



## Agro-processing Quarterly Brief: No. 2, 2021

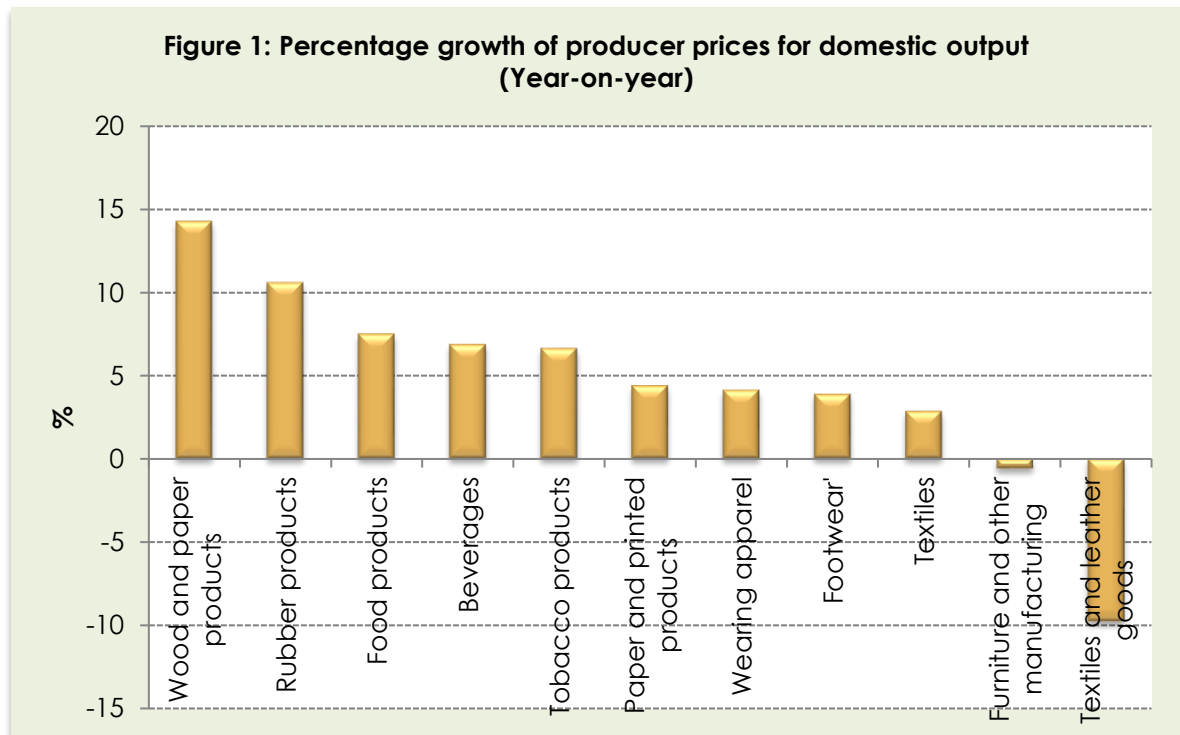
Directorate: Agro-processing Support

### Highlights of 2021: Q2 (April to June)

- In 2021: Q2, the producer price for wood and paper products, rubber products, food products, tobacco, textiles, wearing apparel and beverages increased to 14,3%, 10,6%, 7,5%, 6,6%, 4,1% and 2,2%, respectively. The producer price for footwear and paper and printed products divisions moderated to 3,9% and 4,4% respectively. However, the producer price for furniture and other manufacturing contracted in growth by 0,6%, while the producer price for textiles and leather goods division decelerated by 9,8% in 2021: Q2.
- During 2021: Q2, the seasonally adjusted physical volume of production for agro-processed industry contracted by 2,6% as compared to a 0,6% growth in the preceding quarter. Similarly, production for beverages and footwear contracted by 5,1% and 1,3% in 2021: Q2 from a growth of 23,9% and 7,6% in 2021: Q1, respectively. Likewise, production for textiles, furniture, wood and wood products and food products further contracted in 2021: Q2. However, production for paper and paper products moderated. Deceleration in production is seen in wearing apparel, rubber products and leather and leather products division by about 6,7%, 7,9% and 12,3%, respectively, in 2021: Q2.
- The value of sales in the agro-processing industry in 2021: Q2 increased by 2,7% from a growth of about 2,2% in the previous quarter. This amounts to sales of approximately R213 757,7 million in 2021: Q2 from R218 232,6 million in the preceding quarter. Sales for beverages, paper and paper products and food products increased during 2021:Q2. Sales for footwear division, however, moderated by 0,6% as compared to a 21,8% growth recorded in the previous quarter. However, sales for textiles, leather and leather products and rubber products contracted in 2021: Q2. Likewise, sales for furniture and wearing apparel divisions decelerated during the period under review.
- During 2021: Q2, trade deficit of the agro-processing industry rebounded quarter-to-quarter by 19,8% from a contraction of 31,0% in the preceding quarter, however, it further contracted year-on-year by 28,7% following a 30,8% contraction in the last quarter. As a result, the trade deficit widened from R9 222,2 million in 2021: Q1 to R11 049,2 million in 2021: Q2. The divisions with a positive trade balance during 2021 :Q2 are: beverages (R3 219,8 million), wood and wood products (R594,6 million) and tobacco (R25,6 million). However, leather and leather products (R415,8 million), textiles (R651,5 million), furniture (R1 127,8 million), paper and paper products (R1 211,1 million), food (R1 446,2 million), footwear (R2 060,2 million), rubber (R3 576,6 million) and wearing apparel (R4 400,1 million) divisions have a negative trade balance.

- During 2021: Q2, the formal employment in agro-processing industry contracted by 1,9%. This translates to about 8 835 jobs shed in agro-processing industry during 2021: Q2. The formal employment for the food products and wearing apparel divisions decelerated in 2021: Q2. Likewise, formal employment contracted for leather and leather products, wood and wood products, beverages, tobacco and textiles divisions. Formal employment declined further for paper and paper products, furniture, rubber products and footwear divisions.

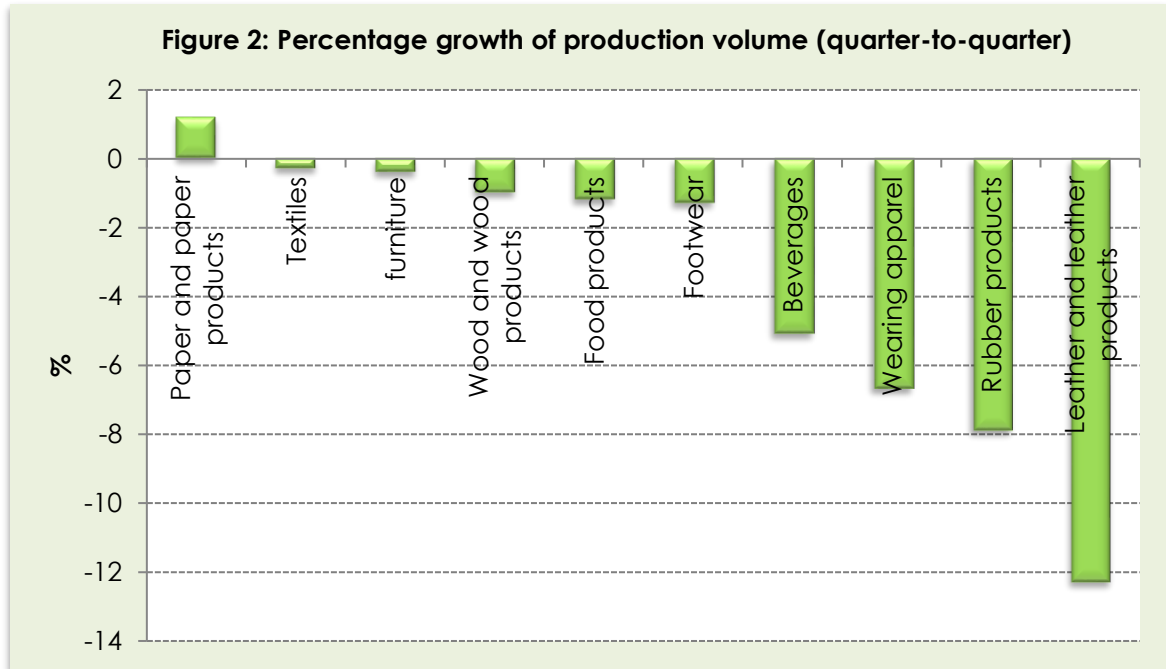
### Producer prices



Source: Statistics SA, 2021

During 2021: Q2, the producer price for wood and paper products, , rubber products, food products, tobacco, textiles, wearing apparel and beverages increased to 14,3%, 10,6%, 7,5%, 6,6%, 4,1% and 2,2%, respectively. The producer price for footwear and paper and printed products divisions moderated to 3,9% and 4,4% respectively. However, the producer price for furniture and other manufacturing contracted in growth by 0,6%, while the producer price for textiles and leather goods division decelerated by 9,8 % in 2021: Q2.

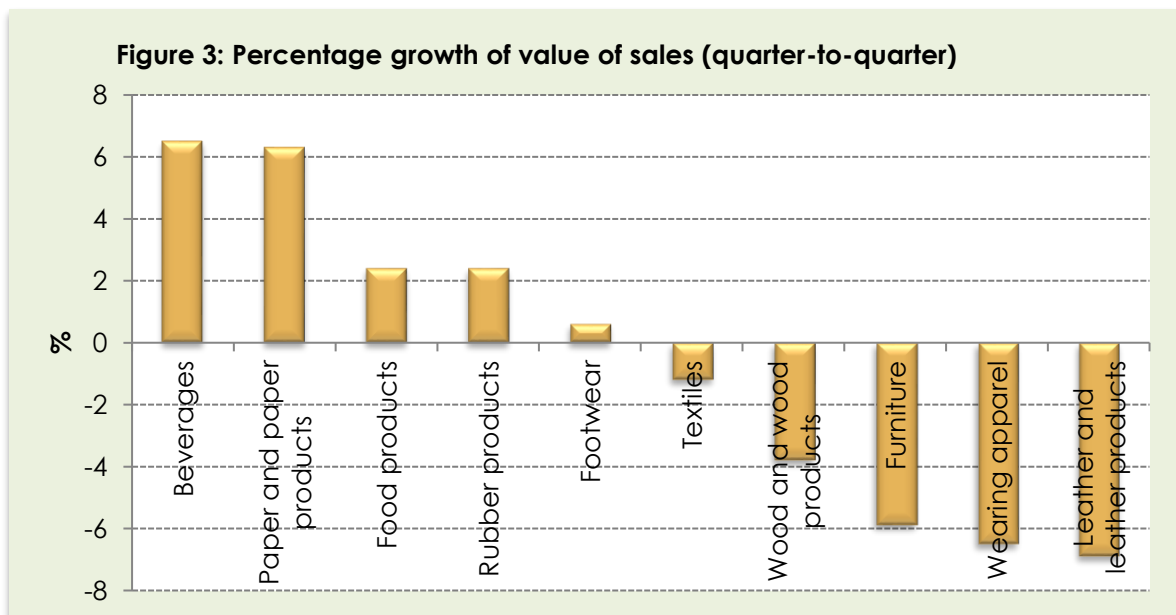
### Volume of production



Source: Statistics SA, 2021

Figure 2 above shows the physical volume of production for the agro-processing divisions in 2021: Q2. The volume of production for the agro-processing industry contracted by 2,6% in 2021: Q2 as compared to 0,6% growth in the preceding quarter. Production for beverages and footwear divisions contracted by 5,1% and 1,3%. Likewise production for textiles, furniture, wood and wood products and food products divisions further contracted by 0,3%, 0,4%, 1,0% and 1,2% in 2021: Q2. However, production for paper and paper products division moderated by 1,2%. Conversely, production for wearing apparel, rubber products and leather and leather products divisions decelerated by 6,7%, 7,9% and 12,3%, respectively, during 2021: Q2.

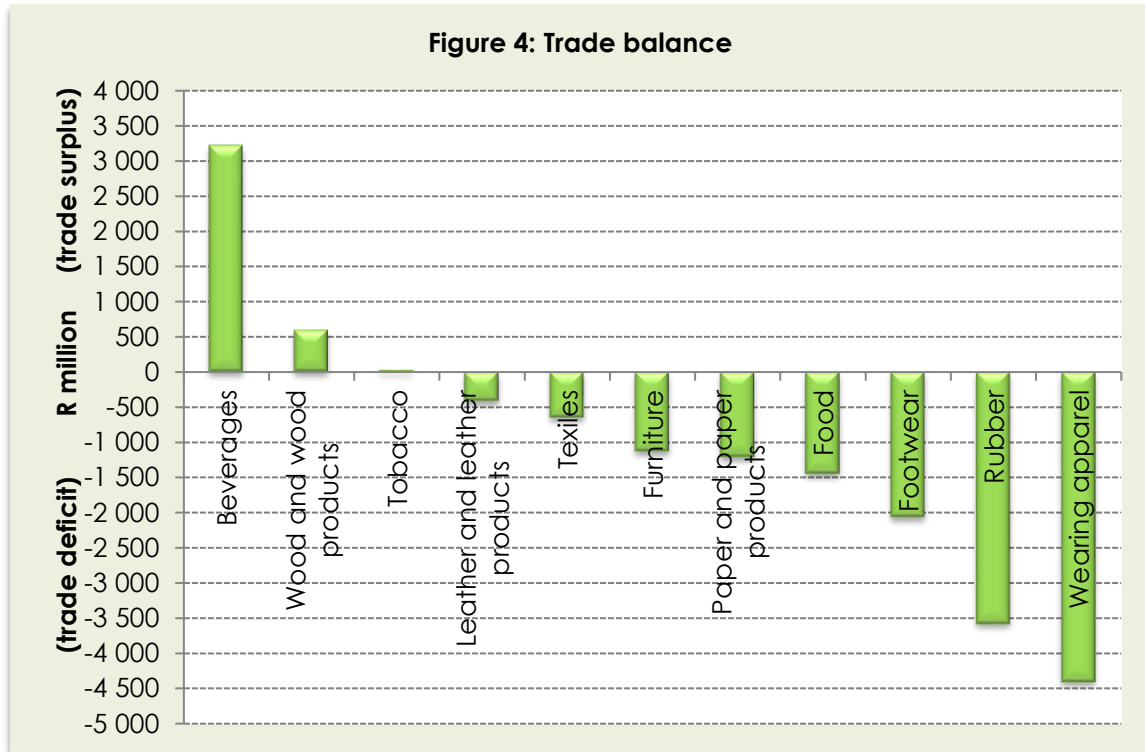
### Value of sales



Source: Statistics SA, 2021

During 2021: Q2, the value of sales in the agro-processing industry increased by 2,7% following a growth of 2,2% in the previous quarter. Sales for beverages, paper and paper products and food products increased by 6,5%, 6,3% and 2,4%, respectively, during the period under review. Sales for footwear division moderated by 0,6% as compared to a 21,8% growth recorded in the previous quarter. However, sales for textiles, leather and leather products and rubber products contracted by 1,2%, 6,9% and 2,4%, respectively, in 2021: Q2. Differently, sales for furniture and wearing apparel divisions decelerated by 5,9% and 6,5%, respectively, in 2021:Q2 as presented in Figure 3.

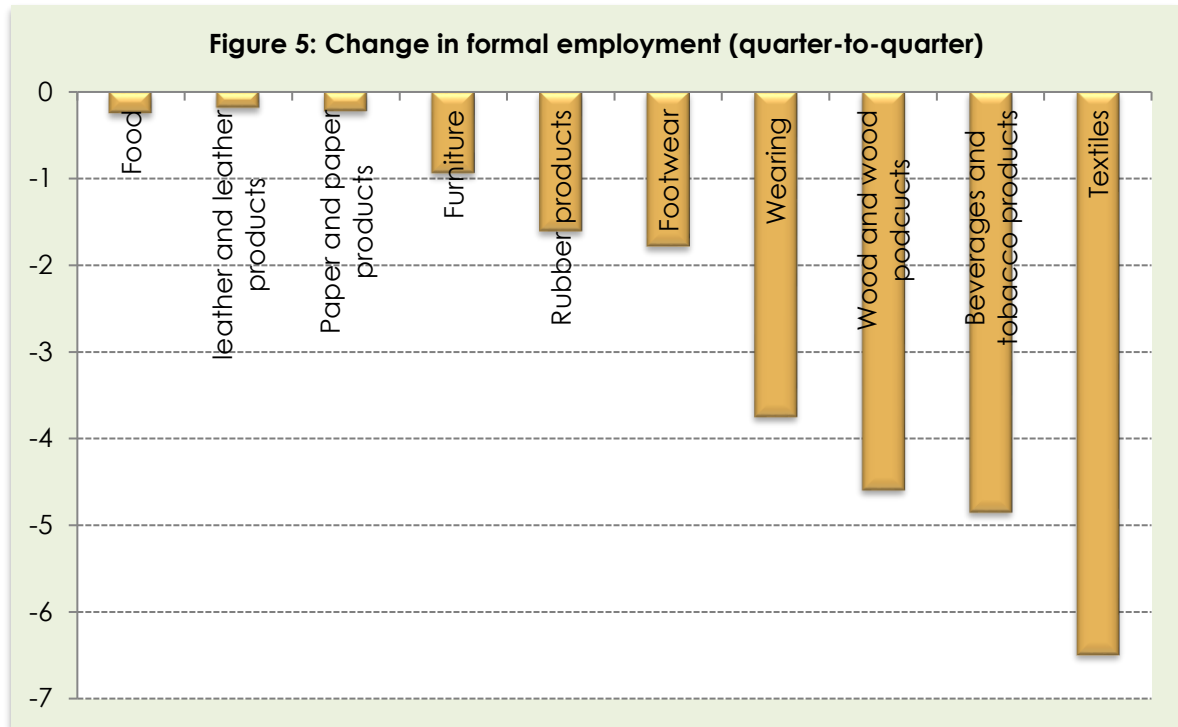
**Trade**



Source: Trade Map, 2021

During 2021: Q2, trade deficit of the agro-processing industry worsened. Trade deficit of the agro-processing industry, quarter-to-quarter, expanded by about 19,8% from a contraction of 31,0% in the preceding quarter. As a result, the trade deficit widened from R9 222,2 million in the last quarter to R11 049,2 million in 2021: Q2. The divisions with a positive trade balance during 2021: Q2 are beverages (R3 219,8 million), wood and wood products (R594,6 million) and tobacco (R25,6 million). However, leather and leather products (R415,8 million), textiles (R651,5 million), furniture (R1 127,8 million), paper and paper products (R1 211,1 million), food (R1 446,2 million), footwear (R2 060,2 million), rubber (R3 576,6 million) and wearing apparel (R4 400,1 million) have a negative trade balance in 2021: Q2 as it is illustrated in Figure 4.

## Formal employment



Source: Stats SA (2021)

During 2021: Q2, formal employment in agro-processing industry contracted quarter-to-quarter by 1,9% from a growth of about 0,6% in the preceding quarter. Likewise, year-on-year, formal employment in the agro-processing industry further contracted by 0,8%. In 2021: Q2, formal employment in paper and paper products, furniture, rubber products and footwear divisions further declined by 0,2%, 0,9%, 1,6% and 1,8% respectively. Similarly, formal employment in food products and wearing apparel divisions decelerated by 0,3% and 4,6% respectively, in 2021: Q2. Further contraction in formal employment is observed in leather and leather products, wood and wood products, beverages and textiles divisions by 10,2%, 4,6%, 4,9% and 6,5% respectively (see Figure 5).

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