



May 2021

Economic and Employment Indicators & Trends in South Africa

Issue # 05

Contents



The Month in Review



Section A: Macro Data Trends and Analysis



Section B: Sector Analysis



Section C: Recent Research of Interest

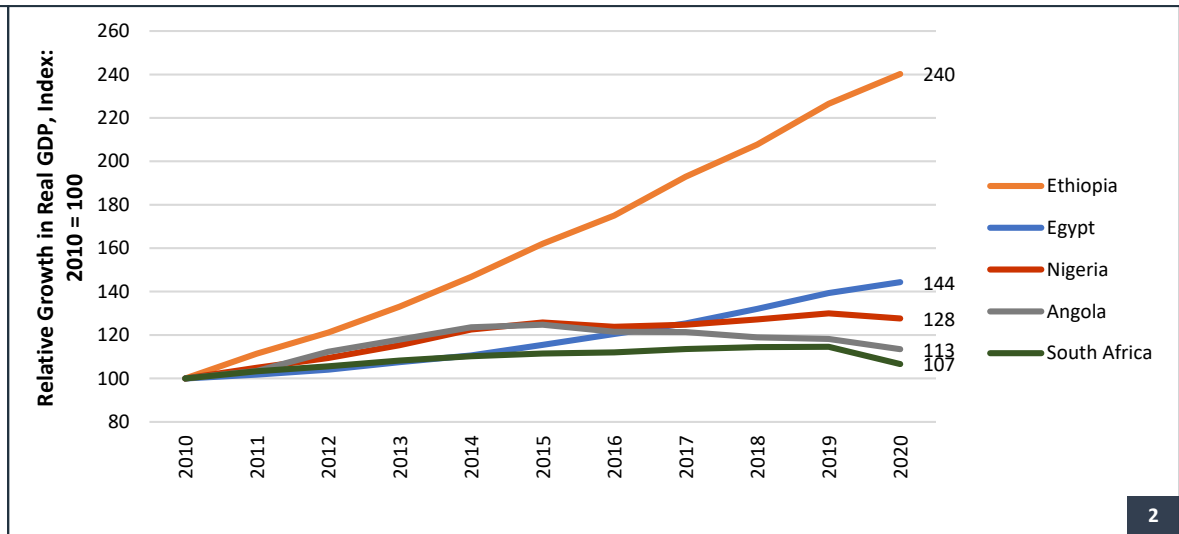
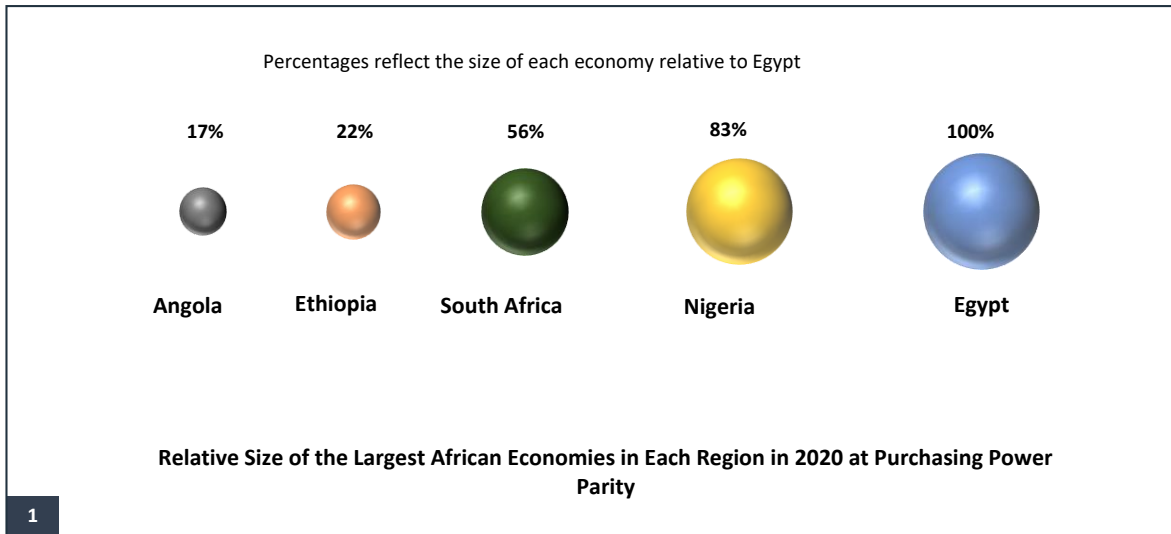


- Although the impact of the Covid-19 pandemic continues to cast a shadow over the South African economy, there are increasing signs of recovery in many of the high frequency sector indicators. However, the fact remains that South Africa continued to lose ground against the major regional economies of Africa in 2020, but remains the third-largest economy on the continent in purchasing power terms – after Egypt and Nigeria.
- While retrenchments dropped sharply in April 2021, the labour market continues to favour older male workers. At the end of 2020, the expanded rate of unemployment for females was 6.9 percentage points higher at 45.6% than their male counterparts, and of those in employment, the share of people aged 15 to 24 years dropped from 9.2% to 5.8%, and those aged 25 to 34 from 32.4% to under 29%.
- Based on available data from the OECD, all member states experienced quite large increases in household savings rates – with the European Union average more than doubling to 12.6%. Although South Africa also experienced a turnaround in household savings the improvement was much weaker – from dis-savings of 0.3% of disposable income to savings of 0.7%. Faced with declines in household incomes due to Covid and the lockdowns, South African’s cut back on all forms of durable and semi-durable goods spending – especially transport equipment, clothing and footwear and recreational goods.
- Over the full fiscal year to March 2021, tax revenue collections dropped by 8% - roughly in line with the contraction of the economy. Payroll taxes and other taxes on income and profits experienced the largest declines, while taxes on goods and services and corporate taxes experienced decreases that were relatively smaller. On the expenditure side there were large shifts in allocations to different government departments, with the Department of Performance Monitoring & Evaluation seeing a 58% drop in spending over the previous fiscal year and Communications & Digital Technologies almost doubling.
- There were also substantial changes in global financial flows into, and out of South Africa during 2020 – with net outflows of portfolio and other investment and a net inflow of direct investment of R84 billion. In 2020, South Africa’s share of world direct investment inflows is estimated to have remained at 0.3% - even though the value of those inflows declined from US\$4.6 billion to US\$3.1 billion. This is because total world FDI inflows declined by an estimated 35%.



- Despite many commitments to make it easier to do business in South Africa the country has made little headway in relative terms and continues to rank poorly in a number of key areas, including trading across borders, starting a business and getting electricity. Overall the country ranked 84 out of 190 countries in the 2020 rankings (which uses data gathered up till May 2019). The report notes that 115 countries made it easier to do business between May 2018 and May 2019 – so South Africa’s relative lack of improvement may be due to the fact that the scale of its improvements are not significant enough.
- On the international trade front South Africa’s share of world merchandise exports rose back to 0.5% in 2020, from 0.48% in 2019. This was largely the result of gains in global market share in some key metals and minerals – most notable chromium and magnesium – as well as some agricultural products such as wool and citrus fruits. These results are also reflected in the country’s exports to China which is dominated by exports of ores, slag and ash (69%) and iron and steel (10%). A focus on greater “localisation” of products such as poultry, sugar and fruit juices needs to take some account of the fact that imports of these products are already subject to fairly high levels of tariff protection.
- At a sector level there are encouraging improvements in the latest monthly data reflecting the volume of mining production, manufacturing sales of food and beverages and textiles, clothing, footwear and leather goods and the value of building plans passed for office and banking and industrial and warehouse space. Wholesale and retail trade data also showed some improvement, as did the income of enterprises in the community, social and personal services sector.
- Looking to the future, South Africa still has much to do to enhance its resilience and ability to adapt to the needs of the 4th Industrial Revolution. Updating education curricula and investing in the skills needed by the “markets of the future” as well as enhancing investment in infrastructure to accelerate the energy transition and expand access to electricity and ICT are two of the priority areas.

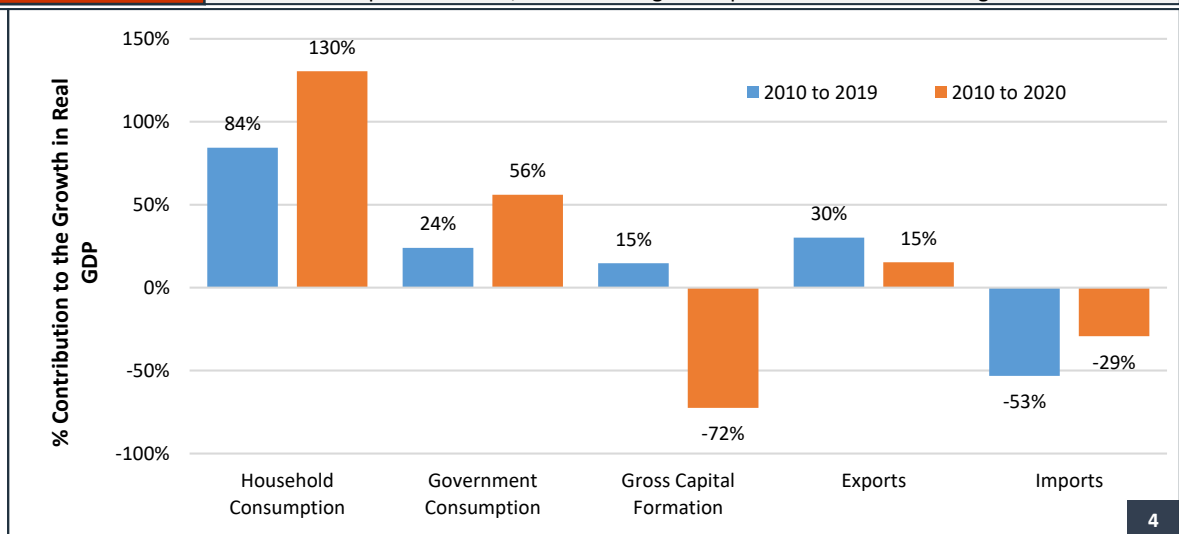
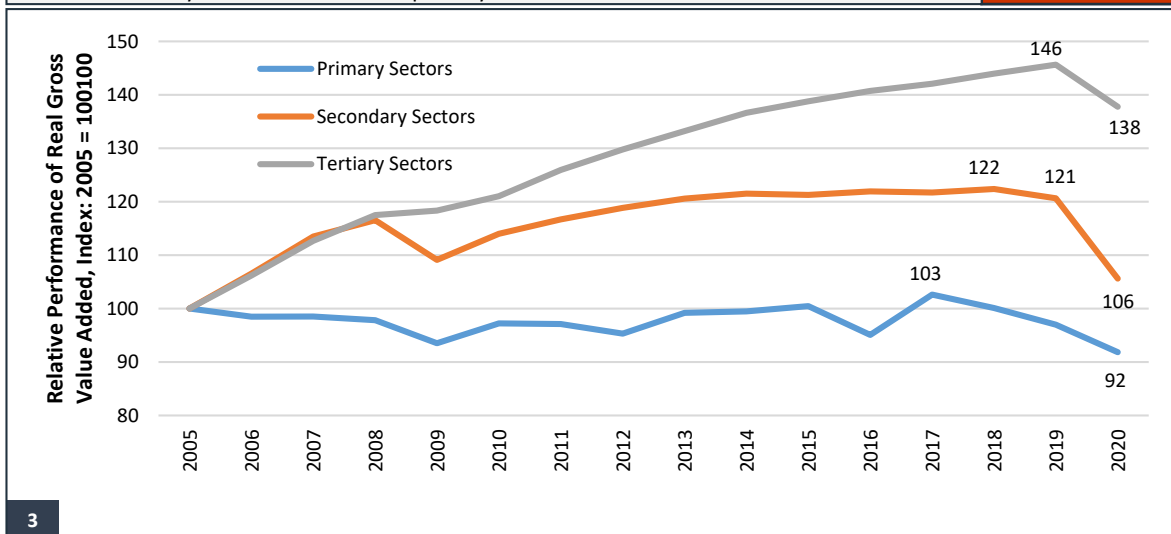
South Africa continues to loose ground against other African economies in terms of GDP growth. It is the worst performer of major regional economies since 2010. The secondary sectors were the hardest hit by Covid, while capital formation plummeted.



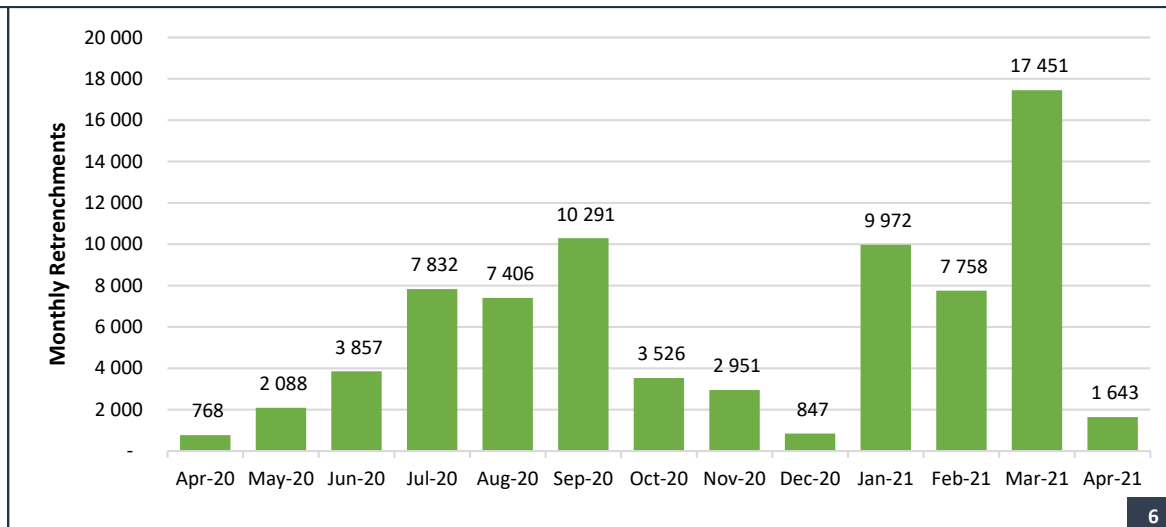
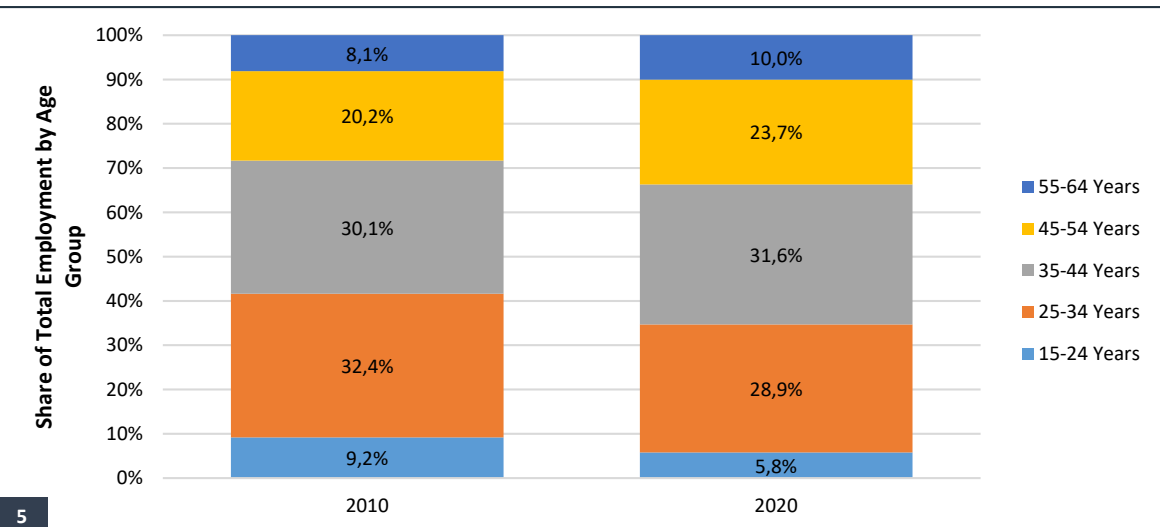
In 1992 South Africa was the largest economy in Africa. It now ranks third after Egypt and Nigeria. Egypt's economy is now 44% larger than South Africa's in purchasing power parity terms. The primary and tertiary sectors each contracted by 5% in 2020, while the secondary sectors shrank by 12%. The GVA of the primary sectors was 8% lower in 2020 than in 2005.

GDP

Ethiopia has been experiencing increases in relative GDP growth over the decade and had a 7% growth in GDP in 2020, compared with a 7% decline in GDP growth for South Africa. The Covid-19 pandemic caused the contributions of household and government consumption expenditure to economic expansion to rise, while that of gross capital formation turned negative.



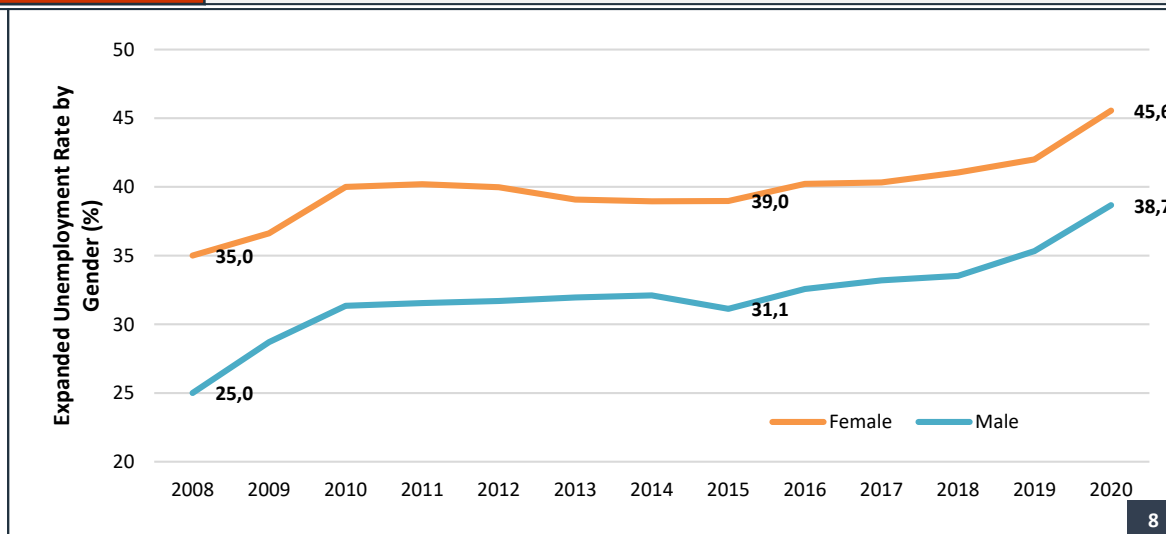
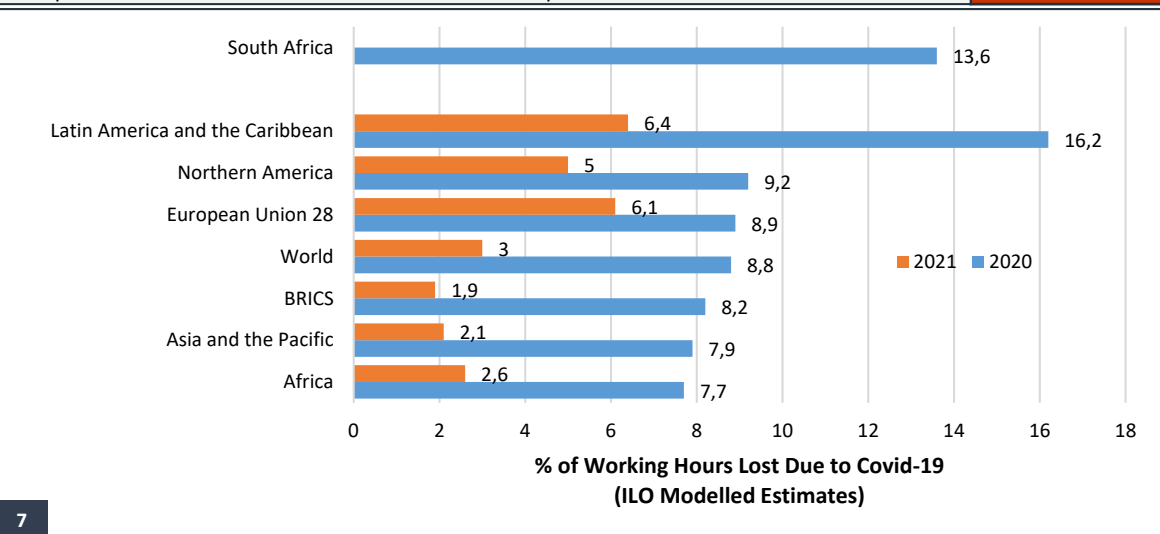
South Africa's employment continues to favour those above the age of 34, and males. The country lost a higher proportion of labour hours to the Covid-19 pandemic in 2020 than the average for most regions other than Latin America & the Caribbean.



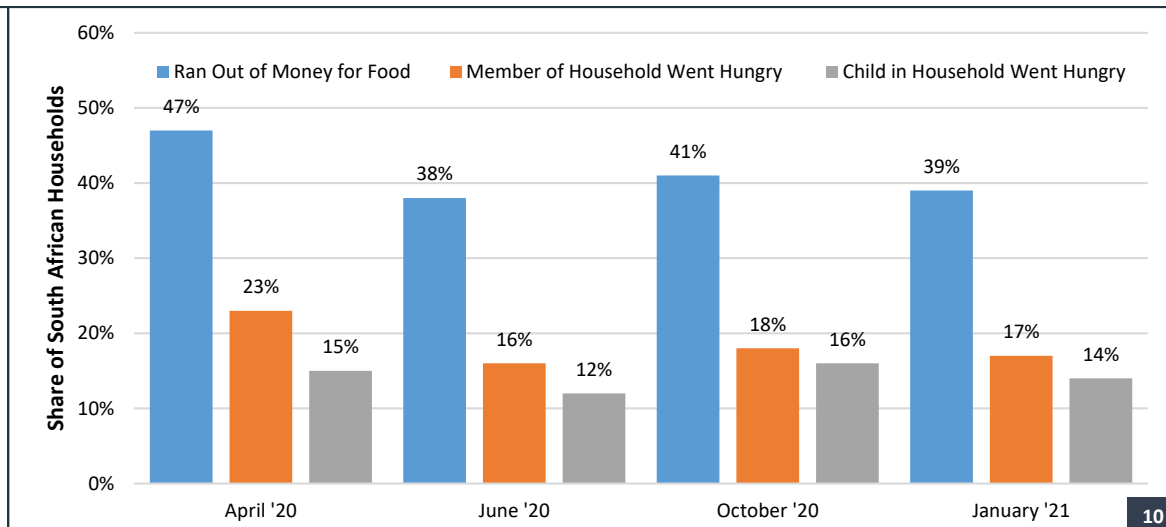
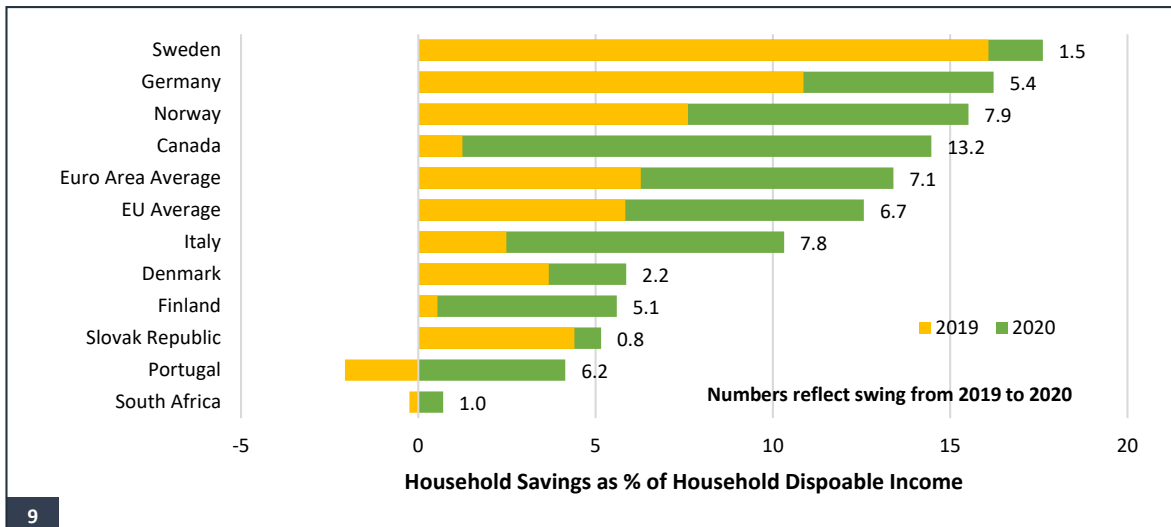
The share of total employment by people aged 15 to 24 dropped by 3.4% between 2010 and 2020, while those aged 25 to 34 declined by 3.5%. By comparison, the share of people aged 35 to 64 increased. South Africa lost more hours to the pandemic than the average for all regions except Latin America & the Caribbean. The World is expected to lose 3% of hours in 2021.

Employment

The unemployment rate for both males and females risen steadily since 2015, with female unemployment rates persistently higher than males. In 2020 45.6% of working age females who wanted work could not find employment.



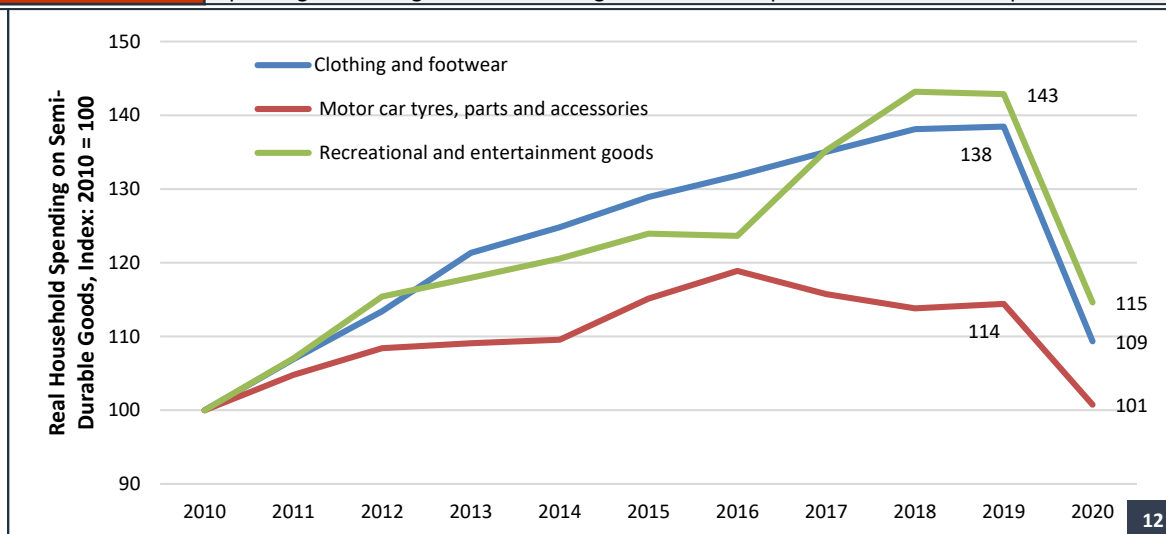
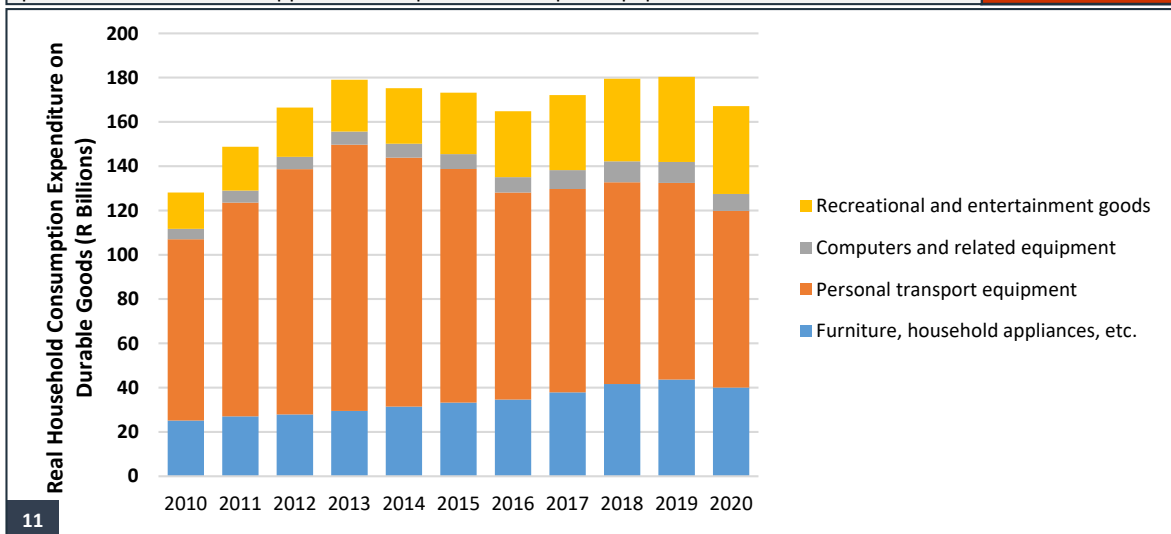
There were big increases in household savings rates in most countries during 2020 – due largely to proportionally larger cuts in spending than in incomes. Slightly fewer households ran out of money for food or had household members go hungry in early 2021.



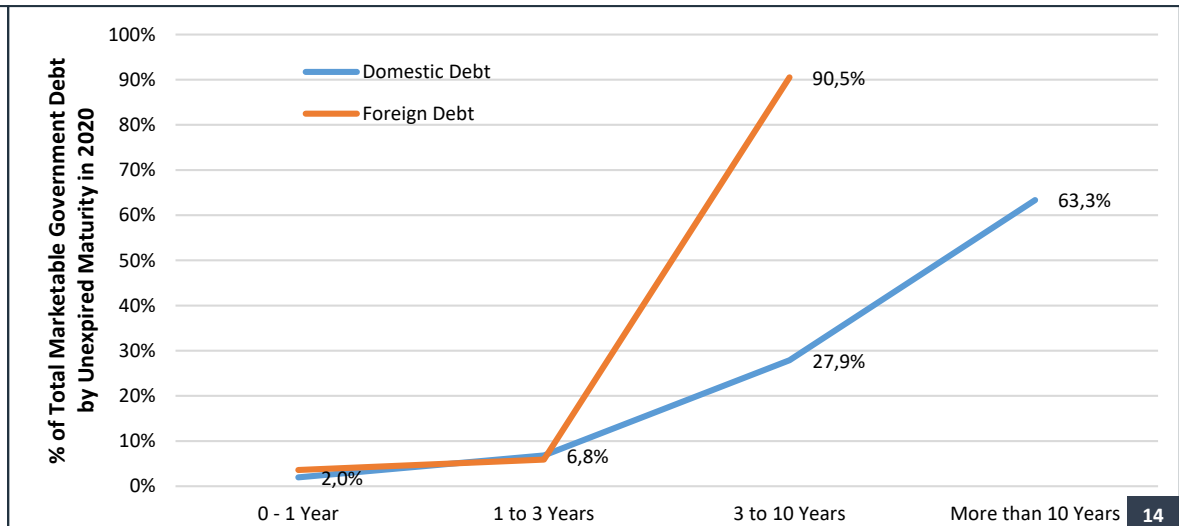
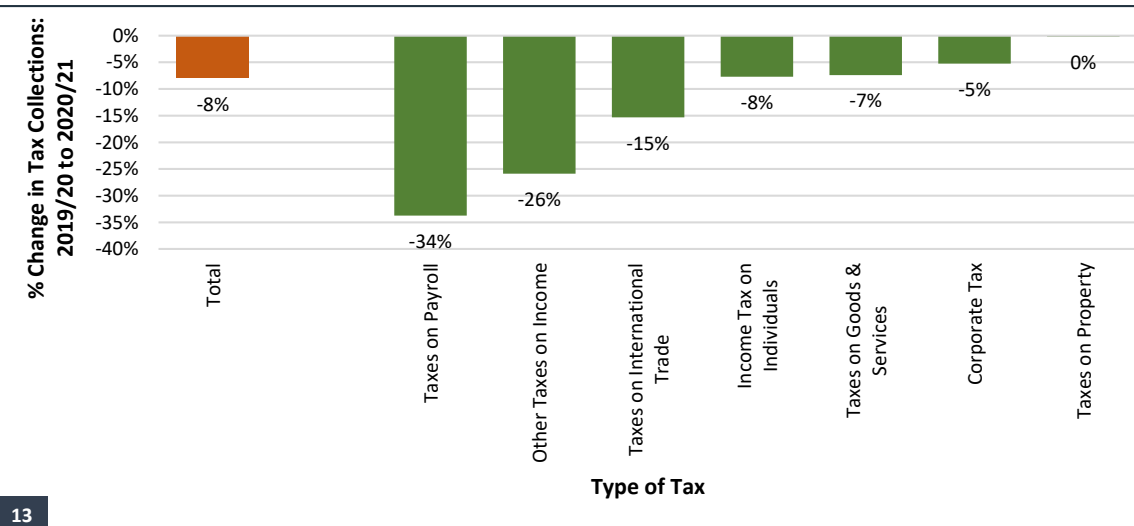
2020 saw a significant swing in household savings rates in every OECD country with comparable data available. South Africa still has a very low household savings rate when compared to other OECD members. The decline in real spending on durable goods was due mainly to falls in purchases of furniture & appliances and personal transport equipment.

Household Financial Position

The percentage of households that ran out of money for food at least once dropped to 39% in January 2021. The percentage of households where a child went hungry declined from 16% to 14%. The pandemic impacted consumer spending on semi-durable goods negatively. Cuts in spending on clothing and recreational goods were more pronounced than on car parts.



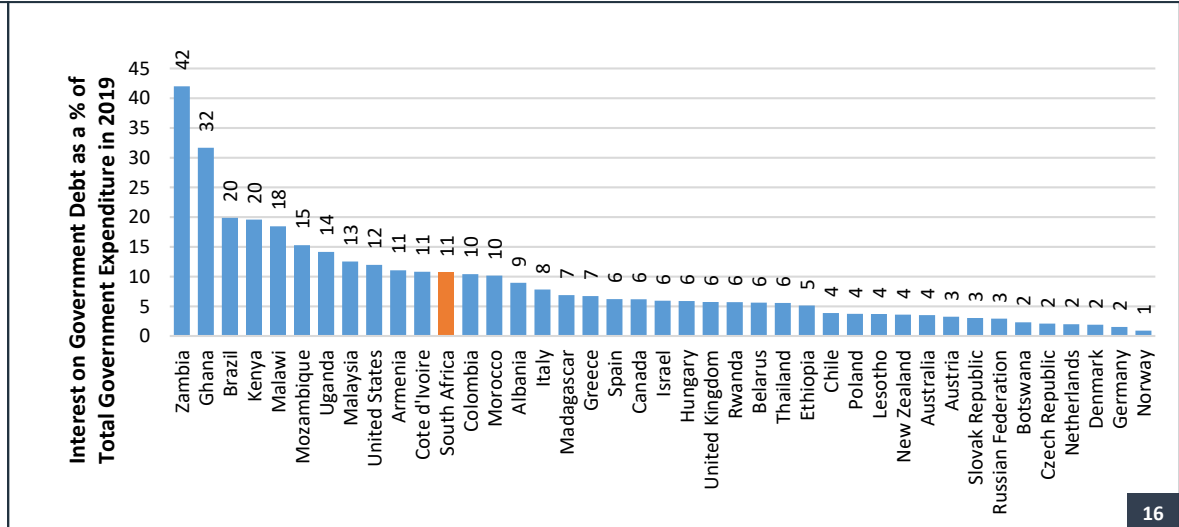
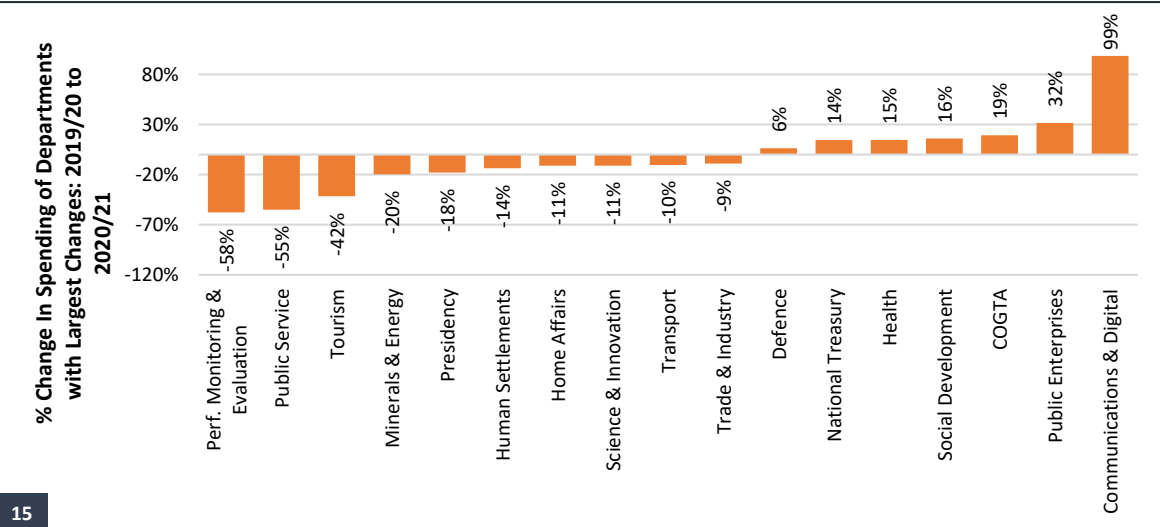
In the latest fiscal year, tax collections for most types of taxes - especially payroll taxes – declined. There also dramatic swings in spending by different government departments. Prior to Covid, interest costs on government debt were already comparatively high.



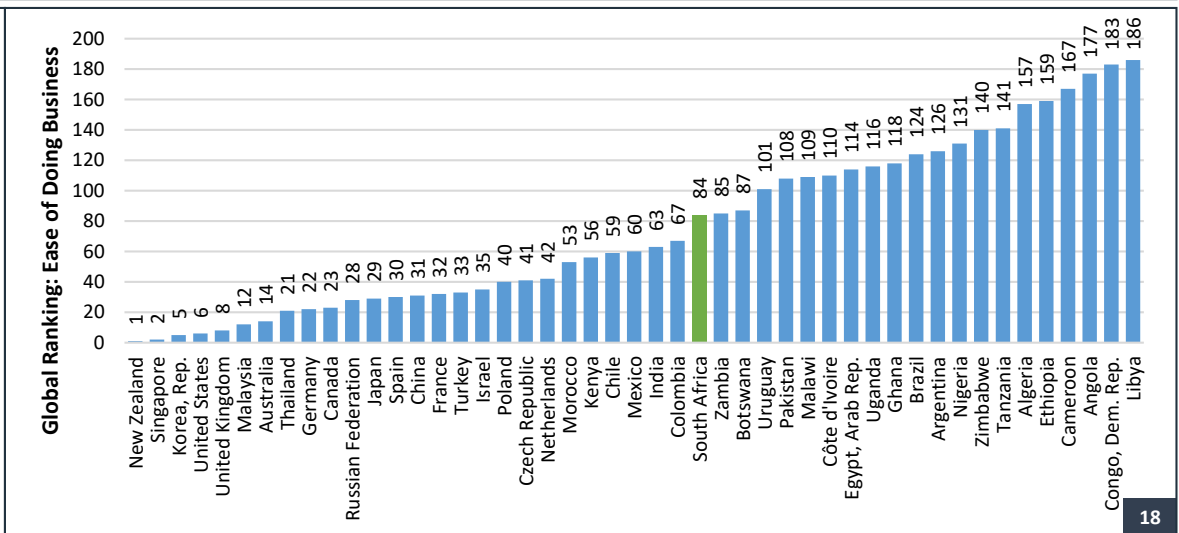
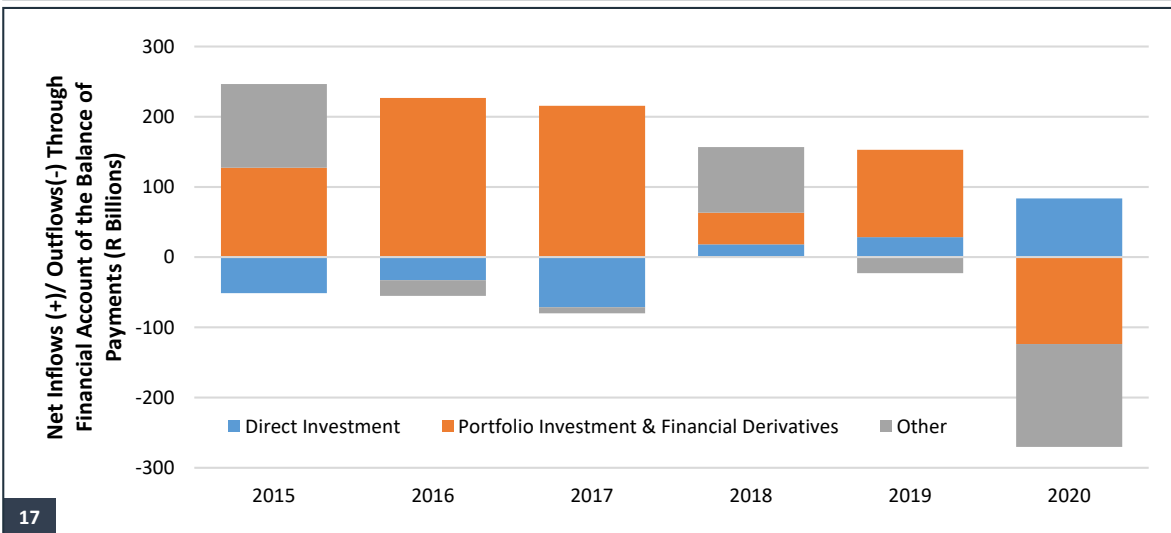
Payroll taxes and other taxes on income, profits experienced the largest declines in the past fiscal year, while taxes on goods and services and corporate taxes experienced decreases that were smaller than the average. The Dept. of Performance Monitoring & Evaluation saw the largest drop in spending, while Communications & Digital Technologies almost doubled.

Government Finances

Over 63% of marketable government debt at the end of 2020 had a term of 10 years or longer, while over 90% of foreign debt has a term to maturity of between 3 and 10 years. Prior to the Covid-19 pandemic, interest of government debt accounted for 11% of total expenditure – lower than the USA, Brazil and some other African countries but higher than many others.



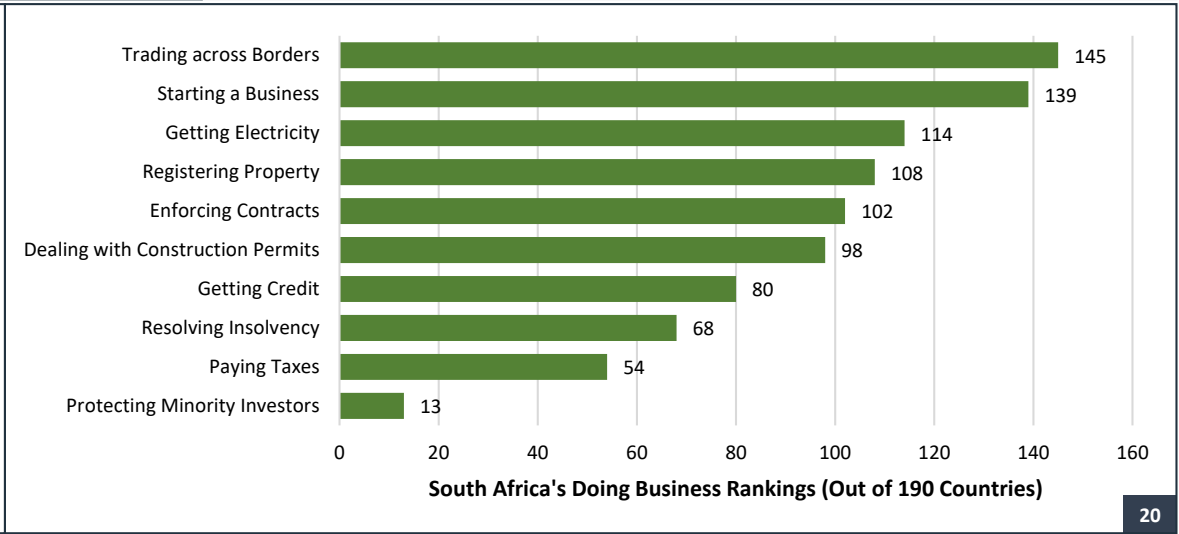
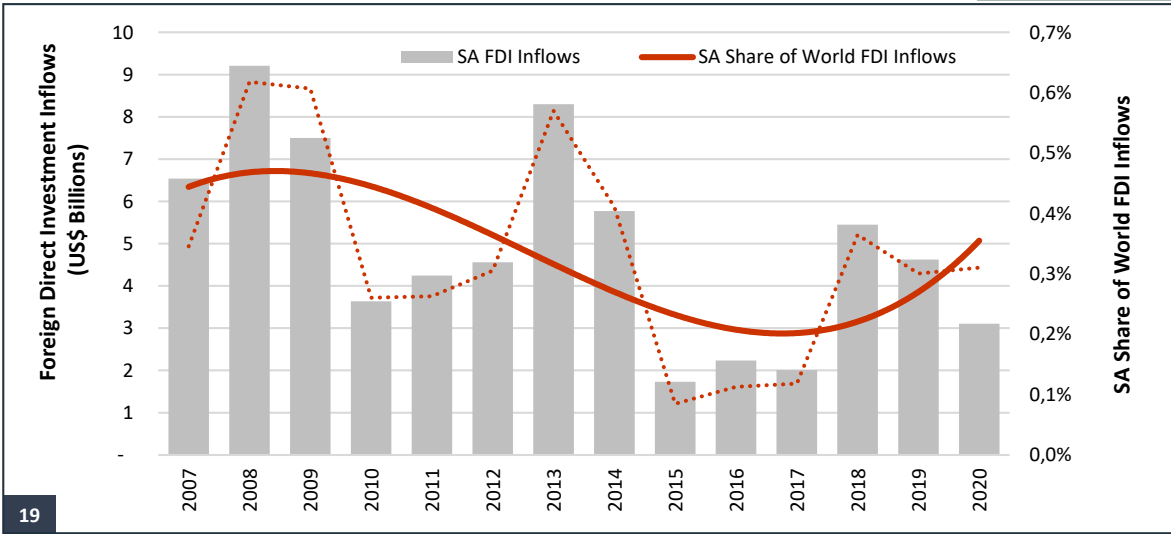
There were large swings in the composition of foreign capital flows in and out of South Africa in 2020. FDI inflows dropped globally but the country maintained its share, however it continues to rank poorly in many areas that impact the ease of doing business.



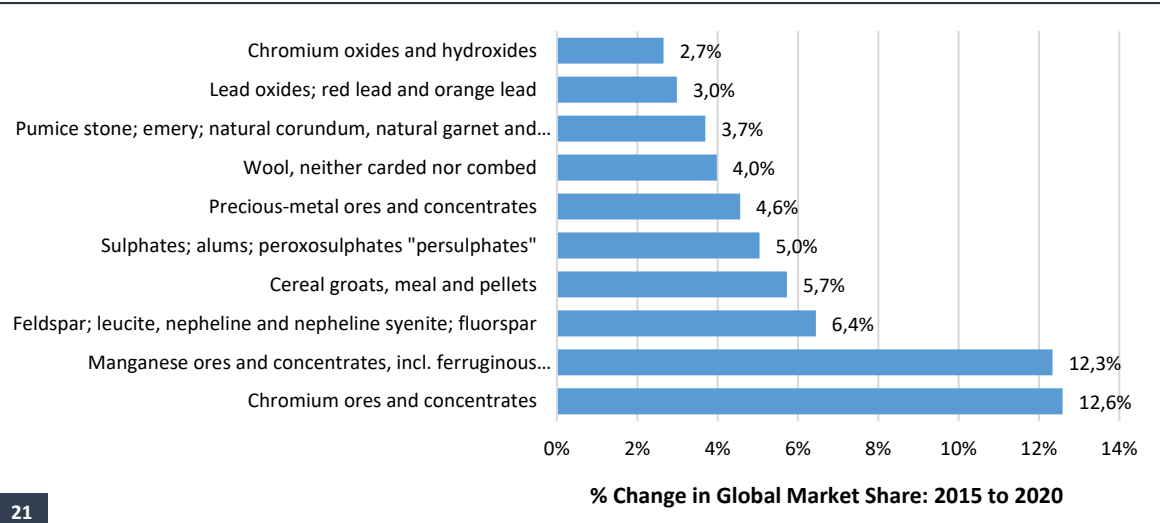
In 2020 there were significant net outflows of portfolio and other net foreign capital, while direct investment saw a net inflow of R84 billion. South Africa's share of world FDI inflows remained constant at 0.3% in 2020 which was half 2008's 0.6%. The value of FDI inflows dropped to US\$3.1 billion in 2020 - from US\$4.6 billion in 2019.

Investment

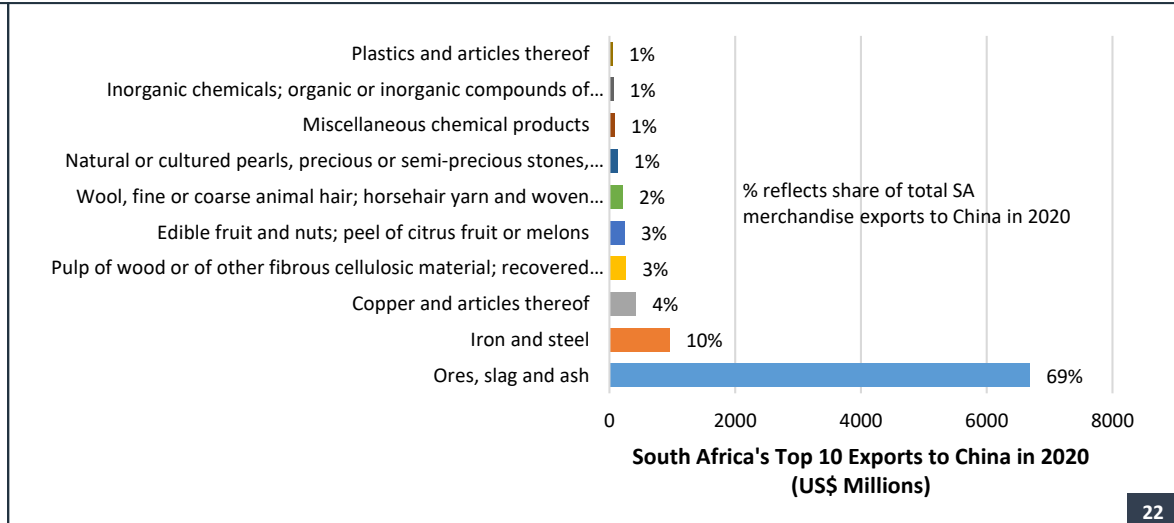
South Africa ranked 84th for ease of doing business – below all other BRICS members except for Brazil. The country ranked well for protecting minority investors, but did not score well in terms of most other elements – especially trading across borders, starting a business, getting electricity and registering property - with a rankings of 145, 139, 114 and 108 respectively.



South Africa's overall share of world merchandise trade grew in 2020, thanks in part to market share gains by a number of mineral and agricultural products. Exports to China – the country's biggest export market – are dominated by ore and other mineral exports.



21



22

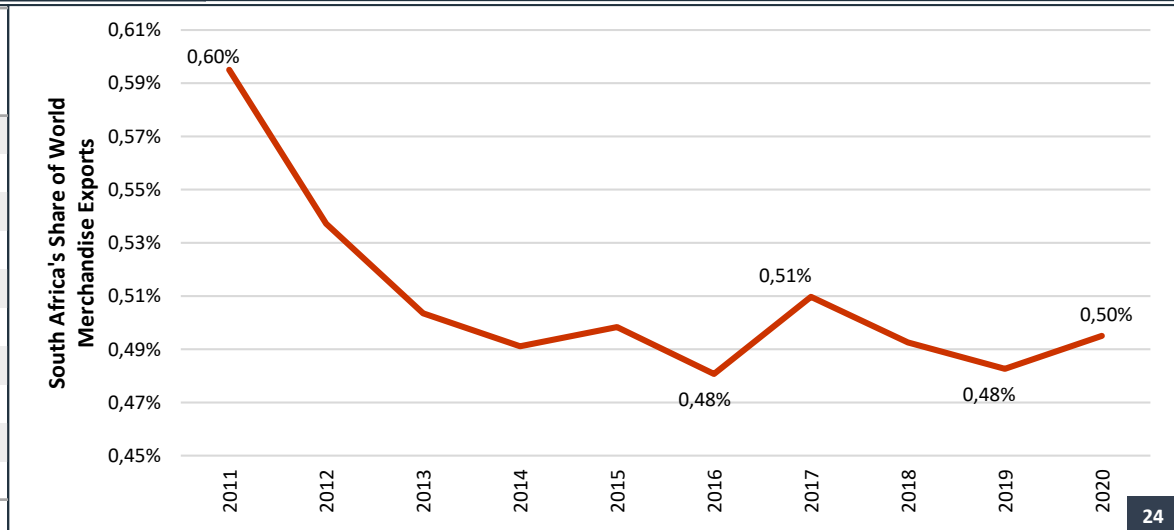
Chromium ores were one of a number of mineral export product categories that experienced relatively large gains in global market between 2015 and 2020. Other "gainers" include manganese ores, cereal groats, raw wool and lead oxides. Of the products targeted for localisation, poultry and sugar already have comparatively high average import tariffs.

International Trade

Ores, slag and ash exports accounted for almost 70% of South Africa's total merchandise exports to China in 2020 – with exports worth US\$6.7 billion. South Africa recovered some of its lost share of world merchandise exports in 2020, with an increase from 0.48% to 0.5%. However, this is still significantly below the 0.6% achieved in 2011 at the height of the commodity boom.

List of Products Identified for Localisation	Value of South African Imports in 2020 (US\$ Million)	Average Tariff Applied to Imports (%)
Poultry	324	24.3
Sugar	283	62.3
Edible Oils	674	7.5
Grains	544	3.3
Juice Concentrates	71	14.0
Dairy Products	174	7.4
Pharmaceuticals	2,377	0.0
Personal Protective Equipment	1,078	9.9
Ventilators	254	0.7
Other Medical Equipment	941	0.1

23

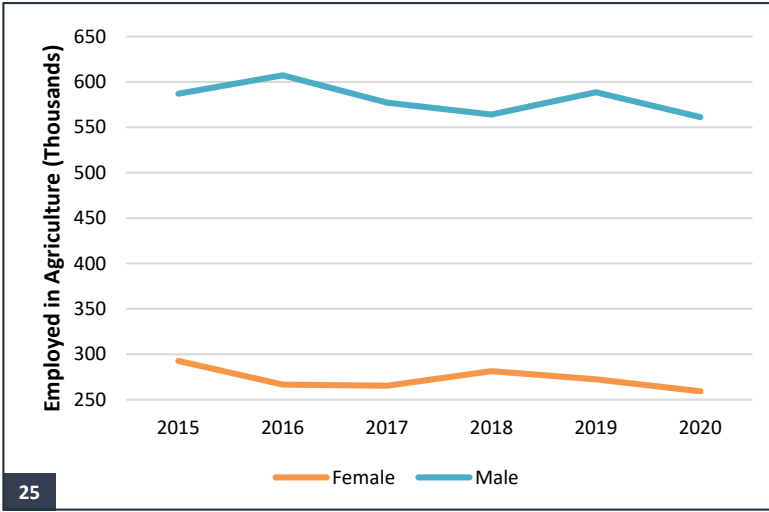


24

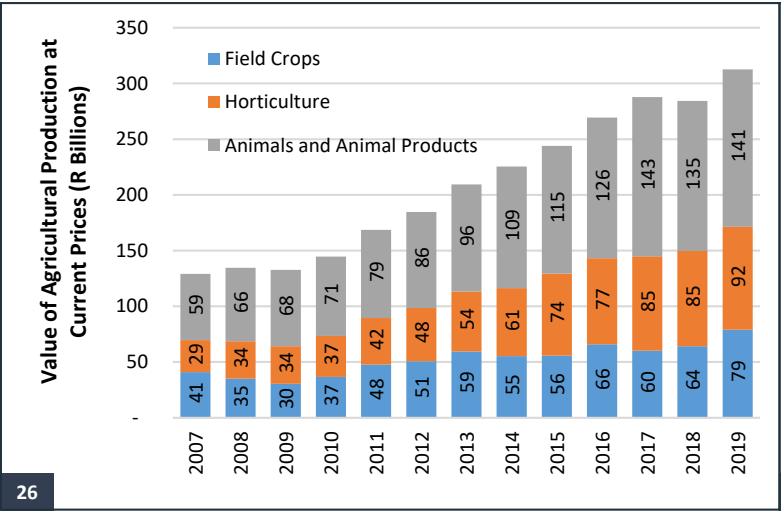


AGRICULTURE, FORESTRY & FISHING

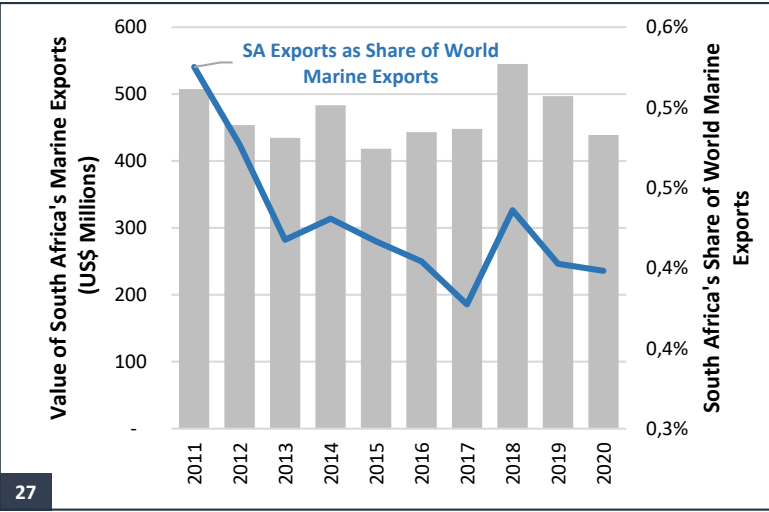
Males employed in agriculture outnumbered females by more than 300,000 in 2020. In 2019 production was dominated by animals and animal products – which accounted to 45% of total income. South Africa's share of world marine exports trended lower in 2020, declining in value from US\$497 million to US\$439 million.



25



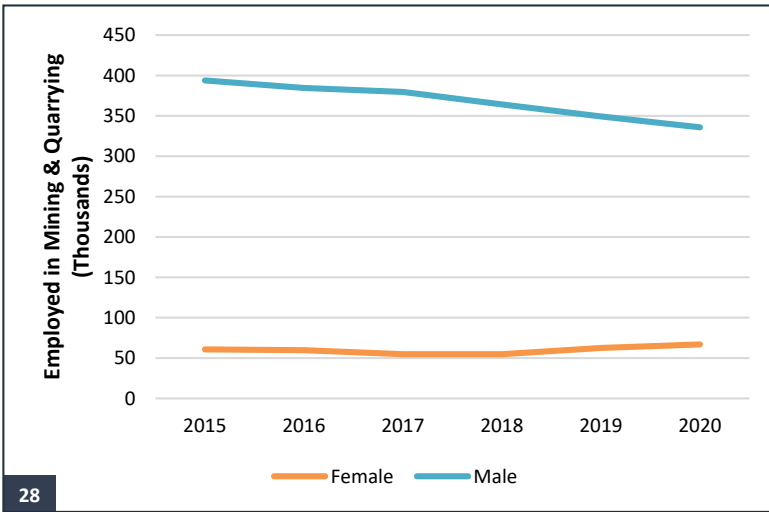
26



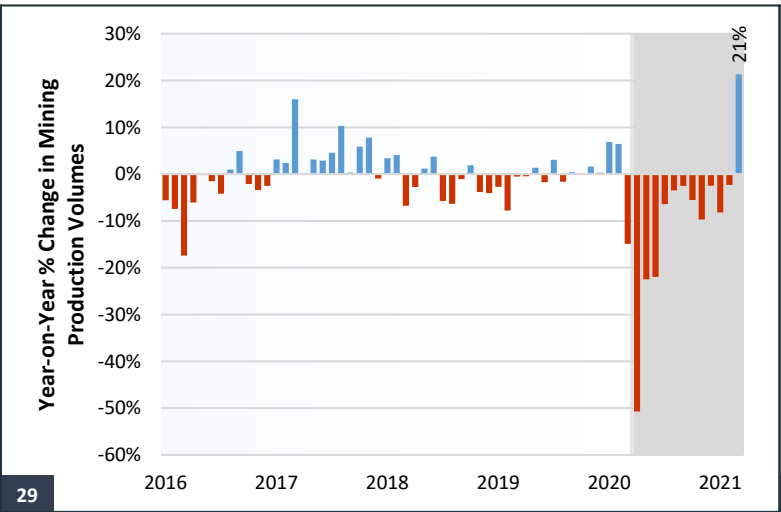
27

MINING & QUARRYING

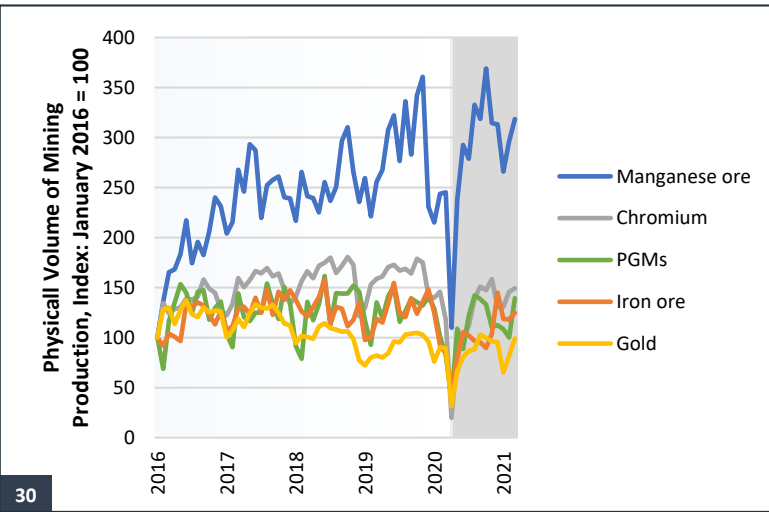
In 2020 there were five times more males employed in mining than females, but female employment increased while that of males dropped by 13,000. Mining production volumes rose by 21% in March 2020 when compared to a year earlier. Manganese ore has shown the largest increase in production volumes since 2016 – rising 218%.



28



29

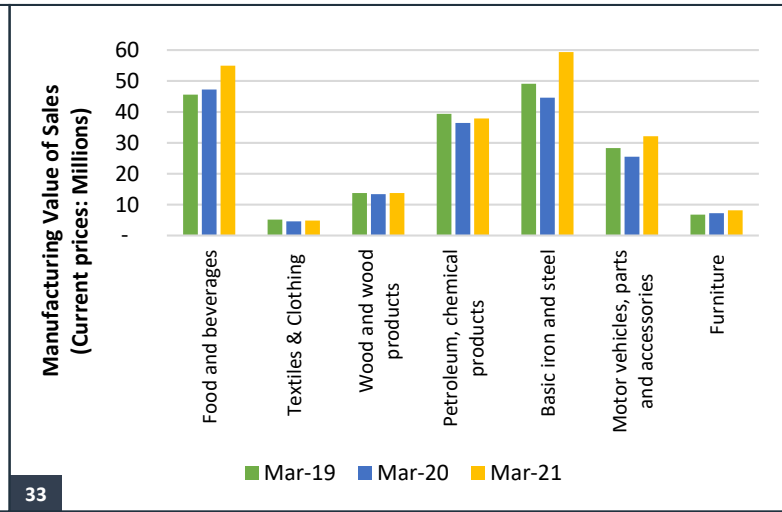
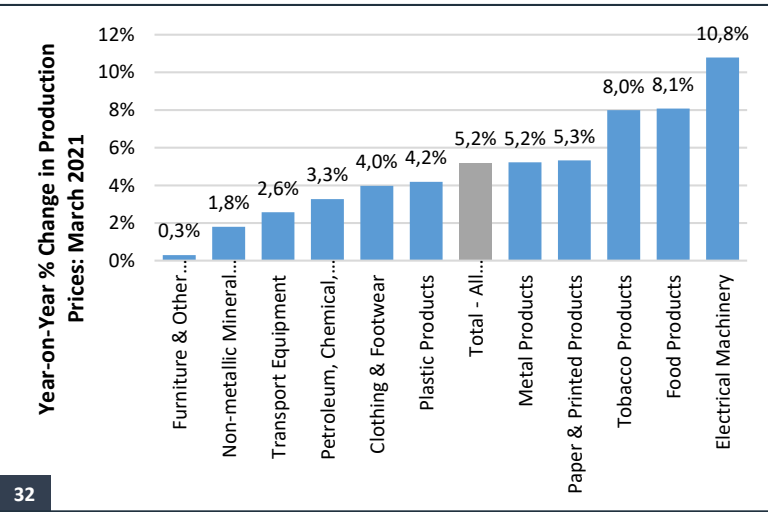
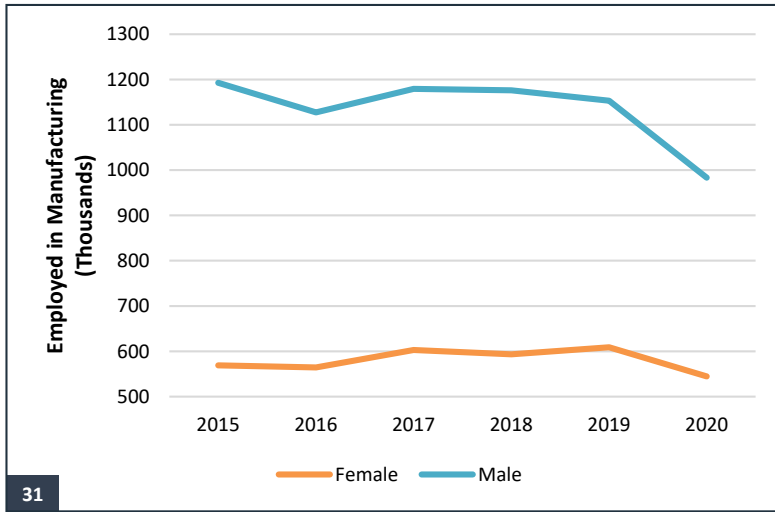


30



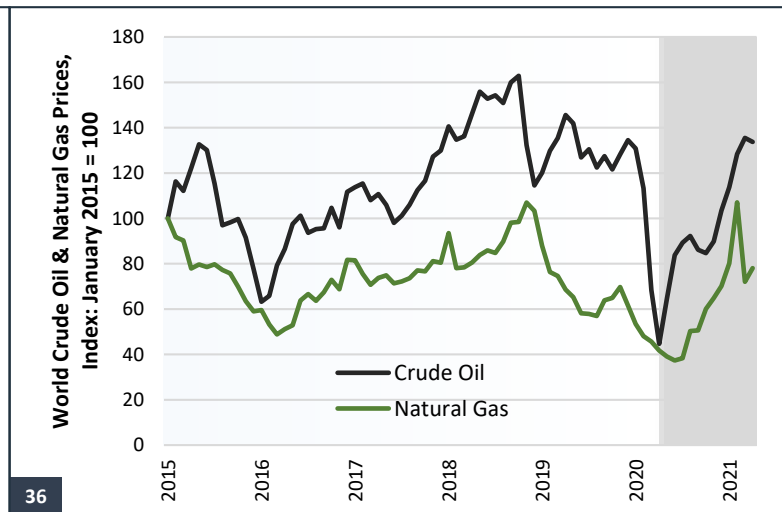
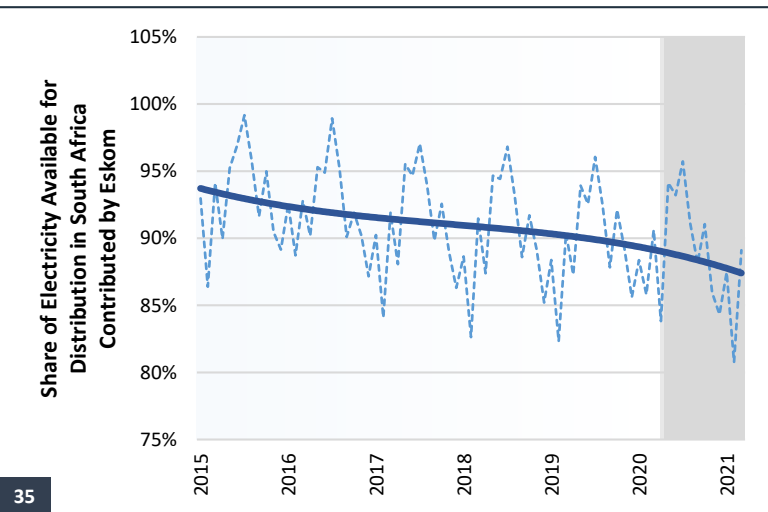
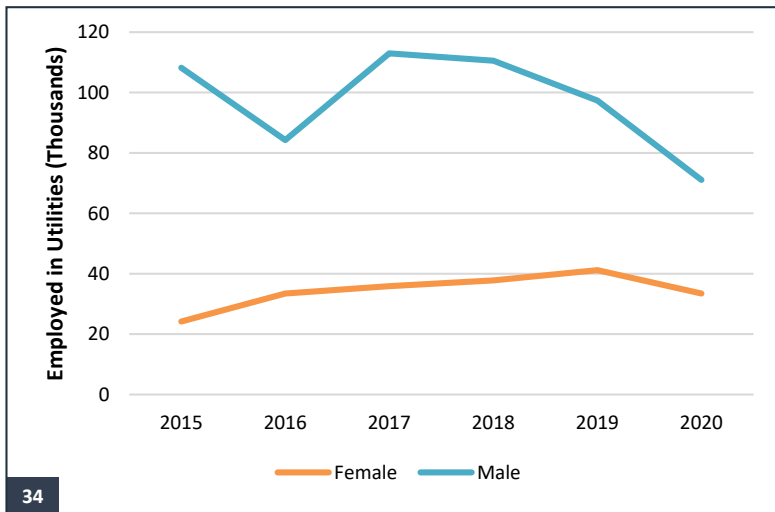
MANUFACTURING

Although far fewer females were employed in manufacturing they experienced less of a decline in 2020 than their male counterparts. Increases in the production costs of food and electrical equipment are putting upwards pressure on producer inflation, but there were strong increases in sales of basic iron and steel and food products.



ELECTRICITY, GAS & WATER

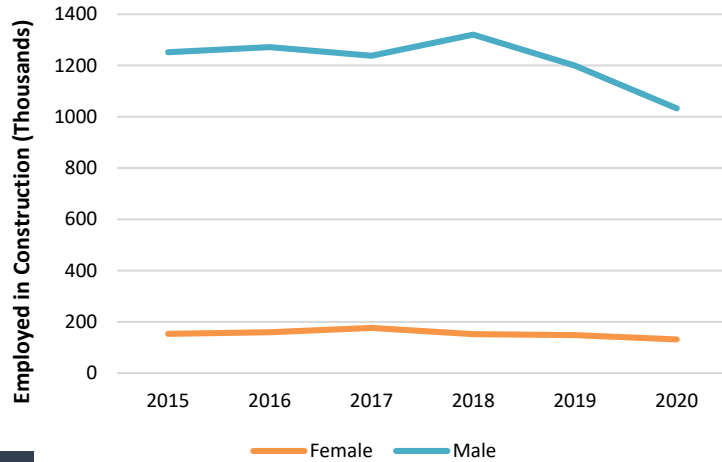
The gender gap in employment in utilities has narrowed significantly in recent years. Although seasonally-volatile, the contribution of Eskom to total electricity available for distribution in South Africa has trended to below 93%. The gap between world crude prices and natural gas prices narrowed slightly in April 2020.



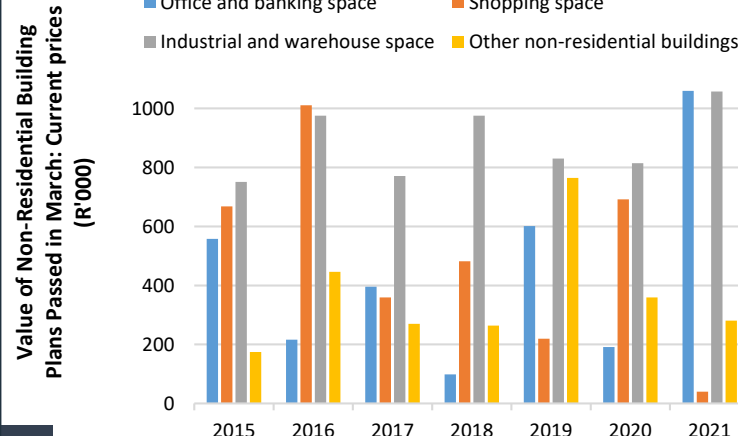


CONSTRUCTION

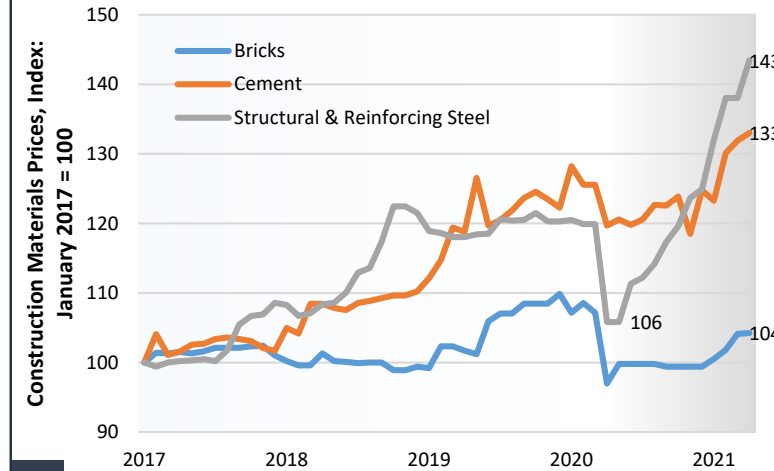
There were nearly 8 times more men employed in construction than women in 2020, but the gap narrowed in recent years. Plans passed for new office and banking space increased sharply in March 2021 relative to a year earlier, while shopping space crashed. The price of structural steel increased by 35% since the start of Covid.



37



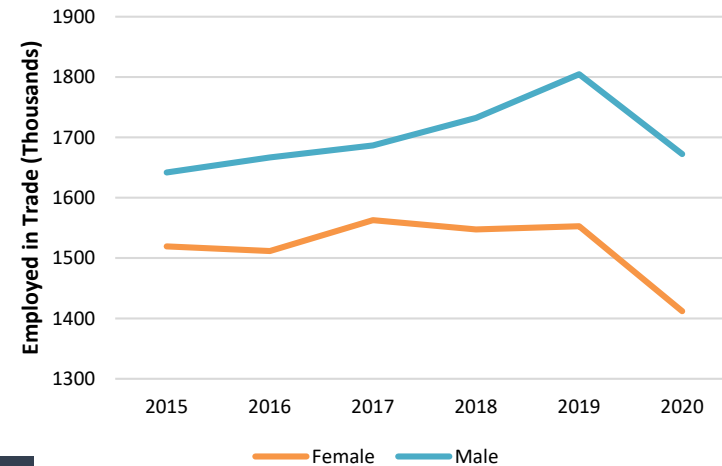
38



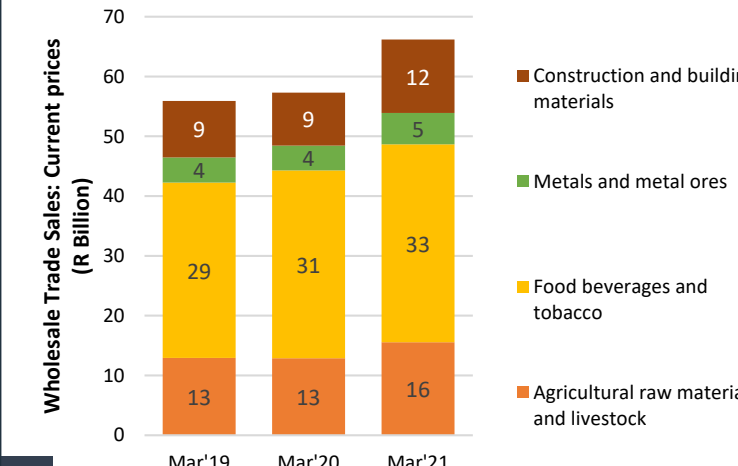
39

TRADE, CATERING & ACCOMMODATION

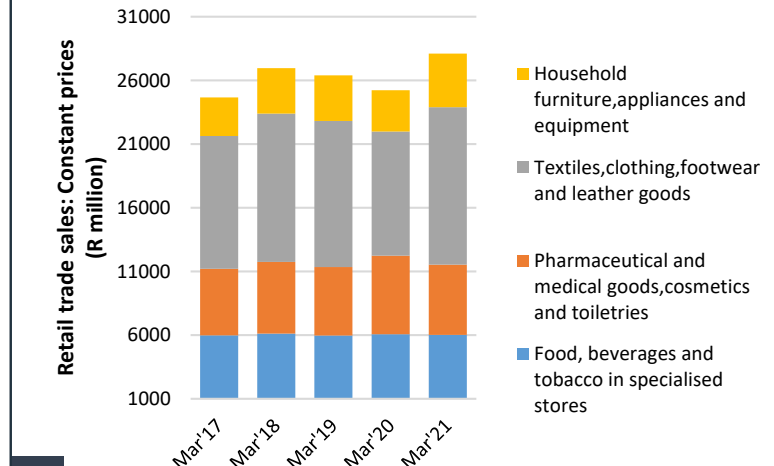
There were 260,000 more males employed in the trade sector than females in 2020, with both genders experiencing similar declines. Wholesale trade improved in March 2021 – due largely to increased food, beverages & tobacco sales. Retail sales also increased - thanks mainly to higher textile, clothing and footwear sales.



40



41

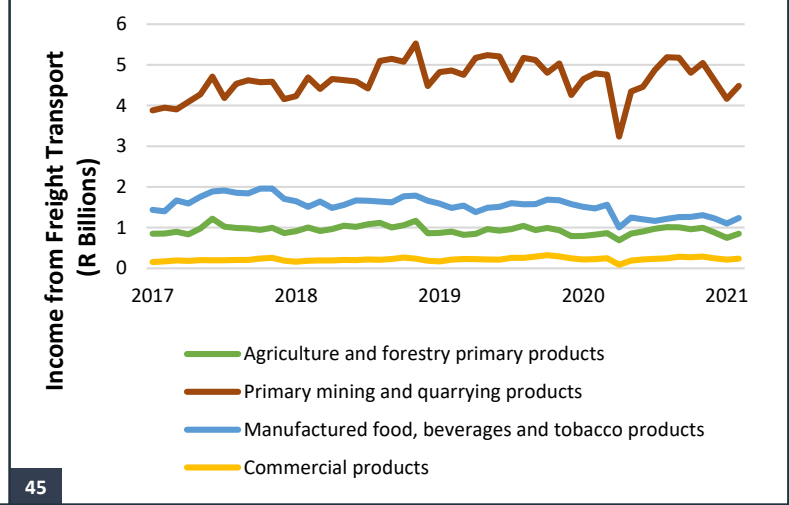
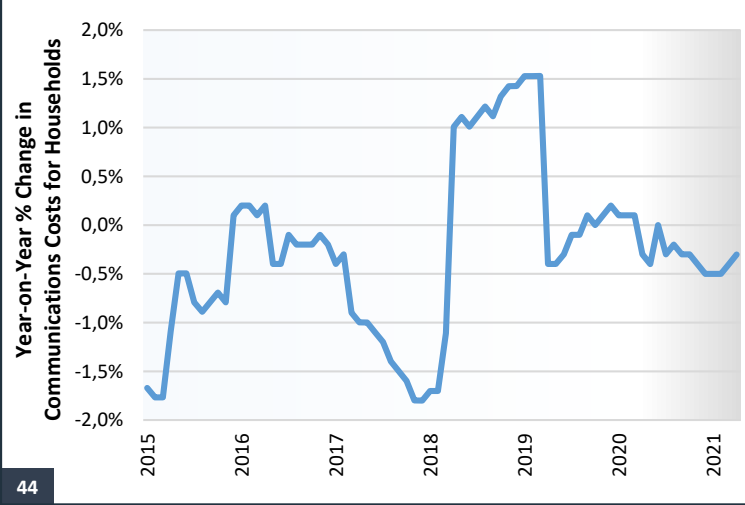
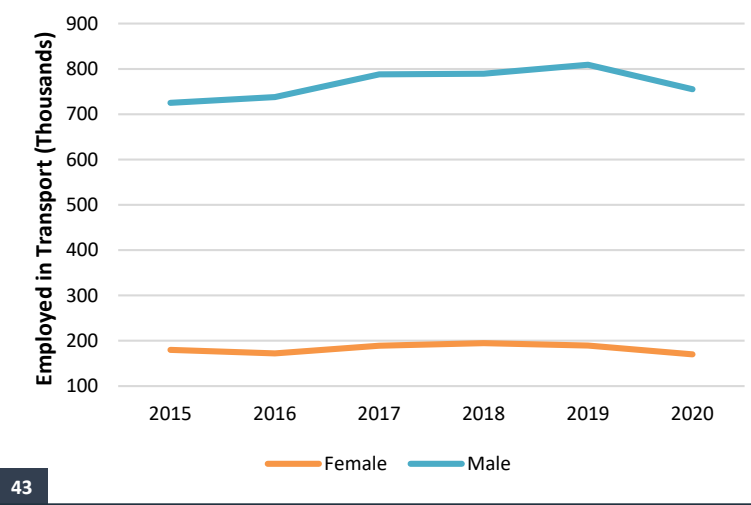


42



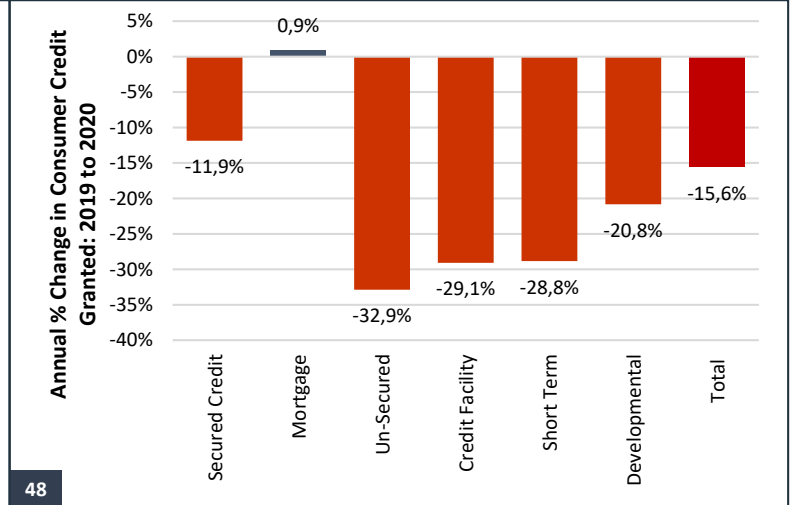
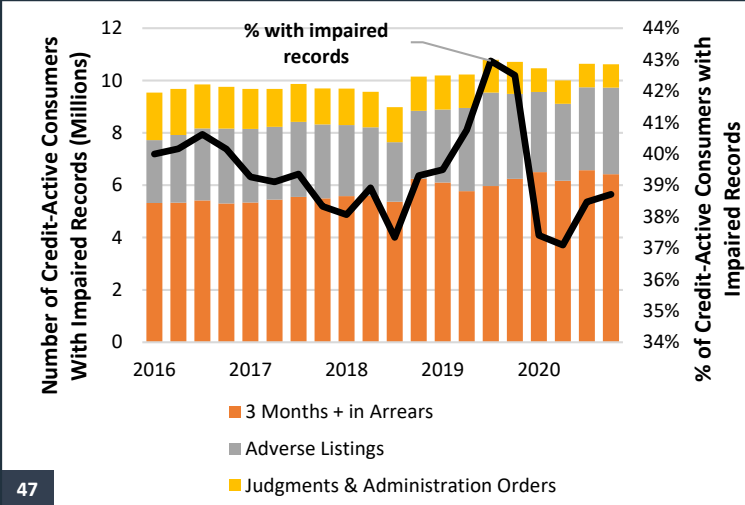
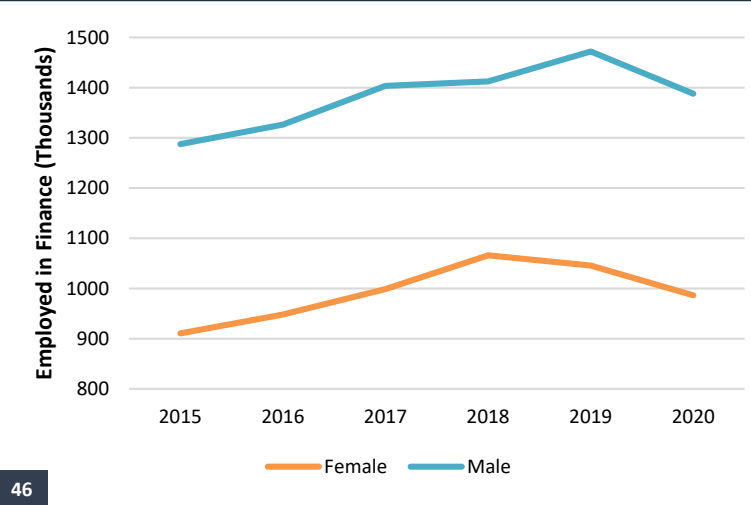
TRANSPORT, STORAGE & COMMUNICATION

In 2020, 54,000 and 19,000 jobs were shed for males and females respectively. Communication costs have trended lower in recent years and declined by 0.3% year-on-year in March 2021. Freight transport income is dominated by primary mining products, with much smaller values derived from commercial and agricultural products.



FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES

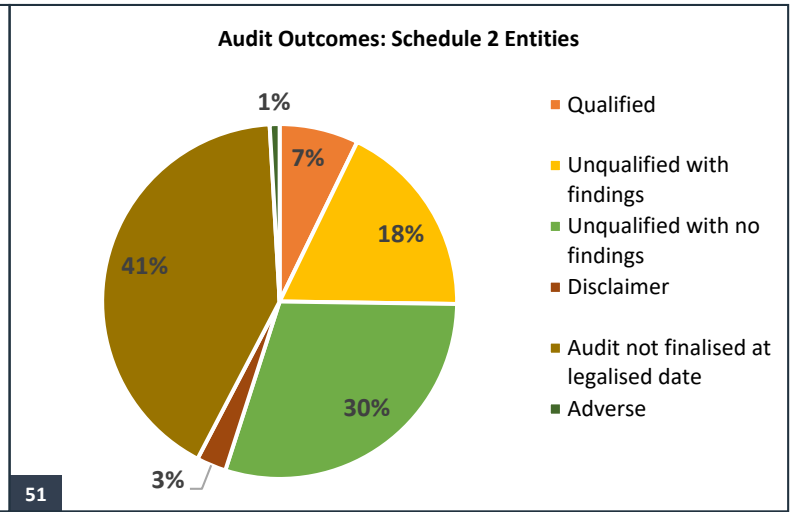
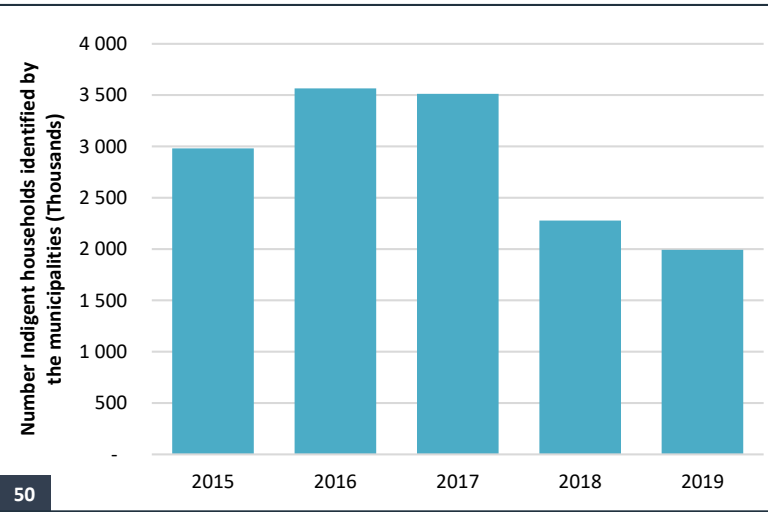
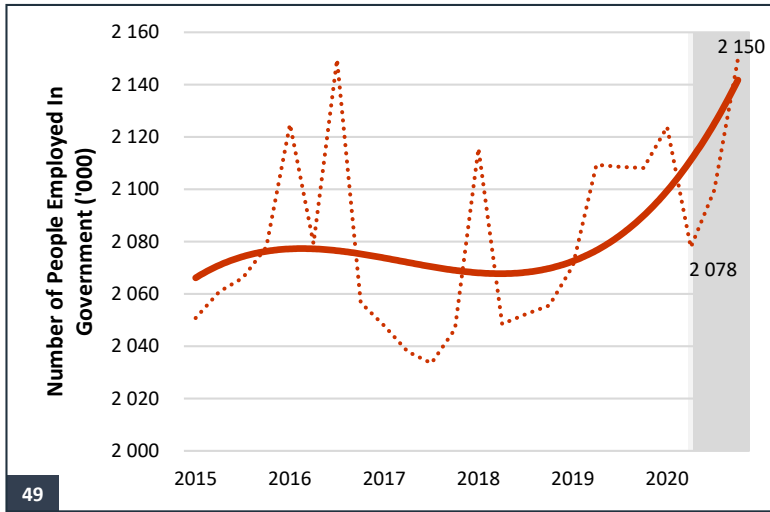
Both male and female jobs were shed in 2020, however there are 401,000 more males than females in the finance sector. The number of consumers with impaired credit records remained flat in the second half of 2020, but the overall share ticked up to 39%. All types of credit extension other than mortgages decreased in 2020.





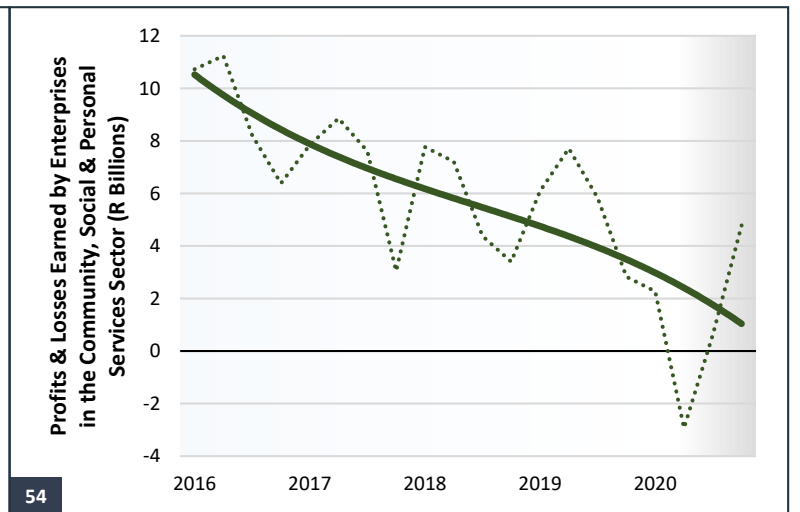
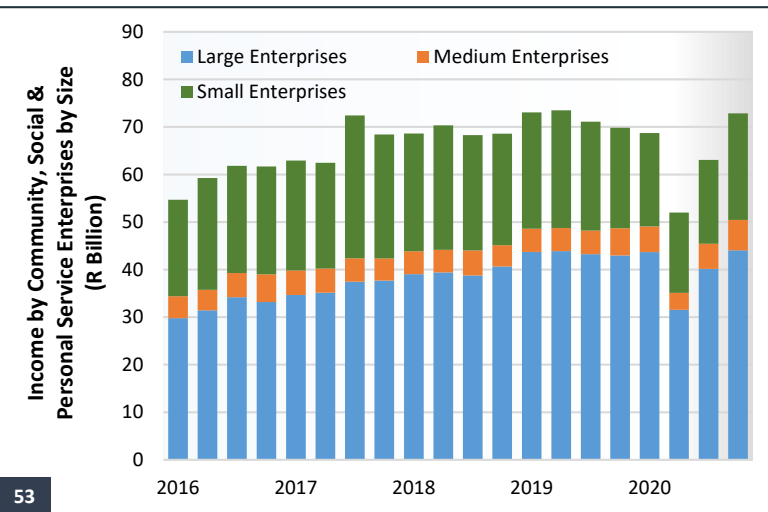
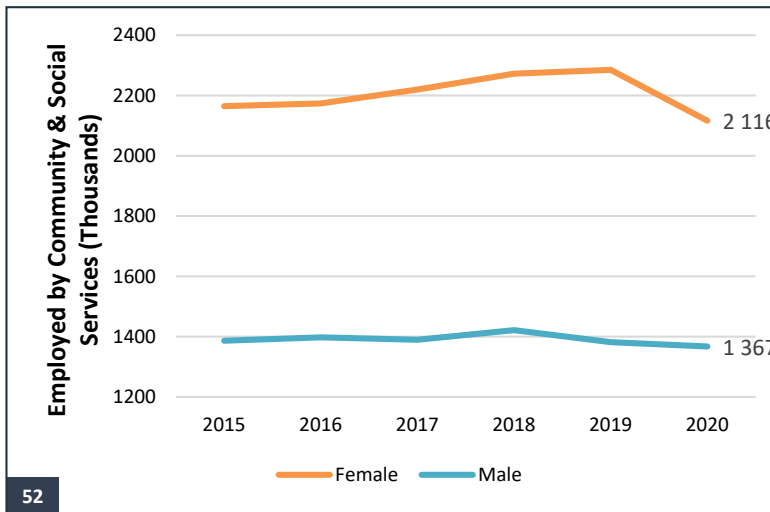
GENERAL GOVERNMENT

Total employment in the government sector increased by almost 72,000 in the second half of 2020 to end the year at 2.15 million. The number of households identified as indigent dropped from over 3.5 million in 2017 to under 2 million in 2019. Over 70% of Schedule 2 entities had adverse findings or had not finalised audits as required.



COMMUNITY, SOCIAL & PERSONAL SERVICES

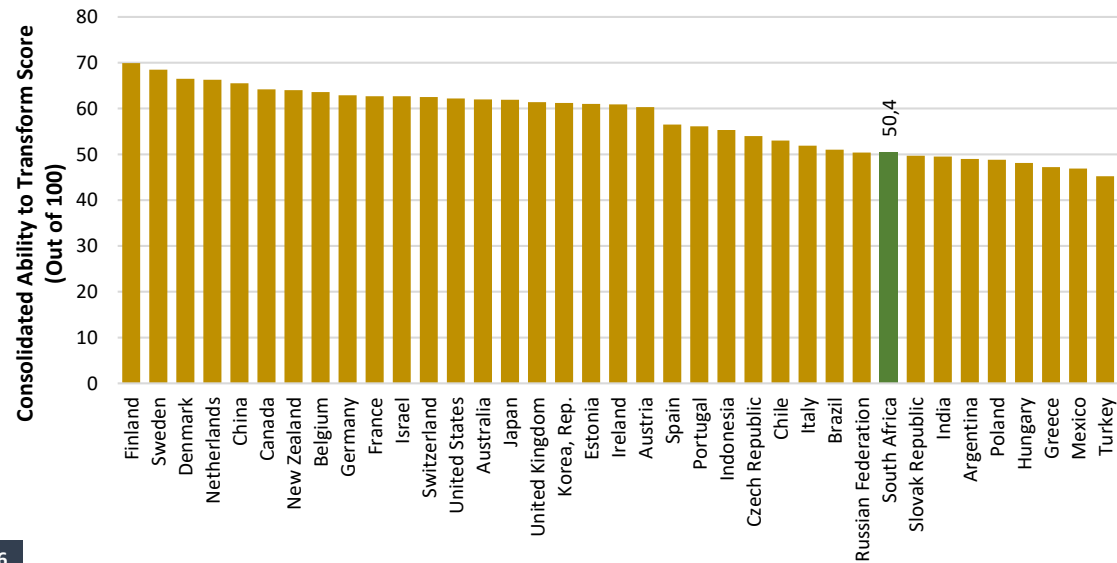
Community, social and personal services has around 750,000 more females employed than males. The income earned by community, social & personal services enterprises picked up strongly in the second half of 2020 – due largely to a better performance from large firms. While profits kicked up, the long-term trend was still down.



Global Competitiveness Report 2020: South Africa has much to do to enhance its resilience and capacity to transform so that it can survive the disruption that will be caused by the 4th Industrial Revolution and take advantage of new opportunities

Description	Ensure public institutions embed strong governance principles and a long-term vision and build trust by serving their citizens	Upgrade infrastructure to accelerate the energy transition and broaden access to electricity and ICT	Shift to more progressive taxation, rethinking how corporations, wealth and labour are taxed, nationally and in an international cooperative framework	Update education curricula and expand investment in the skills needed for jobs and "markets of tomorrow"	Rethink labour laws and social protection for the new economy and the new needs of the workforce	Expand eldercare, childcare and healthcare infrastructure access and innovation for the benefit of people and the economy	Increase incentives to direct financial resources towards long-term investments, strengthen stability and expand inclusion	Rethink competition and anti-trust frameworks needed in the Fourth Industrial Revolution, ensuring market access, both locally and internationally	Facilitate the creation of "markets of tomorrow", especially in areas that require public-private collaboration	Incentivize and expand patient investments in research, innovation and invention that can create new "markets of tomorrow"	Incentivize firms to embrace diversity, equity and inclusion to enhance creativity
South Africa's Score (/100)	53.9	63.8	65.2	42.6	42.9	n/a	48.6	58.3	35.6	31.7	61.5
South Africa's Rank (/37)	26	35	1	31	36	n/a	35	28	35	32	19
Average World Score	60.0	78.7	50.0	55.3	61.4	47.8	69.2	62.0	45.1	41.6	62.2
Best Country Score	78.5	99.7	65.2	75.3	77.0	75.9	95.4	77.6	59.5	57.3	79.2
South Africa's Distance to Frontier	24.6	35.9	0.0	32.7	34.1	n/a	46.8	19.3	23.9	25.6	17.7

55



56

The World Economic Forum's Global Competitiveness Report 2020 adopts a new approach and focuses on the ability of economies to transform in ways that meet the needs of the 4th Industrial Revolution. Only 37 countries were evaluated according to 11 categories - with South Africa ranked 29th overall. South Africa leads the rankings in terms of its willingness to shift to a more progressive tax system and to re-think how corporations, wealth and labour are taxed. The country also does reasonably well in relation to the incentives for firms to embrace diversity, equity and inclusion and to enhance creativity, but fares comparatively poorly in the remaining categories. It is furthest from the "frontier" in the category relating to increased incentives to direct financial resources towards long-term investments, enhanced stability and greater inclusion, and has a long way to go to lead the world in infrastructure that accelerates the energy transition and broadens access to electricity and ICT. South Africa ranks second last in terms of its willingness to rethink labour laws and social protection for the new economy and the needs of the workforce. This requirement is in recognition of the expected growth in the "gig" economy and less permanent employment arrangements. Policymakers also need to give priority to updating the education curriculum and expanding investment in the skills needed for jobs and "markets of tomorrow", and to partner with the private sector to facilitate the creation and growth of such markets. South Africa has a below-average score in relation to ensuring strong governance is embedded in public institutions and that they build society's trust.

Data sources used in this document

Section A

Graph	Source of data
1	International Monetary Fund World Economic Outlook, April 2021
2	International Monetary Fund World Economic Outlook, April 2021
3	Statistics South Africa GDP (P0441)
4	Statistics South Africa GDP (P0441)
5	Statistics South Africa QLFS (P0211)
6	Commission for Conciliation, Mediation & Arbitration
7	International Labour Organisation
8	Statistics South Africa QLFS (P0211)
9	OECD
10	NID-CRAMS Survey, Wave 4
11	South African Reserve Bank Quarterly Bulletin, March 2021
12	South African Reserve Bank Quarterly Bulletin, March 2021
13	National Treasury, National Revenue Account
14	South African Reserve Bank Quarterly Bulletin, March 2021
15	National Treasury, National Revenue Account
16	World Bank World Development Indicators
17	South African Reserve Bank Quarterly Bulletin, March 2021
18	World Bank Doing Business Rankings 2021
19	UNCTAD 2021
20	World Bank Doing Business Rankings, 2021
21	TradeMap.org, using UN Comtrade Data
22	TradeMap.org, using UN Comtrade Data
23	TradeMap.org, using UN Comtrade Data
24	TradeMap.org, using UN Comtrade Data

Section B

Graph	Source of data
25	Statistics South Africa QLFS (P0211)
26	DALRRD, Abstract of Agricultural Statistics 2021
27	TradeMap.org, using UN Comtrade Data
28	Statistics South Africa QLFS (P0211)
29	Statistics South Africa Mining Production & Sales (P2041)
30	Statistics South Africa Mining Production & Sales (P2041)
31	Statistics South Africa QLFS (P0211)
32	Statistics South Africa PPI Final Manufacturing (P0142.1)
33	Statistics South Africa Manufacturing Production & Sales (P3041.2)
34	Statistics South Africa QLFS (P0211)
35	Statistics South Africa Electricity Generated (P4141)
36	World Bank Commodity Prices May 2021
37	Statistics South Africa QLFS (P0211)
38	Statistics South Africa Building Plans Passed (P5041.1)
39	Statistics South Africa Construction Materials Price Indices (P0151.1)
40	Statistics South Africa QLFS (P0211)
41	Statistics South Africa Wholesale Trade Sales (P6141.2)
42	Statistics South Africa Retail Trade Sales(P6242.1)
43	Statistics South Africa QLFS (P0211)
44	Statistics South Africa CPI (P0141)
45	Statistics South Africa Land transport survey (P7162)
46	Statistics South Africa QLFS (P0211)
47	National Credit Regulator, Credit Bureau Monitor
48	National Credit Regulator, Consumer Credit Market Report

Section B (continued)

Graph / Table	Source of data
49	Statistics South Africa QES (P0277)
50	Statistics South Africa Non-financial Census of Municipalities (P9115)
51	Auditor General Report
52	Statistics South Africa QLFS (P0211)
53	Statistics South Africa Quarterly Financial Statistics (P0044)
54	Statistics South Africa Quarterly Financial Statistics (P0044)

Section C

Graph	Source of data
55	World Economic Forum Global Competitiveness Report, 2020
56	World Economic Forum Global Competitiveness Report, 2020

Economic and Employment Indicators and Trends in South Africa

Issue # 05 (May 2021)

Purpose of this Report

This report has been prepared in support of the NEDLAC Social Partners' Economic Recovery Action Plan.

The report provides a snapshot of key macro-economic and employment trends based on official statistics and other relevant sources of data.

Disclaimer

This document was independently prepared by RebelGroup. The opinions and recommendations expressed in this document represent the independent views of RebelGroup, and are not necessarily the views of NEDLAC or its Social Partners.

While every care has been taken to ensure the accuracy and completeness of this document, no liability will be accepted by RebelGroup and NEDLAC for any loss incurred by any person or entity acting or failing to act as a result of the contents and opinions expressed in this document.

The facts, estimates and opinions are taken from sources believed to be reliable but which we cannot guarantee.

National Economic Development and Labour Council



 14A Jellicoe Avenue, Rosebank, Johannesburg

 +27 11 328 4200

 sharna@nedlac.org.za

 www.nedlac.org.za

REBEL

 158 Jan Smuts Avenue, Rosebank, Johannesburg

 +27 11 591 1232

 adminsa@rebelgroup.com

 www.rebelgroup.com

Image Credits: Cover image adapted from the following sources - Wines of South Africa; Brand South; East African Business; Travel News; BusinessLIVE *