

Agro-processing Quarterly Brief: No. 4, 2022

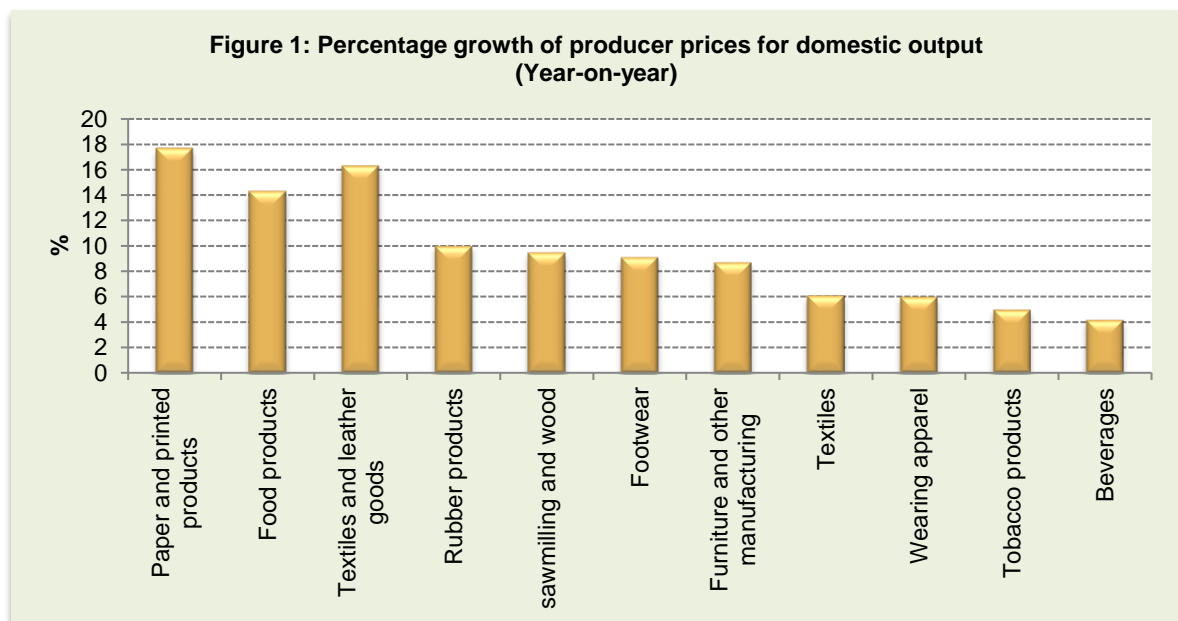
Directorate: Agro-processing Support

Highlights of 2022: Q4 (October to December)

- In 2022: Q4, year-on-year producer price inflation for all manufactured goods moderated by 1,0% following a 4,2% growth recorded in the last quarter. The producer price inflation for the following agro-processing divisions grew during the period under review: paper and paper products, textiles and leather goods, sawmilling and wood and beverages. The following divisions moderated during the period: food, rubber, furniture and other manufacturing and wearing apparel. However, the footwear and tobacco divisions stagnated in 2022: Q4.
- The seasonally adjusted physical volume of production for the agro-processing sector in 2022: Q2 contracted by 0,6% compared to a 3,9% growth in the preceding quarter. Similarly, the division contracted by 0,6% year-on-year. The seasonally adjusted volume of production contracted for beverages, leather and leather products, footwear and textiles divisions. Wearing apparel, paper and paper products and wood and wood products moderated during the period, while the furniture and rubber divisions rebounded in growth. The food division, on the other hand, remained unchanged in the current quarter under review as compared to a 3,4% growth registered in the previous quarter.
- The seasonally adjusted value of sales in the agro-processing sector decreased from R245 931,3 million in 2022: Q3 to R244 816,8 million in 2022: Q4. During the period under review, sales for the following divisions moderated in growth: textiles, paper and paper products and wood and wood products. Sales contracted for the beverages, leather and leather products, and footwear divisions. The wearing apparel and rubber divisions rebounded during the period. The furniture division, on the other hand, remained at a stagnated contraction as compared to the last quarter.

- During 2022: Q4, the trade deficit for the agro-processing sector contracted quarter-to-quarter and year-on-year by 12,3% and 3,2% from a growth of 12,0% and 0,3% registered in the previous quarter, respectively. As a result, the trade deficit narrowed from R11 734,0 million in the last quarter to R10 316,9 million in the current quarter. The divisions that had a positive trade balance during the period under review were beverages, paper and paper products, wood and wood products, and tobacco. However, the divisions that registered a negative trade balance were wearing apparel, rubber products, footwear, textiles, food, leather and leather products and furniture.
- During 2022: Q4, the agro-processing sector employment recorded about 481 553 jobs from 478 863 jobs in 2022: Q3, representing 2 690 jobs gained. The divisions that gained jobs during the period were: food, beverages, textiles, leather and leather products, footwear and rubber. However, the following divisions shed jobs: wearing apparel, furniture, wood and wood products and paper and paper products.

Producer Prices

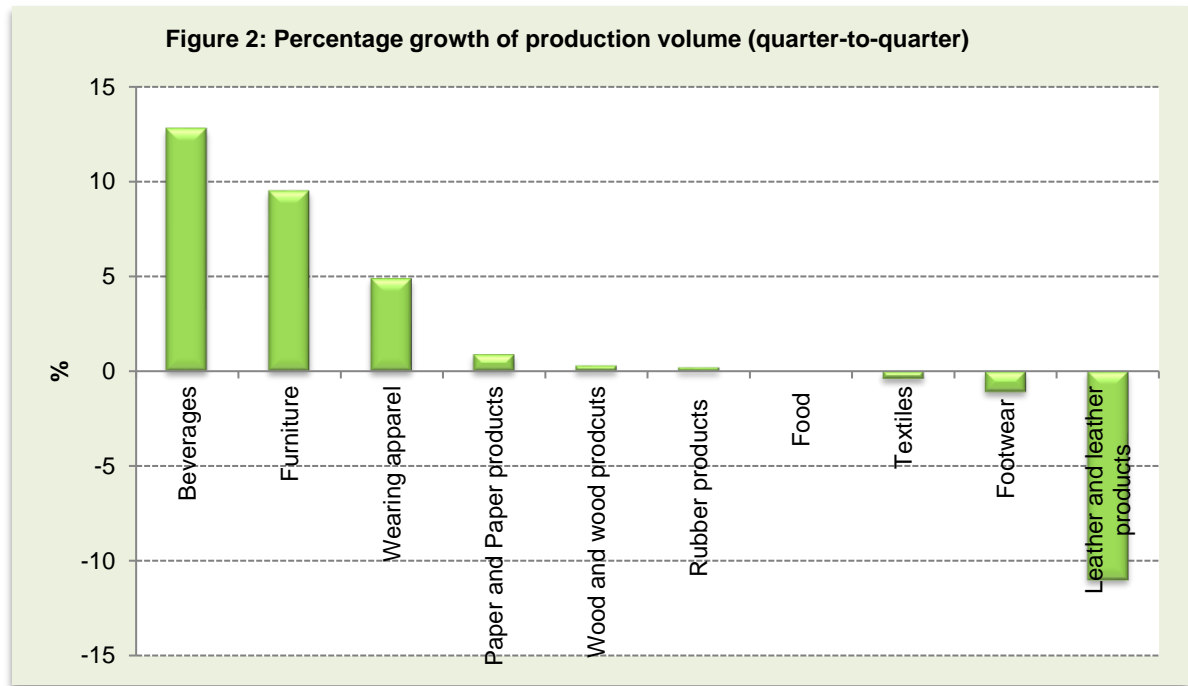


Source: Statistics SA, 2023

In 2022: Q4, the quarter-to-quarter and year-on-year producer price inflation for all manufactured goods moderated by 1,0% and 14,8% following a 4,2% and 19,0% growth recorded in the last quarter, respectively. The producer price inflation for the following agro-processing divisions grew during the period under review: paper and paper products (17,7%), textiles and leather goods (16,3%), sawmilling and wood (9,5%) and beverages

(4,2%). The following divisions moderated during this period: food (14,3%), rubber (10,0%), furniture and other manufacturing (9,5%) and wearing apparel (8,7%). However, the footwear and tobacco divisions stagnated by 9,1% and 5,0%, respectively, in 2022: Q4 (Figure 1).

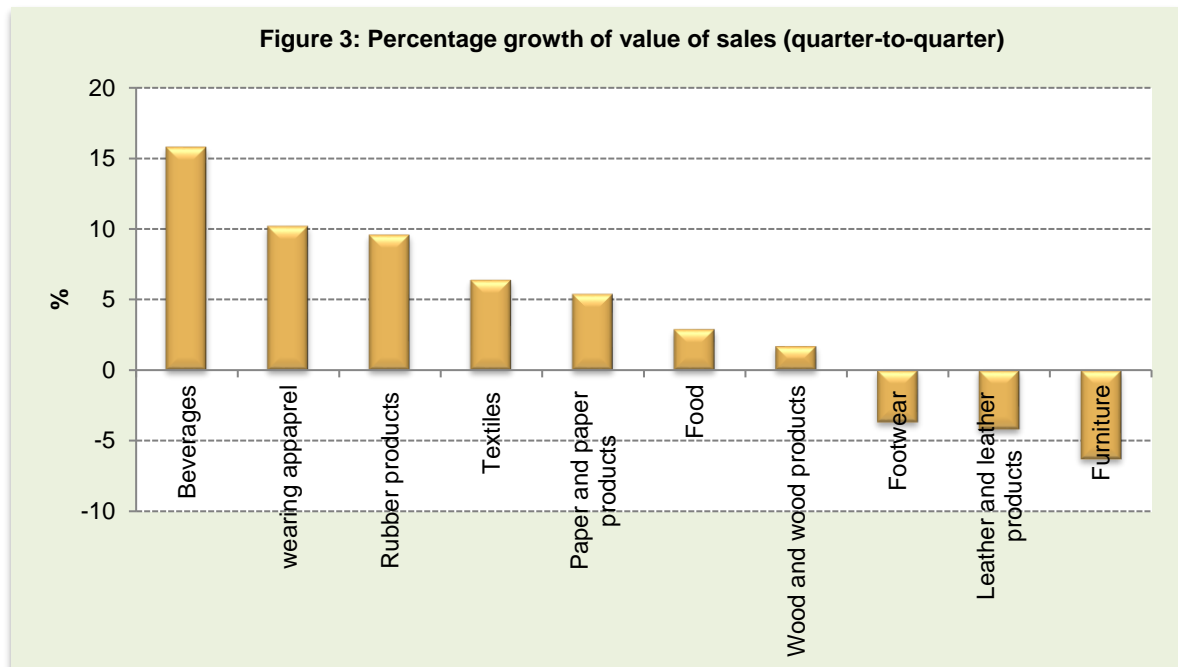
Volume of Production



Source: Quantec, 2023

Figure 2 above shows the seasonally adjusted physical volume of production for the agro-processing divisions in 2022: Q4. Having grown by 3,9% in the previous quarter, the volume of production for the sector contracted by 0,6% in 2022: Q4. Similarly, it contracted by 0,6% year-on-year following a 4,6% growth recorded in the preceding quarter. The divisions that contracted during the period are beverages (12,8%), leather and leather products (11,4%), footwear (1,1%) and textiles (0,4%). The wearing apparel, paper and paper products and (wood and wood) products divisions moderated during this period, while furniture (9,5%) and rubber (0,2%) rebounded in growth. Food, on the other hand, remained unchanged in the current quarter under review as compared to a 3,4% growth registered in the previous quarter.

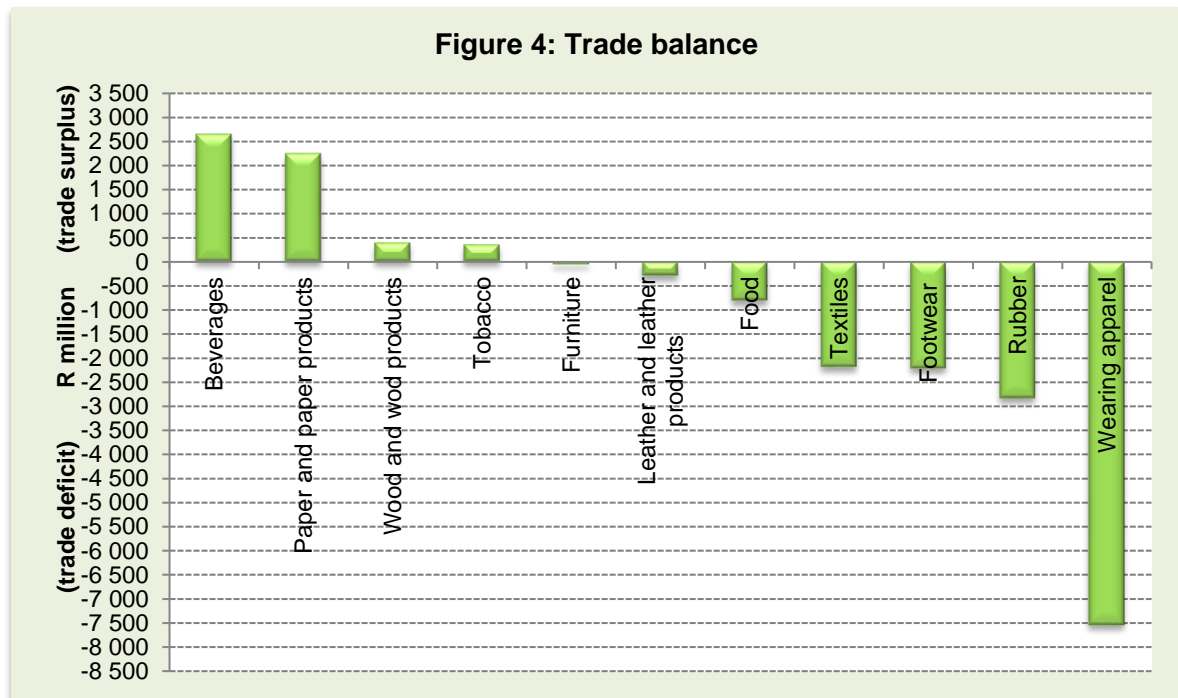
Value of Sales



Source: Quantec, 2023

During 2022: Q4, the value of sales in the agro-processing sector receded further by 0,5% as compared to a contraction of 5,5% in the preceding quarter, however, seasonally adjusted value of sales moderated by 9,0% year-on-year. During the period under review, sales for the following divisions moderated in growth: textiles (6,4%), paper and paper products (5,4%) and wood and wood products (1,7%). Sales contracted for the beverages (15,8%), leather and leather products (4,2%) and footwear (3,7%) divisions. The wearing apparel and rubber divisions rebounded by 10,2% and 9,6%, respectively, during this period. The furniture division further contraction by 6,3%, which is the same as in the last quarter (Figure 3).

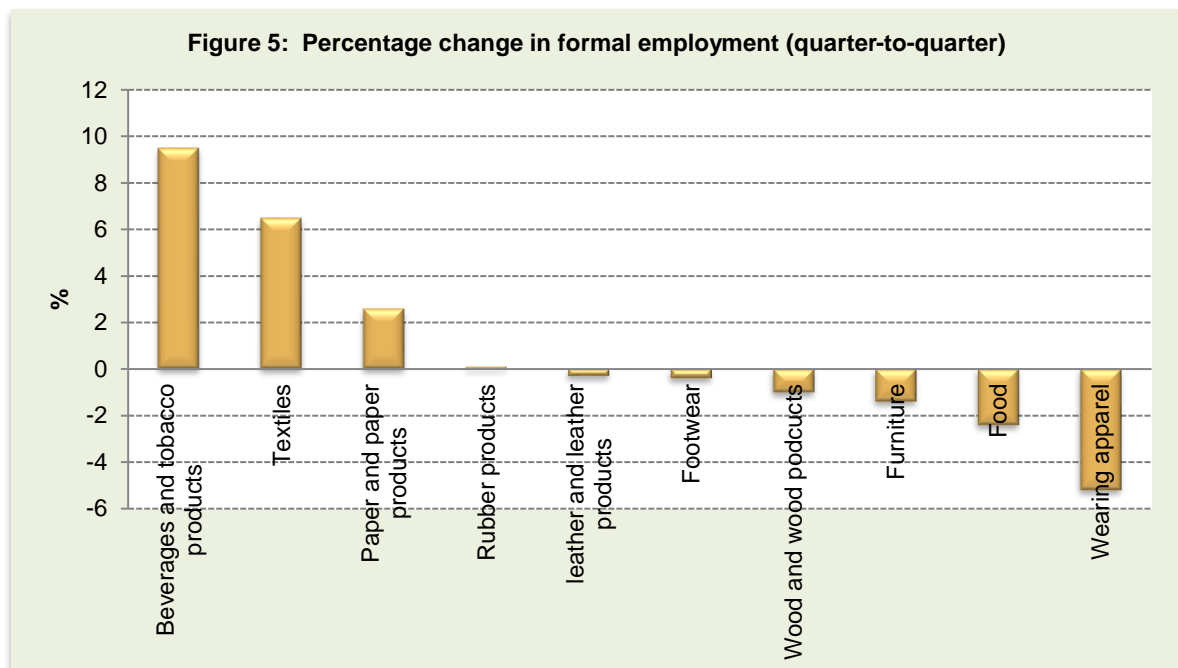
Trade



Source: Quantec, 2023

During 2022: Q4, the trade deficit for the agro-processing sector contracted quarter-to-quarter and year-on-year by 12,3% and 3,2% from a growth of 12,0% and 0,3%, respectively, in the last quarter. As a result, the trade deficit narrowed from R11 734,0 million in the last quarter to R10 316,9 million in the current quarter. The divisions that had a positive trade balance during the period under review were beverages (R2 648,6 million), paper and paper products (R2 252,5 million), wood and wood products (R399,0 million) and tobacco (R3 58,9 million). However, the divisions that registered a negative trade balance were wearing apparel (R7 549,7 million), rubber products (R2 840,8 million), footwear (R2 225,0 million), textiles (R2 190,3 million), food (R815,0 million), leather and leather products (R292,1 million) and furniture (R63,2 million) (Figure 4).

Formal Employment



Source: Stats SA (2023)

During 2022: Q4, the agro-processing sector recorded about 481 553 jobs from 478 863 jobs in 2022: Q3, representing 2 690 jobs gained. The divisions that gained jobs during the period were: food (4 203), textiles (1 215), beverages (1 047), leather and leather products (117), footwear (110) and rubber (6). However, the following divisions shed jobs: wearing apparel (2 640), furniture (828), wood and wood products (486) and paper and paper products (42) as presented in Figure 5.

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