

Overview

While the ongoing economic costs and risks of COVID-19 continue to decrease, conflict in Ukraine has triggered a devastating humanitarian crisis which is contributing to a significant slowdown in global economic growth in 2022. War in Europe has disrupted the production and international trading arrangements of a wide range of energy, food, and other products and will likely continue to do so for an extended period of time. Global fuel and food prices have also increased rapidly, hitting vulnerable populations in low-income countries especially hard.

As per the latest World Economic Outlook published in April, the International Monetary Fund expects global growth to slow from an estimated 6.1% year-on-year in 2021 to 3.6% in 2022 as well as in 2023.

Moreover, the South African Reserve Bank has subsequently revised its domestic forecast in May; expecting the South African economy to grow by 1.7% in 2022 (revised downwards from the 2.0% expected at the time of the Monetary Policy Committee's meeting in March). This is also due to a combination of endogenous short-term factors; including the destructive impact of April's flooding in Kwa-Zulu Natal and the continued electricity supply constraints which the country faces, now exacerbated by wildcat striking.

At a metropolitan level, it is expected at the time of writing that the economy of Nelson Mandela Bay will grow by 1.3% this year, following a decline of -7.8% year-on-year in 2020 and a 6% y-on-y gain in 2021. In terms of the post-pandemic recovery, NMB's real GDP in 2021 improved to 97% of the metropole's real GDP in 2018. Tourism, hospitality, and construction sectors should see stronger recoveries as the year progresses. Considering city-regional factors at play, the insecurity of water required for industrial, commercial, and household activity remains the most significant risk to inward investment and economic recovery in the third quarter.

In the public health sector, the ongoing loss of life in Nelson Mandela Bay associated with COVID-19 has improved considerably since the end of the fourth wave in/around January 2022 – with the weekly number of deaths from natural causes returning to accustomed predicted boundaries.

In the labour market, jobs figures released for the first quarter of 2022 indicate that the number of employed persons in Nelson Mandela Bay has increased by almost 22,000 over the previous four quarters. This saw the unemployment rate improve to 36.4% in the first quarter of 2022.

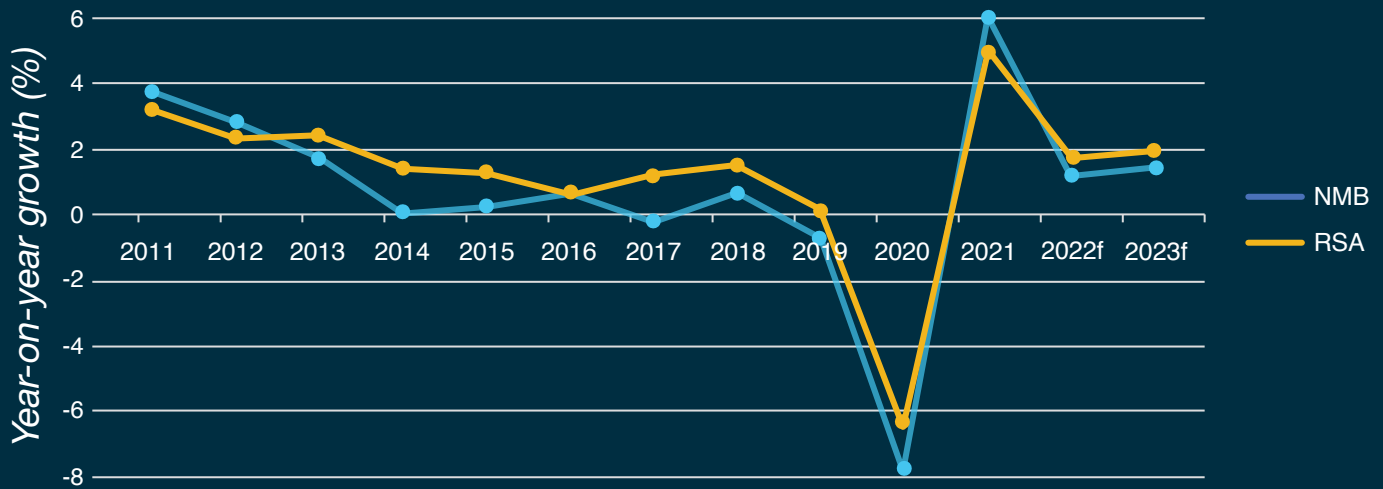
In terms of specific industrial and commercial conditions in the city-region, the number of newly manufactured vehicles shipped from the Port of Port Elizabeth in Gqeberha improved significantly, on average, over the last four reported months compared to the average for the preceding 24 months. However, the Automotive Business Council, has reported that total domestic production is down by 5.75% year-to-date (up to and incl. May 2022), while exports are down by 2.93% year-to-date (incl. June 2022). Rising consumer inflation globally, increased interest rates, and reduced disposable income will result in lower demand – adding to the automotive industry's existing headwinds.

At Nelson Mandela Bay's two commercial seaports, container traffic has normalised – following last year's explosive protests in Kwazulu-Natal which disrupted national traffic – and is now averaging at 16.7% of national volume over the past ten months (i.e post-July 2021). In addition, passenger traffic at Nelson Mandela Bay's Chief Dawid Stuurman International Airport (PLZ) has recovered to 52% of its pre-COVID throughput for the year ending March 2022; 4 percentage points above the national average.

Furthermore, the value of goods exported from Nelson Mandela Bay amounted to R59.4 billion in 2021 – equating to a 10.6% year-on-year increase. Consider this within the context of producer price inflation (on final manufactured goods) averaging 7.1% in 2021 and averaging at 9.3% for goods from the primary sector.

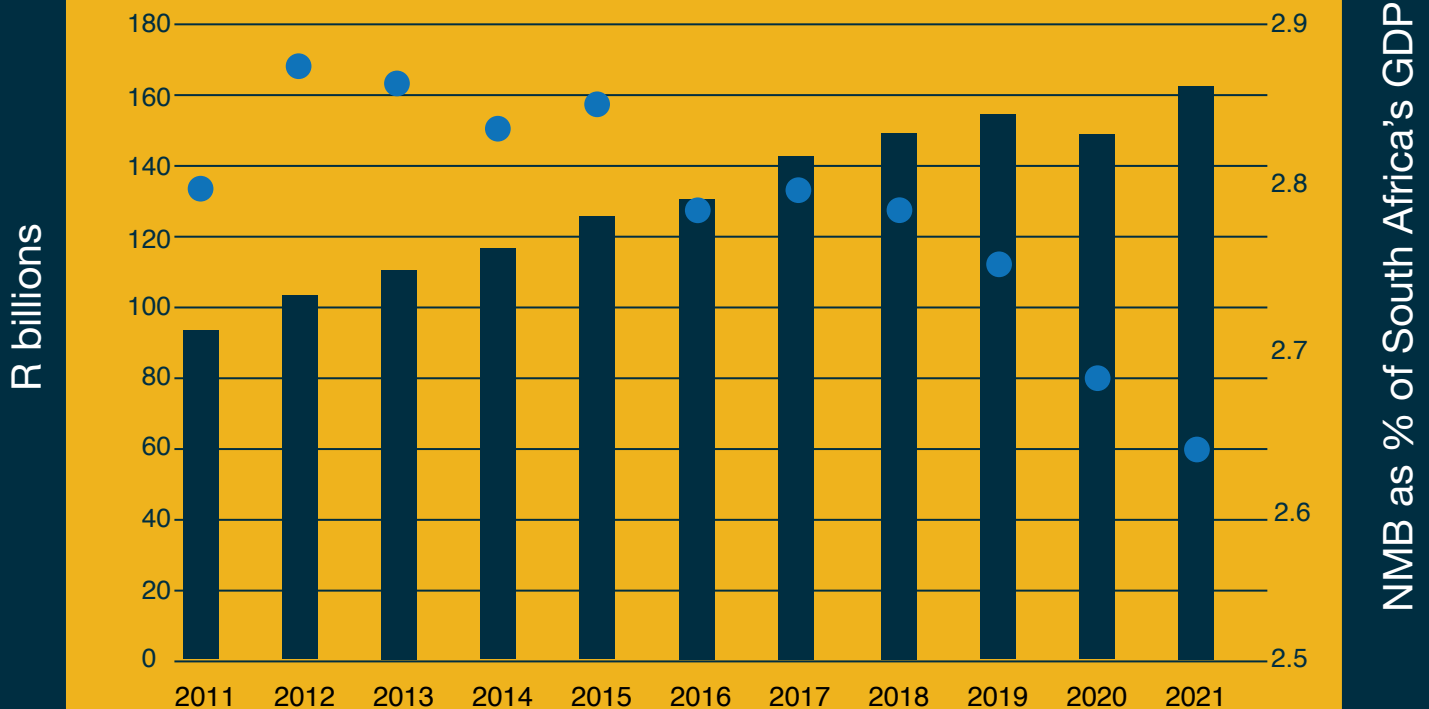
Finally, the value of building plans passed in Nelson Mandela Bay in the first five months of 2022 has increased by 3% when compared to the corresponding five months of 2021.

Real GDP growth, including two-year forecast
(Constant 2015 Prices)
Nelson Mandela Bay and South Africa



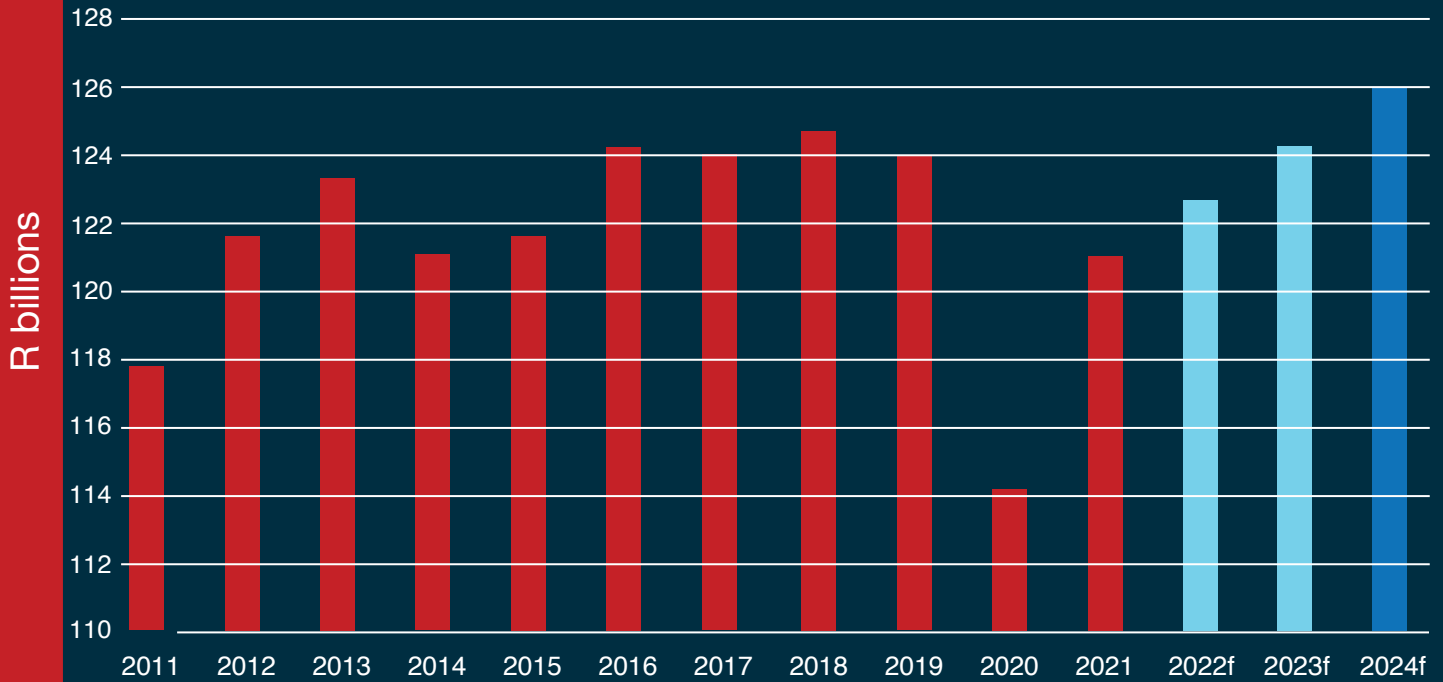
After accounting for inflation, the economy of Nelson Mandela Bay (NMB) grew by 6% year-on-year in 2021 (South Africa: 4.9%). This follows a much disrupted 2020, particularly in the secondary and tertiary sectors of the urbanised domestic economy, which saw the real GDP of NMB decline by 7.8% year-on-year (RSA: -6.4%). At present, it is expected that metropolitan economy will grow by 1.3% this year (RSA: 1.7%).

Nominal GDP growth
(Current prices)
Nelson Mandela Bay



The nominal annual GDP of Nelson Mandela Bay (US\$10.2bn) is marginally smaller than that of Mauritius (2021: US\$11.2bn) or Rwanda (US\$11.1bn).

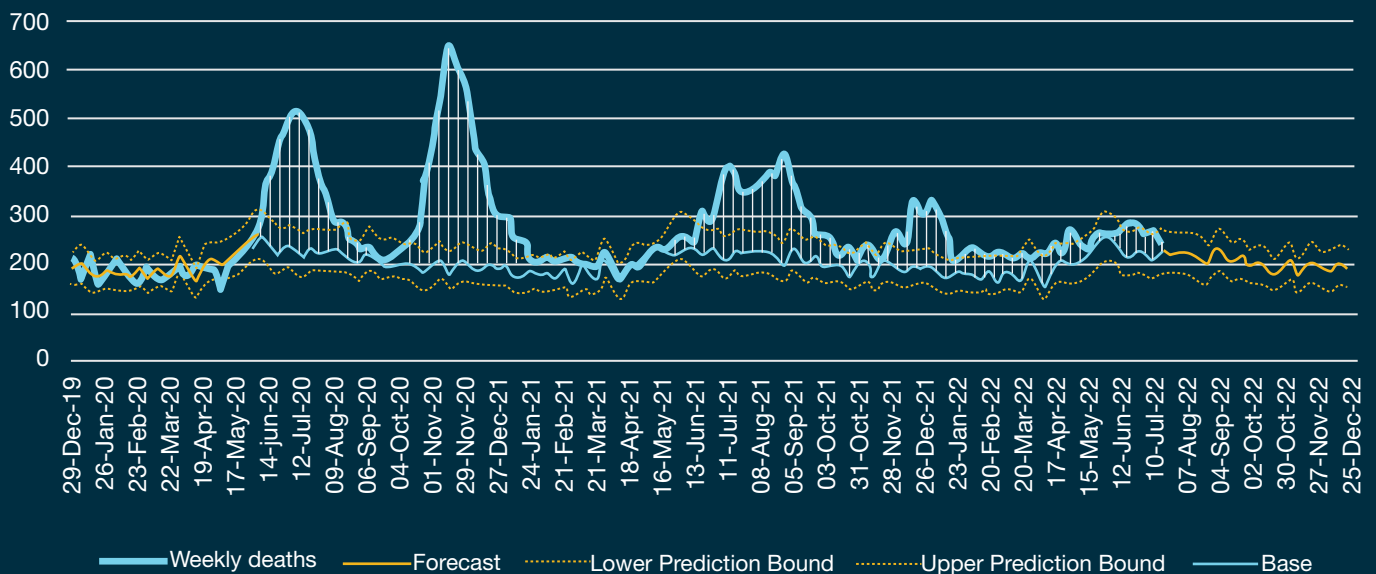
Real GDP growth, including three-year forecast
(Constant 2015 Prices)
Nelson Mandela Bay



The nominal annual GDP of Nelson Mandela Bay exceeded R160 billion for the first time in 2021, though the productive economy of Nelson Mandela Bay (NMB) has not yet fully recovered to pre-pandemic levels. After accounting for inflation, NMB's real GDP in 2021 amounts to 97% of the metropole's real GDP in 2018. Keep in mind that South African economy actually slipped into a recession in the fourth quarter of 2019, prior to the economic shocks associated with COVID-19.

COVID-19

Nelson Mandela Metro weekly deaths from natural causes: 29 Dec 2019 - 23 Jul 2022



*Numbers have been scaled to the estimated actual number of deaths and for the last week have been adjusted for delayed registrations.

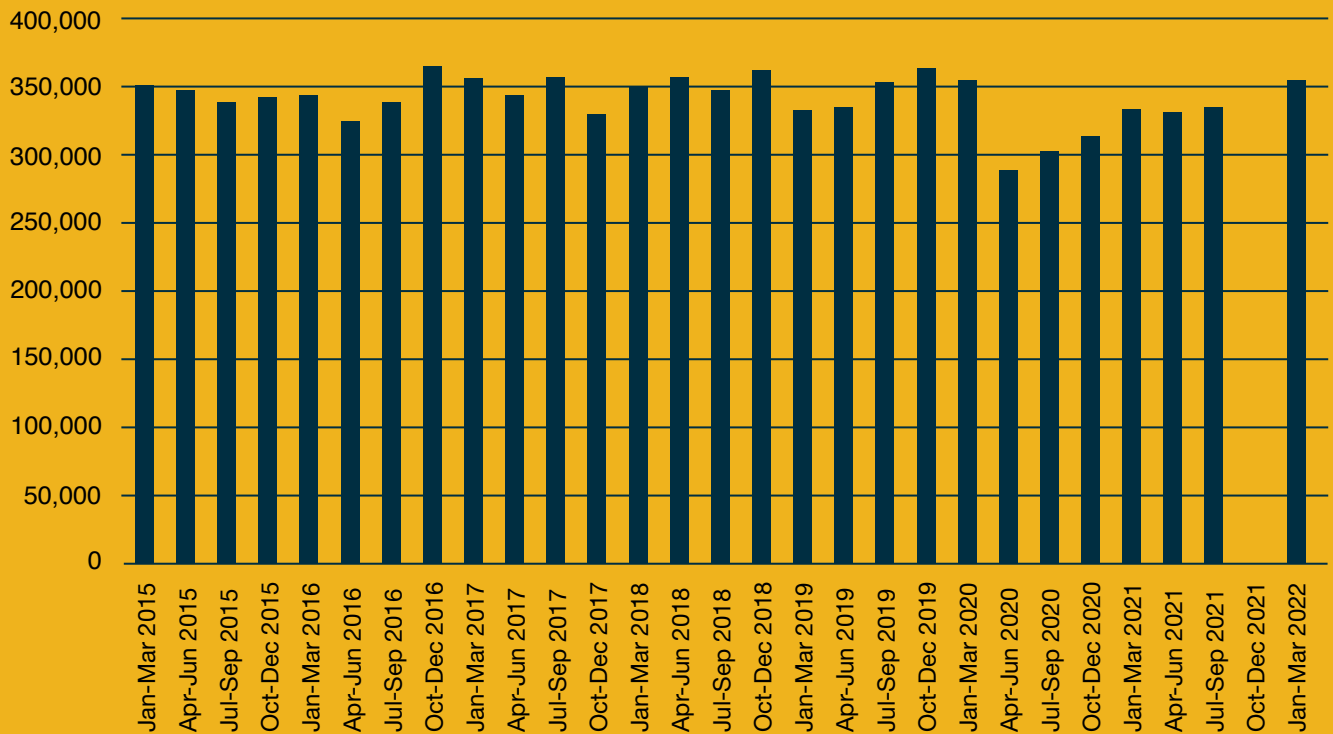
(Source: South African Medical Research Council)

Nelson Mandela Bay entered a fourth wave of infections on/around December 2021. Following this wave, a further easing of restrictions came into effect on 23 March 2022, including a removal of the requirement to wear masks outdoors. A subsequent fifth wave from late-April 2022 was attributed mostly to subvariants of the notorious Omicron variant. Associated losses of life were relatively more decoupled from cases; likely due to high levels of population immunity from infection and/or vaccination. As such, eminent risk declined by mid-June, and on 22 June all remaining national restrictions regarding COVID-19 were lifted.

EMPLOYMENT AND UNEMPLOYMENT

Employed working age population

Employment in Nelson Mandela Bay

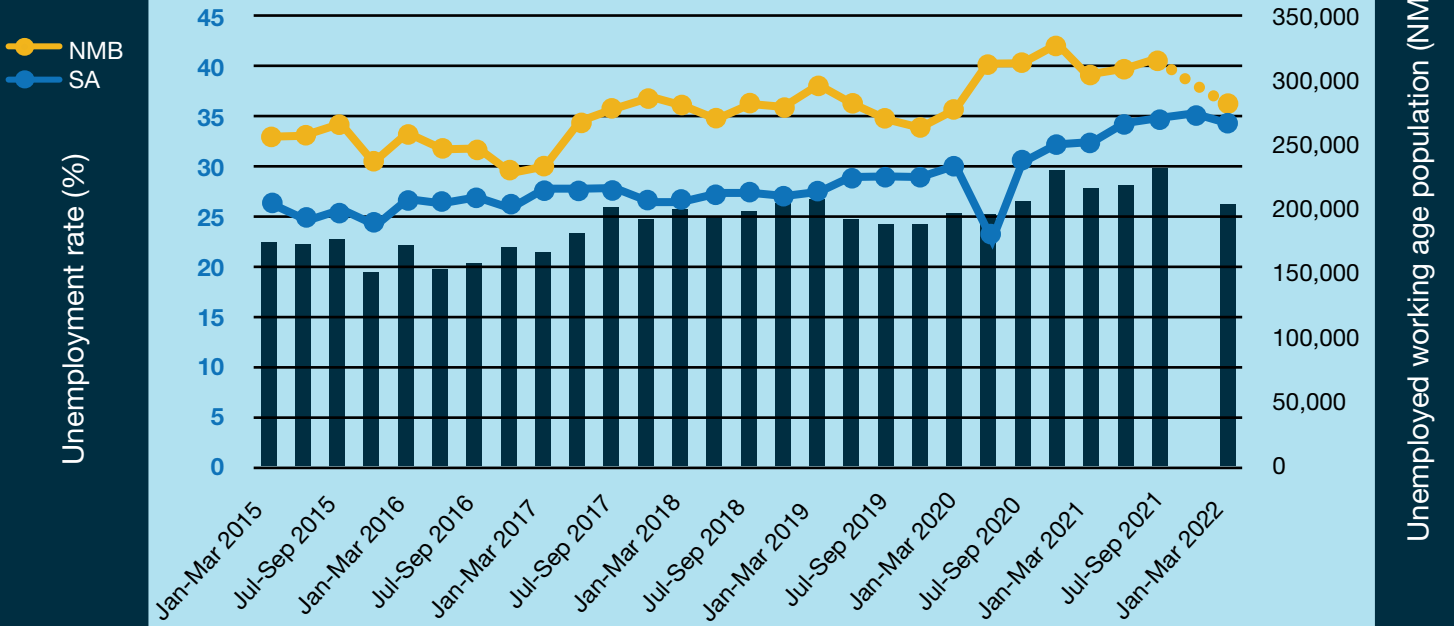


*Statistics South Africa did not produce metropolitan-level employment statistics for the fourth quarter of 2021.

The number of employed persons in Nelson Mandela Bay has increased by close to 21,300 since the first quarter of 2019. Given that real GDP has not yet returned to its pre-pandemic level, this suggests that per capita production in the formal economy has declined somewhat. This scenario is a result of significant underemployment which can manifest as job-overqualification, overstaffing, and/or a significant number of employed workers holding part-time jobs despite desiring full-time work.

In a country characterised by extreme levels of unemployment, job retention was overtly a key welfare objective throughout the pandemic. A key question remains as to whether South Africa's Temporary Employer-Employee Relief Scheme (TERS), as a labour market intervention, achieved its primary aim of job retention – though academic research on the subject of causality continues (see: [Kohler and Hill, 2022](#))

Unemployment rate in Nelson Mandela Bay

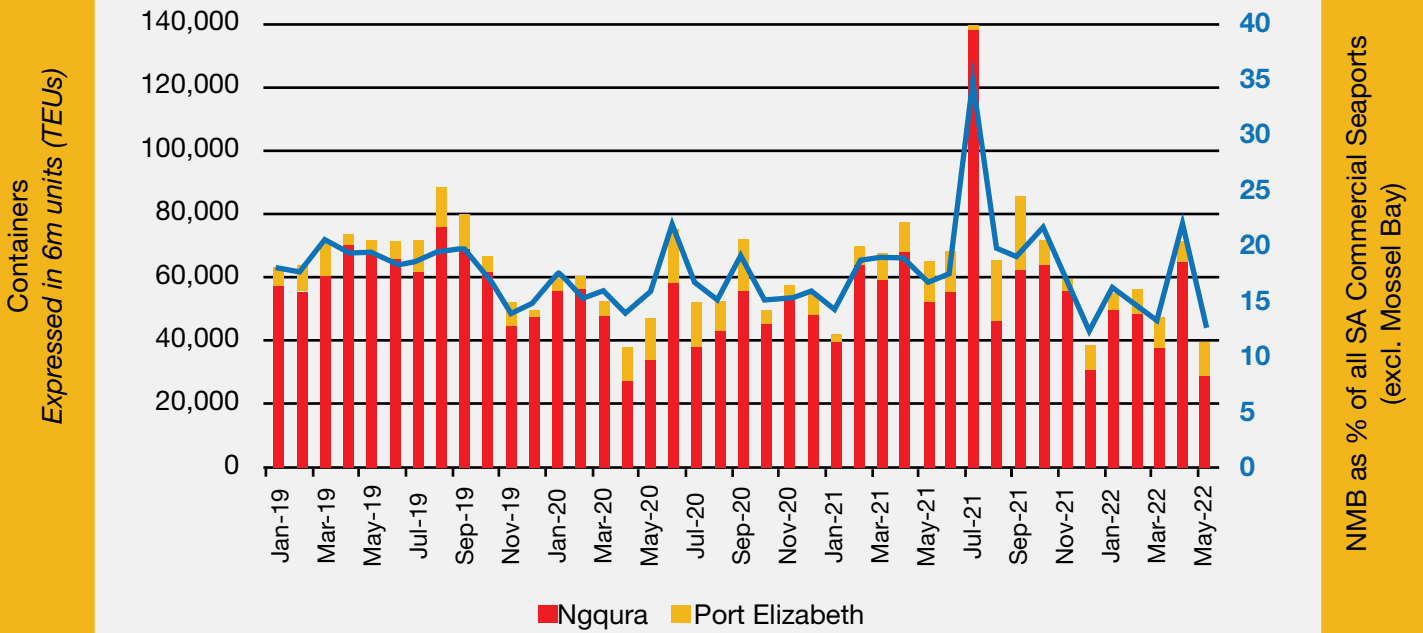


*Statistics South Africa did not produce metropolitan-level employment statistics for the fourth quarter of 2021.

The number of unemployed workseekers in Nelson Mandela Bay decreased by close to 12,000 over the past four quarters. As such, the unemployment rate in the metropole declined to 36.4% in the first quarter of 2022.

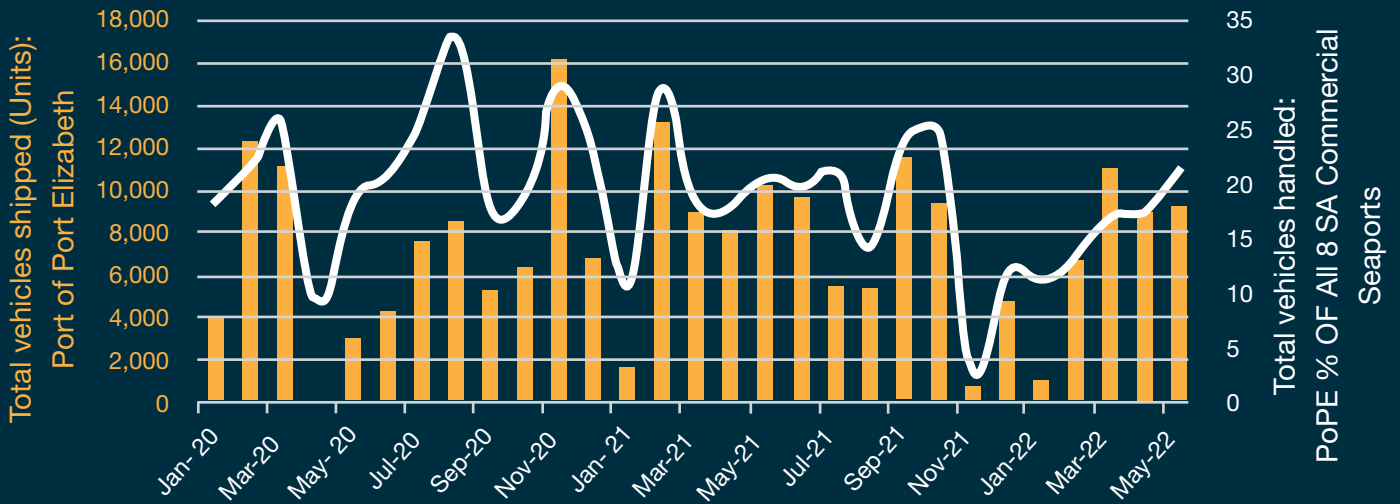
SEAPORT ACTIVITY

Port container traffic: total containers handled



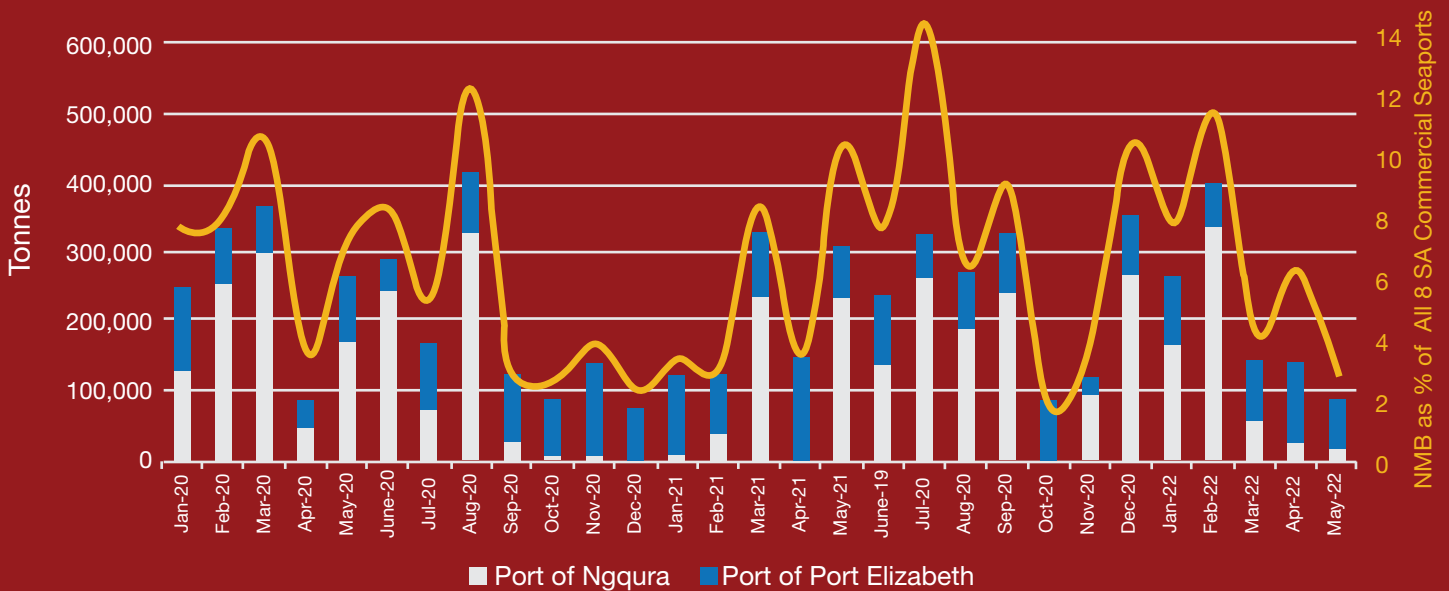
Container handling at Nelson Mandela Bay’s two ports has normalised – following the July 2021 protests in Kwazulu-Natal which affected traffic – averaging at 16.7% of national volume over the past ten months.

Vehicles shipped and handled Nelson Mandela Bay

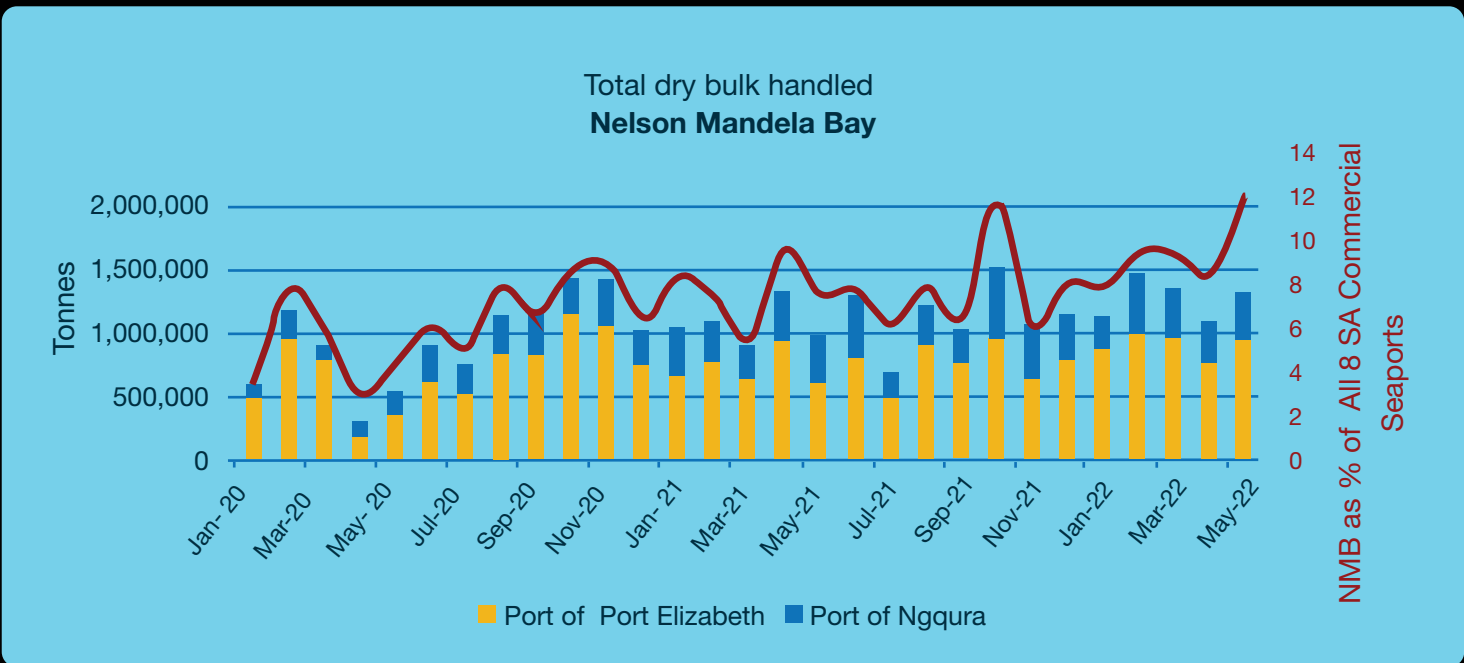


The number of vehicles shipped from Nelson Mandela Bay’s designated automotive export hub improved significantly, on average, over the last four reported months compared to the average for the preceding 24 months. As such, the Port of Port Elizabeth in Gqeberha has, over the last 6 months, made piecemeal improvements to normalise its share in the number of vehicles handled by South Africa’s commercial seaports monthly (although the impact of April’s flooding in Kwa-Zulu Natal must also be taken into account).

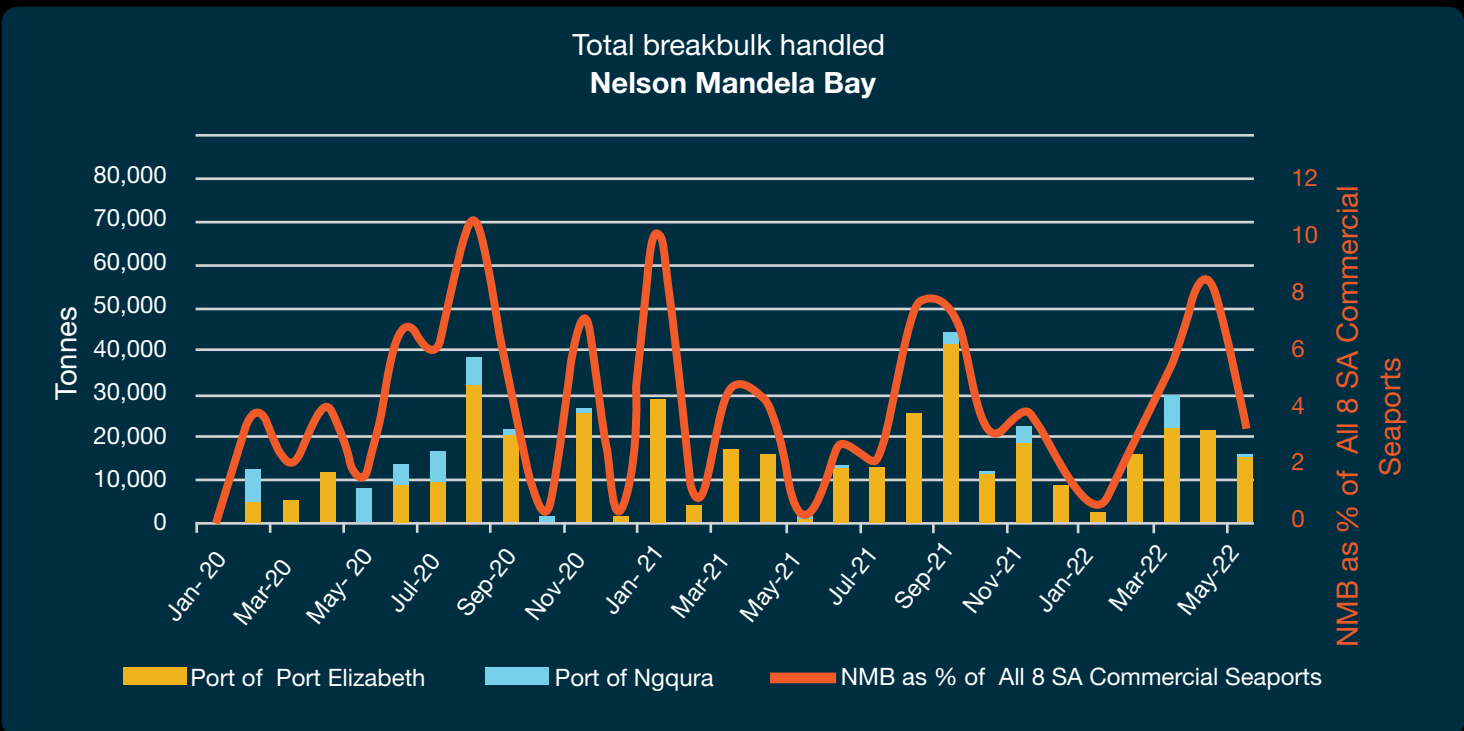
Total liquid bulk handled Nelson Mandela Bay



Liquid bulk cargo, which can range from free-flowing cooking oil, to crude oil and juices, is carried unpackaged usually in tankers which are built specially to make the handling process easier. The tonnage handled by the Port of Ngqura has declined considerably over the last three months measured with tonnage in May equivalent to just 4.9% of that in February 2022.



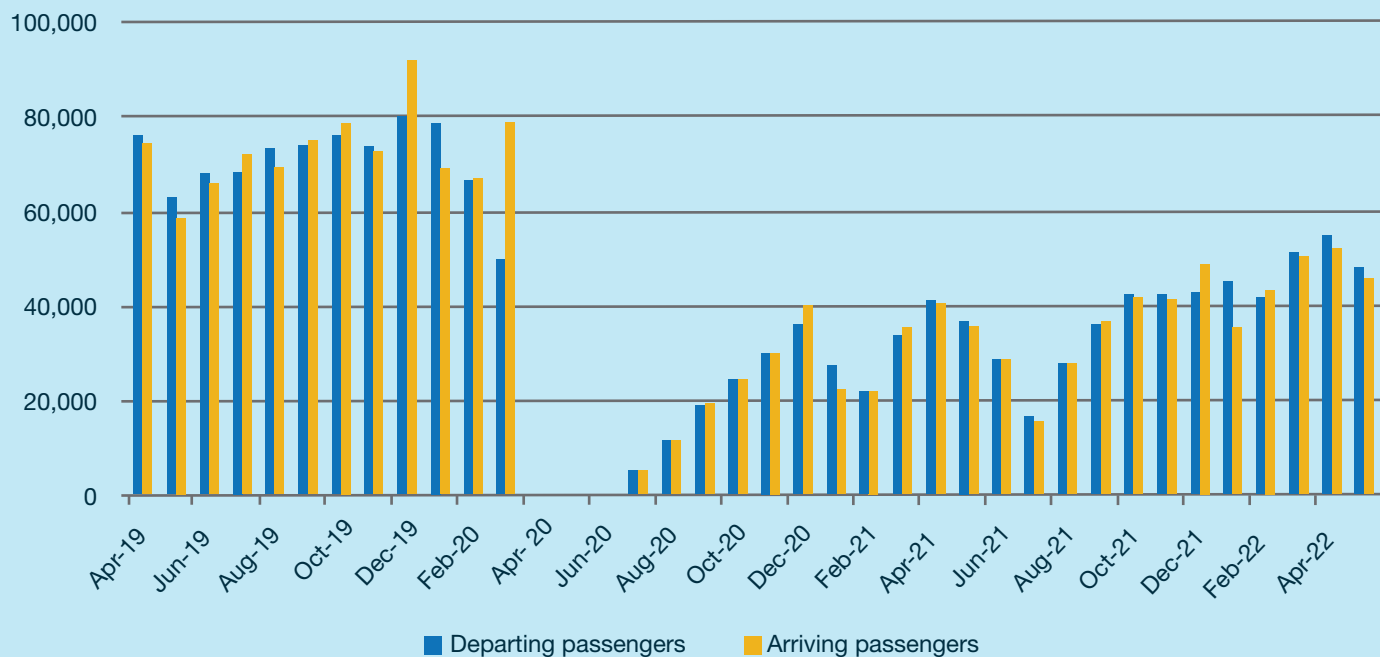
Dry bulk refers to raw materials and commodities such as iron ore, coal, and grain which are shipped unpackaged. Nelson Mandela Bay’s share of handling activity of dry bulk nationally has increased by 5.7 percentage points over the last six months.



Breakbulk typically refers to cargo that can be quantified in individually counted units such as drums, crates, pallets, or bags. The tonnage handled in Nelson Mandela Bay, mostly by the Port of Port Elizabeth, varies considerably on a month-to-month basis and accounts for a relatively small portion of national port activity.

AIRPORT ACTIVITY

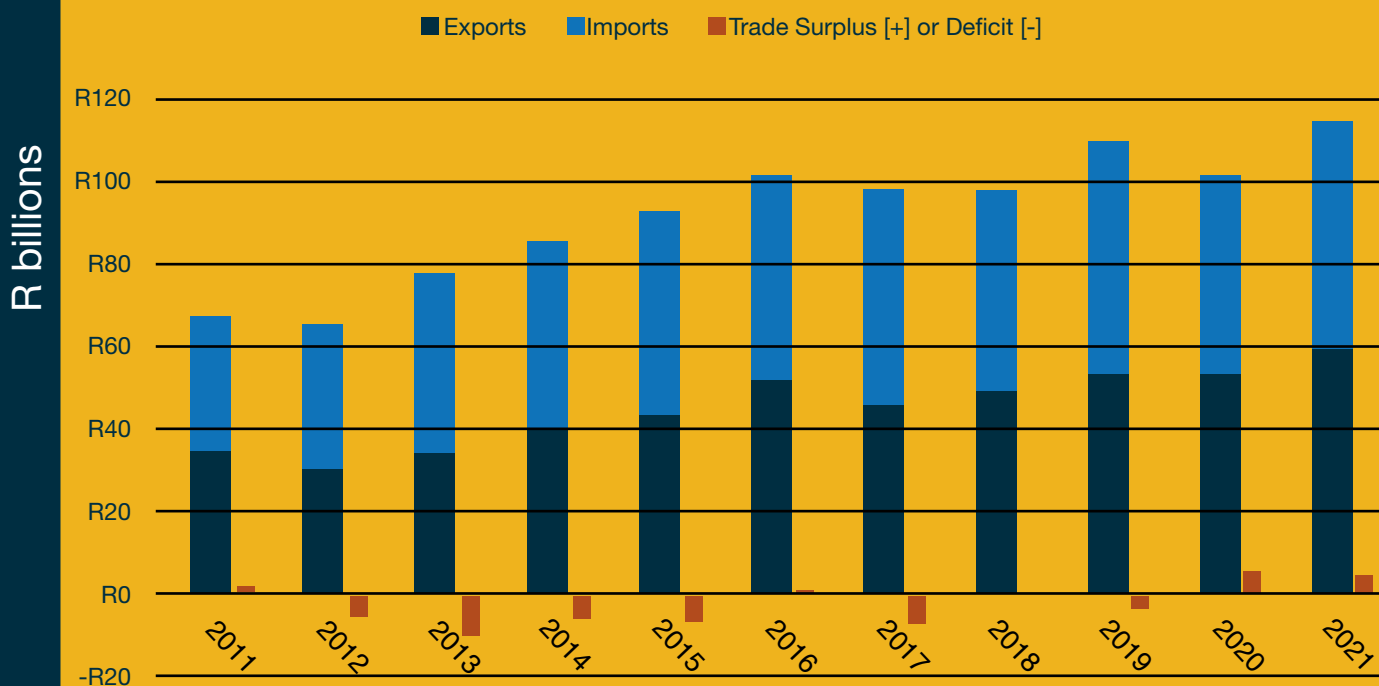
Passengers at the Chief Dawid Stuurman International Airport
Nelson Mandela Bay



Passenger traffic at Nelson Mandela Bay's Chief Dawid Stuurman International Airport (PLZ) has increased by 47.4% in the calendar year-to-date, compared against the first five months of 2021.

TOTAL TRADE: IMPORTS AND EXPORTS

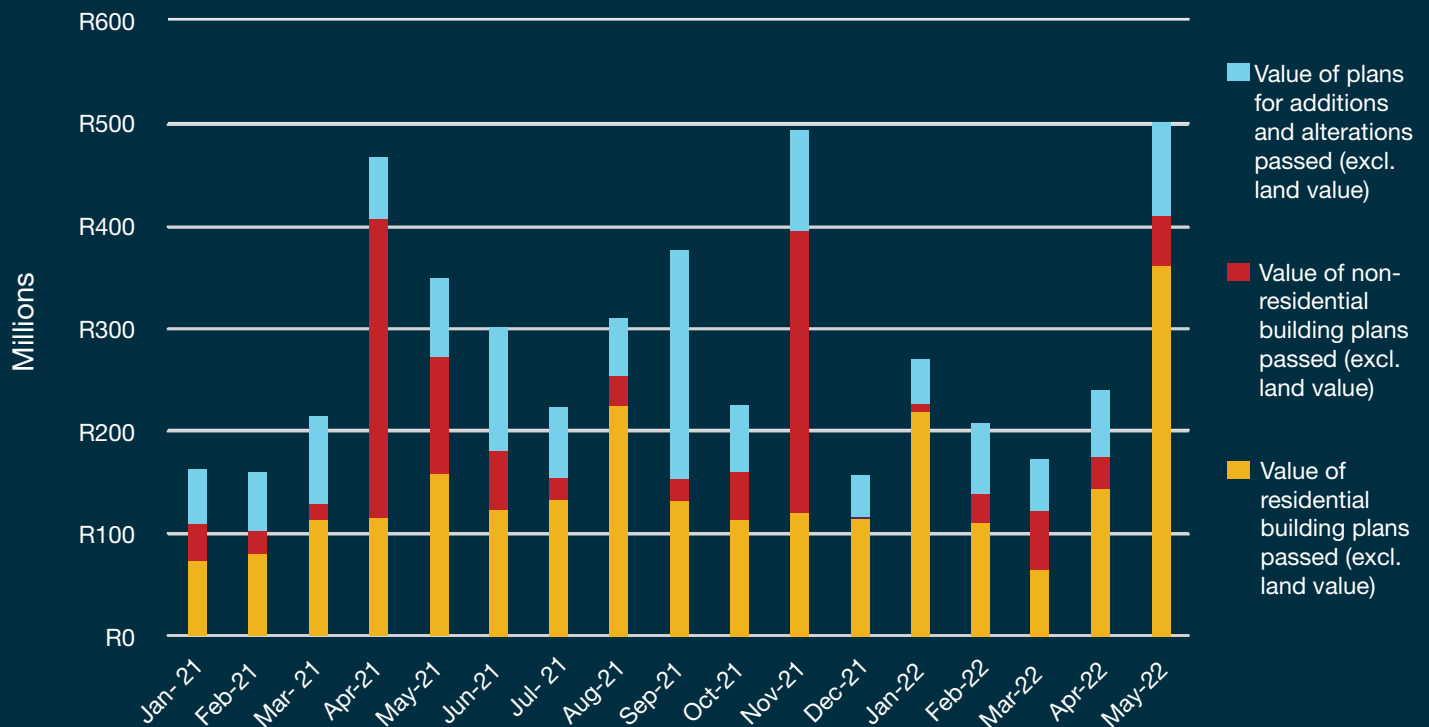
Total international trade in goods (imports plus exports)
(Value in current prices)
Nelson Mandela Bay



The value of South African goods exported from Nelson Mandela Bay amounted to R59.4 billion in 2021. Considering the significance of maritime and logistics activity to the economy of Nelson Mandela Bay, it should not be surprising that the total value of international trade in goods through Nelson Mandela Bay (i.e. both imports and exports) in 2021 is equivalent to 70.1% of Nelson Mandela Bay's GDP for the calendar year. The metropole's trade surplus (i.e. exports minus imports into Nelson Mandela Bay) amounted to R4.4bn in 2021; equivalent to 2.7% of Nelson Mandela Bay's GDP for the calendar year. Two years prior to this, Nelson Mandela Bay's trade deficit (i.e. the value of net imports in excess of exports) equated to 2.3% of the metropole's annual GDP at the time.

PROPERTY DEVELOPMENTS

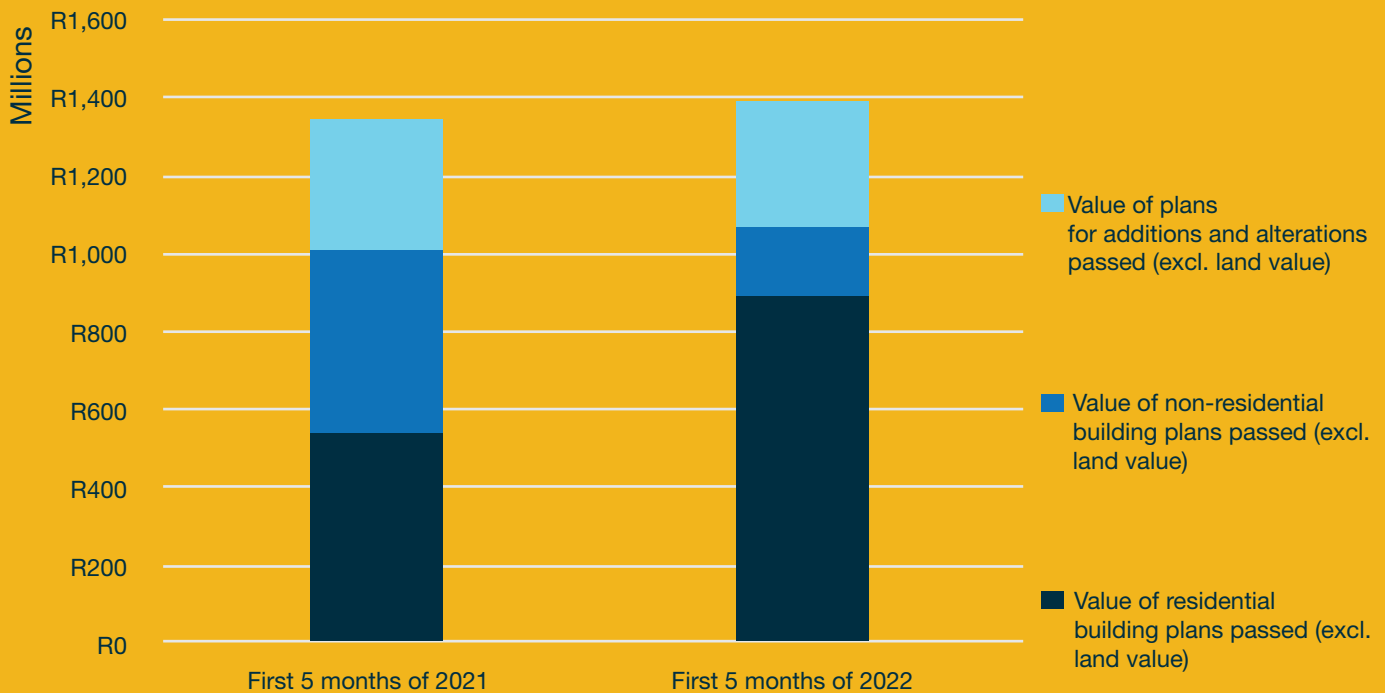
Total estimated value of building plans passed each month
Nelson Mandela Bay



Analysis of the approval of building plans offers insight into future real estate supply levels in Nelson Mandela Bay. As a 'leading' indicator of economic growth, an increase in the volume of building plan approvals typically indicates that the construction industry will be more active in the near future, creating the expectation of additional jobs in the sector and a general increase in economic activity.

The value of residential building plans passed has grown by 23% each month, on average, over the past 12 months. Spikes in the value of non-residential building plans approved in April 2021 and in November 2021 can be attributed to the Boardwalk Mall and the new Makro store, and the Walmer Country Club respectively.

Total estimated value of building plans passed
First five months of 2021 and of 2022
Nelson Mandela Bay



The value of building plans passed in the first five months of 2022 has increased by 3% when compared to the corresponding five months of 2021.

Sources

- Airports Company of South Africa
- Eastern Cape Socio Economic Consultative Council
- IHS Information and Insight (Pty) Ltd
- International Monetary Fund
- Nelson Mandela Bay Municipality
- Quantec
- South African Medical Research Council: Burden of Disease Research Unit
- South African Reserve Bank
- Statistics South Africa
- Stellenbosch University: Bureau of Economic Research
- Transnet National Ports Authority
- World Bank

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