

**Press statement**

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## **GDP in the fourth quarter of 2018 increased by 1,4%**

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

South Africa's gross domestic product (GDP) increased by 1,4% in the fourth quarter of 2018.<sup>1</sup>

The manufacturing industry expanded by 4,5% in the fourth quarter. The divisions that made the largest contributions to the increase were petroleum, chemical products, rubber and plastic products; motor vehicles, parts and accessories and other transport equipment; and food and beverages.

Finance, real estate and business services increased by 2,7% in the fourth quarter. Increased economic activity was reported for financial intermediation, insurance, auxiliary activities and real estate.

The transport, storage and communication industry increased by 7,7%, as a result of increases in land transport and transport support services.

In contrast, the trade, catering and accommodation industry decreased by 0,7%. Decreased economic activity was reported in wholesale trade, motor trade and catering and accommodation.

Mining decreased by 3,8% and contributed -0,3 of a percentage point to GDP growth, and construction decreased by 0,7%. General government services decreased by 0,6%.

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

Expenditure on real gross domestic product grew by 1,6% in the fourth quarter of 2018.

Household final consumption expenditure increased by 3,2% in the fourth quarter, contributing 2,0 percentage points to total growth. The main contributors to growth in HFCE were furnishings, household equipment and maintenance (6,9% and contributing 0,6 of a percentage point), clothing and footwear (10,2% and contributing 0,6 of a percentage point), food and non-alcoholic beverages (2,7% and contributing 0,5 of a percentage point) and transport (3,3% and contributing 0,5 of a percentage point).

Final consumption expenditure by general government increased by 0,6%. An increase in spending on goods and services was reported in the fourth quarter.

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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.

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Gross fixed capital formation decreased by 2,5%, its fourth consecutive decline. The main contributors to the decline were machinery and other equipment, residential buildings and construction works.

There was a R53,9 billion drawdown of inventories in the fourth quarter of 2018. Large decreases were reported in mining and quarrying and manufacturing.

Net exports contributed positively to growth in expenditure on GDP in the fourth quarter. Exports of goods and services were up 11,1%, largely attributable to increased trade in precious metals, mineral products and vehicles and transport equipment.

Imports of goods and services decreased by 16,0%, driven largely by a decrease in imports of machinery and electrical equipment and mineral products.

### **Key findings for the annual estimates of 2018**

#### **Annual real GDP increased by 0,8% in 2018 following an increase of 1,4% in 2017**

According to the latest preliminary indicators, the annual estimate of real GDP for 2018 increased by 0,8% following an increase of 1,4% in 2017.

The annual real GDP growth of 0,8% in 2018 was led by increased economic activity in finance, real estate and business services, which contributed 0,4 of a percentage point based on growth of 1,8%, and general government services, which contributed 0,2 of a percentage point based on growth of 1,3%. The following four industries each contributed 0,1 of a percentage point: manufacturing; trade, catering and accommodation; transport, storage and communication; and personal services.

Three industries had negative growth in 2018, namely agriculture, forestry and fishing (-4,8%), mining and quarrying (-1,7%) and construction (-1,2%).

#### **Annual expenditure on real GDP in 2018**

Annual expenditure on real GDP increased by 0,7% in 2018, decelerating from an increase of 1,4% in 2017.

Household consumption increased by 1,8% and contributed 1,1 percentage points to total growth, while government consumption increased by 1,9% and contributed 0,4 of a percentage point.

The main positive contributors to growth of 1,8% in HFCE were household furnishings and equipment (4,4% and contributing 0,4 of a percentage point), health services (3,1% and contributing 0,2 of a percentage point), and recreation and culture (4,2% and contributing 0,2 of a percentage point).

Gross fixed capital formation decreased by 1,4%, contributing -0,3 of a percentage point to total growth, and the change in inventories contributed -0,3 of a percentage point to total growth.

Net exports contributed -0,2 of a percentage point to growth in expenditure on GDP.

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