

Press statement**Embargo: Tuesday 5 June 2018, 11:30****GDP in the first quarter of 2018 contracted by 2,2%****Gross domestic product (measured by production)**

South Africa's gross domestic product (GDP) fell by 2,2% in the first quarter of 2018.¹

The manufacturing industry and the mining and quarrying industry were the largest negative contributors to growth in GDP in the first quarter. The manufacturing industry decreased by 6,4% and contributed -0,8 of a percentage point to GDP growth. Six of the ten manufacturing divisions reported negative growth rates in the first quarter. The largest contributors to the decrease were the basic iron and steel, non-ferrous metal products, metal products and machinery division and the petroleum, chemical products, rubber and plastic products division.

The mining and quarrying industry contracted by 9,9% and also contributed -0,8 of a percentage point to GDP growth. Decreased production was reported for gold and 'other' metal ores, predominantly the platinum group metals and iron ore.

The agriculture, forestry and fishing industry contracted by 24,2% and contributed -0,7 of a percentage point to GDP growth. The decrease was mainly because of a drop in the production of field crops and horticultural products.

In contrast, general government grew by 1,8% and contributed 0,3 of a percentage point to GDP growth, and finance, real estate and business services grew by 1,1% and contributed 0,2 of a percentage point to GDP growth.

Expenditure on GDP²

Expenditure on real gross domestic product fell by 2,5% in the first quarter of 2018.

Household final consumption expenditure increased by 1,5% in the first quarter, contributing 0,9 of a percentage point to total growth. The main positive contributors to growth in HFCE were expenditures in the 'other' category³ (5,9% and contributing 0,7 of a percentage point), furnishings, household equipment and maintenance (6,1% and contributing 0,5 of a percentage point) and housing, water, electricity, gas and other fuels (2,9% 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.

³ 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.

Final consumption expenditure by general government increased by 1,2% reflecting an increase in employment numbers.

Gross fixed capital formation decreased by 3,2%. The main contributors to the decline were activities associated with construction works, machinery and other equipment⁴ and residential buildings.

There was a build-up of inventories of R11,6 billion in the first quarter of 2018. Large inventory build-ups were reported for the manufacturing and electricity, gas and water industries.

Net exports contributed negatively to growth in expenditure on GDP. Exports of goods and services were down 16,5%, largely influenced by declining trade in base metals and articles of base metals and mineral products.

Imports of goods and services decreased by 6,5%, driven largely by a drop in imports of machinery and electrical equipment and vehicles and transport equipment.

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⁴ Machinery and other equipment includes computers and related equipment.