

Eurozone's in recession, but SA economy won't contract, experts say

According to TimesLIVE, the EU's statistical office revealed the Eurozone - comprising the 17 countries that use the euro as currency - has slipped into recession. As these countries progressively implement austerity measures to cut their budget deficit, their economic growth has slumped. South African manufacturers will be cringing at the news - as Europe is the industry's most important export market.

South Africa's manufacturers have felt the slowdown for more than a year now and Stats SA's latest manufacturing data show that production fell by 2.3% month-on-month in September. The SA manufacturing sector has shed thousands of jobs this year as the demand in Europe remains lacklustre in the wake of a sovereign debt crisis in countries such as Greece, Portugal, Ireland and Spain.

This does not bode well for South Africa's economic growth in the third quarter, TimesLIVE says. Growth prospects have been curtailed by months of illegal strikes - and low production - in large parts of the mining sector. Some good news is that, although most economists forecast lower growth for South Africa, the consensus is that SA economy will not contract, and the country is nowhere near a recession.

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