 2021. Output in the EU is expected to grow at a more subdued pace as household consumption fell due to pandemic lockdowns. Growth is forecast to soften in Germany (3.6% in 2021 and 3.4% in 2022), France (5.5% in 2021 and 4.2% in 2022), Italy (4.2% in 2021 and 3.6% in 2022) and Spain (6.4% in 2021 and 4.7% in 2022). A surge in infections in late 2020 has meant that the UK has been in a strict lockdown through the first three months of 2021. Growth in the United Kingdom is projected to 5.3% in 2021 before declining to 2.5% in 2022. For emerging economies, growth is projected at 6.7% in 2021, steadying to 5.0% in 2022. The resurgence of COVID-19 infections and the sluggish pace of inoculations in some emerging markets (EMs) remain a significant downside risk. On the other hand, faster progress in inoculations will not only fast-track the reopening of certain sectors affected by social-distancing measures, including tourism, but will also boost consumer confidence and spending. Meanwhile, the Chinese economy continued to grow strongly in the year-to-date 2021, quickly recovering from sluggish economic activity in the early

lockdown of February 2020. Furthermore, the outlook for (EMs) remains mixed as some countries such

% Change on year earlier	2020	2021	2022
World	-3.3	6.0	4.4
Advanced economies	-4.7	5.1	3.6
United States	-3.5	6.4	3.5
Euro-zone	-6.6	4.4	3.8
Germany	-4.9	3.6	3.4
France	-8.2	5.8	4.2
Italy	-8.9	4.2	3.6
Spain	-11.0	6.4	4.7
United Kingdom	-9.9	5.3	2.5
Canada	-5.4	5.0	4.7
Japan	-4.8	3.3	2.5
Emerging economies	-2.2	6.7	5.0
China	2.3	8.4	5.6
India	-8.0	12.5	6.9
Russia	-3.1	3.8	3.8
Brazil	-4.1	3.7	2.6
Nigeria	-1.8	3.1	2.0

as Brazil and South Africa are suffering rising infections, while at the same time making negligible progress on vaccinations. Notwithstanding this, emerging economies growth is projected at 6.7% in 2021, steady to 5.0% in 2022. Growth is forecast in China (8.4% in 2021 and 5.6% in 2022), India (12.5% in 2021 and 6.9% in 2022), Brazil (3.7% in 2021 and 2.6% in 2022), Russia (3.8% for both 2021 and 2022).

Table 1: Global regions and selected countries' output growth rates

Data source: IMF, World Economic Outlook, April 2021

Having suffered the biggest recession for several decades in 2020, the global economy is on course for a relatively quick rebound. Recovery from the Global Financial Crisis of 2007-09 resulted in a long period of subdued growth as private sector balance sheets were rebuilt through increased savings. The uniqueness of the Covid-19 crisis is that its root cause is health related and not economic in nature. Currently, global COVID-19 infections are high relative to the vaccination rate, hence risks remain significant. However, the huge government support provided to both households and companies over the last year bodes well for spending once the health crisis is over. Yet still, there are likely to be permanent changes in the pattern of spending and other long-term economic consequences of the COVID-19 crisis. The good news is that vaccination schemes with continued policy support are on course to lift the global economy out of the COVID-19 abyss this year.

KEY HIGH SOCIO-ECONOMIC DATA POINTS

	Jan_20	Feb_20	Mar_20	Apr_20	May_20	Jun_20	Jul_20	Aug_20	Sep_20	Oct_20	Nov_20	Dec_20	Jan_21	Feb_21	Mar_21
Economy															
MPC Rate decision					50		25		3.5						
GDP			-2				-51		66.1			-4.2			4.6
ABSA PMI	45.2	44.3	48.1	46.1	50.2	53.9	51.2	57.3	58.3	60.9	52.6	50.3	50.9	53	57.4
Consumer Price Index	4.5	4.6	4.1	3	2.1	2.2	3.2	3.1	3	3.3	3.2	3.1	3.2	2.9	3.2
Producer Price Index	4.6	4.5	3.3	1.2	0.4	0.5	1.9	2.4	2.5	2.7	3	3	3.5	4	5.2
AGBIZ/IDC Confidence Index			50				39		51			61			64
RMB/BER Business confidence Index			20				5		24			40			35
FNB/BER CCI			-9				-33		-23			-12			-9
Imports	1.8	0.8	-6.2	-5.5	-21.9	-32.8	-26.5	-20.7	-3.2	-5.7	-7.7	5.7	5.5	4.1	22.7
Exports	-14.4	11.9	13.3	-3.5	-8.8	9.5	9.4	8.8	23.2	21.5	18.9	21.9	8.7	18	45.6
New Vehicle sales	5	0.2	29.7	98.4	68	30.7	29.6	26.3	23.9	25.4	12	10.1	13.9	13.3	31.8
SACCI Business confidence Index	92.2	92.7	89.9	77.8	70.1	81.4	82.8	85.8	85.7	92	93.4	94.3	94.5	94.3	94
Quarterly Employment Statistics			0				-6.4		0.8			0.8			
Unemployment rate			30.1				23.3		30.8			32.5			32.6
Sacci Trade Conditions Survey	42	40	38	25	29	31	37	41	47	55	47	-39	-34	40	49
Composite business cycle indicator	-0.3	0.1	0.7	-5.1	-0.7	2.7	2.6	3.7	1.7	3.1	1	0.5	2.1	2	1.7
Industry															
Mining Production	6.9	6.5	-14.9	-50.7	-22.5	-21.9	-6.4	-3.4	-2.5	-5.5	-9.7	-2.5	-8.2	-2.3	21.3
Construction materials Price Index	0.5	0.3	0.3	4.3	0.1	1.1	0.9	1.8	1.7	0.2	0.5	1.2	1.5	2.4	1.5
Transport Survey	-7.2	-4.9	-5.3	-39.7	-22.7	-18.6	-10.5	-11.9	-6	-8.7	-4.9	4.6	10.8	6.4	1
Manufacturing Capacity utilisation		79.3			60.9			72.9			79.3			74	
Manufacturing production	-1.9	-2.1	-5	-48.7	-32.3	-13.2	-9.6	-10.4	-2	-3.9	-4.2	2.4	-4.3	-2.5	4.6
Consumer															
Fuel Prices (95 unleaded) R	16.16	16.03	15.84	13.96	12.22	13.4	15.12	15.17	15.18	14.86	14.59	14.46	14.86	15.67	16.32
Tourist Accommodation	4.9	6.4	-33.6	-98.6	-97.9	-95	-88.6	-80.6	-71.8	-66.3	-64.7	-57.9	-72.8	-72.6	-45.3
Wholesale sales	2.6	1.4	-3.3	-42	-19.9	-2.9	-5	-3.8	0	-4.6	-3.9	1.8	-6.4	-3	4.9
Retail sales	1.3	1.9	2.9	-49.9	-11.9	-7.2	-8.6	-4.1	-2.4	-2.3	-4.3	-1.2	-3.7	2.2	-2.5
Motor Trade sales	1.3	4.8	-16.2	-84	-50.1	-12.6	-13.9	-11.1	-0.5	-7.4	-4.6	-1	-10.1	-4.4	25.7
Food & Beverages	2.6	0.4	-31.1	-95.8	-86.8	-59.6	-50.9	-44.1	-39	-30.9	-26.8	-28.1	-37.6	-26.5	4
Government															
Electricity	-2.5	1	-4	-22.8	-13.2	-5.8	-4.5	-2.4	-3.1	-2.8	-2.4	1.1	-3.2	-4.3	1.8

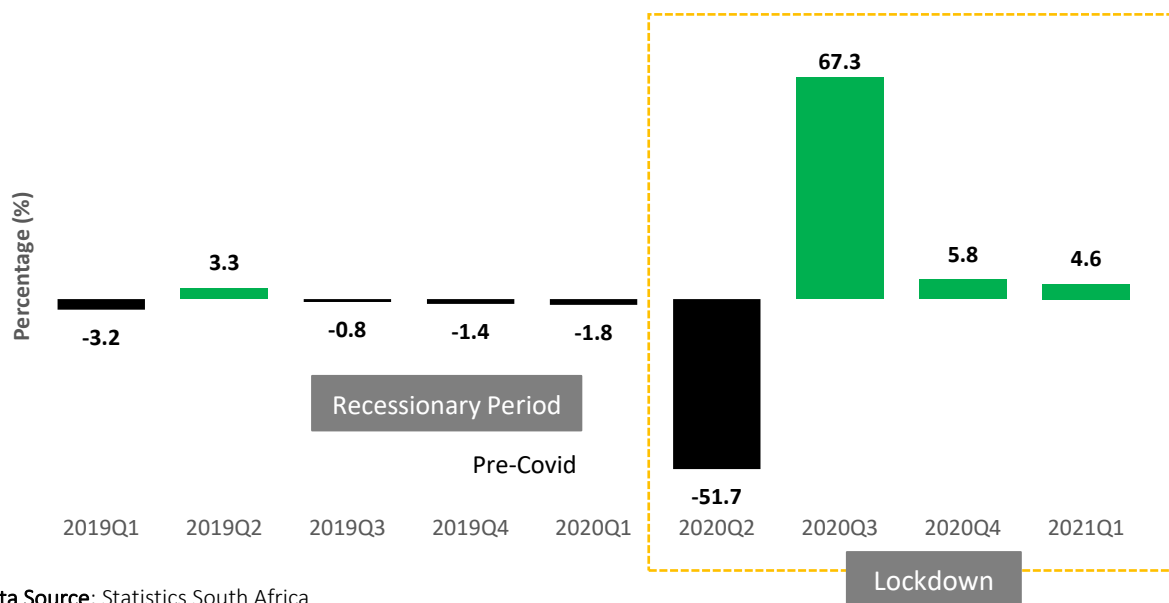


FRAGMENTED RECOVERY

Fragmented Recovery: Economic Growth BUT No Jobs

Beating expectations, the South African economy expanded by 4.6% (quarter-on-quarter, annualised) in the first quarter of 2021, following a 5.8% (revised downwards from 6.3%) in the last quarter of 2020. Meanwhile, economic activity contracted by -3.2% in comparison to the same quarter last year. The latest yearly figures elucidate the state of the economy before the national hard lockdown that commenced on 27 March 2020. The economy is estimated to be 2.7% lower than in the first quarter of 2020 when South Africa registered a third consecutive quarter decline, sliding deeper in the technical recession registered in the last half of 2019.

SA ECONOMIC GROWTH: 2019Q1 - 2021Q1



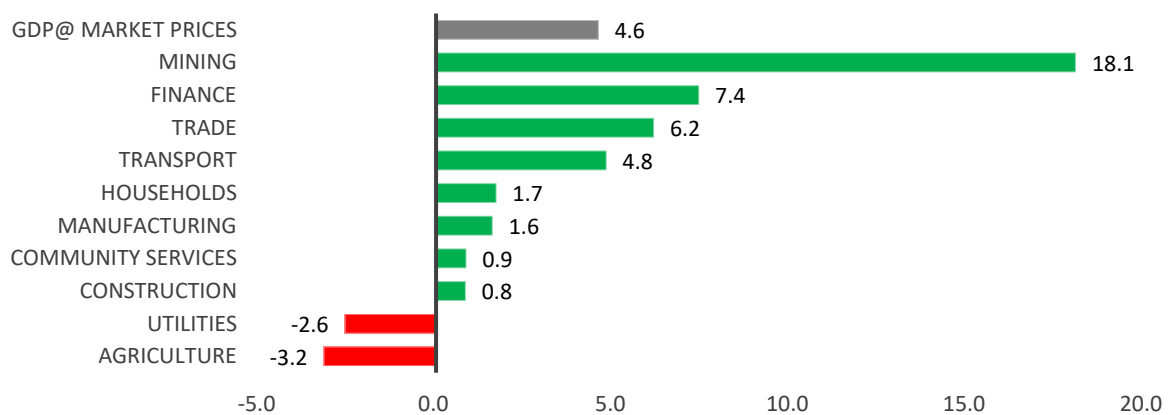
Data Source: Statistics South Africa

The quarterly reading of 4.6% was attributable to robust mining, finance and trade volumes during the first quarter of 2021, which led to improvements in all industries within the economy. Primary industries increased by 11.9%, followed by tertiary industries at 4.6% and secondary industries by 1%. The upturn in primary industries came on the back of an 18.1% expansion in mining activity that was largely driven by the continued rise in commodity prices induced by an uptick in demand and supply chain disruptions due to Covid-19 resurgences across the globe, particularly for Platinum Group Metals (PGMs). Additionally, the encouraging mining performance dwarfed the downturn in agricultural production (-3.2%) which recorded stellar production figures in the last four quarters.

Unlike primary industries, tertiary industries recorded broad-based improvements with the finance (7.4%), trade (6.2%) and transport (4.8%) sectors leading the pack. The growth observed in finance activity was underpinned by growth in property services (mortgage advances and bond registrations) and banking services (credit extensions). The rising price in property service likely highlights the climate of the property market, which has become a “buyer-market”, due to behavioural (i.e. working from home) and economic (rising unemployment) shifts instigated by the coronavirus outbreak. On the other hand, the rise in credit extensions illuminates the plight faced by both households and businesses that are trying to keep afloat in the wake of the pandemic.

The increase in trade activity was chiefly credited to improved activity among wholesalers and retailers. Wholesalers recorded a significant rise in petroleum sales - possibly incited by three (3) consecutive fuel price hikes during the period - and consumer electronics. On the other hand, retailers observed increases in grocery products, healthcare services, vitamins and drugs, likely fanned by the second Covid-19 in the first two months of the quarter. Notwithstanding the upturn in activity, the retail sentiment declined to 37 index points in the first quarter of 2021. Retailers are of the view that the current increase in activity is transitional, induced by pent-up demand caused by previous lockdown restrictions. Going forward, retailers expect lower activity as job losses continue and Covid-related grants stop.

SA ECONOMIC GROWTH BY SECTOR: 2021Q1



Data Source: Statistics South Africa

The manufacturing activity increased by 1.6%, following growth rates of 21.1% (2020Q4) and 212.95% (2020Q3). Manufacturers credit the relatively downbeat reading to raw material shortages (caused by limited shipment container supplies) and load shedding. Despite the low reading for the quarter, manufacturing activity largely contributed to the 1% increase recorded for secondary industries. The

latest manufacturing figure is predominantly supported by increased production in motor vehicles, parts accessories and other transport equipment. For the quarter, the Absa/BER Manufacturing survey stands at the second-highest reading at 57 index points since 1974. The upbeat sentiment of the manufacturing survey is corroborated by Absa Purchasing Manager's Index (PMI) since the first quarter of 2021. PMI improved to 56.2 and 57.8 index points in April and May respectively.

THE COVID-19 PANDEMIC WIPES OUT 7 YEARS OF EMPLOYMENT PROGRESS

32.6%

OFFICIAL UNEMPLOYMENT RATE

43.2%

EXPANDED UNEMPLOYMENT RATE

The Covid-19 pandemic has caused havoc in the labour market domestically as well as globally with the scale tipping negatively more towards the vulnerable - women, the young, those working in the informal sector and the low skilled. However, unlike developing countries, the jobs rebound across emerging economies remains sluggish. Domestically, Statistics South Africa (Stats SA) reported that the national total employment declined by 28 000 in Q1:2021 to 14.99 million, a change in direction from two (2) consecutive recoveries in the third and fourth of quarters of 2020. At this level, the pandemic has wrecked the progress in employment made since 2014 (employment averaged 14.87 million in 2013). Moreover, relative to Q1:2020, employment has declined by 1.39 million, indicative of a possibility of a greater share of the job losses in Q2:2020 being permanent, underpinned by businesses cutting down staff and the various business closures. Furthermore, at an annualized rate, informal sector employment declined by 14% (419 000) whilst formal sector employment decreased by just 6% (707 000).

The total number of unemployed individuals increased modestly by 8 000 between the two quarters, reaching 7.24 million (+172 000 yr-on-yr) while the labour force declined by 20 000 to 22.2 million. The quarterly movement resulted in a labour force participation rate of 56.4%, down from 56.6% in the last three months of 2020. As such, the official unemployment rate measured at a new high of 32.6%, modestly up from the 32.5% recorded in Q4:2020. Unemployment was somewhat contained by the risk adjusted lockdown alert level 3 restriction in January 2021 which might have discouraged job searching. Meanwhile, the youth (15-34 years) unemployment rate measured at 46.2%; likewise, almost unchanged from 46.1% in Q4:2020 whilst amongst women, the rate fell modestly from 34.4% to 34.0%. On the other hand, the national expanded unemployment rate ascended to 43.2% in Q1:2021 from 42.6% in Q4:2020, following a rise in the number of discouraged work-seekers (201 000) to a new record high of 3.3 million, further echoing the devastating effects of the COVID-19 pandemic and a strong signal of the low confidence in the labour market amongst the working population. Furthermore, expanded unemployment increased by 625 000 y/y. In particular, amongst women, the expanded unemployment rate climbed to 46.8% in Q1:2021, from 46.3% whilst that of that of the youth came in at 57.5% almost muted from 56.6% in Q4:2020.

GAUTENG REGISTERS TIMID GROWTH

34.4%

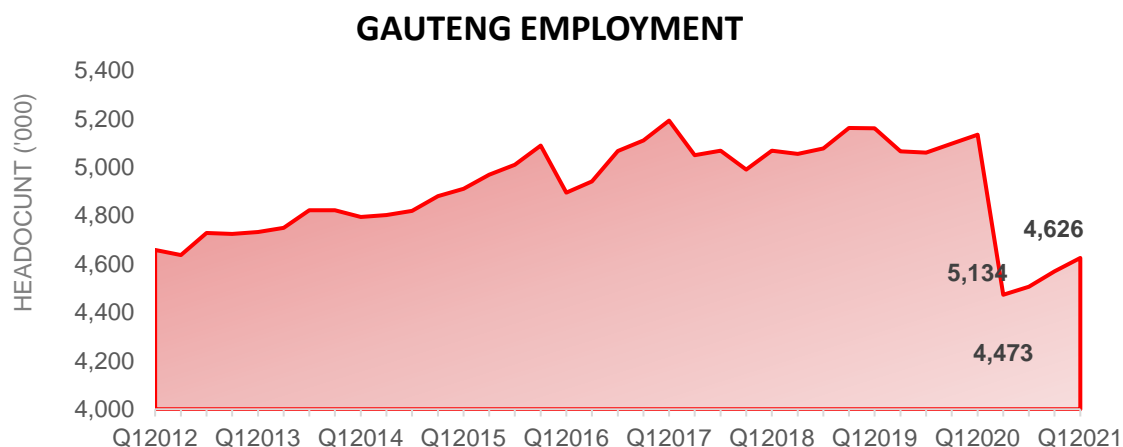
OFFICIAL UNEMPLOYMENT RATE

41.6%

EXPANDED UNEMPLOYMENT RATE

In Gauteng, employment rose by 56 000 to 2.4 million in Q1:2021, rebounding for the third consecutive quarter after the job exodus (-663 000) recorded during the second quarter of 2020. However, the cumulative number of recovered jobs stands at an uninspiring 153 000. Furthermore, recovering the lost jobs in the province might be prolonged as total employment has regressed back by six years. On the other hand, in spite of the tighter lockdown regulations at the start of the year, the increased job

searching during the quarter pushed the labour force up by 117 000 to 7 million in the province, prompting the number of unemployed individuals to move up by 61 000 to 2.4 million. In response, the official unemployment rate in Gauteng rose to a peak of 34.4% from 34.1% in Q4. On the other hand, the discouraged work-seekers increased by 55 000 to a record 3.7 million, pushing up the expanded unemployment rate to 41.6% from 41% in Q4:2020.



Data Source: Statistics South Africa

Annually, total provincial employment contracted by a notable 508 000. Meanwhile, the official and expanded unemployment levels increased by 61 000 and 371 000 respectively. Delving deeper, the official and expanded unemployment rates amongst the youth in Gauteng measured at highs of 46.7% and 54.1% respectively. Amongst the women, the official and expanded unemployment rates increased to 35.7% and 43.9% correspondingly.

EMPLOYMENT BY INDUSTRY

The rebound in jobs has varied across the different sectors, being more favourable towards industries that are more technologically reliant and less favourable to those which are not.

SOUTH AFRICA AND GAUTENG EMPLOYMENT BY INDUSTRY						
	Total Employment		Q/Q Change		Y/Y Change	
	Thousand	Change	Thousand	Change	Thousand	Change
Agriculture	792	[43]	-18	[10]	-72	[13]
Mining	395	[61]	12	[2]	-41	[-22]
Manufacturing	1.5	[510]	7	[-15]	-208	[-106]
Utilities	115	[42]	16	[12]	-1	[7]
Construction	1.1	[315]	-87	[-15]	-265	[-68]
Trade	2.97	[909]	-84	[3]	-341	[-110]
Transport	903	[333]	-40	[-29]	-92	[-30]
Finance	2.5	[1.1]	215	[50]	10	[-89]
Community and social services	3,6	[957]	16	[49]	-192	[-69]
Private households	1.1	[382]	-70	[-15]	-189	[-35]
Total	14.9	[4.3]	-28	[56]	-1.4	[-508]

Data Source: Statistics South Africa [] Represents Gauteng Statistics

Relative to the previous year, at national level, Finance displayed resilience and gained 10 000 jobs. However, employment in all the other nine (9) industries remains depressed as demand remains weak underpinned by the decline in income owing to a myriad of factors like raised joblessness, salary reductions or even the moratorium on salary increments, coupled with industry dynamics where a larger part of the operations does not accommodate working remotely. Worst hit was Trade (-341 000), weighed down by weak consumer demand and the heavily battered tourism and hospitality industry marked with reduced hours and salary cuts as the occupancy rate remains at its lowest amid the dearth of international travellers.

Before Covid-19, foreign tourists accounted of over 60% of all bookings. To keep afloat, some hotels had to charge prices lower than those of 2019. The bulk of the functions in industries such as tourism require on-site operations and even personal interactions hence the lockdown restrictions have resulted in major job cuts. The Construction industry lost 265 000 jobs while Manufacturing, Community and social services and Private households shed 208 000, 192 000 and 189 000 jobs respectively. In view of Manufacturing, majority of the functions entail machine operations which cannot be performed virtually; however, in the last part of last year, the pent demand for vehicle exports in response to the global uptick has somehow cushioned the decline in jobs.

Other notable job losses were in Transport (92 000) – which was weighed down as the sector battled with declining revenue amid reduced demand for transport such as long- distance travelling, coupled with a significant number of individuals still working from home. This even led a bus company, Putco, contemplating job cuts which were later frozen. However, woefully, other bus companies like Greyhound and Citiliner shut down operations, leaving thousands of employees destitute.

As part of its recovery plan, the Gauteng government has prioritised 10 sectors that can potentially drive up economic growth and employment in the province.

A synopsis of the three (3) of these sectors indicates that:

- Tourism and hospitality industry which currently has a workforce of 143 000, increased employment by 9 500 q/q but remains far less than pre-Covid-19 employment by 57 000.
- ICT currently employs 93 000 individuals following an increase in employment by 21 000 quarter to quarter, which translated into an annual decline of 3 700.
- As at Q1:2021, the Automotive sector had 36 000 workers following 2 700 job losses during the quarter. Compared to a year ago, employment in the sector declined by 7 300.

PRIORITY SECTOR PERFORMANCE



TOURISM AND HOSPITALITY

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As at Q1:2021, the **AUTOMOTIVE** sector had **36 000** workers following **2 700** job losses during the quarter. Compared to a year ago, employment in the sector declined by 7 300.

Notwithstanding the expected rebound in GDP this year, across the globe, employment is expected to take 2 to 3 years to fully recovery, primarily because of its lagging effect. As such, policy interventions should rather be more directed at driving economic growth to allow and employment to naturally contend. The Covid-19 pandemic has had a major disruption on employment and as such, some industries may have adopted different ways of doing things; which, on the one hand may result in job losses while on the other hand opening up new opportunities which require different sets of skills.

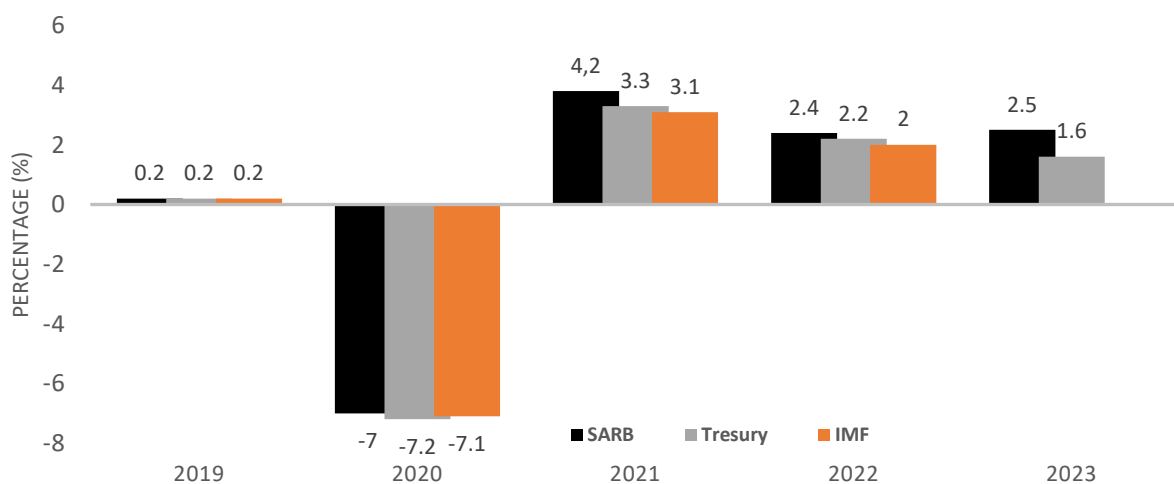
LOOKING AHEAD

What does this mean for Gauteng?

SOUTH AFRICAN GDP FORECASTS

The South African Reserve Bank upwardly revised the GDP growth for South Africa to 4.2% in 2021, up from the previous 3.8%. Similarly, the International Monetary Fund (IMF) updated data for South Africa shows that annual growth is projected to be 3.1% in 2021 – an improvement of 0.3 percentage points from the 2.8% January forecast. The IMF further expects an annual growth of 2% in 2022 for the country. Meanwhile, the World Bank has revised the South African economy's growth outlook from 3.3% to 3.5% for 2021, further pointing towards recovery. Despite the expected rebound, the continued structural constraints such as unreliable electricity supply are expected to have a negative bearing on real GDP.

SA ECONOMIC GROWTH PROJECTIONS



Data Source: SARB, National Treasury, IMF

The inflation rate is projected at 4.2% in 2021 and is expected to stay within the Reserve Banks' target range of 3%–6% for 2022. The current account surplus is expected to erode since a recovery in oil prices could raise the import bill. Public debt could reach more than 90% of GDP in the medium term, with projections that it will stabilize at 95% by 2026. The 2020 Medium Term Budget Policy Statement (MTBPS) in October 2020 projected a significantly larger budget deficit and slower debt consolidation in the medium term. These projections will raise risks due to the high debt-service costs and deteriorating balance sheets of state-owned enterprises (SOE's) and the continued weaknesses of the financial position of municipalities.

EMPLOYMENT FORECASTS

The most recent employment forecasts by the GDED had a notably low forecast error margin compared to the actuals issued by Statistics South Africa. Employment in Gauteng was forecasted to reach 4.82 million and the actual employment figure for 2021Q1 was 4.63 million. Similarly, at the national level, the GDED team had estimated employment at 15 039 thousand for Q1:2021 prior to Stats SA confirming the it to be at 14 995 thousand. Taking these numbers into account and with an updated Gauteng employment ARIMA forecasting model, an updated employment forecast for 2021 and 2021Q2 has been obtained. It is expected that (q/q) some sort of recovery could be seen in employment gains.

Specifically, from the recent level of 4.63 million in Q1:2021, Gauteng's employment is expected to reach 4.48 million for 2021Q2. However, yearly, for the second quarter of 2021, employment is expected to be higher by 0.1%. These employment gains are expected to emanate from the Agriculture (11 837), Mining (13 710), Utilities (4 813), Trade (17 051), Finance (10 508), Community and Social Services (65 000) and Private Households (10 257) sectors. However, employment losses in the Manufacturing (-43 477), Construction (-24 549) and Transport (-37 892) sectors are expected to offset the job gains in the other sectors. At the national level, employment is expected to reach 14 961 thousand in Q2:2021; a 5.7% increase from a low employment base in Q2:2020.

Gauteng employment forecasts by sector

2021Q2								
Industry	April - June 2020	Jan - March 2021	April - June 2021 Forecast	Q/Q change	Y/Y change	Q/Q change	Y/Y change	
	Thousand			Per cent				
Total	4 473	4 626	4 480	-146		6	-3,2%	0,1%
Agriculture	32	43	44	0		12	0,4%	37,3%
Mining	53	61	67	6		14	10,5%	25,7%
Manufacturing	534	510	490	-20		-43	-3,9%	-8,1%
Utilities	35	42	40	-2		5	-5,6%	13,9%
Construction	343	315	319	4		-25	1,4%	-7,1%
Trade	905	909	922	13		17	1,5%	1,9%
Transport	354	333	316	-18		-38	-5,3%	-10,7%
Finance	1 020	1 063	1 030	-33		11	-3,1%	1,0%
Community and social services	836	957	901	-55		65	-5,8%	7,8%
Private households	341	383	351	-32		10	-8,3%	3,0%

Source: GDED forecasts, 2021

National employment forecasts by sector

2020Q2								
Industry	April - June 2020	Jan - March 2021	April - June 2021 Forecast	Q/Q change	Y/Y change	Q/Q change	Y/Y change	
	Thousand			Per cent				
Total	14 148	14 995	14 961	35	812	-0,2%	5,7%	
Agriculture	799	792	817	25	18	3,1%	2,3%	
Mining	373	395	374	21	1	-5,2%	0,3%	
Manufacturing	1 456	1 497	1 502	5	46	0,3%	3,2%	
Utilities	113	115	99	16	14	-13,8%	-12,2%	
Construction	1 066	1 079	1 159	80	93	7,4%	8,7%	
Trade	2 946	2 979	3 040	60	93	2,0%	3,2%	
Transport	885	903	940	37	55	4,1%	6,2%	
Finance	2 234	2 527	2 364	162	130	-6,4%	5,8%	
Community and social services	3 244	3 567	3 456	112	212	-3,1%	6,5%	
Private households	1 032	1 141	1 210	69	178	6,1%	17,3%	

Source: GDED forecasts, 2021

Given the third wave and the subsequent further lockdown restrictions, it is important for Gauteng to protect the existing jobs, at all levels. The uncertainty surrounding the course and the impact of the current wave is worrying; hence efforts need to be directed to job retention, amid the restricted economic activity. The current evidence points to a long way to full recovery; hence impactful interventions need to be prioritised and implemented without fail.

WHERE TO FROM HERE?

Currently, the epidemiology of the coronavirus can be forecasted. However, there is room for the economy to take up projects and interventions that position the country to leverage on the “post-Covid” world. It may be as simple as finding a niche sub-sector and steering all national interventions. Similarly, there is room for protectionist policies that safeguard the economy from global value chain disruptions. Nonetheless, all responses should attempt to eradicate systemic bottlenecks within the country that have recently been amplified by the Covid-19 pandemic indicative in rising unemployment, poverty and inequality.

The persistence of the pandemic at the global and domestic levels will continue to constrain the economic recovery during the 2021. In addition, as economic activity restarts, pre-existing structural constraints, such as electricity shortages, are becoming binding again. Meanwhile, as a major net exporter of minerals and net importer of oil commodity prices fluctuations remain an integral determinant for South African economic growth. Strengthening investment, including foreign direct investment, will be critical to propel growth and create jobs resistance of the pandemic at the global and domestic levels will continue to constrain the economic recovery during the 2021. In addition, as economic activity restarts, pre-existing structural constraints, such as electricity shortages, are becoming binding again.