

South African economy bigger than pre-Covid after Q3 surprise

By [Kopano Gumbi](#)

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South Africa's economy grew 1.6% quarter on quarter in a bigger-than-expected rebound in the third quarter, making it larger than it was before the Covid-19 pandemic, official data showed on Tuesday.



Source: [Pexels](#)

Eight of the 10 industries tracked by Statistics South Africa recorded growth in the July-September period. The agricultural sector was the largest contributor, which was attributed to good weather and a bumper harvest.

In the second quarter, South Africa's economy contracted by 0.7% from the previous quarter.

President Cyril Ramaphosa, who has staked his reputation on lifting the growth rate since taking power in 2018 but has struggled to make much progress, said in a statement that an economic plan conceived during Covid-19 was bearing fruit.

"Given the condition of our economy, we have no room to be complacent, but we do have room to acknowledge that our economic recovery is in progress," said Ramaphosa, who won backing from the governing party's national executive on Monday over a scandal that threatened to see him impeached.

Analysts had predicted 0.6% growth quarter on quarter. Some doubt it will continue to be as robust as in the third quarter given constraints like record power cuts and external conditions.



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"Today's print gives reason for cheer but we need to be aware of tough growth conditions ahead globally as well as locally," said Sanisha Packirisamy, economist at financial services group Momentum, adding she was concerned about the strength of exports into next year.

Gross domestic product (GDP) grew 4.1% year on year in the third quarter, also better than the second quarter's 0.2% year-on-year growth and forecasts for a 2.8% expansion.

Jason Tuvey, an economist at Capital Economics, said the outturn was stronger than even the most optimistic forecast and he would be upgrading his 2022 growth forecast from 1.5% to somewhere between 2.5% and 3%.

As of last month, the South African Reserve Bank was predicting 1.8% growth this year. Stats SA said GDP was up 2.3% for the first nine months of 2022 compared to the same period last year.

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