



Economic Digest 27

3rd December 2021

The Economic Road Ahead: It's Looking Bleak for 2022

The Old English Proverb – it never rains but it pours – best captures the South African mood regarding our economic outlook for the New Year. Record high unemployment; an interest rate hike; petrol price increases; and the aftermath of the July unrest are all forming a perfect economic storm threatening any growth prospects. The articles below will provide an insight into what lies ahead.

South Africa faces a slowly worsening chronic fiscal crisis

“The chronic position of the country’s public finances continues to worsen. This can be seen in several metrics. Growth remains far below interest rates and GDP per capita is expected to remain stagnant. Debt service costs are crowding out social spending.”

<https://tinyurl.com/2p88y4ad>

Red light flashes over joblessness amid interest rate hike

“The effects of surging global inflation arrived on our shores with a major jolt through the R1.21/l hike in the petrol price early this month, taking it to a record high. Combined with the jarring 15% hike in electricity prices this year, consumers are being hit hard.”

<https://tinyurl.com/47x4rtvs>

The after effects the July unrest and its meaning for the economy

“Among the G20 group of countries, only South Africa is expected to fall short of reaching pre-COVID-19 growth levels by 2022, according to the Economist Intelligence Unit (EIU). Twenty-seven years after South Africa’s transition to democracy, the country saw the start – on 8 July 2021 – of an unprecedented spate of violent protesting and looting.”

<https://tinyurl.com/mrx5mhdd>

South Africa’s unemployment rate is now highest in the world

The unemployment rate surged to the highest on a global list of 82 countries monitored by Bloomberg. The jobless rate rose to 34.4% in the second quarter from 32.6% in the three months through March.

<https://tinyurl.com/3eacxth6>

The informal economy showing the way

“As much as 60% of the fruit and vegetables sold at South Africa’s municipal fresh produce markets is bought by street traders. And in Johannesburg alone, buyers for the informal sector account for at least R3.9-billion a year in produce sales – half the turnover of the city’s main fresh produce market.”

<https://tinyurl.com/5fuufddx>

Kenny Pasensie
Project Co-ordinator
kenny@cplo.org.za

This Digest, or parts thereof, may be reproduced with acknowledgement