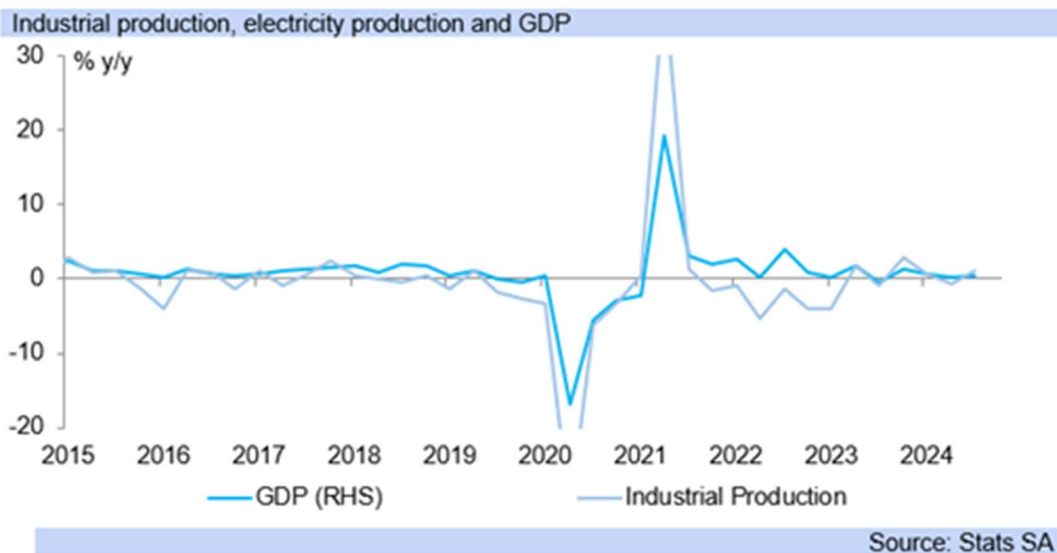


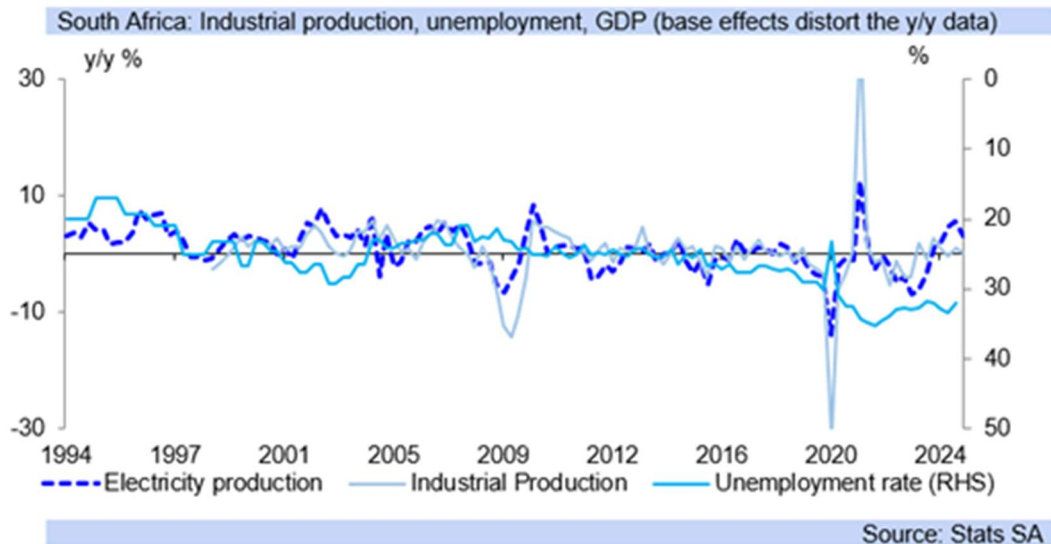
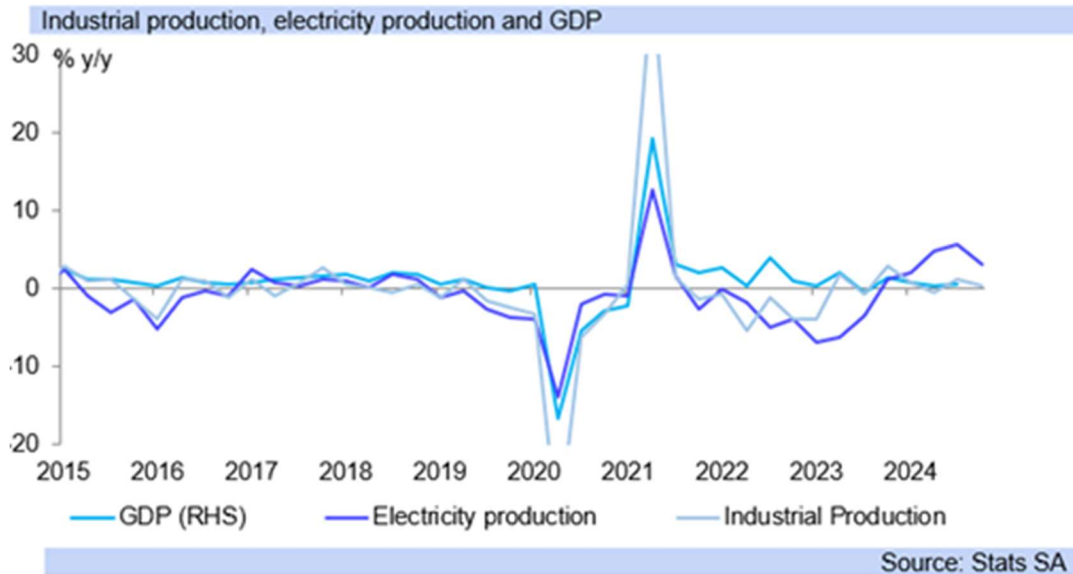
SA Economics



Industrial production note: deindustrialisation continues, as % of GDP

Thursday 23 January 2025





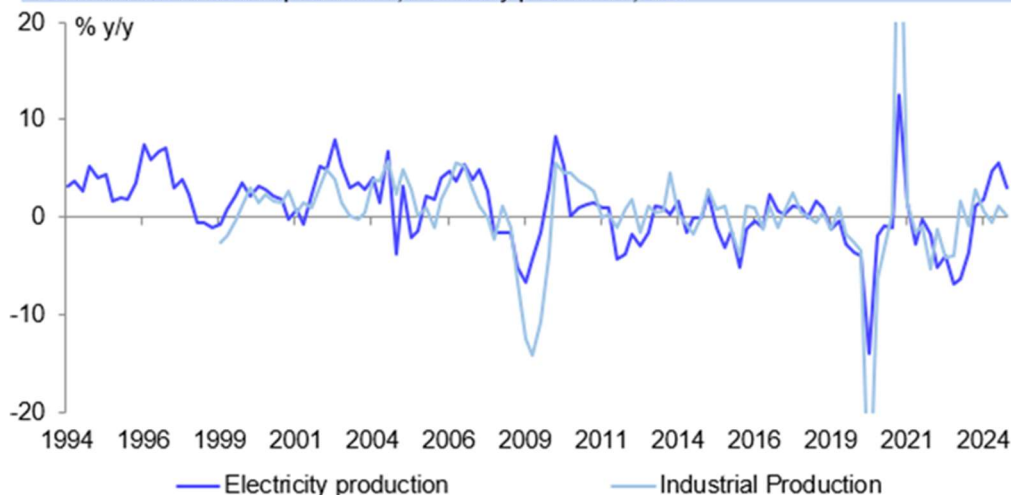
- SA has deindustrialised over the past thirty years, with the industrial sector losing about 10% of GDP, from 28% of GDP in 1993 to 18% of GDP last year, comprising of manufacturing, mining, and electricity production.
- The mining sector fell over the period (the whole of 1993 versus the available quarters of 2024, i.e. the first three) in real (adjusted for the effect of inflation) terms, by -11.8%, as the mining sector became smaller.
- The other two industrial production sectors expanded, electricity by 19.4% and manufacturing by 55.0% over the period (1993 to 2024), but these growth

rates were less than the 100.8% climb in GDP, and over 200% for some other sectors.

- General business services which include real estate, accountancy, marketing, insurance, legal, IT, security, financial, printing, landscaping, maintenance, medical and other services rose by 225%, and transport services by 209.5%.
- Both the decline noted by stats SA in the size of the mining sector, and slower growth in the other two areas of the industrial sector versus other components of GDP, saw the industrial sector shrink in relative size to GDP over the near thirty-year period.
- That is, the industrial sector only grew by 26.8% over the thirty-year period under review. SA's deindustrialisation of the economy has been a trend over the period, with mining still under pressure from the substantial freight constraints at Transnet.
- Metals and minerals' commodities prices rose by over 200% in the period. The mining sector continues to struggle, faced by regulatory hurdles and complexities as well as severely insufficient freight capacity, which reduces its export potential.
- The substantial work being done to turn Transnet, and its freight delivery capacity, around is happening too late to have prevented its part in the decline in the mining sector, adding to the deterioration in state finances as revenue was missed out on.
- The latest monthly data shows industrial production fell by -0.7% m/m, and by -1.4% y/y, led lower by similar drops in mining and manufacturing production, and on a two-month comparative basis rose by only 0.4% for Q4.24 so far versus Q3.24.

Please scroll down to the second section below

South Africa: industrial production, electricity production, GDP



Source: Stats SA

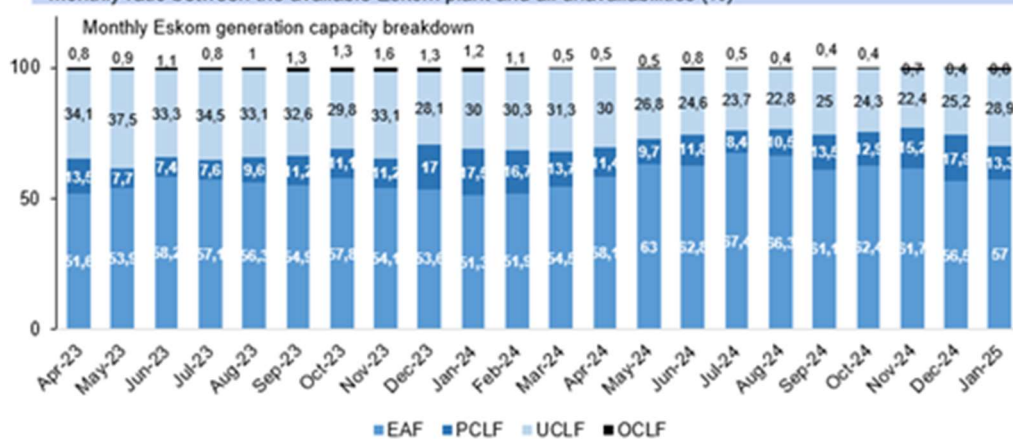
Weekly Status report – Energy Availability factor

	Weeks									
2024 Weeks 41-50	41	42	43	44	45	46	47	48	49	50
EAF	59.28	62.53	63.13	65.20	63.39	61.24	62.19	58.81	57/80	57.40
2024 Weeks 51-52	51	52								
EAF	56.49	55.44								
2025 Weeks 1-10	1	2	3	4	5	6	7	8	9	10
EAF	54.31	56.95	57.04							
2025 Weeks 11-20	11	12	13	14	15	16	17	18	19	20
EAF										
2025 Weeks 21-30	21	22	23	24	25	26	27	28	29	30
EAF										
2025 Weeks 31-40	31	32	33	34	35	36	37	38	39	40
EAF										
2025 Weeks 41-50	41	42	43	44	45	46	47	48	49	50
EAF										
2025 Weeks 51-52	51	52								
EAF										

Source: Eskom

*EAF = Energy Availability Factor (Eskom EAF) – Ratio of the available generation over a given time period to the maximum amount of energy which could be produced over the same time period.

Monthly ratio between the available Eskom plant and all unavailabilities (%)

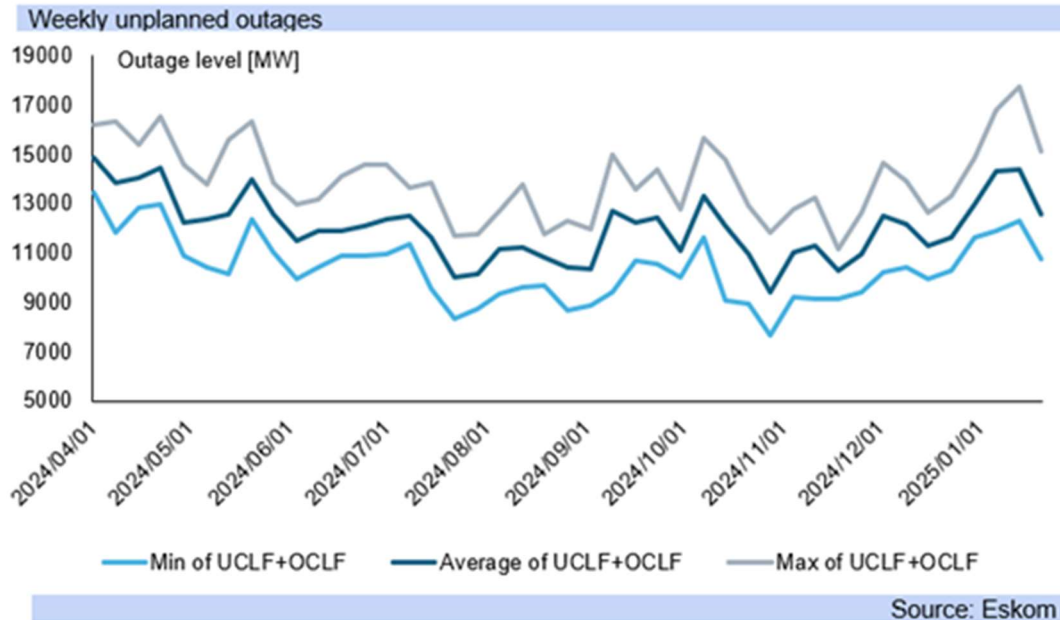


Source: Eskom

EAF = Energy Availability Factor, PCLF = Planned Capacity Loss Factor, UCLF = Unplanned Capacity Loss Factor, OCLF = Other Capacity Loss Factor

- Electricity production rose 0.1% m/m in November (all seasonally adjusted m/m rates), and by 2.8% y/y, although dipped by -1.2% m/m in October. Eskom notes the “improvement in the energy availability factor of approximately 7%”.
- With “a significant reduction in unplanned outages, which have long been one of the biggest challenges”, on the 21st it achieved “300 consecutive days without loadshedding” since end of March 2024 “a milestone last reached in June 2018”.
- Eskom has used “the summer break and the lower demand from industry to increase planned maintenance activities to further improve the reliability of its generation fleet for the winter period, which starts on 1 April 2025”.
- “In August, Eskom shared its summer outlook for the period from 01 September 2024 to 31 March 2025, predicting a likely scenario of a loadshedding-free summer due to structural generation improvements. This outlook remains unchanged.”
- “Eskom will continue to focus on implementing generation recovery, strengthening governance, and tackling crime and corruption while future-proofing the organisation to enable energy security, growth, and long-term sustainability”.
- Southern Africa Freight news notes that Transnet is planning PPPs (public private partnerships) on a “new manganese export terminal in Ngqura, the upgrading of the rail freight container corridor between Gauteng and Durban”.
- “(T)he development of a rail link between automotive manufacturers in Pretoria and Gqeberha, and improvements to the bulk terminal at Richards Bay are (also) among the port-related rail freight projects identified” for PPPs over the next six months.
- Further PPPs are planned to “develop port and rail infrastructure for the Ukuvuselela automotive corridor linking Pretoria and the Eastern Cape”, “modernising the dry bulk terminal at Richards Bay and launching a new locomotive leasing company.”

- While a number of other PPPs are planned a clear regulatory environment has been deemed necessary to attract investment, while concerns remain over the deteriorated rail infrastructure's capacity to deal with increased traffic.



Overview of key economic statistics (as per Stats SA's monthly indicators published in November 2024)

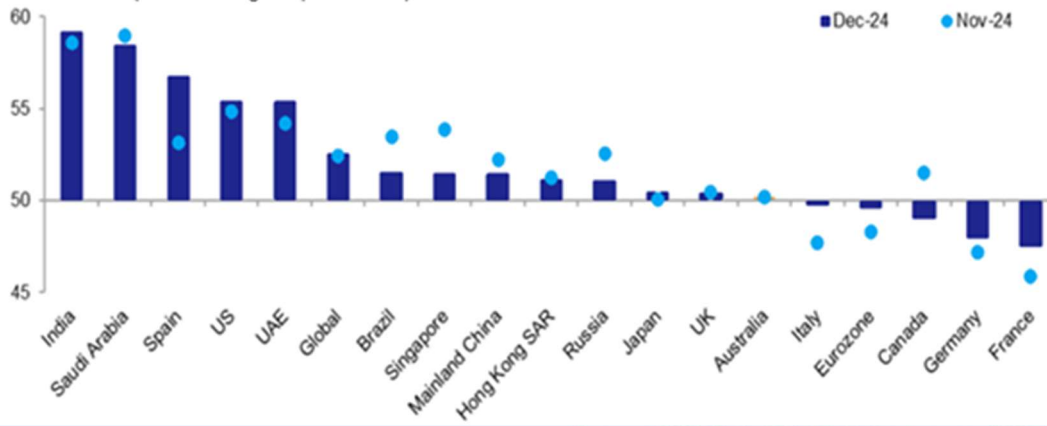
	y/y % change			m/m % change			3-month Q3: 2024
	Jul-24	Aug-24	Sep-24	Jul-24	Aug-24	Sep-24	
Mining production	-1.6	0.3	4.7	-1.1	3.3	3.8	1.0
Manufacturing production	2.2	-0.8	-0.8	1.7	-0.7	0.0	0.2
Electricity generation	8.5	6.3	8.5	1.4	-0.7	1.6	2.9
Buildings completed (value)	7.2	3.6	-13.3	45.7	-3.6	-2.4	19.6
Wholesale trade sales	-2.0	-11.6	-6.6	-1.1	-2.3	1.3	-2.9
Retail trade sales	1.7	3.3	0.9	-0.2	0.6	-0.8	0.7
Motor trade sales	-0.7	-3.9	-7.2	-0.2	-1.2	-2.0	-0.6
Income from tourist accommodation	8.3	4.7	13.9	-2.9	-0.6	0.5	2.0
Restaurants, catering & fast-food income	-5.4	2.1	-5.4	-3.7	3.0	-1.6	-0.2
Rail transport: Freight payload	15.9	-1.8	-25.8	11.0	-12.0	1.1	1.4
Road transport: Freight payload	-9.0	-7.2	-8.7	-6.3	0.0	1.6	-3.3
Rail transport: Passenger journeys	121.0	87.4	95.9	47.4	-5.9	2.9	39.5
Road transport: Passenger journeys	-0.5	-1.9	-22.2	0.9	-3.3	-9.9	-8.7

	Aug-24	Sep-24	Oc-24	Aug-24	Sep-24	Oct-24
Consumer Price Index (CPI)	4.4	3.8	2.8	0.1	0.1	-0.1
Producer Price Index (PPI)	2.8	1.0	-0.7	-0.3	-0.3	-0.7

Source: Stats SA

Regional comparisons

Diffusion index (50 = no change on prior month)



Source: S&P Global PMI Bulletin, January 2025