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ENCOURAGING POSITIVE TREND IN OVERALL ECONOMIC GROWTH RATE FOR SOUTH AFRICA IN SECOND QUARTER OF 2021, SAYS CHIEF ECONOMIST OF DCG.

JOHANNESBURG, 13th SEPTEMBER 2021 – The Don Consultancy Group (DCG) Chief Economist Mr Chifi Mhango says that he is encouraged by the continued positive growth rate trend in the latest real Gross Domestic Product (GDP) data released by Statistics South Africa (Stats SA), in the second quarter of 2021 to 1.2%, despite being weak.

Any positive movement in GDP is certainly a welcome development, considering the current economic situation of high unemployment levels of 34.4%, under the Covid-19 pandemic business operational restrictions. Encouragingly, the agriculture sector and mining showed the best growth rates at 6.2% and 1.9%.

Gross Fixed Capital Formation (GFCF) data released along-side the GDP figures is also supportive of the positive trends we are seeing in GDP and production figures, as GFCF increased by a marginal 0.9%% in the second quarter of 2021, mainly attributed to increases in machinery and transport equipment.

DCG Chief Economist Chifi Mhango, said the South African economy is heavily reliant in the performance of the Mining, Construction and Manufacturing, which have a strong labour absorption rate, and the three sectors' value contribution to the South African is significant. Hence, there has to be more emphasis in driving growth in these sectors through policy interventions implementation.

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“It is evident that during the time when the South African economy had a strong injection of infrastructure projects being implemented in the periods of 2003 to 2010 in the energy sector, as well as projects related to the 2010 Soccer World Cup, the Manufacturing, Mining and Construction sectors were growing at relatively higher rates compared to the current rates, with the overall economy also growing at an average of around 5%.” Mr Mhango said.

“It is, therefore, important that the South African Government commits to R792.1 billion public infrastructure spending into the next three fiscal years, and place more emphasis in implementation of policy interventions identified in the various sector or industry Master plans” Mr Mhango concluded.

ENDS

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