

Food and beverages Quarterly Brief: No. 2, 2023

Directorate: Agro-processing Support

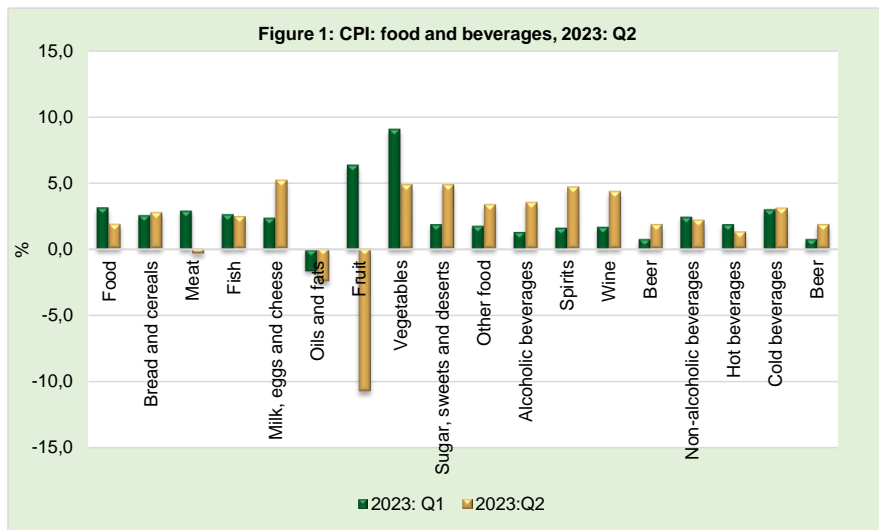
Highlights of 2023: Q2 (April to June)

- In 2023: Q2, the consumer price index (CPI) for all items rose by 1,7% following a 1,1% growth in the last quarter, however, the CPI moderated by 6,4% year-on-year. The items that moderated quarter-to-quarter were food and non-alcoholic beverages, food, vegetables, non-alcoholic beverages, hot beverages and cold beverages. The items that grew were: bread and cereals, milk eggs and cheese, sugar sweets and desserts, "other food products", alcoholic beverages, spirits, wine, and beer. Meat and fruit contracted, while oils and fats decelerated during the period under review.
- In 2023: Q2, the producer price index (PPI) for all items rose by 1,2% as compared to a 0,4% growth in the preceding quarter, however, it moderated by 6,9% year-on-year. The quarter-to-quarter PPI grew for food products, fruit and vegetables, grain mill products, "other food products", bakery products and sugar, however, meat and meat products rebounded, fish and fish products moderated, while oils and fats; and (starches and starch products; and animal feeds) contracted during the period.
- During 2023: Q2, the quarter-to-quarter seasonally adjusted volume of production for the beverages division receded further by 7,3% from a contraction of about 10,4% in the preceding quarter, however, it rebounded by 3,0% year-on-year. The seasonally adjusted volume of production for the food division, rebounded by 3,0% quarter-to-quarter following a 9,7% contraction in the last quarter, however expanded by 4,4% year-on-year.
- The nominal value of sales for the food division increased from R146 222,9 million in the previous quarter to R149 654,4 million in the current quarter, translating to a 2,3% moderate growth. The nominal value of sales for the beverages division,

similarly, grew from R47 679,2 million in the preceding quarter to R50 010,7 million in 2023: Q2, which represents a 4,9% moderate growth.

- The trade deficit for the food division narrowed from R1 165,4 million in the last quarter to R 291,5 million in the current quarter. The trade surplus for the beverages division, similarly, narrowed from R2 872,4 million in the last quarter to R2 615,3 million in the current quarter.
- In 2023: Q2, the quarter-to-quarter employment in the beverages and tobacco; and food divisions contracted by 10,3% and 1,9% from a 10,8% and 1,8% growth, respectively, registered in 2023: Q1. The year-on-year employment in the beverages and tobacco divisions moderated by 1,0%, while it grew for food division by 1,2%. Therefore, 4 380 and 4 806 jobs were lost in the food; and beverages and tobacco, divisions respectively.

1. Consumer Prices

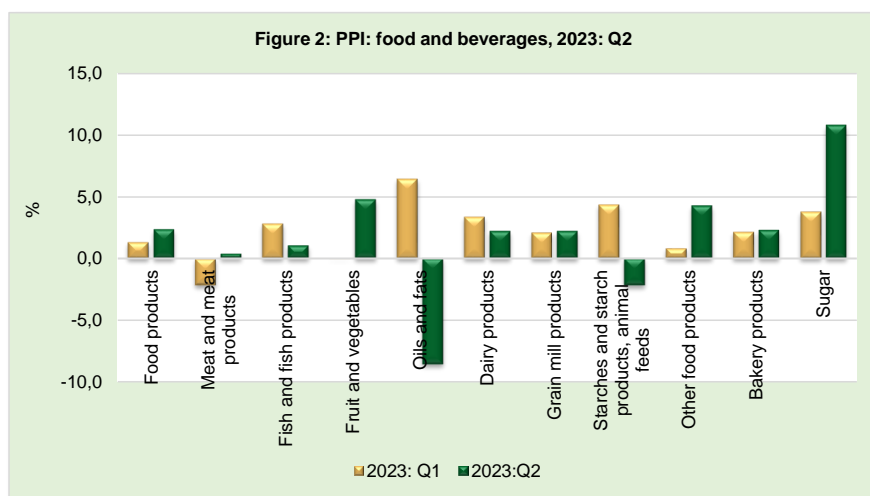


Source: Statistics SA, 2023

Figure 1 above shows the Consumer price index (CPI) for food items in 2023: Q1 and 2023: Q2. In 2023: Q2, the CPI for all items grew by 1,7% following a 1,1% growth in the last quarter, however, the CPI moderated by 6,4% year-on-year. The items that moderated quarter-to-quarter were food and non-alcoholic beverages (both at 1,9%), vegetables (4,8%), non-alcoholic beverages (2,2%), hot beverages (1,3%) and cold beverages (3,1%).

The items that grew were bread and cereals (2,7%); milk eggs and cheese (5,2%); sugar sweets and desserts (4,8%), “other food products” (3,3%), alcoholic beverages (3,5%), spirits (4,7%), wine (4,3%) and beer (1,8%). Meat (0,4%) and fruit (10,8%) contracted, while oils and fats decelerated by 2,5%.

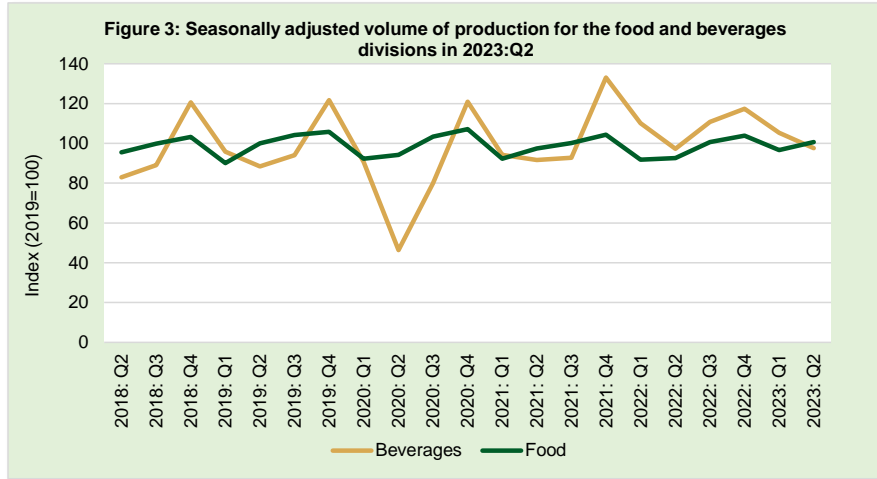
2. Producer prices



Source: Quantec, 2023

The PPI for food and beverages is depicted in Figure 2. In 2023: Q2, the PPI for all items rose by 1,2% as compared to a 0,4% growth in the preceding quarter, however, it moderated by 6,9% year-on-year. The quarter-to-quarter PPI grew for food products (2,3%), fruit and vegetables (4,8%), grain mill products (2,2%), other food products (4,3%), bakery products (2,3%) and sugar (10,8%), however, meat and meat products rebounded by 0,4%, fish and fish products moderated by 1,0%, while oils and fats; and (starches and starch products, and animal feeds) contracted by 8,6% and 2,2%, respectively.

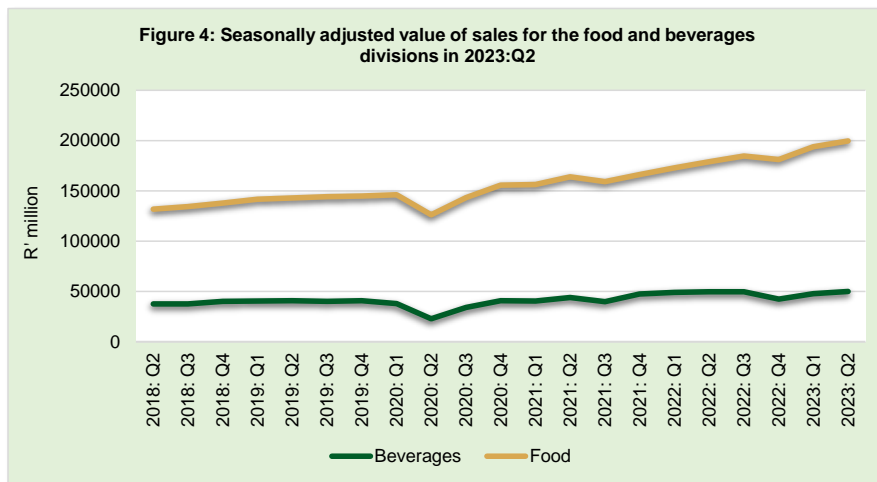
3. Volume of production



Source: Quantec, 2023

During 2023: Q2, the quarter-to-quarter seasonally adjusted volume of production for the beverages division receded further by 7,3% from a 10,4% contraction in the preceding quarter, however, it rebounded by 3,0% year-on-year. The seasonally adjusted volume of production in the food division, rebounded by 3,0% quarter-to-quarter following a 9,7% contraction in the last quarter, however it expanded by 4,4% year-on-year (see Figure 3).

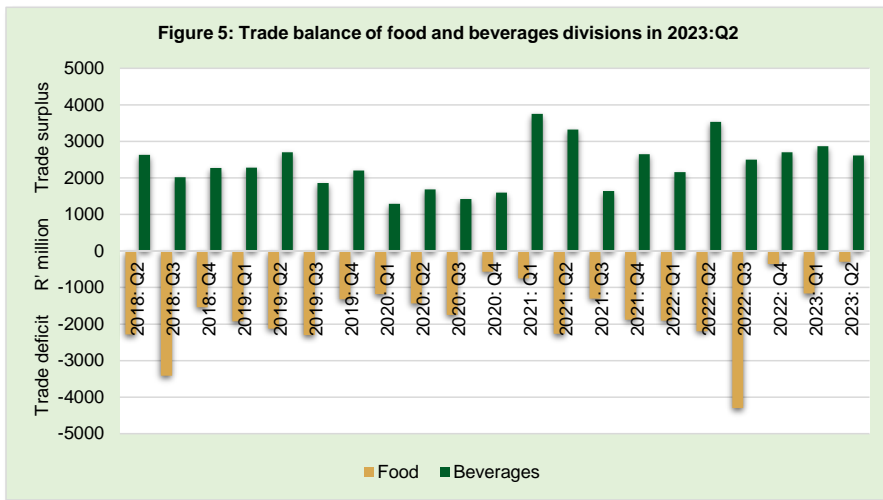
4. Sales



Source: Quantec, 2023

Figure 4 above shows the seasonally adjusted value of sales for food and beverages for the past five years. As depicted in Figure 4, sales for both divisions have gradually been increasing. The nominal value of sales for the food division grew from R146 222,9 million in the previous quarter to R149 654,4 million in the current quarter, translating to a 2,3% moderate growth. The nominal value for the beverages division, similarly, grew from R47 679,2 million in the preceding quarter to R50 010,7 million in 2023: Q2, which represents a 4,9% moderate growth.

5. Trade



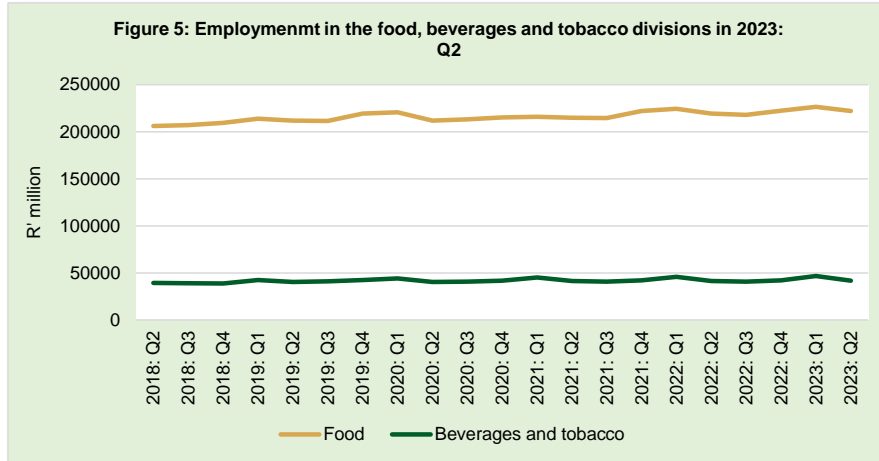
Source: Quantec, 2023

Figure 5 above shows the trade balance for the food and beverages divisions over the five-year period. The trade deficit for the food division narrowed from R1 165,3 million in the last quarter to R 291,5 million in the current quarter. The trade surplus for the beverages division, similarly, narrowed from R2 872,4 million in the last quarter to R 2 615,3 million in the current quarter.

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6. Employment



Source: Quantec, 2023

Figure 6 above shows employment in the food, beverages and tobacco divisions. In 2023: Q2, the quarter-to-quarter employment in the beverages and tobacco; and food division contracted by 10,3% and 1,9% from a 10,8% and 1,8% growth, respectively, registered in 2023: Q1. The year-on-year beverages and tobacco division moderated by 1,0%, while it grew for the food division by 1,2%. Therefore, 4 380 and 4 806 jobs were lost in the food; and beverages and tobacco divisions, respectively.

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