South Africa: A slight uptick in growth in the second quarter

South Africa’s year-on-year real GDP growth picked up slightly in the second quarter to 2.0 per cent, compared to 1.9 per cent in the first quarter. Growth was held back by a renewed dip in the performance of the ever-crucial mining sector, which contracted by 2.8 per cent following lower commodity prices and reduced production. This represents a return to a prolonged negative performance of the sector, which had already extended over six quarters and was interrupted only in the first quarter of this year by an expansion in activity\(^1\). Overall, the mining sector has shrunk by 8.5 per cent between the second quarter of 2011 and the second quarter of 2013.

By contrast, manufacturing registered a reversal from a contraction of 0.4 per cent in the first quarter to an expansion of 2.7 per cent in the second quarter, underpinned by solid output in the automotive sector. The slight acceleration in growth of the wholesale and retail sector from 2.1 per cent to 2.4 per cent indicates resilient consumption and provided additional support for overall growth. However, a distinctive drag on growth stemmed from weaker growth in government services, which fell from 2.5 per cent in the first quarter to 1.8 per cent in the second quarter, reflecting increasing fiscal prudence.

\(^1\)Even this positive quarter was mostly a base effect due to the comparison with the sharp contraction in the first quarter of 2012.