

Trade and Investment KwaZulu-Natal



STATE OF THE ECONOMY

Trade and Investment Conference
KwaZulu-Nata;
11-12 November 2024

Presenter: Meshack Zwane (Economist)

Presentation Outline



01

Global Economic Outlook: *GDP, Trade, Commodity Markets and FDI*

02

Domestic Outlook: *RSA and KZN GDP, Trade , FDI*

03

Investor Signal : August –October 2024

Global GDP to hold steady at 3.2 per cent through 24/25

	2023	Projections	
		2024	2025
World Output	3.3	3.2	3.2
Advanced Economies	1.7	1.8	1.8
United States	2.9	2.8	2.2
Euro Area	0.4	0.8	1.2
Germany	-0.3	0.0	0.8
France	1.1	1.1	1.1
Italy	0.7	0.7	0.8
Spain	2.7	2.9	2.1
Japan	1.7	0.3	1.1
United Kingdom	0.3	1.1	1.5
Canada	1.2	1.3	2.4
Other Advanced Economies ²	1.8	2.1	2.2
Emerging Market and Developing Economies	4.4	4.2	4.2
Emerging and Developing Asia	5.7	5.3	5.0
China	5.2	4.8	4.5
India ³	8.2	7.0	6.5
Emerging and Developing Europe	3.3	3.2	2.2
Russia	3.6	3.6	1.3
Latin America and the Caribbean	2.2	2.1	2.5
Brazil	2.9	3.0	2.2
Mexico	3.2	1.5	1.3
Middle East and Central Asia	2.1	2.4	3.9
Saudi Arabia	-0.8	1.5	4.6
Sub-Saharan Africa	3.6	3.6	4.2
Nigeria	2.9	2.9	3.2
South Africa	0.7	1.1	1.5

Source: IMF, October 2024



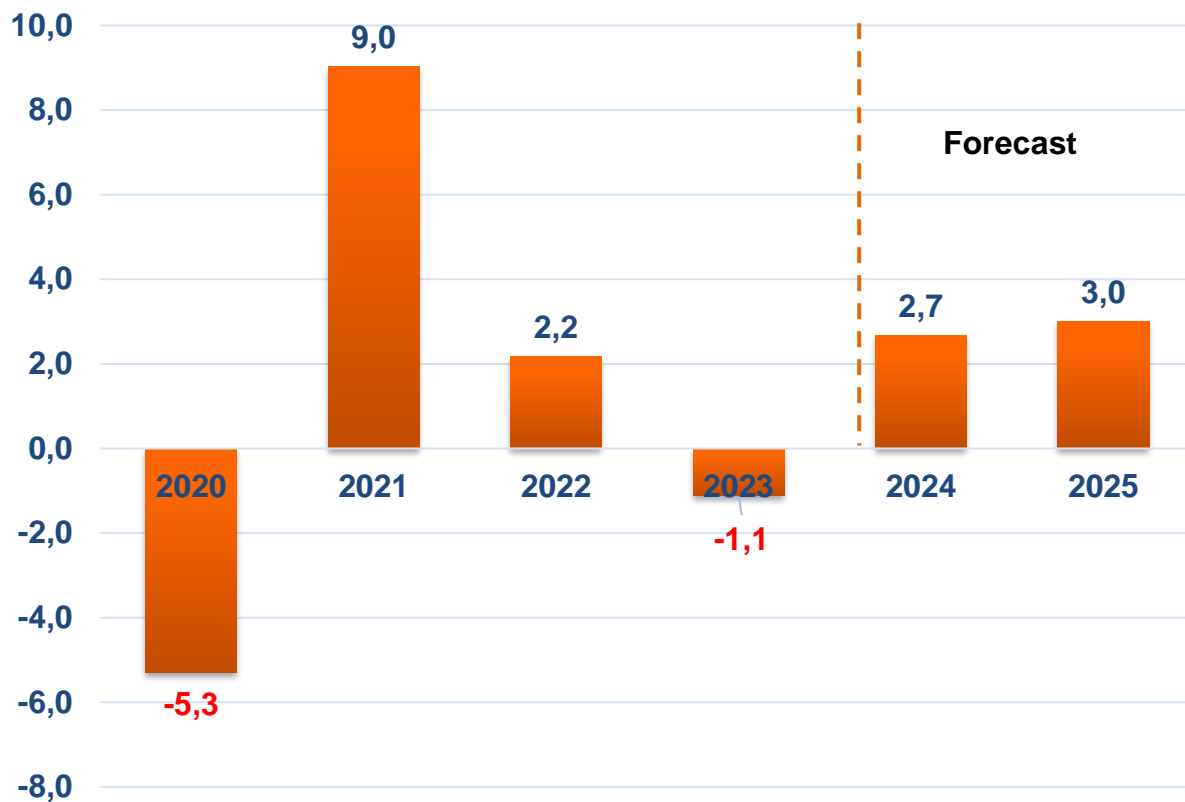
- US, Brazil, UK and RSA growth forecasts for 2024 raised
- India continues to be a bright spot, with the strongest projected growth among major economies at 7.0% in 2024 and 6.5% in 2025



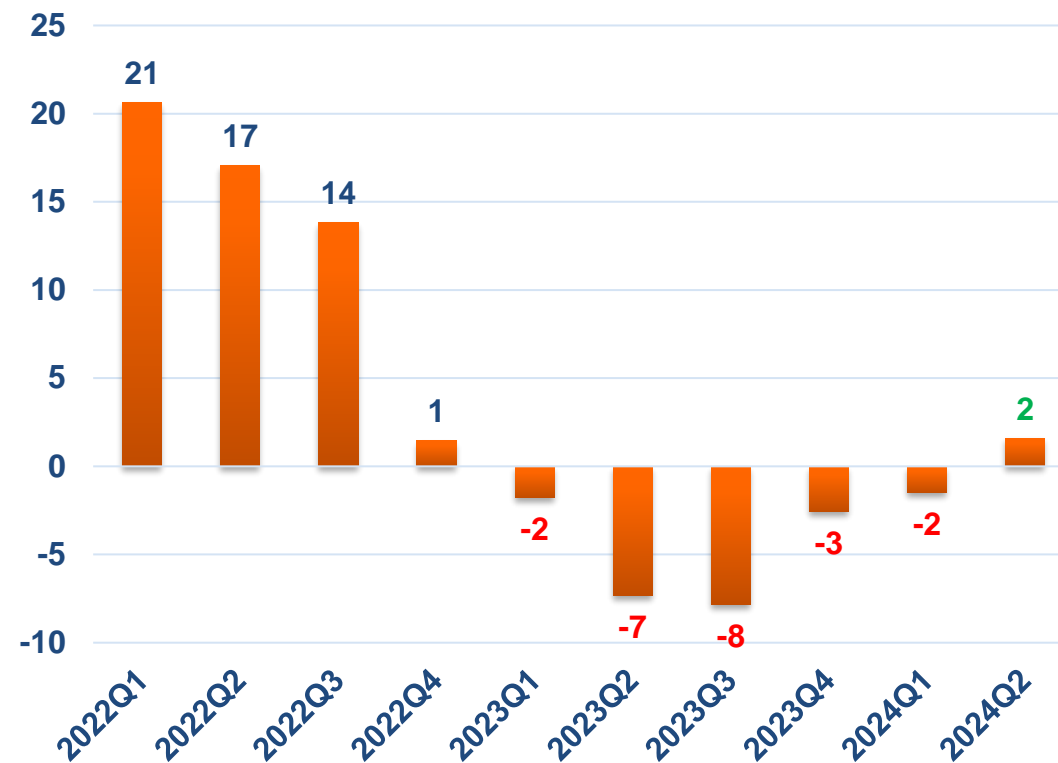
- Forecasts for China, Japan, euro zone lowered
- Germany will see zero growth
- Wars, new trade conflicts pose threat to global economy

WTO slightly raises 2024 goods trade forecast but wary of potential setbacks

Global Merchandise Trade Volume Annual Growth Rates



Global Merchandise Trade Quarterly Growth Rates



Source: WTO, October 2024

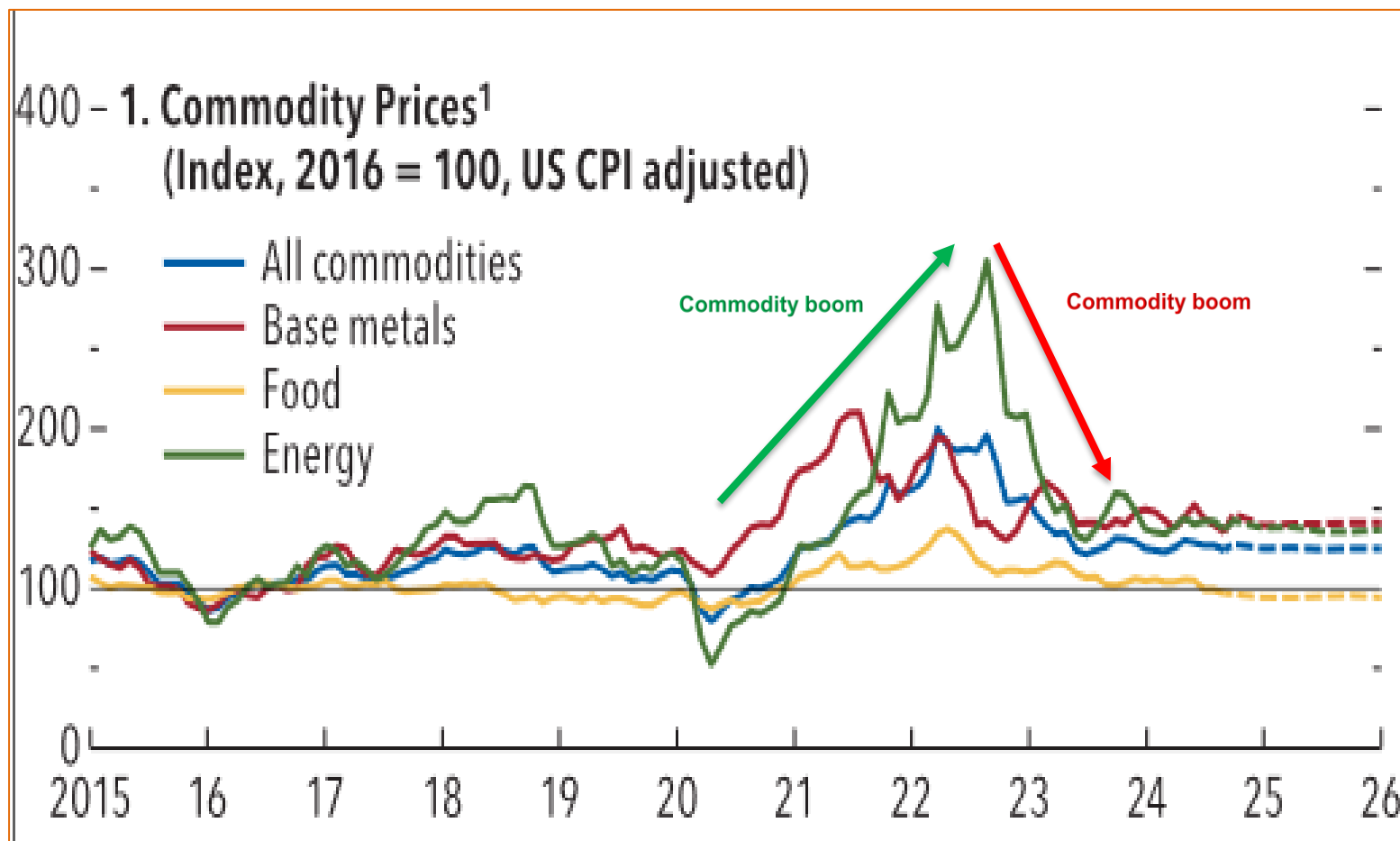
Continental Trade outlook: Asian export will grow faster in 2024/25

Exports	2020	2021	2022	2023	2024*	2025*
North America	-9,2	6,4	3,9	3,7	2,1	2,9
South America	-5,0	6,7	3,0	2,3	4,6	-0,1
Europe	-8,5	6,9	1,8	-2,6	-1,4	1,8
CIS	-1,1	-0,8	-1,9	-4,5	4,5	1,7
Africa	-7,2	3,8	-2,5	4,3	2,5	2,2
Middle East	-6,4	-1,6	3,8	1,1	4,7	1,0
Asia	0,6	13,1	0,2	0,3	7,4	4,7
Imports						
North America	-5,2	11,9	5,7	-2,0	3,3	2,0
South America	-9,9	24,9	4,1	-4,5	5,6	1,7
Europe	-8,2	7,5	4,4	-5,0	-2,3	2,2
CIS	-5,2	9,4	-5,7	17,9	1,1	1,7
Africa	-13,9	5,8	6,5	0,1	1,0	1,1
Middle East	-8,7	12,9	10,5	8,5	9,0	-1,1
Asia	-1,0	10,3	-1,0	-0,7	4,3	5,1

- **Europe** is now expected to post a decline, export dragged down by the region's automotive and chemicals sectors
- **Asia's** export volumes will grow faster than those of any other region this year, strong export rebound in the first half of the year driven by key manufacturing economies such as China, Singapore and the Republic of Korea
- **Asian imports show divergent trends:** while China's growth remains modest, other economies such as Singapore, Malaysia, India and Viet Nam are surging.
- **South America** is rebounding in 2024, recovering from weaknesses in both exports and imports experienced in 2023.
- **North American** trade is largely driven by the United States although Mexico stands out with stronger import growth compared to the region.
- **Africa's** export growth is in line with the global trend.

Source: WTO, October 2024

Global Commodity Markets : greatest commodity boom thus far of the 21st century has ended



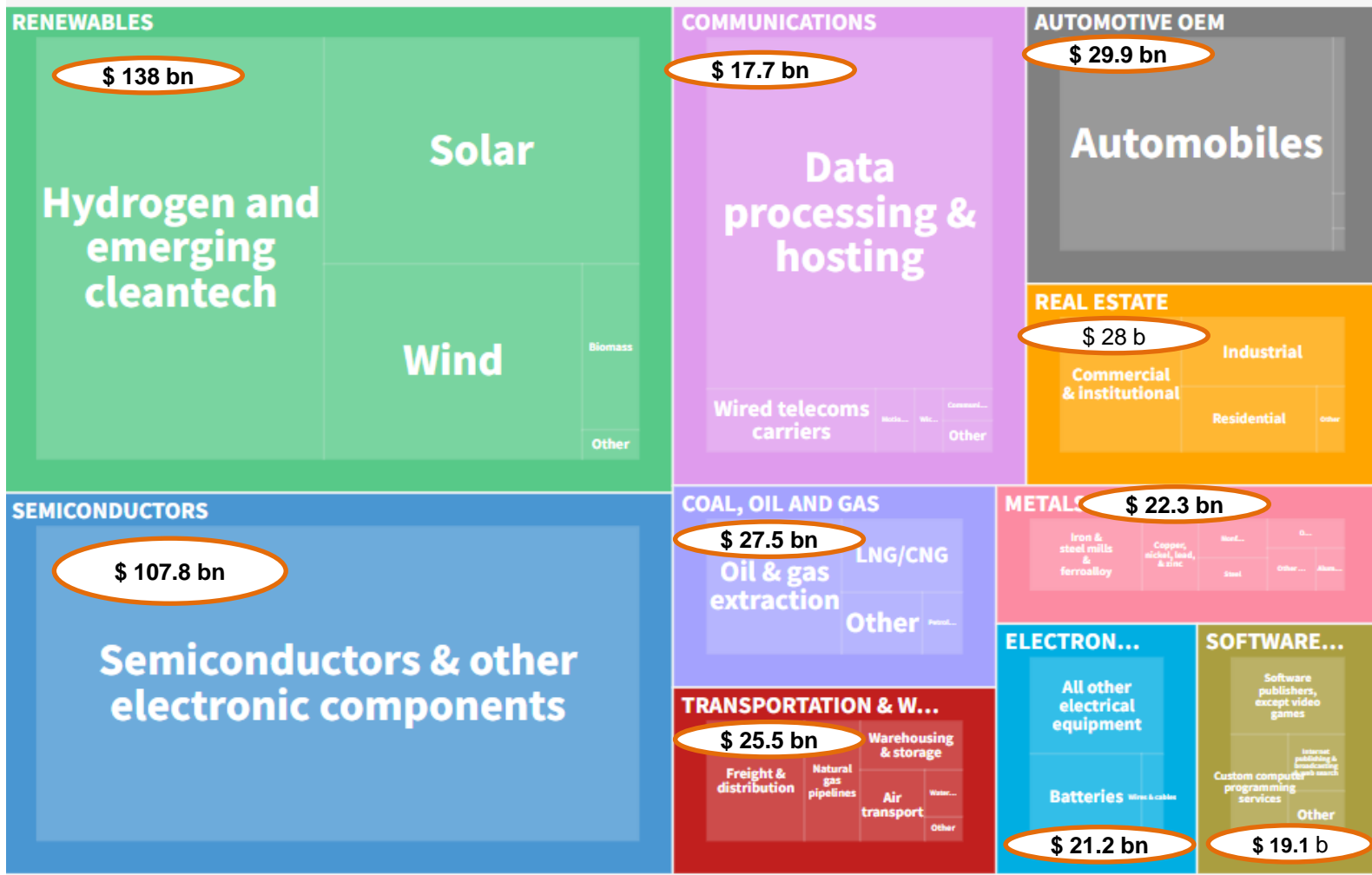
Most commodities have fallen heavily

- **Food Prices:** Expected to decline by 5.2%
- **Fuel and Energy:** Prices for natural gas and coal are expected to continue their decline
- **Base Metals:** Prices for metals like copper remain volatile.
- **Demand remains strong from sectors such as electronics and renewable energy.**

1st Half of 2024 Global FDI Trends: Renewables and semiconductors lead, but electronics drops down

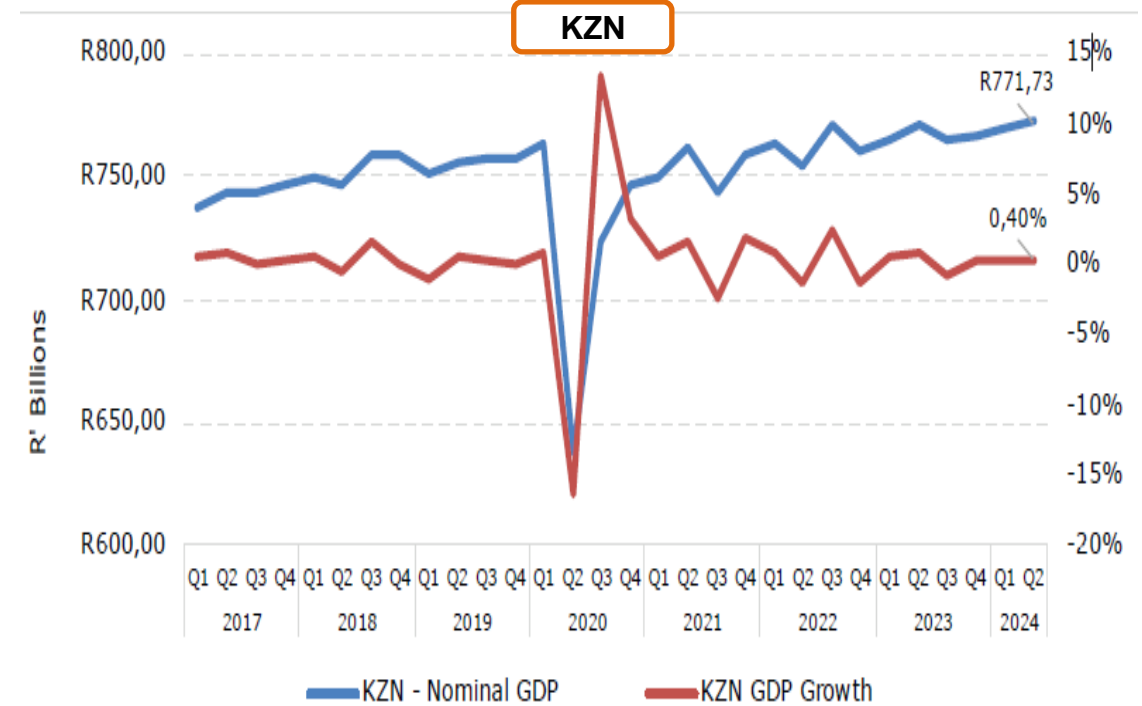
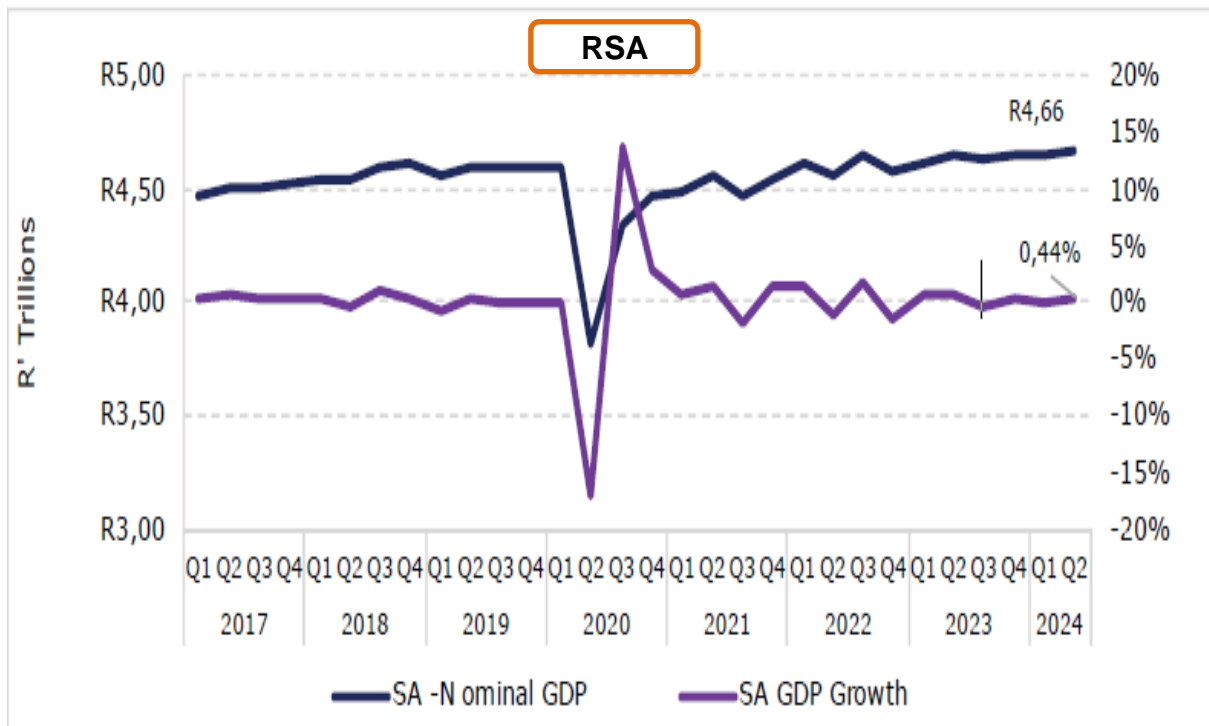
Global foreign direct investment by sector (top 10), January–June 2024

\$635bn



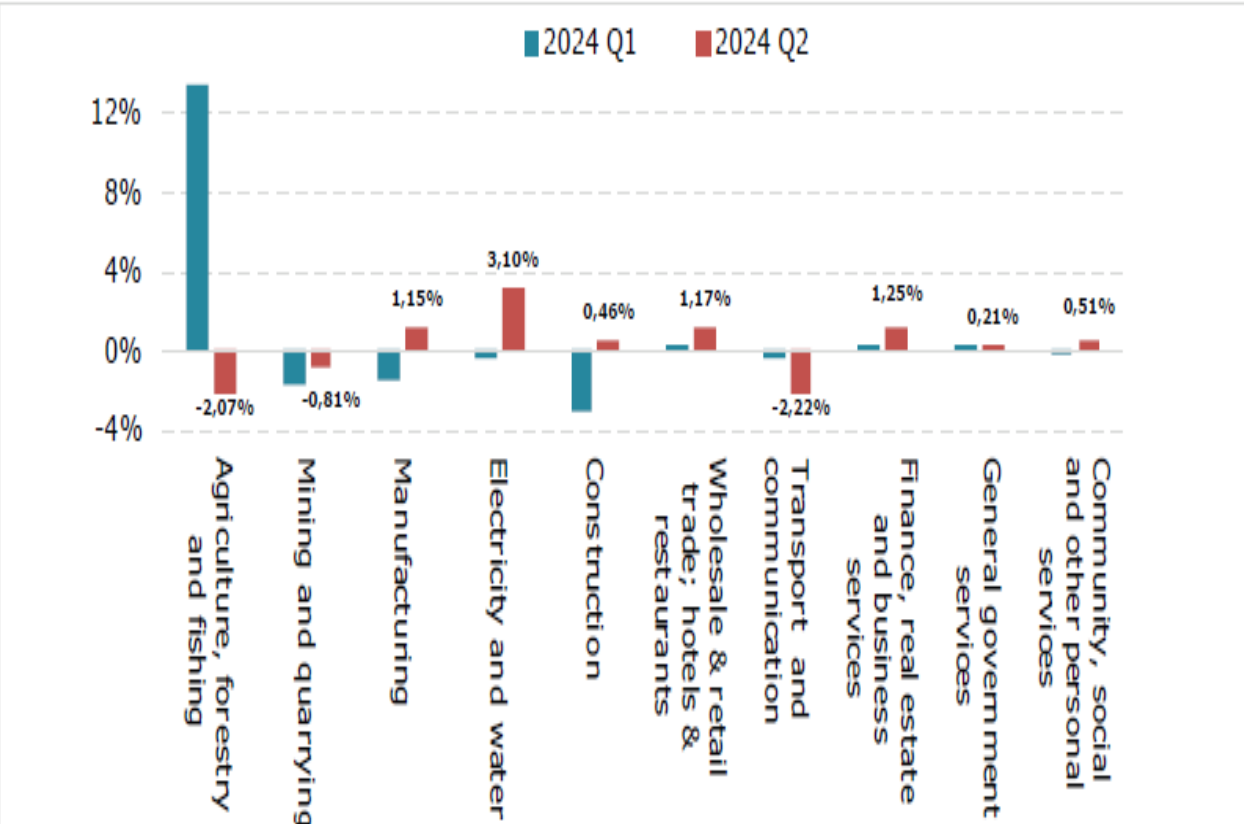
Source: FDI Markets, August 2024

GDP:RSA and KZN economy expanded by 0.44% and 0.4% respectively in Q2/2024

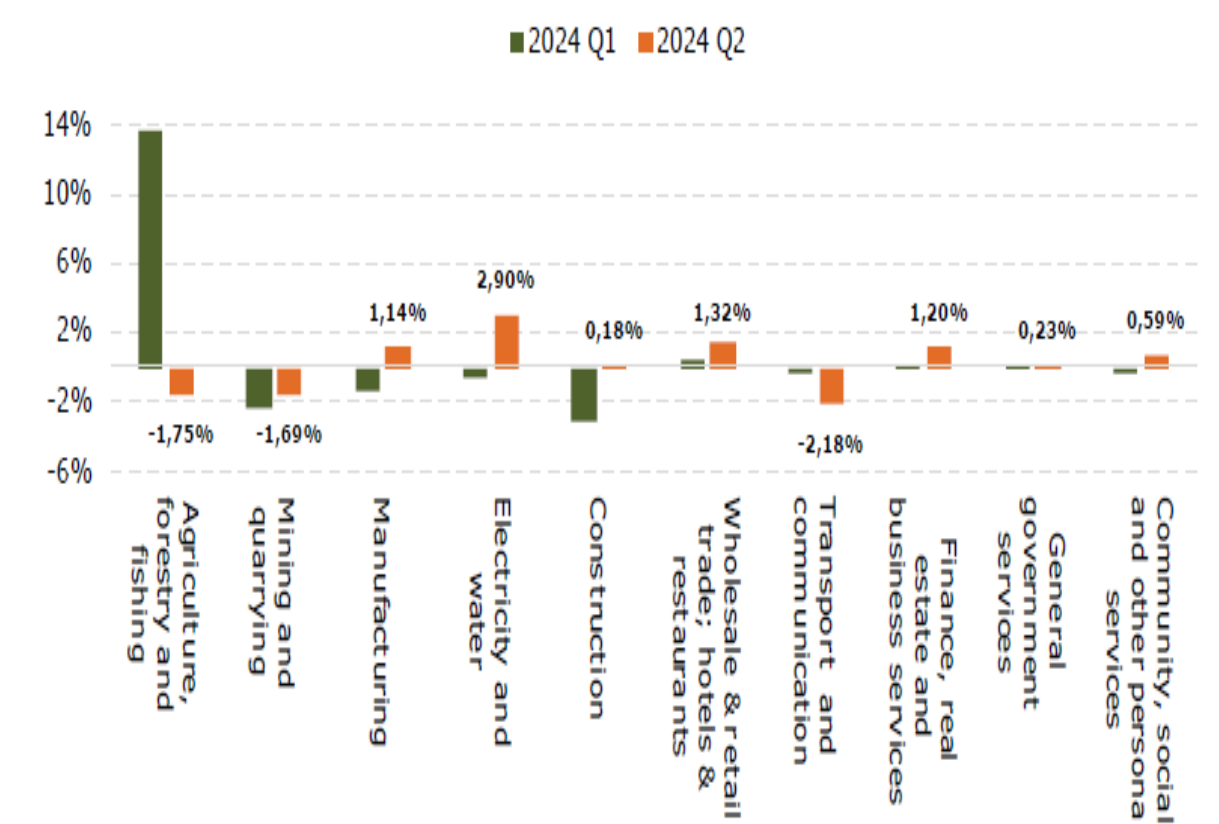


RSA and KZN GDP growth driven by increased electricity generation and water distribution

RSA



KZN



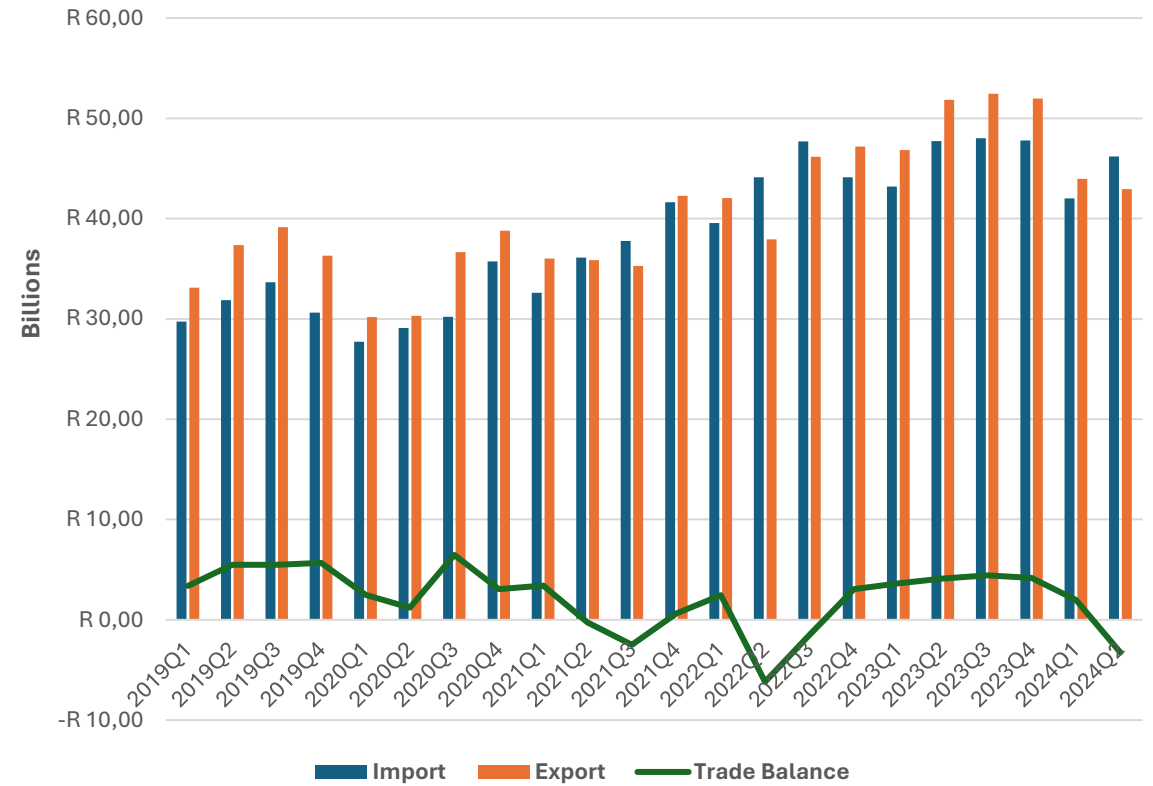
Source: Quantec, 2024

Trade Performance: RSA reported a trade surplus of R54 bn, while KZN experienced a trade deficit of R3.2 bn

RSA



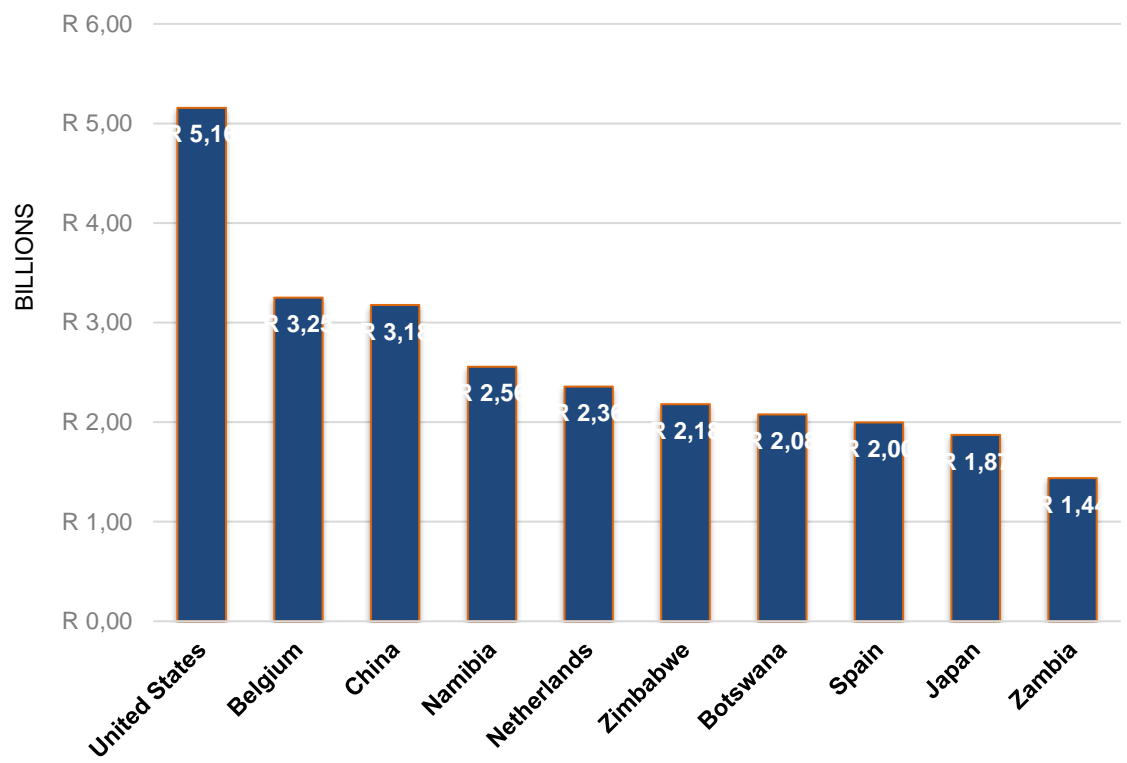
KZN



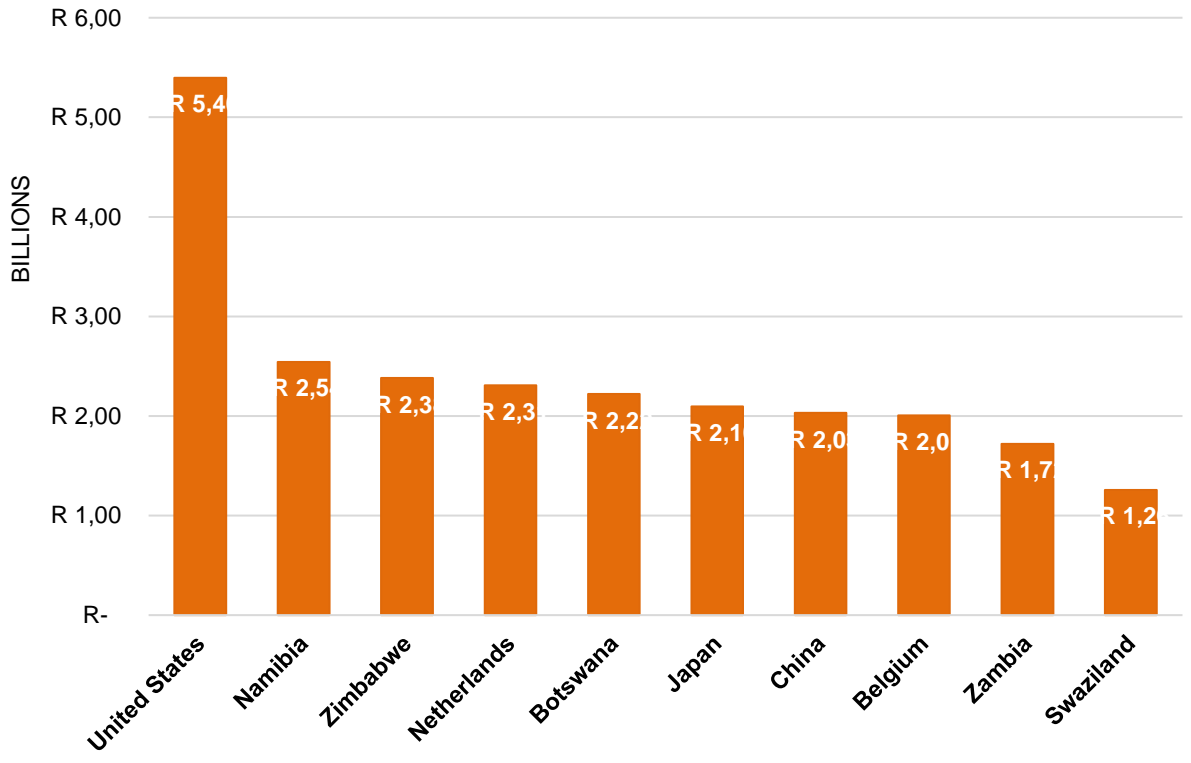
Source: Quantec, 2024

KZN Continues to benefit from AGOA, Namibia and Zimbabwe excelled over Belgium and China in Q2/2024

KZN Q1/24 Export Markets



KZN Q2/24 Export Markets



- **Namibia and Zimbabwe excelled over Belgium and China in the second quarter of 2024**
- **KZN Export to Zim and Namibia boosted by Nuclear Reactor, Soap and washing detergents, Animal or Vegetable fats and oil and vehicles**

Source: Quantec, 2024

KZN's exports to Belgium and China are rapidly decreasing

KZN Exported Products to Belgium

	2023Q3	2024Q2	% Change
All commodities	R7 779 876 900,00	R2 007 417 870,00	-74%
Vehicles	R7 059 917 867,00	R907 945 627,00	-87%
Ores, slag and ash	R314 998 503,00	R718 661 780,00	128%
Aluminium and articles thereof	R238 133 925,00	R272 337 642,00	14%
Organic chemicals	R36 033 782,00	R10 691 979,00	-70%
Nuclear reactors, boilers	R32 887 700,00	R33 393 547,00	2%
Electrical machinery and equipment	R30 196 720,00	R14 738 623,00	-51%
Paper and paperboard	R23 621 677,00	R12 582 232,00	-47%
Articles of iron or steel	R17 384 041,00	R7 660 357,00	-56%
Carpets and other textile floor coverings	R7 458 031,00	R2 655 438,00	-64%

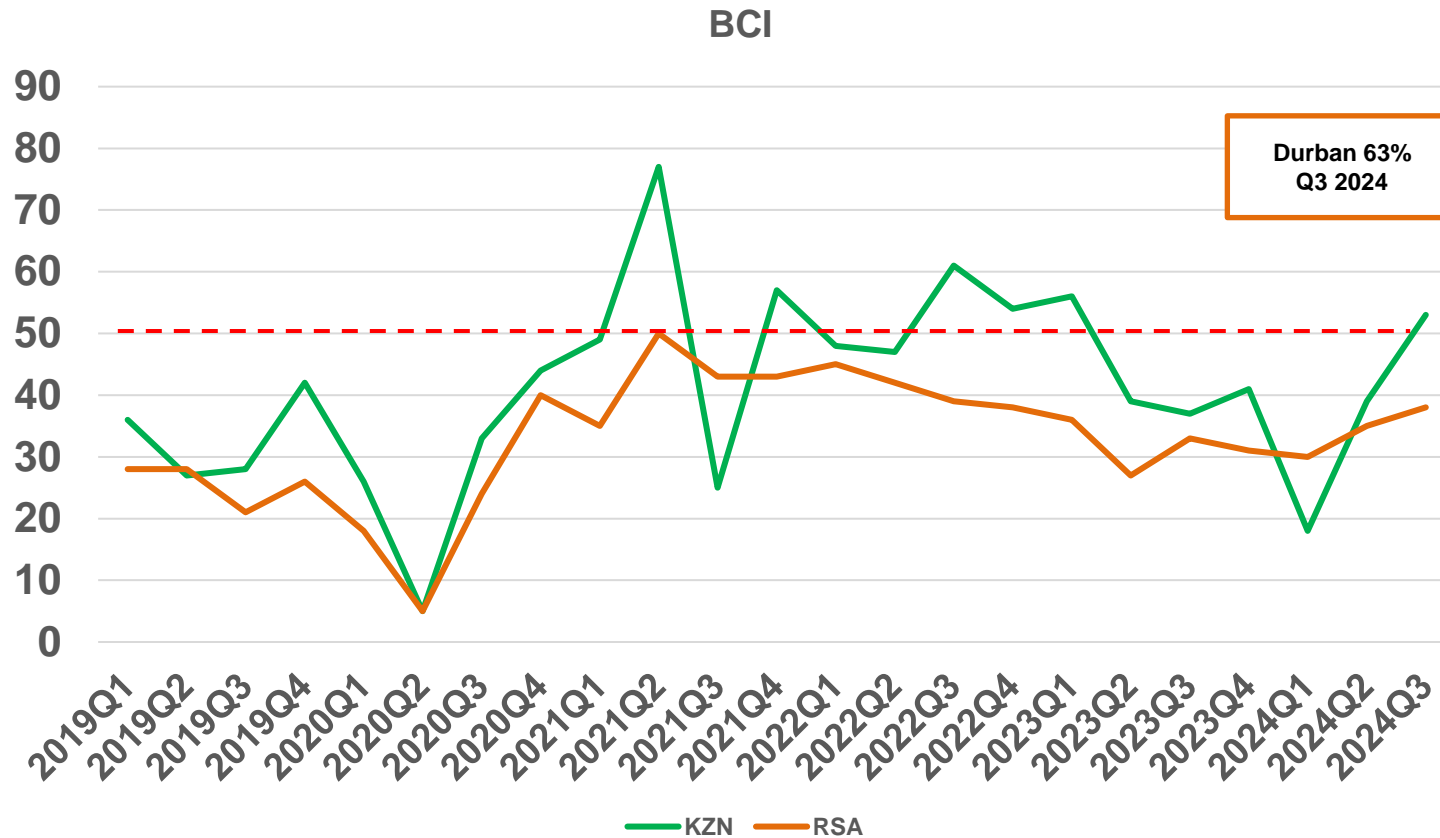
Source: Quantec, 2024

KZN Exported Products to China

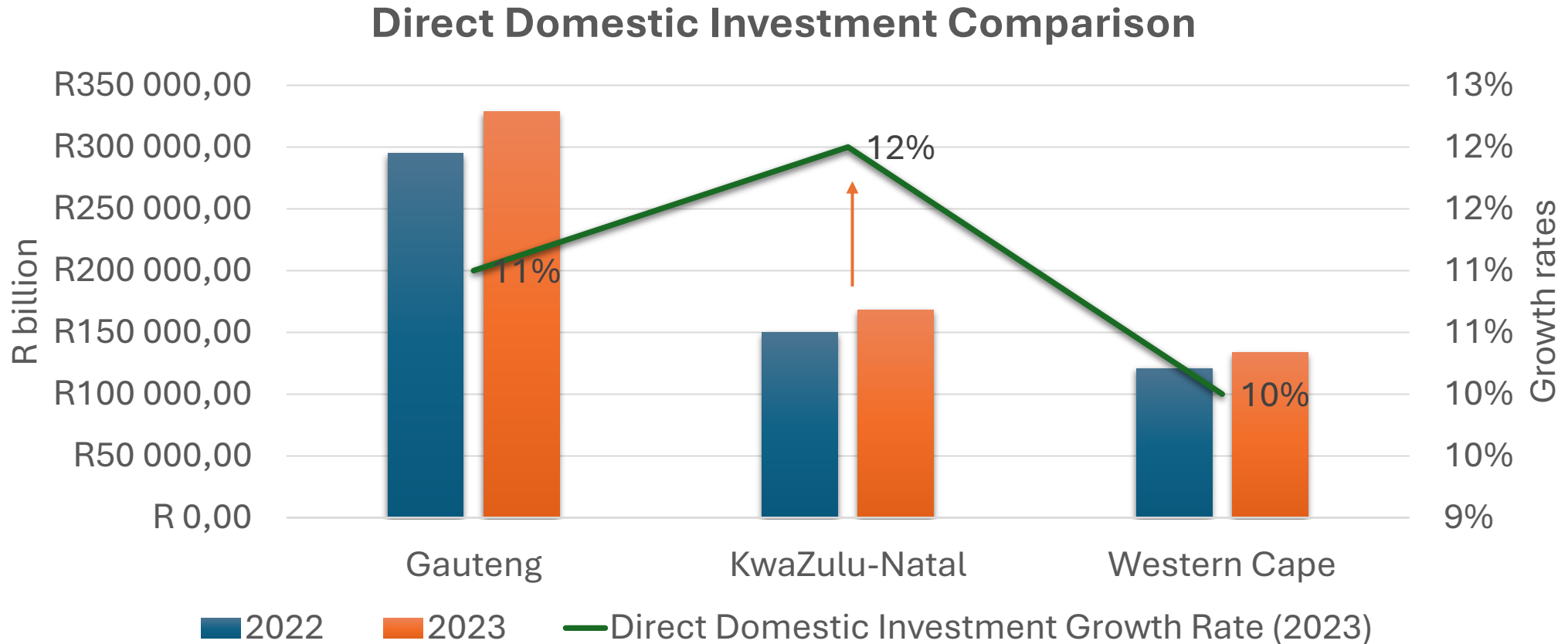
	2024Q1	2024Q2	% Change
All commodities	R3 176 607 172,00	R2 030 396 413,00	-36%
Ores, slag and ash	R2 729 617 349,00	R1 760 053 959,00	-36%
Tanning or dyeing extracts	R95 196 167,00	R76 542 530,00	-20%
Inorganic chemicals	R78 080 141,00	R42 546 638,00	-46%
Copper and articles thereof	R153 282 604,00	R40 971 881,00	-73%

Business Confidence Index (BCI)

Remarkable surge since 2024 Q2



Domestic Direct Investment (DDI): KZN surpasses Gauteng and Western Cape



Source: SARB, 2024

KZN FD: ATTRACTION OF (FDI) BEGAN SLOWLY IN 2024

Headline figures: January 2023-October 2023

No of FDI projects	9
Total jobs created	5228
Average project size (jobs)	580
Total capital investment	USD 2,175.28 m
Average project size	USD 241.70 m

Headline figures: January 2024 October 2024

No of FDI projects	3
Total jobs created	37
Average project size (jobs)	12
Total capital investment	USD 15.90 m
Average project size	USD 5.30 m

Source: Quantec, 2024

ATTRACTED FDI PER SECTOR AND SOURCE COUNTRY

Company Name	Source of FDI and Sector	Destination City	Estimated Investment	Estimated Jobs
International Workplace Group (Regus)	Switzerland Real Estate-Business Centre Club Place in Durban	Durban	USD 1.90 Mil	8
Prianto	Germany Software & IT services sector	Durban	USD 5.20 Mil	9
Mediterranean Shipping Company (MSC)	Switzerland Transportation & Warehousing sector-Cold Storage Facility	Durban	USD 8.80 Mil	20

Source: Quantec, 2024

FDI SIGNAL : 4 INVESTOR SIGNAL FOR KZN (August 2024-October 2024)

#	Signal date	Investing company	Source country	Destination country	Industry sector	Cluster	Signals
1	Oct 2024	Sinotruk (China National Heavy Duty Truck Group) (CNHTC)	China	South Africa	Automotive OEM	Transport Equipment	Considering Project (New or Expansion)
2	Oct 2024	str8bat	India	South Africa United Kingdom United States	Software & IT services	Consumer Goods	New Funding/Resources for Expansion
3	Oct 2024	Nakivo	United States	South Africa	Software & IT services	ICT & Electronics	New Investment Strategy
4	Oct 2024	Chowdeck	Nigeria	Cote d'Ivoire Kenya South Africa	Food & Beverages	Agribusiness	New Investment Strategy

FDI SIGNAL : 11 INVESTOR SIGNAL FOR SOUTH AFRICA: AUGUST 2024-OCTOBER 2024

#	Signal date	Investing company	Source country	Source state	Source city	Industry sector	Cluster	Signals
1	Oct 2024	Pargo	South Africa	Western Cape	Cape Town	Transportation & Warehousing	Transportation & Warehousing	New Investment Strategy
2	Oct 2024	Happy Pay	South Africa	Western Cape	Cape Town	Financial services	Financial Services	New Funding/Resources for Expansion
3	Sep 2024	TymeBank	South Africa	Gauteng	Not Specified	Software & IT services	Financial Services	New Funding/Resources for Expansion
4	Sep 2024	The Awareness Company	South Africa	Gauteng	Johannesburg	Software & IT services	Environmental Technology	New Funding/Resources for Expansion
5	Sep 2024	SmartView Technologies	South Africa	Western Cape	Cape Town	Software & IT services	ICT & Electronics	New Funding/Resources for Expansion
6	Sep 2024	Samanjalo	South Africa	Mpumalanga	eMalahleni	Building materials	Environmental Technology	New Funding/Resources for Expansion
7	Sep 2024	Credipple	South Africa	Gauteng	Johannesburg	Business services	Professional Services	New Funding/Resources for Expansion
8	Sep 2024	Athena Pay (Athena)	South Africa	Gauteng	Johannesburg	Financial services	Life sciences	New Funding/Resources for Expansion
9	Sep 2024	Adbot (MyAdbot)	South Africa	Western Cape	Cape Town	Software & IT services	Creative Industries	New Funding/Resources for Expansion
10	Sep 2024	Santam	South Africa	Western Cape	Cape Town	Financial services	Financial Services	New Investment Strategy
11	Aug 2024	Omnisient	South Africa	Western Cape	Cape Town	Software & IT services	ICT & Electronics	New Funding/Resources for Expansion

Source: Quantec, 2024

END
THANK YOU

