

**Press statement**

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## **GDP in the second quarter of 2017 grew by 2,5%**

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

South Africa's gross domestic product (GDP) growth rate was 2,5% in the second quarter of 2017.<sup>1</sup>

The largest positive contributor to growth in GDP in the second quarter was the agriculture, forestry and fishing industry, which increased by 33,6% and contributed 0,7 of a percentage point to GDP growth.

Finance, real estate and business services increased by 2,5% and contributed 0,5 of a percentage point to GDP growth.

The mining and quarrying industry increased by 3,9% and contributed 0,3 of a percentage point to GDP growth.

In contrast general government services decreased by 0,6% and contributed -0,1 of a percentage point to GDP growth.

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

Expenditure on real gross domestic product grew by 2,4% in the second quarter of 2017.

Household final consumption expenditure increased by 4,7% in the second quarter, contributing 2,8 percentage points to total growth. The main positive contributors to growth in HFCE were food and non-alcoholic beverages (10,1% and contributing 1,9 percentage points), clothing and footwear (26,7% and contributing 1,4 percentage points), and the 'other' category<sup>3</sup> of expenditure (8,2% and contributing 1,0 percentage point).

Final consumption expenditure by general government increased by 0,8%. An increase in purchases of goods and services was recorded.

Gross fixed capital formation decreased by 2,6%, after two consecutive quarterly increases. The largest contributor to the negative growth in the second quarter of 2017 was residential buildings, which decreased by 13,0% and contributed -1,3 percentage points to growth in GFCF.

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<sup>1</sup> Unless otherwise specified, quarter-on-quarter growth rates are 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.

<sup>3</sup> Given the sources used to estimate HFCE, spending by non-residents in South Africa needs to be deducted from HFCE. Hence, a decrease in non-residents' expenditure increases the 'other' component of HFCE and makes a positive contribution to the HFCE growth rate.

There was a R5,3 billion build-up of inventories in the second quarter of 2017.

Net exports contributed positively to growth in expenditure on GDP. Exports of goods contributed positively to the growth in total exports, while exports of services contributed negatively. Exports of transport equipment, base metals and precious metals were largely responsible for the increase in goods.

Imports of goods and services increased by 13,3%, driven largely by imports of machinery and equipment.

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