

# Rand extends losses as sharper-than-expected Q4 GDP contraction signals start of deep recession

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The gross domestic product (GDP) read for Q4 2022 was simply a shocker, based on the expectations of economists who seem to have underestimated the impact that the surging levels of power cuts have been having on economic activity.



Source: Daily Pioneer.

The case is now open and shut. The economy simply cannot grow if rolling blackouts are maintained at current levels, and in fact is contracting before our eyes. And given the extent of the power crisis so far this quarter, it is safe to say that the South African economy is currently in the throes of a recession which is defined as two straight quarters of contracting GDP.

To wit, Statistics South Africa (Stats SA) said on Tuesday that the economy contracted 1.3% in Q4, against market expectations of a contraction of 0.4%, according to a median Bloomberg forecast by economists. Indeed, Bloomberg said that the contraction's size exceeded all of the estimates it gathered from economists. This also pulled GDP back below pre-pandemic levels. Every time the economy crosses that milestone – back to pre-pandemic levels, yahoo! – it gets pushed back into 2019 again.

Read the full article on [Daily Maverick](#)

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