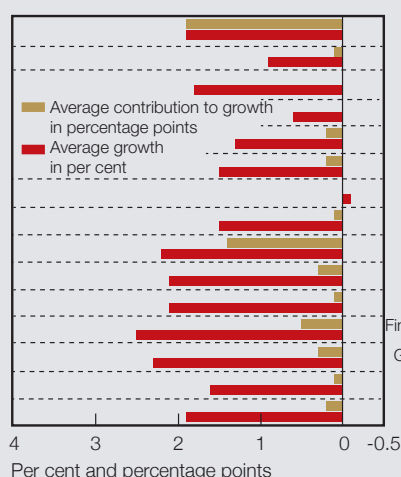


Box 2 Trends in the production and expenditure drivers of South Africa's gross domestic product since 2010

An assessment of the drivers of real gross domestic product (GDP) growth during the period 2010 to the third quarter of 2018 shows that the finance subsector was the most important contributor to real economic growth, in contrast to the agricultural and mining sectors. From the perspective of the expenditure side, household consumption was the most significant contributor to real GDP growth over the period, in contrast to net exports, that subtracted the most from growth. The inverse relationship between household consumption expenditure and real net exports indicates that some increased expenditure was partly satisfied from consumer goods imported, rather than domestic production.

Average growth and contributions to growth in real gross domestic product 2010 to 2018*

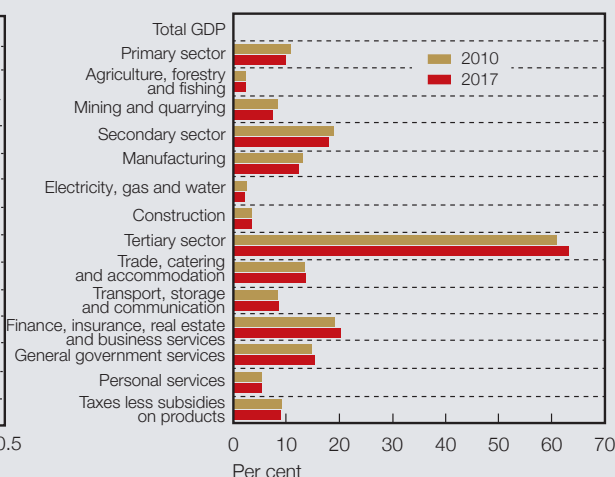


Per cent and percentage points

* Average of first three quarters

Source: Stats SA

Relative weight in gross domestic product



Per cent

The tertiary sector, in particular finance, has largely been responsible for keeping the economy afloat. The tertiary sector's relative weight increased to 63.2% of total real GDP in 2017, and it made the largest average contribution of 1.4 percentage points to growth in real GDP between 2010 and the first three quarters of 2018. Not surprisingly, agriculture and mining have been a drag on economic growth. Their combined share in the economy declined moderately from 10.8% in 2010 to 9.9% in 2017. A similar pattern was visible in the secondary sector, particularly in manufacturing, where growth was slightly better than in the primary sector, although its relative share in the economy also declined from 13.1% to 12.3% over the period.

More recently in 2018, even the tertiary sector's contribution to real economic growth began to decline, particularly as the commerce and transport sectors hardly contributed to growth. This is quite significant as this sector had historically registered relatively more robust growth compared to the other sectors.

On the expenditure side, when extending the period to 2018, it is evident that growth in real imports and real final consumption expenditure by households was the strongest, with real final consumption expenditure by households (with a relative weight that increased to 61% of total real GDP in 2017) contributing most to growth in real GDP between 2010 and the first three quarters of 2018. By contrast, when looking at 2018 data, real household consumption expenditure contributed only 1.0% to growth. This is a significant change from a component that has historically been the most robust component and often lifted overall real GDP growth.

Real gross domestic product and expenditure

Quarter-to-quarter percentage change at seasonally adjusted annualised rates

	Relative weight in GDP	Average		Contributions to growth in real GDP									
		Growth	Con-tribution										
				Per cent		Percentage points							
				2010	2017	2010–2018 ¹	2010	2011	2012	2013	2014	2015	2016
Production	Real gross domestic product												
Primary sector	10.8	9.9	0.9	0.1	0.4	0.0	-0.2	0.4	0.0	0.1	-0.6	0.7	-0.1
Secondary sector	19.0	17.9	1.3	0.2	0.8	0.4	0.4	0.3	0.1	0.0	0.1	0.0	0.1
Tertiary sector	61.0	63.2	2.2	1.4	1.4	2.5	1.9	1.6	1.6	1.1	1.1	0.5	0.7
Growth in total real GDP			1.9		3.0	3.3	2.2	2.5	1.8	1.3	0.6	1.3	0.8 ²
Expenditure	Real gross domestic expenditure												
Final consumption expenditure by households	59.0	61.0	2.5	1.5	2.3	3.0	2.2	1.2	0.5	1.1	0.4	1.4	1.0
Final consumption expenditure by general government	20.2	20.3	2.0	0.4	0.6	0.6	0.7	0.6	0.3	-0.1	0.4	0.1	0.3
Gross fixed capital formation	19.3	19.7	1.3	0.2	-0.8	1.1	0.5	1.4	0.1	0.7	-0.9	0.1	0.0
Change in inventories	0.2	-0.1	10.7 ³	0.1	1.0	0.5	0.1	-0.1	-0.5	0.4	-0.9	0.2	0.2
Net exports ⁴	1.2	-0.9	N/A ⁵	-0.4	-0.6	-2.3	-1.0	-0.4	1.2	-0.8	1.5	-0.5	-0.7

1 Average of first three quarters of 2018

2 First three quarters of 2018 compared to corresponding period of 2017

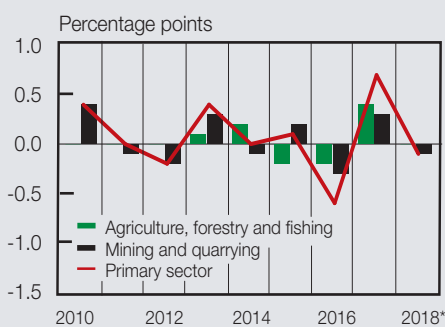
3 R billions. At constant 2010 prices

4 Real exports *less* real imports

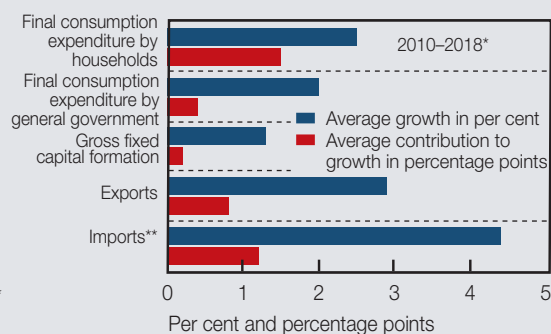
5 Not applicable

Sources: Stats SA and SARB

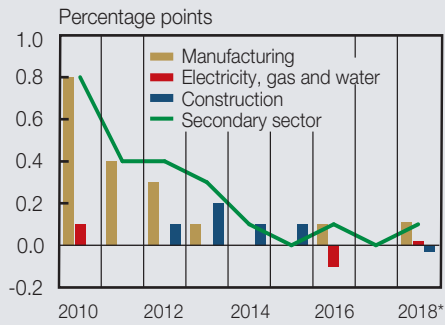
Contributions to growth in real gross domestic product



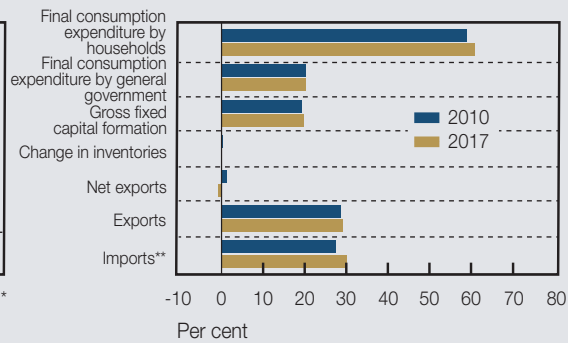
Real gross domestic product



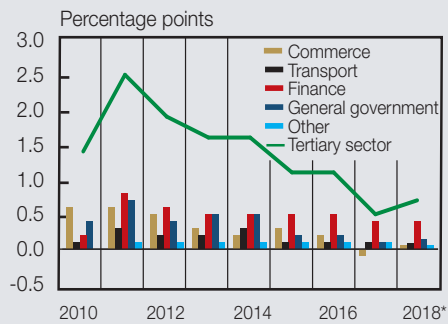
Contributions to growth in real gross domestic product



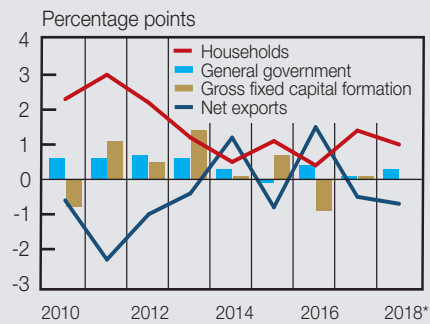
Relative weight in gross domestic expenditure



Contributions to growth in real gross domestic product



Contributions of expenditure components to growth in real gross domestic product



* Average of first three quarters

** A positive contribution by imports subtracts from growth and a negative contribution adds to growth

Sources: Stats SA and SARB