

Press statement**Embargo: Tuesday 6 March 2018, 11:30****GDP in the fourth quarter of 2017 increased by 3,1%****Gross domestic product (measured by production)**

South Africa's gross domestic product (GDP) increased by 3,1% in the fourth quarter of 2017.¹

The largest positive contributor to growth in GDP in the fourth quarter was the agriculture, forestry and fishing industry, which increased by 37,5% and contributed 0,8 of a percentage point to GDP growth. The trade, catering and accommodation industry increased by 4,8% and contributed 0,6 of a percentage point to GDP growth.

The manufacturing industry and finance, real estate and business services increased by 4,3% and 2,5% respectively, and each contributed 0,5 of a percentage point to GDP growth.

Notable increases were reported by the following manufacturing divisions: food and beverages; petroleum, chemical products, rubber and plastic products; and basic iron and steel, non-ferrous metal products, metal products and machinery.

The mining and quarrying industry decreased by 4,4% and contributed -0,3 of a percentage point to GDP growth. This was largely the result of lower production in gold and platinum group metals.

Expenditure on GDP²

Expenditure on real gross domestic product increased 3,1% in the fourth quarter of 2017.

Household final consumption expenditure increased by 3,6% in the fourth quarter, contributing 2,2 percentage points to total growth. The main positive contributors to growth in HFCE were expenditure on clothing and footwear (20,7% and contributing 1,1 percentage points), household furnishings and equipment (10,8% and contributing 0,9 of a percentage point), food and non-alcoholic beverages (3,4% and contributing 0,6 of a percentage point), and expenditure on transport (4,1% and contributing 0,6 of a percentage point).

Final consumption expenditure by general government increased by 1,6%.

Gross fixed capital formation increased by 7,4% in the fourth quarter of 2017. The largest contributor to growth in the fourth quarter of 2017 was machinery and other equipment³, which increased by 9,2% and contributed 3,0 percentage points to growth in GFCF. Transport equipment increased by 21,7% and contributed 2,3 percentage points.

¹ 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.

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 Machinery and other equipment includes computers and related equipment.

There was a build-up of inventories of R11 billion in the fourth quarter of 2017. Large inventory build-up was reported for the trade sector.

Net exports contributed -3,7 percentage points to total growth. Exports increased by 12,3%, mainly because of higher exports of base metals and precious metals products. Imports increased by 26,5%, mainly due to higher imports of machinery and equipment.

Key findings for annual estimates 2017

Real annual GDP (measured by production) increased by 1,3% in 2017 following an increase of 0,6% in 2016

According to the latest preliminary indicators, the annual real estimate of GDP for 2017 increased by 1,3% following an increase of 0,6% in 2016.

The annual real GDP growth of 1,3% in 2017 was primarily led by increased economic activity by finance, real estate and business services, which contributed 0,4 of a percentage point based on growth of 1,9%; agriculture, forestry and fishing, which contributed 0,4 of a percentage point based on growth of 17,7%; and mining and quarrying, which contributed 0,3 of a percentage point based on growth of 4,6%.

The declines were led by the trade sector, which decreased by 0,6% in 2017, followed by a decline of 0,3% in the construction industry.

Expenditure on GDP in 2017

Expenditure on GDP increased by 1,2% in 2017, accelerating from an increase of 0,6% in 2016.

Household consumption increased by 2,2% and contributed 1,4 percentage points, while government consumption increased by 0,6% and contributed 0,1 of a percentage point.

The main positive contributors to growth of 2,2 % in HFCE were expenditure on the 'other' category (5,8% and contributing 0,7 of a percentage point), household furnishings and equipment (6,6% and contributing 0,5 of a percentage point) and health services (4,2% and contributing 0,3 of a percentage point).

Gross fixed capital formation increased by 0,4%, contributing 0,1 of a percentage point to total growth, and the change in inventories contributed 0,2 of a percentage point.

Net exports contributed -0,6 of a percentage point to growth in expenditure on GDP.

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