



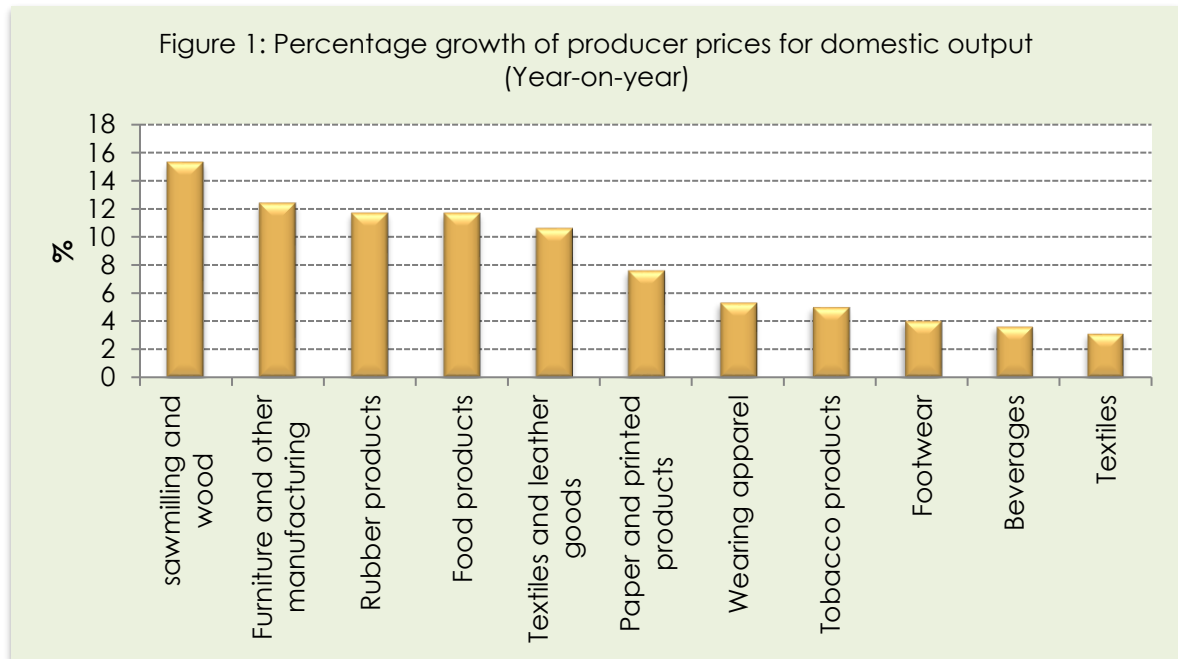
Agro-processing Quarterly Brief: No. 2, 2022

Directorate: Agro-processing Support

Highlights of 2022: Q2 (April to June)

- In 2021: Q2, the year-on-year producer price inflation for all manufactured goods grew by 5,9% following a 3,1% growth recorded respectively in the last quarter. The produce price inflation grew for these divisions: sawmilling and wood, furniture, textiles and leather products, paper and paper products, wearing apparel, footwear, and textiles. However, the producer price inflation for rubber products, tobacco and beverages divisions moderated in growth.
- The seasonally adjusted physical volume of production for the agro-processing sector in 2022: Q2 contracted by 4,8% compared to a 0,7% growth in the preceding quarter. Most divisions contracted during this period. These divisions were wearing apparel, food products, beverages, rubber products and leather and leather products. The furniture, paper and paper products, textiles and wood and wood products divisions' volume of production decelerated in 2022: Q2. However, the volume of production for footwear rebounded in 2022: Q2.
- The value of sales in the agro-processing sector increased from R232,690,0 million in 2022: Q1 to R236 735,0 million in 2022: Q2. During this period, sales for the following divisions contracted in growth: beverages, textiles, wearing apparel, wood and wood products and furniture. However, sales for food products, leather and leather products moderated during the period under review. Sales for footwear grew, while that of rubber rebounded. Conversely, sales for paper and paper products decelerated in 2022: Q2.
- During 2022: Q2, the trade deficit for agro-processing sector contracted quarter-to-quarter by 42,0% from a growth of 60,7% in the preceding quarter, however, it moderated year-on-year by 23,6% following a 48,6% growth in the preceding quarter. As a result, the trade deficit narrowed from R17 119,4 million in the last quarter to R9 936,3 million in the current quarter. The divisions that had a positive trade balance were beverages, paper and paper products and wood and wood products. However, the following divisions registered a negative trade balance: wearing apparel, rubber products, textiles, footwear, food, leather and leather products, tobacco and furniture.
- During 2022: Q2, the agro-processing sector recorded about 474 020 jobs from 489 985 jobs in 2022: Q1, representing 15 963 jobs lost. This can be attributed to job losses recorded in most divisions. These divisions were: food products, beverages and tobacco, textiles, wearing apparel, furniture, footwear and leather and leather products. However, jobs were created in the following divisions: paper and paper products and rubber products.

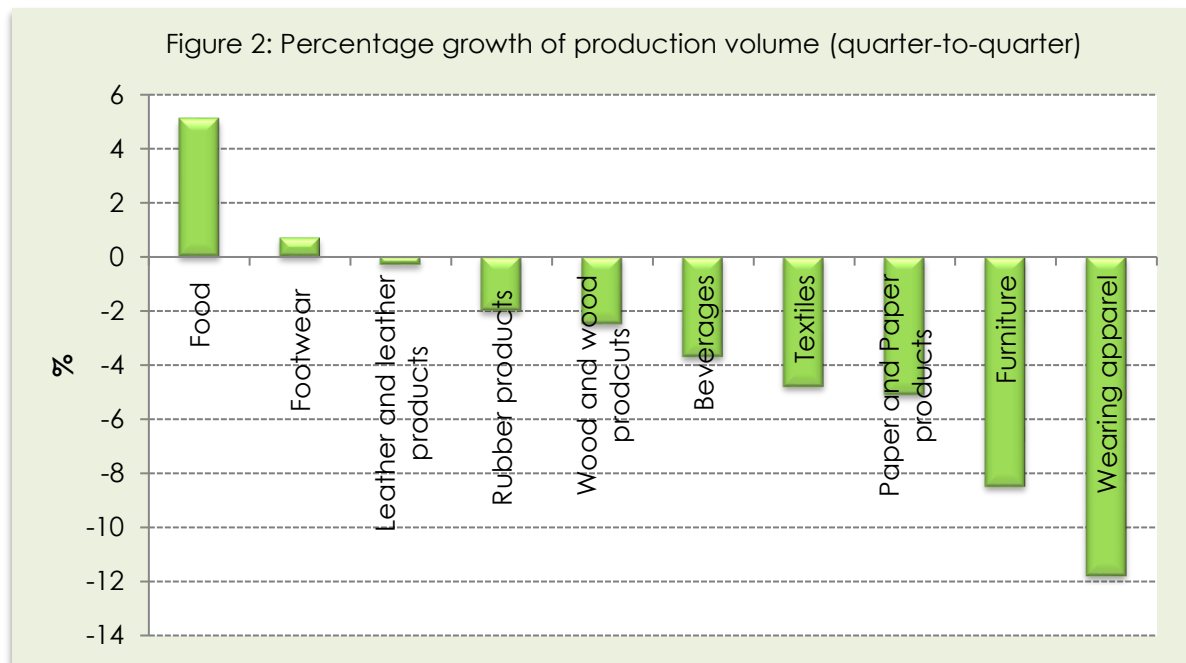
Producer Prices



Source: Statistics SA, 2022

In 2021: Q2, the quarter-to-quarter and year-on-year producer price inflation for all manufactured goods grew by 5,9% and 14,7% following a 3,1% and 10,8% growth recorded in the last quarter, respectively. The producer price inflation for most agro-processing divisions grew during the period under review. These divisions were sawmilling and wood (15,3%), furniture (12,4%), textiles and leather products (10,6%), paper and paper products (7,6%), wearing apparel (5,3%), footwear (4,0%) and textiles (3,1%), however, rubber, tobacco and beverages divisions moderated by 11,7%, 5,0% and 3,6%, respectively, in 2022: Q2 (See Figure 1).

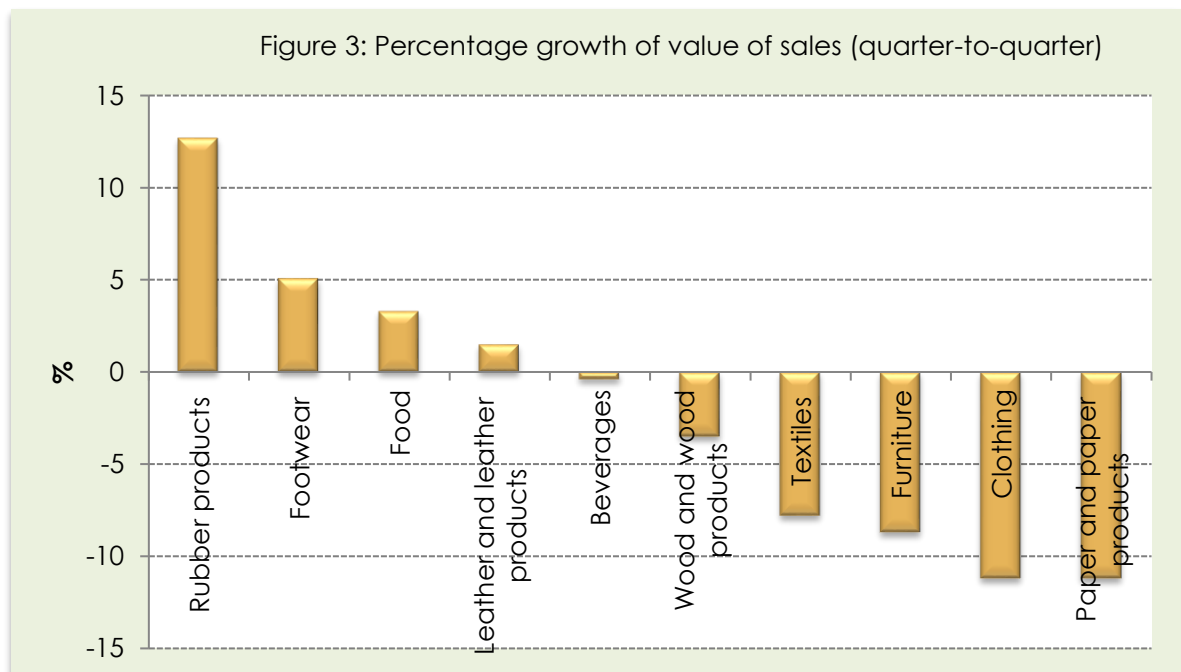
Volume of Production



Source: Quantec, 2022

Figure 2 above shows the seasonally adjusted physical volume of production for the agro-processing divisions in 2022: Q2. The volume of production for the agro-processing sector contracted by 4,8% in 2022: Q2 as compared to a 0,7% growth in the preceding quarter. However, the sector contracted by 2,1% year-on-year. Most divisions contracted during this period. These divisions were wearing apparel (11,8%), food (5,1%), beverages (3,7%), rubber products (2,0%) and leather and leather products (0,3%). The furniture, paper, textiles and wood and wood products divisions decelerated by 8,5%, 5,1%, 4,8% and 2,5%, respectively, during the period. However, footwear rebounded by 0,7% during the period.

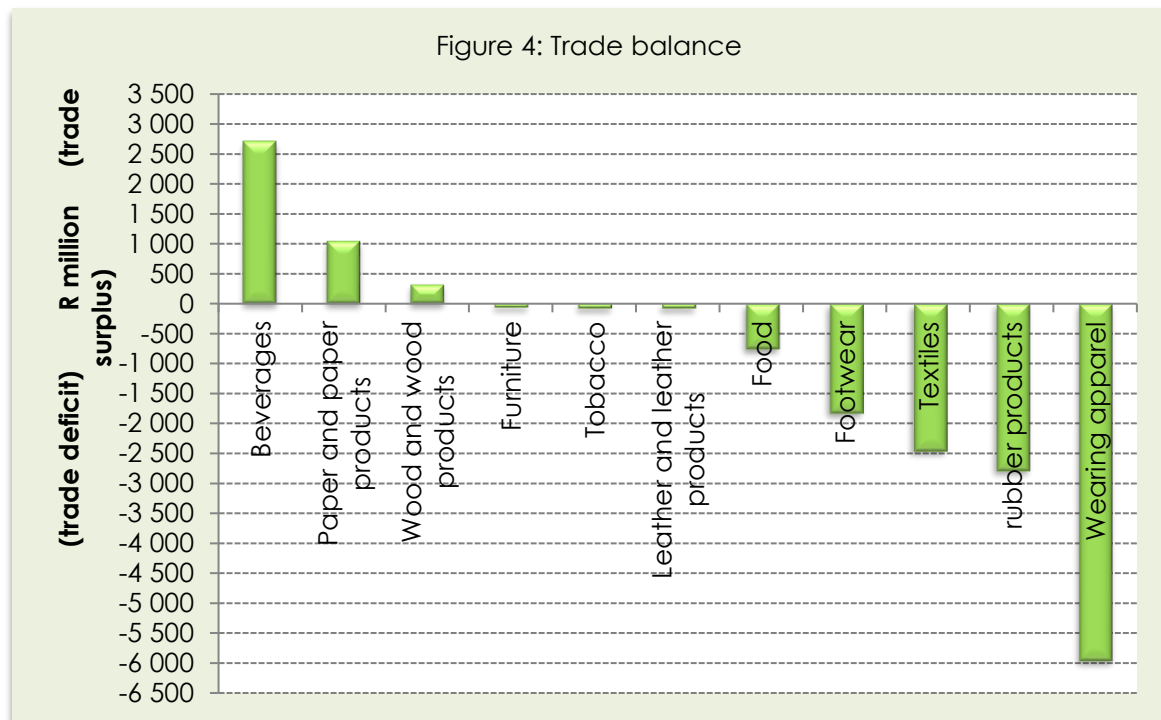
Value of Sales



Source: Quantec, 2022

During 2022: Q2, the value of sales in the agro-processing sector remained unchanged as compared to a growth of 3,6% in the preceding quarter, however, seasonally adjusted value of sales moderated by 6,9% year-on-year. During the period under review, sales for the following divisions contracted in growth: beverages (0,4%), textiles (7,8%), clothing (11,2%), wood and wood products (3,5%) and furniture (8,7%). Sales for food products and leather and leather products moderated by 3,3% and 1,5%, respectively. However, sales for footwear grew by 5,1%, while for rubber it rebounded by 12,7%. Conversely, sales for paper and paper products decelerated by 11,2% as shown in Figure 3.

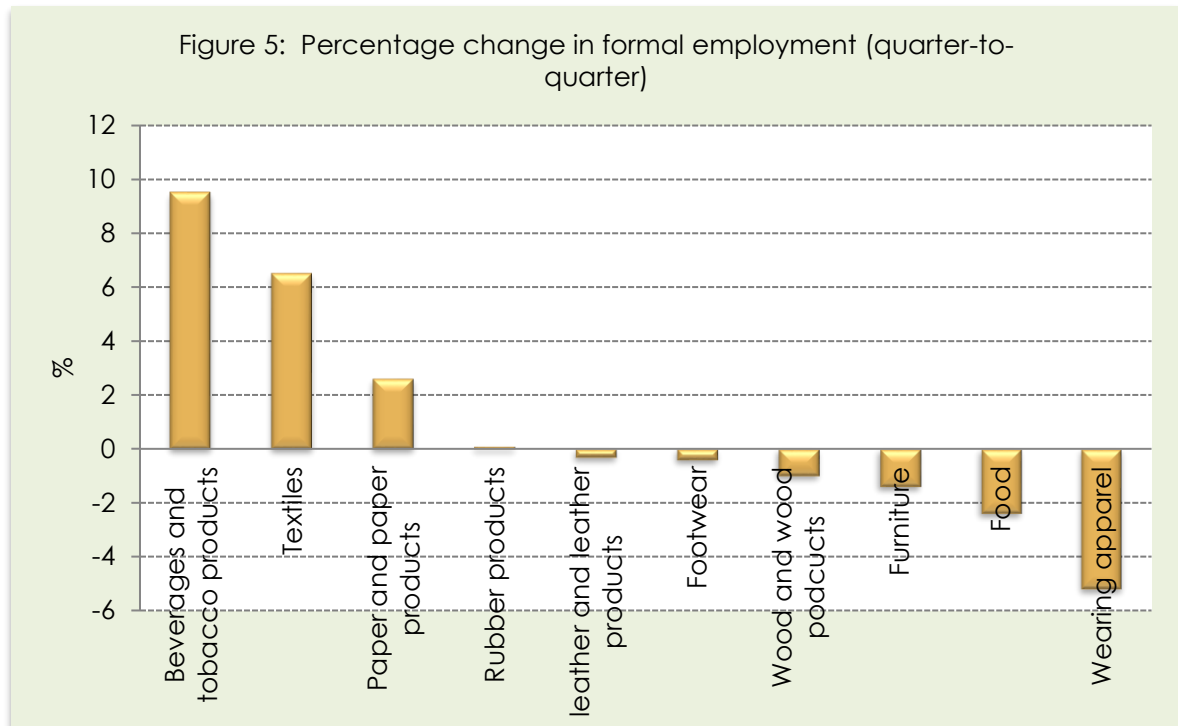
Trade



Source: Quantec, 2022

During 2022: Q2, the trade deficit for agro-processing sector contracted quarter-to-quarter by 42,0% from a growth of 60,7% in the preceding quarter, however, it moderated year-on-year by 23,6% following a 48,6% growth in the preceding quarter. As a result, the trade deficit narrowed from R17 119,4 million in the last quarter to R9 936,3 million in the current quarter. The divisions that had a positive trade balance during the period under review were beverages (R2 710,6 million), paper and paper products (R1 049,2 million) and wood and wood products (R321,2 million). However, the divisions that registered a negative trade balance were wearing apparel (R5 970,3 million), rubber products (R2 784,9 million), textiles (R2 459,2 million), footwear (R1 828,6 million), food (R754,9 million), leather and leather products (R79,9 million), tobacco (R78,7 million) and furniture (R60,8 million) (See Figure 4).

Formal Employment



Source: Stats SA (2022)

During 2022: Q2, the agro-processing sector recorded about 474 020 jobs from 489 985 jobs in 2022: Q1, representing 15 963 jobs lost. This can be attributed to job losses recorded in most divisions. These divisions were food products (5 425 jobs), beverages and tobacco (4 346), textiles (4 269), wearing apparel (1 847), furniture (349), footwear (21) and leather and leather products (14). However, jobs were created in the following divisions: paper and paper products (709) and rubber products (9) as presented in Figure 5.

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