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Note: Shaded area in graphs denotes the downward phase of the business cycle.

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Highlights

While the COVID-19 lockdown seems to have slowed the spread of the virus in the initial phases, data released last month further highlights the severe impact that this had on the economy.

SA exports plunged in April on closed borders due to COVID-19 pandemic

In April, SA recorded a massive trade deficit of R35.02bn as exports tanked by 55% m-o-m. The drop in exports reflects the impact of the Level 5 lockdown (from 27 March through April) on both domestic production and the openness of SA's borders to facilitate trade. In addition, many of SA's main export destinations were also affected by lockdown restrictions, most notably Europe. Indeed, exports to Europe declined by close to 70% m-o-m, or R24.21bn. From a goods perspective, the biggest fall in exports (R17.53bn or 67% m-o-m) was registered in the precious metals and stone category.

Tax revenues drop in April on COVID-19 lockdown

Furthermore, the National Treasury said gross tax revenue was down by 9% y-o-y in April with corporate tax receipts plunging by 65%. However, the impact on the government budget was limited by the fact that government expenditure declined by a large 17% y-o-y.

New vehicle sales plunge to near zero in April; small uptick in May

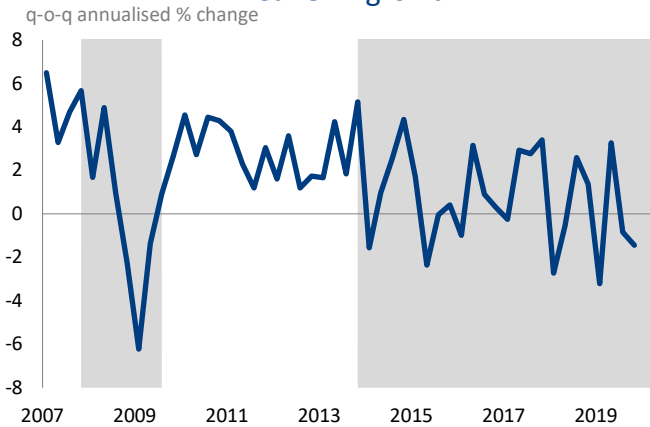
Data from Lightstone Auto indicated that new vehicle sales declined by a staggering 98.4% y-o-y to a mere 574 units in April 2020. Export sales of 901 units reflect a 97.3% drop from 32 829 vehicles exported in April last year. Vehicle sales were poor across all categories, with passenger car sales reduced by 99.6% y-o-y to a mere 105 units. Despite the country's migration to Level 4 of the lockdown restrictions in May, new vehicle sales were down 68% y-o-y, even though it ticked up to 12 932 units from the dismal April number.

SARB expects a rise in non-performing loans

In its latest Financial Stability Review, the SARB said that local banks were well capitalised with sufficient capital buffers going into the global health crisis. However, the SARB did caution that there was little doubt there would be a rise in non-performing loans in the banking sector. The latest SARB credit extension data showed that the rise in total loans and advances slowed to 4.5% y-o-y in April, down from 5.3% in March and 6% end-2019.

Core indicators

Real GDP growth



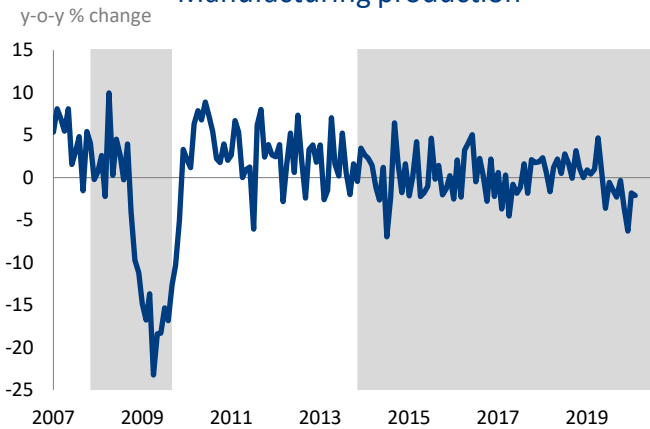
Source: Stats SA

CPI inflation



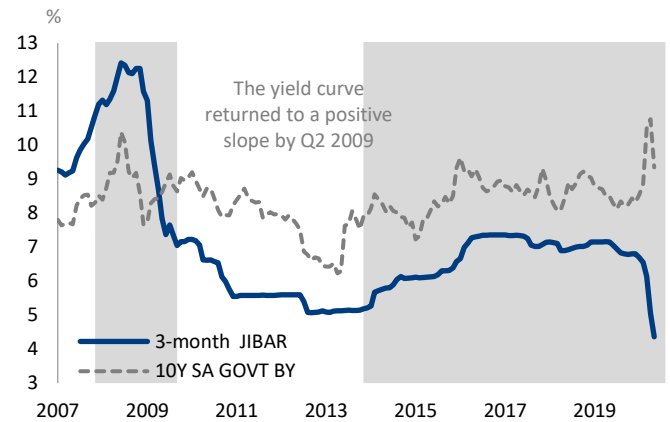
Source: Stats SA

Manufacturing production



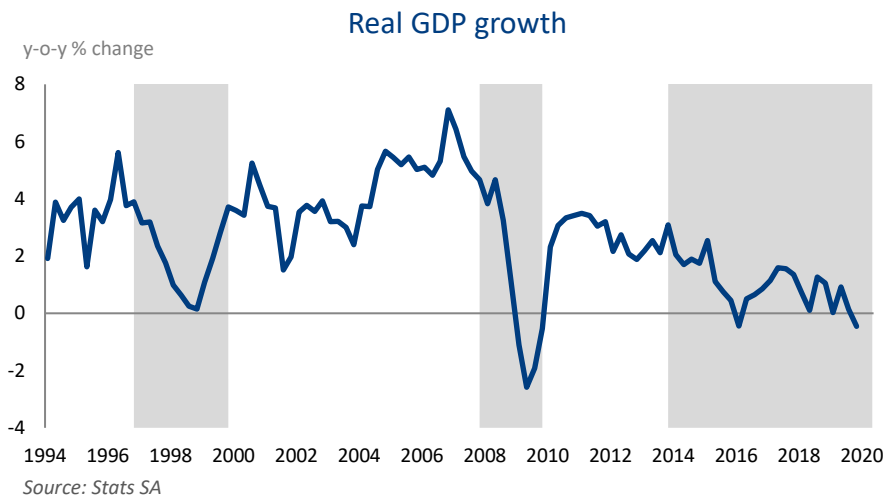
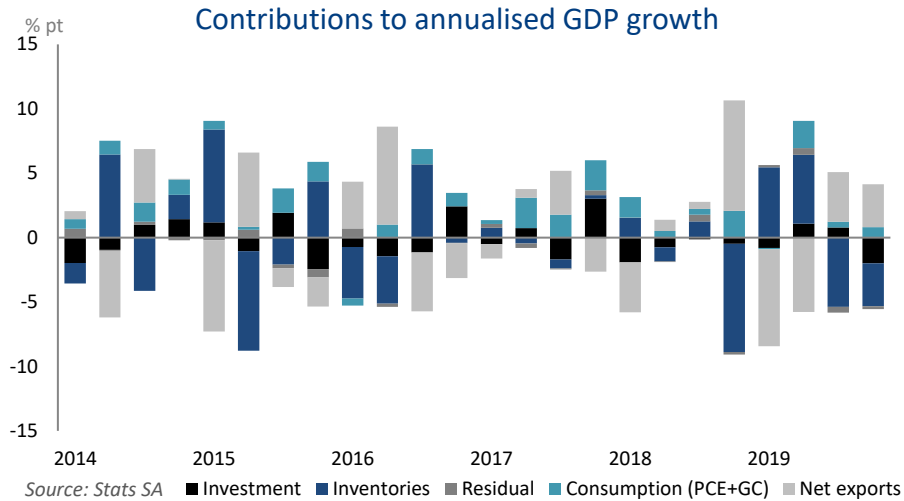
Source: Stats SA

Interest rates



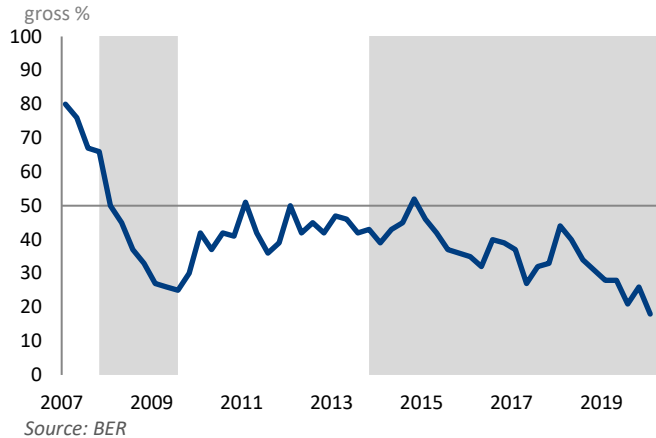
Source: DataStream

GDP growth

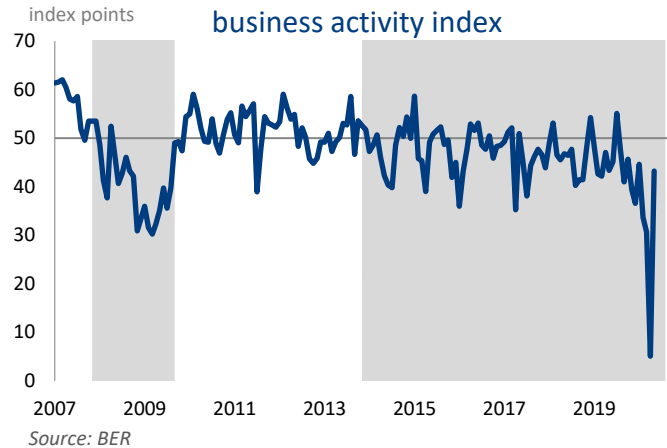


Business environment

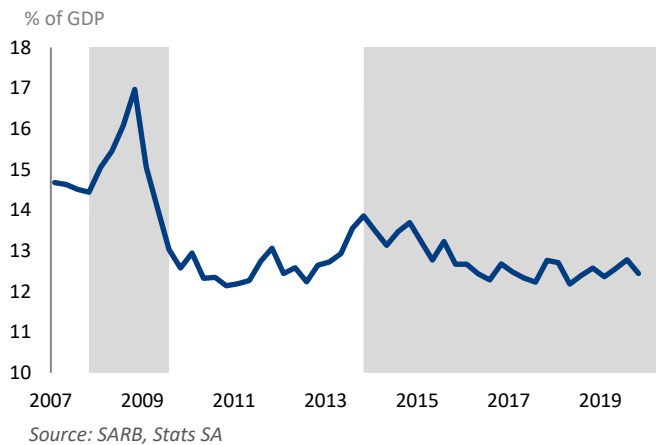
RMB/BER Business Confidence Index



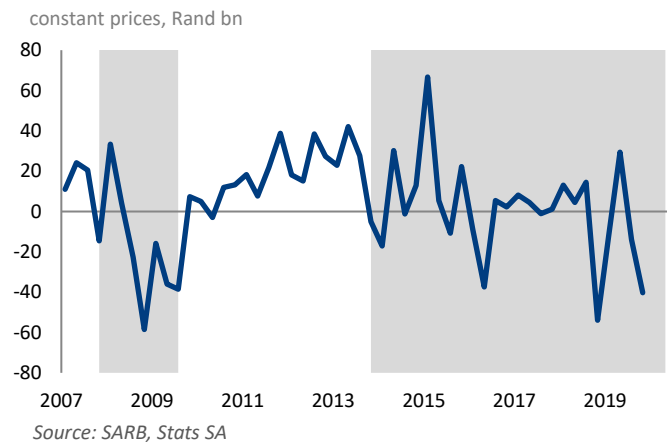
Absa purchasing managers' survey - business activity index



Private fixed investment

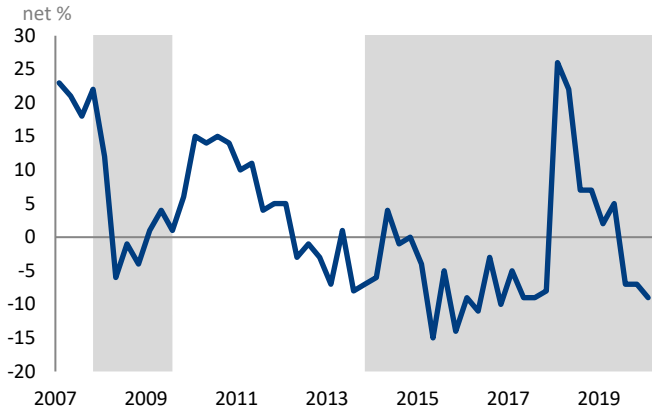


Changes in inventories



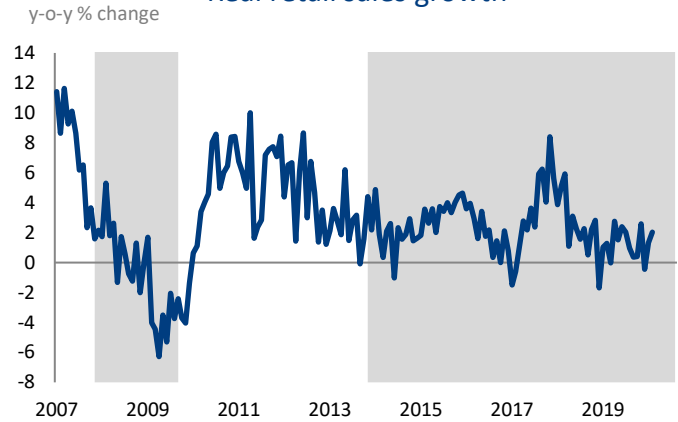
Household consumption

FNB/BER Consumer Confidence Index



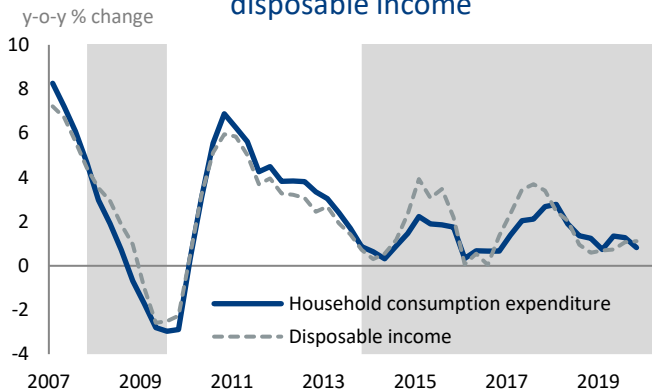
Source: BER

Real retail sales growth



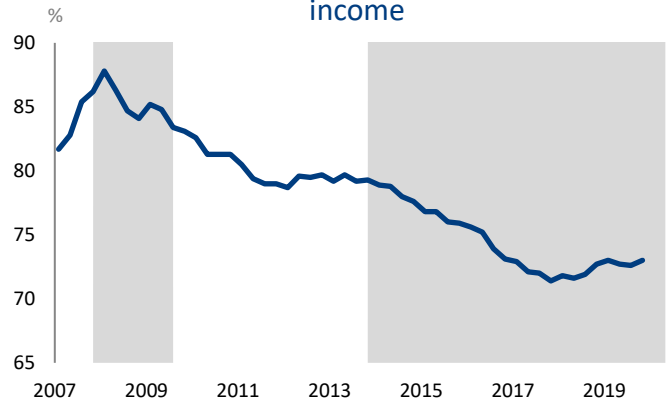
Source: Stats SA

Household consumption and real disposable income



Source: SARB, Stats SA

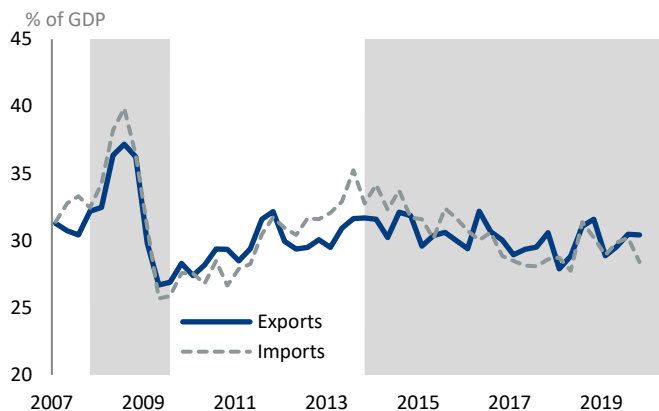
Ratio of household debt to disposable income



Source: SARB

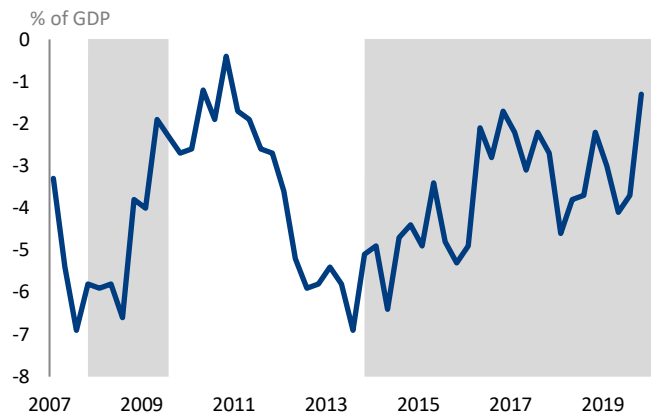
International trade

Imports and exports



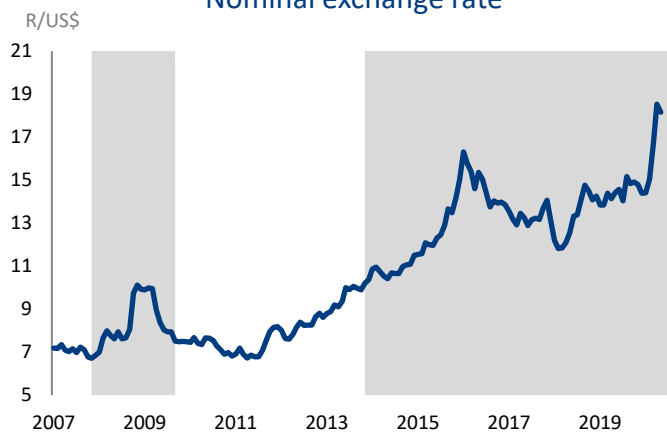
Source: SARB, Stats SA

Current account balance



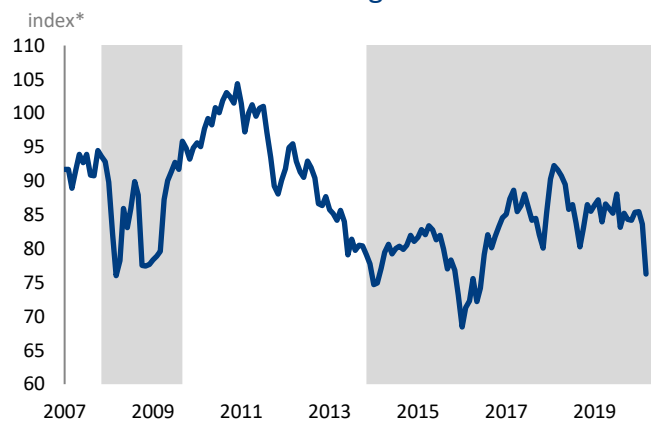
Source: SARB

Nominal exchange rate



Source: DataStream

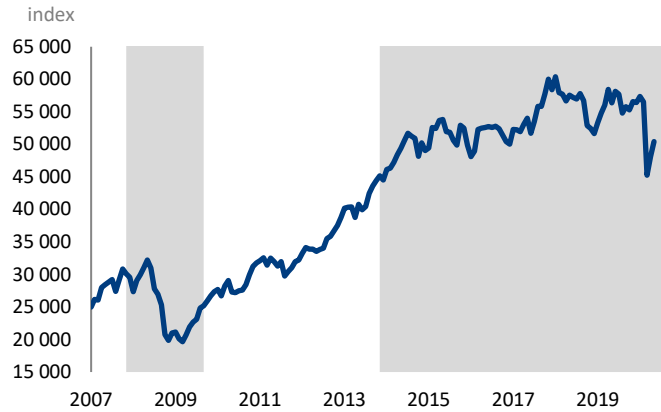
Real effective exchange rate of the Rand



Source: SARB *higher values denote a stronger rand

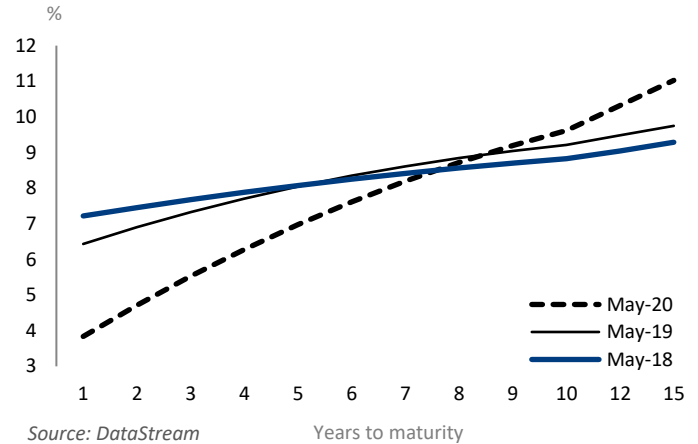
Financial markets

JSE all share index



Source: DataStream

Yield curve comparisons



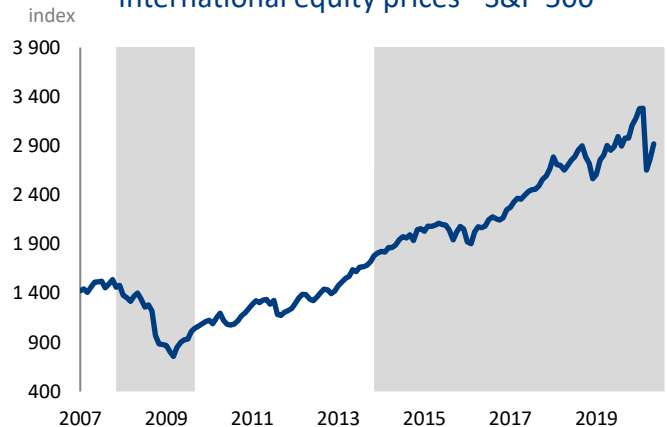
Source: DataStream

Economist all commodities index



Source: Economist

International equity prices - S&P 500

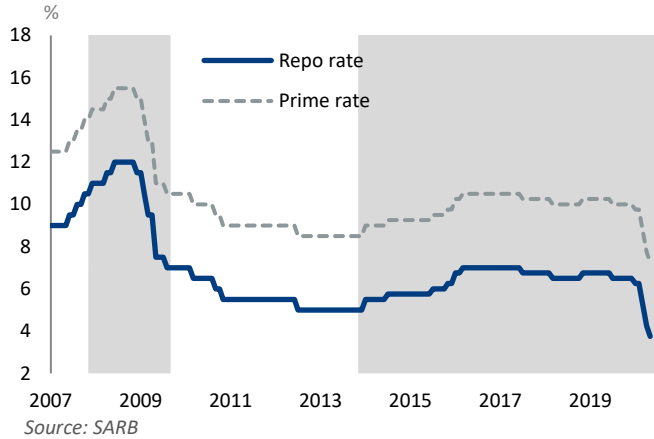


Source: DataStream

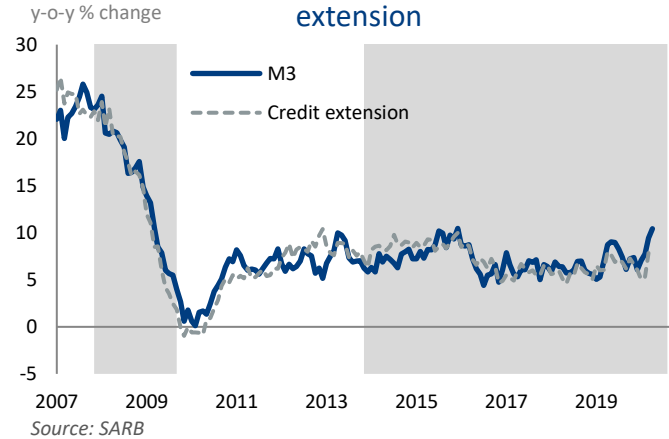
Please refer to the [glossary on the BER's website](#) for explanations of technical terms.
[Click here for more information about the BER's services.](#)

Money and prices

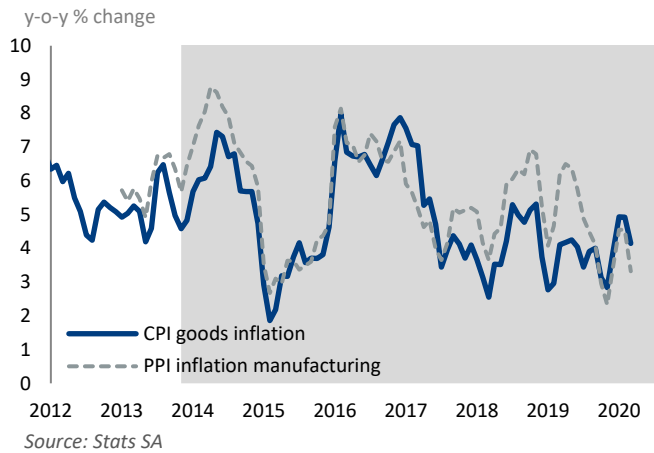
Repo and prime interest rate



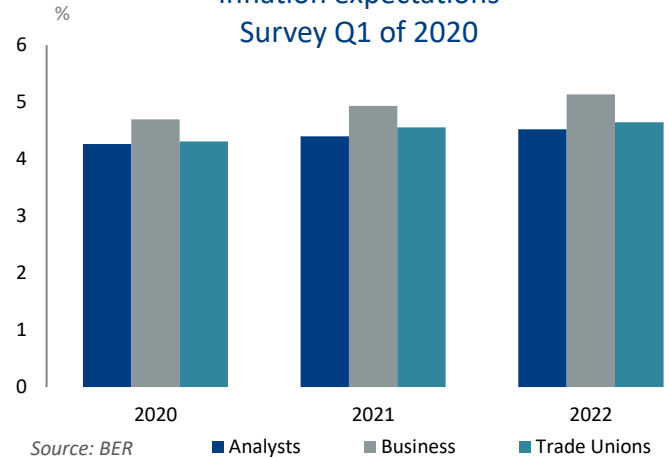
M3 monetary aggregates and credit extension



Consumer and producer prices

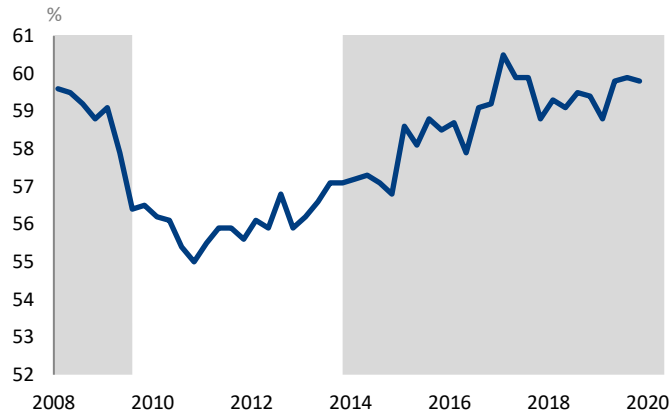


Inflation expectations Survey Q1 of 2020



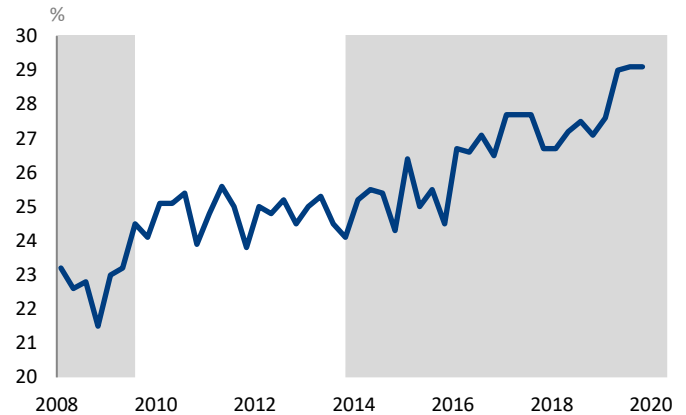
Labour

Labour force participation



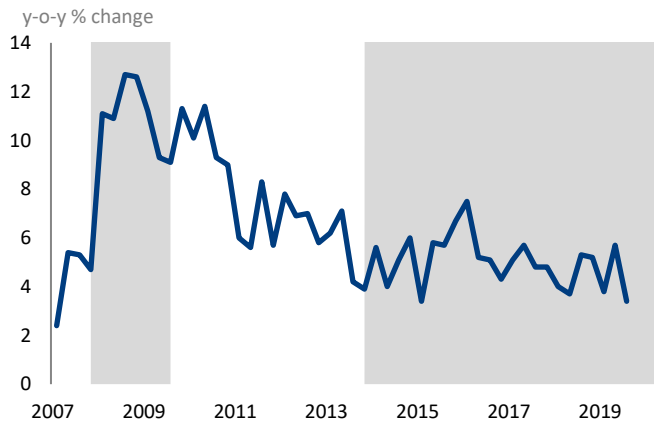
Source: Stats SA

Unemployment rate



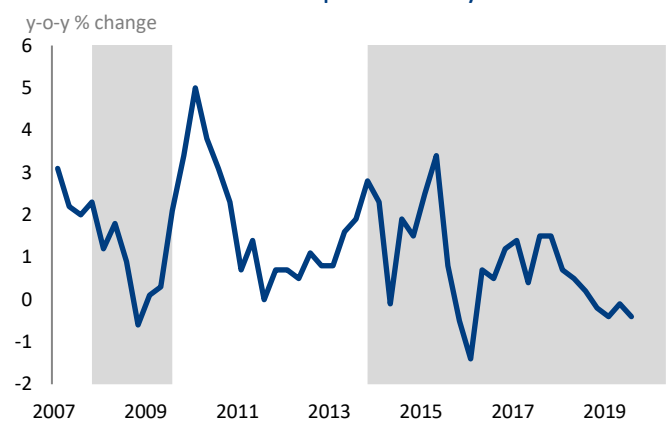
Source: Stats SA

Unit labour cost



Source: SARB

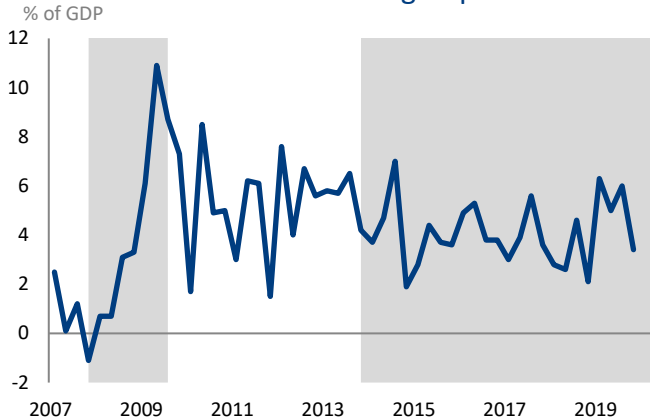
Labour productivity



Source: SARB

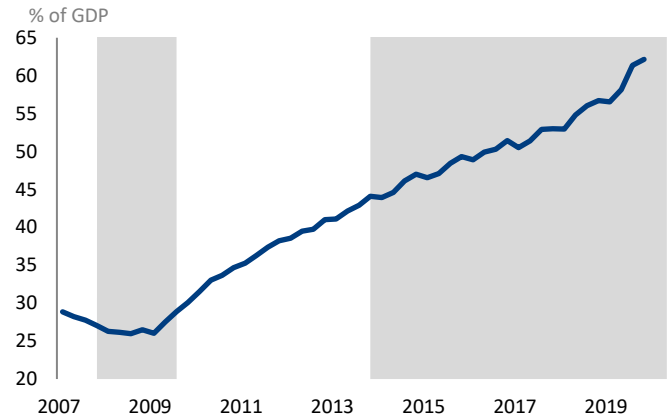
Government

Public sector borrowing requirement



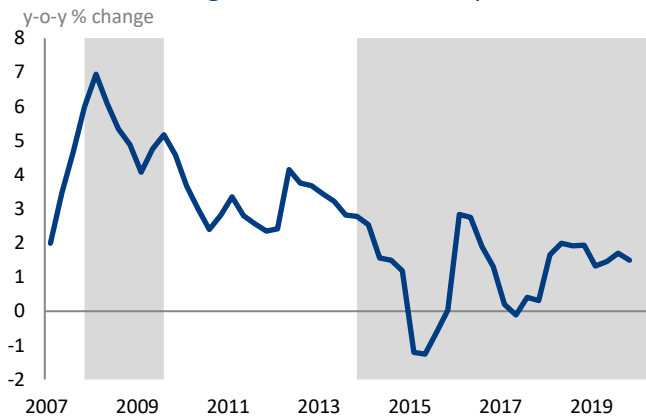
Source: SARB

Gross government debt



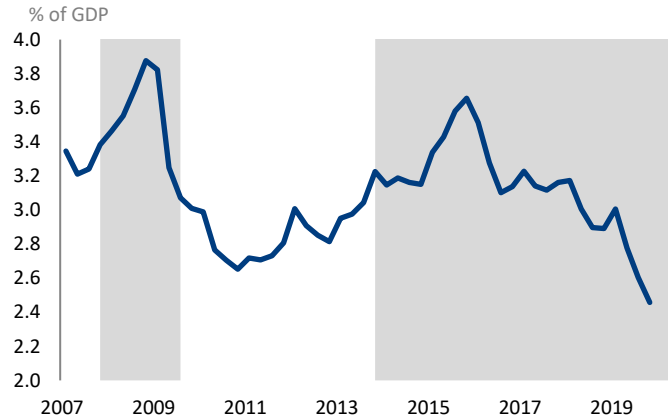
Source: SARB

Real government consumption



Source: SARB, Stats SA

Government fixed investment



Source: SARB, Stats SA

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