

Agro-processing Quarterly Brief: No. 3, 2021

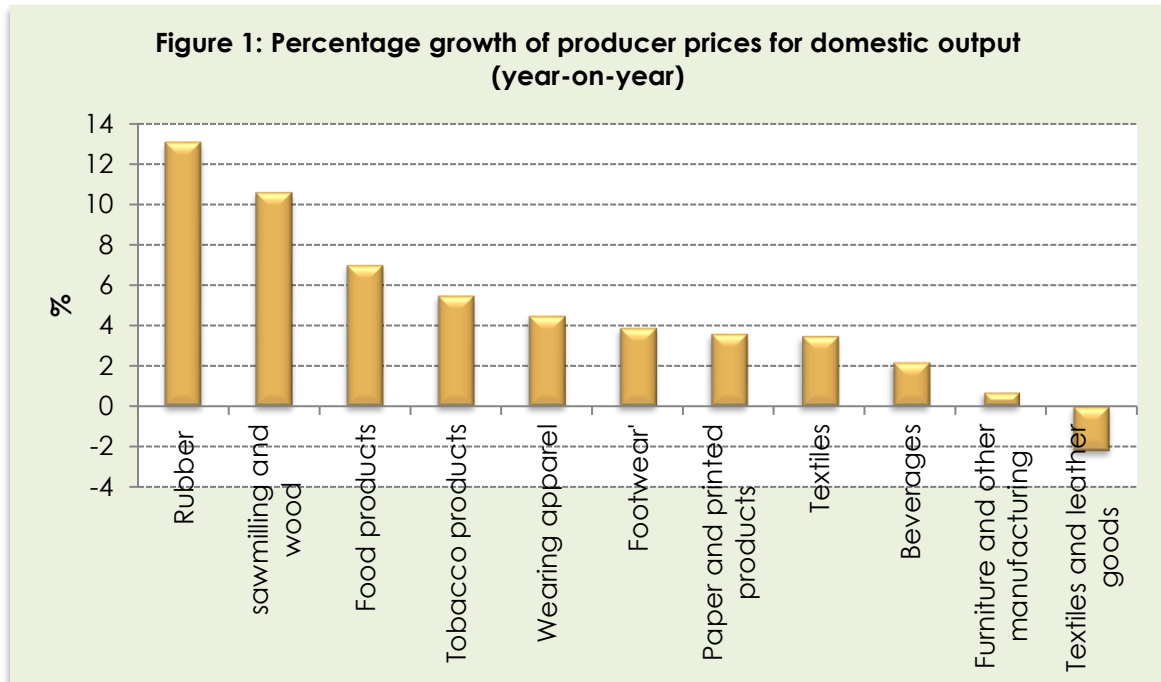
Directorate: Agro-processing Support

Highlights of 2021: Q3 (July to September)

- In 2021: Q3, the year-on-year producer price inflation for final manufactured goods increased to 7,4% from around 7,3% recorded in the preceding quarter. The producer price stagnated for beverages and footwear divisions, while it moderated for food products and paper and paper products divisions. However, the producer price increased for textiles and rubber products divisions. Likewise, the producer price rebounded for furniture and other manufacturing division, while it accelerated for sawmilling and wood division.
- During 2021: Q3, the quarter-to-quarter seasonally adjusted volume of production for agro-processing industry rebounded by 3,0% from a 4,9% contraction in the preceding quarter. The volume of production rebounded for beverages, rubber, paper and paper products, wearing apparel and textiles. Similarly, the volume of production increased for furniture division, however, it decelerated for leather and leather products and footwear divisions. On the other hand, the volume of production for wood and wood products and food products divisions receded further in 2021: Q3.
- The seasonally adjusted value of sales contracted by 2,7% from a 2,9% growth in the previous quarter. Thus sales for agro-processing industry declined to R208 351,4 million in 2021: Q3, from around R214 164,0 million in 2021: Q2. The year-on-year seasonally adjusted value of sales, however, moderated by 9,2% in 2021: Q3. The seasonally adjusted value of sales receded further for wearing apparel and footwear divisions. Sales for textiles and rubber products divisions decelerated in growth during the period under review, while sales for leather and leather products, wood and wood products and furniture divisions rebounded. However, sales for food products division moderated in 2021: Q3.
- The trade deficit for the agro-processing industry widened from R11 049,2 million in 2021: Q2 to R16 766,4 million in 2021: Q3, which represented a 51,8% growth in 2021: Q3 from a 19,8% growth in 2021: Q2. The divisions that recorded trade deficits were: wearing apparel (R5 729,0 million), rubber products (R3 373,1 million), footwear (R2 883,3 million), textiles (R2 643,7 million), food products (R2 097,7 million), paper and paper products (R1 719,4 million), furniture (R1 538,4 million) and leather and leather products (R559,8 million). However, beverages, tobacco products and wood and wood products divisions recorded positive trade balance of R2 564,7 million, R1 117,6 million and R1 085,7 million, respectively, in 2021: Q3.
- Despite an increase in the seasonally adjusted volume of production, the agro-processing industry shed about 1 660 jobs in 2021: Q3. The employment in agro-processing industry, quarter-to-quarter, further contracted by 0,4% in 2021: Q3 from

a decline of about 1,6% in 2021: Q2. However, year-on-year, it decelerated by 1,2% in 2021: Q3. The argro-processing divisions that shed jobs in 2021: Q3 are food products (0,7%), beverages (1,6%), textiles (1,6%), wearing apparel (0,5%), rubber products (1,1%), wood and wood products (0,7%) and leather and leather products divisions (1,1%) . However, footwear (0,8%), furniture (2,2%) and paper and paper products (0,8%) divisions created jobs during the period under review.

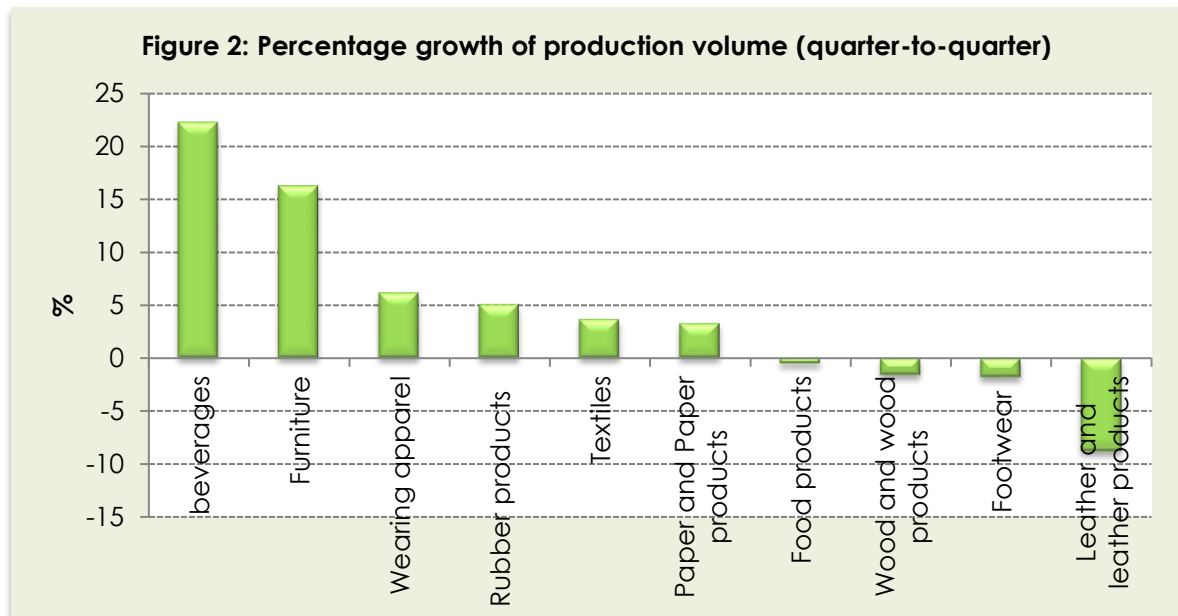
Producer prices



.Source: Statistics SA, 2021

In 2021: Q3, the year-on-year producer price inflation for final manufactured goods increased to 7,4% from about 7,3% recorded in the preceding quarter. The producer price moderated for paper and printed products (3,6%), food products (7,0%) and tobacco (5,5%). The producer price inflation for wearing apparel, rubber products, textiles, sawmilling and wood divisions increased to 4,5%, 13,1%, 3,5% and 10,6%, respectively, in 2021: Q3. The However, the producer price for beverages and footwear divisions stagnated at 2,2% and 3,9%, respectively. Differently, the producer price for furniture division rebounded to 7%, while that of textiles and leather goods division further contracted at around 2,2% as shown in Figure 1.

Volume of production

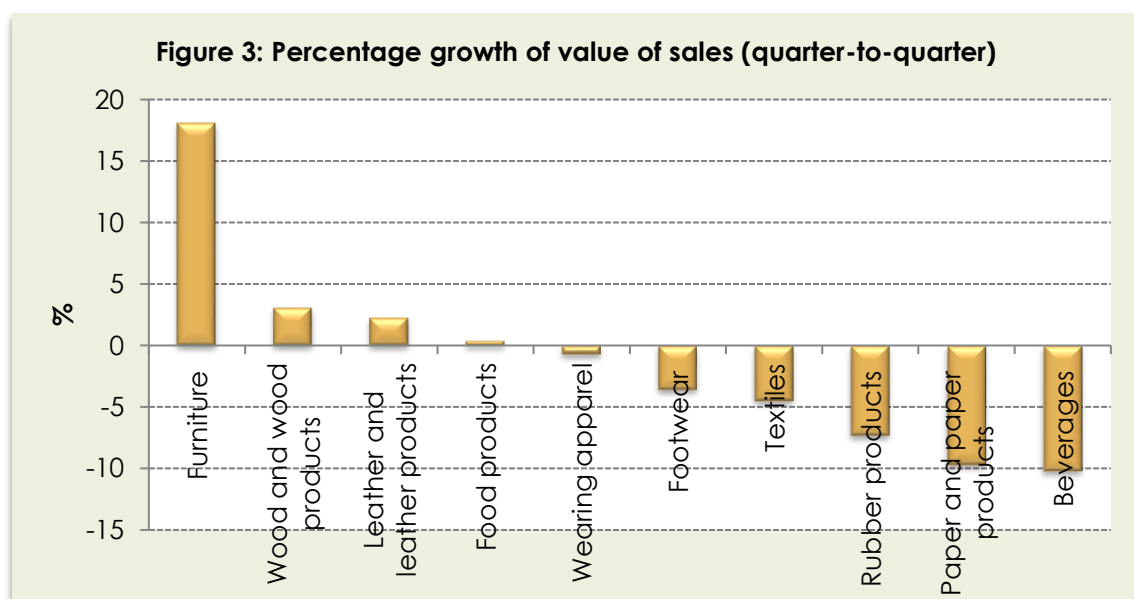


Source: Statistics SA, 2021

*tobacco data not supplied

Figure 2 above shows the seasonally adjusted physical volume of production for the agro-processing divisions in 2021: Q3. The agro-processing industry's volume of production rebounded by 3,0% in 2021: Q3 from a 4,9% contraction in the last quarter. The volume of production rebounded for beverages (22,3%), rubber (5,1%), paper and paper products (3,3%), wearing apparel (6,2%) and textiles (3,7%). The volume of production for furniture division increased by 16,3%, while for leather and leather products and footwear divisions it decelerated by 8,8% and 1,8%, respectively, in 2021: Q3. However, for wood and wood products and food products divisions, it contracted further by 1,6% and 0,5%, respectively, in 2021: Q3.

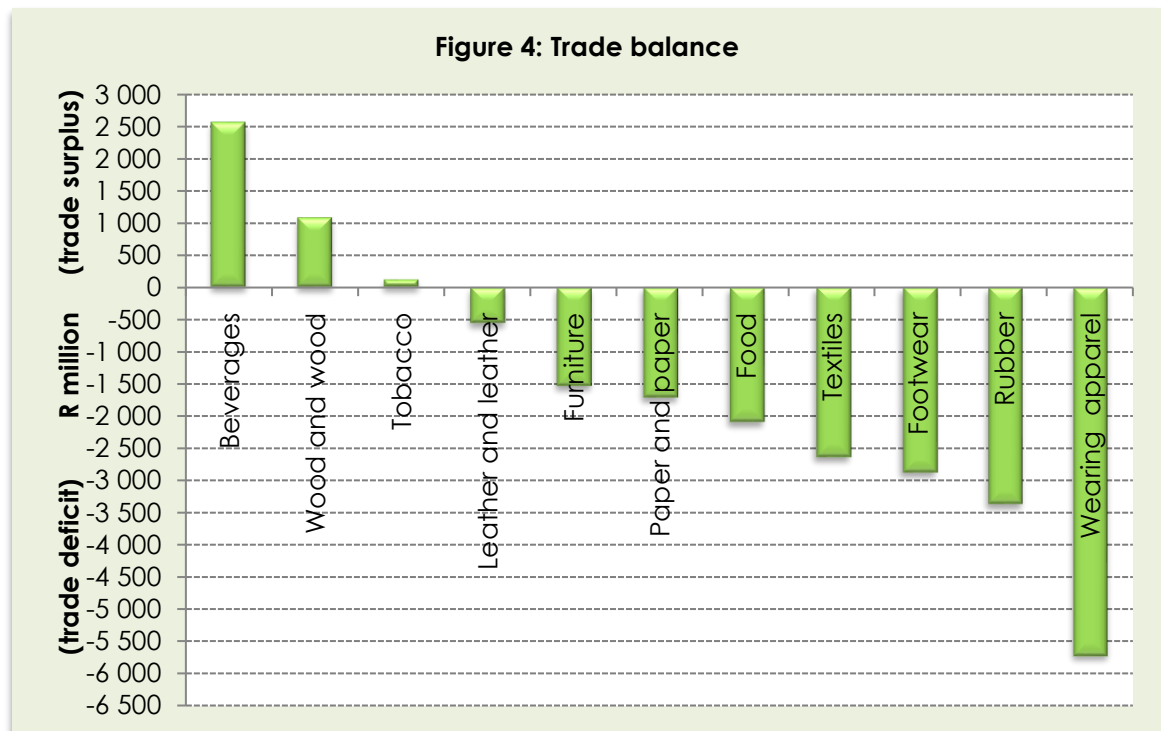
Value of sales



Source: Statistics SA, 2021

Figure 3 above shows the seasonally adjusted value of sales for the agro-processing divisions in 2021: Q3. The seasonally adjusted value of sales contracted by 2,7% from a 2,9% growth in the preceding quarter. Therefore, sales for agro-processing industry declined to R208 351,4 million in 2021: Q3, from around R214 164,0 million in 2021: Q2. The divisions that seen a contraction in the value of sales are wearing apparel (0,7%) and footwear (3,6%). Moreover, sales for textiles and rubber products divisions decelerated by 4,5% and 7,3%, respectively. Conversely, sales for leather and leather products, wood and wood products and furniture divisions rebounded by 2,3%, 3,1% and 7,3%, respectively. However, sales for food division moderated by 0,4%.

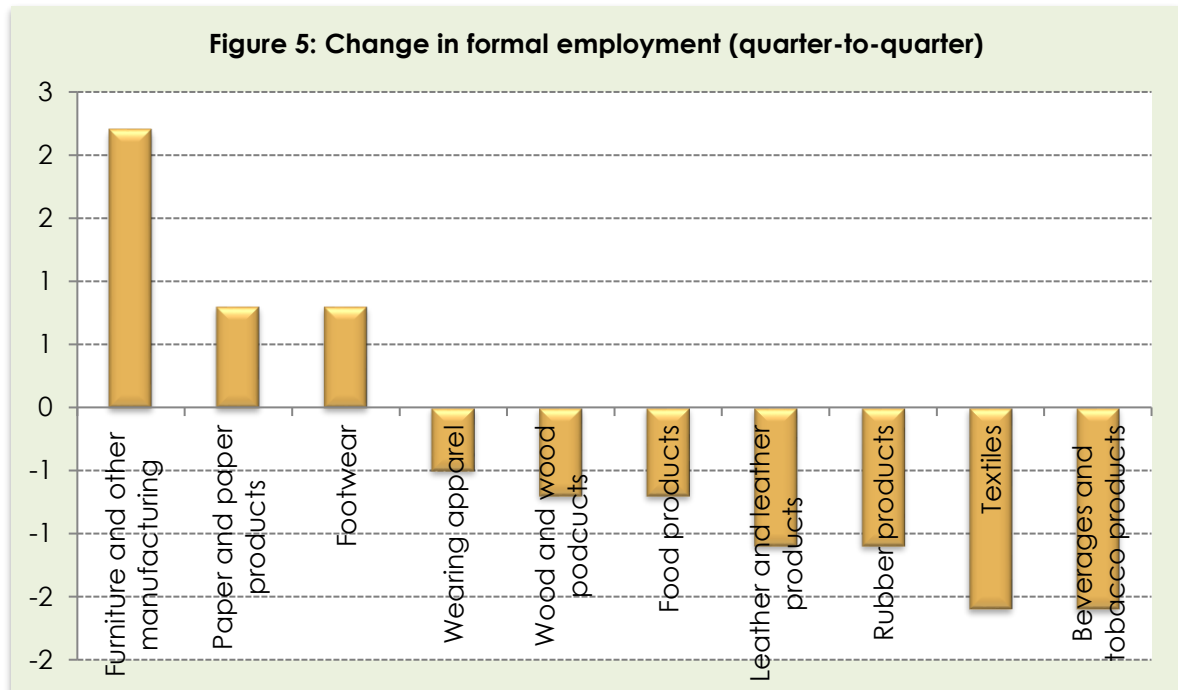
Trade



Source: Trade Map, 2021

During 2021: Q3, the trade deficit for the agro-processing industry widened from R11 049,2 million in 2021: Q2 to R16 766,4 million in 2021: Q3, which represented a 51,8% growth in 2021: Q3 from a 19,8% growth in 2021: Q2. The divisions that recorded trade deficits were: wearing apparel (R5 729,0 million), rubber products (R3 373,1 million), footwear (R2 883,3 million), textiles (R2 643,7 million), food products (R2 097,7 million), paper and paper products (R1 719,4 million), furniture (R1 538,4 million) and leather and leather products (R559,8 million). However, beverages, tobacco products and wood and wood products divisions recorded a positive trade balance of R2 564,7 million, R1 117,6 million and R1 085,7 million, respectively in 2021: Q3 as presented in Figure 4.

Formal employment



Source: Stats SA (2021)

During 2021: Q3, the formal employment in the agro-processing industry contracted, quarter-to-quarter, by 0,4% as compared to a 1,6% decline registered in 2021: Q2. However, it decelerated by 1,2% year-on-year. The quarter-to-quarter formal employment contracted for beverages, textiles, wearing apparel and wood and wood products divisions by 1,6%, 1,6%, 0,5% and 0,7%, respectively. Similarly, formal employment for rubber products and leather and leather products divisions contracted by 1,1% each in 2021: Q3, while for food products, it decelerated by 0,7%. However, formal employment for footwear and furniture divisions rebounded by 0,8% and 2,2%, respectively. The formal employment for paper and printed products division, on the other hand, increased by 0,8% in 2021: Q3 as illustrated in Figure 5.

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