

Press statement

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GDP in the second quarter of 2018 contracted by 0,7%

Gross domestic product (measured by production)

South Africa's gross domestic product (GDP) fell by 0,7% in the second quarter of 2018.¹

The agriculture, forestry and fishing industry and the transport, storage and communication industry were the largest negative contributors to growth in GDP in the second quarter. The agriculture, forestry and fishing industry decreased by 29,2% and contributed -0,8 of a percentage point to GDP growth. The decrease was mainly because of a drop in the production of field crops and horticultural products.

The transport, storage and communication industry decreased by 4,9% and contributed -0,4 of a percentage point to GDP growth. Decreases were reported for land transport, air transport and transport support services.

The trade, catering and accommodation industry decreased by 1,9% and contributed -0,3 of a percentage point to GDP growth. Decreased economic activity was reported in the retail and motor trade divisions.

In contrast, mining increased by 4,9% and contributed 0,4 of a percentage point to GDP growth, and finance, real estate and business services increased by 1,9% and also contributed 0,4 of a percentage point to GDP growth.

The unadjusted real GDP at market prices for the first six months of 2018 increased by 0,6 % compared with the first six months of 2017.

Expenditure on GDP²

Expenditure on real gross domestic product fell by 0,9% in the second quarter of 2018.

Household final consumption expenditure decreased by 1,3% in the second quarter, contributing -0,8 of a percentage point to total growth. This was the first decrease since the first quarter of 2016. The main negative contributors to growth in HFCE were expenditures on transport (-6,1% and contributing -0,9 of a percentage point), food and non-alcoholic beverages (-2,8% and contributing -0,5 of a percentage point), clothing and footwear (-6,8% and contributing -0,4 of a percentage point) and recreation and culture (-7,6% and contributing -0,4 of a percentage point).

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.

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.

Final consumption expenditure by general government increased by 0,7%, reflecting an increase in purchases of goods and services and other interrelated services.

Gross fixed capital formation decreased by 0,5%. The main contributors to the decline were activities associated with machinery and other equipment³, transport equipment and residential buildings.

There was a R14,2 billion drawdown of inventories in the second quarter of 2018. Large decreases were reported for the manufacturing and mining and quarrying industries.

Net exports contributed positively to growth in expenditure on GDP. Exports of goods and services were up 13,7%, largely influenced by increased trade in precious metals, mineral products and vegetable products.

Imports of goods and services increased by 3,1%, driven largely by an increase in imports of mineral products, prepared foodstuffs, beverages and tobacco and vehicles and transport equipment.

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³ Machinery and other equipment includes computers and related equipment.