

Agro-processing Quarterly Brief: No. 2, 2023

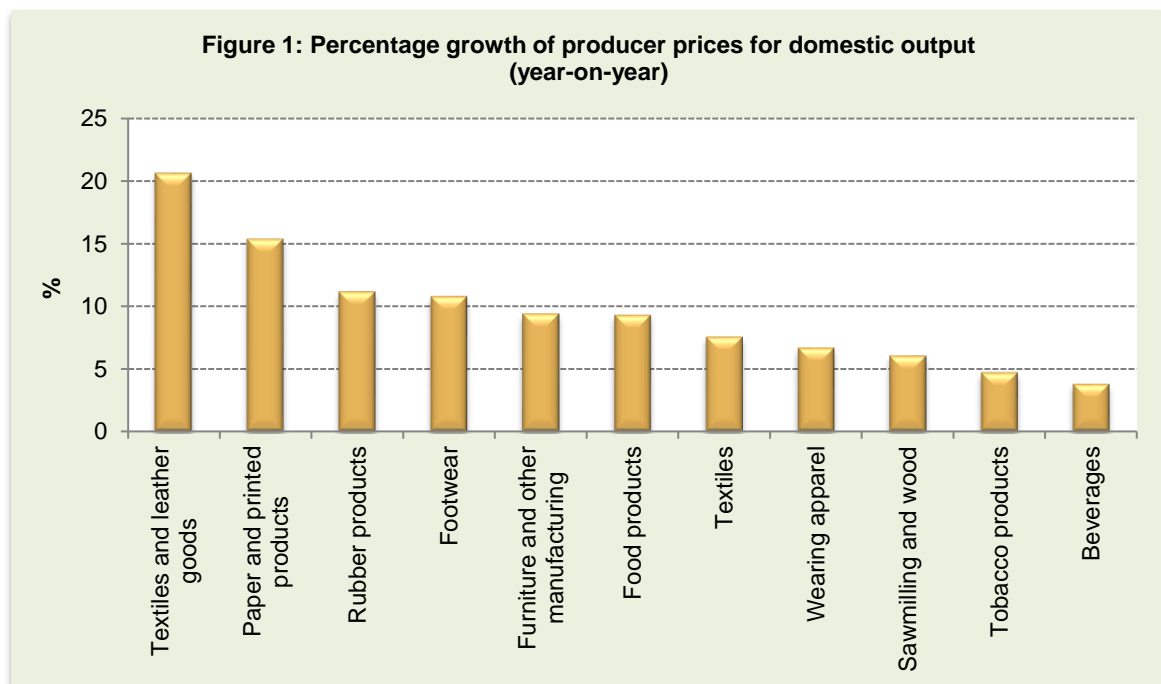
Directorate: Agro-processing Support

Highlights of 2023: Q2 (April to June)

- In 2023: Q2, the producer price inflation for final manufactured goods rose by 1,2% from a 0,4% growth registered in the last quarter, however, it moderated by 6,9% year-on-year. The following divisions moderated during the period under review: paper and printed products, rubber products, footwear, food products, textiles, wearing apparel, and sawmilling and wood. However, producer price inflation increased for textiles and leather goods; furniture and other manufacturing; tobacco products and beverages divisions.
- The agro-processing industry's seasonal adjusted volume of production contracted by 0,1% in 2023: Q2 from a 0,3% growth in the last quarter. However, it rebounded by 3,5% year-on-year. The seasonally adjusted physical volume of production rebounded for paper and paper products, textiles, and wearing apparel divisions. It moderated for footwear and beverages divisions. However, it contracted for furniture, food products and rubber products, and leather and leather products, while for wood and wood products division it stagnated as compared to a 1,1% growth in the last quarter.
- The seasonally adjusted value of sales for agro-processing industry moderated by 1,8% in 2023: Q2 from a 5,4% growth in the last quarter. This represented an increase in nominal value of sales from R259 795 million in 2023: Q1 to R264 412,2 million in 2023: Q2. The seasonally adjusted value of sales moderated for the following divisions: footwear; wood and wood products; beverages; food products; wearing apparel; paper and paper products; and textiles. However, it contracted for furniture, rubber product, and leather and leather products.

- The trade deficit of the agro-processing industry narrowed from R15 484 million in 2023: Q1 to R10 662 million in 2023: Q2. The divisions that recorded a trade deficit were wearing apparel, rubber products, footwear, textiles, furniture; and leather and leather products. However, the following divisions had a trade surplus: beverages, paper and paper products, food products, wood and wood products and tobacco.
- During 2023: Q2, formal employment in the agro-processing industry grew by 1,9% from a 0,8% growth in 2023: Q1. Formal employment contracted for rubber products (0,5%), food (1,9%), textiles (7,6%) and beverages and tobacco products (10,3%). Paper and paper products (1,3%), furniture (1,0%) and leather and leather products (0,9%) rebounded during the period. Wood and wood products receded further by 2,1%. Wearing apparel and footwear decelerated by 2,0% and 5,5%, respectively.

Producer prices

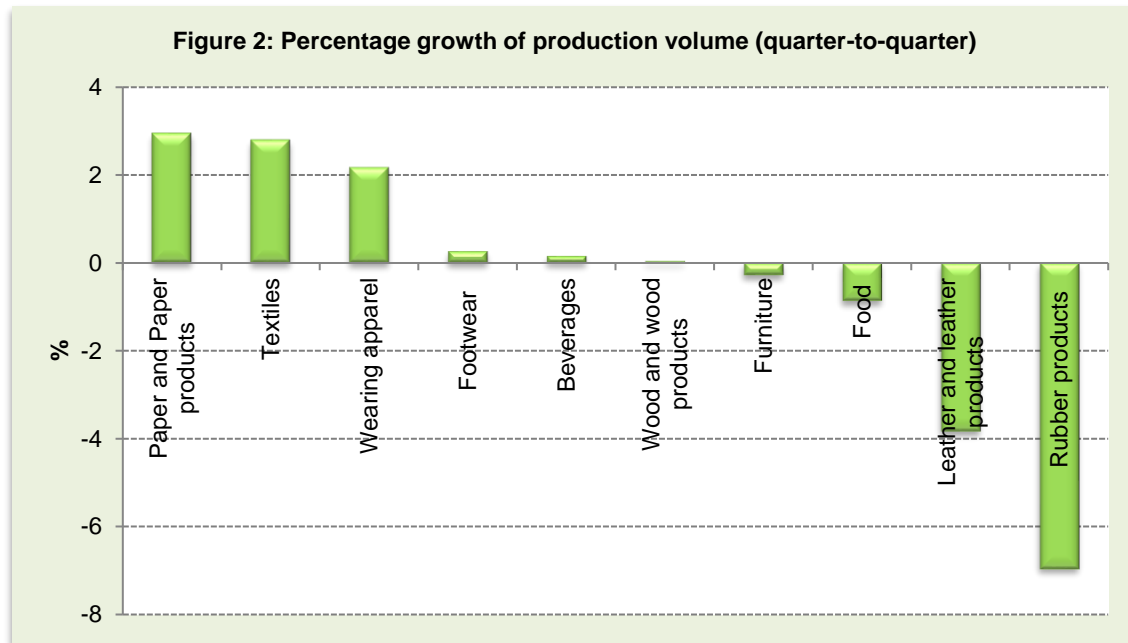


Source: Statistics SA, 2023

In 2023: Q2, the producer price inflation for final manufactured goods rose by 1,2% from a 0,4% growth registered in the last quarter, however, it moderated by 6,9% year-on-year. The following divisions moderated during the period: paper and printed products (15,3%), rubber products (11,2%), footwear (10,8%), food products (9,3%), textiles (7,5%), wearing apparel (6,7%), and sawmilling and wood (6,0%). However, it increased for textiles and

leather goods (20,6%), furniture and other manufacturing (9,4%), tobacco products (4,7%) and beverages (3,8%) divisions.

Volume of production

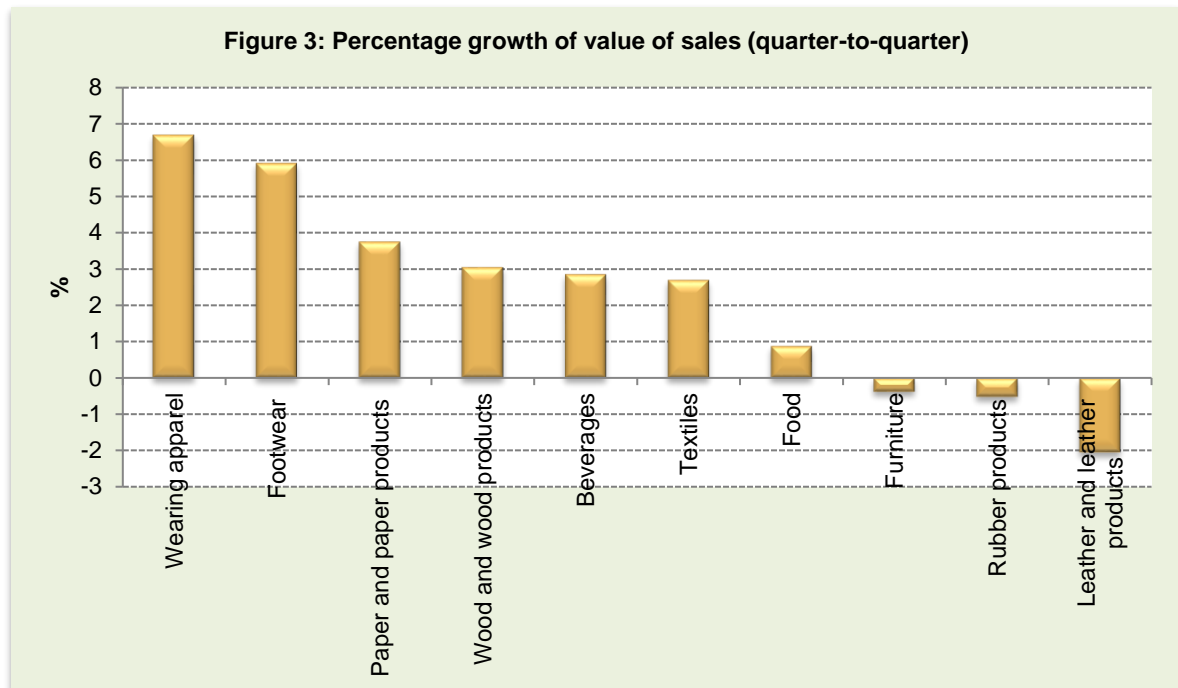


Source: Statistics SA, 2023

*tobacco data not supplied

Figure 2 above shows the seasonally adjusted physical volume of production for the agro-processing divisions in 2023: Q2. The agro-processing industry's volume of production contracted by 0,1% in 2023: Q2 from a 0,3% growth in the last quarter. However, it rebounded by 3,5% year-on-year. The seasonally adjusted physical volume of production rebounded for paper and paper products (2,9%), textiles (2,8%), and wearing apparel (2,2%) divisions. However, it moderated for footwear (0,3%) and beverages (0,2%) divisions, while it contracted for furniture (0,3%), food (0,9%) and rubber products (7,0%) divisions. Leather and leather products division, it receded further by 3,8%, while wood and wood products division stagnated as compared to a 1,1% growth in the last quarter.

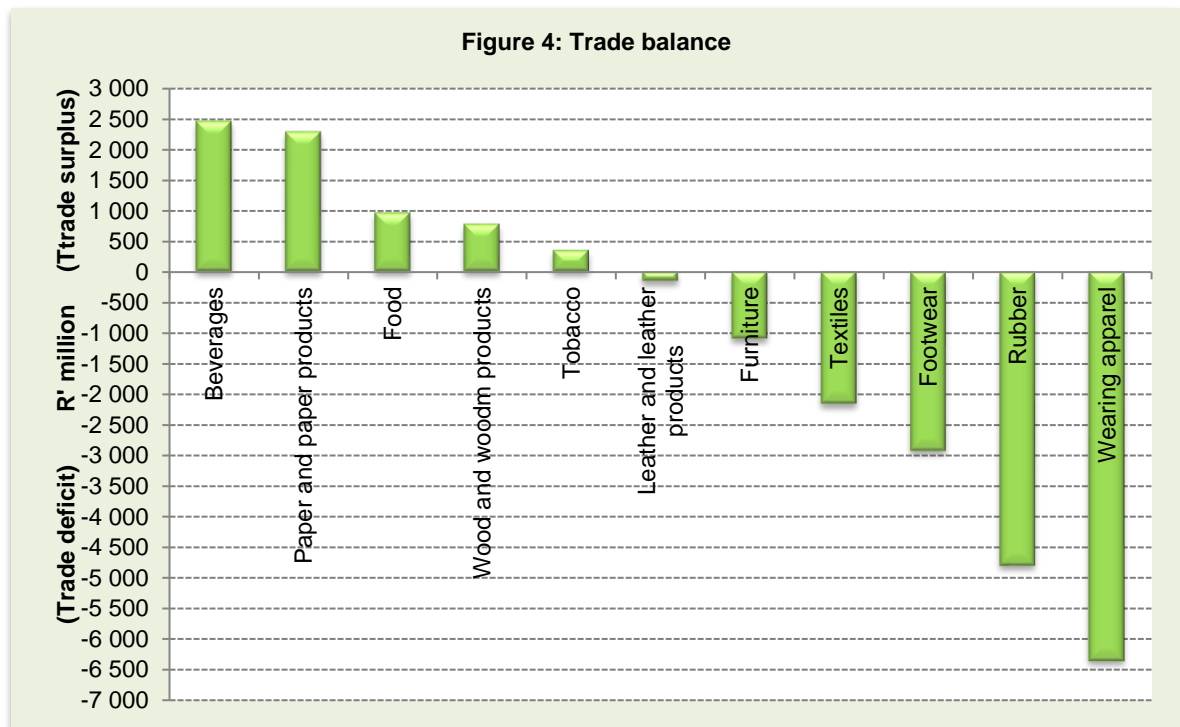
Value of sales



Source: Statistics SA, 2023

Figure 3 above shows the seasonally adjusted value of sales for the agro-processing divisions in 2023: Q2. The seasonally adjusted value of sales for agro-processing industry moderated by 1,8% in 2023: Q2 from a 5,4% growth in the last quarter. This represented an increase in nominal value of sales from R259 795,0 million in 2023: Q1 to R264 412,2 million in 2023: Q2. The seasonally adjusted value of sales moderated for the following divisions: footwear (5,9%), wood and wood products (3,0%), beverages (2,9%), and food (0,9%). However, value of sales rebounded for wearing apparel (6,7%), paper and paper products (3,8%) and textiles (2,7%). Contraction in value of sales was seen in furniture (0,4%), rubber product (0,5%) and leather and leather products (2,1%).

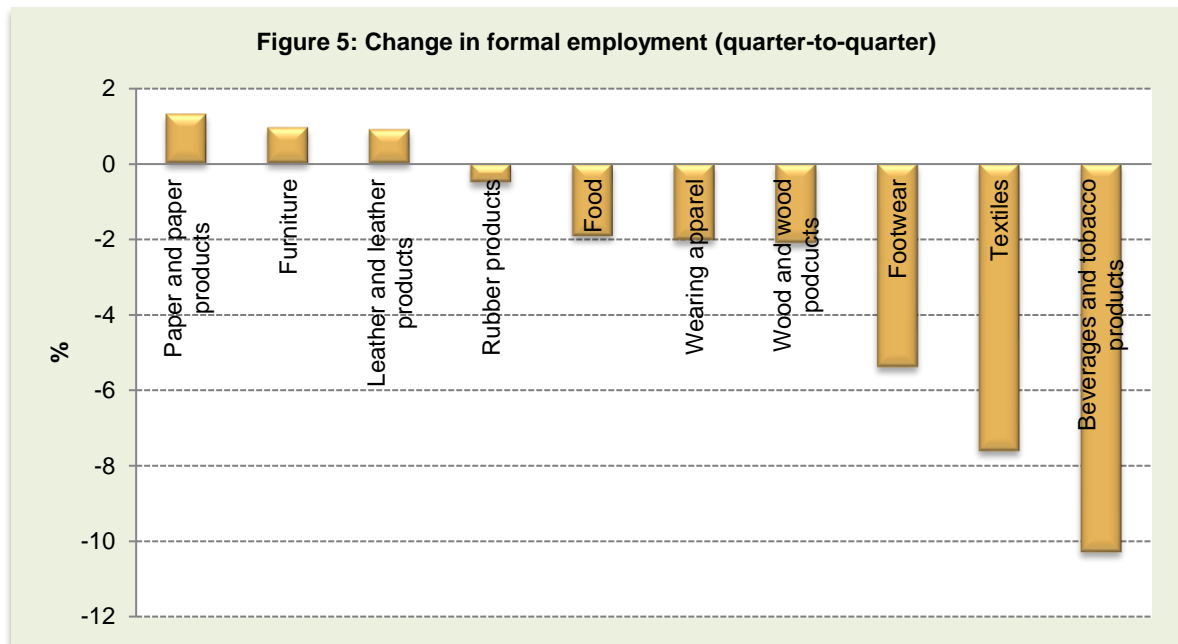
Trade



Source: Quantec, 2023

The trade deficit of the agro-processing industry narrowed from R15 484,8 million in 2023: Q1 to R10 662 million in 2023: Q2 which represents a contraction of 31,1% from a 21,6% growth in the last quarter. The divisions that recorded a trade deficit were: wearing apparel (R6 357,1 million), rubber (R4 805,2 million), footwear (R2 933,0 million), textiles (R2 162,4 million), furniture (R1 096,3 million) and leather and leather products (R153,8 million). However, the following had a trade surplus: beverages (R2 461,0 million), paper and paper products (R2 287,4 million), food (R965,8 million), wood and wood products (R780,6 million) and tobacco (R351,1 million).

Formal employment



Source: Stats SA, 2023

During 2023: Q2, the agro-processing industry recorded about 478 096 jobs from 493 660 jobs in 2023: Q1, representing 15 564 jobs shed in 2023: Q2. The following divisions shed jobs: textiles (5 191), beverages and tobacco (4 806), food (2 046), wood and wood products (866), wearing apparel (634), footwear (320), and rubber (66). However, paper and paper products (432), furniture (228), and leather and leather products (39) division gained jobs during the period under review.

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