

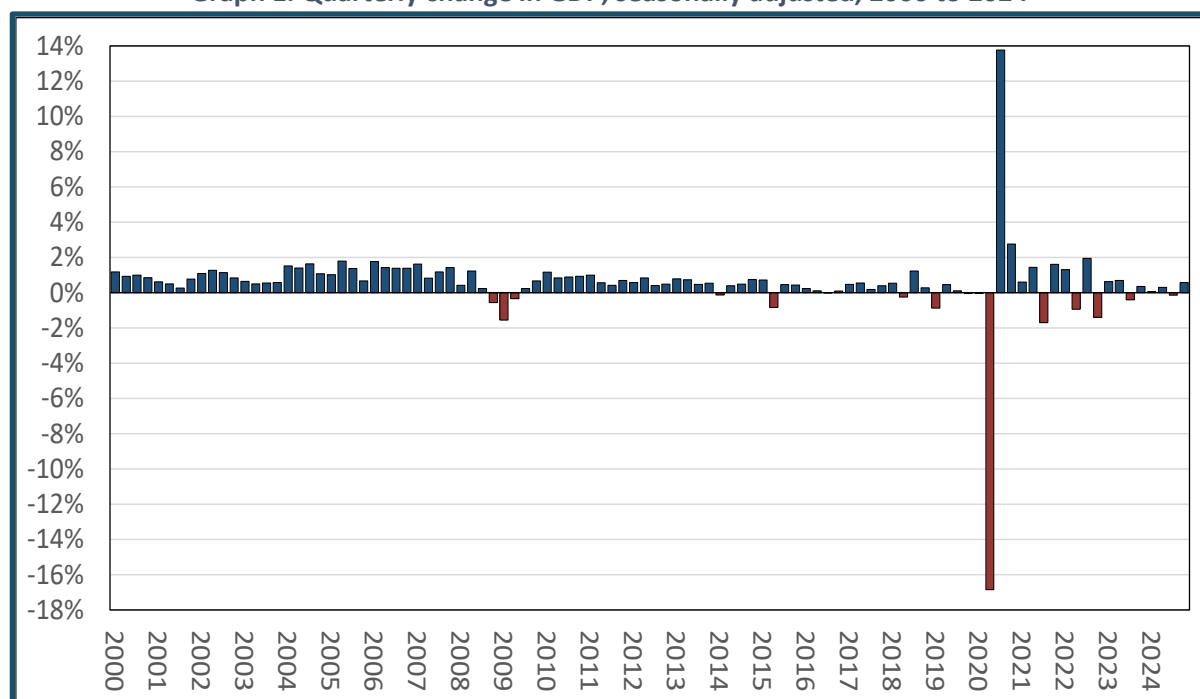
GDP growth

The non-agricultural GDP grew by 0.2% in the last quarter of 2024. Every sector shrank, however, except business services, trade and agriculture. The slowdown in the past two years is associated with a sharp fall in world mining prices, affecting South Africa's main exports. Surprising growth in agricultural value add pushed total GDP growth up to 0.6% for the quarter and for 2024 as a whole. Within manufacturing, results varied substantially by industry.

GDP growth, including agriculture, came in at 0.6% for the third to the fourth quarter of 2024. As Graph 1 shows, this low rate – around half of population growth – continued a slowdown over the past two years. In 2023 and 2024, annual growth averaged 0.6%. In contrast, during the pandemic recovery from 2021 to 2022, the GDP grew an average of 3.6% a year, although with substantial volatility in quarter-on-quarter terms.

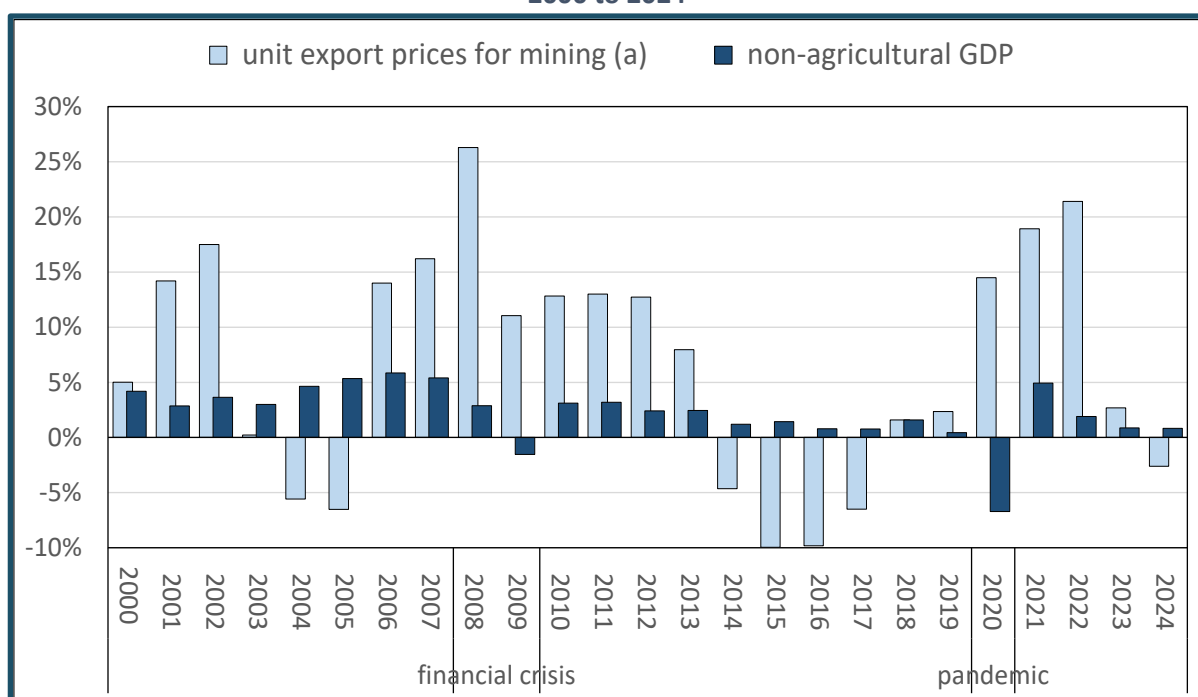
The most important structural cause of slowing GDP growth is the steep decline in world mining prices since 2022. The export price for South Africa's major mineral exports dropped 12% in constant rand from 2022 to 2024, although it remains well above 2019 levels. South Africa is far more dependent on mining exports than other upper-middle-income economies, which makes it unusually vulnerable to shifts in global coal and metals markets. In the early 2020s, mining products accounted for over half of South African exports, compared to a third for peer economies excluding China. As Graph 2 indicates, over the long run non-agricultural economic growth has generally mirrored medium-term trends in mining export prices. In effect, the disappearance of loadshedding in 2024 was not enough to counter the fall in world mineral markets.

Graph 1. Quarterly change in GDP, seasonally adjusted, 2000 to 2024



Source: Calculated from Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2024Q4. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

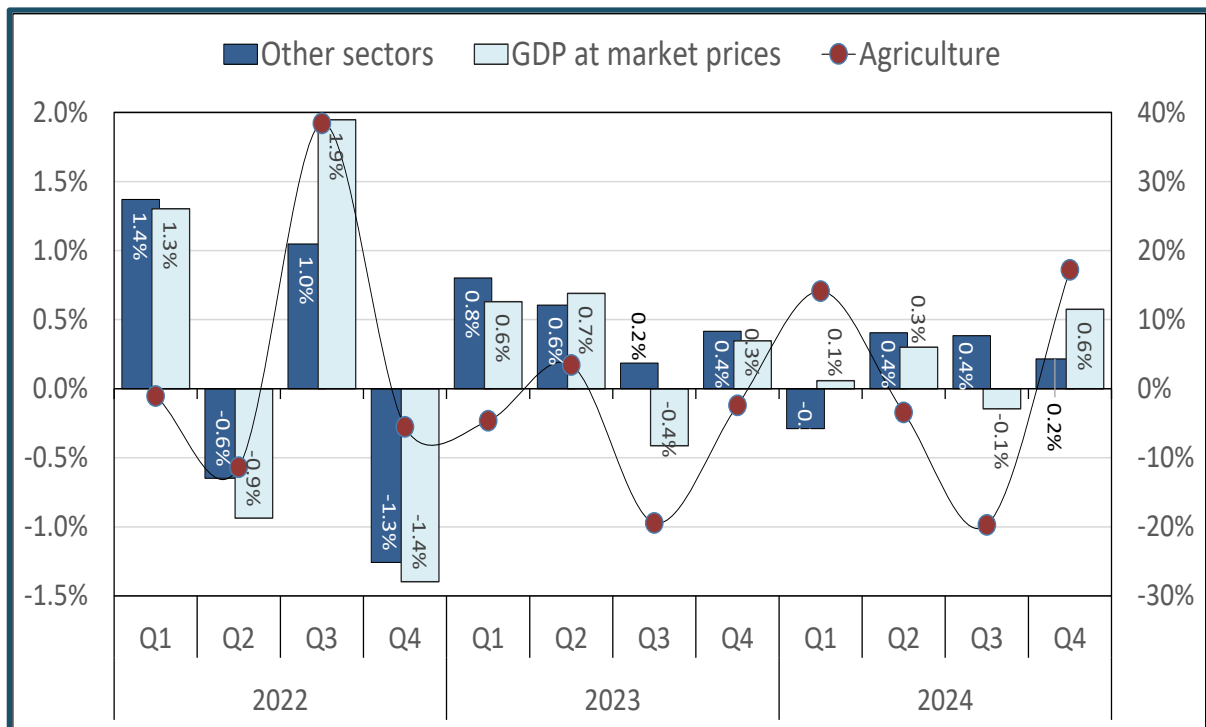
Graph 2. Growth in GDP compared to three-year rolling weighted index of unit export prices (a), 2000 to 2024



Note: (a) Growth rates for three-year rolling average. Index includes platinum, iron ore, gold, coal, chromium and manganese. Weighted by share in export revenues for relevant year. Source: Quantec. EasyData. Series on national exports at HS8. Downloaded from www.quantec.co.za in March 2024; and Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2024Q4. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

The extraordinary volatility reported for agricultural growth continues to cast doubt on the overall GDP growth figures. As Graph 3 shows, according to the official GDP data, value added in agriculture either increased or fell by over 10% in six of the past 12 quarters, in seasonally adjusted terms. The rest of the economy did not see any quarterly changes with that order of magnitude. Moreover, this kind of swing occurred for agriculture only once in the decade from 2004 to 2014. Thereafter the reported growth rates for agriculture became extremely volatile. From 2022 to 2024, in three quarters agriculture alone made the difference between an expansion and contraction in the national economy. Yet agriculture accounts for only around 3% of the GDP.

Graph 3. Quarterly growth in the non-agricultural GDP, agriculture value added, and the GDP, 2022 to 2024

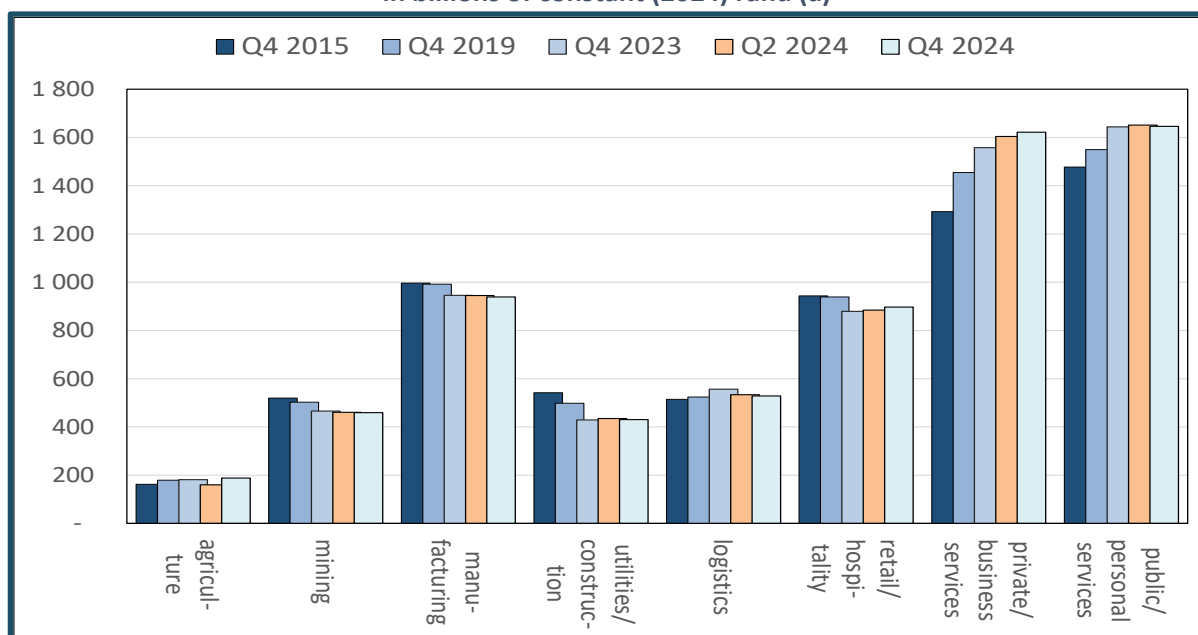


Source: Calculated from Statistics South Africa. GDP quarterly figures, seasonally adjusted. GDP P0441 – 2024Q4. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

Only business services and trade saw growth in value added in the year to the last quarter of 2024. Business services expanded by 1.1%, and trade (including hospitality) by 1.4%. Manufacturing, construction and logistics all shrank by a percentage point, while mining and public and personal services contracted by between 0.2% and 0.3%. (Graph 4)

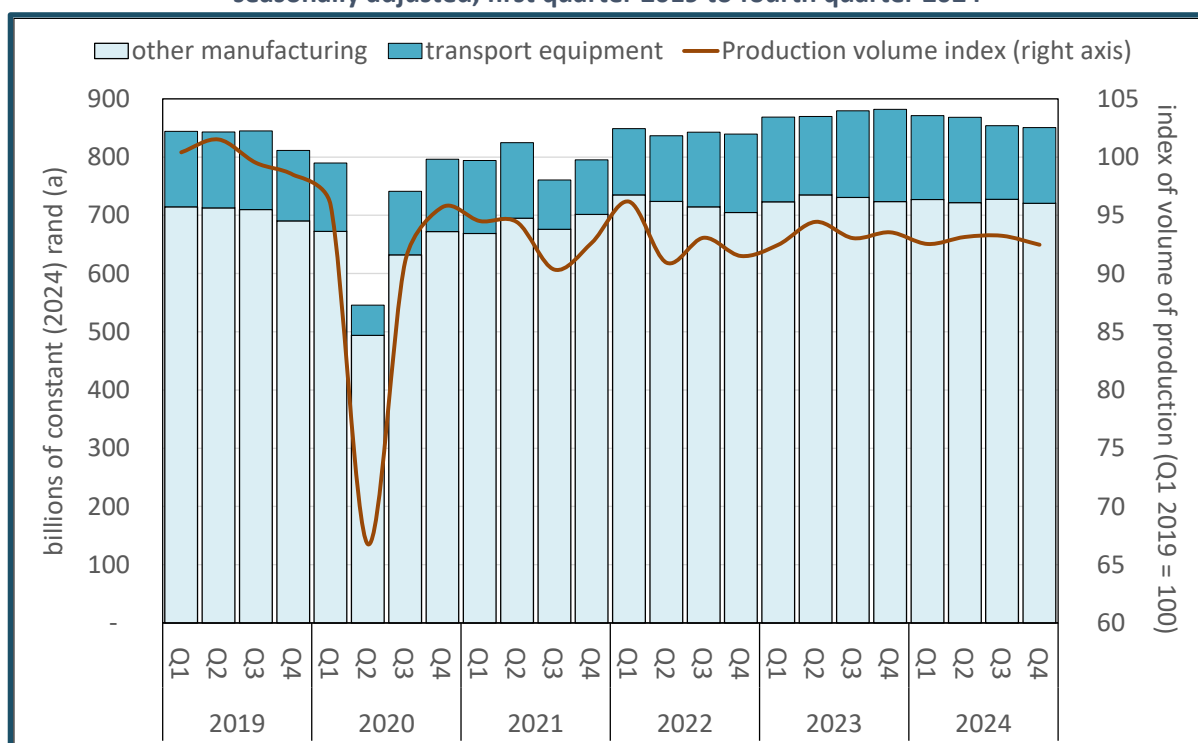
Manufacturing sales and production both declined despite a modest recovery in the auto industry over the past quarter. Sales of transport equipment climbed 3% from the third to the fourth quarter of 2024. Still, they remained some 18% down on a year earlier. In contrast, sales by the rest of manufacturing dropped 1% in the past quarter, wiping out modest gains in the third quarter of 2024. As a result, they were 0.4% lower than in the fourth quarter of 2023. Despite the drop in the past year, sales by the auto industry in the final quarter of 2024 were 30% higher than at the start of 2019. Sales for the rest of manufacturing were 8% below pre-pandemic levels in constant rand terms. (Graph 5)

Graph 4. Value added by sector, fourth quarter 2015, 2019, 2023 and 2024, and third quarter 2024, in billions of constant (2024) rand (a)



Note: (a) Reflated with implicit deflator per sector. Source: Calculated from Statistics South Africa. GDP quarterly figures. GDP P0441 – 2024Q3. Excel spreadsheet. Accessed at www.statssa.gov.za in March 2025.

Graph 5. Quarterly sales from auto and other manufacturing industries in billions of constant (2024) rand (a) and volume index for total manufacturing production (January 2020 = 100), seasonally adjusted, first quarter 2019 to fourth quarter 2024

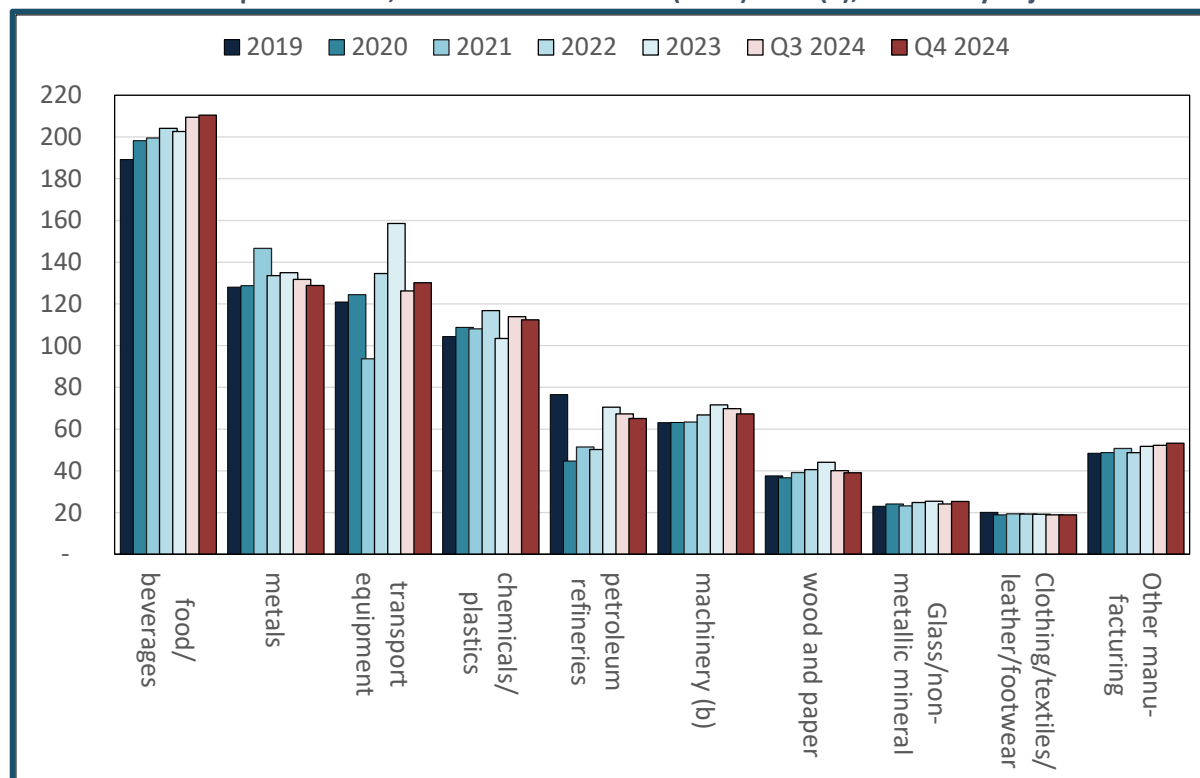


Note: (a) Reflated with CPI rebased to first quarter 2024. Source: Calculated from Statistics South Africa. Manufacturing: Production and Sales, December 2024. Accessed at www.statssa.gov.za in February 2025.

Of the manufacturing industries, only food processing has made a steady recovery in sales since the pandemic downturn. In the final quarter of 2024, in constant rand, its revenues were 11% higher than in the fourth quarter of 2019. Other major manufacturing industries have generally experienced a

gradual decline in sales or significant fluctuations. Metals sales spiked in 2021, when world mineral prices jumped, but have since fallen. Machinery grew steadily until 2023, but shrank 6% from the fourth quarter of 2023 to the fourth quarter of 2024. (Graph 6)

Graph 6. Fourth quarter sales by manufacturing industry from 2019 to 2024, and third quarter 2024, in billions of constant (2024) rand (a), seasonally adjusted



Note: (a) Reflated with CPI rebased to first quarter 2024. Source: Calculated from Statistics South Africa. Manufacturing: Production and Sales, December 2024. Accessed at www.statssa.gov.za in February 2025.