The fourth-quarter 2019 SA GDP growth contracted by 1.4% q/q (saar), highlighting that the economy endured a technical recession during 2H19. More concerning was that the third-quarter growth number was revised lower to -0.8% q/q.

In the primary sector, agriculture contracted by 7.6% q/q mainly as a result of a decrease in horticultural products and field crop production. By contrast, mining increased by 1.8%, primarily due to increased gold, platinum group metals and iron ore production.

In the secondary sector, manufacturing fell by 1.8% q/q as growth in seven out of the ten divisions contracted. Unsurprisingly, utilities contracted by 4% as a result of increased load-shedding in Q4. Declines in quarterly volumes for residential and non-residential buildings facilitated the 5.9% contraction in construction.

Performance in the tertiary sector was also uninspiring, with three out of the five sectors contracting. Decreases in accommodation, motor trade and wholesale trade resulted in retail contracting by 3.8% q/q. Decreases in both land and air transport, as well as support services, meant transport declined by 7.2%. Government declined by 0.4% due to lower employment numbers. Encouragingly, within the tertiary sector, the finance and personal services sectors increased by 2.7% and 0.7%, respectively.

Today’s print leaves GDP growth at just 0.2% for the full year of 2019, which is more disappointing than the still-low 0.8% print for 2018. Looking forward, we see material downside risks to our 2020 forecast of 0.6%. Severely low confidence levels, load-shedding and the disruptions to supply chains and tourism from the global spread of COVID-19 cloud SA’s growth outlook.