

SA to experience good GDP growth in Q1 2022 - BETI

According to the recent positive numbers emerging in the [BankservAfrica Economic Transactions Index \(BETI\)](#), South Africa is set to experience good GDP growth in the first quarter of 2022. This despite concerns about the inflation rate.



Source: [Fxabay](#)

“The BETI reached an all-time high of 135.9 index points in March 2022,” says Shergeran Naidoo, BankservAfrica’s head of stakeholder engagements. “Additionally, the 6.5% headline BETI change over the last year is solid, coming off the high base of the 5.8% reported on in March 2021.”

This high growth in the BETI for March 2022 corresponds with the vastly improved figures from new vehicle sales, the Absa Purchasing Managers’ Index, and other well-performing sectors during the month. It appears that many of the country’s main sectors in the South African economy – except for entertainment, travel, and tourism – have recovered from the long-term impact of the Covid-19 pandemic.

High commodity prices, large-scale government spending

“One must remember that the local economy has also been boosted by the high commodity prices and large-scale government spending, as some confidence seemingly returns for businesses and consumers,” says Mike Schüssler, chief economist at Economists.co.za.

In line with the March figures, the standardised nominal value of transactions in the BETI reached a new record high of R1.16tn in March 2022. The volume of transactions increased to 137.2 million - the second-highest number recorded in the history of the BETI, according to Naidoo.

The number of transactions grew by 13.3% which, from a relatively high base, is again an indication of a strong economy.

On a monthly basis, the BETI for March was 1.5%, which was lower than the monthly change of 2.2% in February 2022. The quarter-on-quarter seasonally adjusted increase for the BETI was 2.4%, indicating that the first-quarter GDP will be a strong positive.

“Based on these figures, we believe that South Africa’s economic GDP figures for Q1 2022 will increase at its fastest rate since Q2 2021,” says Schüssler.



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Inflation rate below the world average

While some sectors could still struggle, the high commodity prices have certainly brought good news for South Africa. Additionally, the country’s inflation rate at present is about 200 basis points below that of the world average.

With that being said, the Ukrainian crisis has led to a commodities crisis and higher prices. Additionally, inflation is rising above the upper inflation target of 6%. These will slow down the economy and hurt local consumers’ pockets.

“But, with the termination of the State of Disaster and most of the Covid-19 restrictions lifted in South Africa, more sectors could start contributing to the country's growth efforts,” ends Schüssler.

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