

# EPIC

ECONOMIC PERFORMANCE  
INDICATORS FOR CAPE TOWN

**2023 QUARTER 4**  
(OCTOBER-DECEMBER)



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD



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A woman with dark skin and short hair is shown in profile, facing left. Her eyes are closed, and she has a peaceful expression. She is wearing a red top. The background is a composite image: the left side shows a clear blue sky, while the right side shows a cityscape with a prominent rainbow arching over it. The text 'MAKING PROGRESS POSSIBLE.' is overlaid on the woman's face and the sky.

MAKING PROGRESS  
POSSIBLE.

TO  
GET  
HER.

# ACKNOWLEDGEMENTS

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The EPIC publication is a collaboration between the Economic Development 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 fourth quarter of 2023, covering the period from 1 October to 31 December 2023.

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# FOREWORD

Cape Town ended 2023 on a high with 43 000 new jobs created in the metro in the last quarter of the calendar year. This translated to a year-on-year increase in the employment rate of 7,4% and a labour participation rate of 74,5% (on the expanded unemployment definition, which offers the most complete estimate) – the highest this figure has ever been. By the last quarter of the year, 1,78 million Capetonians were employed, the highest number since Statistics South Africa first published the redesigned Quarterly Labour Force Survey in 2008.

The City's flagship workforce development programme, Jobs Connect, played a central role in a campaign that ran from September to December and secured 12 914 employment opportunities for Capetonians. The bulk of the jobs created (9 147) are in call centres across the metro and were delivered through CapeBPO, the City's special purpose vehicle in the industry.

These figures prove that the systems and structures put in place by the City are opening real avenues of opportunity for the people we serve.

These employment achievements also coincided with a momentous visitor season as indicated by the record 317 000 two-way passengers passing through the international terminal at Cape Town International Airport in December 2023. This remarkable resurgence in visitors can be attributed in large part to numerous wide-ranging destination marketing campaigns undertaken in key and new markets. In addition, our funding of, and work with, partners like Air Access and Cruise Cape Town (both administered by Wesgro), as well as Cape Town Tourism, resulted in an increase in flights, cruise ships and city-to-city connections that helped to bring more travellers into the city and reaffirmed Cape Town's status as a premier global destination.

An estimated R1,9 billion in foreign direct tourism spend was injected into the provincial economy in December, with the bulk of it coming into Cape Town. Importantly, tourism is a sector that positively impacts numerous others such as retail and transport downstream and is a vital cog in the job-creation wheel.

That said, the City remains very aware that there is still a long road ahead in terms of providing employment opportunities for many Capetonians for whom prosperity is still but a hope. While I remain of the view that it is not up to governments to directly create jobs, I also acknowledge that the City has a duty to create conditions that attract investment, encourage entrepreneurship, enable businesses and industries to boom and, in the process, make it easy for individuals to acquire skills that make them employable and opportunities to put those skills to work.

This means investing in our communities and cities through the provision of efficient and effective basic services, skills development opportunities, and infrastructure.

In Cape Town, the Economic Growth Directorate is responding to these needs through our enterprise development programmes, investment promotions, tourism and place marketing initiatives, as well as skills development programmes.

All of which means that, through determination, transparency, and collaboration, the City of Cape Town is helping to write a better story for more Capetonians.



**ALDERMAN JAMES VOS**  
*Mayoral Committee Member  
for Economic Growth*

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# INTRODUCTION

In this 43<sup>rd</sup> edition of the quarterly EPIC publication, we again present statistics for, and analyses of, Cape Town's key economic trends. This edition focuses on the quarterly developments for the period 1 October to 31 December 2023.

The GDP in the Western Cape, a proxy for GDP in Cape Town, experienced a non-annualised quarterly contraction (quarter-on-quarter) of 0,2% in the fourth quarter of 2023, resulting in a technical recession for the province due to two quarters of consecutive declines. However, Western Cape year-on-year growth for the quarter was positive at 0,3%. The dampened growth seen in previous quarters continued as business and consumer confidence remained low. In fact, consumer confidence over the festive season was the lowest it has been [for this period] in over two decades. A weaker exchange rate, high interest rates and inflationary pressures contributed to the decline in the 'economic outlook' indicator for consumers. Interestingly, those surveyed were more cynical about the outlook for the domestic economy relative to their own household's perceived financial prospects. The frequency of load-shedding also increased in the fourth quarter, with the City's supply of electricity to small and large power users decreasing on a quarterly basis. Manufacturing output experienced negligible quarterly growth of 0,2% while manufacturing employment faced a significant quarterly decline of over 14 000 jobs.

The sectors that contributed most to the quarterly decline in Western Cape growth in the fourth quarter were trade, hotels and restaurants, as well as agriculture. The impact of the decline in agriculture is likely to be muted at the city level as this sector makes up a smaller proportion of city GDP. The sectors that contributed the most to positive quarterly growth were transport and communications, as well as finance, real estate and business services. These two sectors were among six to experience positive quarterly growth in the Western Cape. Together with community and personal services and general government, these sectors have recovered to above pre-Covid-19 levels of output for four or more consecutive quarters, maintaining a positive growth trajectory. Agriculture dipped below pre-Covid-19 levels of output for the first time, partly due to declining field crop prices and the impact of avian influenza on farm incomes. BFAP (the Bureau for Food and Agricultural Policy) expects the quantum of the decline in agriculture to be revised closer to -5%, which may push the Western Cape into positive quarterly growth territory.

Western Cape annual growth for 2023 was 0,5%, which was 0,1 of a percentage point below the national growth rate. Some of the risks to the economic outlook in the short term that were outlined by National Treasury include "operational failures that could persist at Eskom and Transnet, sovereign credit risk that will increase borrowing costs further, high domestic interest rates and sticky food inflation which could further erode consumer spending". Despite poor growth prospects, job figures in Cape Town reveal the highest levels of employment ever recorded.

The Quarterly Labour Force Survey (QLFS) recorded 1,78 million people employed in the fourth quarter of 2023, after a slight dip in quarter 3. Most of the city's labour market indicators saw improvement, resulting in a decrease in the broad unemployment rate to 24,9% from 25,7% in the previous quarter. Increases in quarterly employment were driven foremost by finance, business services and real estate, as well as trade, hotels and restaurants. Trade, hotels and restaurant jobs performed well on the back of the peak tourism season that saw Cape Town's top five tourist attractions breach the one million visitor mark in the fourth quarter. Passenger arrivals at Cape Town International Airport also increased by 22% year-on-year in quarter 4, with December recording the highest number of two-way international passengers (317 000) ever recorded in a single month.

The headline CPI recorded an average annual reading for 2023 of 5,9%, one percentage point lower than its recording for 2022 (6,9%). The CPI decreased to 5,1% in December 2023, driven by the lower oil price, which hit a five-month low. Fortunately for local inflation dynamics, the impact of the weaker rand was countered by the lower oil price. Local food price inflation still remains above the target range, driven by the weaker exchange rate, the avian flu outbreak and load-shedding mitigation costs, rather than international food prices.

The fourth quarter also delivered some encouraging policy developments. Notably, the Department of Trade, Industry and Competition (DTIC) unveiled the anticipated Electric Vehicles (EV) White Paper signalling the government's commitment to the adoption of EV and other eco-friendly transport modes which will hopefully spur much needed investment into the manufacturing sector. The City's Atlantis SEZ provides the perfect landing ground for firms manufacturing parts in this value chain.

**JODIE POSEN**

*Senior Economist: Economic Analysis*



# KEY FINDINGS FOR THE FOURTH QUARTER OF 2023



In the fourth quarter of 2023, the **Western Cape economy** contracted by 0,2% quarter-on-quarter (non-annualised), thus entering a technical recession. The largest sectoral contraction was recorded in the agriculture sector.



The Western Cape recorded an **inflation rate** of 5,6% at the end of the fourth quarter, a decline from the 5,9% at the end of the previous quarter. The national inflation rate at the end of the fourth quarter was slightly lower at 5,1%.



The number of people **employed** in Cape Town increased by 42 904 on a quarter-on-quarter basis, to a total of 1,78 million in the fourth quarter of 2023. Compared to the previous quarter, the main [positive] contributors to employment during the period were the finance, real estate and business services sector (+51 187), while the community, social and other personal services sector recorded the highest quarterly loss in employment (-27 091).



Cape Town's top five **tourist attractions** breached the one million mark and recorded a total of 1 155 006 visitor numbers in the fourth quarter of 2023. This represents a year-on-year improvement of 49%.



Accommodation establishments in Cape Town recorded an average **occupancy rate** of 74,2% in the fourth quarter. The domestic tourism market remains a dominant source of business for the sector.



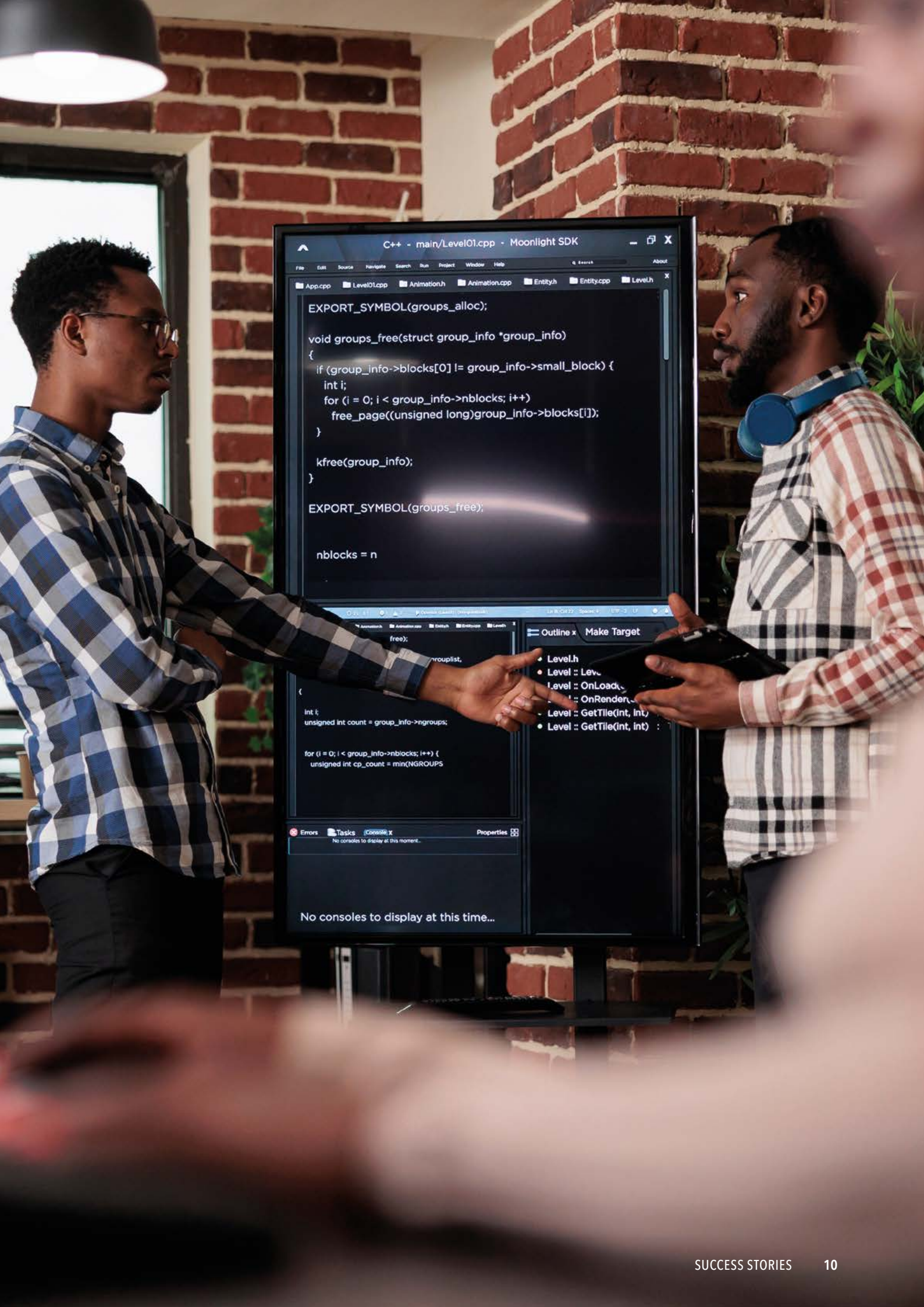
Cape Town International Airport recorded 2,8 million **air passenger movements** in the fourth quarter of 2023. Despite representing a year-on-year improvement, this is still 13% lower than the same period in 2019. International passenger arrivals, however, were higher than compared to 2019.



On a quarter-on-quarter basis, Cape Town's [international] **trade** recorded a decrease in **exports**, while **imports** increased in the fourth quarter. Exports were mainly led by refined petroleum, as well as antiques and coal. On a year-on-year basis, fourth quarter exports increased by 19,1% from the levels in the fourth quarter of 2022.

# 01

## SUCCESS STORIES



C++ - main/Level01.cpp - Moonlight SDK

File Edit Source Navigate Search Run Project Window Help

App.cpp Level01.cpp Animation.h Animation.cpp Entity.h Entity.cpp Level.h

```
EXPORT_SYMBOL(groups_alloc);

void groups_free(struct group_info *group_info)
{
    if (group_info->blocks[0] != group_info->small_block) {
        int i;
        for (i = 0; i < group_info->nblocks; i++)
            free_page((unsigned long)group_info->blocks[i]);
    }

    kfree(group_info);
}

EXPORT_SYMBOL(groups_free);

nblocks = n
```

C++ - 1.1

Animation.h Animation.cpp Entity.h Level.h

free);

grouplist;

(

int i;

unsigned int count = group\_info->nblocks;

for (i = 0; i < group\_info->nblocks; i++) {

unsigned int cp\_count = min(NGROUPS

}

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Level :: OnLoad

Level :: OnRender

Level :: GetTile(int, int)

Level :: GetTile(int, int)

No consoles to display at this time...





BBD, an international software solutions company that solves real-world problems with innovative solutions and modern technology stacks, talks doing business in Cape Town and beyond ...

### 1. Please explain BBD's product and services in a nutshell.

BBD is a South African-grown custom software solutions company founded in 1984. With extensive experience across various sectors and a wide array of technologies, BBD's core services encompass digital enablement, software engineering and solutions support, which includes cloud engineering, data science, product design and managed services.

### 2. What is BBD's unique selling proposition?

Over the past 40-odd years, BBD has built a reputation for hiring the best talent and collaborating with client teams to deliver exceptional value through software. As the company has grown, this unwavering commitment to quality and continuous innovation has ensured clients get the full benefit from software that is appropriate to their unique environment.

### 3. How do you measure success in your business?

As technologists, we measure success as having working software that meets client requirements in the production environment. As a solution provider, we measure success on the relationships we have with our clients. As a people-focused business, we measure success against the state of our people because we would not be where we are without them. At the end of the day, having weathered every storm to come our way, we see our ability to continue to grow as a key indication of our success.

### 4. Why choose Cape Town as a location for BBD's operations?

After making a strategic move to purchase an existing business in Cape Town, BBD felt a strong sense of synergy with the people and the creative spirit embedded in this city. It made sense given our growing client base and operations at the time, to open our Cape Town hub officially. Since then, and under the guidance of an extremely passionate and determined executive, the hub has flourished. We are lucky to have a group of strong women leading the charge in Cape Town, and they have onboarded a team of talented, young engineers who are driving hard to create value for clients while shaping the community around them for the better.

### 5. What made you choose to start a company in this industry?

Our three founders (who we are named after) saw a gap in the market at the time for a custom software development company which brought incredible passion, skills and a unique perspective into the market. They set up shop in one of their garages and quickly built a company that still embodies those original values alongside a ubiquitous culture that sets BBD apart. Today, BBD has more than 1 200 highly talented employees.

## 6. What is BBD's competitive advantage and how does it differentiate itself from its competitors?

BBD's competitive advantage really lies in the people we employ and the value we deliver to clients. By hiring the best we are able to develop and deploy the best solutions for each unique client landscape. This, alongside our incredible depth of experience and technical know-how, means that BBD is a top provider of software solutions for scale-ups, start-ups and large enterprises alike.

## 7. What are BBD's biggest challenges and how are they being addressed?

Throughout the global tech space, and especially with the growing fervour for remote work, talent is in incredibly high demand. Engineers and IT professionals have their pick when it comes to finding the right company to work for. To counter this, and in line with our own growth strategy, BBD has opened hubs in the UK, Netherlands, Portugal and India, alongside the three hubs we have in South Africa. We are now able to employ the best talent no matter where they sit, deploying them into distributed teams on challenging projects for clients around the globe. This, coupled with our reputation, tech stacks, project variety and culture has meant we are able to continue to thrive despite the challenges in the industry.

## 8. What advice would you give to other businesses facing similar challenges?

Paint a picture for where you see your company growing in the middle to long term, and then experiment and think creatively on how you can make that your reality. Often what works for one company will not work for the next. Success in facing challenges lies in constantly evolving while staying true to your roots and, above all, putting your people first.

## 9. What is the company's approach to innovation and how does it stay ahead of the curve?

We like to say that innovation pumps through the heart of BBD. In our space, we have to move with the pace of technology, and so it has always been vital to our success that we ensure that our people embrace this. A large part of our innovation lies in constantly learning and upskilling at all levels across the business while creating a healthy environment where people can explore what they have learnt, play with new technologies, and creatively and collectively solve problems.

## 10. What is the BBD's strategy for growth and expansion?

Our current growth strategy is to expand further into Europe, building a stronger presence in the market that showcases African innovation as well as the value that passion can deliver.

## 11. What is the company's approach to sustainability and corporate social responsibility?

BBD has always taken its social responsibility seriously. We approach this on various fronts including running very successful graduate and bursary programmes to ensure we are giving the next generations ample opportunity to succeed; sponsoring various free tertiary education organisations such as WeThinkCode\_ and Umuzi; donating our time and expertise to programmes that work with underprivileged learners to improve their foundational knowledge and exposure to technology; donating to various charities; founding computer labs in rural and underprivileged schools; and working with the tech community in South Africa to grow its reach and impact.

On the sustainability front, BBD is socially conscious and committed to building a better community, environment and economy. As such, we take a strong stance on ESG (environment, social and governance). Within the environmental pillar we have reduced our carbon energy consumption and footprint, and recycling and reusing wherever possible. For the social pillar, we have ensured we are bettering the communities around us while creating an environment for our people that fosters inclusion, diversity, equity and well-being. In terms of governance, we practise fair and equitable hiring practices, and have created a culture that supports and encourages open discussion and innovation. Creating a positive impact across these fronts means that we are not only helping our people and the community around us, but also supporting the industry and the South African economy.

## 12. What are BBD's biggest achievements to date?

- First and foremost is our track record. We have built partnerships with clients that have lasted for over 30 years.
- In recognition of our cloud solutions, BBD was awarded the 2021 AWS Social Impact Partner of the Year and 2022 AWS Partner of the Year awards for the Sub-Saharan Africa region.
- We have consistently been awarded the highest accolade in the Deloitte Best Company Survey – highlighting the strength of our business, people and leadership.
- BBD worked closely with a client creating a game-changing application for the telecommunications sector. The project ended up winning the Best Mobile App in Africa award for three consecutive years.
- Opening hubs on three continents and in five countries has been a massive milestone for the company.

## 13. What are the company's plans for the next five years?

In the next five years, BBD plans to continue its growth trajectory at home here in South Africa as well as in our operations in Europe specifically. This extends not only to our client relationships and employee count, but also to the positive impact we can make in bridging the digital divide and ensuring exposure to technology becomes ubiquitous in schools throughout the country.

# CAPE TOWN OVERVIEW

## 2023: QUARTER 4

### GROSS DOMESTIC PRODUCT (GDP)



R655 B

The **Western Cape** accounted for **R655 billion<sup>a</sup>** of the **R4,6 trillion gross domestic product (GDP)** generated by South Africa in the fourth 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.<sup>b</sup>**

### GDP GROWTH RATE



-0,2%

During the fourth quarter of 2023, the **Western Cape GDP contracted by 0,2%**, while **national GDP grew by 0,1%.<sup>c</sup>**

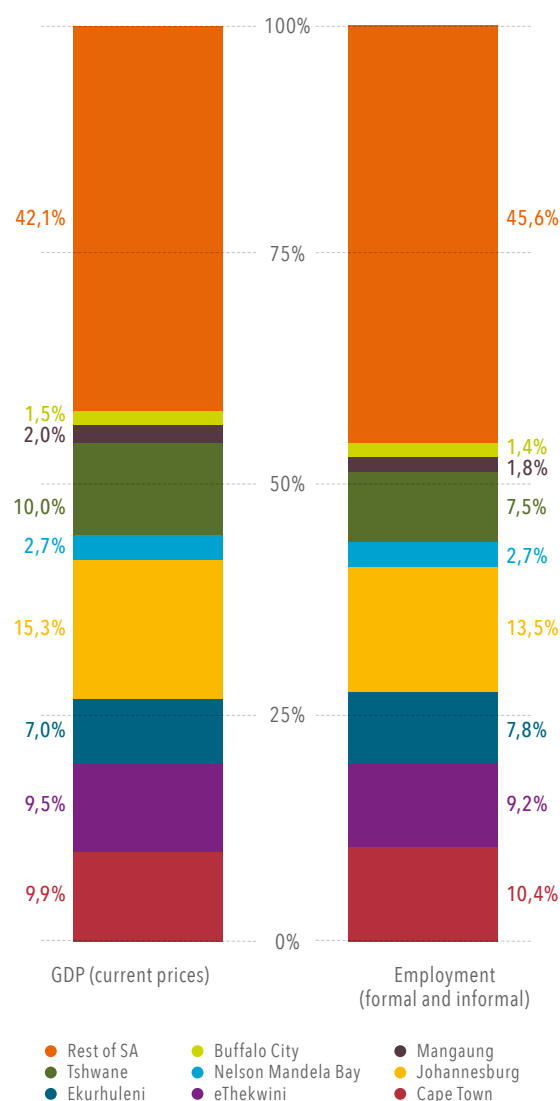
### GDP PER CAPITA



R130 875

In 2022, **South Africa had a GDP per capita of R108 466**, while the **Western Cape's GDP per capita was R130 875** and **Cape Town's was R145 985.<sup>d</sup>**

### METRO CITIES' GROSS GEOGRAPHIC PRODUCT AND EMPLOYMENT CONTRIBUTIONS TO SOUTH AFRICA, 2022<sup>e</sup>

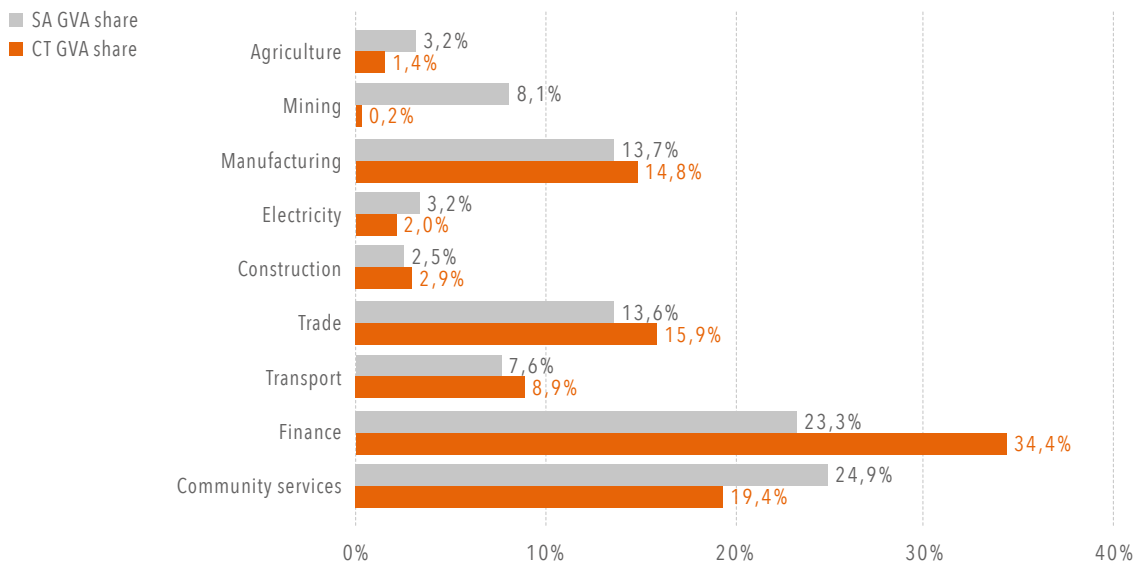


a, c. At constant 2015 prices, seasonally adjusted and non-annualised. Source: Quantec, 2024; Statistics South Africa, 2024.  
b, i. Source: South Africa Regional eXplorer, 2024.  
d, e, f. At current prices. Source: South Africa Regional eXplorer, 2024.

g. Source: Statistics South Africa, 2024.  
h. Source: Statistics South Africa, 2024.  
j. Source: ACSA, 2024.  
k. Source: Wesgro, 2024.



## CAPE TOWN GROSS VALUE ADDED (GVA) VERSUS NATIONAL GVA, 2022<sup>f</sup>



## INFLATION



5,6%

At the end of the fourth quarter of 2023, **South Africa** had an inflation rate of **5,1%**. The **Western Cape's** inflation rate for the same period was **5,6%**.<sup>9</sup>

## POPULATION



7 433 020

**South Africa** has a population of **62 027 503**. A total of **7 433 020** people (11,9% of the national population) live in the **Western Cape**. Of those, **4 772 846** are residents of **Cape Town**.<sup>h</sup>

## GINI COEFFICIENT



0,59

In 2022, **South Africa** had a Gini coefficient of **0,61**, while **Cape Town** had a slightly lower value of **0,59**.<sup>i</sup>

## AIR PASSENGERS



2 774 778

During the fourth quarter of 2023, **2 774 778** passengers moved through **Cape Town International Airport**.<sup>j</sup>

## ATTRACTIONS



1 155 006

In the fourth quarter of 2023, tourists and residents made 1 155 006 visits to Cape Town's five major attractions.<sup>k</sup>

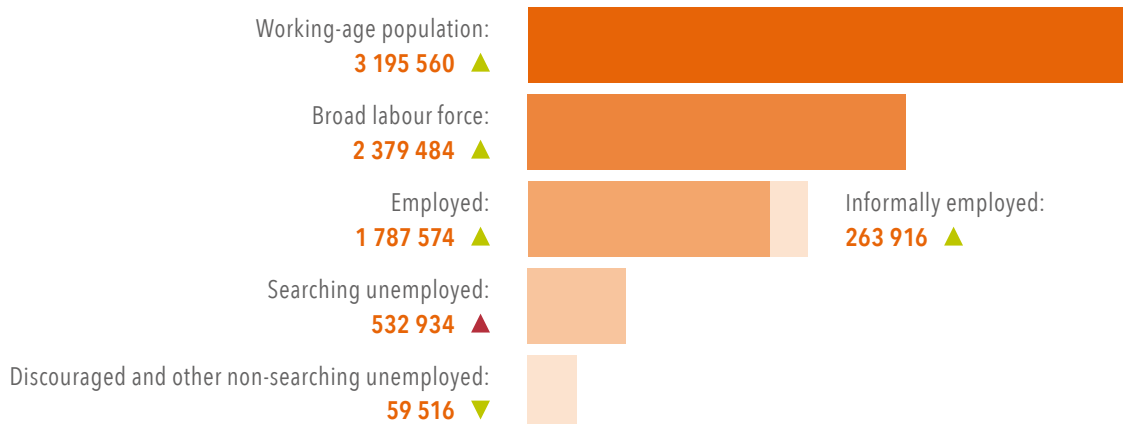
# LABOUR OVERVIEW

## 2023: QUARTER 4

### LABOUR MARKET INDICATORS, 2023 Q4 (QUARTER-ON-QUARTER CHANGES)<sup>l</sup>

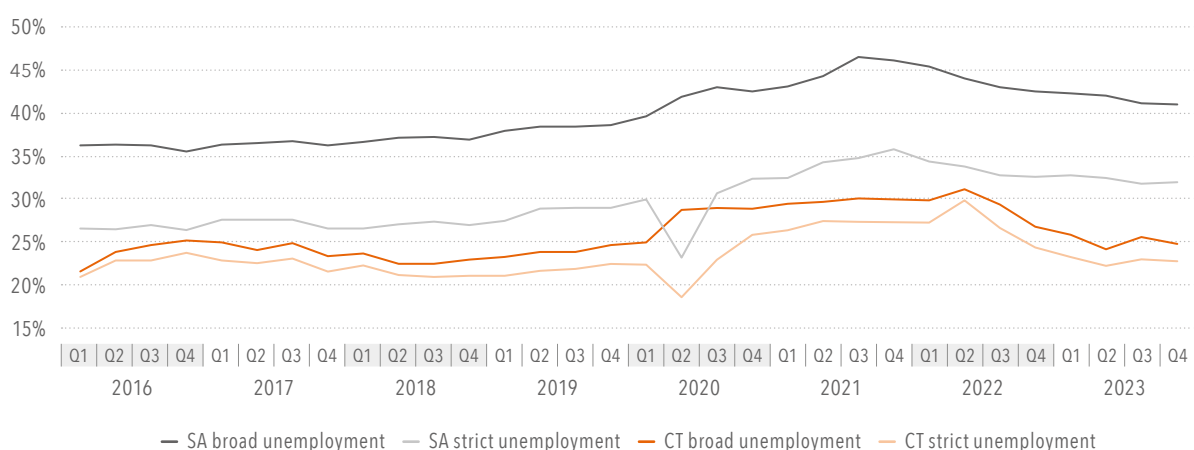
△ Increase  
▽ Decrease

Improvement  
Deterioration



Labour force participation rate (strict) = 72,6%    Labour absorption rate = 55,9%

### STRICT VERSUS BROAD UNEMPLOYMENT<sup>m</sup> RATES FOR SOUTH AFRICA AND CAPE TOWN, 2016 Q1 TO 2023 Q4<sup>n</sup>



<sup>l, n.</sup> Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 4, February 2024.

<sup>m.</sup> 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.





# 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

Following a contraction in the previous quarter (-0,2%), the South African economy narrowly avoided a technical recession, recording 0,1% quarter-on-quarter growth (non-annualised, as per the change in Stats SA's reporting conventions)<sup>1</sup> for the fourth quarter of 2023. While the Bureau for Economic Research's (BER) anticipated growth for the fourth quarter materialised, it came in lower than expected, including against the consensus forecast (BER, 2024a).

At the national level, six sectors recorded growth and four sectors recorded contractions in the fourth quarter of 2023, with the total growth outweighing the total contraction. The largest sectoral growth was recorded in the transport and communication sector, which grew by 2,9% and added the most to the total national growth rate, with 0,3 of a percentage point. This was followed by the mining sector, which recorded 2,4% growth after contracting in the previous quarter. The electricity and water sector recorded growth of 2,3% quarter-on-quarter, while further growth was recorded in the community and social services (0,9%) and finance and business services (0,6%) sectors. These six sectors added a combined 0,8 of a percentage point to the total national growth rate in the fourth quarter of 2023.

Over the same period, four sectors recorded quarter-on-quarter contractions. The largest of these was the 9,7% contraction in the agriculture sector, followed by the trade and hospitality (-2,9%), construction (-1,4%) and general government (-0,6%) sectors. These four sectors subtracted a combined 0,7 of a percentage point from the total national growth rate in the period under review.

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 by 2 index points to 31 index points in the fourth quarter of 2023. This indicates that less than a third of the respondents are satisfied with the prevailing business conditions. According to RMB (BER, 2023a), demand remains sluggish, likely increasing pressure on turnover and profitability. This quarter's sentiment saw a 15-point rise in confidence in the retail sub-sector, however this was outweighed by a steep 24-point drop in the confidence of new vehicle dealers.

Similarly, the FNB/BER Consumer Confidence Index remains significantly low. After rebounding to -16 index points in the previous quarter, the index dropped to -17 index points in the fourth quarter of 2023. This marks the lowest festive-season sentiment recorded in over two decades. According to FNB, this signals consumers' continued low willingness to spend, which likely has the more significant impact on the luxury goods market (BER, 2023b).

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 46,2 index points at the end of the previous quarter (upwardly revised), the Absa PMI declined in October to record 45,4 index points, thereafter improving to 48,2 index points in November, and further to 50,9 index points, above the mid-point, in December 2023. Despite load-shedding easing during the fourth quarter, this provided little reprieve, and domestic demand remained low (BER, 2023c, 2024b).

1. 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

After a multitude of setbacks throughout 2022 (IMF, 2022), global recovery showed signs of moderating (IMF, 2023). In its latest [January] World Economic Outlook (WEO) Update the IMF (2024) noted that the recovery proved unexpectedly resilient. Furthermore, inflation was decreasing faster than expected. The IMF upwardly revised its global growth forecast for 2023 to 3,1% (from a previous 3%), as well as its forecast for 2024, to 3,1% (from a previous 2,9%). According to the IMF, despite positive movements in various parts of the world, forecasts remain lower than the historical average pre-Covid-19 growth.

After advanced economies recorded growth of 2,6% in 2022, the IMF's growth estimates have been upwardly revised to 1,6% for 2023, and 1,5% in 2024. On the back of 2022 growth of 4,1% by emerging and developing economies, the growth forecasts for these have also been upwardly revised to 4,1% for 2023 as well as 2024. Alongside South Africa's annual growth of 1,9% noted for 2022, the country recorded 0,6% growth in 2023 (Statistics South Africa, 2024), in line with the latest IMF expectation. The IMF's latest forecast is for growth of 1% for 2024, which was downwardly revised by 0,8 of a percentage point (IMF, 2024).





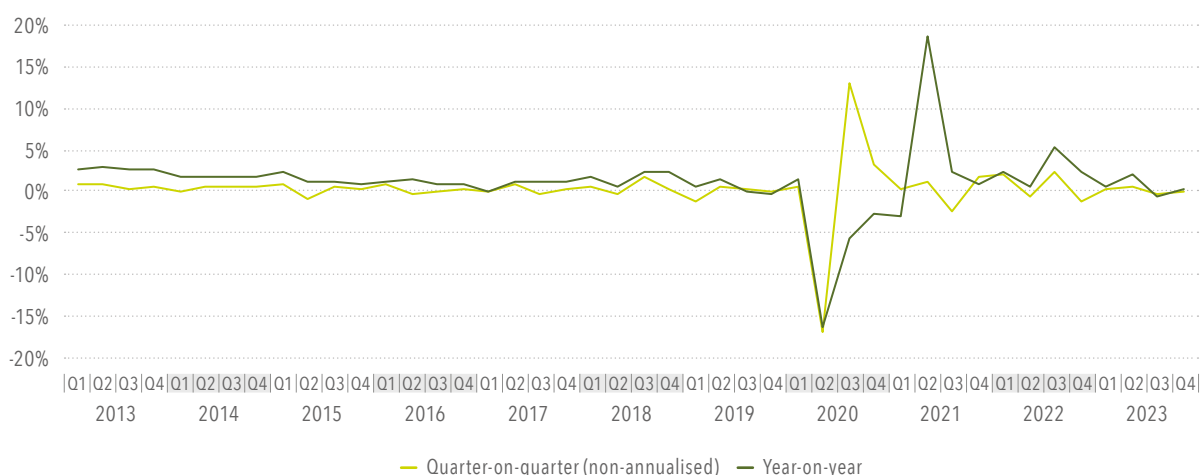


# WESTERN CAPE AND CAPE TOWN ECONOMIC PERFORMANCE

The Western Cape economy accounts for 14% of South Africa's total gross domestic product (GDP). Unlike the national economy's performance (0,1%), the province's economy recorded its second consecutive [non-annualised] contraction of 0,2% quarter-on-quarter for the fourth quarter of 2023, thus entering a technical recession. This quarter's performance is, however, an improvement of 0,18 of a percentage point from the previous quarter's contraction of 0,3%.

The year-on-year data<sup>2</sup> for the Western Cape indicates a similar performance to that of the country as a whole. Following a drop in the previous quarter [each to below 1%], the year-on-year performance at both national and provincial levels improved in the fourth quarter of 2023. South Africa experienced year-on-year growth of 0,9%, while the Western Cape economy recorded year-on-year growth of 0,3% in the quarter under review.

**FIGURE 1: REAL GDP GROWTH FOR THE WESTERN CAPE, 2013 Q1 TO 2023 Q4**



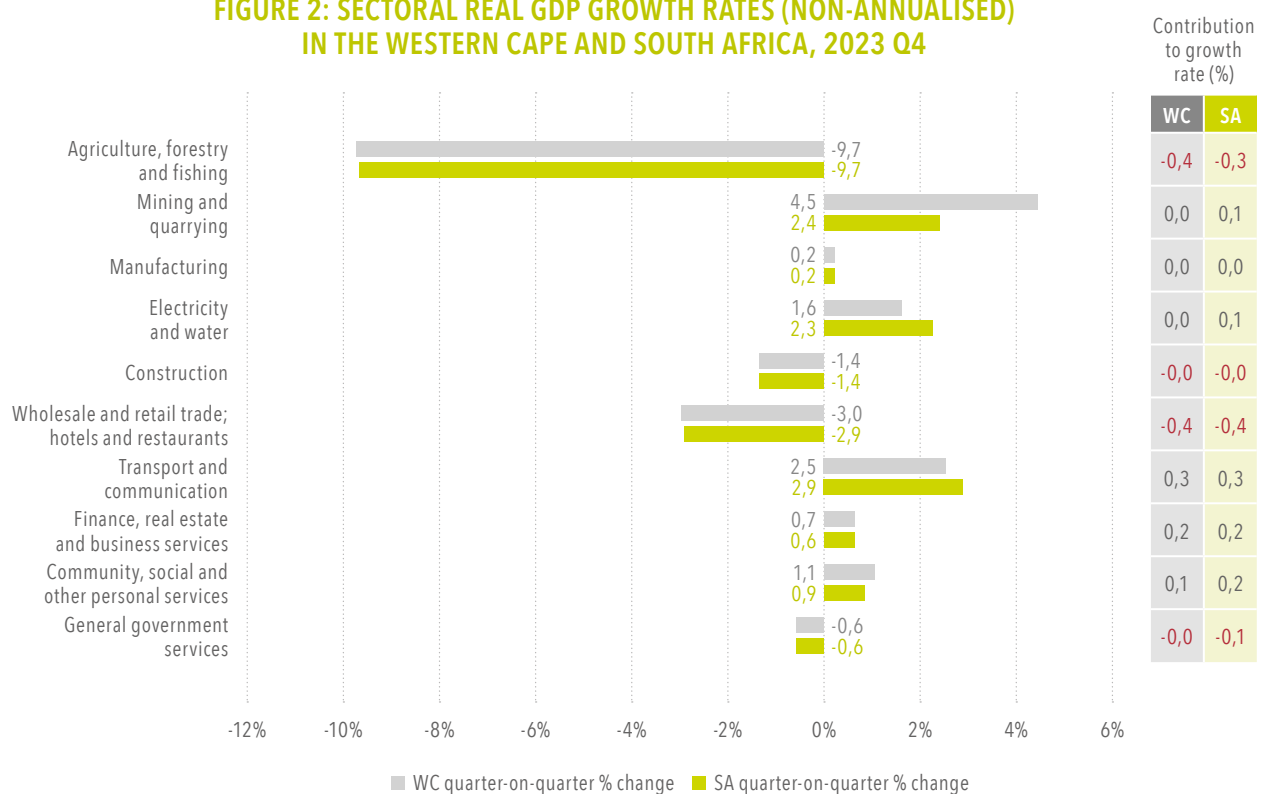
Source: Quantec, 2024.

At the sectoral level, the Western Cape's GDP performance largely mirrored that of the national economy, with similar sectoral trends. In the fourth quarter of 2023, six sectors recorded growth and four recorded contractions. The largest sectoral growth was recorded in the mining sector, which grew by 4,5% quarter-on-quarter. However, due to its small share of the provincial economy (0,2%), it had a minimal positive impact (+0,01 of a percentage point) on the total provincial growth rate. The 2,5% growth recorded in transport and communication added the most to the total provincial growth rate, increasing it by 0,3 of a percentage point. Growth was also recorded in the electricity and water (1,6%), community and social services (1,1%), finance and business services (0,7%) and manufacturing (0,2%) sectors. The combined impact of these [six] sectors' performance was to add 0,7 of a percentage point to the total provincial growth rate.

As at the national scale, the agriculture sector recorded the largest sectoral contraction, of 9,7% quarter-on-quarter, and subtracted 0,38 of a percentage point from the total provincial growth rate, the second highest amount. This was followed by the trade and hospitality sector which contracted by 3,0% quarter-on-quarter and subtracted the most from the total provincial growth rate, by 0,41 of a percentage point. Further contractions were recorded in the construction (-1,4%) and general government (-0,6%) sectors. Combined, these [four] sectors subtracted 0,9 of a percentage point from the total provincial growth rate, outweighing the sectoral growth for this quarter.

2. Year-on-year GDP growth is annualised.

**FIGURE 2: SECTORAL REAL GDP GROWTH RATES (NON-ANNUALISED)  
IN THE WESTERN CAPE AND SOUTH AFRICA, 2023 Q4**

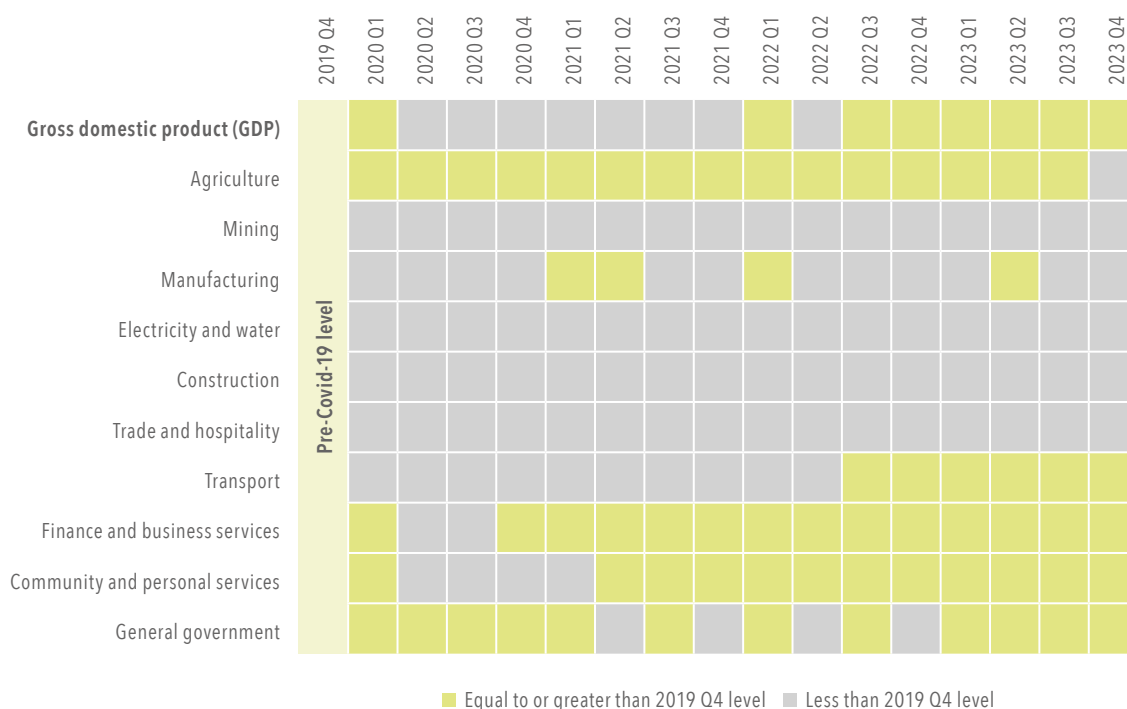


Source: Quantec, 2024.

While the Western Cape's total GDP has remained above pre-Covid-19 levels since the third quarter of 2022, it is useful to compare economic activity at the sectoral level to pre-Covid-19 levels, so as to accurately assess economic recovery. Table 1 illustrates that, by the fourth quarter of 2023, economic activity in four sectors remained higher than their respective levels in the fourth quarter of 2019. These include the finance and business services, community personal services, transport and communication, and general government sectors.

The construction, transport and communication, electricity and water, and mining sectors have all been unable to surpass their respective pre-Covid-19 output levels. While this quarter also saw the agriculture sector slipping below its pre-Covid-19 level for the very first time. This may be attributed, in part, to continued logistical constraints and disease-induced production cuts, particularly in poultry.

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



Source: Own calculations based on Quantec data, 2024.

Note: Based on GDP in constant 2015 prices. 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 (77%), Cape Town's contribution to the province's total primary sector GGP is only 21% (South Africa Regional eXplorer, 2024). This means it is difficult to make inferences about the performance of the city's primary sector based on primary sector GGP performance 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.

The performance of the city's economy in the fourth quarter of 2023 would have been driven by the performance of the finance and business services, community services, and trade and hospitality sectors, which in 2022 comprised 38%, 17% and 14% of the city's economy, respectively. The positive performances of two of these sectors may have a greater impact on Cape Town's economy than their contribution to provincial growth. In the last 10 years, the variation of the city's GDP growth rate from the provincial growth rate<sup>3</sup> has been 0,1 of a percentage point on average. If this were to hold true for the fourth quarter of 2023, a plausible range for Cape Town's non-annualised and seasonally adjusted quarter-on-quarter economic growth in the fourth quarter is between -0,4% and 0%.

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 fourth quarter of 2023, the CPI<sup>4</sup> decreased to 5,1% compared to 5,4% at the end of the previous quarter. As illustrated in figure 3, the CPI increased to 5,9% in October. This increase was followed by a welcome decrease to 5,5% in November and further to 5,1% in December. Encouragingly, the CPI continued to remain within the target range for the fourth quarter of 2023. The headline CPI recorded an average annual reading for 2023 of 5,9%, one percentage point lower than its recording for 2022 (6,9%). For the first five months of 2023 the headline CPI remained consistently above 6%, easing thereafter to below the upper end of the target inflation rate for the remaining seven months of the year. According to Stats SA, product categories that recorded inflation above 6% at the end of December were food and non-alcoholic beverages (8,5%), restaurants and hotels (7,0%) and health (6,5%) adding upward pressure to the headline inflation rate.

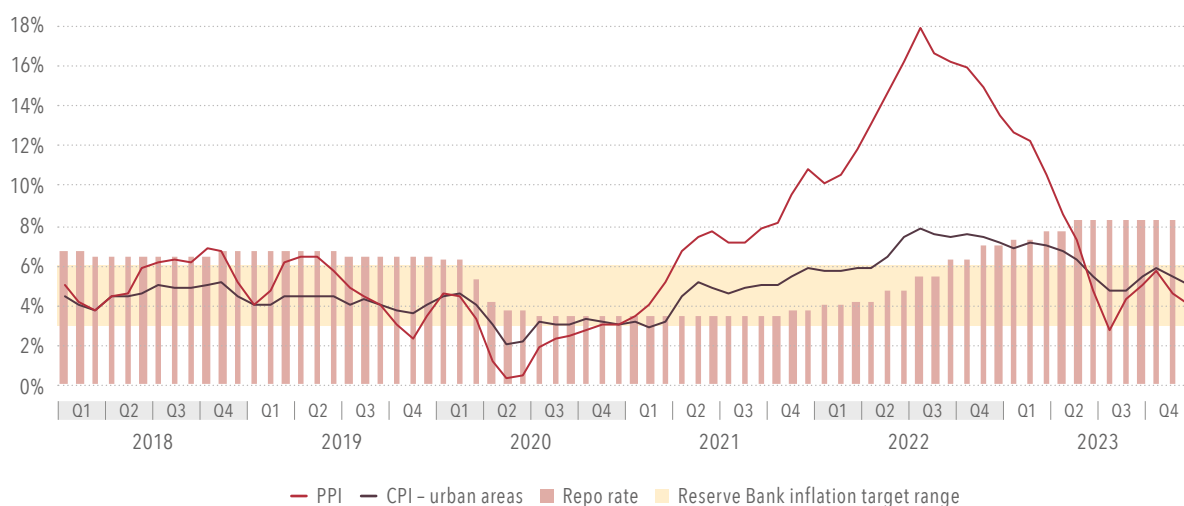
For the fourth quarter of 2023, the PPI<sup>5</sup> recorded an increase to an average of 4,8%, after averaging 4,0% in the previous quarter. The index recorded monthly readings of 5,8% in October, decreasing significantly to 4,6% in November and further to 4,0% in December 2023. The PPI recorded an average of 6,9% for the full year of 2023, decreasing by 7,4 percentage points from a previous high recording of 14,3% in 2022. The significant reduction in the average PPI recordings between 2022 and 2023 was largely driven by strong deceleration in food and fuel prices that were affected by the Russia-Ukraine conflict in 2021/22 (Fraser, 2024). The main inflationary contributors to the PPI in December (in

terms of final manufactured products) were the prices of: food products, beverages and tobacco products; metals, machinery, equipment and computing equipment; transport equipment; and paper and printed products.

As a price leader, a notably higher PPI is a signal for the CPI, as increased production costs often gets passed on to consumers. The gap has been decreasing since its peak in the third quarter of 2022, recording a marginal average difference of 0,7 percentage points for this quarter. This is lower than its previous average recording of 0,9 percentage points in the third quarter.

Figure 3 illustrates changes in CPI, PPI and the repo rate. As indicated in the graph, the repo rate remained unchanged throughout the fourth quarter of 2023 at 8,25%. 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 and remained within the 3–6% target range for the second consecutive quarter. According to the MPC statement of November 2023 (SARB), key reasons for the most recent decision to keep the repo rate unchanged, despite a decreasing inflation rate, were concerns around energy constraints, sluggish economic growth and the considerable weakening of the rand exchange rate against the dollar over the past year (depreciating about 9,5%). In addition, the MPC would prefer to see expectations anchored at the mid-point of the inflation target band as the current outlook (at the time) was still above 6% for 2023, according to BER (2024c).

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



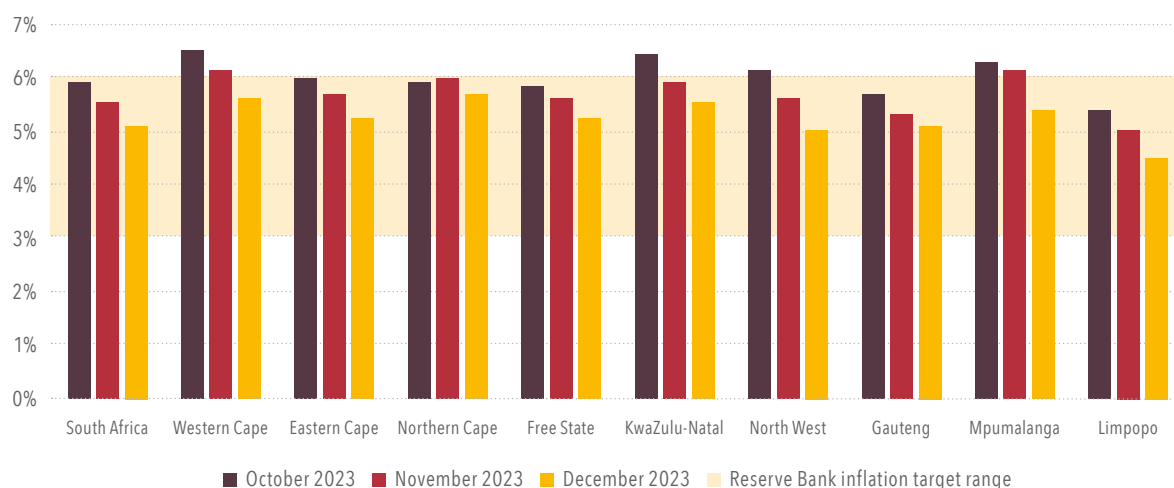
Source: CPI and PPI, extracted from Statistics South Africa, 2023; repo rate extracted from SARB, 2024.

# GEOGRAPHICAL INFLATION

The Western Cape recorded a lower inflation rate of 5,6% at the end of the fourth quarter (December) of 2023 compared to the end of the previous quarter (5,9%). The province recorded a higher inflation rate than the country throughout this quarter. Figure 4 illustrates inflation rates for the fourth quarter of 2023 across all nine provinces. Compared to the end of the third quarter of 2023, the majority of the provinces recorded decreases by the

end of the fourth quarter while only one province recorded an increase. The rate for the Gauteng province remained unchanged at 5,1% when compared to September 2023. The Western Cape province recorded the highest average inflation rate of 6,1% for the quarter under review. It was followed by KwaZulu-Natal (5,9%), and Mpumalanga (5,9%). Limpopo continued to record the lowest average inflation rate of 5,0% for the fourth quarter of 2023.

**FIGURE 4: CPI INFLATION RATE AT A PROVINCIAL LEVEL, OCTOBER TO DECEMBER 2023**



Source: Statistics South Africa, February 2024.



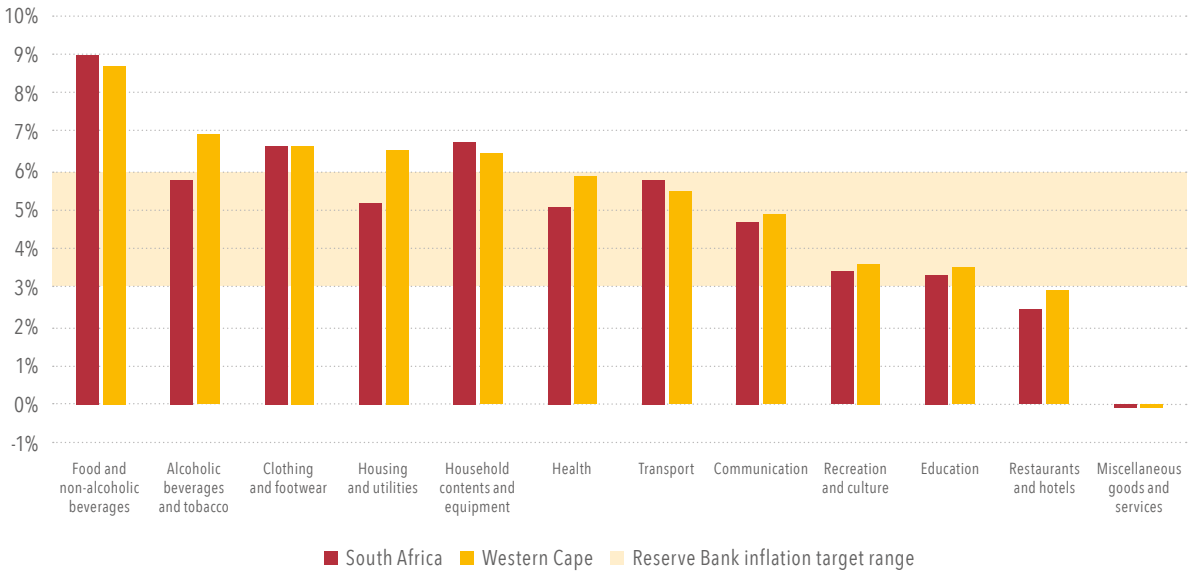
- Headline CPI is recorded and reported on for urban areas.
- According to Statistics South Africa (2021), the PPI from, and including, January 2021 has been reweighted. Noted, however, is that the reweighting will not affect the calculations of the basket.



As indicated in figure 5, one of the main upward drivers of inflation for both South Africa and the Western Cape for the fourth quarter of 2023 was food and non-alcoholic beverages, which recorded an average inflation rate of 8,9% for the country and 8,6% for the province. These were also both higher than in the previous quarter. Price inflation for the categories of restaurants and hotels, as well as health, 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. In addition, the province recorded an inflation rate of above 6% in the housing and utilities, and miscellaneous goods and services categories, which was higher than the national level by more than one percentage point. The Western Cape recorded an average inflation rate of above 6% in five of the 12 broad categories, whereas the country only recorded above 6% in three categories, explaining the slightly higher inflation rate for the province.

For December 2023, transport price inflation was 2,5% at both a national and provincial level. It must be noted that transport price inflation recorded significant decreases for both the country and province when compared to the start of the fourth quarter (7,1% and 7,5% respectively). This was largely driven by [its sub-category of] private transport: fuel. Fuel price inflation decreased considerably for both the country and province from 11,1% and 11,2% respectively in October to -2,6% and -2,5% respectively in December 2023. According to a media release from the Minister of Mineral Resources and Energy (2024), a key factor in the downward trend in the price of fuel was the drop in the Brent Crude by nearly \$10/barrel due to increased production by the United States of America, Venezuela, Guyana, and other non-OPEC countries, despite the announcement by OPEC to cut production. Discouragingly, the weakening of the rand against the dollar added upward pressure to the price of fuel.

**FIGURE 5: AVERAGE CONSUMER PRICE INFLATION FOR SOUTH AFRICA AND THE WESTERN CAPE, 2023 Q4**



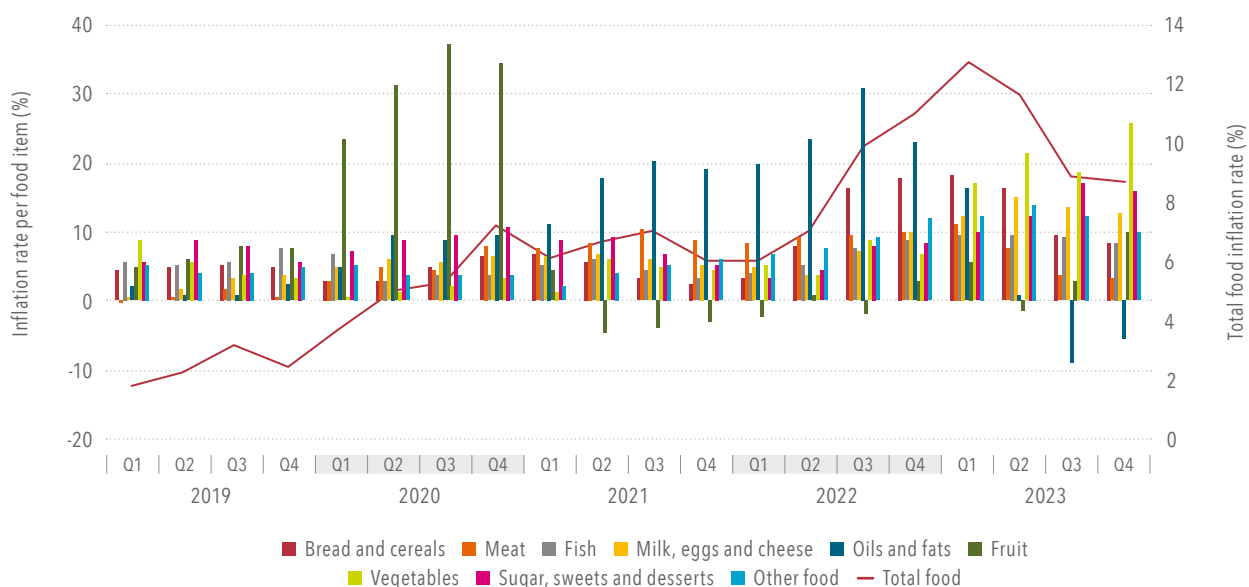
Source: Statistics South Africa, February 2024.

# 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 fourth quarter of 2023, average food price inflation declined marginally to 8,7% when compared to the previous quarter of 8,9%.

For the fourth quarter of 2023, six of the nine food items that are tracked recorded decreases when compared to the previous quarter. Other food (9,7%; down from 12,1%), bread and cereals (8,1%; down from 9,4%) as well as sugar, sweets and desserts (15,7%; down from 16,9%) sub-categories saw strong decreases relative to their previous recordings in the third quarter. The food item that demonstrated the highest average inflation rates in the fourth quarter of 2023 was vegetables, increasing from 18,4% to 25,7%.

**FIGURE 6: WESTERN CAPE FOOD PRICE INFLATION, 2019 Q1 TO 2023 Q4**



Source: Statistics South Africa, February 2024.

According to the BFAP statement for December 2023, a key factor influencing food prices in South Africa was the depreciation of the rand, which offset much of the reduction in the global FAO<sup>6</sup> Food Price Index. Furthermore, domestic factors such as rising electricity

costs and load-shedding continued to exert upward pressure on food price inflation through added costs in the value chains. Vegetable and fruit markets were highly impacted by these factors, resulting in a decline in planted areas and reducing overall supply (BFAP, 2024).

6. FOA stands for the Food and Agriculture Organization.

# 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 fourth quarter of 2023, Cape Town's working-age population (3,19 million individuals) and the labour force (2,3 million individuals) increased. Cape Town's employment increased both on a quarter-on-quarter (up by 42 904 individuals) and a year-on-year (up by 123 478 individuals) level, to record a total of 1,78 million individuals. This is the highest employment figure for Cape Town since the start of the QLFS in 2008. Average annual employment increased from 1,53 million individuals in 2022 to its highest level to date at 1,74 million individuals for 2023. This led to increases in both the labour absorption (from 54,8% to 55,9%) and labour force participation (from 71,3% to 72,6%) rates when compared to the previous quarter. Both rates recorded higher levels when compared to the fourth quarter of 2022.

The number of discouraged work seekers decreased on a quarter-on-quarter basis to a total of 37 988 individuals at the end of the fourth quarter. On a year-on-year level the number of discouraged work seekers remains higher by 6 410 individuals. For the full 2023 year, the number of discouraged work seekers increased to its highest level to date (an average annual of 33 664 individuals).

The increase in searching unemployment was outweighed by the increase recorded in employment as well as the decreases in the non-searching categories. This led to a lower broad unemployment rate of 24,9% from the previous 25,7% in the third quarter of 2023. This rate is also lower by 2 percentage points when compared to the fourth quarter in 2022. This meant that Cape Town's broad unemployment rate for the fourth quarter remained lower than that of any of the other metros in South Africa.

**TABLE 2: CAPE TOWN LABOUR MARKET INDICATORS, 2023 Q4 VERSUS 2023 Q3 AND 2022 Q4**

Metro	Recorded			Quarter-on-quarter change	Year-on-year change
	2023 Q4	2023 Q3	2022 Q4	(vs 2023 Q3)	(vs 2022 Q4)
Working-age population	3 195 560	3 183 533	3 145 865	12 027	49 695
Broad labour force	2 379 484	2 346 659	2 275 584	32 824	103 900
Strict labour force	2 319 968	2 269 399	2 204 518	50 569	115 450
Employed: Total	1 787 574	1 744 671	1 664 096	42 904	123 478
Employed: Formal sector	1 394 462	1 385 602	1 396 063	8 860	- 1 601
Employed: Informal sector	263 916	234 653	181 899	29 263	82 017
Unemployed (strict)	532 394	524 729	540 422	7 665	- 8 028
Not economically active	875 592	914 134	941 346	- 38 542	- 65 755
Discouraged work seekers	37 988	39 886	31 578	- 1 898	6 410
Other not economically active	837 604	874 248	909 768	- 36 644	- 72 164

Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 4, February 2024.

# EMPLOYMENT COMPARISON OF METROS

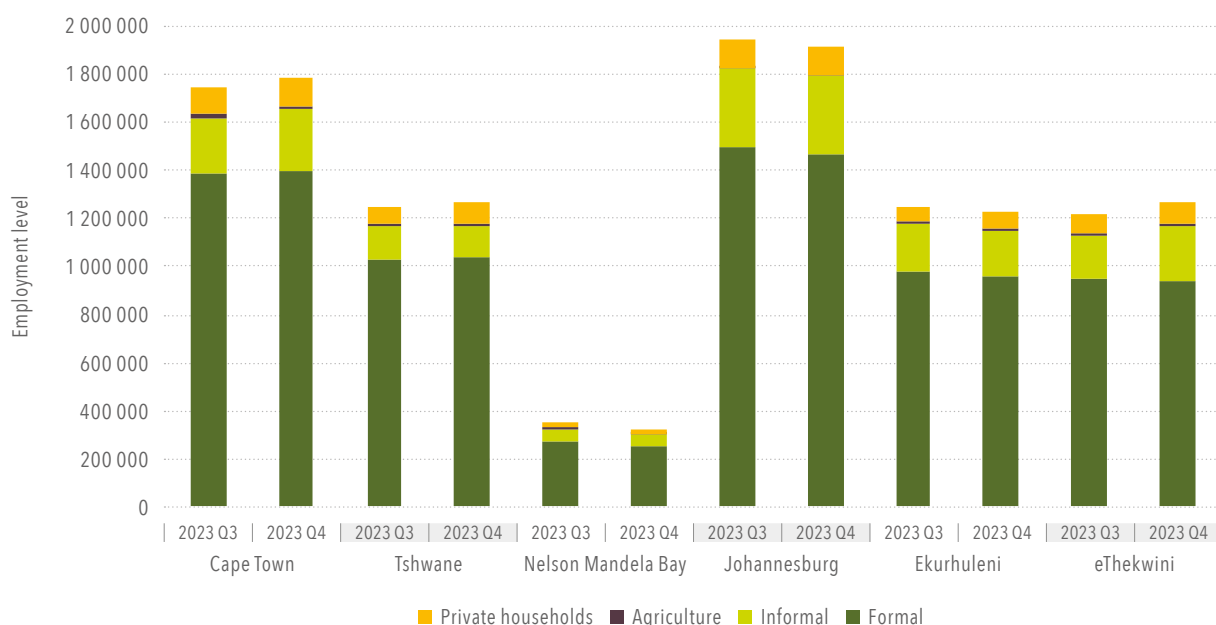
When measuring Cape Town's job-creation performance, a comparison with other metros<sup>7</sup> in the country is helpful. In the fourth quarter of 2023, Cape Town continued to have the second highest number of employed people, at 1,78 million individuals. This is second only to Johannesburg, where 1,9 million people were employed. This is to be expected, as Johannesburg has a larger population than Cape Town.

As seen in figure 7, when compared to the previous quarter, three of the metros recorded positive employment growth, while three displayed negative growth. eThekwin added the most to employment (up by 43 689 individuals), followed by Cape Town (up by 42 904 individuals) and Tshwane (up by 25 473 individuals). Johannesburg recorded the largest drop in employment, by 39 590 individuals. This was followed

by Nelson Mandela Bay (down by 30 989 individuals) and Ekurhuleni (down by 15 596 individuals).

In Cape Town, formal employment increased on a quarter-on-quarter level (up by 8 860 individuals) while decreasing on a year-on-year (down by 1 601 individuals) level, to record 1,39 million individuals for the quarter. Informal employment increased strongly on both a quarter-on-quarter (up by 29 263 individuals) and year-on-year (up by 82 017 individuals) basis to record a total of 263 916 individuals at the end of the fourth quarter. Private households also recorded strong increases on both a quarter-on-quarter (up by 12 824) and a year-on-year level (up by 43 674 individuals). The agriculture sector decreased quarter-on-quarter (down by 8 043 individuals) and year-on-year (down by 613 individuals) at the end of the fourth quarter.

**FIGURE 7: EMPLOYMENT COMPARISON WITH OTHER METROS BY MAJOR SECTOR, 2023 Q4 VERSUS Q3**



Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 4, February 2024.

7. This comparison does not include all South African metro cities.

# UNEMPLOYMENT IN CAPE TOWN

The number of (searching) unemployed people in Cape Town increased on a quarter-on-quarter basis (up by 7 665 individuals) and decreased year-on-year (down by 8 028 individuals) to record a total of 532 394 individuals at the end of the fourth quarter. The average annual unemployment recorded in 2023 was 521 610 individuals, improving from 571 100 individuals in 2022. The increase in employment outweighed the increase in unemployment resulting in a lower strict unemployment rate (22,9%) when compared to the third quarter of 2023 (23,1%). The strict unemployment rate is also lower by 1,6 percentage points when compared to the fourth quarter of 2022 (24,5%).

The youth unemployment rate in Cape Town, defined as the strict unemployment rate for individuals aged 15 to 24 years old, was estimated at 44,5% in the fourth quarter of 2023, decreasing slightly from 45% in the previous quarter. The figure

also represents a strong decrease from the 53,8% recorded in the fourth quarter of 2022. While this remains below the national youth unemployment rate of 59,4% recorded in the fourth 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 (table 3). On a quarter-on-quarter basis, Cape Town had the lowest broad unemployment rate of 24,9% (down from 25,7% in 2023 Q3), while eThekweni had the lowest strict unemployment rate of 22,1% (down from 22,5% in 2023 Q3) when compared to all the other metros.

**TABLE 3: UNEMPLOYMENT RATE<sup>8</sup> COMPARISON OF METROS, 2023 Q4 VERSUS 2023 Q3 AND 2022 Q4**

Metro	Official (strict)			Expanded (broad)		
	2023 Q4	2023 Q3	2022 Q4	2023 Q4	2023 Q3	2022 Q4
Cape Town	22,9%	23,1%	24,5%	24,9%	25,7%	26,9%
eThekweni	22,1%	22,5%	17,6%	35,6%	36,4%	33,8%
Ekurhuleni	30,7%	29,5%	30,7%	39,2%	39,3%	39,1%
Johannesburg	33,1%	32,6%	32,6%	36,6%	36,9%	37,3%
Nelson Mandela Bay	33,9%	32,0%	34,4%	35,8%	34,2%	35,7%
Tshwane	35,0%	34,9%	34,7%	37,6%	39,1%	37,9%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 4, February 2024.

When compared to the previous quarter, two of the metros experienced a decrease in their strict unemployment, while four metros recorded an increase. In terms of broad unemployment rates, five metros experienced a decrease in their broad unemployment rate and only one metro (Nelson Mandela Bay) recorded an increase when compared to the third quarter of 2023. eThekweni recorded the largest decrease in its strict unemployment (down by 0,41 of a percentage point) while Tshwane recorded the largest decrease in its broad unemployment rates (down by 1,48 percentage points).

Nelson Mandela Bay recorded the highest increase in both its strict (up by 1,93 percentage points) and broad (up by 1,65 percentage points) unemployment rate to 33,9% and 35,8% respectively.

Among the metros, Cape Town recorded the second lowest difference between its two rates of unemployment (1,9 percentage points), while eThekweni recorded the largest difference of 13,4 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.

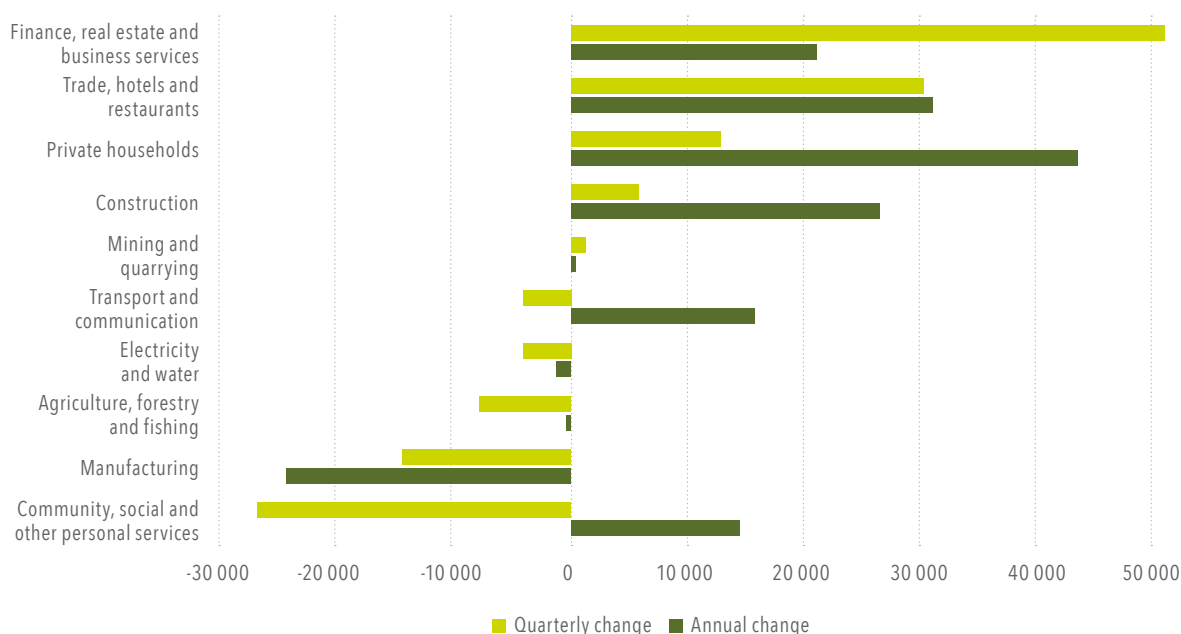
8. The 'strict' definition of unemployment includes only people who are actively seeking work. The 'broad' definition of unemployment includes those under the 'strict' definition as well as 'discouraged' and other 'non-searching' job seekers.

# SECTOR EMPLOYMENT TRENDS FOR CAPE TOWN

Figure 8 depicts the change in the level of employment by sector in Cape Town in the fourth quarter of 2023 compared to the third quarter of 2023 and fourth quarter of 2022. On a quarter-on-quarter basis, five sectors recorded employment losses, while five sectors had employment gains. The finance, real estate and business services sector (up by 51 187 jobs) added the most to total employment, followed by trade, hotels and restaurants (up by 30 437 jobs), and private households (up by 12 824 jobs). Solid contributions to employment growth were also made by the construction (up by 5 656 jobs) and the mining (up by 1 012 jobs) sectors. The community, social and other personal services sector shed the most jobs (down by 27 019 jobs) in the fourth quarter, followed by the manufacturing (down by 14 622 jobs) and the agriculture (down by 8 043 jobs) sectors. Further employment losses were also recorded in the electricity and water (down by 4 281 jobs) as well as the transport and communication (down by 4 246 jobs) sectors.

Three sectors recorded employment losses when compared to the fourth quarter of 2022, while seven sectors recorded strong employment gains. The private households sector added the most to employment with a total of 43 674 jobs. It was followed by the trade, hotels and restaurants (up by 30 950 jobs) and the construction (up by 26 476 jobs) sectors. Strong year-on-year contributions were also made by the finance, real estate and business services (up by 21 246 jobs), transport and communication (up by 15 562 jobs), as well as the community, social and other personal services (up by 14 584 jobs) sectors. A minimal contribution to employment growth was made by the mining and quarrying sector (up by 140 jobs). Similar to its negative quarterly performance, the manufacturing sector shed the most jobs (down by 24 667 jobs) followed by electricity and water (down by 1 272 jobs) as well as agriculture (down by 613 jobs).

**FIGURE 8: QUARTERLY AND ANNUAL CHANGE IN EMPLOYMENT PER SECTOR FOR CAPE TOWN, 2023 Q4**



Source: Statistics South Africa, Quarterly Labour Force Survey, 2023 Quarter 4, February 2024.



# 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.

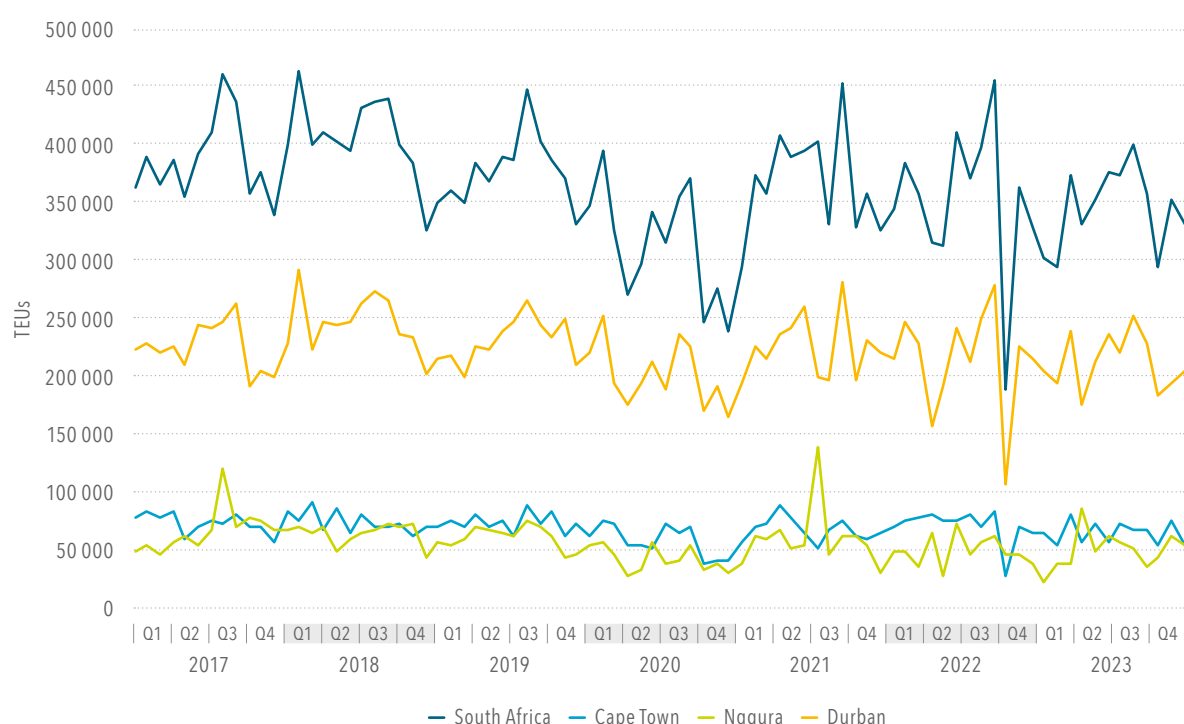


# CONTAINER TRAFFIC

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),<sup>9</sup> over the period of a year. The Port of Durban<sup>10</sup> remained the largest container handling port in South Africa, handling a total of 584 438 TEUs in the fourth

quarter of 2023. The Port of Durban accounted for 59,5% of all containers handled in the country, followed by the Port of Cape Town (18,7%) and the Port of Ngqura<sup>11</sup> (16,4%). The remainder of TEUs handled in the country are shipped through the ports of Gqeberha, East London, and Richards Bay.

**FIGURE 9: TOTAL CONTAINERS HANDLED MONTHLY (NATIONALLY), 2017 Q1 TO 2023 Q4**



Source: Transnet National Ports Authority, February 2024.

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 11,4%, from 878 615 TEUs in the fourth quarter of 2022 to 978 673 TEUs in the fourth quarter of 2023. The Port of Durban recorded a year-on-year increase of 6,6%, while the Port of Ngqura recorded the largest increase of

21,5% when compared to the fourth quarter of 2022. The latter was, however, from a comparatively smaller base. The Port of Cape Town experienced a year-on-year increase of 11,4%, from 164 202 TEUs handled in the fourth quarter of 2022 to 182 865 TEUs in the fourth quarter of 2023.

9. 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.

10. The Port of Durban is located in the eThekwin metro.

11. The Port of Ngqura is located in the Nelson Mandela Bay metro.

**TABLE 4: COMPARISON OF TOTAL<sup>12</sup> CONTAINERS HANDLED (IN TEUs),  
2023 Q4 VERSUS 2023 Q3 AND 2022 Q4**

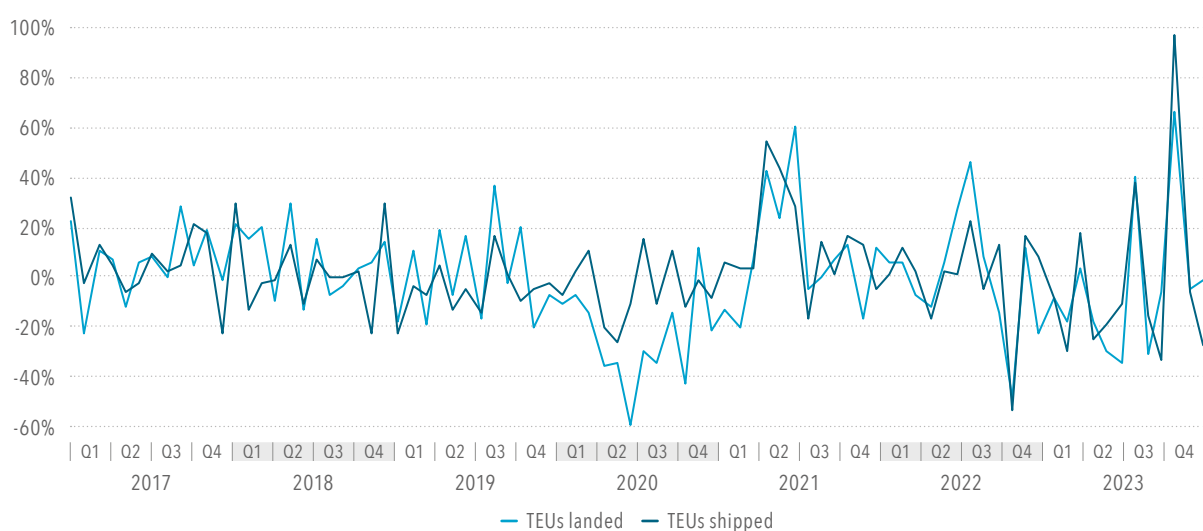
	2023 Q4	2023 Q3	2022 Q4	Year-on-year change
South Africa	978 673	1 130 006	878 615	11,4%
Cape Town	182 865	207 490	164 202	11,4%
Durban	582 438	700 370	546 399	6,6%
Ngqura	160 856	146 662	132 400	21,5%

Source: Transnet National Ports Authority, February 2024.

The Port of Cape Town recorded a year-on-year increase of 11,8% in full TEUs landed, from 50 846 TEUs in the fourth quarter of 2022 to 56 853 TEUs in the fourth quarter of 2023. The number of TEUs shipped increased by 3,9%, from 57 224 TEUs in the fourth quarter of 2022 to 59 472 TEUs in the fourth 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 showed notable improvement, impacted by lower activity in October 2022 due to the 11-day strike at Transnet.

**FIGURE 10: ANNUAL CHANGE IN FULL TEUs HANDLED (MONTHLY)  
AT THE PORT OF CAPE TOWN, 2017 Q1 TO 2023 Q4**



Source: Transnet National Ports Authority, February 2024.

Congestion and processing delays remain a challenge at South African ports. During the fourth quarter of 2023, bottlenecks of vessels and backlogs at the Port of Durban resulted in at least one carrier amending its routes to include the Port of Cape Town

(Burkhardt, 2023). Shipping companies are further rerouting around South Africa's coastline due to attacks on the Red Sea, which will increase demand on local berthing facilities due to refuelling needs (Roelf, 2023).

12. Total containers handled includes both full and empty TEUs logged.



# CAPE TOWN TRADE

In the fourth quarter of 2023, exports decreased on a quarter-on-quarter basis, while imports increased, as illustrated in figure 11, which shows the quarterly trade balance for Cape Town. Exports decreased by 12,8% to R32,4 billion and imports increased by 22% to R79,8 billion. Cape Town's trade deficit deteriorated notably to R47,4 billion. Nationally in quarter 4 of 2023, a trade surplus of R21 billion was realised with South Africa's top exports being platinum, coal and iron (Quantec, 2024).

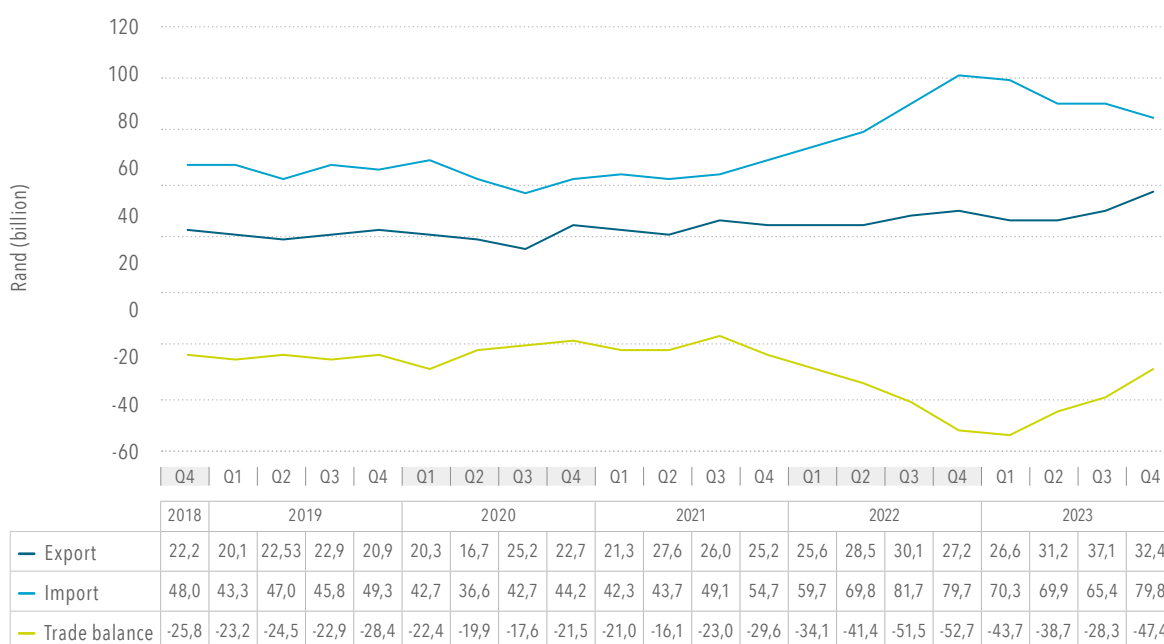
Focusing on Cape Town's top 10 export products (by rand value), the largest quarterly growth was seen for grapes and raisins, followed by antiques (282%). The largest year-on-year growth in Cape Town's exports was recorded for antiques and chromium, which is not locally mined. The logistical rerouting of chromium, coal and other mineral substance exports due to infrastructure failures continues to drive the increase of non-local commodity

exports from the Port of Cape Town. Refined petroleum remained the highest-value export from Cape Town in the fourth quarter of 2023, worth R4,9 billion, followed by antiques (R1,9 billion) and coal (R1,47 billion).

Cape Town's most imported products in the fourth quarter of 2023 were refined petroleum and crude petroleum, worth R26 billion and R17 billion respectively. Refined petroleum was imported primarily from the United Arab Emirates and Oman. Some of this refined petroleum was re-exported from Cape Town to other African countries.

The value of total exports increased by 19,1% compared to the fourth quarter of 2022, while imports increased by 0,1%. Large year-on-year increases in imports were recorded for crude petroleum, fertiliser and cyclic hydrocarbons.

**FIGURE 11: CAPE TOWN'S TRADE BALANCE, 2018 Q4 TO 2023 Q4**



Source: Quantec, 2024.

Cape Town's top 10 exports in the fourth quarter of 2023, shown in table 5, accounted for 41,7% of total exports. The rise in annual export value was led by an increase in the export of non-local commodities as well as exchange rate weakness. Although the prices of petroleum and coal remained elevated in quarter 4, the prices of these commodities are on a downward trend. Coal exports experienced the largest year-on-year decline in value of 24,8%. Export items that typically recorded

in the top 10 in the past, but have been overtaken by non-local commodities include wine and beauty products. Many stakeholders are concerned about "an unfolding logistics crisis at the Port of Cape Town [which] is set to curtail exports, particularly fresh produce. The province is calling for private players to be brought in to remedy the problem" (BusinessDay, 2023).

**TABLE 5: CAPE TOWN'S TOP 10 EXPORTS, 2023 Q4**

Cape Town's top export categories for 2023 Q4 (HS 4) <sup>13</sup>	ZAR million	% of total exports	Year-on-year change (vs 2022 Q4)
Refined petroleum oils	R4 923,31	15,2%	45,0%
Antiques	R1 908,24	5,9%	200,1%
Coal	R1 471,21	4,5%	-24,8%
Grapes and raisins	R895,47	2,8%	24,5%
Chromium	R819,91	2,5%	158,6%
Jewellery with precious metal	R796,57	2,5%	33,1%
Engine parts	R749,38	2,3%	7,6%
Citrus	R659,66	2,0%	4,5%
Apples, pears and quinces	R641,92	2,0%	6,8%
Fish fillets	R630,84	1,9%	8,3%
<b>Total of top 10 export categories</b>	<b>R13 496,51</b>	<b>41,7%</b>	
<b>Total of ALL products</b>	<b>R32 360,13</b>	<b>100,0%</b>	<b>19,1%</b>

Source: Quantec, own calculations, February 2024.

Note: Only the top 10 exports at an HS4 level are shown in the table above.

13. 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 2,8 million passenger movements (arrivals and departures) in the fourth quarter of 2023, compared to 4,8 million passenger movements at OR Tambo International and 1,3 million at King Shaka International during the same period.

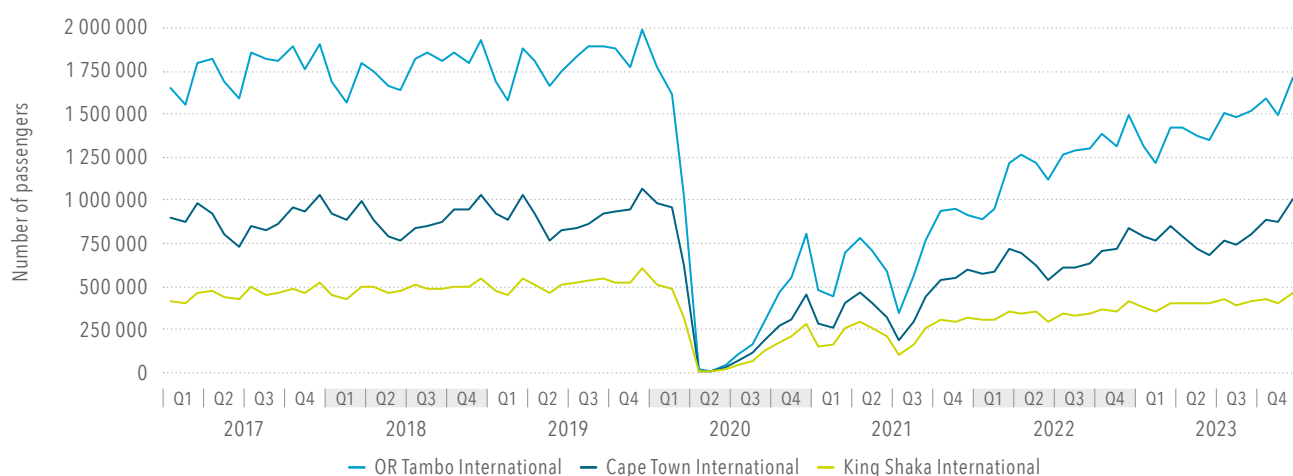
To account for seasonal trends, passenger statistics are best analysed on a year-on-year basis. For the fourth quarter of 2023, all three international airports recorded positive year-on-year performances. Total passenger movements at Cape Town International in the fourth quarter of 2023 increased by 22% year-on-year, representing a total of 500 768 more passenger movements than observed in the fourth quarter of 2022. Total passenger movements at OR Tambo International increased by 14,4% (+604 376) year-on-year in the fourth quarter of 2023, while King Shaka International saw an increase of 14,1% (+162 691). 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 its annual report (CTICC, 2024), the Cape Town International Convention Centre (CTICC) recorded improved numbers in 2023. Event numbers increased from a

previous 225 events in the 2021/22 financial year to 427 events in the 2022/23 financial year, nearly reaching pre-pandemic levels.

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,<sup>14</sup> air passenger movements at these three airports remain 13% lower than pre-pandemic levels on average, which is illustrated in figure 12. Among the three international airports, Cape Town International shows the lowest difference from pre-pandemic levels (-6%).

There have been improvements when compared to the previous quarters of 2023, albeit at a slow pace. International arrivals at Cape Town International have experienced a full recovery from 2019 levels. This improved performance can be attributed to the increase in new and seasonal routes to/from Cape Town such as Emirates introducing its second daily flight between Cape Town and Dubai (increasing to 14 flights). Furthermore, Mozambique Airlines launched its three weekly flights between Maputo and Cape Town, while South African Airways launched its two weekly flights between Sao Paulo and Cape Town (Cape Town Tourism, 2024a).

**FIGURE 12: TOTAL (MONTHLY) PASSENGER MOVEMENTS AT SOUTH AFRICA'S MAJOR AIRPORTS, 2017 Q1 TO 2023 Q4**



Source: Airports Company South Africa, February 2024.

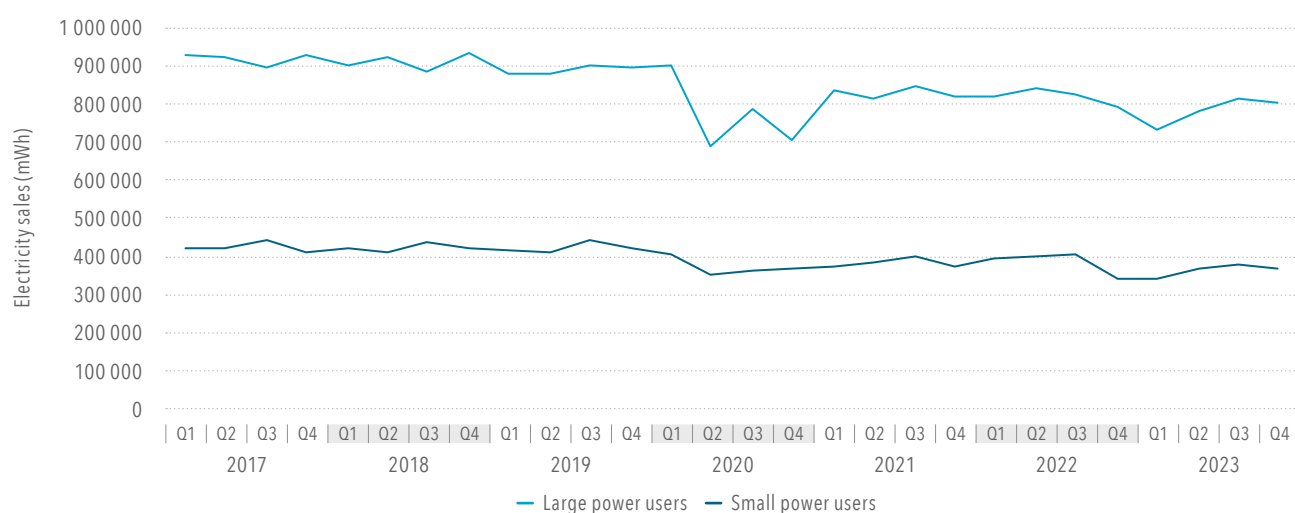
14. While South Africa's lockdown commenced on 15 March 2020, many other countries already had restrictions in place during the first quarter of 2020.

# 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 Q4**



Source: *Electricity Generation and Distribution, CCT, February 2024.*

Following an increase in the previous quarter, electricity sales to LPUs declined in the fourth quarter of 2023, dropping by 1,2% on a quarter-on-quarter basis. The City's electricity sales to SPUs also decreased by 3,2% quarter-on-quarter. In the third quarter of 2023 load-shedding lessened due to improved power plant performance as a result of the colder weather, increased wind power generation and a drop in electricity demand from major industries on account of higher winter tariffs (BusinessTech, 2023a). However, Eskom ramped up load-shedding in the fourth quarter of 2023 due to increasing demand, insufficient generating capacity and the need to replenish emergency

reserves (BusinessTech, 2023b). This increase in load-shedding contributed significantly to the decline in electricity sales to LPUs and SPUs and suggests a decrease in manufacturing activity in Cape Town in the fourth quarter of 2023. Despite resuming positive growth for this quarter, manufacturing GVA output remains stagnant.

In contrast, electricity sales to LPUs and SPUs in the fourth quarter of 2023 were higher than in the corresponding period in 2022. LPUs recorded an increase in electricity sales of 1,7% year-on-year, while electricity sales to SPUs grew by 7,6% 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 and highly valuable contributor to the local and national economy. However, tourism was one of the industries hardest hit by the Covid-19 pandemic.

Cape Town Tourism's (CTT) Cape Town Accommodation Performance Review & Forecast Report continues to experience low survey participation rates.<sup>15</sup> This may be due to lower membership levels, impacted by establishment closures, as well as constrained resources. The Cape Town Accommodation Performance reviews (CTT, 2023; CTT, 2024b; CTT 2024c), covering the months of October, November and December 2023, had an average response rate of 25 tourism accommodation establishments, the majority of which are based in the Cape Town metropolitan area.

During the fourth quarter of 2023, the surveyed establishments recorded an average occupancy rate of 74,2%. Despite coming in lower than the recorded forecast demand (75,8%) for the period, it remained in line with historic trends. Encouragingly, the fourth quarter of 2023 shows slightly improved performance compared to the same period in 2022 (72,6%). The sustained higher occupancy rate recorded in the fourth quarter is a positive signal for the tourism sector. Similarly, the average room rate (R2 460) and revenue per room rate (R1 832) recorded slightly lower than their respective forecasted demand.

Demand for accommodation during the fourth quarter of 2023 continued to be driven by the domestic market, which accounted for an average of 51% of room nights sold. Demand from travellers from within Africa constituted 16%, and international travellers

32%. Across the domestic and regional segments, 'business' dominated as the reason for travel in October. This remained the same reason for the domestic market in November while 'leisure' became the dominant reason for regional travellers. Across all three months, 'leisure' remained the main reason cited by international travellers, and by December this was true for the domestic and regional travellers as well, reflective of the peak holiday period.

Continued recovery is also evident in visitor statistics. During the fourth quarter of 2023, Cape Town's five major tourist attractions<sup>16</sup> recorded a total of 1 155 006 visits. This not only marks the important breaching of the one-million visits mark, but also represents the highest [quarterly] figures recorded since the Covid-19 lockdown in 2020. Performance for the quarter showed an improvement of 49% for the same period in 2022. Total visits are still 13% lower than the fourth quarter of 2019, however this difference continues to narrow.

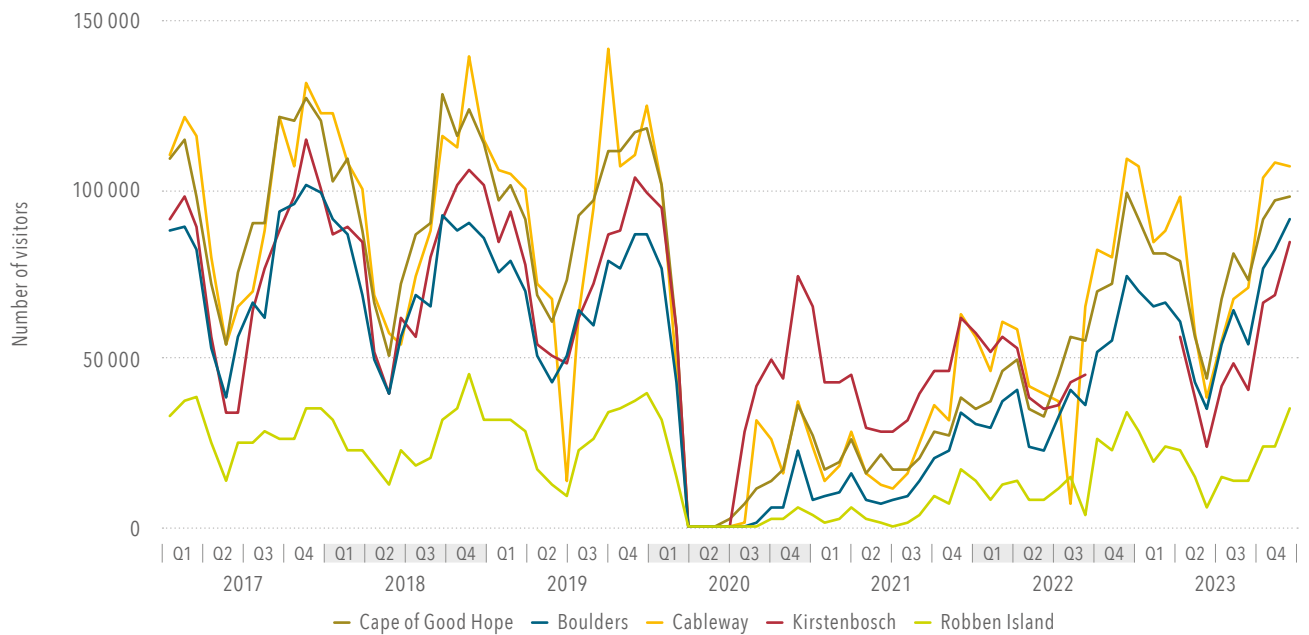
In the fourth quarter of 2023, the Table Mountain Aerial Cableway recorded the highest number of visits (317 905), showing a year-on-year improvement of 17%. This was followed by Table Mountain National Park: Cape of Good Hope, which recorded 285 795 visits, representing a year-on-year improvement of 19%. Boulders Beach recorded 249 708 visits – a year-on-year improvement of 37%, and Robben Island recorded 82 719 visits in the fourth quarter of 2023, improving by only 1% year-on-year. Unfortunately, Kirstenbosch National Botanical Gardens had no data for the same period in 2022, however, when compared to the previous quarter (2023 Q3) it recorded a higher number of visits (218 879 compared to 131 379).



15. Prior to the pandemic the surveys recorded averages of around 100 responses per month.

16. Includes Cape of Good Hope, Boulders Beach, Table Mountain Aerial Cableway, Kirstenbosch Botanical Gardens 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 Q4**



Source: Wesgro, February 2024.

Note: No visitor data supplied for Kirstenbosch National Botanical Gardens for 2022 Q4 and 2023 Q1.

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. In line with the region's seasonal trends, visitor numbers continued to increase during the fourth quarter (compared to quarter 3).





# 07 ADDITIONAL 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

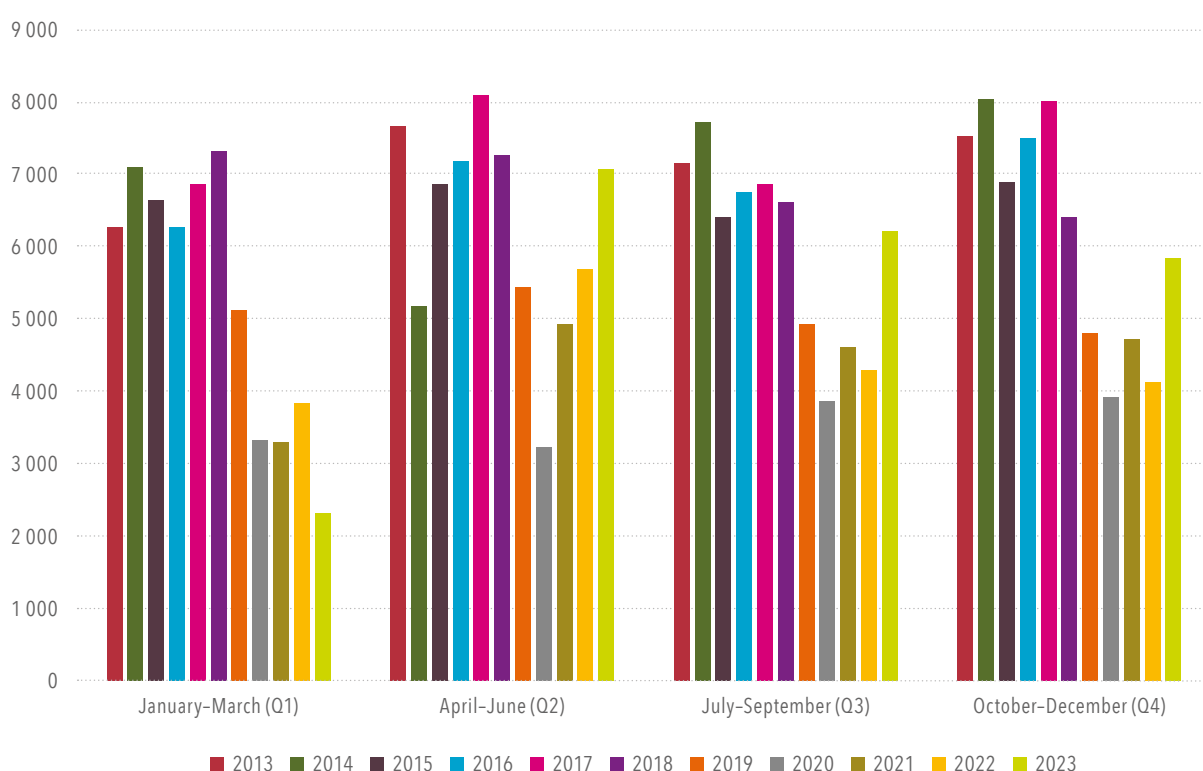
The economic growth data for the fourth quarter of 2023 show that national output in the construction sector declined by 1,4% quarter-on-quarter (non-annualised growth). This marks the sector's third consecutive quarterly contraction. This has also impacted the sector's year-on-year performance, with a contraction of 3,8% in the fourth quarter of 2023. The Western Cape's construction sector mirrored these national trends, recording a quarter-on-quarter contraction of 1,4% in the fourth quarter of 2023, and a year-on-year contraction of 3,7% (Quantec, 2024).

The First National Bank (FNB)/BER Building Confidence Index<sup>17</sup> improved by 9 index points in the fourth quarter of 2023, to register 43 index points. The notable improvement marks the highest level over the past eight years. The current level, however, still translates to just over 55% of respondents indicating that they are dissatisfied with the prevailing business conditions.

The recording for this quarter is attributed to overall improved activity in the sector. According to FNB, this is especially positive as the improved sentiment is based on "actual work currently available". Among the sub-indices, all but one recorded higher sentiment or the same sentiment compared to the previous quarter (BER, 2023e).

The sentiment embedded in the Building Confidence Index is often also evident in some of the City's building plan data. For the fourth quarter of 2023, the number of building plans submitted increased by 42% when compared to the fourth quarter of 2022. While the number of building completions recorded a year-on-year decline of -17%, the corresponding rand value improved by 9,5% when compared to the fourth quarter of 2022 (CCT, 2023d). Building plan submissions totalled 5 838 for the fourth quarter, while building completions totalled 2 682, with a value of R4,2 billion (CCT, 2023d).

**FIGURE 15: BUILDING PLANS SUBMITTED TO THE CITY OF CAPE TOWN, 2013 Q1 TO 2023 Q4**



Source: Planning and Building Development Management Department, CCT, February 2024.

Note: 2023 Q1 only includes data for January and up to 20 February 2024.

17. 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.

# NEW VEHICLE SALES

At 14 931 units sold, total vehicle sales in the Western Cape in the fourth quarter of 2023 increased by a minimal 0,2% (25 units) from the 14 906 units sold in the third quarter of 2023. On a year-on-year basis, vehicle sales decreased by 5,7% (905 units) from 15 836 vehicles sold in the same period of 2022. Passenger vehicle sales in the Western Cape, which represent the private consumer segment of the market, recorded an increase from 9 694 vehicles sold in the third quarter of 2023 to 9 877 vehicles in the fourth quarter of 2023. The year-on-year results showed a decrease of 9,5% (1 042 units) from 10 919 vehicles sold in the fourth quarter of 2022.

At a national level, passenger vehicle sales reported a year-on-year decrease of 7,2% (6 578 units) from 90 827 units in the fourth quarter of 2022 to 84 249 units in the fourth quarter of 2023. Despite recording a year-on-year decline for a fourth consecutive quarter, according to the fourth quarter review by the National Association of Automobile Manufacturers of South Africa (naamsa), the industry continues to record year-on-year growth in new energy vehicle<sup>18</sup> sales. In December 2023, the Department of Trade, Industry and Competition (DTIC) unveiled the anticipated Electric Vehicles (EVs) White Paper signalling the government's commitment to the adoption of EV and other eco-friendly transport modes. This policy further supports investments in areas of development and expansion of new and existing manufacturing plants to support the growth of EVs in the country (naamsa, 2024).



18. 'New energy vehicles' include traditional hybrid and plug-in hybrid, and battery electric vehicles (naamsa, 2024).



# ABBREVIATIONS

ACSA:	Airports Company South Africa
BER:	Bureau for Economic Research
BFAP:	Bureau for Food and Agriculture Policy
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
FAO:	Food and Agriculture Organization
FNB:	First National Bank
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
LPU:	large power users
MPC:	Monetary Policy Committee
naamsa:	National Association of Automobile Manufacturers of South Africa
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

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