

South Africa GDP

Third Quarter 2024

South Africa's economy slowed in the third quarter of 2024, marked by a contraction of 0.3% in gross domestic product (GDP) compared to the previous quarter. This decline follows a modest 0.3% growth in Q2 2024. On the production side, the agriculture industry emerged as the largest drag on growth, accompanied by contractions in transport, trade, and government services. On the expenditure side, the slowdown was influenced by declines in imports, exports, and government consumption.

Analysis

This quarter-on-quarter decline in economic performance was primarily driven by contractions in the following sectors.

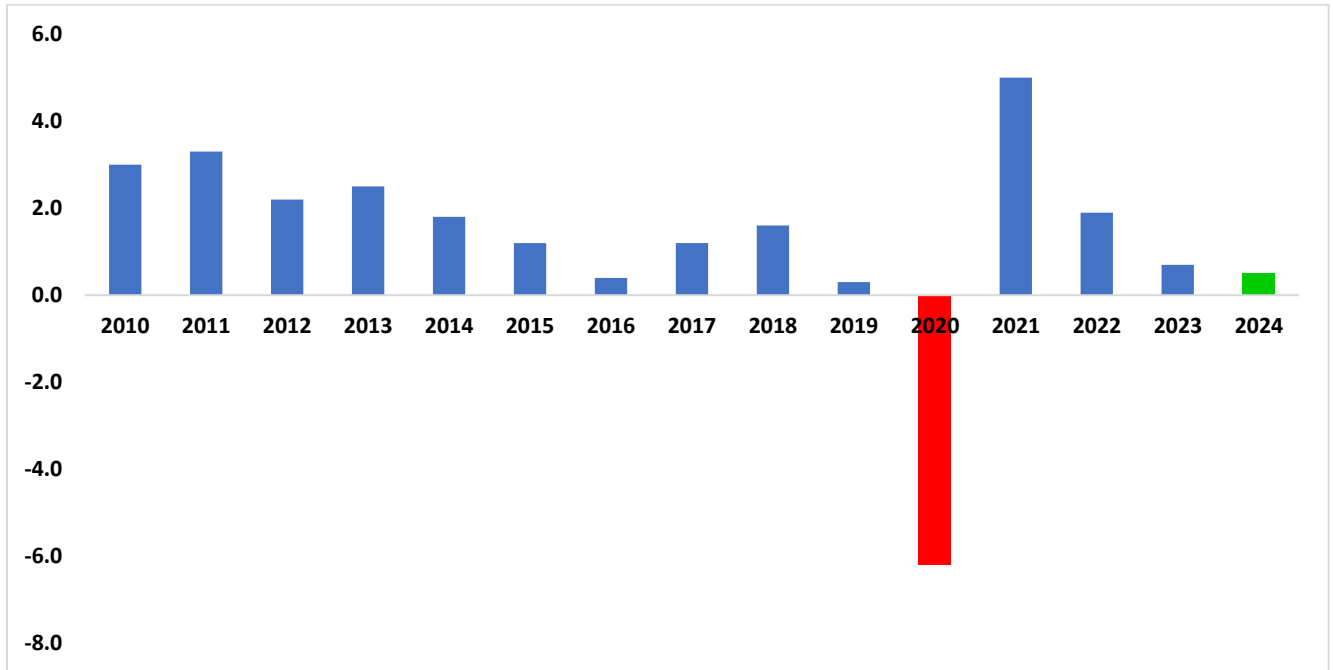
- **Agriculture:** The sector experienced a sharp contraction of 28.8%, marking its second consecutive quarterly decline. This was the largest negative contributor to GDP, pulling growth down by 0.7%. The decrease was driven by reduced activity in field crops, particularly maize, soybeans, wheat, and sunflower, due to drought conditions
- **The transport, storage, and communication:** Recording a decline of 1.6%, the industry faced its third consecutive quarterly contraction. The decline stemmed from reduced activities in land transport and transport support services
- **The trade, catering, and accommodation:** Slower economic activities in the wholesale trade, motor trade, and restaurant, fast-food & catering sectors pushed the trade, catering & accommodation industry to decrease by 0,4%
- **General government:** General government services recorded a slight contraction of 0,1%, attributed to decreased employment in national and provincial government and extra-budgetary institutions.

However, certain sectors recorded growth:

- **The finance, real estate, and business services:** The sector increased by 1.3%, contributing 0,3% to overall GDP growth. The expansion was fueled by increased economic activities in financial intermediation, insurance, and pension funding, auxiliary activities, real estate activities, and other business services.
- **The electricity, gas, and water:** The sector recorded a growth rate of 1.6%, marking its second consecutive quarter of expansion. The increase was primarily driven by higher electricity production and consumption, although it represented a slowdown compared to the 3.1% growth in Q2 2024.

- Construction:** The construction industry grew 1.1%, representing its largest increase in two years. The growth was mainly driven by construction works, with support from activities related to non-residential buildings.

Figure 1: South Africa’s GDP Growth Rates (2010 – 2024)



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Source: STATSSA & HEI RESEARCH

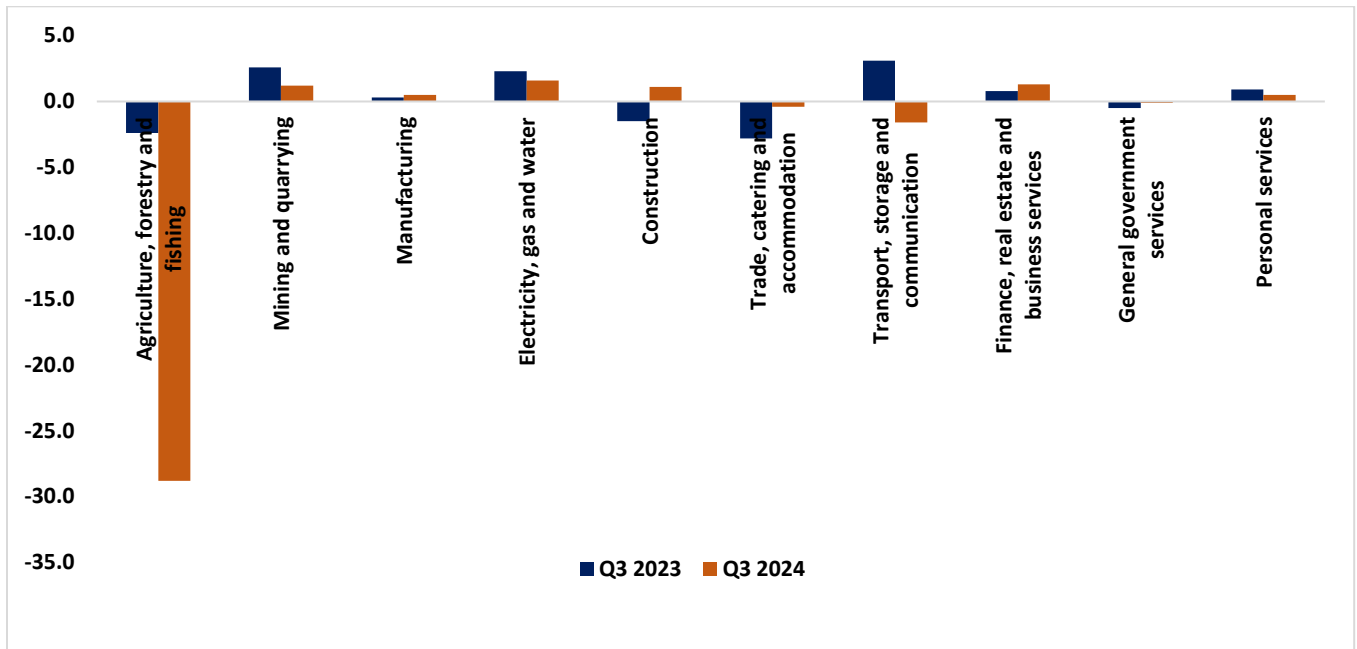
Figure 2: South Africa’s GDP Growth Rates (2021 Q3 – 2024 Q3)



Source: STATSSA & HEI RESEARCH

¹ The 2024 values are projected based on historical trends and available data

Figure 3: South Africa GDP by activity % change Quarter 3 2022 vs Quarter 3 2023



Source: STATSSA & HEI RESEARCH

Outlook

South Africa's economy continues to grapple with challenges that hinder growth. The recent slowdown underscores vulnerabilities in key sectors, including agriculture, transport, and trade, exacerbated by external shocks such as climate change. Persistent issues, such as unemployment and the avian flu outbreak, add to these pressures. On a positive note, easing inflationary pressures and moderate interest rates present an opportunity to stimulate consumer spending and attract investment. Achieving sustained recovery will require a well-balanced approach that addresses immediate challenges such as enhancing energy security and mitigating climate-related risks while fostering an environment conducive to large-scale private-sector investment.

