

**Press statement**

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## **GDP in the first quarter of 2019 contracted by 3,2%**

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

South Africa's gross domestic product (GDP) fell by 3,2% in the first quarter of 2019.<sup>1</sup>

The manufacturing industry and mining and quarrying industry were the largest negative contributors to growth in GDP in the first quarter. The manufacturing industry decreased by 8,8% and contributed -1,1 percentage points to GDP growth. Seven of the ten manufacturing divisions reported negative growth rates in the first quarter. The divisions that made the largest contributions to the decrease were petroleum, chemical products, rubber and plastic products; motor vehicles, parts and accessories and other transport equipment; and wood and wood products, paper, publishing and printing.

The mining and quarrying industry contracted by 10,8% and contributed -0,8 of a percentage point to GDP growth. Decreased production was reported for 'other' mining and quarrying (including diamonds), iron ore and coal.

The agriculture, forestry and fishing industry contracted by 13,2% and contributed -0,3 of a percentage point to GDP growth. The decrease was mainly because of a drop in the production of field crops and horticultural products.

Finance, real estate and business services increased by 1,1% in the first quarter. Increased economic activity was reported for financial intermediation, real estate activities and business services.

General government services increased by 1,2%, mainly attributed to an increase in employment.

Personal services increased by 1,1%.

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

Expenditure on real gross domestic product fell by 3,4% in the first quarter of 2019.

Household final consumption expenditure decreased by 0,8% in the first quarter, contributing -0,5 of a percentage point to total growth. The main negative contributors to growth in HFCE were expenditures on

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<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.

<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.

clothing and footwear (-12,7% and contributing -0,8 of a percentage point), transport (-3,1% and contributing -0,5 of a percentage point) and recreation and culture (-4,0% and contributing -0,2 of a percentage point).

The two largest positive contributions to growth in HFCE came from food and non-alcoholic beverages and housing services.

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

Gross fixed capital formation decreased by 4,5%, its fifth consecutive decline. The main contributors to the decline were transport equipment, construction works and non-residential buildings.

There was an R11,6 billion drawdown of inventories in the first quarter of 2019. Large decreases were reported for the mining and quarrying industry and the transport, storage and communication industry.

Net exports contributed negatively to growth in expenditure on GDP in the first quarter. Exports of goods and services were down 26,4%, largely influenced by decreasing trade in precious metals, base metals and vehicles and transport equipment.

Imports of goods and services decreased by 4,8%, driven largely by a decrease in imports of chemical products, mineral products and vegetable products.

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