CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

INVEST CAPE TOWN

EPIC

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

INVEST CAPE TOWN

10
YEAR
ANNIVERSARY

ECONOMIC PERFORMANCE INDICATORS FOR CAPE TOWN
2023 QUARTER 2
(April–June)

WWW.INVESTCAPETOWN.COM

ACKNOWLEDGEMENTS

The EPIC publication is a collaboration between the Enterprise and Investment and Policy and Strategy departments of the City of Cape Town. It presents an analysis of economic and related trends in Cape Town on a quarterly basis. This edition focuses on the second quarter of 2023, covering the period from 1 April to 30 June 2023.

ECONOMIC CONTENT AUTHORED BY THE ECONOMIC ANALYSIS BRANCH, POLICY AND STRATEGY DEPARTMENT

Manager: Economic Analysis
Paul Court

Project lead
Jodie Posen

Project manager
Dilshaad Gallie

Authors
Monique Petersen
Alfred Moyo
Kanyisa Mazondo

MARKETING, DESIGN AND DISTRIBUTION BY THE INVEST CAPE TOWN TEAM, ENTERPRISE AND INVESTMENT DEPARTMENT

Manager: Tourism and Place Marketing
Rory Viljoen

Head: Investment Positioning
Clayton Barnes

Project manager
Caryn Jeftha

Email
economic.research@capetown.gov.za
info@investcapetown.com

Online access
www.capetown.gov.za/EPIC

Sign up to the Invest Cape Town newsletter to receive the EPIC
www.investcapetown.com/news-events/newsletters

ADDITIONAL SOURCES OF INFORMATION

City of Cape Town Development Management
Lizanne Ryneveldt

City of Cape Town Electricity Generation and Distribution
Gary Ross

FOREWORD

This edition of EPIC marks the 10-year anniversary of this highly valued publication. It is a notable occasion for the Economic Growth Directorate and the City of Cape Town.

When we first began producing these quarterly economic publications in 2013, Cape Town, South Africa, and the world were all very different places to what they are today. Capetonians had never contemplated a drought-related 'Day Zero', stage 6 load-shedding was unheard of, and none of us were familiar with the term 'firepool'. Of course, nobody could have dreamed that the whole world would come to a standstill due to a pandemic in 2020.

When one considers how much we have been through, we deserve to feel a measure of pride. Capetonians banded together to help the metro to stave off 'Day Zero' and avoid the need to cut off municipal water supply completely. And in 2020, we all came together again, albeit six feet apart and masked, to minimise the risks of infecting each other with Covid-19 and support one another through the devastating pandemic.

Of course, our pride needs to be tempered with humility and preparedness, given that these events are certainly not the last of their kind that we will face.

Another challenge that Cape Town is working hard to address right now is unemployment. A total of 1,7 million Capetonians are now employed, the highest employment total the city has seen in at least 15 years. According to Stats SA's Quarterly Labour Force Survey for April–June 2023, Cape Town added 263 000 new jobs in the previous year, with 56 000 new jobs in that quarter alone. This is more than all other metros combined. As a result, our city's unemployment rate fell by 7% year-on-year based on the expanded unemployment definition.

Despite this achievement, the City remains very aware that there is still a long road ahead of us in terms of addressing unemployment and delivering the work opportunities needed by so many Capetonians. But every day, prosperity becomes a reality for yet more of our people, and we will continue to work tirelessly to make that a reality for growing numbers of citizens.

While it is not a government's job to create jobs, it does have a duty to create the environment in which economies thrive and grow, so that more job opportunities become available. For us at the City of Cape Town, this means investing in our communities, towns, and cities with education, infrastructure, and the provision of efficient and effective basic services. The City is doing just that, with a R43 billion investment in vital basic services infrastructure, including R2,3 billion towards a load-shedding plan that will offer protection from the first four stages of Eskom's blackouts within three years.

Of course, limiting the effects of load-shedding is not enough to fully attract the level of investment Cape Town needs going forward. That's why the City also has a detailed plan to keep the wheels of development turning steadily. It is called the Inclusive Economic Growth Strategy (IEGS) and it maps out plans to drive opportunity across various sectors and industries in the city that have shown the potential for major growth.

From call centres to marine manufacturing, technology, clothing and textile, energy, and more, we are working on the ground, with industry partners, to grow skilled workforces that meet the demands of incoming investors. These investors aren't arriving through mere chance, but because our investment promotion and facilitation teams have gone out to find them and bring them home to Cape Town.

For example, Cape Town has become the destination of choice for many of the world's biggest call centre companies, with 72 000 locally based operators speaking to clients across the country and the globe.

At the same time, we are working with SMMEs, entrepreneurs, and traders already based in the metro to not only keep their doors open, but to equip them with the skills to expand their platforms. Under our Business Retention and Expansion (BR&E) programme, we are assisting large and small businesses to strategise their operations and, where possible, help to expedite their development.

Under our Productivity Efficiency Programme, which is administered by Productivity South Africa, we assist SMMEs who are in distress or need guidance with improving their operations. Last year, 18 businesses were supported by this programme, resulting in the retention of 588 jobs. Every day, my team and I are on the ground, visiting factories and boardrooms, and engaging with businesses to better understand their needs and explore how we can support them.

We are similarly funding and working with our partners to expand initiatives that will take local brands to buyers across the globe. Through the Cape Trade Portal, which is administered by Wesgro, we have created a digital marketplace for Cape-based exporters that connects them directly with buyers and serves as a dedicated centre of skills development resources. The portal, which started in 2022 with 115 registered exporters showcasing 600 products, grew to 924 exporters showcasing over 4 000 Cape products in just one year.

These projects and programmes, and their resulting gains, make me excited about the potential for a Cape Town that will shine brighter than ever as a city of hope for all South Africans. In this past decade, we have faced many challenges, but we have also been reminded of our shared humanity and the importance of supporting one another. Let us never lose sight of that.

Once again, I give my heartfelt thanks to my City colleagues, particularly my Economic Growth team, who drive the initiatives that make Cape Town's economy stand out and who help to create the foundations for jobs and investment opportunities. Here's to the next 10 years!

Alderman James Vos
Mayoral Committee Member
for Economic Growth

CONTENTS

LIST OF TABLES

LIST OF FIGURES

INTRODUCTION

In this 41st edition of the quarterly EPIC publication, we again present statistics for, and analyses of, Cape Town's key economic trends. As always, this edition focuses on the latest quarterly developments, covering the period 1 April to 30 June 2023. However, in recognition and celebration of the publication's 10-year anniversary, this edition also includes an additional 'bumper' segment that takes a look back at economic trends in Cape Town over the past decade.

EPIC's commitment to consistently capturing economic trends and indicators over the past 10 years has meant that we are in a unique position to review how Cape Town's economy has changed in that time – something that the bonus chapter unpacks in some detail. It would be great to be able to say that the economy has gone from strength to strength over the past decade, but the truth is that these past 10 years have been incredibly challenging economic times for South Africa and, by extension, for Cape Town as well.

The City released its Resilience Strategy at the end of 2019, on the back of a severe multi-year drought that had significant localised ramifications for the metro economy. At the time of the release of the strategy, there was much speculation over what would be the next major shock the City would face. Little did we know that the world would be plunged into a health crisis of extreme proportions, and the global economy would face an unprecedented shutdown as a result of a global pandemic.

Hot on the heels of the Covid-19-induced economic crisis, and less a natural shock than a man-made one, intense bouts of load-shedding and the spectre of stage 8 load-shedding and higher, has continued to dull the country's economic outlook, weakened our credit ratings and badly affected investor and business confidence.

While the economic data make it clear that Cape Town's economy has been negatively affected by all of these shocks and stresses, it is also evident that Cape Town is increasingly standing out from the rest of the country, particularly the other major metros. Recent tax data releases reveal that Cape Town's formal sector jobs grew significantly faster than other metros between 2014 and 2019. And while Covid-19 led to major employment losses, recent Quarterly Labour Force Survey data show a remarkable recovery in Cape Town's employment levels over the past two years.

Despite the fact that Cape Town typically accounts for around 10% of South Africa's total employment, it has contributed approximately 34% of the country's total employment growth between the second quarter of 2022 and the second quarter of 2023. The latter quarter saw particularly strong employment growth in Cape Town's informal sector, where employment had previously been recovering slower than in the formal sector. This is important because the informal sector has perhaps the deepest penetration into the most impoverished households in the city.

In recent months, much has been said in the media about the trend of 'semigration' to Cape Town. Despite this, data from Statistics South Africa (Stats SA) do not suggest a discernible acceleration in migration to the city, although the imminent release of Census data will certainly shed more light on this trend. While there may be no clear evidence of gross acceleration in migration to Cape Town in the Stats SA information, other sources, including data from commercial banks, appear to show a noticeable uptick in the migration (semigration) of high-income professionals to the city. This influx has certainly helped to sustain the outperformance of Cape Town's real estate sector compared to other metro regions, with local property prices growing at almost 40 percentage points faster than the SA metro average since 2013. This is obviously good news for the Cape Town real estate sector (and, to some extent, the construction sector, notwithstanding its lingering challenges) and bodes well for the financial sustainability of the City.

In-migration also increases the potential for job creation through downstream economic opportunities in the service sector. On the flip side, it can place upward price pressure on Cape Town residents, especially through increased rentals and bond repayments, further exacerbated by currently high interest rates.

Encouragingly, inflation at the end of the second quarter in the Western Cape had dropped to 5,6% from 7,1% at the end of the first quarter. This cooling of CPI has resulted in the Reserve Bank putting repo rate hikes on hold, and the expectation is that cuts are likely in 2024, which should help to ease the financial burden on households. Longer-term improvements will, however, only be realised through the sustained creation of new job opportunities and real increases in household income.

In order to fully leverage the benefits of semigration or foreign investment in real estate, it will be increasingly important for Cape Town to attract not just high-income individuals, but their businesses as well, so as to further reduce unemployment and bring down the high levels of inequality that typify all South African cities. In this respect, it will be critical to create a business-enabling environment that reduces non-tradable input costs through the City's ambitious infrastructure drive and ease of doing business initiatives.

It will be interesting to see what the next 10 years bring for Cape Town's economy. We will no doubt face more shocks and crises, some which we may have effectively faced before (i.e. droughts) but also others that are novel and for which we will have to develop completely new strategies. Systemic changes to ways of working, the rapid adoption of AI technologies, and shifts in the global geopolitics, will also all likely shape our future economic trajectory. For this reason, long-term planning by the City of Cape Town will be essential, both for building resilience and in positioning the city to realise economic opportunities.

In this 10-year anniversary edition of EPIC, I'd also like to share my appreciation for the City's leadership's unwavering commitment to evidence-based decision making. Without this, we would not have achieved an unbroken sequence of 41 quarters of analyses of Cape Town's economy. I would also like to thank the editorial and production team and all the City officials who work so hard each quarter to produce this publication. Lastly, thank you to those individuals from various spheres of government as well as civil society, businesses and investors who have supported this publication throughout the years. It has been a great privilege to have been involved in the production of EPIC over the past decade.

Paul Court
Chief Economist

10 YEAR ANNIVERSARY

CAPE TOWN ECONOMY

OVER THE LAST DECADE

CHANGES IN KEY ECONOMIC INDICATORS IN THE PAST DECADE

GDP RAND VALUE (CONSTANT 2015 PRICES)

2022	R482 billion
2019	R472 billion
2013	R437 billion

Source: South Africa Regional eXplorer.

GDP GROWTH RATE (ANNUALISED)

2022	2,9%
2019	0,4%
2013	3,1%

Source: South Africa Regional eXplorer.

GDP PER CAPITA (CONSTANT 2015 PRICES)

2022	2019	2013
R106 732	R109 140	R113 123

Source: South Africa Regional eXplorer.

POPULATION

2022	2019	2013
4 756 255	4 514 918	3 980 131

Source: City of Cape Town.

GINI COEFFICIENT

2022	2019	2013
0,60	0,62	0,61

Source: South Africa Regional eXplorer.

POPULATION GROWTH

2022	2019	2013
1,7%	2,1%	2,3%

Source: City of Cape Town.

TOP 5 VISITOR ATTRACTIONS (NUMBER OF VISITS)

2022	2 380 929
2019	4 288 887
2013	3 400 721

Source: Wesgro.

AIR PASSENGERS

	MOVEMENTS (TOTAL)	ARRIVALS (TOTAL)	ARRIVALS (INTERNATIONAL)
2022	7 876 183	3 927 528	869 912
2019	10 979 946	5 468 093	1 194 042
2013	8 348 854	4 162 361	667 250

Source: Airports Company South Africa
Note: In 2023, international arrivals exceeded pre-pandemic levels on a monthly basis.

ELECTRICITY CONSUMPTION

LARGE POWER USERS	SMALL POWER USERS
2022 3,28 trillion kWh	**2022** 1,53 trillion kWh
2019 3,57 trillion kWh	**2019** 1,69 trillion kWh
2013 3,79 trillion kWh	**2013** 1,67 trillion kWh

Source: CCT Electricity Generation and Distribution Department.

TOTAL APPROVED SSEG INSTALLATIONS

2022/23	4 218
2019/20	1 014
2013/14	7

Source: CCT Sustainable Energy Facilitation Department.
Note: CCT financial years run from 1 July to 30 June.

MYCITI INDICATORS

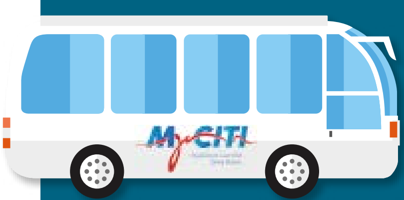
NUMBER OF ROUTES

2022	43
2019	49
2014	27

NUMBER OF TRIPS

2022	1 053 771
2019	1 021 633
2014	956 952

Source: CCT Public Transport Department.
Note: CCT financial years 2014/15, 2019/20 and 2022/23.



EXPORTS FROM CAPE TOWN (LARGEST MARKETS)

2022	**2019**	**2013**
R111,5 billion	R86,5 billion	R66,6 billion

TOP DESTINATION MARKETS (PER YEAR LISTED ABOVE)

2022	2019	2013
Botswana, Namibia, USA	Namibia, Botswana, USA	Namibia, Botswana, United Kingdom

Source: Quantec.

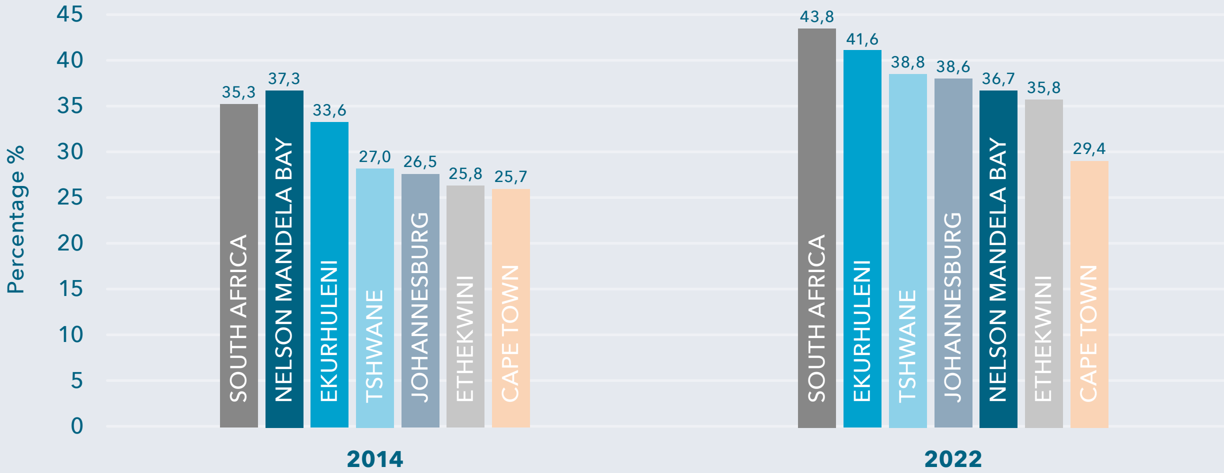
CAPE TOWN INTERNATIONAL CONVENTION CENTRE

TOTAL DELEGATES	
2021/22	127 302
2019/20	223 808
2013	93 242

CTICC

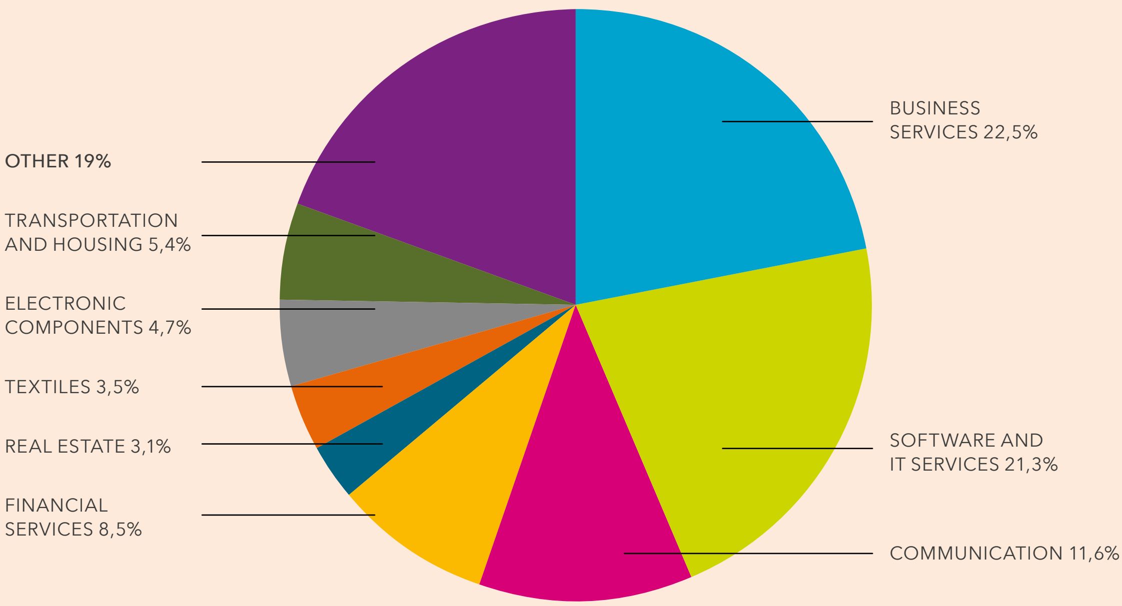
Source: CTICC annual reports 2014 and 2021/22.
Note: CTICC financial years run from 1 July to 30 June.

BROAD UNEMPLOYMENT RATES FOR SOUTH AFRICA AND THE METROS, 2014 VS 2022

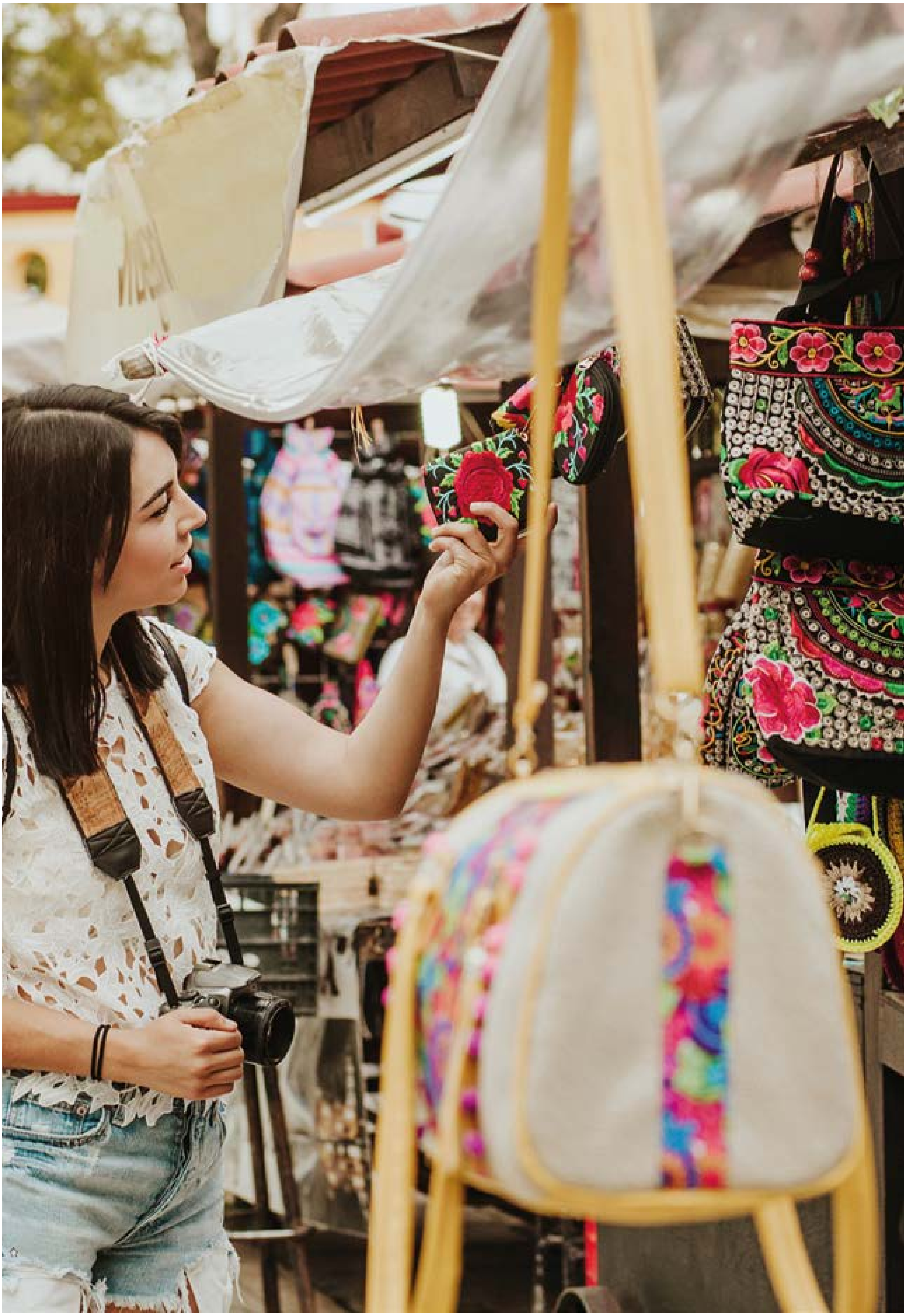


Source: Statistics South Africa, Quarterly Labour Force Survey, 2014–2022.

FOREIGN DIRECT INVESTMENT BY INDUSTRY (SHARE OF TOTAL NUMBER OF PROJECTS), 2013-2022



Source: FDI Intelligence, 2013–2022.



STEADY AMID THE STORMS: CAPE TOWN'S ECONOMIC RESILIENCE OVER A DECADE

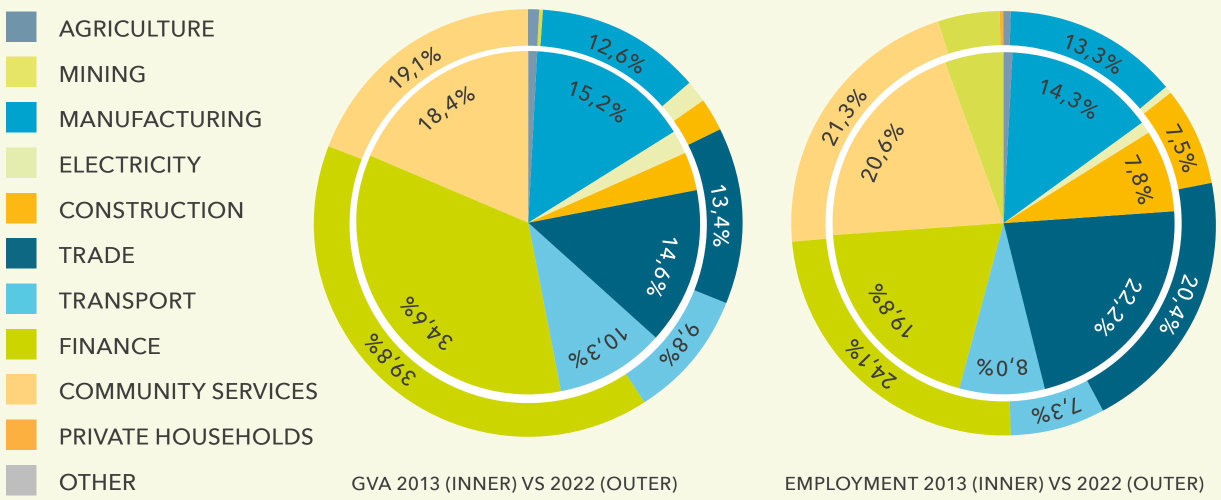
Over the last 10 years, the economic indicators reported on each quarter in this publication have helped shed light on the health and performance of Cape Town's economy, providing an evidence base for City leadership as well as local businesses and investors. It goes without saying that much has changed since 2013 when the inaugural edition of EPIC was released. The population of Cape Town has increased from 3,97 million to 4,76 million people in 2022; the nominal dollar exchange rate has risen from R9,65/$ to R16,37/$ and exports have grown from R67 billion to R112 billion. Economic output in the city has risen from R396,2 billion to R437,2 billion in constant prices with an additional 196 000 full-time equivalent (FTE) formal jobs being added (South African Regional eXplorer; SARS). These statistics speak to a steadily growing metro economy, notwithstanding the challenges of the last decade, which have served to build economic and climate urban resilience.

Over the last 10 years of tracking key economic indicators for Cape Town and for South Africa more broadly, it has become increasingly apparent that Cape Town has outperformed other major South African metros and has emerged as a destination of choice for investors and businesses. This stronger performance has been driven by outperforming tertiary sub-sectors of real estate, information technology (IT) and business process outsourcing (BPO) as well as the increasing number of semigrants who now call Cape Town home.

Tertiary activities drive the Cape Town economy

The make-up of the Cape Town economy has changed slightly since 2013, in line with growth trends experienced in the three major sector categories. Over the past decade, annual average growth in the primary sectors was the highest at 3% per annum (p.a.) largely driven by agriculture and fishing, which also proved to be the most resilient sector during the most recent Covid-19 shock. The tertiary sector,[4] which makes up over 70% of the economy and started from a higher base, was the largest contributor to growth; however, it recorded a lower growth rate of 2,1% per annum, weighed heavily down by the Covid-19-induced recession. Growth in the secondary,

FIGURE 1: CAPE TOWN SECTORAL GVA SHARE AND EMPLOYMENT SHARE, 2013 VERSUS 2022



Source: South Africa Regional eXplorer, Statistics South Africa, 2023.

[4] *These service sectors are namely the finance, real estate and business services; community, social and other personal services; and trade and hospitality.*

or production sectors, experienced negative average growth of -1% p.a. in the period, due to the impacts of Covid-19 and the ongoing energy crisis. Although manufacturing GVA declined, there were sub-sectors that showed positive growth over the 10-year period, namely food and beverage manufacturing, electronics and medical appliances and transport equipment.

While some aggregate sectors experienced a declining share over the period, their GVA values may still have increased, but not at the rate of other sectors. The retail, wholesale trade and accommodation sector for example grew by over R1 billion in GVA, but its share of total Cape Town GVA declined by 1,1 percentage points, to 13,4%. The full recovery of international visitor arrivals in 2023, after the Covid-19 shock, is likely to bolster this sector going forward. The largest increase in GVA share over the period was for finance, insurance and real estate, increasing by 5,2 percentage points, with the primary driver being the real estate sector.

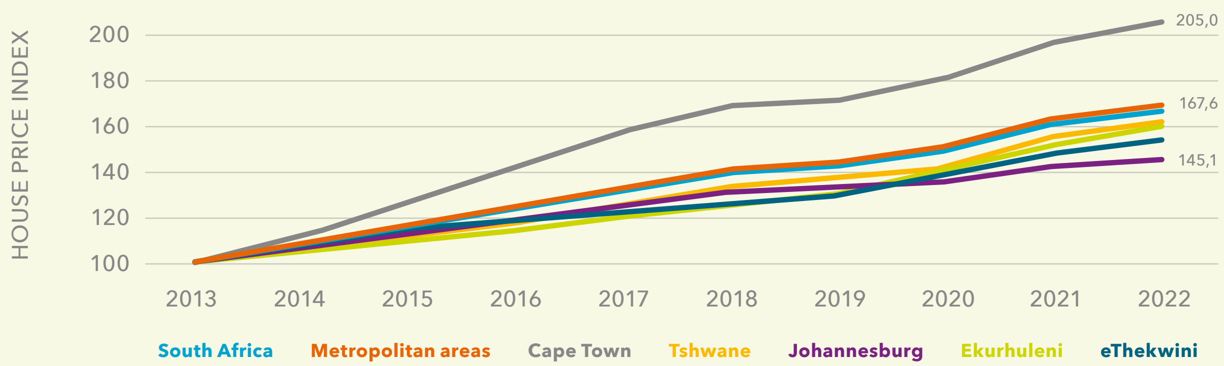
In 2013, the finance, real estate and business services led in GVA contribution (34,6%), while employment was driven by the trade and hospitality sector (22,2%). However, by 2022, both GVA and employment were led by finance, real estate and business services contributing 39,8% and 24,1%, respectively. The disparity in their contribution to GVA as compared to employment, highlights the sector's relatively low labour intensity. The notable change in ranking for the top employment contributor from trade and hospitality in 2013 to finance, real estate and business services in 2022 reflects shifts within the economy after experiencing setbacks like the drought and the Covid-19 pandemic with a delayed recovery.

Pockets of excellence: Real estate, business process outsourcing and tech – Cape Town's outperforming sub-sectors

Three notable sectors that have distinguished themselves over the last decade include real estate, BPO and IT, including e-commerce. These sectors thrive off Cape Town's competitive advantages, namely, good governance, reliable infrastructure, a skilled available workforce and lifestyle and locational attractiveness. Cape Town's real estate sector remains the largest of all metros, worth R85,3 billion (South African Regional eXplorer). The gap between Cape Town and Johannesburg has also widened, as Cape Town had the highest CAGR[5] of 4% over the 10-year period, compared with Johannesburg's 2,5%.

Average residential property prices are the highest in Cape Town compared to other metros, with a metro range between R526 000 (Mangaung) and R1,57 million for Cape Town (Statista.com, 2021). Stats SA's new Residential Property Price Index also shows Cape Town recording the highest price increases in this market segment of 105% since 2013 (Statistics South Africa, 2023). Possible reasons for demand outstripping supply include relatively higher levels of confidence and semigration to the city, foreign investment into property, upward mobility in household income and decreased housing stock due to hampered construction activity during the Covid-19 lockdown.

FIGURE 2: HOUSE PRICE INCREASES IN SELECTED METROS, 2013 TO 2022

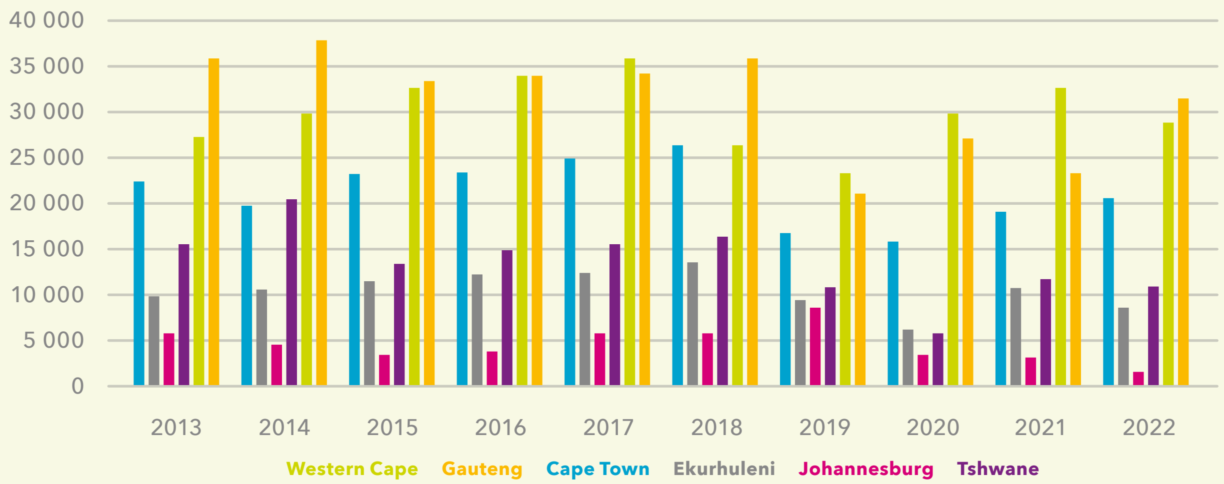


Source: Statistics South Africa, Residential Property Price Index Report, March 2023, own calculations. Indexed 2013 = 100.

[5] *Compound average growth rate.*

When comparing among the non-residential markets, Cape Town proves to be competitive in average prime rental within the office and industrial segments alongside Johannesburg and eThekwini, while also recording lower vacancy rates. Cape Town's office sector[6] had a vacancy rate of 10,7% in 2022, compared to 16,3% in Durban and 19,1% in Johannesburg (JLL, 2023). According to JLL (2023), lower investment activity in the Gauteng market was met with a significant share shifting to the Western Cape. While at the provincial level, the highest number of building plans passed fluctuates between the Western Cape and Gauteng, among the metros, Cape Town is consistently processing the highest number of building plans among the metros, with 20 594 building plans completed in 2022, worth over R19,1 billion.

FIGURE 3: BUILDING PLANS PASSED,* 2013 TO 2022



Source: Quantec, 2023.
**Note: Buildings completed data from the annual survey on all municipalities (Stats SA Report 50-11-01) are not included.*

Another prominent sector in Cape Town, which has been bolstered by the Covid-19 pandemic, is IT. Cape Town has positioned itself as the tech start-up and e-commerce hub of Africa. The tech landscape and clustering that has ensued makes it an appealing destination for digital nomads and e-commerce companies to settle as well as large corporates such as Amazon. Tech clusters have been identified in fintech, edtech, traveltech, agritech, healthtech, digital services and e-commerce. Cape Town accounts for the majority of the most well-known e-commerce companies in South Africa (SA). Despite SA's comparatively small e-commerce market, the growth of the sector has been significant, particularly due to the Covid-19 lockdown.

Diagram 1 demonstrates the e-commerce presence in Cape Town and clearly shows that South Africa's best performing e-commerce retailers (i.e. e-tailers) and traditional retailers with a strong online presence are situated in Cape Town.

[6] *Vacancy rate for 'all grades' in the office sector.*

DIAGRAM 1: THE E-COMMERCE ECOSYSTEM IN CAPE TOWN

E-COMMERCE ENABLERS

SOFTWARE AND APP DEVELOPMENT
- Realm Digital
- Fontera
- Warp
- Modern Day Strategy
- BBD
- Specno

PAYMENT GATEWAYS
- Pay U
- PayFast
- Peach Payments
- Snapscan
- Yoco
- Ozow

ONLINE TRAFFIC MARKETING
- Liquorice
- SCOPE
- Mark1
- Ruby Digital
- Ninety9cents
- Techsys Digital
- Clockwork Media

TRADITIONAL RETAILERS
- Woolworths (Woolies Dash)
- Pick n Pay (PnP ASAP)
- Checkers (Checkers Sixty60)
- Clicks

LOGISTICS
- The Takealot Delivery Team
- The Courier Guy

E-COMMERCE COMPANIES

ONLINE CLASSIFIEDS
- Gumtree

GENERAL RETAIL
- Takealot
- Loot

NICHE RETAIL
- Yuppiechef
- Yebo Fresh
- Haus
- Seeds for Africa
- Faithful to Nature

CLOTHING AND ACCESSORIES
- MyRunway
- Superbalist
- Zando

TRAVEL AND HOSPITALITY
- SafariNow
- TravelGround
- LekkeSlaap
- Airbnb

SERVICES/E-GOODS
- Sweep South
- Webtickets

PRICE COMPARISONS
- Price Check
- Travelstart

SUBSCRIPTIONS
- UCook
- Media24
- Ruby Box

DEALS
- OneDayOnly

Source: Updated from Economic Performance Indicators for Cape Town, 2016 Quarter 3.
Note: All companies have an HQ or regional office in Cape Town.

Unlike real estate and IT, the BPO sector is labour intensive, with a relatively higher labour multiplier. Job opportunities have grown tenfold in this sector in the Western Cape, from around 4 000 jobs in 2011 to over 42 000 in 2021. The lion's share of these job opportunities have been created in the metro. This exponential growth has been facilitated by a large availability of highly skilled, English-speaking talent, cultural similarities, locational attractiveness, a relatively low cost of operations and being in the same time zone as Europe. Large companies in this sector include WFS, WebHelp, EXL Service, Capita, WNS, Merchants SA (Pty) and Amazon.

While some sectors have outperformed in the past decade, attracting investment and global clout, it has been under the umbrella of a weak economic environment.

Local climate and global pandemic shocks have disrupted the economy

The fact that we speak about pockets of excellence, rather than a broad-based strong performance across sectors, is an unfortunate outcome of the shocks Cape Town has endured in the last 10 years (2013–2022). These have included facing the worst drought in the city's recorded history from 2015–2018 and the Covid-19 pandemic and its associated restrictions, which led to the deepest recession ever recorded in 2020, together with intensified load-shedding. These economic shocks led to combined sectoral declines of R2,8 billion in the drought from 2016–2018 and R23,3 billion during Covid-19. As a point of comparison, the declines from 2007 to 2008, over the financial crisis were R13,1 billion (South Africa Regional eXplorer).

These declines do not represent the total economic impact of the shock; they only represent the change in GVA, if that change was negative, for the respective sectors.[7] The years of the drought, between 2016 and 2018, had the largest year-on-year declines for construction (-R1,2 billion), manufacturing (-R300 million) and agriculture (-R200 million). The sectors that experienced the largest year-on-year decline due to the Covid-19 pandemic were manufacturing (-R7 billion), transport, communication and storage (-R6,8 billion) and trade and hospitality (-R6,7 billion). Importantly, the drought and the Covid-19 pandemic were not the only contributing factors to these declines; for example, in 2017 there was a change in the finance minister which led to declining business and investor confidence, and in 2020 load–shedding intensified alongside the Covid-19 pandemic.

[7] *The economic impact of the drought for the Western Cape was estimated at nearly R15 billion by the World Bank.*

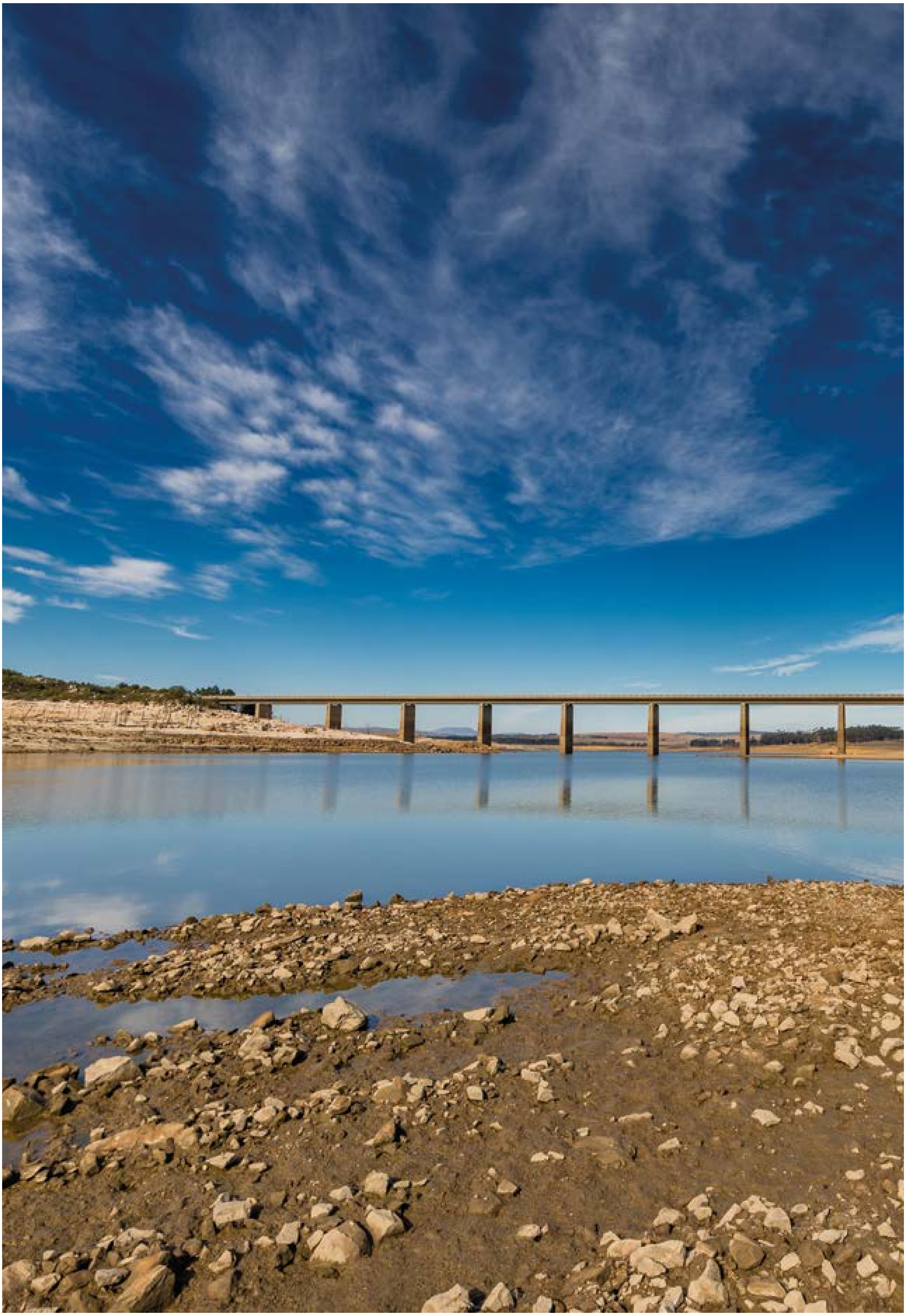
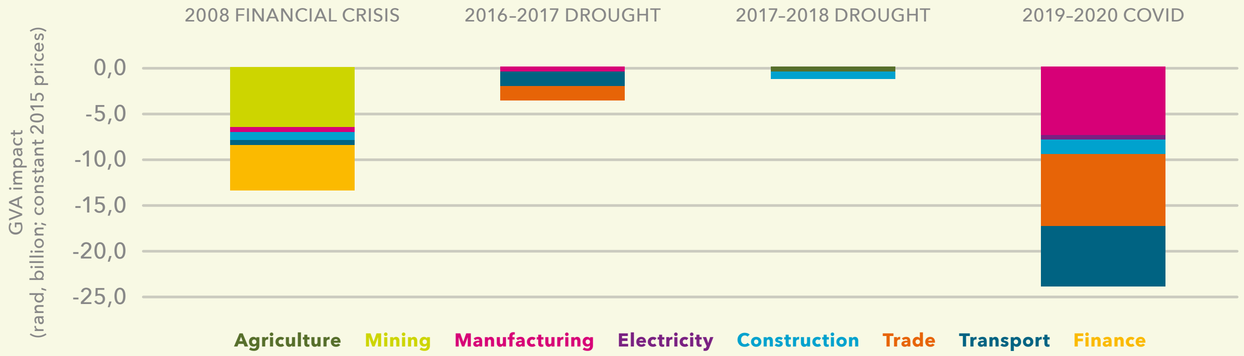


FIGURE 4: THE YEAR-ON-YEAR DECLINE IN CAPE TOWN GVA PER SECTOR, IN PERIODS WHERE SHOCKS OCCURRED



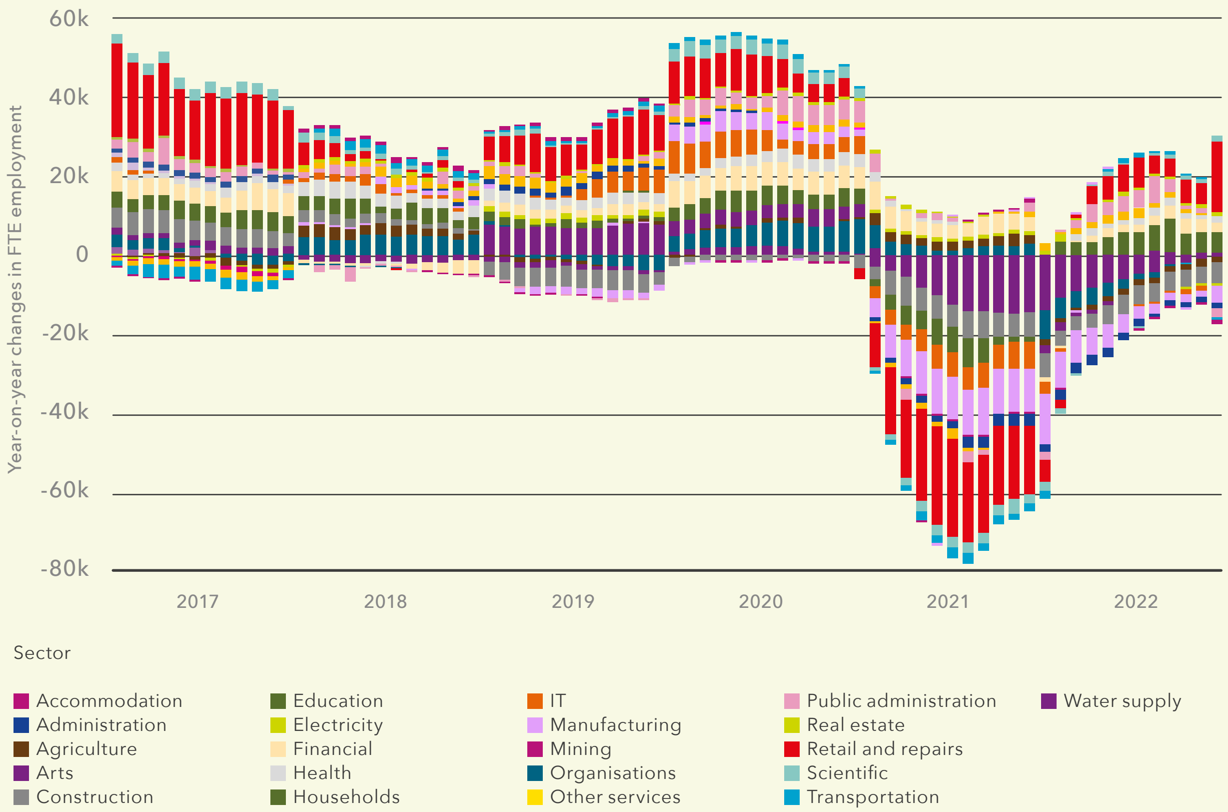
Source: South Africa Regional eXplorer, 2023.

The graph above shows that the decline during 2020 (primarily due to the Covid-19 shock) was over eight times greater than that of 2016–2018 (the drought period). The value of the sectoral declines during the drought period equated to 0,5% of Cape Town GDP, while 2020 declines were 5,1% of GDP.

In 2021, spatial economic data for the country were made available through the Spatial Economic Activity Data (SEADsa) programme using administrative tax records from SARS. This spatial tax panel data is good for monitoring changing economic conditions over time. The formal employment figures in this data can be used to determine the labour impacts over the shock periods. The full-time equivalent (FTE) employment data over the drought period reveal that year-on-year growth in many sectors was stunted, particularly for retail and wholesale trade and repairs in 2017. Aligning to GVA sector declines in 2017, the construction and manufacturing jobs also experienced declines from 2017 to 2018. During 2020, with the Covid-19 shock, the most significant year-on-year decline was for retail and wholesale trade and repairs, which lost over 20 000 jobs in 2020. This was followed by manufacturing with 10 000 job losses and accommodation with 5 900 job losses from 2019. While retail trade experienced the largest job losses in 2020, positive job growth (4 000) returned in 2021. Other sectors such as manufacturing, accommodation and construction continued to experience job losses into 2021, taking considerably longer to recover. While major shocks such as these do not occur every year, Cape Town is still experiencing considerable economic pressures amid a tough economic climate nationally with constrained energy supply, high inflation and rising interest rates. International factors also play a role with the war in Europe deepening geopolitical tensions and many large economies hiking interest rates.

The pandemic has had an impact on the productivity and competitiveness of the economy. Although the Cape Town economy has largely recovered its economic output levels from the Covid-19-induced recession, the scars on the labour market and at a household level remained evident in 2022. Although the shocks over the past 10 years have been quite severe, Cape Town has emerged as one of the most resilient metros in South Africa, particularly when analysing labour market metrics. According to the SARS data, total FTE employment reached a peak pre-Covid-19 and had yet to recover to those levels by February 2022 (21% higher than 2014), however this was the case for all South African metros.

FIGURE 5: THE IMPACT OF SHOCKS ON FULL-TIME EQUIVALENT (FTE) EMPLOYMENT IN CAPE TOWN



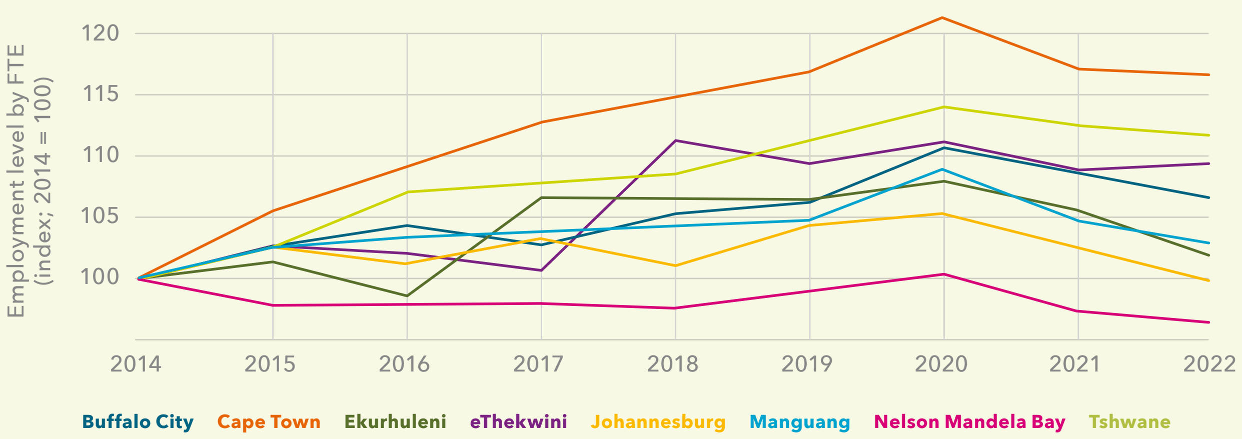
Source: Spatial Economic Activity Data South Africa, 2014–2022/23.
Note: The bars represent months from January to December for the year displayed.

Despite these economic shocks, Cape Town is the top performer for job growth among South African metros

Cape Town's FTE employment or job opportunities were 1,37 million in February 2022, second only to Johannesburg with 1,96 million job opportunities (SARS). Since 2014, when Cape Town also ranked second, it has outstripped every other metro in terms of employment growth. This speaks to the relative economic health of the metro and the opportunities created to enable job creation.

Since June 2014, Cape Town's job opportunities grew relatively faster than all other metros, with a 21,4% increase over six years. This is equivalent to an average 3,6% increase per year, the highest job growth per annum among the metros. Although 2020 data show the Cape Town employment level dipping by 4 percentage points to 2018 levels due to the impact of Covid-19, Cape Town employment growth still remained above all other metros, with 16 percentage points above 2014 levels in 2022.

FIGURE 6: METRO EMPLOYMENT GROWTH, 2014 TO 2022



Source: Spatial Economic Activity Data South Africa , 2014–2022/23.
Note: Tax year starts from 1 March in the year prior to 28 February of that year.

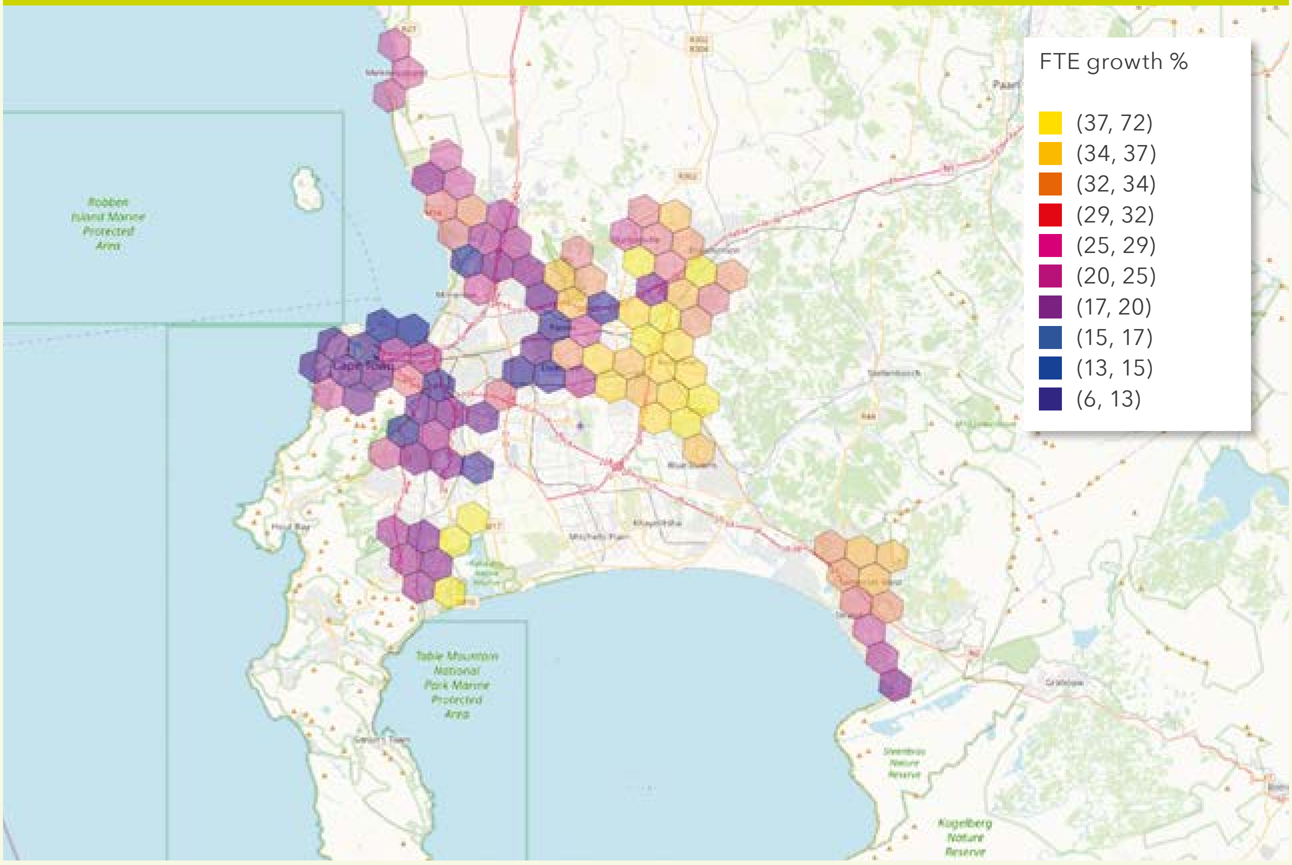
The graph below shows the additional job opportunities created since 2014 and their associated wage bands. It shows that while job opportunities have declined in the R1 600 to R3 200 wage band, due to regulations on the minimum wage, these have been taken up in the higher wage band, where most of the new jobs have been added (R3 200 to R6 400 per month). The second largest growth in job opportunities was in the R6 400 to R12 800 bracket, indicative of low to semi-skilled opportunities becoming available. Just under half of the jobs created, indicative of the demand for jobs in the Cape Town economy, were opportunities in the higher-skilled wage brackets (above R25 600 per month). This large proportion of growth in the higher wage bands reiterates the demand for higher-skilled jobs in the economy. This emphasises the mismatch between the over-supply of lower-skilled workers, unable to find work, and the demand for higher-skilled jobs within the economy.

FIGURE 7: CAPE TOWN'S CHANGE IN FTE BY WAGE BAND, 2014 TO 2022

Source: Spatial Economic Activity Data South Africa, 2014–2022/23.

DIAGRAM 2: TOP AREAS FOR JOB OPPORTUNITIES AND JOB GROWTH IN CAPE TOWN, 2014 TO 2022

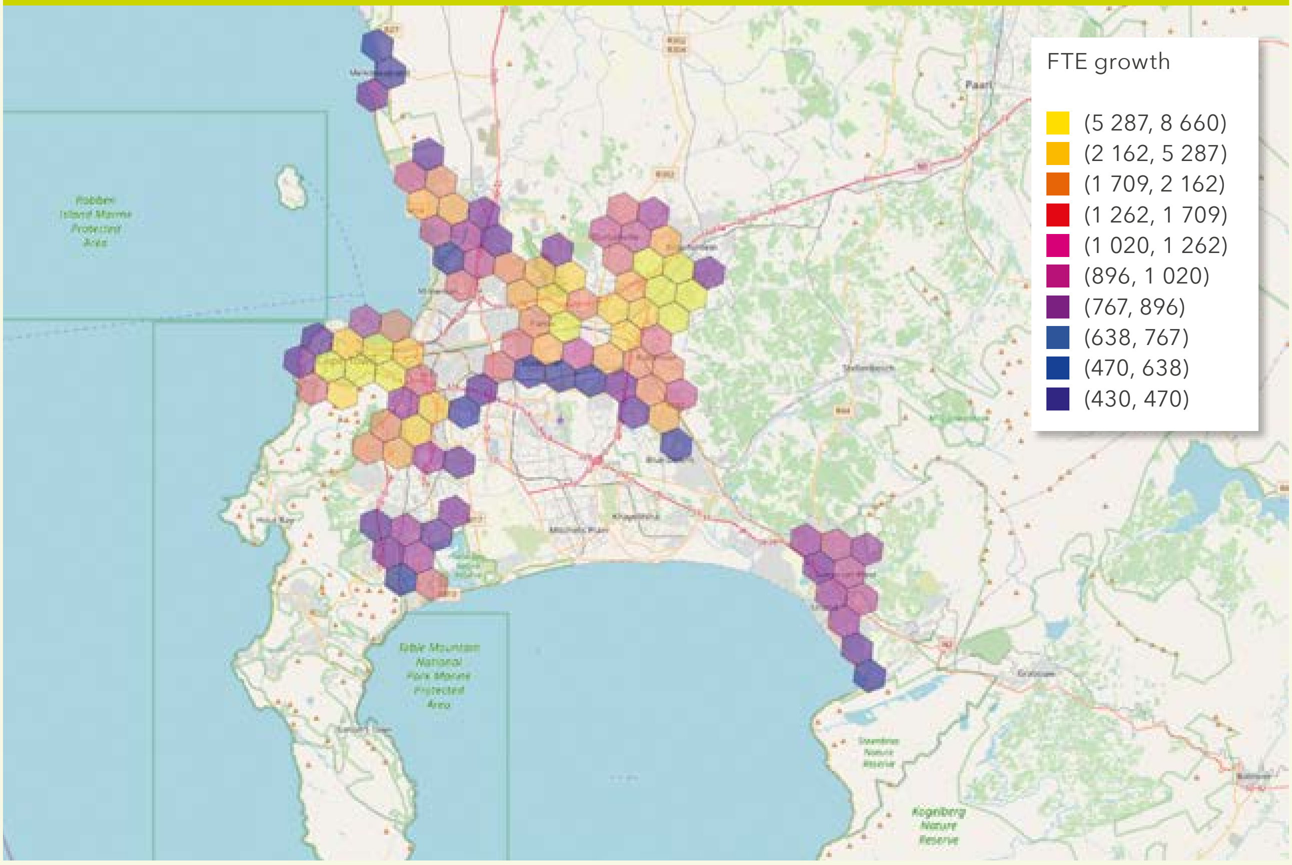
TOP AREAS FOR FTE EMPLOYMENT CREATION 2014 TO 2022 (PERCENTAGE GROWTH)



Source: Spatial Economic Activity Data South Africa, 2014–2022/23.
Note: Only formal employment is included in this data.

The maps above show where employment growth has taken place throughout the city, using a decile range distribution of absolute FTE growth over the 10-year period and an FTE growth rate. These graphs show that most jobs have been created in the CBD and Brackenfell. Important to note is that the SARS data is subject to the 'headquarter' effect, where companies' centralised reporting of tax information can result in employment being attributed to the headquarter location as opposed to the actual location of the employment activity. While the CBD and Brackenfell are still likely to be top-ranking areas for employment growth, the latter as a result of the development of Brackengate industrial and business parks, there is likely to be overestimation bias in these areas. The rate of growth over the past decade sheds light on some up-and-coming hot spots, including Brackenfell and Bellville, along the R300 and down the R102 towards Blackheath. In the southern suburbs,

TOP AREAS FOR FTE EMPLOYMENT CREATION 2014 TO 2022 (GROWTH IN VALUE)

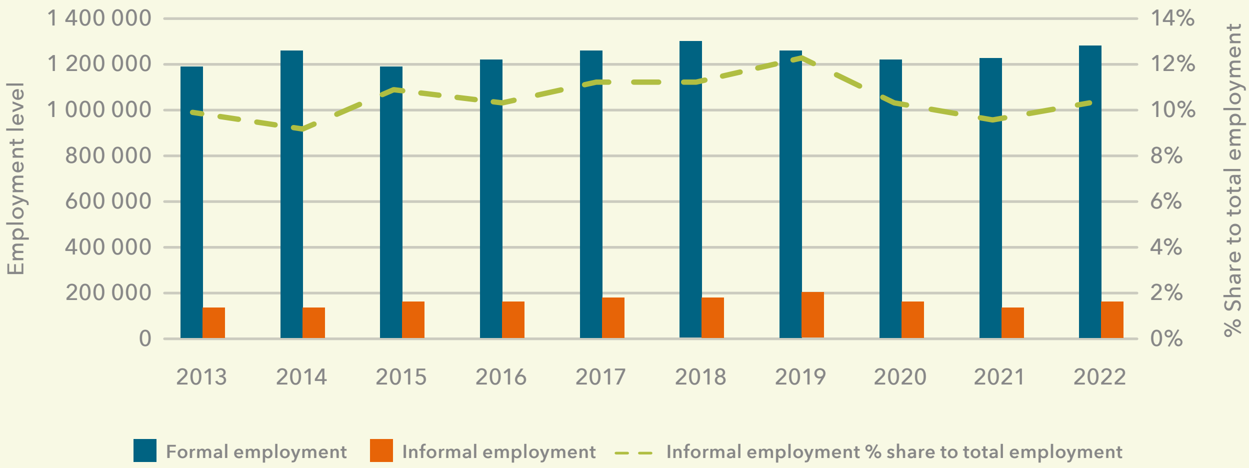


Source: Spatial Economic Activity Data South Africa, 2014–2022/23.
Note: Only formal employment is included in this data.

Muizenberg and the areas around Ottery have grown significantly, but from a lower base. In the Helderberg region, Somerset West is also showing strong formal employment growth over the period.

While the SARS data gives a good overview of the growth of formal employment over the past eight years in Cape Town, it does not provide insight into informal employment. To understand the formal and informal labour market together, the Quarterly Labour Force Survey (QLFS) should be used. The QLFS shows that informal employment was growing as a share of employment (formal and informal) from 2013 (10,2%) to 2019 (12,4%). Unfortunately, as this sector was disproportionately affected by the Covid-19 shock, with a 23% decline in informal employment levels in 2020, the share of informal employment in 2022 receded back to 10,8%.

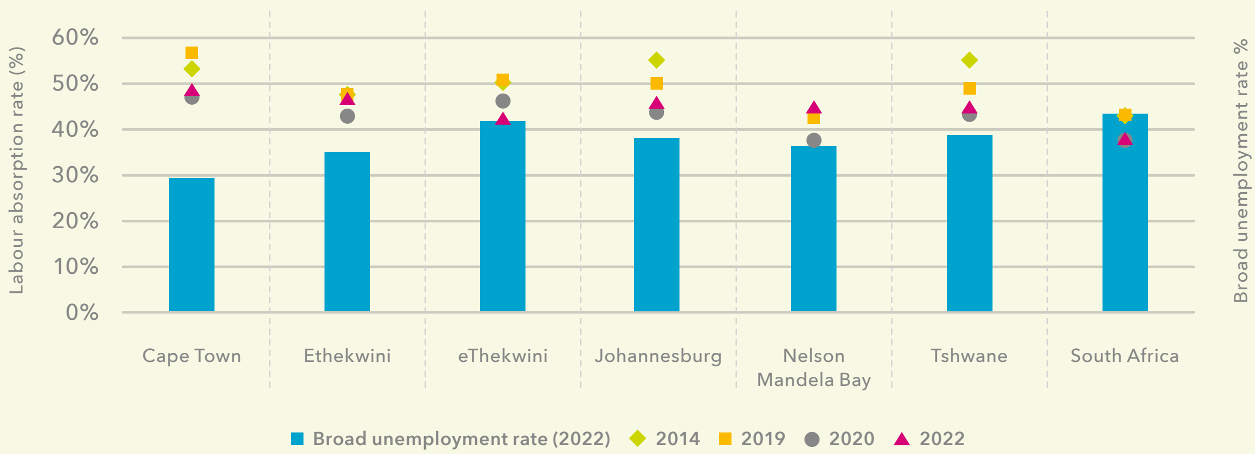
FIGURE 8: EMPLOYMENT LEVELS AND INFORMAL EMPLOYMENT SHARE IN CAPE TOWN, 2013 TO 2023



Source: Statistics South Africa, Quarterly Labour Force Survey, 2013–2023.
Note: Agriculture and private household employment have been excluded.

The increase in informal employment up until 2019, combined with formal employment growth, led to a recovery of the labour absorption rate (LAR) in Cape Town. Cape Town has displayed the best ability to employ the available workforce (since 2019), measured by the LAR. This has also assisted Cape Town in consistently holding its position as the metro with the lowest broad unemployment rate over the decade. In 2022, Cape Town's broad unemployment rate was 29,4%, well below South Africa's 43,8%.

FIGURE 9: LABOUR ABSORPTION RATE FOR METROS AND SOUTH AFRICA, 2014, 2019, 2020 AND 2022 AND 2022 BROAD UNEMPLOYMENT RATES



Source: Statistics South Africa, Quarterly Labour Force Survey, 2014, 2019, 2020 and 2022/23.

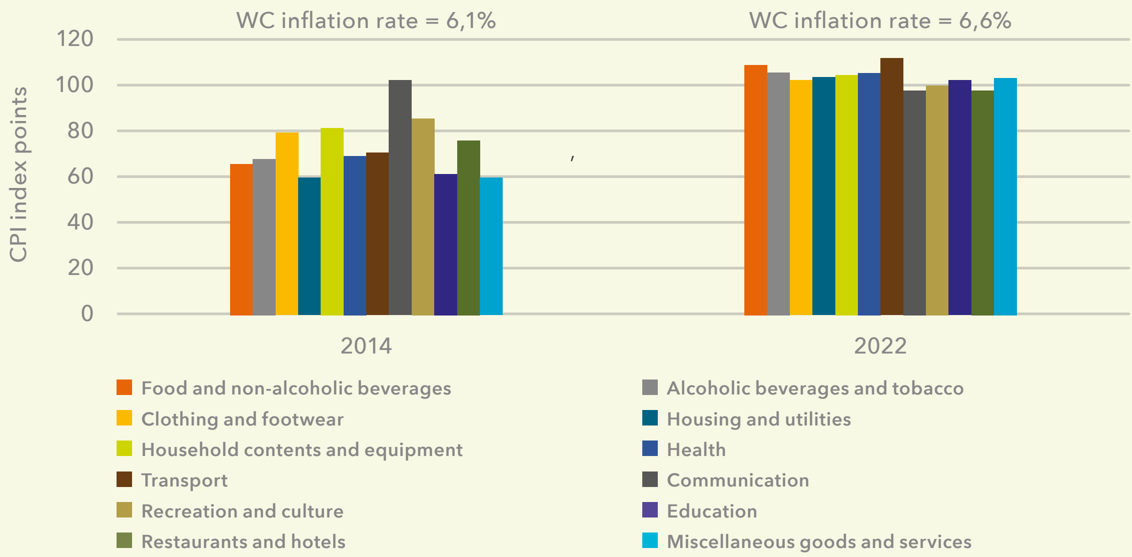
Cape Town's Labour Absorption Rate increased significantly from 2014 to 2019. In 2014, Cape Town had the third highest LAR (51,7%) after Johannesburg and Tshwane. Since then, Cape Town has recorded the highest LAR for 2019 (53,9%) and 2022 (49%). Although Cape Town's LAR (49%) had the second largest drop (down by 4,9 percentage points) between 2019 and 2022 due to the Covid-19 impact, particularly on peoples' ability to work and search for work, it remained the highest LAR among the metros.

Large price increases have been driven by supply-side factors

Although labour indicators are doing relatively well compared to other metros, the real median wage in Cape Town has declined over the past 10 years. While this can partly be attributed to unemployed people finding employment in low-wage income bands, it is also reflective of the productivity challenges that businesses have faced over the past 10 years. Ordinarily, stagnant or declining household incomes might be associated with relatively low growth in prices. However, strong supply-side pressures, driven mainly by national (cost of electricity) and global factors (exchange rate fluctuations and commodity prices), have resulted in, at times, rapid growth in prices, particularly food prices. The combination of weak income growth, and substantial increases in food and transport prices, have placed considerable burdens on households in Cape Town and countrywide.

The Western Cape and South Africa had similar headline CPI recordings in 2014, both recording 6,1%, just outside the upper end of the inflation target range. By the end of 2022, prices in the Western Cape and South Africa had increased significantly, with annual CPI increases in 2022 still above the target range with 6,6% and 6,9%, respectively.

FIGURE 10: WESTERN CAPE INFLATION CATEGORIES, 2014 VERSUS 2022



Source: Statistics South Africa, 2014 and 2022.
Note: December 2021 = 100.

As expected over a 10-year period, people in the Western Cape are paying more for everything except, surprisingly, communication goods and services. Categories with increases above 30 index points are among the main price drivers of price increases since 2014. These include miscellaneous goods and services,[8] food and non-alcoholic beverages, education, and housing and utilities,[9] alcoholic beverages and tobacco, as well as health and transport. The price of fuel contributes significantly, not only to the transport category but across categories.

[8] *Includes personal care products; personal effects not elsewhere classified; social protection; insurance; financial services not elsewhere classified; and other services not elsewhere classified.*
[9] *Water and electricity as well as rental property price inflation categories are included in this category.*

Price basket analysis

In order to better understand the effect that increases in the general price level (inflation) have on Cape Town households, the Economic Analysis Branch started collecting price data for typical grocery products in September 2016.[10] Collecting of data came to a halt in 2017, and for this 10-year edition, data was gathered from April to June 2023. This section looks at which items have experienced the largest price increases, and how the total cost of a notional basket of basic grocery items has changed between September 2016 and June 2023.

DIAGRAM 3: MONTHLY AVERAGE PRICE FOR SELECTED FOOD ITEMS FOR A NOTIONAL PRICE BASKET, SEPTEMBER 2016 TO JUNE 2023

September 2016

R152,47

June 2023

R283,51

	Percentage point contribution to price increase
White bread 700 g	4,89
Long-life milk 1 L	3,73
Eggs 18	16,77
Potatoes per kg	4,98
Onions per kg	11,81
White rice 2 kg	14,18
Baked beans 410 g	5,62
Fish: Pilchards (can)	9,28
Chicken 250 g	0,22
Cereal oats	14,46
TOTAL	**85,95%**

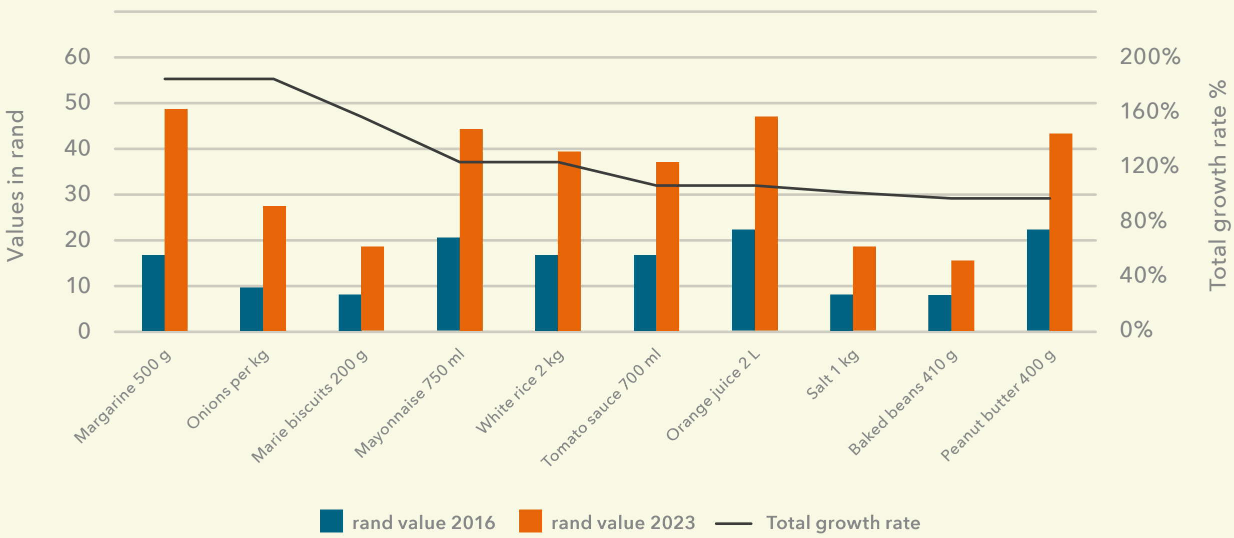
Source: Economic Analysis Branch, own calculations.

[10] *Clarifying comments:*
- *This price basket is not related to the extensive one used by Statistics South Africa to derive CPI; rather, it is a limited and subjective selection of typical household grocery items.*
- *The base data, which is collected monthly, consists of the average price of products across the main supermarket chains in Cape Town. The data-gathering period took place at the end of each month.*
- *There is no assumption that these items are the only goods being consumed by households.*
- *The value of the basket reflects a weekly consumption.*

The price of the basket increased from R152,47 in September 2016 to R283,51 in June 2023, reflecting an upward price change of 85,95%. It is striking that the annual growth in the cost of the consumer basket is considerably higher than the average inflation rate over the period, highlighting the disproportionate effect of inflation on poorer households. The top three drivers of the increase in the value of the notional basket was the price of eggs, oats (cereal) and rice (white). The graph below identifies the items that experienced the fastest price growth between this period.

During this period, prices were impacted by the Western Cape drought (2017–2018), the Covid-19 pandemic and the Russia-Ukraine war since February/March 2021. Domestic factors such as the weakened exchange rate, increasing fuel costs and load-shedding have affected the South African supply chain, elevating input costs. The sugar tax or Health Promotion Levy was also implemented on 1 April 2018, which placed upward pressure on the price of sugary beverages such as orange juice.

FIGURE 11:[11] TOP 10 PRICE CHANGES FROM SEPTEMBER 2016 TO JUNE 2023



Source: Economic Analysis Branch, own calculations.
Note: Average prices across five stores: Woolworths, SPAR, Shoprite, Checkers and PnP.

Noticeably, the price of margarine increased at a rapid rate, largely attributed to the impact of the Russia-Ukraine war. Vegetable oils such as sunflower, canola and soybean oils are used as inputs for the production of margarine, mayonnaise and peanut butter. With South Africa as a net importer, the prices of these items surged considerably (IFPRI, 2022).

[11] *The following table is compiled from a broader item list on which data was gathered.*

Cape Town is increasingly an outlier among the metros

With challenges such as the drought, Covid-19 and large price increases, economic data is increasingly revealing that Cape Town's growth trajectory and prospects are generally diverging from the national experience. Cape Town has been one of the predominant drivers of employment growth in the country in the last year, with international tourism recovering significantly. While the real estate industry is not faring well in many parts of South Africa, it has continued to grow in Cape Town. This is more a result of rising property prices reflecting higher levels of confidence in the city than it is a reflection on the construction value chain in the city, which is currently underperforming. However, an aspiring City infrastructure programme and extensive ease of doing business initiatives are likely to inject new energy into this industry and have numerous downstream benefits for households and businesses. While unemployment and inequality remain systemic issues that cannot be ignored, the City is committed to enabling economic growth. This is shown through investment promotion, an ambitious infrastructure programme, including load-shedding relief investments and the ease of doing business reforms to ensure the realisation of a more inclusive and equitable city. These economic initiatives find social counterparts in the City's social housing programme, indigent relief, and safety and security investments, among others. These initiatives will continue to set Cape Town apart as a 'city of hope' within South Africa and on the African continent more broadly.

01

EPIC 2023: Q2
OVERVIEW

CAPE TOWN OVERVIEW 2023: QUARTER 2

GROSS DOMESTIC PRODUCT (GDP)

The **Western Cape** accounted for **R658 billion**[a] of the **R4,6 trillion gross domestic product** (GDP) generated by **South Africa** in the second quarter of 2023. While GDP data are not available at a city level on a quarterly basis, **Cape Town typically contributes around 73%** of the provincial GDP annually.[b]

R4,6 trillion
South Africa

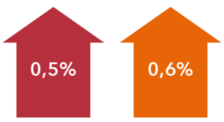
R658 billion
Western Cape

[a] *At constant 2015 prices, seasonally adjusted and non-annualised. Sources: Quantec, 2023; Statistics South Africa, 2023.*

[b] *Source: South Africa Regional eXplorer, 2023.*

GDP GROWTH RATE

During the second quarter of 2023, the **Western Cape** rebounded with growth of **0,5%**. This was in line with the **national** GDP growth of **0,6%**.[c]



Western Cape
South Africa

[c] *At constant 2015 prices, seasonally adjusted and non-annualised. Sources: Quantec, 2023; Statistics South Africa, 2023.*

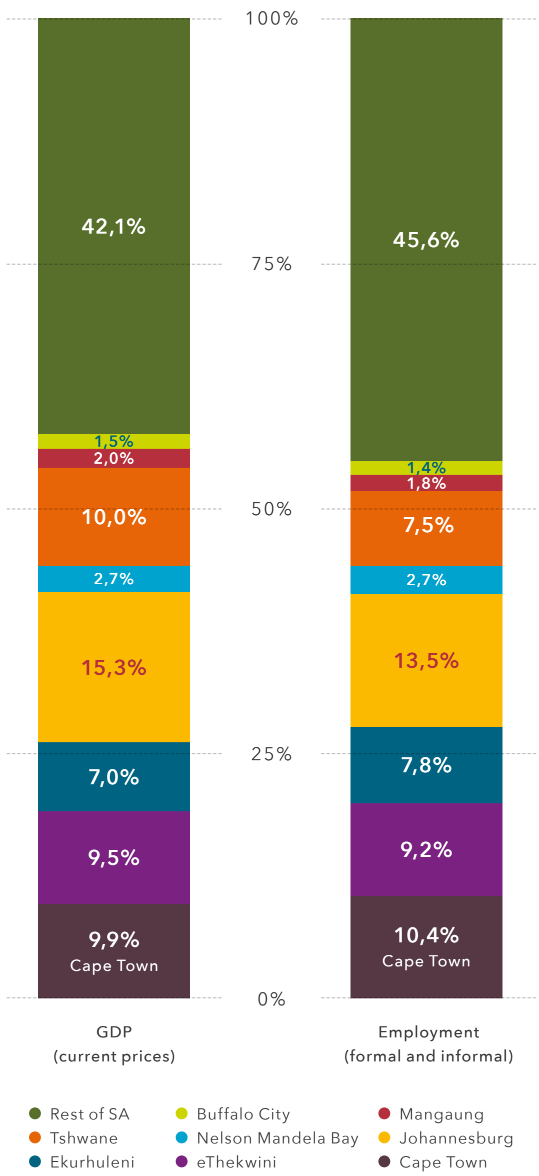
GDP PER CAPITA

In 2022, **South Africa** had a **GDP per capita** of **R108 466**, while the **Western Cape's** GDP per capita was **R129 879** and **Cape Town's** was **R144 820.**[d]

South Africa
Western Cape
Cape Town

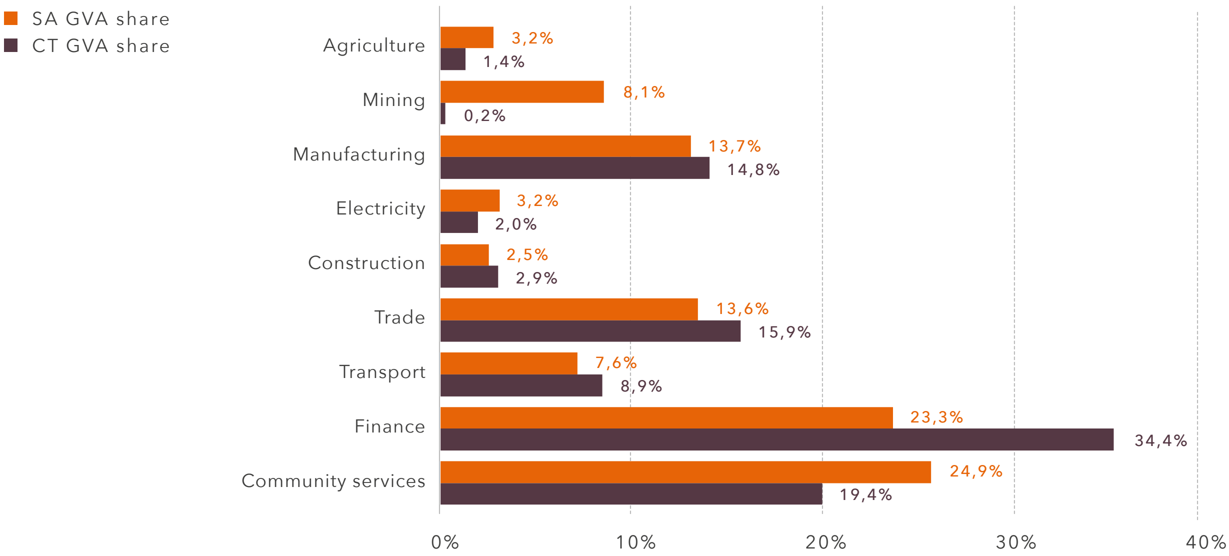
[d] *At current prices. Source: South Africa Regional eXplorer, 2023.*

METRO CITIES' GROSS GEOGRAPHIC PRODUCT AND EMPLOYMENT CONTRIBUTIONS TO SOUTH AFRICA, 2022[e]



[e] *At current prices. Source: South Africa Regional eXplorer, 2023.*

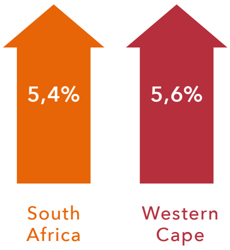
SECTORAL GROSS VALUE ADDED (GVA) SHARES, CAPE TOWN VERSUS NATIONAL 2022[f]



[f] *At current prices. Source: South Africa Regional eXplorer, 2023.*

INFLATION

At the end of the second quarter of 2023, **South Africa** had an **inflation rate of 5,4%**. The **Western Cape's inflation rate** for the same period was **5,6%**.[g]



[g] *Source: Statistics South Africa, 2023.*

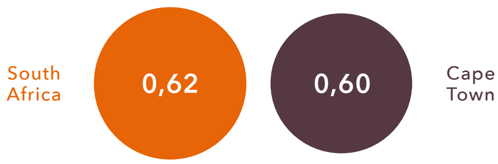
POPULATION

South Africa has a population of **60 604 992**. A total of **7 212 142** people (11,9% of the national population) live in the **Western Cape**. Of those, **4 756 255** are residents of **Cape Town**.[h]

[h] *Source: City of Cape Town, 2023a.*

GINI COEFFICIENT

In 2022, **South Africa** had a Gini coefficient of **0,62**, while **Cape Town** had a slightly lower value of **0,60**.[i]



[i] *Source: South Africa Regional eXplorer, 2023.*

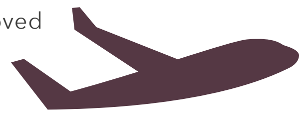
VISITOR ATTRACTIONS

In the second quarter of 2023, tourists and residents made **674 271** visits to **Cape Town's four major attractions** reported on.[j]

[j] *Source: Wesgro, 2023.*

AIR PASSENGER MOVEMENTS

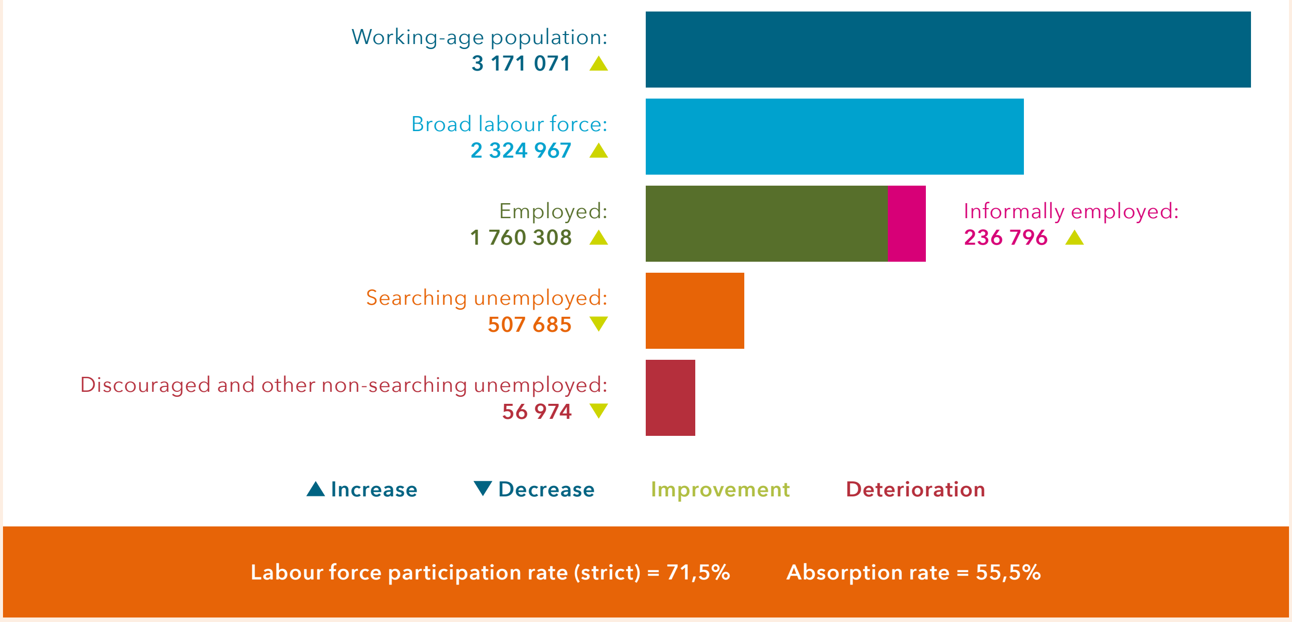
2 198 779 passengers moved through **Cape Town International Airport** during the second quarter of 2023.[k]



[k] *Source: ACSA, 2023.*

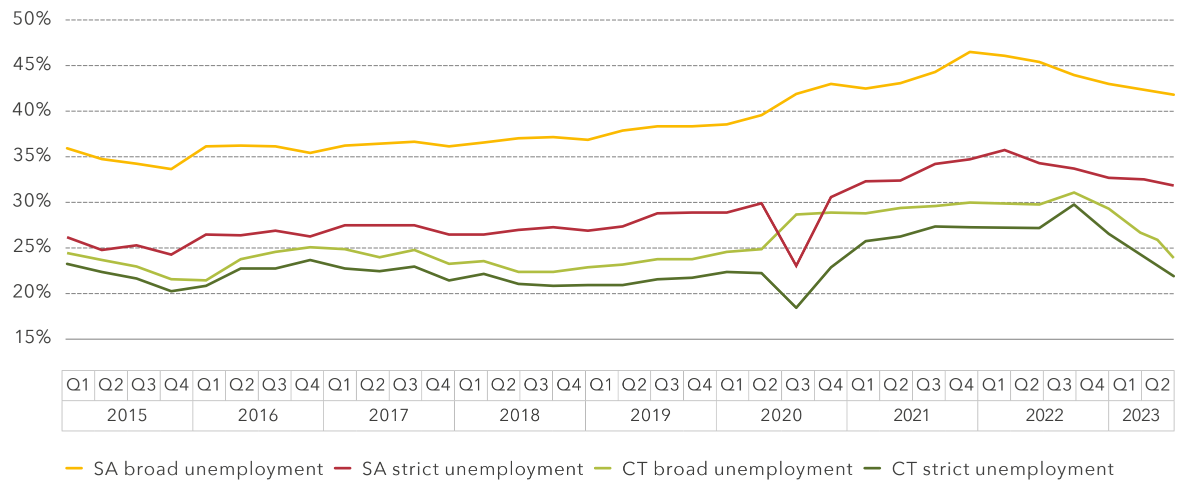
LABOUR OVERVIEW 2023: QUARTER 2

LABOUR MARKET INDICATORS, 2023 Q2 (QUARTER-ON-QUARTER CHANGES)



Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 2, August 2023.

STRICT VERSUS BROAD UNEMPLOYMENT RATES FOR SOUTH AFRICA AND CAPE TOWN, 2015 Q1 TO 2023 Q2[1]



Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 2, August 2023.

[1] *The 'strict' definition of unemployment includes only people who are actively seeking work. The 'broad' definition of unemployment includes those under the 'strict' definition as well as 'discouraged' and other 'non-searching' job seekers.*

KEY FINDINGS FOR THE SECOND QUARTER OF 2023

In the second quarter of 2023, the **Western Cape economy** grew by 0,5% quarter-on-quarter (non-annualised), mirroring the national trend. The highest sectoral growth rate was recorded in the agriculture sector, while the biggest contributors to the total provincial growth rate were the manufacturing, and finance and business services sectors.

The Western Cape recorded an **inflation rate** of 5,6% at the end of the second quarter, which is a significant decrease from the 7,1% at the end of the previous quarter. The national inflation rate at the end of the second quarter was slightly lower at 5,4%.

The number of people **employed** in Cape Town increased by 55 936 on a quarter-on-quarter basis, to a total of 1,76 million in the second quarter of 2023. Compared to the previous quarter, the main contributors to employment during the period were the construction (+50 107), private households (+29 173), and transport and communication (+28 842) sectors.

Cape Town's top five **tourist attractions** recorded a total of 674 271 visitor numbers in the second quarter of 2023. This represents a year-on-year improvement of 35%.

Accommodation establishments in Cape Town recorded an average **occupancy rate** of 58,8% in the second quarter. The domestic tourism market remains a dominant source of business for the sector.

Cape Town International Airport recorded 2,19 million **air passenger movements** in the second quarter of 2023. Despite representing a year-on-year improvement, this is still 13% lower than the same period in 2019.

On a quarter-on-quarter basis, Cape Town's [international] **trade** recorded an increase in **exports**, while **imports** decreased in the second quarter. Exports were mainly led by refined petroleum, as well as citrus fruit. On a year-on-year basis, second quarter exports recorded an increase of 8,6% from the levels in the second quarter of 2022.

02

ECONOMIC GROWTH

Gross domestic product (GDP) growth is one of the most widely used measures of economic performance in a country or region. It provides an indication of the level of value-added production that takes place in an economy during a specific period. Large cities such as Cape Town are typically the loci of economic production, and are therefore often the main drivers of economic growth in a region.

SOUTH AFRICA'S QUARTER-ON-QUARTER ECONOMIC PERFORMANCE

After rebounding in the previous quarter (with 0,4% growth), the South African economy continued on its path of recovery, recording growth of 0,6% quarter-on-quarter (non-annualised, as per the change in Stats SA's reporting conventions)[2] in the second quarter of 2023. Despite an improvement of only 0,2 of a percentage point from the previous quarter, the second quarter outperformed the Bureau for Economic Research's (BER) above-consensus expectation of 0,5% growth (BER, 2023a).

At the national level, the majority of sectors (six) recorded growth in the second quarter of 2023. Of these, the largest sectoral growth was recorded in the agriculture sector, which grew by 4,2% and added 0,1 of a percentage point to the total national growth rate. This was followed by the manufacturing and mining sectors, which recorded quarter-on-quarter growth of 2,2% and 1,3%, and added 0,3 and 0,1 of a percentage point, respectively, to the total national growth rate in the second quarter of 2023. Further growth was recorded in the community and social services (0,7%), finance and business services (0,7%), and general government (0,6%) sectors, adding a combined 0,3 of a percentage point to the total national growth rate.

For the second quarter of 2023, four sectors recorded quarter-on-quarter contractions. The transport and communication sector recorded the largest quarter-on-quarter contraction (-1,9%), and subtracted the most (-0,2 of a percentage point) from the total national growth rate. This was followed by the electricity and water sector, which contracted by 0,8% quarter-on-quarter, as well as the trade and hospitality, and construction sectors, which each contracted by 0,4% quarter-on-quarter; the latter three sectors subtracted a combined 0,1 of a percentage point from the total national growth in the period under review.

Despite recording growth in the second quarter, momentum remains sluggish. There are a number of additional indicators that point to the current challenging economic climate and the economy's strained path of recovery. The RMB/BER Business Confidence Index dropped a further 9 index points to 27 in the second quarter of 2023. According to RMB (BER, 2023b), the decline in sentiment is recorded alongside lower business activity, while challenges in the business environment persist, such as ongoing load-shedding, rising interest rates, as well as cost pressures that weigh on profitability. This quarter's reading, which is also the lowest since 2020, means that slightly less than a quarter of respondents are satisfied with the prevailing business conditions. It was also underpinned by declining sentiment in three of the five sectors represented, with the most pronounced declines recorded for new vehicle dealers and the retail sector.

Similarly, the FNB/BER Consumer Confidence Index remains significantly low. After plunging in the previous quarter, the index dropped a further 2 index points to record -25 index points in the second quarter of 2023, its second-lowest reading since 1994. The index is underpinned by declines in all of its sub-sectors, with the largest noted in the economic outlook sub-index (BER, 2023c).

The Absa Purchasing Managers' Index (PMI) survey is an indicator of manufacturing activity as it centres on components such as business activity, new sales orders, supplier performance, prices and employment, as well as business sentiment. After recording 48,1 index points at the end of the previous quarter, the Absa PMI improved in April to record 49,8 index points, before declining to 49,2 index points in May, and further to 47,6 index points in June 2023. Intensified load-shedding remains a notable negative contributor, as does domestic demand that is still under pressure (BER, 2023d).

[2] *Statistics South Africa (Stats SA) announced that "it will no longer use the annualised rate as the headline rate of change". This was first implemented in its GDP release for the second quarter of 2021 (Statistics South Africa, 2021).*

A GLOBAL COMPARISON OF ECONOMIC PERFORMANCE

Despite a multitude of setbacks throughout 2022 (IMF, 2022), global recovery prospects continue, albeit at a historically slow pace. Following an estimate of 3,5% growth for 2022, in its latest [July] World Economic Outlook Update (WEO), the IMF (2023) has revised its global growth forecast for 2023 to 3%, up by 0,2 of a percentage point from its last [April] forecast. The forecast for 2024 remains unchanged at 3,0%. Amid high inflation, the IMF notes that most economies remain focused on achieving "sustained disinflation while ensuring financial stability," as it continues to weigh on economic activity.

For 2022, the IMF noted estimated growth of 2,7% for advanced economies. Estimates for 2023 have been revised upward to 1,5% growth for advanced economies (+0,2 of a percentage point), with an unchanged expectation of 1,4% growth in 2024. Similarly, following estimated growth of 4,0% in 2022, the IMF's expected growth for emerging and developing economies for 2023 was also upwardly revised (by 0,1 of a percentage point) to 4%, while the forecast for 2024 growth was revised downwards (by 0,1 of a percentage point) to 4,1%. Alongside South Africa's annual growth of 1,9% noted for 2022, the latest forecast includes an upward revision by 0,2 of a percentage point, with an expectation of growth of only 0,3% for 2023. A bounce-back is still expected in 2024, though the expected growth rate has been revised down to 1,7% growth (-0,1 of a percentage point on the previous forecast).

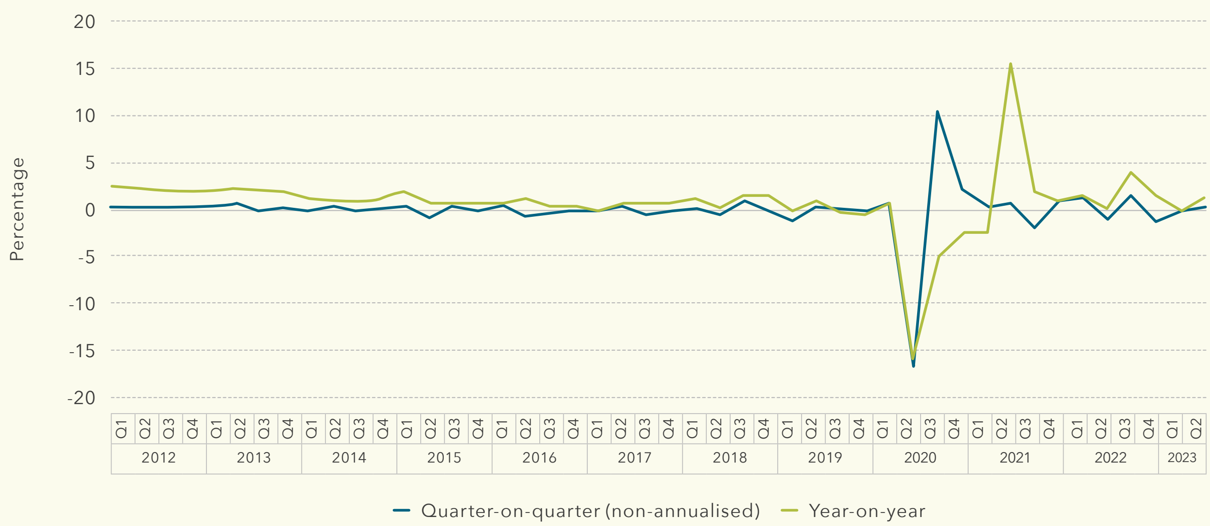
WESTERN CAPE AND CAPE TOWN ECONOMIC PERFORMANCE

The Western Cape economy accounts for around 14% of South Africa's total gross domestic product (GDP). In line with the national economy's performance (0,6%), the Western Cape economy recorded [non-annualised] growth of 0,5% quarter-on-quarter for the second quarter of 2023. This is an improvement of 0,3 of a percentage point from the previous quarter's growth.

The year-on-year data for the Western Cape indicate a similar performance to that of the country as a whole.

Following a drop in the previous quarter [to below 1%], the year-on-year performance at both national and provincial levels improved in the second quarter of 2023. South Africa experienced year-on-year growth of 1,7% [annualised], while the Western Cape economy recorded year-on-year growth of 1,8% [annualised] in the quarter under review.

FIGURE 1: REAL GGP GROWTH FOR THE WESTERN CAPE, 2012 Q1 TO 2023 Q2



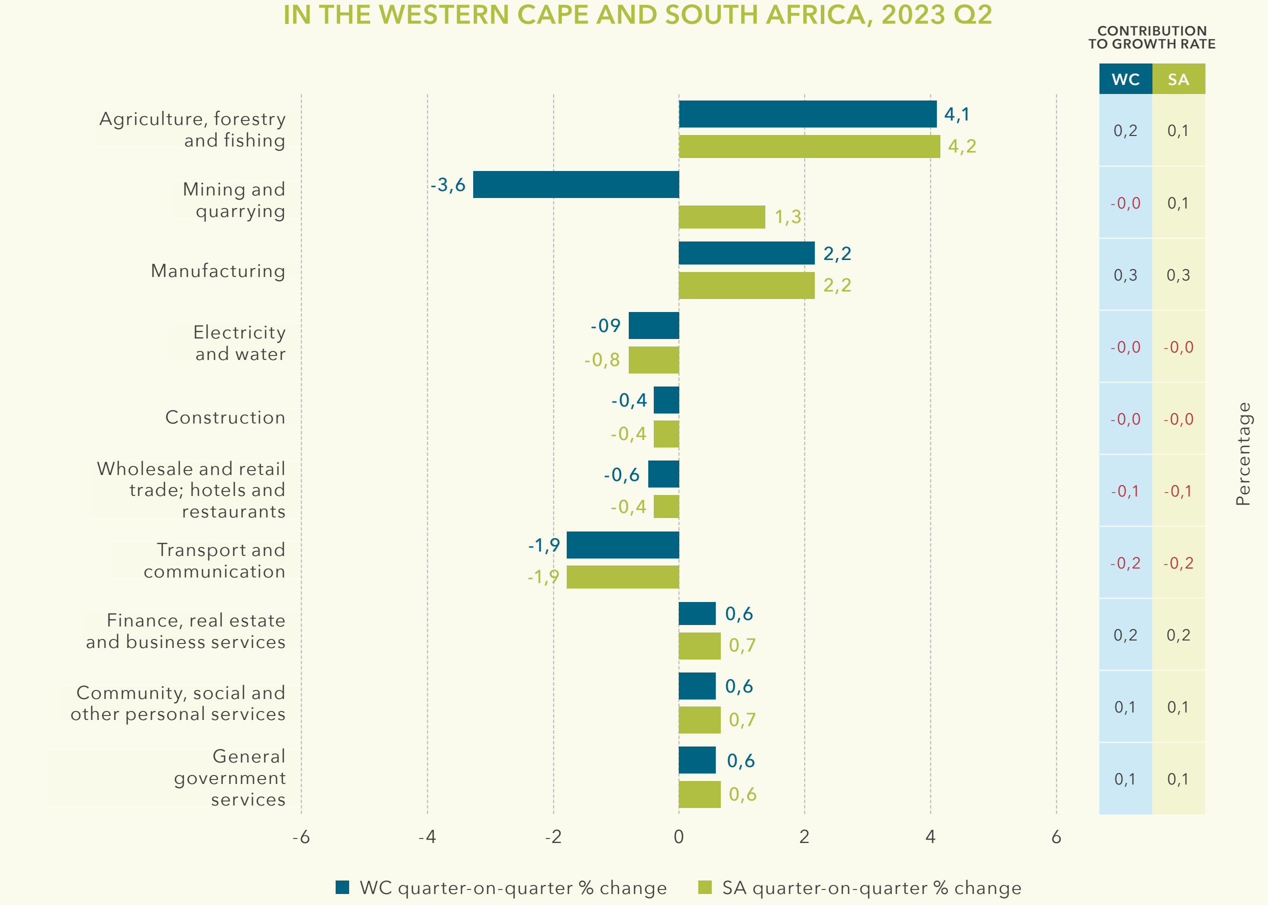
Source: Quantec, 2023.

The Western Cape's GDP performance largely mirrored that of the national economy, with similar sectoral trends, in the second quarter of 2023. As at the national scale, the agriculture sector recorded the largest sectoral growth rate of 4,1% quarter-on-quarter, followed by the manufacturing sector with 2,2% quarter-on-quarter growth. These two sectors added 0,2 and 0,3 of a percentage point to the total provincial growth rate, respectively. Further growth was recorded in the finance and business services, general government, and community and social services sectors, which each grew by 0,6% quarter-on-quarter in the second quarter, and added a combined 0,3 of a percentage point to the total provincial growth rate.

At the provincial level, five sectors contracted during the second quarter of 2023. The mining sector recorded the largest sectoral contraction (-3,6% quarter-on-quarter); however, due to its minimal contribution to the Western Cape economy (0,2% share), this translated into only subtracting 0,01 of a percentage point from the total provincial growth rate. This was followed by the transport and communication sector, which recorded a contraction of 1,9% quarter-on-quarter, and subtracted the most from the total provincial growth rate with -0,2 of a percentage point. The electricity and water (-0,9%), trade and hospitality (-0,6%), and construction (-0,4%) sectors also recorded quarter-on-quarter contractions, and subtracted a combined 0,1 of a percentage point from the province's total growth rate in the second quarter.

The second quarter performance by the manufacturing sector shows slight improvement with a second consecutive quarter of growth at a higher rate than the previous quarter. In contrast, after three consecutive quarters of positive growth, the construction sector recorded a contraction.

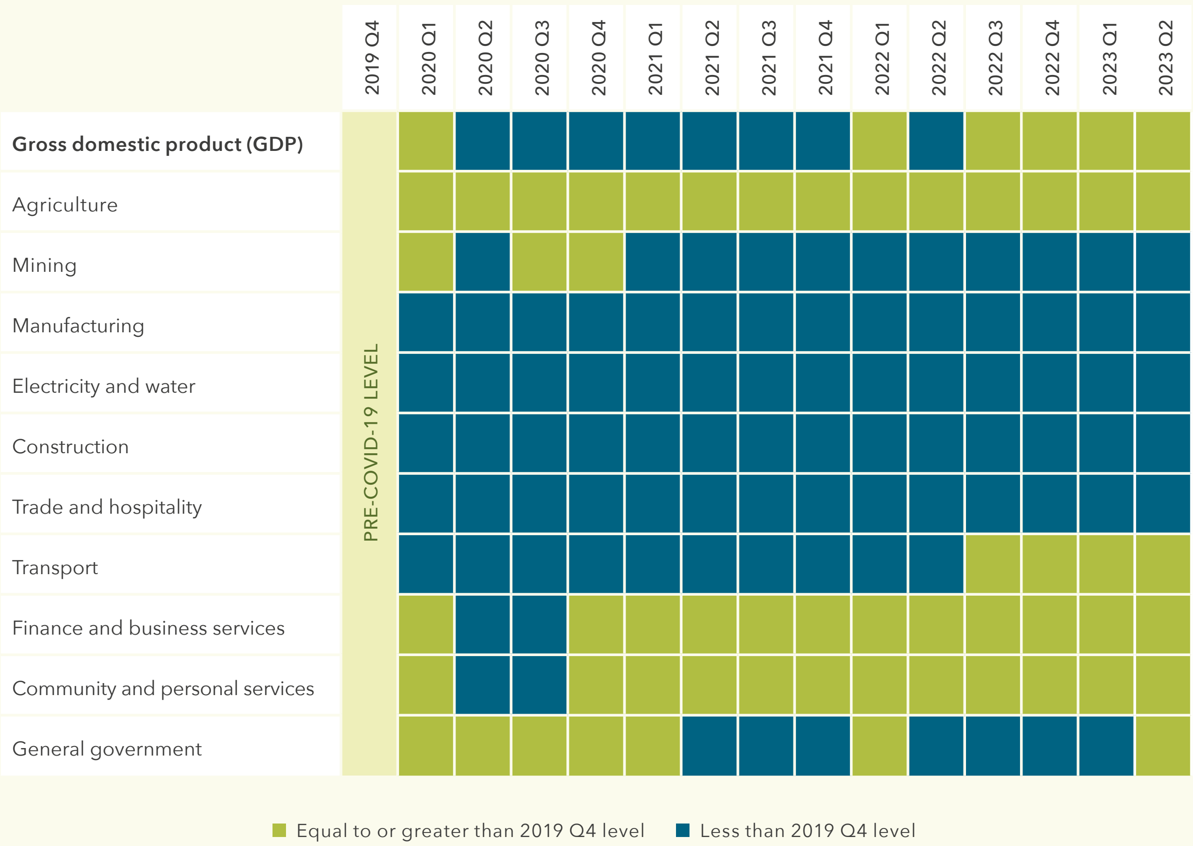
FIGURE 2: SECTORAL REAL GDP-R GROWTH RATES (ANNUALISED) IN THE WESTERN CAPE AND SOUTH AFRICA, 2023 Q2



Source: Quantec, 2023.

Given that the economy is still stumbling along its growth path, it is still useful to compare economic activity to pre-Covid-19 levels as a way of monitoring economic recovery since the pandemic. As illustrated in table 1, overall economic activity in the Western Cape (shown as total GDP) continues to be higher than that of the fourth quarter of 2019. At the sectoral level, four sectors (finance and business services; community and social services; agriculture; and transport and communication) managed to maintain economic activity at levels higher than their respective pre-pandemic levels, with the addition of a fifth sector: general government. For the second quarter of 2023, the construction, trade and hospitality, manufacturing, electricity and water, and mining sectors' economic activity levels remained below their respective pre-pandemic output levels. In the quarter under review, all of these (five) sectors also recorded lower rand value output than in the previous quarter, with the exception of the manufacturing sector, which edged closer to its pre-pandemic level.

TABLE 1: WESTERN CAPE'S SECTORAL ECONOMIC ACTIVITY LEVELS, COMPARED TO PRE-COVID-19 PANDEMIC (I.E. 2019 Q4)



Source: Own calculations based on Quantec data, 2023.
Note: 2019 Q4 is the base year to which all following quarters are compared.

In contrast to its high contribution to the tertiary sector output of the Western Cape, Cape Town's contribution to the province's total primary sector GGP is only 20% (South Africa Regional eXplorer, 2023). This means it is difficult to make inferences about the performance of the city's primary sector based on primary sector GGP growth in the Western Cape. However, even if Cape Town's primary sector (agriculture, in particular) did mirror provincial trends, it is unlikely that this would have had a large impact on the overall growth rate of the city, as the primary sector contributes only 1% to Cape Town's total GGP. Rather, the performance of the city's economy in the second quarter of 2023 would have been driven by the performance of the finance, community services, and trade sectors, which in 2022, comprised 40%, 19% and 13% of the city's economy, respectively. The positive performances of the former two of these sectors may have a greater impact on Cape Town's economy; however, overall the city may have experienced economic growth similar to that of the province in this period. In the last 10 years, the variation of the city's GDP growth rate from the provincial growth rate[3] has been, on average, 0,1 of a percentage point. If this were to hold true for the second quarter of 2023, a plausible range for Cape Town's non-annualised and seasonally adjusted quarter-on-quarter economic growth in the second quarter is between 0,4% and 0,6%.

[3] *Based on the median of the differences over the 10-year period.*

03

INFLATION

Price fluctuations of goods and services in an economy are measured by the consumer price index (CPI) inflation rate and producer price index (PPI) inflation rate. The CPI measures the change in the cost of living for households, and the PPI measures the change in the cost of production.

INFLATION OVERVIEW

In the last month of the second quarter of 2023, the CPI[12] decreased to 5,4% compared to the 7,0% recorded at the end of the first quarter of 2023. As illustrated in figure 3, the CPI decreased from 6,8% in April to 6,3% in May and further to 5,4% in June, the lowest recording since October 2021. Since May 2022, the CPI had remained above the upper end of the inflation target range (6%) for 13 months, but has now finally moved below 6%. This downward trend could be attributed to the numerous hikes in the repurchase rate (repo rate) since November 2021, which suppresses demand-side impacts on prices.

According to Statistics South Africa (2022), the main contributors to the overall CPI inflation rate for June 2023 were: food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services.

According to the Monetary Policy Committee (MPC) statement in July 2023, global economic conditions have improved with global inflation easing and growth forecasts stabilising, however longer-term outlooks remain volatile, due to the effects of geopolitical tension and climate change, among others. South Africa's economic conditions seem to be mirroring the global conditions, with improved inflation prospects overall. The outlook for 2023 dropped minimally to 5,2% from a previous 5,3%, and lowers further for 2024 to 4,9% from a previous 5%. At its meeting in May 2023, the MPC stated that fuel, electricity and food prices are currently the key categories shaping inflation; although when compared to the previous meeting, the outlooks for these categories were revised lower. Despite some improved conditions, concerns still remain, including sluggish economic growth, a weakening exchange rate and the impact of load-shedding on the cost of living and the cost of doing business. As such, the MPC will closely monitor these [upward] risks to inform future decisions.

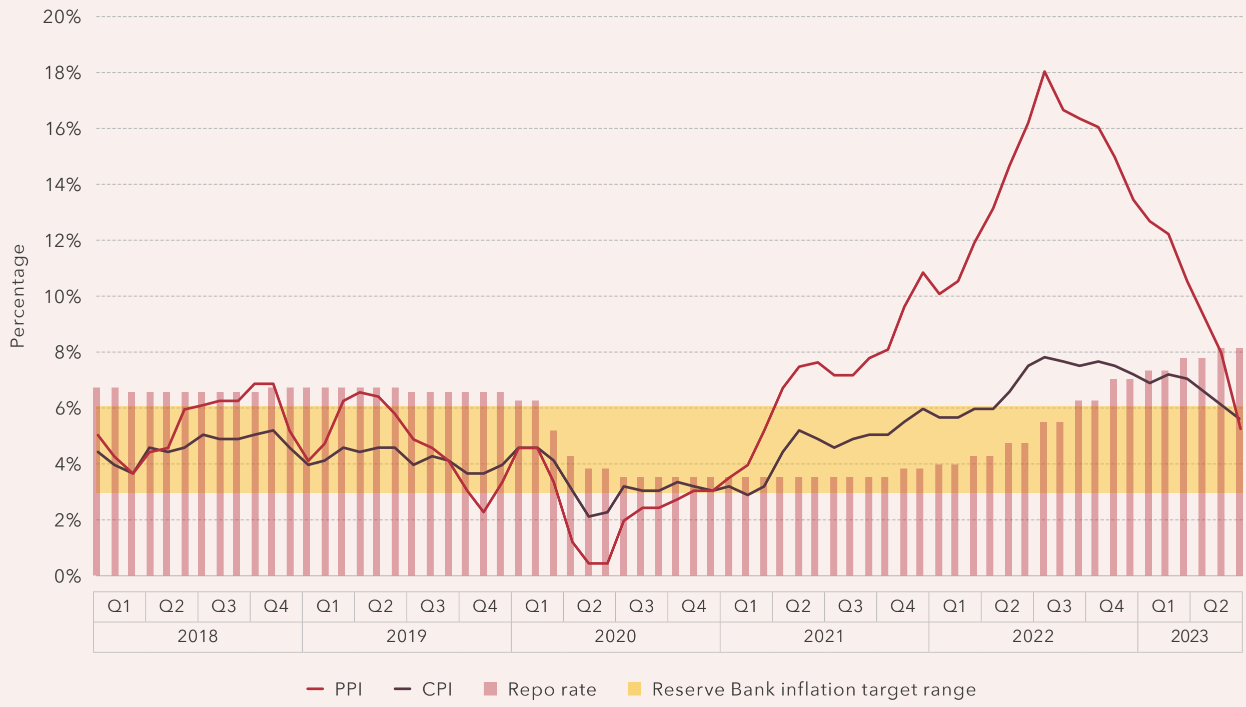
For the second quarter of 2023, the PPI[13] recorded a significant decrease to an average of 6,9%, after averaging 11,8% in the previous quarter. The index recorded monthly readings of 8,6% in April, decreasing to 7,3% in May and dropping notably further to 4,8% in June 2023. The recording for June saw the PPI return to within the inflation target range for the first time in 26 months. The main inflationary contributors to the PPI in June (in terms of final manufactured products) were the prices of: coke, petroleum, chemical, rubber and plastic products; food products, beverages and tobacco products; metals, machinery, equipment and computing equipment; transport equipment; and paper and printed products.

The gap between the CPI and the PPI had been increased significantly since the fourth quarter of 2020, reaching a peak in the third quarter of 2022 with an average of 9,3 percentage points. Since the peak, the gap has been decreasing, most recently from the average difference of 4,8 percentage points recorded in the first quarter of 2023 to an average difference of 0,7 percentage points for the second quarter.

[12] *Headline CPI is recorded and reported on for urban areas.*
[13] *According to Statistics South Africa (2021), the PPI from, and including, January 2021 has been reweighted. Noted, however, is that the reweighting will not affect the calculations of the basket.*

Figure 3 illustrates changes in CPI, PPI and the repo rate. As indicated in the graph, the repo rate increased once during the second quarter of 2023, by 50 basis points. This took the repo rate to 8,25% from a previous 7,75% at the start of the quarter, the highest it has been since December 2022. It would seem that the aggressive approach of continuously increasing the repo rate as a way of addressing rising headline inflation has had its desired effect, as the CPI and PPI recorded strong declines at the end of the quarter. According to the MPC statement of May 2023 (SARB), key reasons for the most recent decision to raise the repo rate further were: headline inflation that still hovered above the target range of 3% to 6%; the upward pressure on inflation expectations from [local] food prices; and the weakening South African rand. Further concerns that carried weight in the decision were the uncertainty of global economic conditions, continuing load-shedding, as well as electricity and administered prices. The MPC further commented that current policy is restrictive, and their stance is to anchor inflation expectations more firmly around the mid-point of the inflation target range and to increase confidence in expectations within the target range. Therefore, the bank will closely monitor all upward risks to inflation when making future rate decisions.

FIGURE 3: CPI AND PPI TRENDS FOR SOUTH AFRICA, JANUARY 2018 TO JUNE 2023

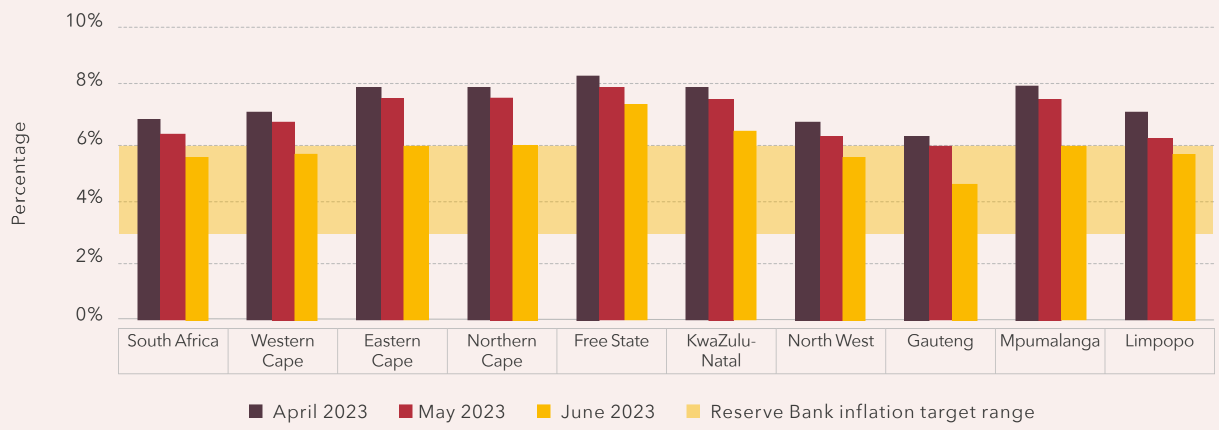


Sources: CPI and PPI, extracted from Statistics South Africa, 2023; repo rate extracted from SARB, 2023.

GEOGRAPHICAL INFLATION

The Western Cape recorded a lower inflation rate of 5,6% at the end of the second quarter (June) of 2023 compared to the end of the previous quarter (7,1%). The province recorded a slightly higher inflation rate than the country throughout this quarter. Figure 4 illustrates inflation rates for the second quarter of 2023 across all nine provinces. Compared to the end of the first quarter of 2023, all nine provinces recorded decreases by the end of the second quarter. All but three of the provinces moved to below the upper end of the inflation target range (6%). The Free State recorded the highest inflation rate for the quarter under review, with an average of 7,8%, followed by KwaZulu-Natal (7,2%), and the Eastern Cape (7,1%). The Western Cape recorded the third lowest average inflation rate of 6,4%, after North West and Gauteng, which recorded average inflation rates of 6,3% and 5,7%, respectively, for this period.

FIGURE 4: CPI INFLATION RATE AT A PROVINCIAL LEVEL, APRIL TO JUNE 2023

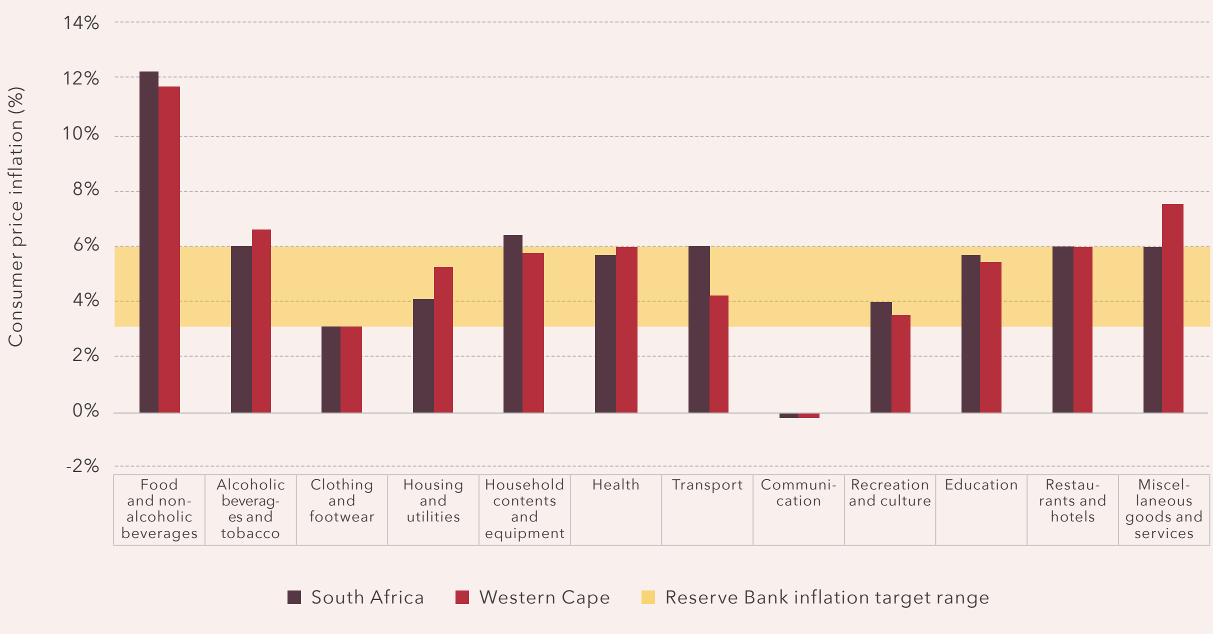


Source: Statistics South Africa, July 2023.

As indicated in figure 5, for both South Africa and the Western Cape, the overall inflation recordings for the second quarter of 2023 can largely be attributed to food and non-alcoholic inflation, which recorded an average inflation rate of 12,2% for the country and 11,5% for the province. Price inflation for the categories of alcoholic beverages and tobacco, restaurants and hotels, as well as miscellaneous goods and services recorded an average inflation rate above 6% for both the country and the province, adding to the upward pressure on their respective overall inflation levels. The province recorded an inflation rate of above 6% in the health price inflation category, which is also higher than what the country recorded. The Western Cape recorded a lower average inflation rate in only five of the 12 broad categories, when compared to the national levels, explaining the slightly higher inflation rate for the province.

For June 2023, transport price inflation was 2,6% at a national level and much lower at a provincial level (0,3%). It must be noted that transport price inflation recorded significant decreases for both the country and province when compared to the start of the second quarter (8,1% and 6,6%, respectively). This was largely driven by [its sub-category of] private transport: fuel price inflation. This reduced considerably for both the country and province, to -8,3% and -8,9%, respectively. This can be attributed to the continued drop in the Brent crude oil price since its peak of US$122/barrel in June 2022 to US$74/barrel in June 2023. This was the 10th consecutive month that the oil price remained below US$100/barrel since the outbreak of the Russia-Ukraine war (Statista, 2023).

FIGURE 5: AVERAGE CONSUMER PRICE INFLATION FOR THE WESTERN CAPE AND SOUTH AFRICA, 2023 Q2



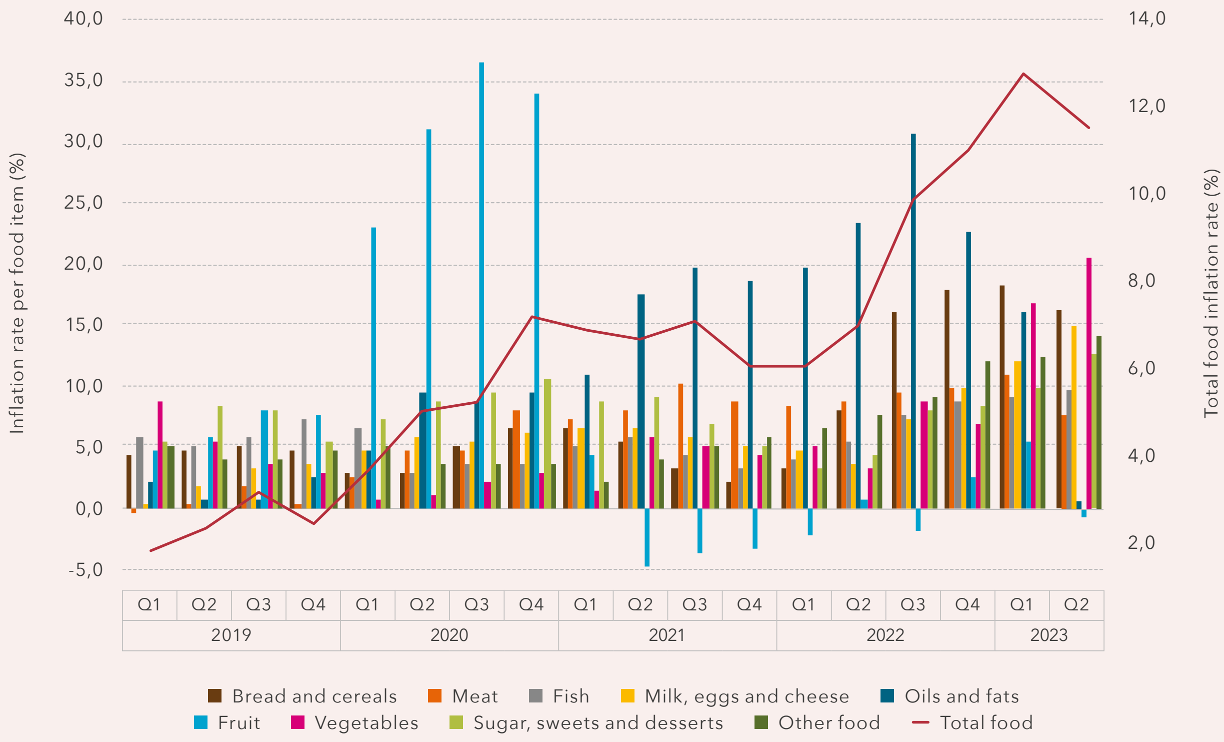
Source: Statistics South Africa, July 2023.

WESTERN CAPE FOOD INFLATION

Tracking and monitoring food price changes has become increasingly important as household incomes continue to face pressure, threatening access to affordable food for many families. Figure 6 tracks food price inflation in the Western Cape, which has been displaying an upward trend since the beginning of 2020. It appears that food price inflation in South Africa has now finally caught up with the global trend of declining food prices experienced since March 2022. In the second quarter of 2023, food price inflation was lower compared to the corresponding period a year ago, averaging 11,6% (compared to 12,8% previously).

For the second quarter of 2023, five of the nine food items that are tracked recorded increases when compared to the previous quarter. The food items that demonstrated the highest average inflation rates in the second quarter of 2023 were vegetables (21,2%, increasing from 16,8%), and breads and cereal (16,2%, decreasing from 18,1%). The oils and fats (0,6%), fruit (-1,6%), meat (7,4%) and bread and cereals (16,2%) sub-categories saw inflationary increases lower than their respective recordings in the previous quarter.

FIGURE 6: WESTERN CAPE FOOD PRICE INFLATION, 2019 Q1 TO 2023 Q2



Source: Statistics South Africa, July 2023.

According to the BFAPs statement for June 2023, a key factor influencing food prices was global energy and input costs reaching their peak and then moving lower. Further supporting the decrease in input prices was the strengthening of the rand compared to earlier this year. Should the rand continue to strengthen, it is anticipated that input prices will decline further. Additional factors that could influence future commodity prices include: currency volatility (upside or downside); the termination of the Black Sea Grain Initiative by Russia as of 17 July 2023 (upside); and the likelihood of an El Niño Southern Oscillation (upside). BFAP stated that, if consumers are not observing these declining price trends in the supermarkets, this could be as a result of the supermarkets' direct costs with their suppliers and/or the fact that they are "recovering some incurred costs before passing the applicable savings on to consumers".


SIMPLE

04

LABOUR MARKET

The labour market is the point at which economic production meets human development. As such, employment creation and unemployment reduction are top priorities for all spheres of government. Labour market performance is tracked through a variety of indicators, many of which are considered in this section.

CAPE TOWN'S LABOUR MARKET PERFORMANCE

In the second quarter of 2023, Cape Town's working age population (3,17 million individuals) and labour force (2,27 million individuals) increased when compared to the previous quarter as well as when compared to the same quarter of 2022. Employment increased on a quarter-on-quarter basis (up by 55 936 individuals), recording a total of 1,76 million employed individuals at the end of the second quarter of 2023. Cape Town's employment level for the quarter under review is the highest recorded to date and the fifth consecutive quarter of positive employment growth. It is also higher, by 262 660 individuals, when compared to the same quarter in the previous year. This has led to increases in both the labour absorption (to 55,5% from 54,0%) and labour force participation (to 71,5% from 70,5%) rates when compared to the previous quarter. Similarly, both rates recorded higher levels when compared to the second quarter of 2022 and compared to pre-Covid-19 levels. These are also the highest recordings to date for both rates.

The number of discouraged work seekers decreased on a quarter-on-quarter basis to record a total of 21 928 individuals at the end of the second quarter. On a year-on-year basis, the number of discouraged work seekers remains higher by 7 788 individuals.

Further positive performance was noted in the decreases in the 'other not economically active' category at both a quarter-on-quarter and year-on-year level. The increase in employment, and the decrease recorded in the searching unemployed as well as in the non-searching categories, led to a lower broad unemployment rate of 24,3% from 26% in the first quarter of 2023. This rate is also lower by 7 percentage points when compared to the same quarter in 2022. At 24,3%, Cape Town's broad unemployment rate remained lower than any of the other metros in South Africa.

TABLE 2: CAPE TOWN LABOUR MARKET INDICATORS, 2023 Q2 VERSUS 2023 Q1 AND 2022 Q2

	RECORDED			QUARTER-ON-QUARTER CHANGE	YEAR-ON-YEAR CHANGE
	2023 Q2	2023 Q1	2022 Q2	(vs 2023 Q1)	(vs 2022 Q2)
Working-age population	3 171 071	3 158 455	3 119 482	12 616	51 589
Broad labour force	2 324 967	2 302 271	2 180 605	22 696	144 362
Strict labour force	2 267 993	2 226 006	2 139 246	41 987	128 747
Employed: Total	1 760 308	1 704 372	1 497 648	55 936	262 660
Employed: Formal sector	1 399 200	1 410 677	1 269 330	-11 477	129 871
Employed: Informal sector	236 796	194 288	154 418	42 508	82 378
Unemployed (strict)	507 685	521 634	641 598	-13 949	-133 913
Not economically active	903 078	932 449	980 237	-29 371	-77 158
Discouraged work seekers	21 928	34 856	14 140	-12 929	7 788
Other not economically active	881 150	897 593	966 097	-16 443	-84 946

Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 2, August 2023.

EMPLOYMENT COMPARISON OF METROS

When measuring Cape Town's job-creation performance, a comparison with other metros[14] in the country is helpful. In the second quarter of 2023, Cape Town continued to have the second highest number of employed people, at 1,76 million individuals. This is second only to Johannesburg, where 1,93 million people were employed. This is to be expected, as Johannesburg has a significantly larger population than Cape Town.

As seen in figure 7, when compared to the previous quarter, the majority of the metros recorded positive employment growth, while just two metros displayed negative employment growth. Cape Town added the most to employment (up by 55 936 individuals), followed by Ekurhuleni (up by 20 289 individuals) and eThekwini (up by 10 770 individuals). Nelson Mandela Bay recorded the largest drop in employment, by 27 182 individuals. This was followed by Johannesburg (down by 6 185 individuals).

In Cape Town, formal employment decreased quarter-on-quarter (down by 11 477 individuals), but increased when compared to the second quarter of 2022 (up by 129 871 individuals), to record 1,39 million individuals for this quarter. Informal employment displayed strong quarter-on-quarter growth (up by 42 508 individuals) as well as year-on-year (up by 82 378 individuals) growth, to record a total of 236 796 individuals. The agriculture sector, unfortunately, shed jobs at a quarter-on-quarter (down by 4 269 individuals) and year-on-year (down by 1 270 individuals) level, while the private households sector recorded employment gains on a quarter-on-quarter (up by 29 173 individuals) and year-on-year (up by 51 681 individuals) basis.

FIGURE 7: EMPLOYMENT COMPARISON WITH OTHER METROS BY MAJOR SECTOR, 2023 Q2 VERSUS Q1

Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 2, August 2023.

[14] *This comparison does not include all South African metro cities.*

UNEMPLOYMENT IN CAPE TOWN

The number of (searching) unemployed people in Cape Town decreased on a quarter-on-quarter (down by 13 949 individuals) and on a year-on-year (down by 133 913 individuals) level to record a total of 507 685 individuals at the end of this quarter. Although this is the fourth consecutive quarter in which a decline has been recorded, unemployment remains higher by 65 968 individuals when compared to the same quarter of 2019. The increase recorded in employment, and the decrease recorded in unemployment, resulted in a lower strict unemployment rate (22,4%) when compared to the first quarter of 2023 (23,4%). The strict unemployment rate is also lower by 7,6 percentage points than its record high in the second quarter of 2022 (30%).

The youth unemployment rate in Cape Town, defined as the strict unemployment rate for individuals aged 15 to 24, was estimated at 50,7% in the second quarter of 2023, increasing from 48,1% in the previous quarter. The figure represents a decrease from the 55,4% recorded in the second quarter of 2022. While this remains below the national youth unemployment rate of 60,7% recorded in the second quarter of 2023, it is nonetheless notably high by average developing country standards and continues to pose a key challenge for economic policymakers in the City.

While comparisons of Cape Town's unemployment trends with those of the country as a whole are important, it is perhaps more relevant to compare these Cape Town trends to other metros that have similar labour market dynamics (see table 3). On a quarter-on-quarter basis, Cape Town had the lowest broad unemployment rate of 24,3% (down from 26% in 2023 Q1), while eThekwini had the lowest strict unemployment rate of 20,7% (up from 19,4% in 2023 Q1) when compared to all the other metros.

TABLE 3: UNEMPLOYMENT RATE[15] COMPARISON OF METROS, 2023 Q2 VERSUS 2023 Q1 AND 2022 Q2

METRO	OFFICIAL (STRICT)			EXPANDED (BROAD)		
	2023 Q2	2023 Q1	2022 Q2	2023 Q2	2023 Q1	2022 Q2
Cape Town	22,4%	23,4%	30,0%	24,3%	26,0%	31,3%
eThekwini	20,7%	19,4%	22,5%	35,2%	35,6%	37,9%
Ekurhuleni	32,3%	33,4%	33,1%	40,8%	41,9%	43,0%
Johannesburg	33,5%	32,7%	34,6%	36,7%	36,4%	38,6%
Nelson Mandela Bay	32,0%	33,9%	34,7%	33,7%	36,6%	36,5%
Tshwane	35,0%	35,0%	34,7%	38,3%	38,6%	38,6%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 2, August 2023.

[15] *The 'strict' definition of unemployment includes only people who are actively seeking work. The 'broad' definition of unemployment includes those under the 'strict' definition as well as 'discouraged' and other 'non-searching' job seekers.*

Three of the metros experienced a decrease in their strict unemployment, while two metros recorded an increase and one metro (Tshwane) remained largely the same when compared to the previous quarter. In terms of broad unemployment rates, the metros displayed a stronger performance with five metros experiencing a decrease in their broad unemployment rate and only one metro (Johannesburg) recording an increase when compared to the first quarter of 2023. Nelson Mandela Bay recorded the largest decrease in both its strict (down by 1,96 percentage points) and broad (down by 2,87 percentage points) unemployment rates to record 32% and 33,7%, respectively. eThekwini recorded the largest increase in its strict unemployment rate (up by 1,3 percentage points), whereas Johannesburg was the only metro to record a slight increase in its broad unemployment rate, up by 0,29 of a percentage point. Encouragingly, Cape Town recorded decreases in both its strict (down by 1,05 percentage points) and broad (down by 1,68 percentage points) unemployment rates.

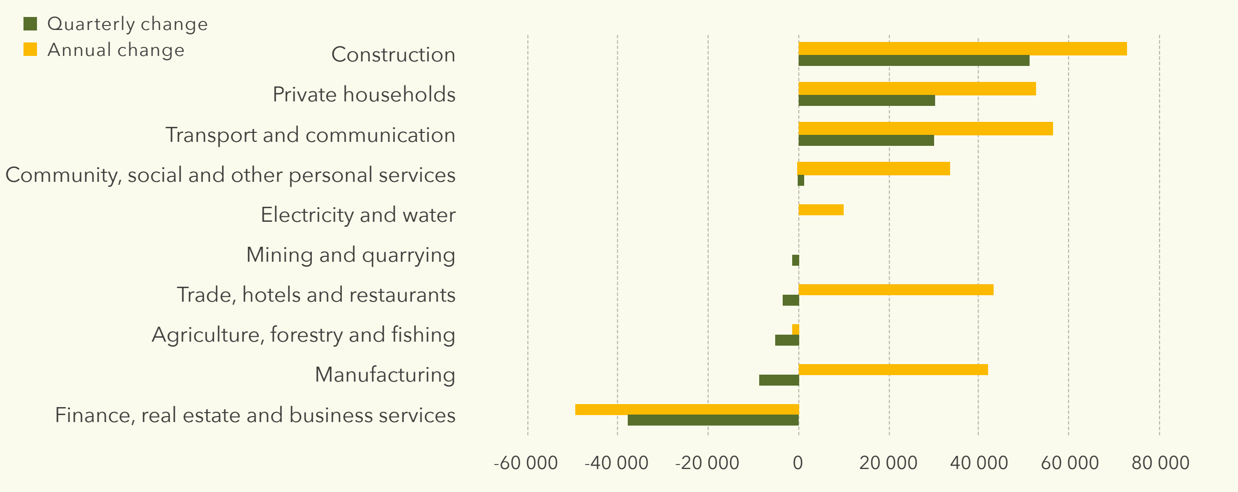
Among the metros, Cape Town recorded the second lowest difference between its two rates of unemployment (1,9 percentage points), while eThekwini recorded the largest difference of 14,5 percentage points. The extent of the difference between the two rates of unemployment can be attributed to the number of discouraged work seekers within each of the metros.

SECTOR EMPLOYMENT TRENDS FOR CAPE TOWN

Figure 8 depicts the change in the level of employment by sector in Cape Town in the second quarter of 2023 compared to the first quarter of 2023 and second quarter of 2022. On a quarter-on-quarter basis, five sectors recorded employment gains, while five sectors recorded employment losses. The construction sector (up by 50 107 jobs) added the most to total employment, followed by private households (up by 29 173 jobs), and the transport and communication (up by 28 842 jobs) sectors. Minimal contributions to employment growth were also made by the community, social and other personal services (up by 666 jobs) and the electricity and water (up by 139 jobs) sectors. The finance, real estate and business services sector shed the most jobs (down by 37 018 jobs) in the second quarter, followed by the manufacturing (down by 6 950 jobs) and agriculture (down by 4 269 jobs) sectors. Further employment losses were also recorded in the trade, hotels and restaurants (down by 3 916 jobs) as well as the mining and quarrying (down by 1 153 jobs) sectors.

Only two sectors recorded employment losses when compared to the second quarter of 2022, while seven sectors recorded strong employment gains. The mining and quarrying sector remained unchanged on a year-on-year level. Similar to their quarterly performance, the construction sector added the most to employment by a total of 70 621 jobs, followed by the transport and communication (up by 58 025 jobs) and private households (51 681 jobs added) sectors. Strong contributions were also made by the trade, hotels and restaurants (up by 44 257 jobs), manufacturing (up by 43 222 jobs) and community, social and other personal services (32 214 jobs added) sectors. Noteworthy contributions to total employment were also made by the electricity and water sector, with 9 391 jobs added. Mirroring its quarterly performance, the finance, real estate and business services sector shed the most jobs (down by 47 892 jobs). The agriculture sector also recorded employment losses (down by 1 270 jobs).

FIGURE 8: QUARTERLY AND ANNUAL CHANGE IN EMPLOYMENT PER SECTOR FOR CAPE TOWN, 2023 Q2



Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 2, August 2023.

05

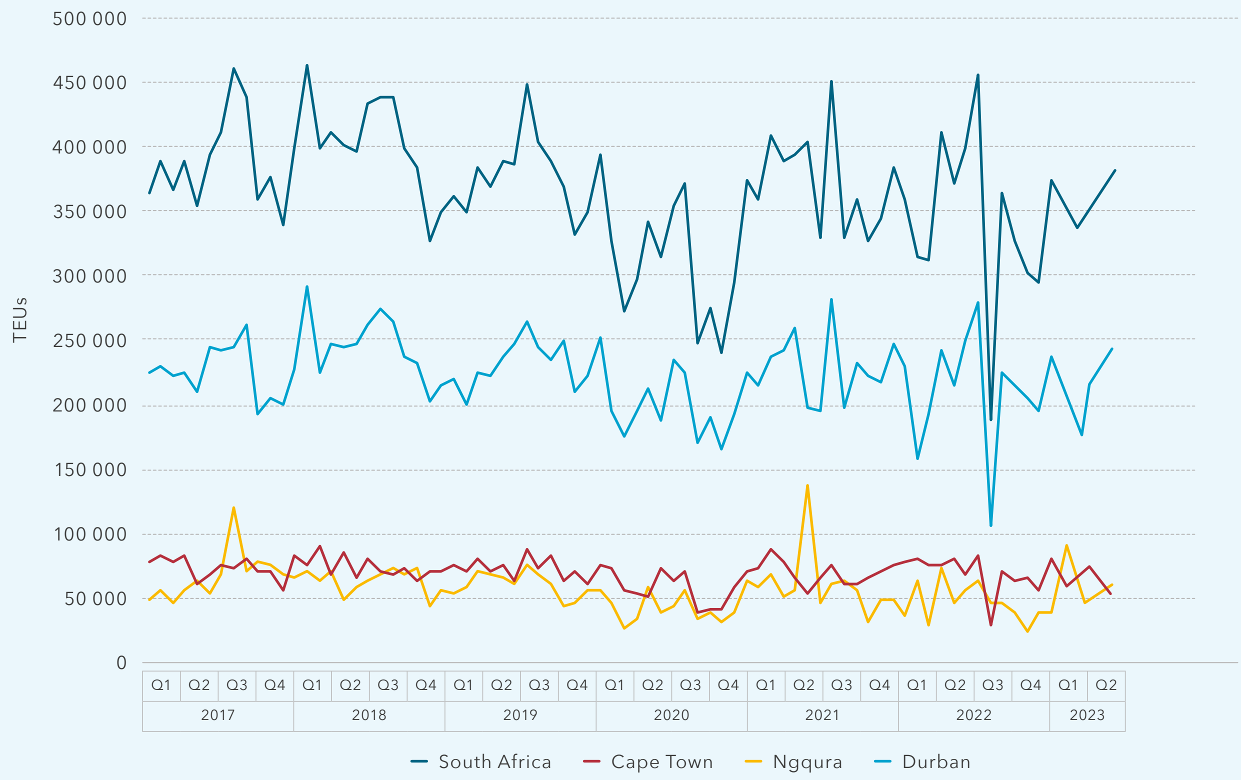
INFRASTRUCTURE AND TRADE

Cape Town is often cited as the gateway to South Africa and Africa. This status is sustained by the city's well-developed transportation infrastructure, including having South Africa's second-busiest airport, as well as (historically) its second-busiest container port. This section reviews infrastructure developments in relation to Cape Town's port and airport.

CONTAINER TRAFFIC

Container traffic demonstrates erratic short-term movement, as shown in Figure 9. As such, it is best to compare the quarterly number of containers handled, as measured in twenty-foot equivalent units (TEUs),[16] over the period of a year. The Port of Durban[17] remained the largest container handling port in South Africa, handling a total of 623 747 TEUs in the second quarter of 2023. This accounted for 58,9% of all containers handled in the country. It was followed by the Port of Ngqura[18] (18,6%) and the Port of Cape Town (17,7%).

FIGURE 9: TOTAL CONTAINERS HANDLED MONTHLY (NATIONALLY), 2017 Q1 TO 2023 Q2



Source: Transnet National Ports Authority, August 2023.

As shown in table 4, the total number of containers handled at South African ports increased on a year-on-year basis. Containers handled nationally increased by 2,1%, from 1 037 314 TEUs in the second quarter of 2022 to 1 058 921 TEUs in the second quarter of 2023. The Port of Durban recorded a year-on-year increase of 5,3%, while the Port of Ngqura recorded the largest increase of 17,9% when compared to the second quarter of 2023. The latter was, however, from a comparatively smaller base. The Port of Cape Town experienced a year-on-year decline, from 232 012 TEUs handled in the second quarter of 2022 to 186 996 TEUs in the second quarter of 2023, reflecting a year-on-year decrease of 19,4%.

[16] *A TEU (20-foot equivalent unit) is an inexact unit of cargo capacity, based on the volume of a 20-foot-long (6 m) container. There is a lack of standardisation with regard to height, ranging between 4 feet 3 inches (1,30 m) and 9 feet 6 inches (2,90 m), with the most common height being 8 feet 6 inches (2,59 m). The 40-foot (12,2 m) or 45-foot (13,7 m) containers – the sizes most frequently used – are both defined as two TEU.*

[17] *The Port of Durban is located in the eThekwini metro.*

[18] *The Port of Ngqura is located in the Nelson Mandela Bay metro.*

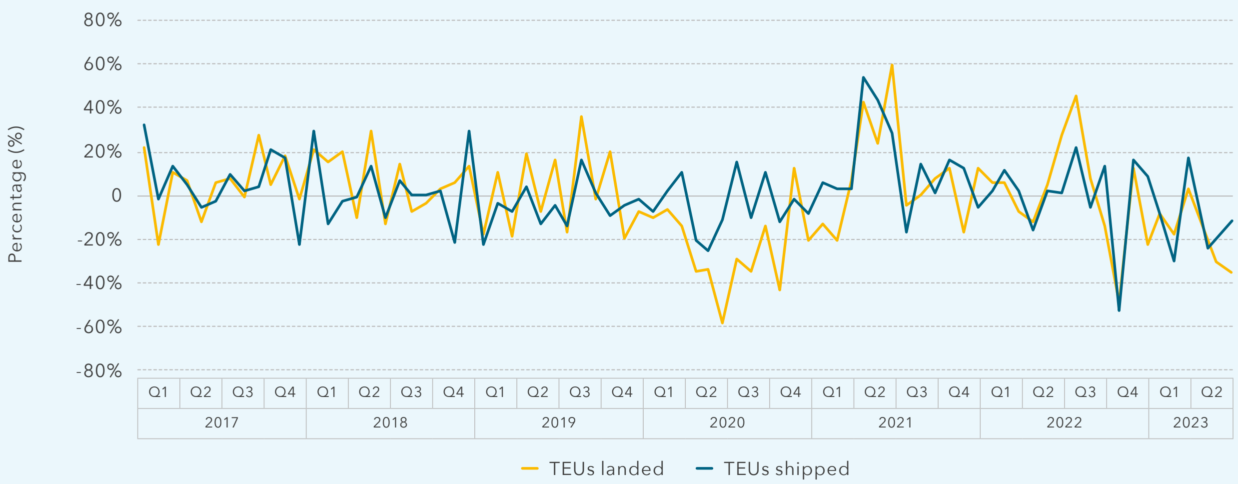
TABLE 4: COMPARISON OF TOTAL[19] CONTAINERS HANDLED (IN TEUs), 2023 Q2 VERSUS 2023 Q1 AND 2022 Q2

	2023 Q2	2023 Q1	2022 Q2	YEAR-ON-YEAR CHANGE
South Africa	1 058 921	968 343	1 037 314	2,1%
Cape Town	186 996	203 196	232 012	-19,4%
Durban	623 747	637 513	592 469	5,3%
Ngqura	196 769	98 737	166 887	17,9%

Source: Transnet National Ports Authority, August 2023.

The Port of Cape Town recorded a year-on-year decrease of 27,4% in full TEUs landed, from 63 606 TEUs in the second quarter of 2022 to 46 208 TEUs in the second quarter of 2023. The number of TEUs shipped also decreased by 18,4%, from 88 271 TEUs in the second quarter of 2022 to 72 067 TEUs in the second quarter of 2023. When compared to the year-on-year figures recorded in the previous quarter, the year-on-year performances for both full landed and full shipped TEUs show a significant slowdown.

FIGURE 10: ANNUAL CHANGE IN FULL TEUs HANDLED AT THE PORT OF CAPE TOWN, 2017 Q1 TO 2023 Q2



Source: Transnet National Ports Authority, August 2023.

During the second quarter of 2023, challenges at the Port of Cape Town continued, including a lack of cooling space and electrical power points, as well as delays and logistical inefficiencies. This negatively impacted local stone fruit farmers, due to the produce's sensitivity and limited shelf life. Port challenges continue to weigh on the agricultural sector, placing pressure on crop choices, as well as posing a risk to export levels (Smith, 2023). In June, Transnet reiterated this concern, noting that the Cape Town container terminal is extremely underequipped, contributing to a major decline in the port's performance in several indicators. More recently, Transnet also announced that the Durban Container Terminal Pier 2 would be partly owned and operated by the Philippines' International Container Terminal Service. This points to the possibility of renewed determination to improve services at the Port of Cape Town should similar privatisation be achieved there (Fraser, 2023).

[19] *Total containers handled includes both full and empty TEUs logged.*

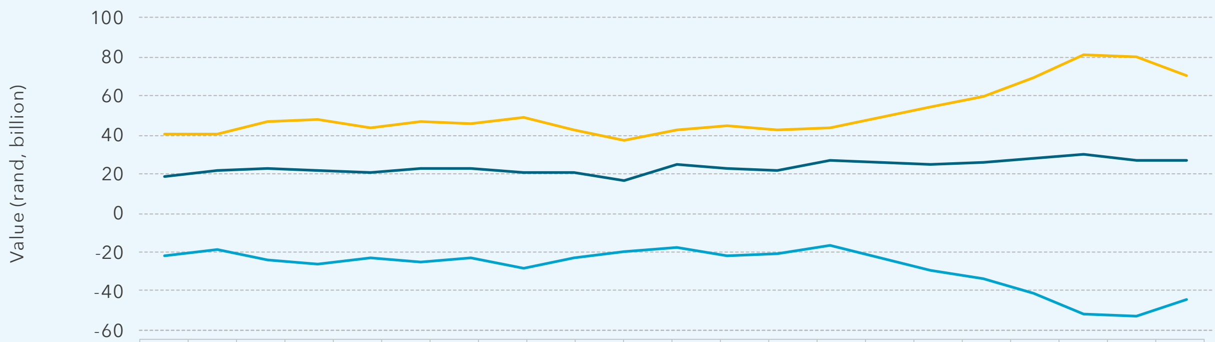
CAPE TOWN TRADE

In the second quarter of 2023, quarterly exports increased, while imports experienced a marginal decrease, as illustrated in figure 11 which shows the quarterly trade balance for Cape Town. Exports increased by 15,8% to R30,9 billion and imports decreased by 0,9% to R70,1 billion. The trade deficit has remained at more than double its typical figures for a year, since the second quarter of 2022. Nationally in quarter 2 of 2023, despite an expected trade surplus, a deficit was realised due to the compound effects of load-shedding and logistical infrastructure failures.

Focusing on the top 10 export products (by rand value), the largest quarterly growth was for citrus, impacted by seasonal trends, followed by animal feed (287%). Both also experienced significant year-on-year growth of 39% and 43%, respectively. The largest year-on-year growth in Cape Town's exports was recorded for chromium and niobium, which are not locally mined. The logistical rerouting of certain mineral resource exports due to infrastructure failures, bottlenecks, and crime continues to drive the surprising increase of non-local commodity exports from the Port of Cape Town (Bizcommunity, 2023). This includes the export of coal, chromium and niobium, tantalum, vanadium and zirconium. Refined petroleum remained the highest-value export from Cape Town in the second quarter of 2023, worth R3,98 billion, followed by citrus (R2,94 billion). Cape Town's largest import products in the second quarter of 2023 were refined petroleum and crude petroleum, worth R22 billion and R9 billion, respectively. Refined petroleum was imported primarily from the United Arab Emirates, Oman and Saudi Arabia. Some of this was re-exported from Cape Town to other African countries, particularly those in the Southern African Customs Union (SACU).

The value of total exports increased by 8,6% and imports grew by 0,5%, when compared to the second quarter of 2022. Large increases in imports were seen for electric transformers and electric accumulators, the demand for which has been spurred by load-shedding. Other large year-on-year increases in imports were crude petroleum and rice.

FIGURE 11: CAPE TOWN'S TRADE BALANCE, 2018 Q1 TO 2023 Q2



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2018				2019				2020				2021				2022				2023	
Export	18,5	21,6	23,2	22,2	20,1	22,5	22,9	20,9	20,3	16,7	25,2	22,7	21,3	27,6	26,0	25,2	25,6	28,5	30,1	27,3	26,7	**30,9**
Import	39,8	39,8	47,0	48,0	43,3	47,0	45,8	49,4	42,7	36,6	42,7	44,2	42,3	43,7	49,1	54,6	59,7	69,8	81,7	79,9	70,7	**70,1**
Trade balance	-21,2	-18,2	-23,8	-25,8	-23,2	-24,5	-22,9	-28,4	-22,4	-19,9	-17,6	-21,5	-21,0	-16,1	-23,0	-29,5	-34,1	-41,3	-51,5	-52,6	-44,0	-39,2

Source: Quantec, 2023.

Cape Town's top 10 exports in the second quarter of 2023, shown in table 5, accounted for 46% of total exports. When compared to the second quarter of 2022, the largest year-on-year increases in the top 10 exports were for chromium (189%), niobium, etc. (191%), and animal feed (43%). Non-locally mined commodities continue to reroute to Cape Town's port, namely, coal, chromium, niobium, etc., and manganese (ranked 18th). These exports were worth a total R3,1 billion in the second quarter, comprising over 10 percent of total exports.

Coal exports experienced the largest year-on-year decline of 20%, followed by jewellery (-11,3%) and engine parts (-4,2%). Export items overtaken by non-local commodities include wine, frozen fish, beauty products and grapes, all of which are products often recorded in the top 10 exports. While total exports grew by 8,6% year-on-year, this growth doesn't point to a significant increase in economic productivity within the metro, as it is being driven by the recent increase in the export of non-local, high-value commodities.

TABLE 5: CAPE TOWN'S TOP 10 EXPORTS, 2023 Q2

CAPE TOWN'S TOP EXPORT CATEGORIES FOR 2023 Q2 (HS 4)[20]	ZAR MILLION	% OF TOTAL EXPORTS	YEAR-ON-YEAR CHANGE (VS 2022 Q2)
Refined petroleum oils	R3 976.03	12,9%	13,9%
Citrus	R2 940.78	9,5%	39,3%
Apples, pears and quinces	R1 670.07	5,4%	-0,1%
Coal	R1 574.71	5,1%	-20,9%
Engine parts	R734.33	2,4%	-4,2%
Fish fillets	R721.35	2,3%	20,8%
Animal feed	R717.30	2,3%	42,7%
Chromium	R690.31	2,2%	188,7%
Jewellery with precious metal	R642.44	2,1%	-11,3%
Niobium, tantalum, vanadium, zirconium	R548.95	1,8%	191,1%
Total of top 10 export categories	**R14 216.26**	**46,0%**	
Total of ALL products	**R30 918.99**	**100,0%**	**8,6%**

Source: Quantec, own calculations, August 2023.
Note: Only the top 10 exports at an HS4 level are shown in the table above.

[20] *The Harmonized System is a six-digit code system used internationally for the classification of products. It allows for the trading of goods on a common basis for customs purposes.*

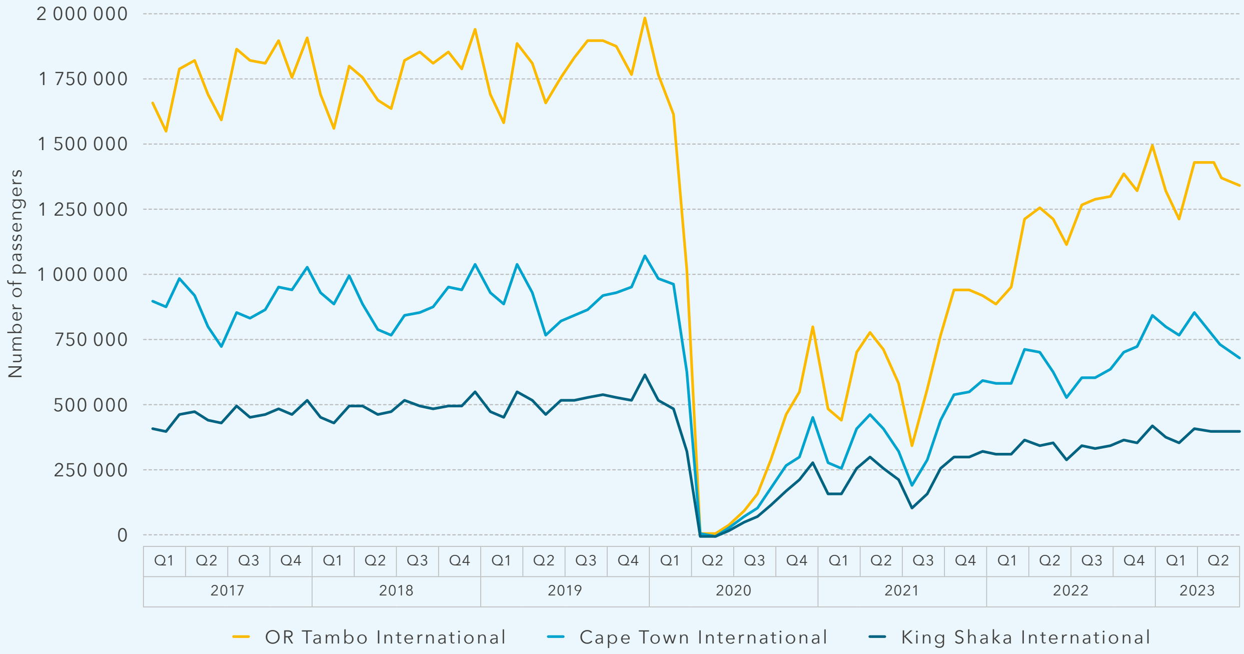
AIRPORT STATISTICS

Cape Town International Airport is South Africa's second-busiest airport, after OR Tambo International Airport in Johannesburg. It recorded 2,2 million total passenger movements (arrivals and departures) in the second quarter of 2023, compared to 4,1 million passenger movements at OR Tambo International and 1,2 million at King Shaka International during the same period.

To account for seasonal trends, passenger statistics are best analysed on a year-on-year basis. For the second quarter of 2023, all three international airports recorded positive year-on-year performances. Total passenger movements at Cape Town International in the second quarter of 2023 increased by 18,4% year-on-year, representing a total of 341 561 more passenger movements than observed in the second quarter of 2022. Total passenger movements at OR Tambo International increased by 15,3% (+551 207) year-on-year in the second quarter of 2023, while King Shaka International saw an increase of 21,1% (+211 312). The continued positive year-on-year performances point to improvements in travel and its associated industries, such as tourism and meetings, incentives, conferences and exhibitions in Cape Town. According to media reports (Crouth, 2023), the Cape Town International Convention Centre (CTICC) will host a total of 415 events in 2023, with higher numbers already confirmed for the next two years.

Due to the significant disruption to air travel in 2020 as a result of the Covid-19 pandemic, and the subsequent slow recovery of travel and associated industries, the year-on-year performances remain relatively amplified as they have come off a low base. When compared to the same period in 2019,[21] air passenger movements remain 18% lower than pre-pandemic levels on average, which is illustrated in figure 12. However, this situation has improved when compared to the previous quarters, albeit at a slow pace. Among the three international airports, Cape Town International shows the lowest difference from pre-pandemic levels (-13%).

FIGURE 12: TOTAL (MONTHLY) PASSENGER MOVEMENTS AT SOUTH AFRICA'S MAJOR AIRPORTS, 2017 Q1 TO 2023 Q2



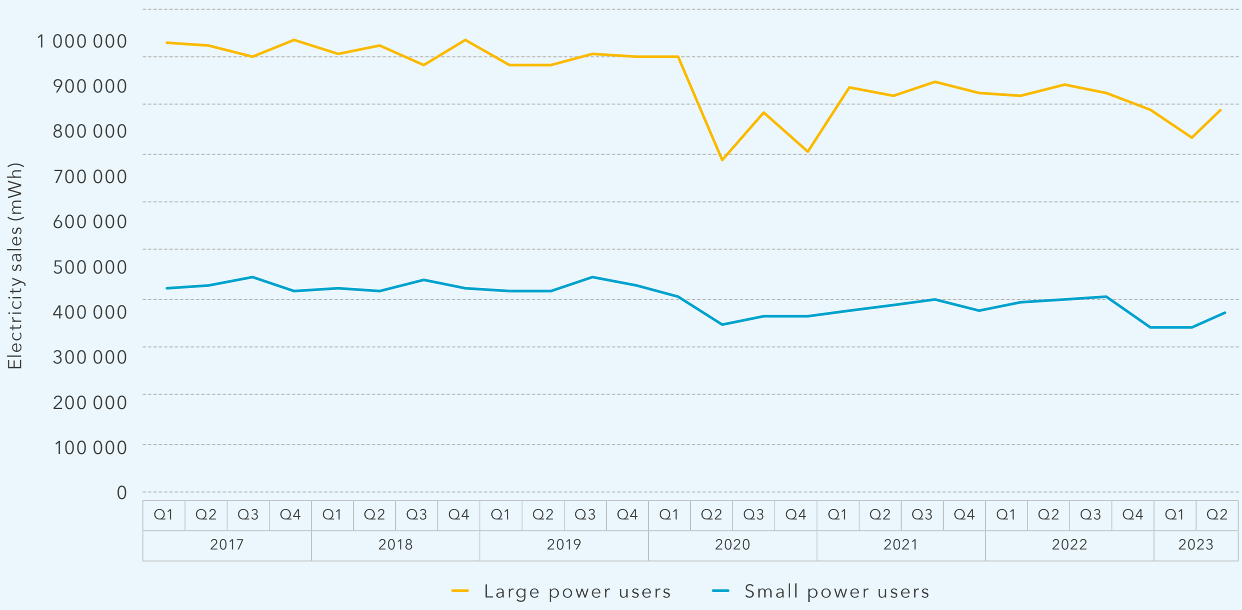
Source: Airports Company South Africa, August 2023.

[21] *While South Africa's lockdown commenced on 15 March 2020, many other countries already had restrictions in place during the first quarter of 2020.*

COMMERCIAL AND INDUSTRIAL ELECTRICITY USAGE

Electricity is an important driver of economic activity as it is a key input in most production processes. This is especially true in economies with greater proportions of secondary and tertiary sector activities, such as those of South Africa and Cape Town. Consumption of electricity by large power users (LPUs) and small power users (SPUs) is therefore a good indicator of production levels in the manufacturing sector.

FIGURE 13: CAPE TOWN'S COMMERCIAL ELECTRICITY USAGE, 2017 Q1 TO 2023 Q2



Source: Electricity Generation and Distribution, CCT, August 2023.

Following a decrease in the previous quarter, electricity sales to LPUs grew in the second quarter of 2023, increasing by 7,1% on a quarter-on-quarter basis. The City's electricity sales to SPUs also grew by 9,2% quarter-on-quarter. South Africa's energy crisis deepened in the first quarter of 2023, with BER indicating that the amount of load-shedding in January and February of 2023 was more than tenfold that recorded in the same two months in the previous year (Daily Investor, 2023). However, a combination of lower-than-expected energy demand and an improvement in the Energy Availability Factor, which reached 60% in June 2023, led to reduced stages of load-shedding in the latter period of the second quarter of 2023 (South African Government News Agency, 2023). This decline in load-shedding contributed significantly to the growth in electricity sales to LPUs and SPUs and suggests an increase in manufacturing activity in Cape Town in the second quarter of 2023.

Electricity sales to LPUs and SPUs in the second quarter of 2023 were lower than in the corresponding period in 2022. LPUs recorded a decrease in electricity sales of 7,0% year-on-year, while electricity sales to SPUs declined by 7,3% year-on-year.

06

TOURISM

Owing to its unique location and geology, Cape Town is one of the most scenic and recognisable cities in the world. The city boasts an abundance of world-class attractions. The combination of scenic appeal, excellent service standards and a well-developed hospitality sector underpins a historically robust tourism industry. This industry remains important for the local economy, not just because of its potential role in job creation – being one of the most labour-intensive industries in Cape Town – but also for its catalytic influence on other industries such as the real estate sector, creative industry and transport sector.

Cape Town is a well-known domestic and international tourist destination, and the city's tourism sector is a long-standing valuable contributor to the local and national economy. However, tourism was one of the industries hardest hit by the Covid-19 pandemic. And amid an array of challenges to global economic growth, the recovery in tourism activity levels and trends remains sluggish.

Cape Town Tourism's (CTT) Cape Town Accommodation Performance Review & Forecast Report continues to record low survey participation rates.[22] This may be due to lower membership levels, impacted by establishment closures, as well as constrained resources. The Cape Town Accommodation Performance Reviews (CTT, 2023a; CTT, 2023b; CTT, 2023c), covering the months of April, May and June 2023, had an average response rate of 35 tourism accommodation establishments, of which the majority are based in the Cape Town metropolitan area.

During the second quarter of 2023, the surveyed establishments recorded an average occupancy rate of 58,8%. This is on par with the recorded forecast demand (60,4%) for the period, and in line with historic trends. Encouragingly, the second quarter of 2023 also shows improved performance compared to the same period in 2022 (50,8%). While the performance of the local accommodation market may be impacted by lower supply (compared to pre-Covid-19), the sustained higher occupancy rate recorded in the second quarter is a positive signal for the tourism sector. The average room rate (R1 814) and revenue per room rate (R1 070) were also on par with their respective forecasted demand, as well as being higher than in the corresponding period in preceding years' surveys.[23] These figures should, however, be viewed against a backdrop of higher inflation and operational costs.

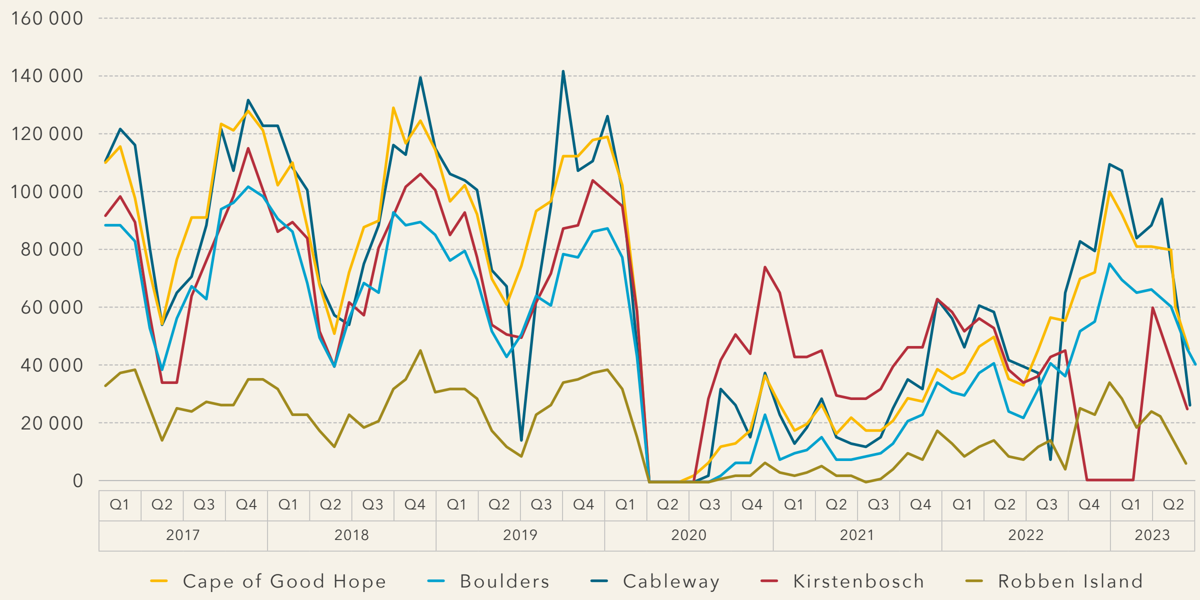
Demand for accommodation during the second quarter of 2023 continued to primarily be driven by the domestic market, which accounted for an average of 57% of room nights sold. Demand from travellers from within Africa constituted 13%, and international travellers 30%. Across the three segments, 'leisure' dominated as the reason for travel among international travellers, while 'business' was the dominant reason in the regional market.

Continued recovery is also evident in visitor statistics. During the second quarter of 2023, Cape Town's five major tourist attractions[24] recorded a total of 674 271 visits. Performance for the quarter showed an improvement of 35% on the same period in 2022. Total visits are still 22% lower than in the second quarter of 2019.

In the second quarter of 2023, Table Mountain Aerial Cableway recorded the highest number of visits (193 986), showing a year-on-year improvement of 39%. This was followed by the Cape of Good Hope, which recorded 180 140 visits, with a year-on-year improvement of 54%. Boulders Beach recorded 138 966 visits and the highest year-on-year improvement of 60%, while Kirstenbosch National Botanical Gardens recorded 118 407 visits, however this was 6% lower when compared to the same period in 2022. Robben Island recorded 42 772 visits in the second quarter of 2023, improving 43% year-on-year.

[22] *Prior to the pandemic, the surveys recorded averages of around 100 responses per month.*
[23] *Rates are compared against nominal prices. The reports no longer include specific reporting against the respondents' performance to their records a year prior.*
[24] *Includes Cape of Good Hope, Boulders Beach, Table Mountain Aerial Cableway and Robben Island. Excludes the V&A Waterfront.*

FIGURE 14: TOTAL (MONTHLY) VISITS TO THE TOP FIVE TOURIST DESTINATIONS OF CAPE TOWN, 2017 Q1 TO 2023 Q2



Source: Wesgro, September 2023.

Figure 14 illustrates the highly seasonal nature of Cape Town's attractions, with peak visitor activity occurring in the summer period from November to March. The lowest tourist visitor numbers are typically recorded between May and July, which fall within Cape Town's winter period. Reflecting the region's seasonal trends, visitor numbers declined during the second quarter when compared to the previous quarter.

07

ADDIONAL INDICATORS

In addition to macroeconomic indicators, administrative data reveal specific consumer trends and provide strong indications of the performance of the local economy. In particular, building plan statistics and property development are key indicators of the levels of confidence in the economy, while passenger vehicle sales mirror trends in the business cycle and are regarded as a leading indicator of GDP growth.

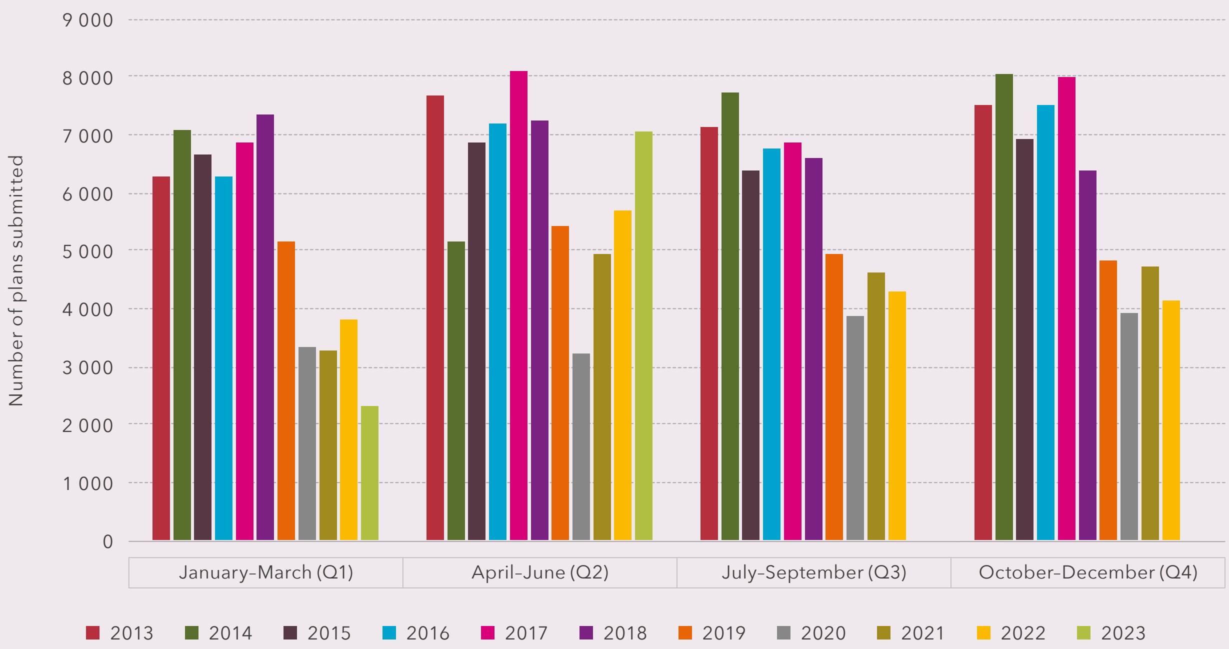
BUILDING DEVELOPMENTS

The economic growth data for the second quarter of 2023 show that national output in the construction sector declined by 0,4% quarter-on-quarter (non-annualised growth). This contraction comes after three consecutive quarters of positive growth. Despite the quarter-on-quarter performance, the sector's year-on-year growth remained positive, with 5,2% (annualised) in the second quarter of 2023. The Western Cape's construction sector mirrored these national trends, recording a quarter-on-quarter contraction of 0,4% in the second quarter of 2023, and year-on-year growth of 5,1% (Quantec, 2023).

The First National Bank (FNB)/BER Building Confidence Index[25] dropped by 5 index points in the second quarter of 2023, to register 28 index points. The current level translates to more than 70% of respondents indicating that they are dissatisfied with the prevailing business conditions. The decline is attributed to "a sharp fall in sentiment among building sub-contractors and hardware retailers". According to FNB, the robust activity previously recorded was short-lived, while rising interest rates also dampened activity in the sector (BER, 2023e).

The sentiment embedded in the Building Confidence Index is often also evident in some of the City's building plans data. However, due to system upgrades during February and March 2023,[26] building plans data for the first and second quarters of 2023 are not suitable for such comparison as they are underestimated. Building plan submissions totalled 7 064 for the second quarter, while building completions totalled 1 637, with a value of R2,98 billion (CCT, 2023d).

FIGURE 15: BUILDING PLANS SUBMITTED TO THE CITY OF CAPE TOWN, 2013 Q1 TO 2023 Q2



Source: Planning and Building Development Management Department, CCT, September 2023.
Note: 2023 Q1 only includes data for January and up to 20 February 2023.

[25] *The FNB/BER Building Confidence Index captures the percentage of architects, quantity surveyors, contractors and manufacturers of building material who are satisfied with, or wary of, the prevailing business conditions.*

[26] *The City of Cape Town's Development Application Management System (DAMS1) was switched off on 20 February 2023 for an upgrade to be implemented. The new system (DAMS2) was live from March 2023, resulting in a backlog of applications. While the data since then is considered credible, it may be subject to change due to residual migration issues.*

NEW VEHICLE SALES

At 15 394 units sold, total vehicle sales in the Western Cape in the second quarter of 2023 decreased by 5,3% (859 units) from 16 253 units sold in the first quarter of 2023. On a year-on-year basis, vehicle sales increased by 13,3% (1 812 units) from 13 582 vehicles sold in the same period of 2022. Passenger vehicle sales in the Western Cape, which represents the private consumer segment of the market, recorded a decrease from 11 207 vehicles in the first quarter of 2023 to 10 353 vehicles sold in the second quarter of 2023. The year-on-year results showed an increase of 4,7% (466 units) from 9 887 vehicles sold in the second quarter of 2022. At a national level, passenger vehicle sales reported a year-on-year decrease of 1,8% (1 461 units) from 80 871 units in the second quarter of 2022 to 79 410 units in the second quarter of 2023.

According to the second quarter review by the National Association of Automobile Manufacturers of South Africa (naamsa), even though there was a positive increase in year-on-year performance, the quarter-on-quarter decline of 8,1% reflects how consumers' budgets have been strained due to further interest rate increases (naamsa, 2023).

TransUnion's Vehicle Pricing Index (VPI) report further highlights the challenging consumer market, with rising prices alongside diminishing disposable income. In addition, subdued consumer confidence impacts negatively on new finance agreements. The market's performance in the second quarter of 2023 is reflected in the used-to-new ratio[27] which continued its slow decline, recording 1,80, compared to 1,86 in the previous quarter, however still skewed to used vehicle sales.

Due to various factors that influence the cost of ownership of new vehicles, many opt for used vehicles or choose to repair current ones. After decreasing in the previous quarter, the VPI[28] for new vehicles recorded a slight increase in the second quarter of 2023, from 6,3% to 6,7%. Similarly, the VPI for used vehicles recorded 9,8% in the second quarter of 2023, increasing from the 8,1% recorded in the previous quarter (TransUnion, 2023).

[27] TransUnion's 'used-to-new ratio' indicates how many used vehicles are being financed [through finance houses] for every one new vehicle financed (TransUnion, 2023).

[28] VPI measures the relationship between the year-on-year price increases for new and used vehicles from a basket of passenger vehicles of the 15 top manufacturers by volume. The index is created from vehicle sales data collated from across the industry.

REFERENCE LIST

Airports Company South Africa (ACSA), 2023, *Passenger statistics,* August 2023.

Bizcommunity, 2023, *Could the Luxembourg Rail Protocol be a game-changer for SA's logistics sector?* https://www.bizcommunity.com/Article/196/585/241078.html, [2023, August 28].

Bureau for Economic Research (BER), 2023a, *Gangbuster green capex lifts growth in Q2 as imports remain firm,* 5 September 2023.

Bureau for Economic Research (BER), 2023b, *RMB/BER Business Confidence Index,* June 2023.

Bureau for Economic Research (BER), 2023c, *FNB/BER Consumer Confidence Index,* June 2023.

Bureau for Economic Research (BER), 2023d, *Absa Purchasing Managers' Index,* April to June 2023.

Bureau for Economic Research (BER), 2023e, *FNB/BER Building Confidence Index,* June 2023.

Bureau for Food and Agricultural Policy (BFAP), 2023, *Food Inflation Brief,* June 2023, https://www.bfap.co.za/.

Cape Town Tourism (CTT), 2023a, *Cape Town Accommodation Performance Review, in respect of April 2023,* May 2023.

Cape Town Tourism (CTT), 2023b, *Cape Town Accommodation Performance Review, in respect of May 2023,* July 2023.

Cape Town Tourism (CTT), 2023c, *Cape Town Accommodation Performance Review, in respect of June 2023,* August 2023.

City of Cape Town (CCT), 2023a, *2022 Mid-Year Estimates – Statistics South Africa,* Future Planning and Resilience: Policy and Strategy Department.

City of Cape Town (CCT), 2023b, *Sector intelligence findings*, Future Planning and Resilience: Policy and Strategy Department.

City of Cape Town (CCT), 2023c, *Electricity sales to commercial and industrial customers, January 2017 to June 2023*, Energy and Climate Change: Electricity Generation and Distribution.

City of Cape Town (CCT), 2023d, *Building developments, January 2011 to June 2023*, Spatial Planning and Environment: Planning and Building Development Management Department.

Crouth, G., 2023, *Less room at the inn: Hotels and other establishments filling up at last,* Daily Maverick, 27 July 2023, https://www.dailymaverick.co.za/article/2023-07-27-less-room-at-the-inn-hotels-and-other-establishments-filling-up-at-last/, [2023, July 31].

Daily Investor, 2023, *Load-shedding shock for South Africa,* 10 March 2023, https://dailyinvestor.com/south-africa/11073/load-shedding-shock-for-south-africa/, [2023, May 23].

Fraser, L., 2023, *Cape Town pleads for privatisation,* BusinessTech, 2 August 2023, https://businesstech.co.za/news/finance/708490/cape-town-pleads-for-privatisation/, [2023, August 21].

Glauber, J., Laborde, D., Mamun, A., 2022, *The impact of the Ukraine crisis on the global vegetable oil market,* International Food Policy Research Institute, 3 May 2022, https://www.ifpri.org/blog/impact-ukraine-crisis-global-vegetable-oil-market, [2023, August 29].

International Monetary Fund (IMF), 2022, *World Economic Outlook, July 2022*, https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022, [2022, September 20].

International Monetary Fund (IMF), 2023, *World Economic Outlook Update, Near-Term Resilience, Persistent Challenges, July 2023*, https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023, [2023, September 14].

JLL, 2023, *Cape Town market overview*, April 2023.

JLL, 2023, *Durban market overview*, April 2023.

JLL, 2023, *Johannesburg market overview*, April 2023.

National Association of Automobile Manufacturers of South Africa (naamsa), 2023, *Quarterly Review of Business Conditions: New Motor Vehicle Manufacturing Industry / Automotive Sector: 2nd Quarter 2023*, https://naamsa.net/wp-content/uploads/2023/08/20230815-naamsa-Q2-2023-Business-Review.pdf, 15 August 2023, [2023, August 24].

Quantec, 2023, EasyData.

Smith, C., 2023, *Challenges at Cape Town port still frustrating fruit exporters, News24, 6 April 2023*, https://www.news24.com/fin24/companies/challenges-at-cape-town-port-still-frustrating-fruit-exporters-20230406, [2023, August 21].

S&P Global, South Africa Regional eXplorer, 2023.

South African Government News Agency, 2023, *Reduced stages of load shedding due to low energy demand SA moves to alert level 3,* SA Government News, 9 June 2023, https://www.sanews.gov.za/south-africa/reduced-stages-load-shedding-due-low-energy-demand, [2023, August 28].

South African Reserve Bank (SARB), 2023a, *Statement of the Monetary Policy Committee*, 25 May 2023.

South African Reserve Bank (SARB), 2023b, *Statement of the Monetary Policy Committee*, 20 July 2023.

Spatial Economic Activity Data South Africa (SEADsa), 2023, SARS tax panel data, https://spatialtaxdata.org.za/.

Statista, 2023, *Monthly crude oil price average for Brent 2021-2023*, https://www.statista.com/statistics/262861/uk-brent-crude-oil-monthly-price-development/#:~:text=In%20June%202023%2C%20the%20average,fell%20below%20100%20U.S.%20dollars, [2023, August 29].

Statistics South Africa, 2013–2023, various publications.

Statistics South Africa, 2021, *Headline GDP growth rate will no longer be annualised,* 15 March 2021, http://www.statssa.gov.za/?p=14100, [2021, September 8].

Statistics South Africa, 2022, *Inflation cools for a second month,* 19 October 2022, https://www.statssa.gov.za/?p=15826, [2022, November 22].

Transnet National Ports Authority of South Africa, 2023, Transnet Port Terminals: Ports Statistics.

TransUnion, 2023, *TransUnion Vehicle Pricing Index Q2 2023*, https://www.transunion.co.za/content/dam/transunion/za/business/documents/vpi/africa-auto-vpi-q2-2023-report.pdf.

Wesgro, 2023, Cape Town tourist attraction visitor numbers, April to June 2023.

ABBREVIATIONS

ACSA:	Airports Company South Africa
BER:	Bureau for Economic Research
BFAP:	Bureau for Food and Agriculture Policy
BPO:	business process outsource
CAGR:	compound annual growth rate
CCT/City:	City of Cape Town
CPI:	consumer price index
CT:	Cape Town
CTT:	Cape Town Tourism
EAF:	Energy Availability Factor
EPIC:	Economic Performance Indicators for Cape Town
FNB:	First National Bank
FTE:	full-time equivalent
GDP:	gross domestic product
GDP-R:	regional gross domestic product
GGP:	gross geographic product
GVA:	gross value added
GWh:	Gigawatt hours
HS:	Harmonized System
IMF:	International Monetary Fund
IT:	information technology

kWh:	kilowatt hours
LPU:	large power users
MPC:	Monetary Policy Committee
naamsa:	National Association of Automobile Manufacturers of South Africa
p.a.:	per annum
PMI:	Purchasing Managers' Index
PPI:	producer price index
Q:	quarter
QLFS:	Quarterly Labour Force Survey
RMB:	Rand Merchant Bank
SA:	South Africa
SARB:	South African Reserve Bank
SARS:	South African Revenue Service
SPU:	small power users
TEU:	twenty-foot equivalent unit
USD/US$:	United States dollar
USD/T:	United States dollar per ton
VPI:	Vehicle Pricing Index
WC:	Western Cape
WEO:	World Economic Outlook
ZAR:	South African rand

@investcapetown

Invest Cape Town

WWW.INVESTCAPETOWN.COM

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.