



Quarterly Economic Review of the Agro-processing industry in South Africa.

2022: Q1

volume 9 number 1

DIRECTORATE: AGRO-PROCESSING SUPPORT



**agriculture, land reform
& rural development**

Department:
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REPUBLIC OF SOUTH AFRICA

PREFACE

The National Development Plan (NDP) identifies the agro-processing industry for its potential to spur economic growth and create sustainable employment. The agriculture and agro-industries are postulated as having the latent potential to contribute to inclusive economic growth through forward and backward linkages by providing various opportunities for earning income in the food production, processing, distribution, and retailing phases of the agro/food value chain. At policy level, the Medium-Term Strategic Framework (MTSF), specifically **outcome 1: Economic transformation and job creation**, notes the agro-processing industry as a key pillar for inclusive economic growth. At sectoral level, the Agriculture and Agro-processing Master Plan (**AAMP**), specifically **pillars 5 and 6**, notes the crucial role the agro-processing industry should play towards mitigating post-harvest losses, providing access to markets for farmers and ensuring household food security. At an operational level, the competitive performance of agribusinesses is directly linked to the competitiveness of the industry and sector.

Consequently, the Department of Agriculture, Land Reform and Rural Development (DALRRD) established the Directorate: Agro-processing Support within the Branch: Economic Development, Trade and Marketing (EDTM) to develop and facilitate implementation of policies and strategies to enhance competitive performance of agro-processing agribusinesses. Among others, the function of the directorate is to provide timely and updated agro-processing economic and statistical information geared to monitor the performance of the industry and provide insight into the effects of economic policies and exogenous factors. To achieve this purpose, the directorate publishes an annual economic review of the agro-processing industry.

This publication, “*Annual Economic Review of the Agro-processing Industry in South Africa 2022: Q1*”, by the directorate evaluates the economic performance of the eleven agro-processing divisions during 2022: Q1. These divisions, which are categorised consistent with the *Standard Industrial Classification* are: food products, beverages, tobacco, textiles, wearing apparel, leather and leather products, footwear, wood and wood products, paper and paper products, rubber products and furniture. The main economic indicators reviewed are the changes in prices, volume of production, value of sales, utilisation capacity by large enterprises, formal employment, and trade balance

Any comments and suggestions on the content of the publication are welcome.

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Disclaimer: The Department of Agriculture, Land Reform and Rural Development did everything to ensure the accuracy of the information reported in this publication. The department will, however, not be held liable for the results of actions based on this publication.

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EXECUTIVE SUMMARY

The South African economy grew by 1,9% in 2022: Q1 following a revised growth of 1,4% in the last quarter. The real gross value added (GVA) by the secondary and tertiary sectors expanded at a faster pace in 2022: Q1, while that of the primary sector contracted. Growth in real manufacturing output accelerated to a robust 4,9% in 2022: Q1 (*Reserve Bank, 2022*).

In 2022: Q1, the year-on-year producer price inflation for final manufactured goods grew by 3,1% from a 2,9% growth recorded in the preceding quarter. The produce price inflation increased quarter-to-quarter for rubber, furniture, food products, textiles, paper and printed products and beverages during 2022: Q1. It moderated for sawmilling, tobacco products and wearing apparel divisions as compared to the previous quarter. The producer price inflation for footwear division stagnated quarter-to-quarter, while for textiles it remained unchanged in 2022: Q1.

During 2022: Q1, the quarter-to-quarter seasonally adjusted volume of production for the agro-processing industry moderated by 0,8% from a 4,6% growth in the last quarter. The quarter-to-quarter seasonally adjusted volume of production for the following divisions contracted during 2022: Q1: furniture, wood and wood products, textiles and paper and paper products. However, the year-on-year seasonally adjusted volume of production for rubber, leather and leather products and food products grew, while for footwear it rebounded. On the other hand, it moderated year-on-year for beverages and wearing apparel in 2022: Q1.

The utilisation capacity of the following divisions declined during 2022: Q1: food products, beverages, footwear, wood and wood products, paper and paper products, rubber and furniture. However, it increased for textiles, wearing apparel and leather and leather products divisions.

The quarter-to-quarter seasonally adjusted value of sales moderated by 3,8% from a 5,8% growth in the last quarter. The quarter-to-quarter seasonally adjusted value of sales rebounded for leather and leather products, food products and footwear divisions. Beverages, wearing apparel, furniture and textiles divisions, it moderated in growth during the period, while for paper and paper products and rubber products divisions it contracted, respectively. Value of sealed for wood and wood products division increased quarter to quarter during 2022: Q1.

The trade deficit for the agro-processing industry widened from R10 641,8 million in 2021: Q4 to R16 932,6 million in 2022: Q1, which represented a 59,1% rebound in 2022: Q1 from an 8,9% contraction in 2021: Q4. The divisions that recorded trade deficits were leather and leather products, furniture, paper and paper products, footwear, textiles, rubber products, food products and wearing apparel. However, beverages, tobacco products and wood and wood products divisions recorded a positive trade balance in 2022: Q1.

During 2022: Q1, the formal employment in the agro-processing industry moderated by 1,3% as compared to a 2,4% growth registered in the last quarter. The employment increased to 448 852 in 2022: Q1 from 442 213 in 2021: Q4. However, formal employment grew by 2,0% year-on-year. The divisions that lost jobs during the current period of review were furniture (1 159), wood and wood products (1 611), footwear (180), leather and leather products (54) and paper and paper products (50). However, the employment increased for textiles (4 798), food products (2 639), wearing apparel (1 035), rubber (87) and beverages (26).

1. INTRODUCTION

During 2022: Q1, economic activity in South Africa recovered further after having been impacted by the coronavirus disease 2019 (COVID-19) lockdowns in 2020, as growth in real gross domestic product (GDP) accelerated to 1,9% from a revised 1,4% in 2021: Q4. The gross value added by the secondary and tertiary sector grew by 3,7% and 1,8% from a 0,8% and 1,3% growth in the preceding quarter (*Reserve Bank. 2021*). This quarterly economic review of the agro-processing industry in South Africa assesses how the performance of the domestic economy during 2022: Q1 affected the producer price, consumer price, production volume, sales, capacity utilisation, trade, and the employment of the agro-processing divisions. The quarterly review is organised as follows: section two summarises the state of the domestic economy during 2022: Q1. Section three provides the impact of the global and domestic economy on the eleven divisions of the agro-processing industry.

2. STATE OF THE DOMESTIC ECONOMY

Table 1 below shows the South African growth rate at seasonally adjusted annualised rates. Growth in the real GVA by the agricultural sector moderated significantly to 0,8% in 2022: Q1 in the wake of a notable expansion of 16,4% in 2021: Q4. The slowdown is because of lower production of field crops and animal products because of the increase in input costs related to fuel, fertilisers and animal feed increased due to the Russia–Ukraine war, as both countries are key suppliers of these products on international markets, however, the production of horticultural products increased (*Reserve Bank. 2021*).

Table 1: South African economic growth rate (percentage change at seasonally adjusted annualised rates)

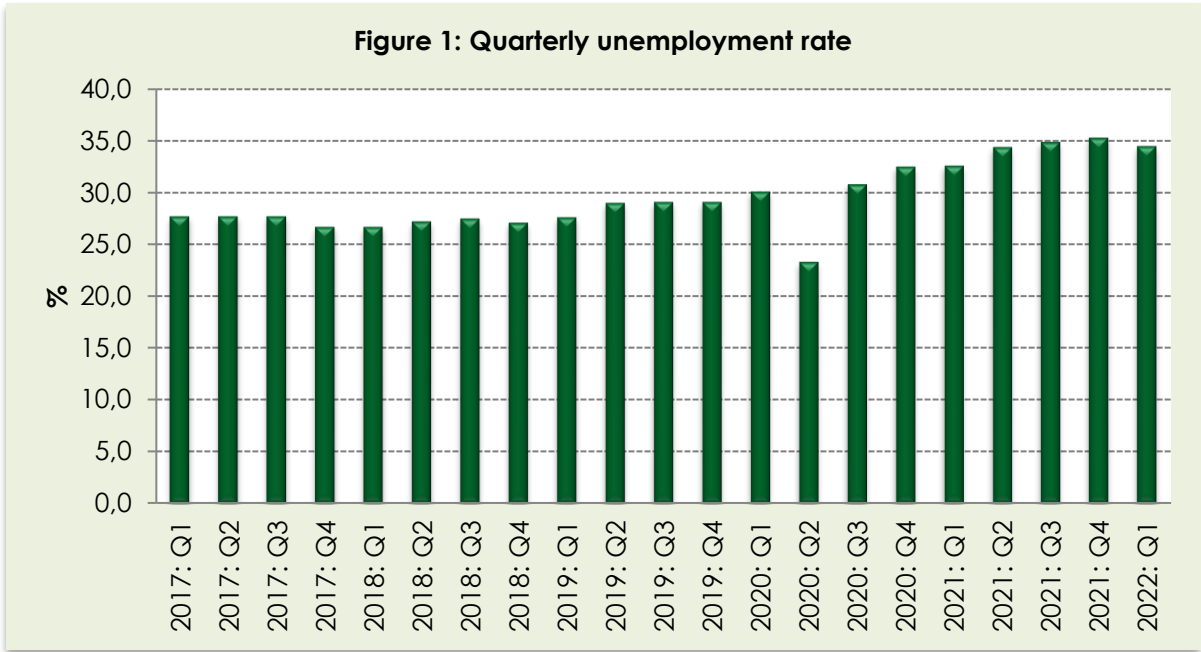
| Sector | 2021 | | | | 2022 | |
|-------------------------|------|------|-------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | YEAR | Q1 |
| Primary sector | 4.9 | 5.5 | -10.5 | 3.4 | 10.8 | -0.4 |
| Agriculture | 6.1 | 11.3 | -24.7 | 16.4 | 8.8 | 0.8 |
| Mining | 4.1 | 2.0 | -1.1 | -3.2 | 12.0 | -1.1 |
| Secondary sector | 0.2 | -1.4 | -3.2 | 0.8 | 4.5 | 3.7 |
| Manufacturing | 0.4 | -1.8 | -4.3 | 2.4 | 6.5 | 4.9 |
| Construction | 0.2 | -1.6 | -1.1 | -2.6 | -2.2 | -0.7 |
| Tertiary sector | 0.4 | 1.7 | -0.5 | 1.3 | 4.1 | 1.8 |
| Non-primary sector | 0.4 | 1.0 | -1.0 | 1.2 | 4.2 | 2.1 |
| Non-agricultural sector | 0.6 | 1.1 | -1.0 | 0.9 | 4.6 | 2.0 |
| Total | 0.8 | 1.4 | -1.8 | 1.4 | 4.9 | 1.9 |

Source: SA Reserve Bank (2021)

*Percentage change over one year

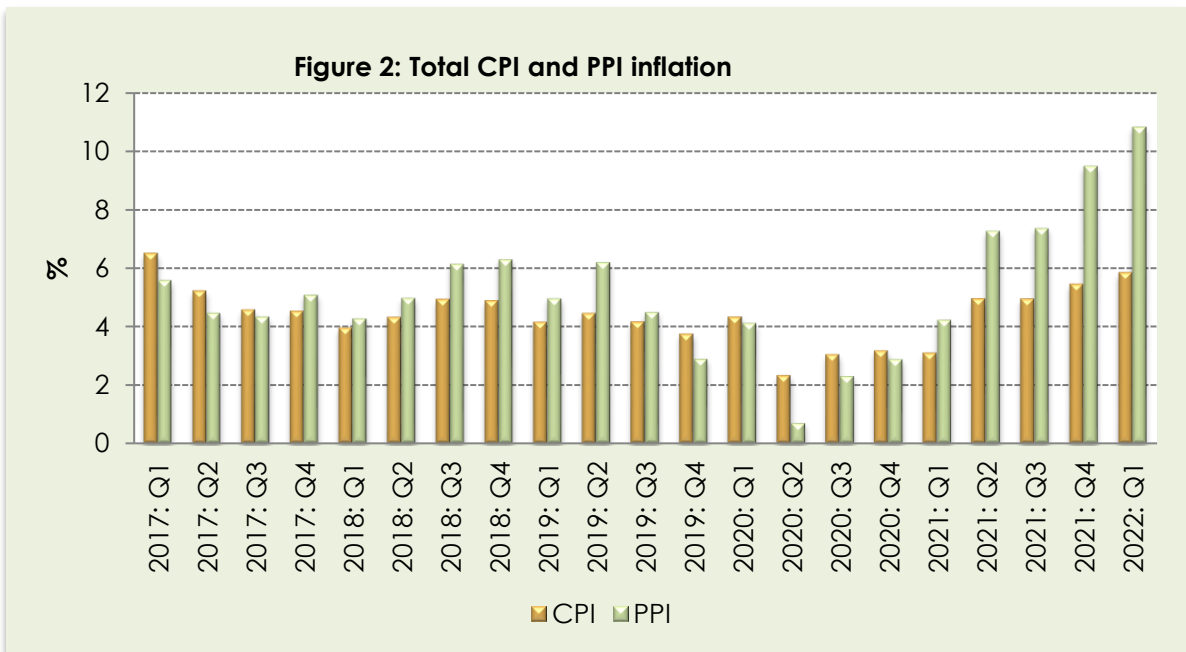
** The non-primary sector is total GVA excluding agriculture and mining

*** The non-agricultural sector is total GVA excluding agriculture



Source: Statistics SA (2022)

During 2022: Q1, South Africa's unemployment rate increased to 34,5% as compared to a 35,3% in the preceding quarter. Unemployment rate increased by 0,8 percentage point in the quarter under review. Total employment in the formal non-agricultural sector increased by 42 000 in 2022: Q1, bringing the level of total employment to approximately 10,1 million. The survey also showed that jobs has increased by 200 000 year-on-year as of March 2022. The quarterly job gains were observed in the community services (69 000), manufacturing (8 000) and mining (2 000) sectors, however, there were decreases in the trade (-18 000), construction (-9 000), business services (-8 000) and transport (-2 000) sectors.



Source: Statistics SA (2022)

Figure 2 above presents consumer price index and producer price index during 2022: Q1. In 2022: Q1, the year-on-year producer price inflation for final manufactured goods increased by 3,1% from a 2,9% growth recorded in the preceding quarter. However, the year-on-year consumer price moderated by 6,3% from a 6,5% growth on the preceding quarter. The consumer price increased for the following items: oils and fats (22,7%), wine (7,4%), beer (5,9%) and fish (4,9%). However, it moderated for milk, eggs and cheese by 4,8%, while for fruits it receded further by 1,3% year-on-year. The year-on-year producer price increased for food products (7,2%), beverages (3,7%), paper and printed products (5,8%), furniture and other manufacturing (12,3%), textiles and leather goods (6,5%) and rubber (19,8%). Likewise, the year-on-year consumer price increased for food products (6,6%), fish (4,9%), vegetables (6,5%), tobacco (4,3%), alcoholic beverages (5,8%), wine (7,4%) and beer (5,9%). However, the consumer price moderated year-on-year for Spirits (3,5%), milk, cheese and eggs (4,8%), sugar sweets and desserts (2,7%), wearing apparel (1,6%) and footwear (1,6%), while for fruits it decelerated by 1,3%.

3. THE AGRO-PROCESSING INDUSTRY

The FAO (1997) defines agro-processing as a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. Therefore, the agro-processing industry transforms products originating from the agriculture, land reform and rural development sectors. According to the Standard Industrial Classification, the agro-processing industry comprises of the following 11 divisions: food products, beverages, tobacco, textiles, wearing apparel, leather and leather products, footwear, paper and paper products, wood and wood products, rubber products and furniture. This section reviews the economic performance of eleven divisions during 2022: Q1 as influenced by the global and domestic economic environment.

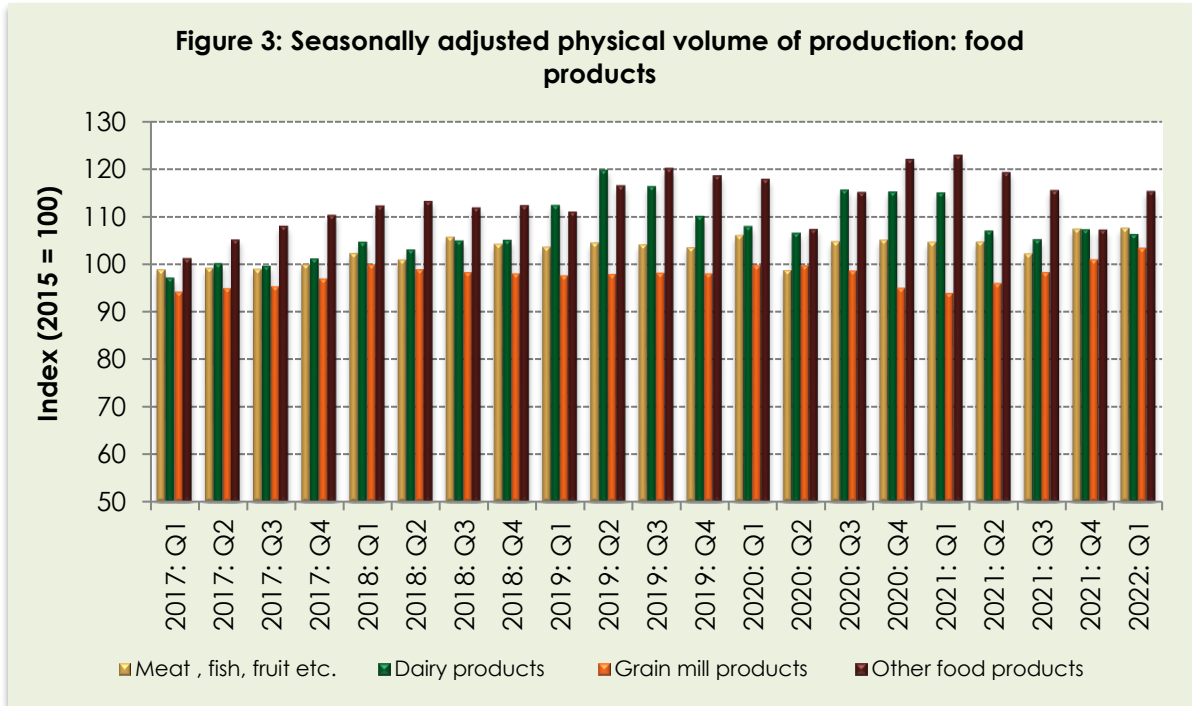
3.1 FOOD

Table 2 below shows the producer price index for food products in 2022: Q1. The year-on-year producer price index for food products increased by 7,2%, while quarter-to-quarter it stagnated at 2,2% in the period under review.

Table 2: Producer price index for food products (base 2020= 100)

| Indices | | | % Change between | |
|----------|----------|----------|-----------------------|-----------------------|
| 2021: Q3 | 2021: Q4 | 2022: Q1 | 2021: Q1 and 2022: Q1 | 2021: Q4 and 2022: Q1 |
| 100,9 | 102,7 | 103,5 | 7,2 | 2,2 |

Source: Statistics SA, 2022



Source: Quantec, 2022

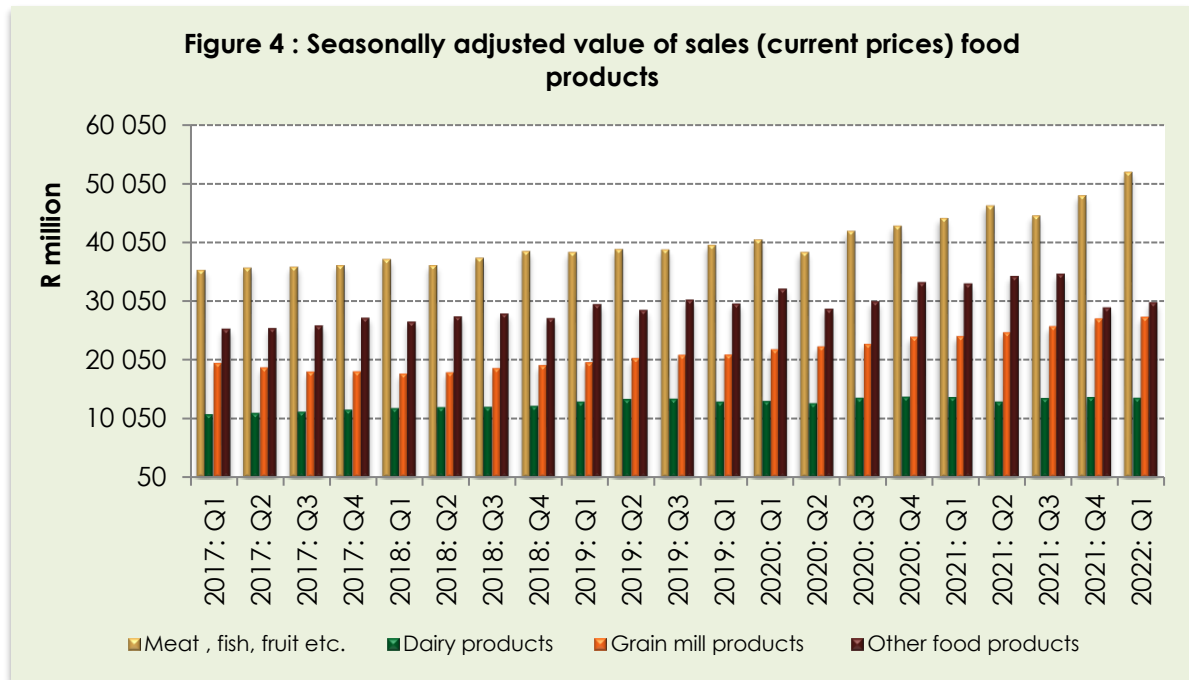
Figure 3 above shows the seasonally adjusted physical volume of production for food products during 2022: Q1. During 2022: Q1, the quarter-to-quarter seasonally adjusted volume of production for meat, fruit, and fish, etc. and grain mill products moderated by 0,2% and 2,3% following a 5,1% and 2,8% growth in the last quarter, respectively. However, it contracted quarter-to-quarter for dairy products by 1,0% in 2022: Q1 from a 2,0% growth in 2021: Q4, while for other food products it rebounded quarter-to-quarter by 7,5% in 2022: Q1 as compared to a 7,2% contraction in the last quarter. On the other hand, year-on-year, the seasonally adjusted volume of production for meat, fruit, and fish, etc. and grain mill products grew by 2,8% and 10,1%, respectively, in 2022: Q1. However, year-on-year, for dairy products, it decelerated by 7,6%, while other food products receded further by 6,2% during 2022: Q1.

Table 3: Utilisation and reasons for underutilisation of production capacity by large enterprises: Food (percentage)

| Period | Utilisation | Reasons for underutilisation | | | | | |
|----------|-------------|------------------------------|---------------|---------|--------------------|---------------------|-------|
| | | Total underutilisation | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | | Skilled | Semi and unskilled | | |
| 2021: Q1 | 70,0 | 30,0 | 1,6 | 0,7 | 0,3 | 10,4 | 17,1 |
| 2021: Q4 | 81,7 | 18,3 | 3,0 | 1,0 | 0,2 | 9,8 | 4,4 |
| 2022: Q1 | 76,9 | 23,1 | 2,2 | 0,8 | 0,1 | 10,1 | 10,0 |

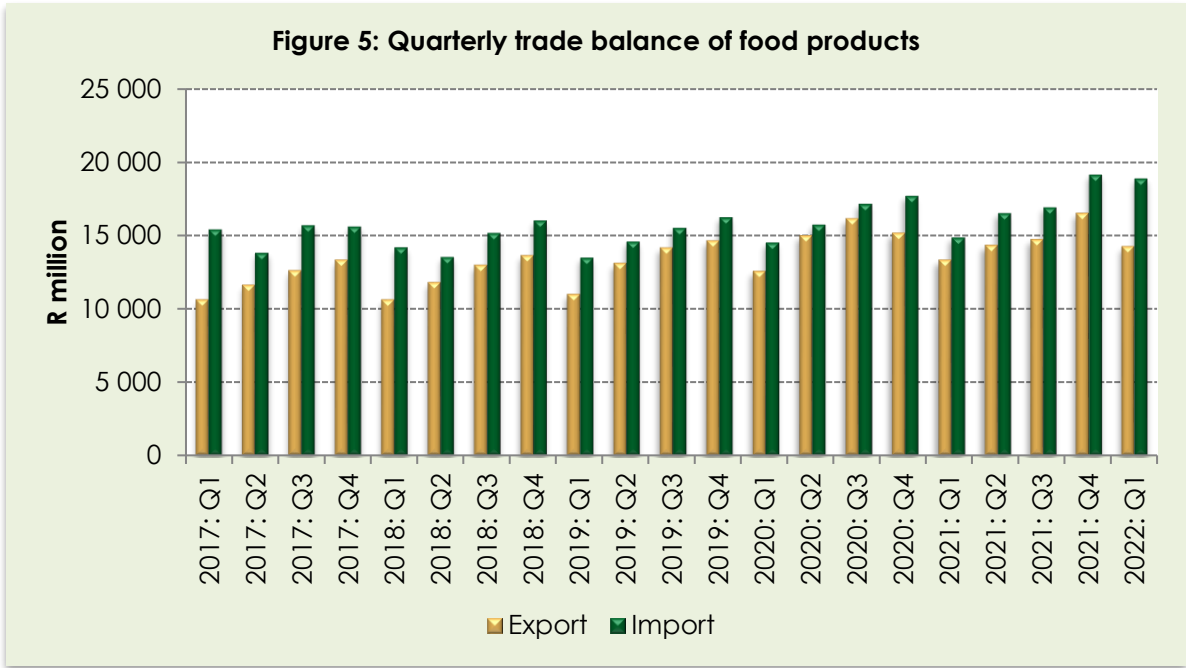
Source: Statistics SA (2022)

Table 3 above presents utilisation and reasons for underutilisation of production capacity by large enterprise for the food products division. In 2022: Q1, the utilisation capacity by large enterprises in the food products division increased year-on-year by 6.9 percentage points. However, quarter-to-quarter, the utilisation capacity declined by 4,8 percentage points. Insufficient demand remains the main reason for underutilisation followed by other reasons such as seasonal factors.



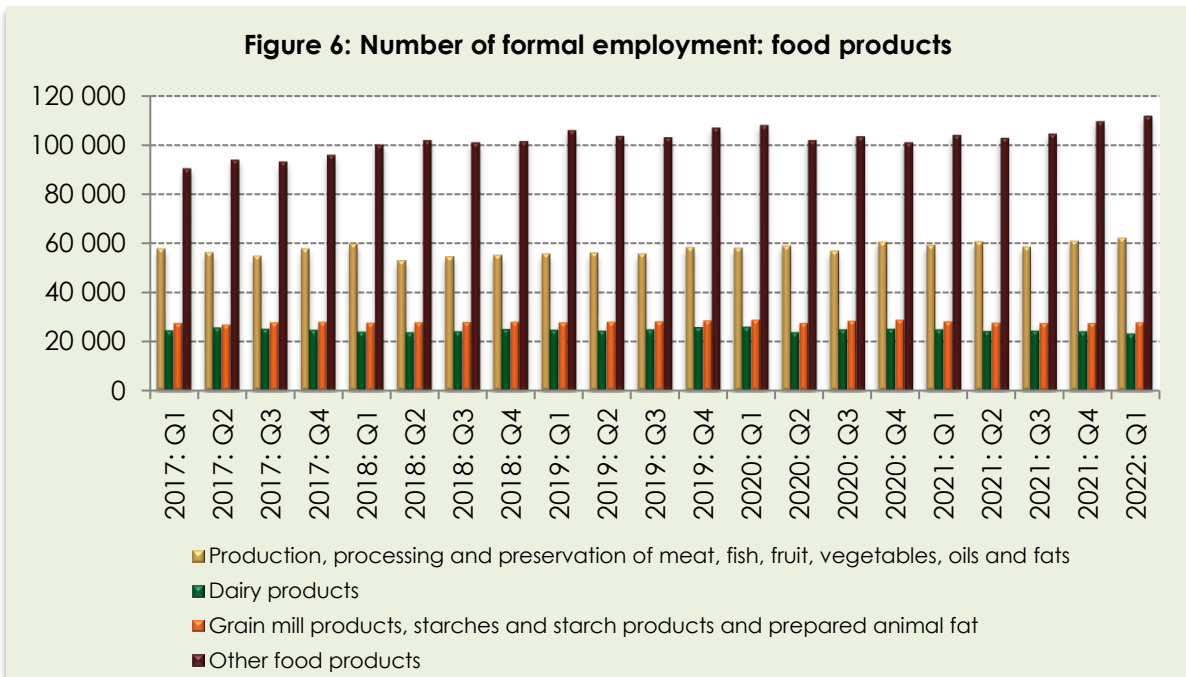
Source: Quantec, 2022

During 2022: Q1, the quarter-to-quarter seasonally adjusted value of sales for meat, fish, fruit, etc. grew by 8,2% following a 7,8% growth in 2021: Q4. However, sales of dairy products contracted quarter-to-quarter by 1,0% in 2022: Q1 as compared to a 1,5% growth recorded in the last quarter, while sales of grain mill products moderated by 0,9% in 2022: Q1 following a 5,2% growth in the last quarter. "Other food products", on the other hand, sales rebounded by 3,1% quarter-to-quarter during 2022: Q1 from a contraction of 16,4% in 2021: Q4. The seasonally adjusted value of sales of meat, fish, fruit etc. grew year-on-year by 17,8% in 2022: Q1. Similarly, sale increased for grain mill products by 13,5% year-on-year in 2022: Q1. However, it decelerated for dairy products by 0,9% year-on-year, while it receded further for "other food products" by 9,6% during 2022: Q1. Overall, sales of the food division rebounded quarter-to-quarter by 4,2% in 2022: Q1 from a 0,5% contraction in 2021: Q4. However, sales of the food division grew by 6,8% year-on-year in 2022: Q1. Therefore, sales of the food division increased to R122 378,0 million in the current quarter from R117 439,7 million in the previous quarter.



Source: Quantec, (2022)

Figure 5 above shows the trade balance of the food products division over the period 2017: Q1 to 2022: Q1. In 2022: Q1, the quarter-to-quarter imports and exports of food products contracted by 1,3% and 13,9% from a 13,3% and 12,3% growth, respectively, as recorded in the last quarter. However, imports accelerated by 27,1% year-on-year from an 8,2% growth in the preceding quarter, while exports moderated by 6,9% year-on year from an 8,9% growth in the previous quarter. Therefore, the trade deficit for food products division widened from R2 614,85 million in 2021: Q4 to R4 650,57 million in 2022: Q1.



Source: Quantec, 2022

Figure 6 above shows the employment in the food products division over the period 2017: Q1 to 2022: Q1. During 2022: Q1, the quarter-to-quarter formal employment in the production, processing and preservation of meat, fish, fruit, vegetables, oils and fats and “other food products” moderated by 1,9% and 2,0% from a 4,0% and 4,9% growth in the preceding quarter. Dairy products, it decelerated quarter-to-quarter by 3,7% from a 1,3% contraction in the previous quarter, however, for grain mill products it grew quarter-to-quarter by 0,6% following a 0,3% growth. In terms of the year-on-year, the employment in the production, processing and preservation of meat, fish, fruit, vegetables, oils and fats products grew by 4,9%. However, for dairy products it decelerated by 7,1%, while for grain mill products it receded further by 1,7%. The employment for other food products moderated year-on-year by 7,6%. The employment for the food division moderated by 1,2% from a growth of 3,4% quarter-to-quarter, however, it grew by 4,0% year-on-year. As a result, the division shed about 4 616 jobs in 2022: Q1.

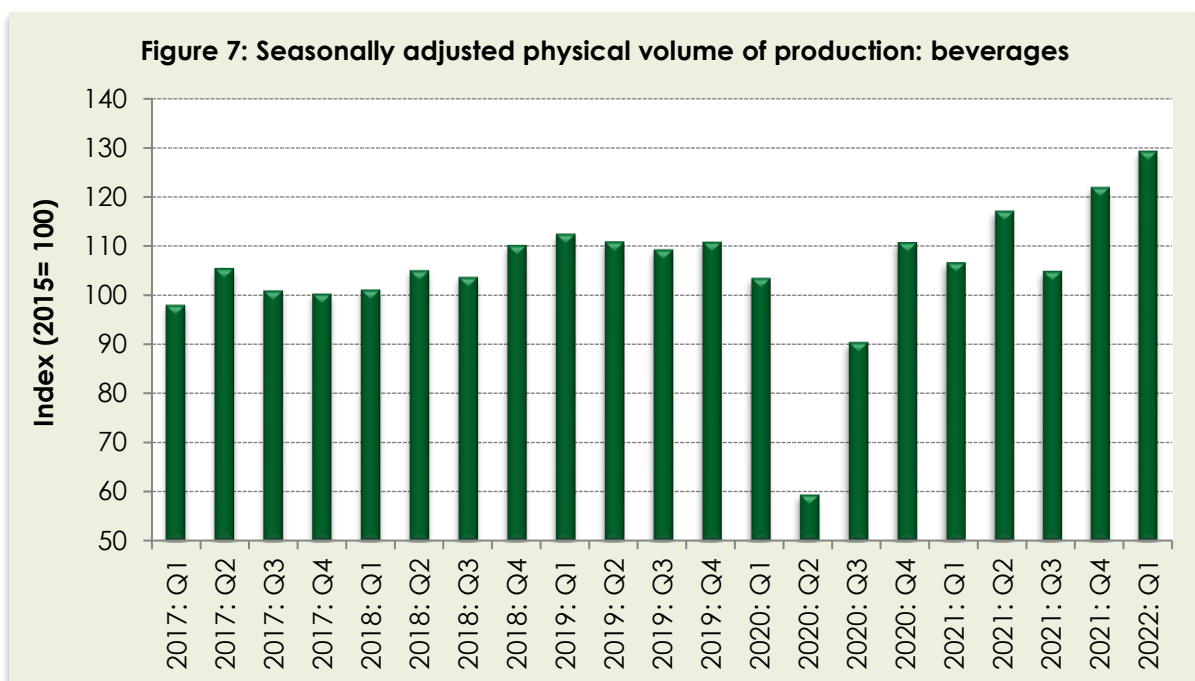
3.2 BEVERAGES

Table 4 below shows the producer price index for the beverages division in 2022: Q1. The year-on-year and quarter-to-quarter producer price index for beverages grew by 3,7% and 2,5%, respectively, in 2022: Q1.

Table 4: Producer price index for beverages products (base 2020= 100)

| Indices | | | % Change between | |
|----------|----------|----------|-----------------------|-----------------------|
| 2021: Q3 | 2021: Q4 | 2022: Q1 | 2021: Q1 and 2022: Q1 | 2021: Q4 and 2022: Q1 |
| 100,6 | 101,8 | 101,8 | 3,7 | 2,5 |

Source: Statistics SA, 2022



Source: Quantec, 2022

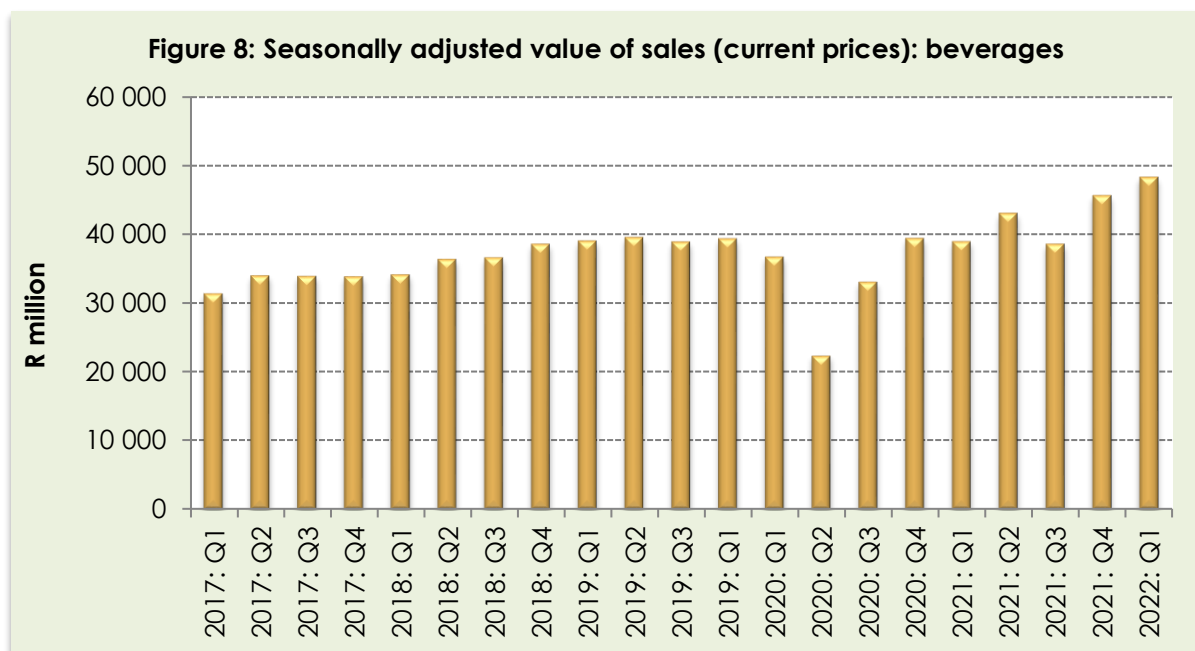
Figure 7 above shows the seasonally adjusted physical volume of production for the beverages division. The quarter-to-quarter volume of production for the beverages division moderated by 6,0% in 2022: Q1 following a 16,3% growth recorded in 2021: Q4. However, year-on-year, it increased by about 21,3% in 2022: Q1 following a 10,1% growth registered in the previous quarter.

Table 5: Utilisation and reasons for underutilisation of production capacity by large enterprises: Beverages (percentage)

| Period | Utilisation | Reasons for under-utilisation | | | | | |
|----------|-------------|-------------------------------|---------------|---------|--------------------|---------------------|-------|
| | | Total underutilisation | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | | Skilled | Semi and unskilled | | |
| 2021: Q1 | 75,4 | 24,6 | 1,1 | 0,7 | 0,2 | 17,1 | 5,6 |
| 2021: Q4 | 84,1 | 15,9 | 1,8 | 2,0 | 0,2 | 10,2 | 1,7 |
| 2022: Q1 | 81,7 | 18,3 | 2,9 | 0,7 | 0,2 | 12,9 | 1,7 |

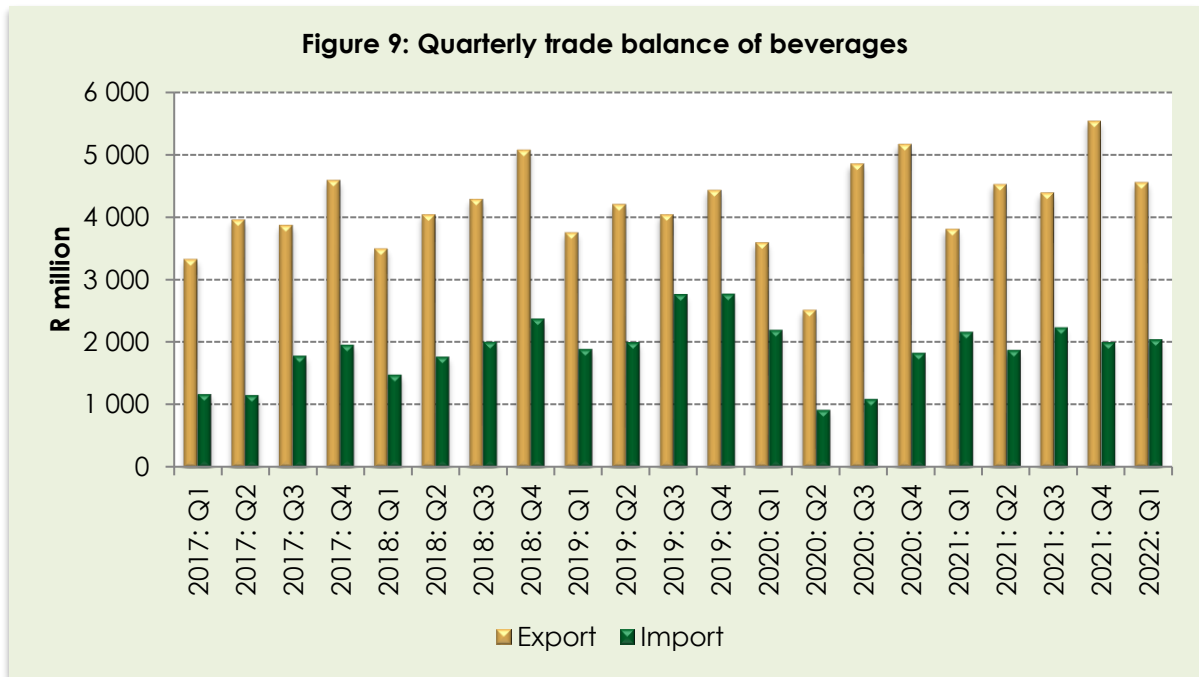
Source: Statistics SA (2022)

Table 5 above shows the utilisation of production capacity by large enterprises in the beverages division. The utilisation of production capacity increased year-on-year by about 6,3 percentage points, however, it decreased quarter-to-quarter by 2,4 percentage points. Insufficient demand remains the main reason for underutilisation during the period followed by shortage of raw materials.



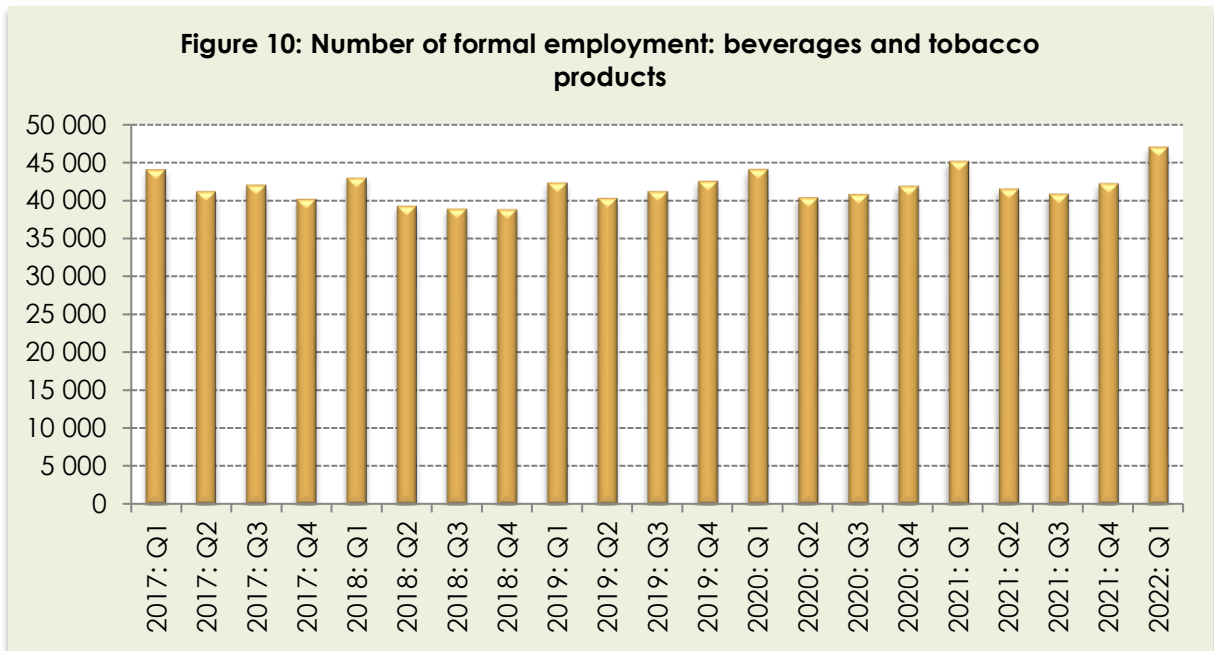
Source: Quantec, 2022

Figure 8 above shows the seasonally adjusted value of sales for the beverages division in 2022: Q1. During the period under review, the quarter-to-quarter seasonally adjusted value of sales for the beverages division moderated by 5,8% from a 18,2% growth in 2021: Q4. However, year-on-year, sales for the beverages division increased by 23,9% in 2022: Q1 following a 15,8% growth in 2021: Q4. Therefore, sales for the beverages division increased from R45 675,6 million in 2021: Q4 to R48 330,2 million in 2022: Q1.



Source: Quantec, 2022

As Figure 9 shows, the quarter-to-quarter imports of the beverages division rebounded by 2,4% in 2022: Q1 from a 10,6% contraction recorded in the last quarter. Similarly, beverages exports contracted quarter-to-quarter by 17,7% from a 26,1% growth in the last quarter. However, beverages imports contracted year-on-year by 5,4% from a 9,3% growth in the last quarter, while exports grew year-on-year by 19,6% following a 7,1% growth in the last quarter. Consequently, trade surplus of the beverages division narrowed from R3 537,8 million in 2021: Q4 to R2 509,8 million in 2022: Q1.



Source: Statistics SA, (2022)

During 2022: Q1, the quarter-to-quarter employment in the beverages and tobacco products division grew by 11,3% following a 3,4% growth in the last quarter, however, the division grew by 4,1% year-on-year. As a result, the division created about 4 761 jobs in 2022: Q1 (see Figure 10).

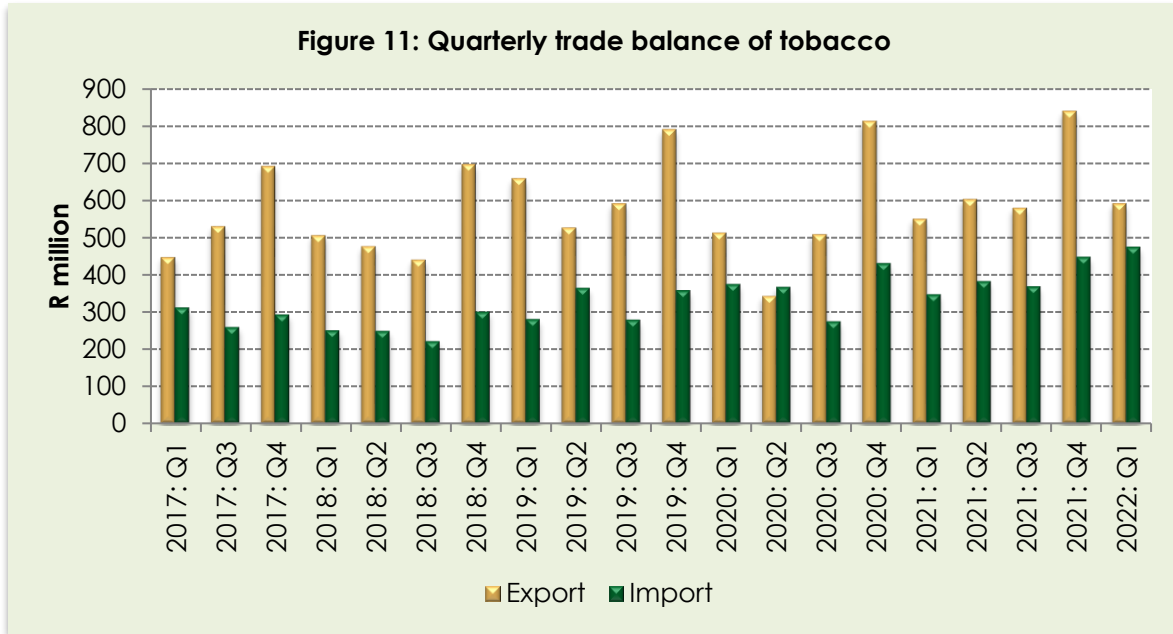
3.3 TOBACCO

Table 6 below shows the producer price index for tobacco products division. The year-on-year producer price index of tobacco moderated by 5,3%, however, it increased by 1,7% quarter-to-quarter.

Table 6: Producer price index for tobacco products (base 2020= 100)

| Indices | | | % Change between | |
|----------|----------|----------|-----------------------|-----------------------|
| 2021: Q3 | 2021: Q4 | 2022: Q1 | 2021: Q1 and 2022: Q1 | 2021: Q4 and 2022: Q1 |
| 101,8 | 105,4 | 105,4 | 5,3 | 1,7 |

Source: Statistics SA (2022)



Source: Quantec, 2022

The quarter-to-quarter imports of tobacco moderated by 6,0% in 2022: Q1, following a growth of 21,6% in 2021: Q4, while imports of tobacco accelerated year-on-year by 36,8% from a 3,9% growth in 2021: Q4. However, exports of tobacco contracted quarter-to-quarter by 29,5% from a growth of 44,8% in the previous quarter, while year-on-year exports grew by 7,4% following a 3,2% growth. As a result, the trade surplus narrowed from R391,7 million in 2021: Q4 to R117,2 million in 2022: Q1 (see Figure 11).

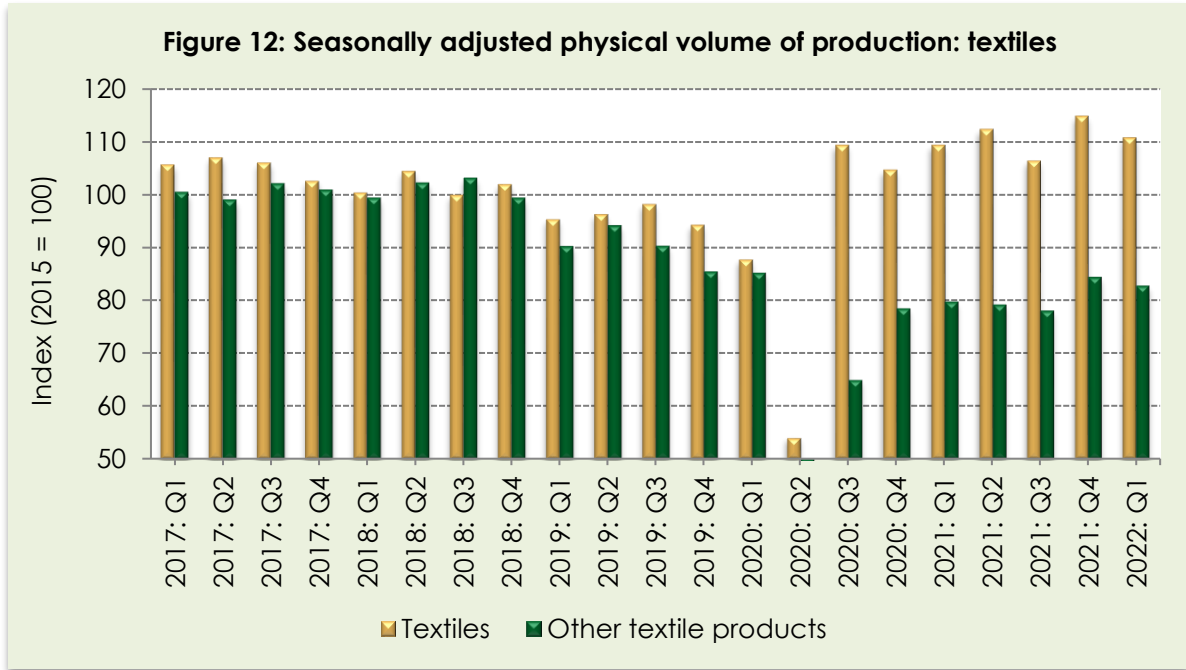
3.4 TEXTILES

Table 7 presents the producer price index for textiles during 2022: Q1. The year-on-year producer price index for textiles moderated by 3,0%, however, it stagnated quarter-to-quarter as compared to 2021: Q4.

Table 7: Producer price index for textiles (base 2020=100)

| | Indices | | | % Change between | |
|----------|----------|----------|----------|-----------------------|-----------------------|
| | 2021: Q3 | 2021: Q4 | 2022: Q1 | 2021: Q1 and 2022: Q1 | 2021: Q4 and 2022: Q1 |
| Textiles | 100.5 | 103.5 | 103.5 | 3,0 | 0,0 |

Source: Statistics SA (2022)



Source: Quantec, 2022

The quarter-to-quarter seasonally adjusted volume of production for the textiles and "other textiles division" contracted by 3,6% and 2,0%, respectively, in 2022: Q1, as compared to a 7,9% and 8,2% growth in 2021: Q4. The textiles division's volume of production, however, moderated by 1,3% year-on-year in 2022: Q1. Similarly, volume of production for other textiles moderated year-on-year by 3,8% in 2022: Q1 following a 7,6% growth in the preceding quarter. Volume of production for the division as a whole contracted by 2,9% quarter-to-quarter, however, it moderated by 2,3% year-on-year in 2022: Q1 (see Figure 12).

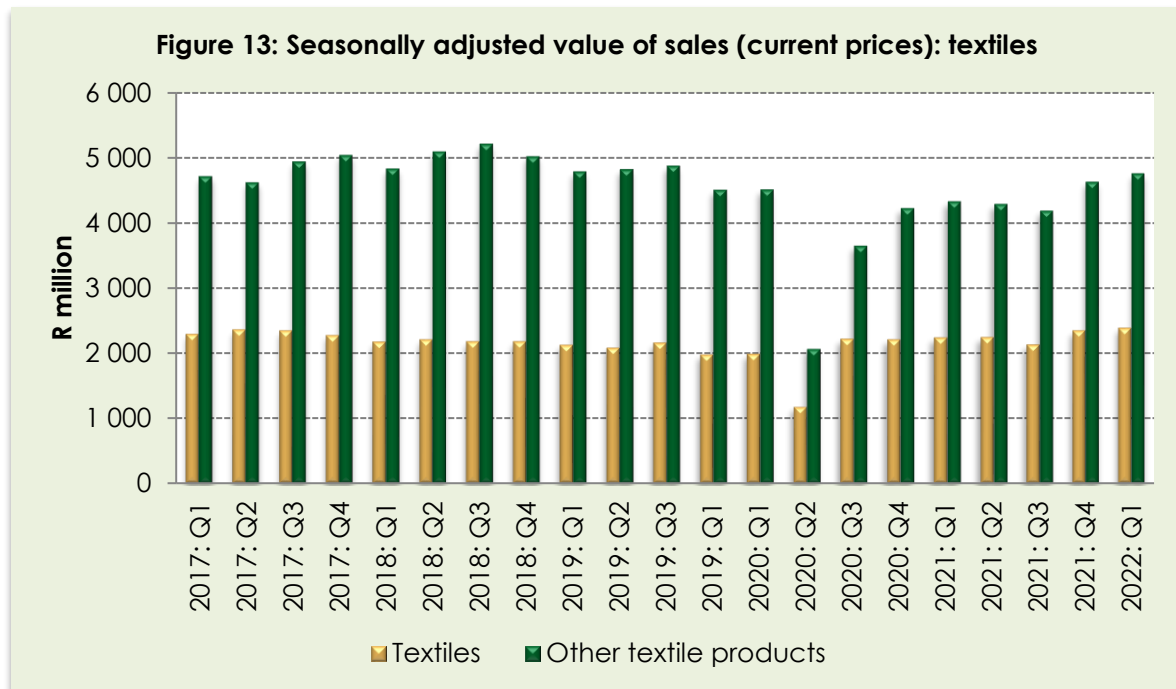
Table 8: Utilisation and reasons for underutilisation of production capacity by large enterprises: Textiles (percentage)

| Period | Utilisation | Reasons for underutilisation | | | | | |
|----------|-------------|------------------------------|---------------|---------|--------------------|---------------------|-------|
| | | Total underutilisation | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | | Skilled | Semi and unskilled | | |
| 2021: Q1 | 65,3 | 34,7 | 3,7 | 1,1 | 0,4 | 24,2 | 5,4 |
| 2021: Q4 | 65,7 | 34,3 | 3,4 | 1,5 | 0,5 | 23,0 | 5,8 |
| 2022: Q1 | 66,3 | 33,7 | 2,1 | 1,4 | 0,5 | 24,2 | 5,5 |

Source: Statistics SA (2022)

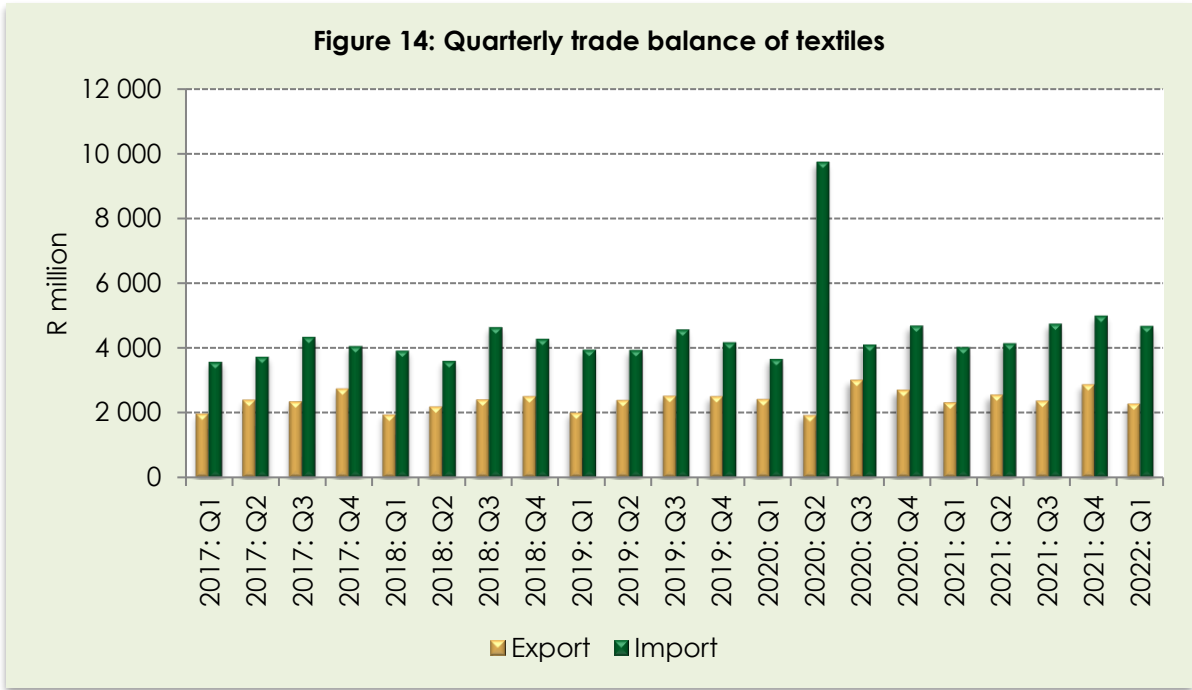
Table 8 presents the utilisation of production capacity by large enterprises in the textiles division. The quarter-to-quarter utilisation of production capacity increased by 0,6 percentage point in 2022: Q1. However, year-on-year, it increased by approximately 1 percentage point.

Insufficient demand remains the main reason for the underutilisation of production capacity by large enterprises of the textiles division, followed by other reasons such as lower productivity.



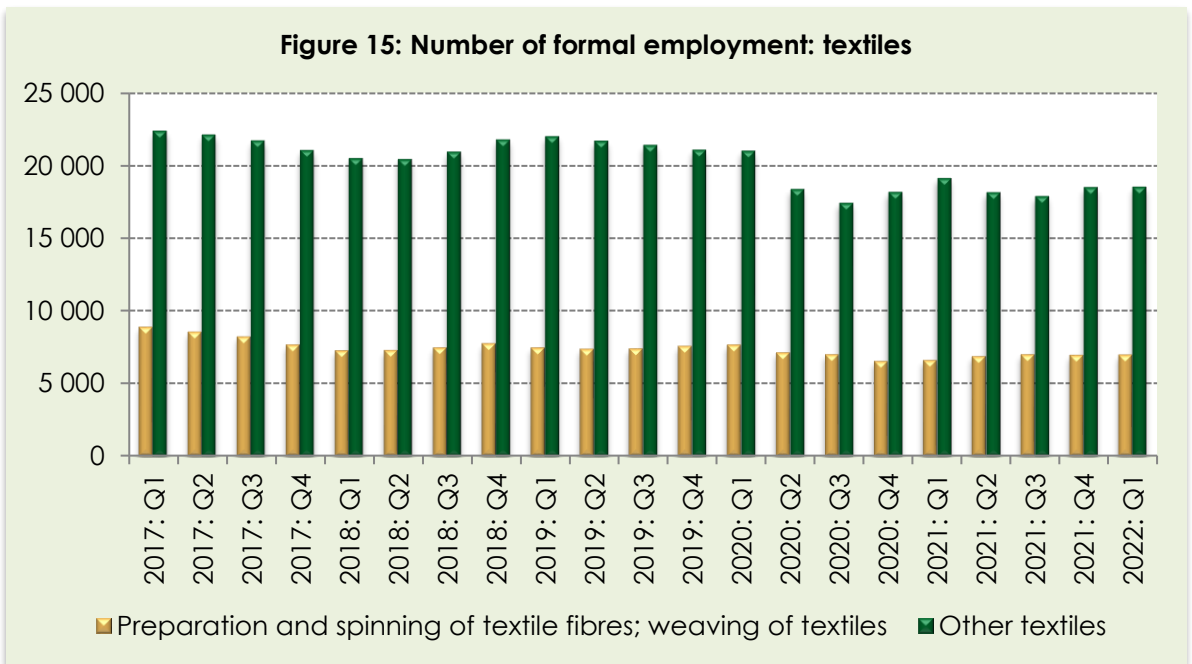
Source: Quantec, 2022

During 2022: Q1, the quarter-to-quarter seasonally adjusted value of sales for textiles and other textiles division moderated by 1,7% and 2,7% from a 10,3% and 10,7% respective growth registered in the last quarter. However, it grew year-on-year for textiles and other textiles division by 6,6% and 9,9% in 2022: Q1 following a 6,3% and 9,6% growth, respectively, recorded in the last quarter. The divisions combined, it moderated quarter-to-quarter by 2,4% in 2022: Q1 from a 10,5% growth in 2021: Q4, however, it grew marginally by 8,8% year-on-year in 2022: Q1. Therefore, sales of textiles division increased from R6 964,2 million in 2021: Q4 to R7131,4 million in 2022: Q1 as illustrated in Figure 13.



Source: Quantec, 2022

Figure 14 above shows the quarterly trade balance of the textiles division during 2022: Q1. In 2022: Q1, the quarter-to-quarter imports and exports of textiles registered a contraction of 6,5% and 20,7% as compared to a growth of 5,4% and 21,3% in the last quarter, respectively. Similarly, exports contracted year-on-year by 1,7% as compared to a 6,5% growth in the preceding quarter. On the other hand, the year-on-year imports of textile division grew by 16,1% in 2022: Q1 following a 6,5% growth registered in 2021: Q4. As a result, the trade deficit of the textiles division widened from R2 118,1 million in 2021: Q4 to R2 389,3 million in 2022: Q1.



Source: Quantec, 2022

During 2022: Q1, the formal employment in the other textiles division moderated quarter-to-quarter by 0,1% as compared to a 3,4% growth in the last quarter however, it contracted year-on-year by 3,1% following a 1,7% growth in the previous quarter. The formal employment for preparation and spinning of textile fibre; weaving of textiles division, similarly, grew quarter-to-quarter and year-on-year by 11,3% and 4,1%, respectively, following a 3,4% and 0,8% growth in 2021: Q4. The employment for the division as a whole increased quarter-to-quarter and year-on-year by 9,8% and 4,3%, respectively. As a result, 4 787 jobs were created during the period under review (see Figure 15).

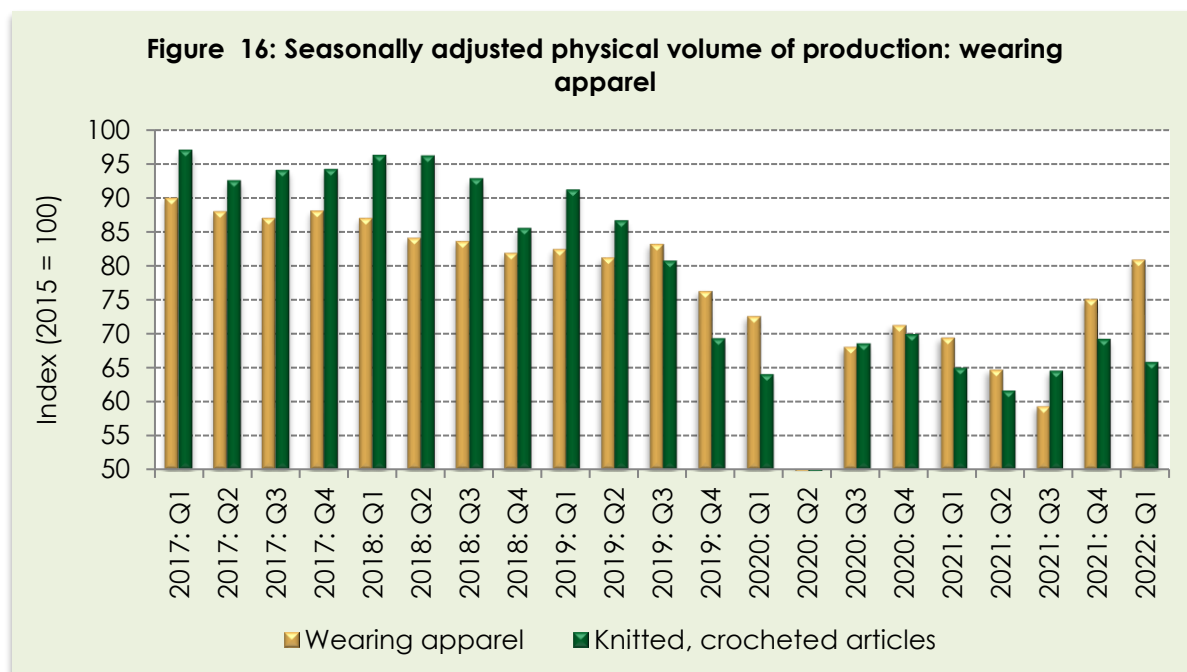
3.5 WEARING APPAREL

Table 9 below shows the producer price index for wearing apparel division in 2022: Q1. The year-on-year producer price index for wearing apparel moderated by 4,7% in 2022: Q1. However, the producer price index for wearing apparel increased by 1,3% quarter-to-quarter.

Table 9: Producer price index for wearing apparel (base 2020 = 100)

| | Indices | | | % Change between | |
|-----------------|----------|----------|----------|-----------------------|-----------------------|
| | 2021: Q3 | 2021: Q4 | 2022: Q1 | 2021: Q1 and 2022: Q1 | 2021: Q4 and 2022: Q1 |
| Domestic output | | | | | |
| Wearing apparel | 101,5 | 103,3 | 104,2 | 4,7 | 1,3 |

Source: Statistics SA (2022)



Source: Quantec, 2022

Figure 16 shows the seasonally adjusted physical volume of production for wearing apparel division in 2022: Q1. The quarter-to-quarter seasonally adjusted volume of production for

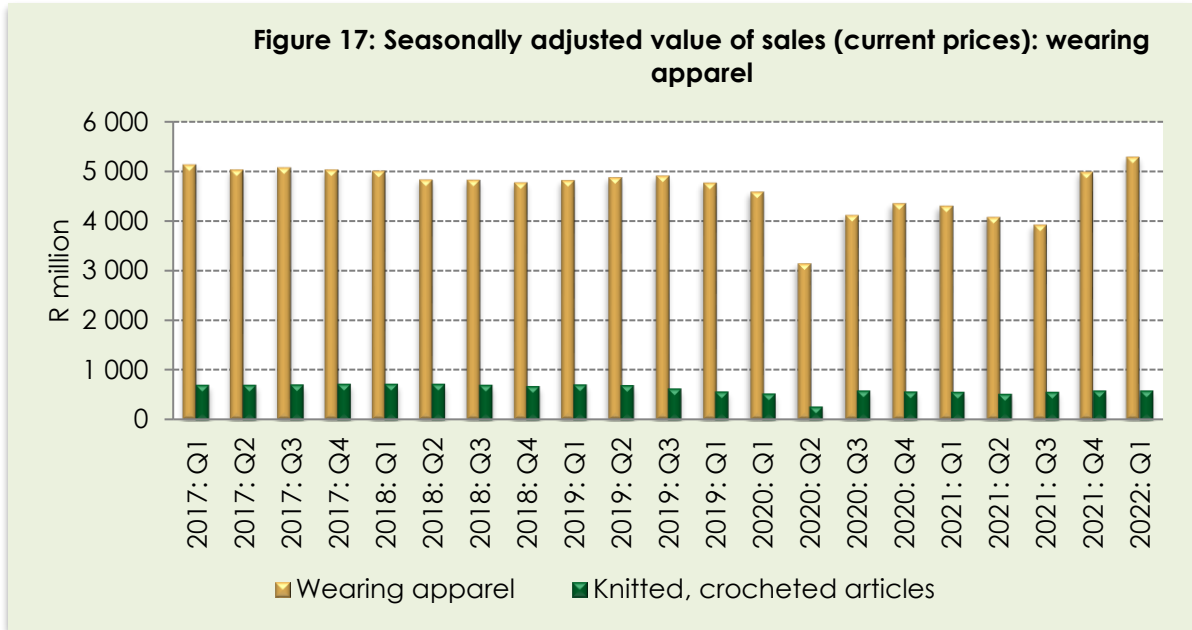
wearing apparel division moderated by 7,7% in 2022: Q1 as compared to a growth of 26,6% in 2021: Q4, however, it increased year-on-year by about 16,5% following a 5,4% growth in the preceding quarter. On the other hand, the seasonally adjusted physical volume of production for knitted, crocheted articles contracted by 4,9% quarter-to-quarter in 2022: Q1, from a growth of 7,2% in 2021: Q4, while it rebounded year-on-year by 1,3% from a 1,0% contraction recorded in 2021: Q4. The seasonally adjusted physical volume of production for the division as whole moderated quarter-to-quarter by 1,7% in 2022: Q1 following a growth of 16,5% in 2021: Q4, however, it increased by 9,2% year-on-year.

Table 9: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wearing apparel (percentage)

| Period | Utilisation | Reasons for underutilisation | | | | | |
|----------|-------------|------------------------------|---------------|---------|--------------------|---------------------|-------|
| | | Total underutilisation | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | | Skilled | Semi and unskilled | | |
| 2021: Q1 | 73,5 | 26,5 | 1,0 | 1,9 | 0,4 | 19,0 | 4,2 |
| 2021: Q4 | 72,9 | 27,1 | 0,7 | 1,7 | 0,4 | 20,1 | 4,3 |
| 2022: Q1 | 73,4 | 26,6 | 0,8 | 1,7 | 0,4 | 19,6 | 4,1 |

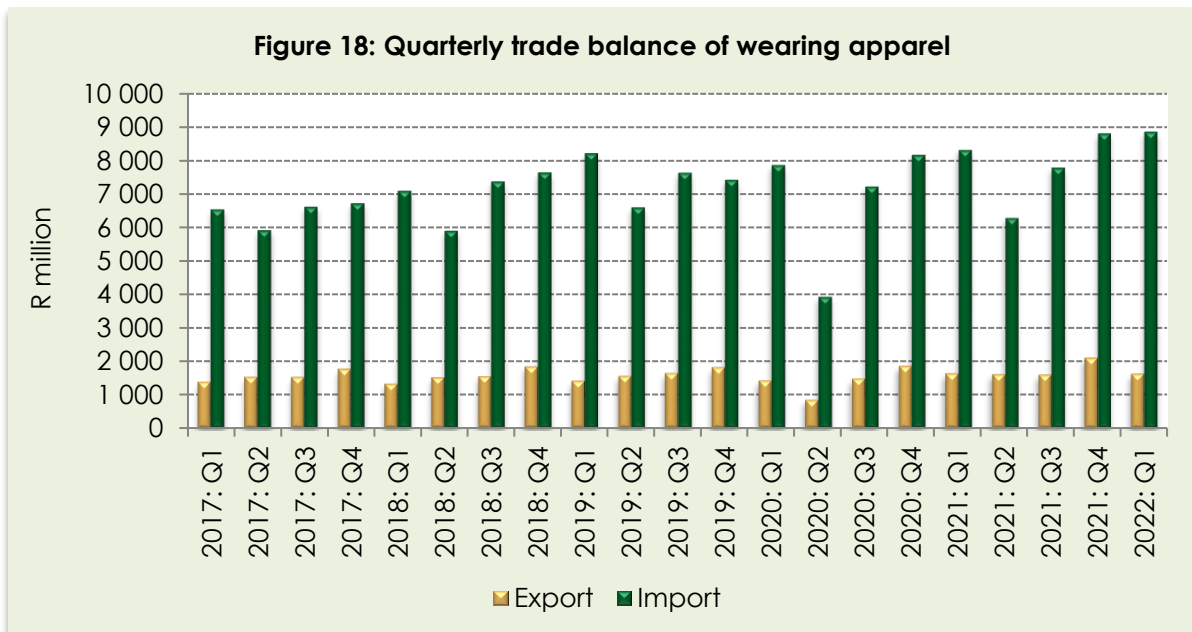
Source: Statistics SA (2022)

Table 9 shows the percentage of utilisation and reasons for underutilisation of production capacity by large enterprises for the wearing apparel division in 2022: Q1. The quarter-to-quarter utilisation of production capacity increased by 0,5 percentage point. However, it declined year-on-year by about 0.1 percentage point. Insufficient demand remained the key reason for underutilisation of production capacity, followed by other reasons such as seasonal factors.



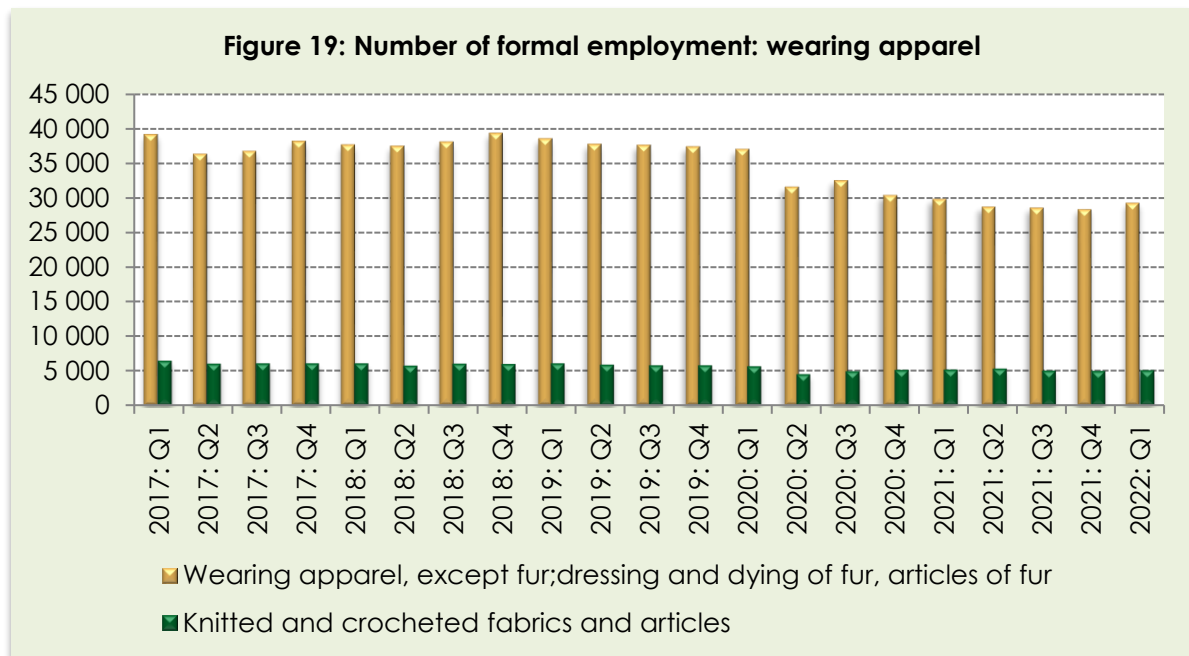
Source: Quantec, 2022

Figure 17 presents seasonally adjusted value of sales for the wearing apparel division in 2022: Q1. During 2022: Q1, the quarter-to-quarter seasonally adjusted value of sales for the knitted, crocheted articles and wearing apparel division moderated by 0,2% and 6,1% following a 4,8% and 27,1% growth, respectively, in the last quarter. However, the seasonally adjusted value of sales for the knitted, crocheted articles division grew year-on-year by 4,9% in 2022: Q1 following a 3,6% growth in 2021: Q4. Similarly, sales increased year-on-year for the wearing apparel division by 22,9% in 2022: Q1 following a 14,5% growth in the preceding quarter. Combine sales for the divisions moderated by 5,5% quarter-to-quarter in 2022: Q1 from a 24,4% growth in 2021: Q4, however, it grew by 20,9% year-on-year in 2022: Q1. Sales in the wearing apparel division grew to R5 865,9 million in 2022: Q1 from R5 558,7 million in 2021: Q4.



Source: Quantec, 2022

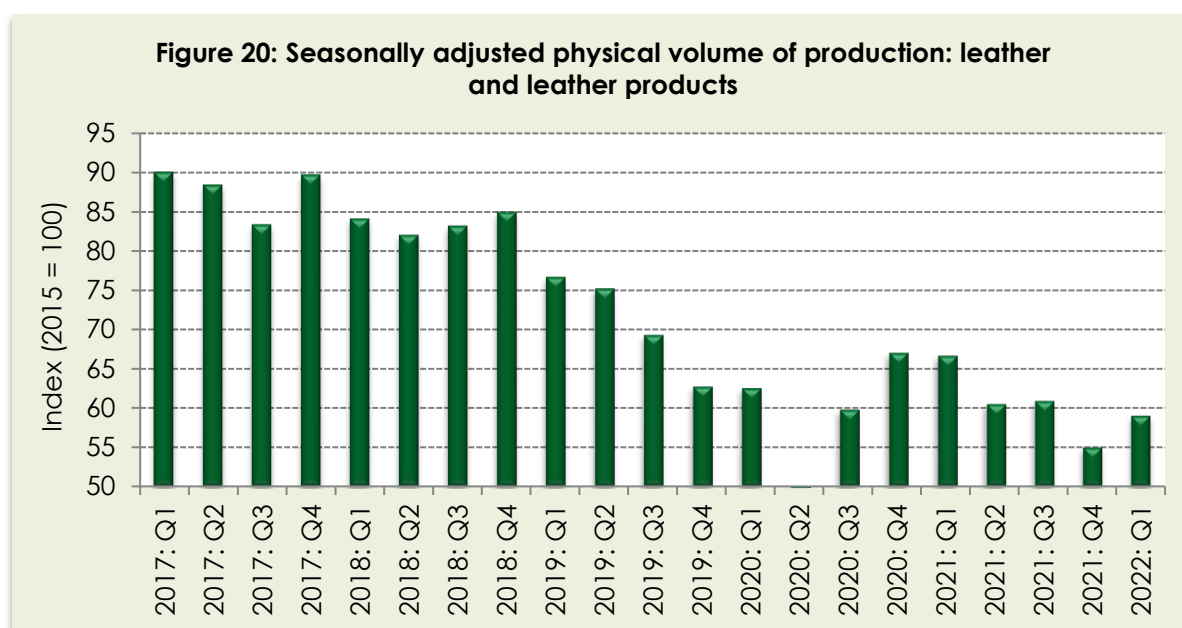
Figure 18 shows the quarterly trade balance for wearing apparel division. During 2022: Q1, the quarter-to-quarter and year-on-year imports of wearing apparel moderated by 0,5% and 6,6% following a 13,1% and 7,9% growth, respectively, in the preceding quarter. Exports of wearing apparel, on the other hand, contracted quarter-to-quarter and year-on-year by 22,3% and 0,2% from a 31,1% and 12,9% growth, respectively, in the previous quarter. As a results, the trade deficit widened from R6 728,7 million in the last quarter to R7 241,3 million in 2022: Q1.



Source: Statistics SA (2022)

During 2022: Q1, the quarter-to-quarter formal employment for knitted and crocheted fabric and articles of fur and wearing apparel divisions rebounded by 1,7% and 3,4% from a 0,7% and 0,8% contraction, respectively, in the preceding quarter. However, formal employment for knitted and crocheted fabric and articles of the fur and wearing apparel divisions further contracted year-on-year by 1,8% and 1,7% following a 2,4% and 6,8% contraction, respectively, in 2021: Q4. The formal employment for the division, rebounded by 3,1% quarter-to-quarter, however, it further contracted by 1,8% year-on-year in 2022: Q1. As a result, about 1 035 jobs were created in 2022: Q1 as Figure 19 shows.

3.6 LEATHER AND LEATHER PRODUCTS



Source: Quantec, 2022

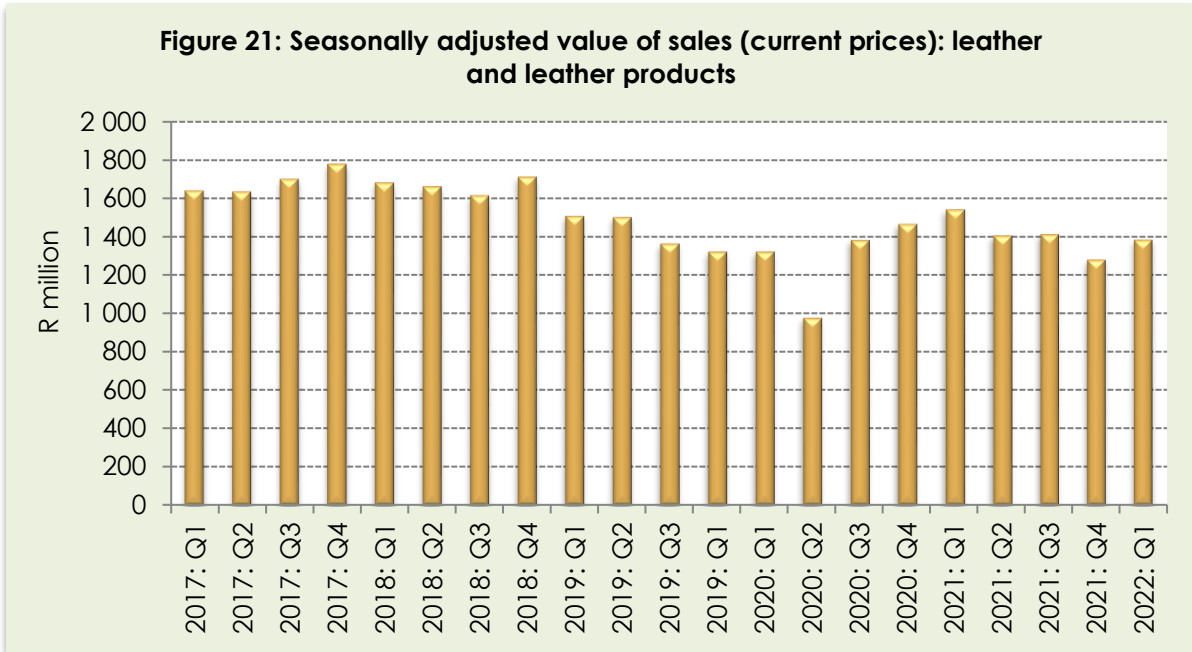
During 2022: Q1, the quarter-to-quarter seasonally adjusted physical volume of production for leather and leather products division bounced back by 7,4% from a 9,7% contraction in 2021: Q4, however, the division receded further by 11,5% year-on-year in 2022: Q1 (see Figure 20).

Table 10: Utilisation and reasons for underutilisation of production capacity by large enterprises: Leather and leather products (percentage)

| Period | Utilisation | Reasons for underutilisation | | | | | |
|----------|-------------|------------------------------|---------------|--------------------|-----|---------------------|-------|
| | | Total underutilisation | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | Skilled | Semi and unskilled | | | |
| 2021: Q1 | 63,8 | 36,2 | 3,0 | 0,6 | 1,2 | 26,7 | 4,8 |
| 2021: Q4 | 58,6 | 41,4 | 7,4 | 0,5 | 1,4 | 24,3 | 7,9 |
| 2022: Q1 | 62,8 | 37,2 | 9,9 | 0,5 | 1,4 | 19,8 | 5,7 |

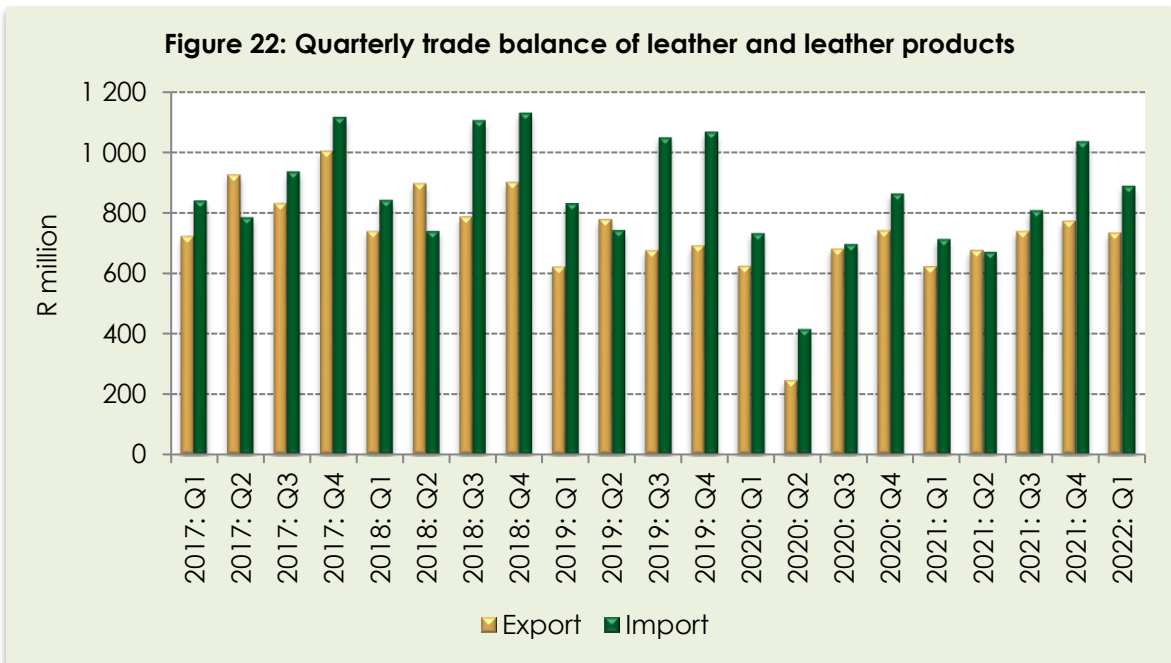
Source: Statistics SA (2022)

The utilisation of production capacity by large enterprises in the leather and leather products division increased quarter-to-quarter by about 4,2 percentage points. However, it declined year-on-year by 1,0 percentage points. Insufficient demand and shortage of raw materials remain the reasons for underutilisation during 2022: Q1.



Source: Quantec, 2022

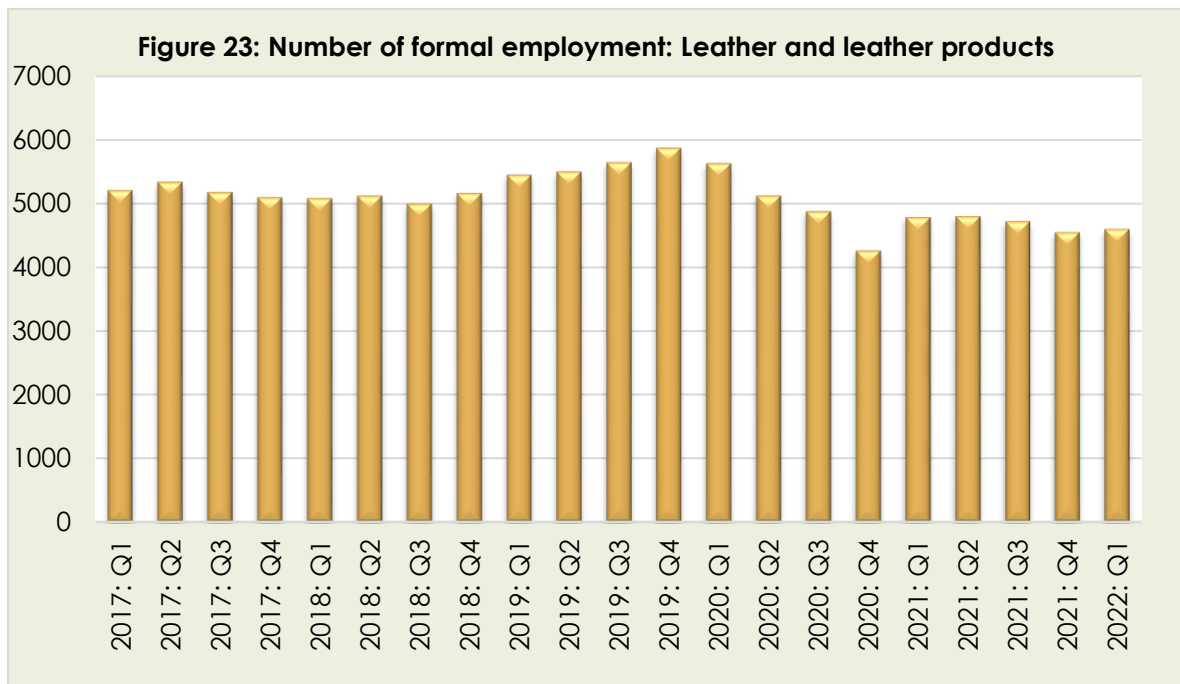
The quarter-to-quarter seasonally adjusted value of sales for leather and leather products division rebounded by 8,1% in 2022: Q1 from a 9,4% contraction in 2021: Q4, however, the division receded further year-on-year by 10,2% from a contraction of about 12,7% in the preceding quarter (see Figure 21). Therefore, the value of sales of leather and leather products increased from about R1 280,4 million in 2021: Q4 to R1 384,3 million in 2022: Q1.



Source: Quantec, 2022

Figure 22 above presents the quarterly trade balance of the leather and leather products division. During 2022: Q1, the quarter-to-quarter imports and exports of the leather and leather products division contracted by 14,2% and 5,0% in 2022: Q1, as compared to a 28,3% and 4,6% growth in the last quarter, respectively. However, year-on-year imports and exports increased

by 24,7% and 17,8%, from a 20,0% and 4,3% growth in the previous quarter, , respectively. As a result, the trade deficit narrowed from R263,1 million in 2021: Q4 to R154,8 million in 2022: Q1.



Source: Statistics SA (2022)

The quarter-to-quarter formal employment in the leather and leather products division rebounded by 1,2% in 2022: Q1 from a 3,7% contraction in the last quarter, however, it contracted year-on-year by 3,9% from a 6,6% growth in 2021: Q4. As a result, 54 jobs were created in 2022: Q1 for the division (see Figure 23).

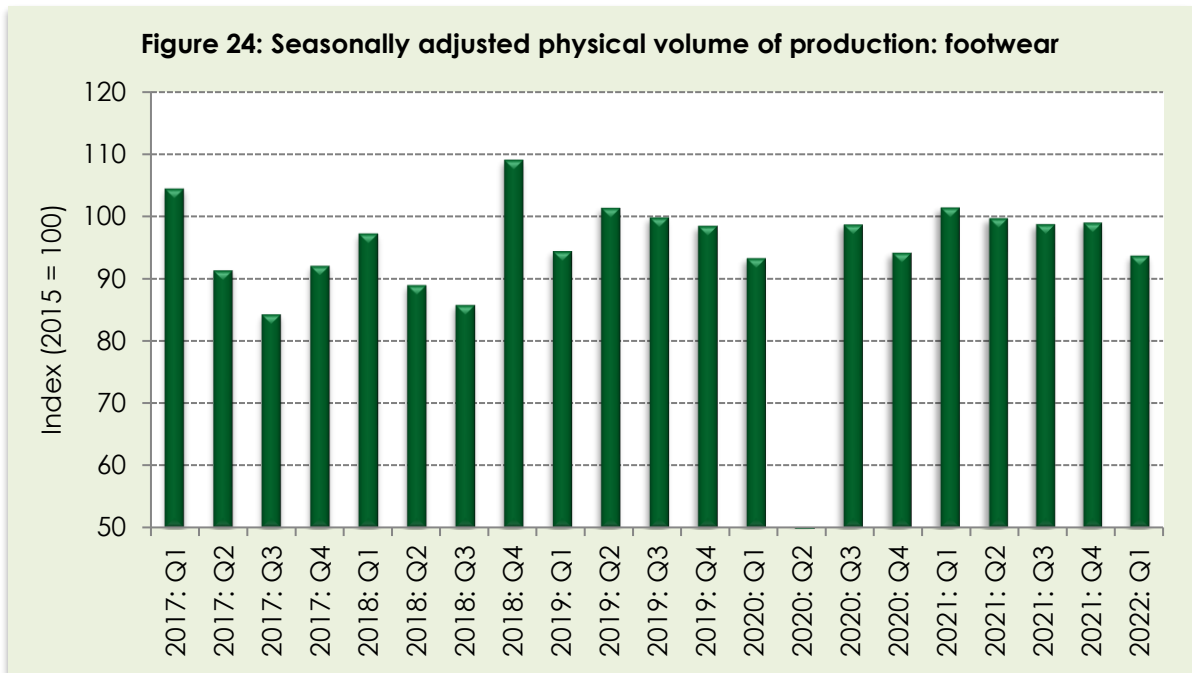
3.7 FOOTWEAR

Table 11 presents producer price index for footwear division. The producer price index for the domestic output of the footwear division in 2022: Q1 stagnated at 3,9% year-on-year, however, it increased by 1,3% quarter-to-quarter.

Table 11: Producer price index for footwear (base 2020 = 100)

| Indices | | | % Change between | |
|-----------------|----------|----------|-----------------------|-----------------------|
| 2021: Q3 | 2021: Q4 | 2022: Q1 | 2021: Q1 and 2022: Q1 | 2021: Q4 and 2022: Q1 |
| Domestic output | | | | |
| 101,3 | 103,9 | 103,9 | 3,9 | 1,3 |

Source: Statistics SA (2022)



Source: Quantec, 2022

The quarter-to-quarter and year-on-year seasonally adjusted physical volume of production for the footwear division contracted by 5,4% and 7,6% in 2022: Q1 as compared to a 0,3% and 5,1% growth in the previous quarter respectively (see Figure 24).

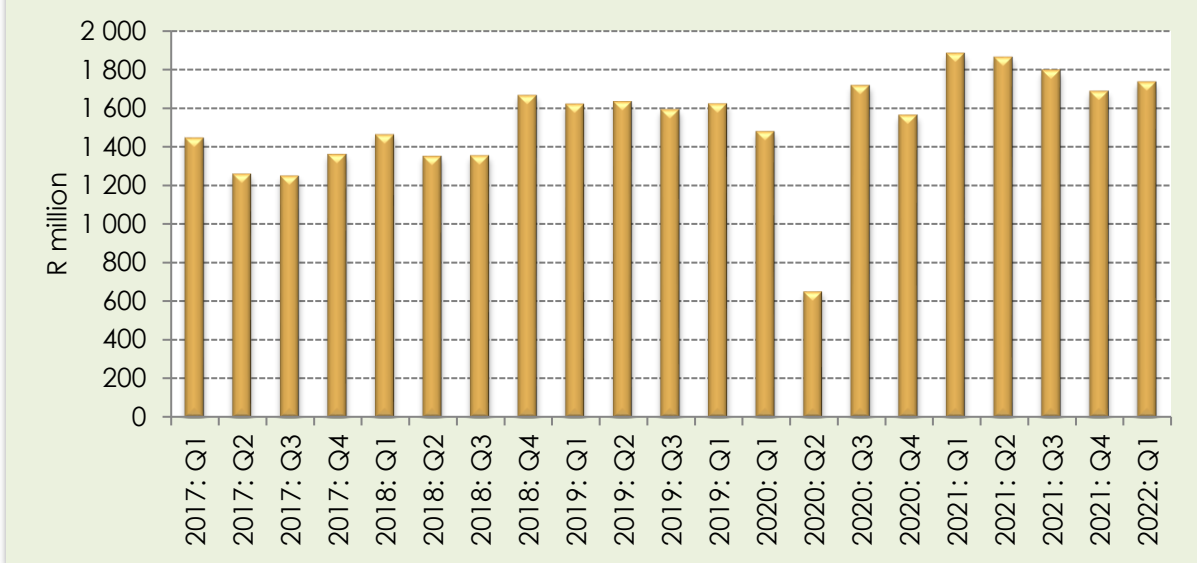
Table 12: Utilisation and reasons for underutilisation of production capacity by large enterprises: Footwear (percentage)

| Period | Utilisation | Reasons for underutilisation | | | | | |
|----------|-------------|------------------------------|---------------|---------|--------------------|---------------------|-------|
| | | Total under-utilisation | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | | Skilled | Semi and unskilled | | |
| 2021: Q1 | 81,1 | 18,9 | 1,9 | 1,0 | 0,0 | 14,2 | 1,9 |
| 2021: Q4 | 84,6 | 15,4 | 3,6 | 0,0 | 0,0 | 10,9 | 1,0 |
| 2022: Q1 | 81,9 | 18,1 | 3,6 | 0,0 | 0,0 | 13,5 | 1,0 |

Source: Statistics SA (2022)

During 2022: Q1, the utilisation of production capacity by large enterprises in the footwear division grew year-on-year, however declined and quarter-to-quarter. The year-on-year increase was about 0,8 percentage point, however, quarter-to-quarter it decreased by 2,7 percentage points. Insufficient demand remains the main reason behind low-capacity utilisation, followed by shortage of raw materials (see Table 12).

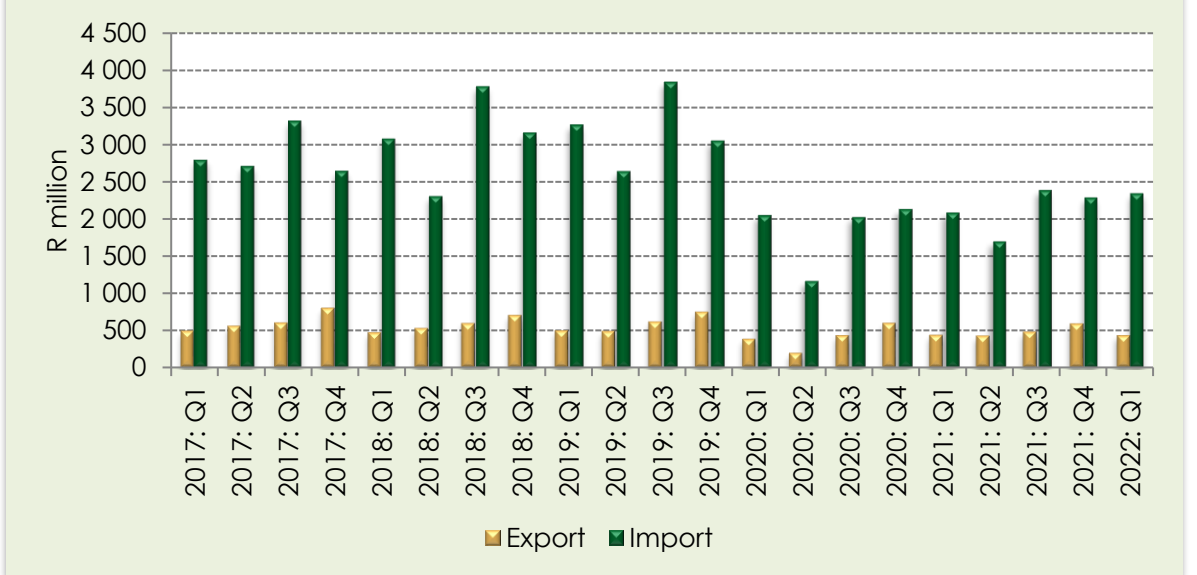
Figure 25: Seasonally adjusted value of sales (current prices): footwear



Source: Quantec, 2022

During 2022: Q1, the quarter-to-quarter seasonally adjusted value of sales for the footwear division rebounded by 2,9% following a contraction of 6,1% registered in 2021: Q4, however, it contracted year-on-year by 7,8% as compared to a 7,9% growth in the previous quarter. Therefore, value of sales for the footwear division increased from R1 685,3 million in 2021: Q4 to R1 734,4 million in 2022: Q1 (see Figure 25).

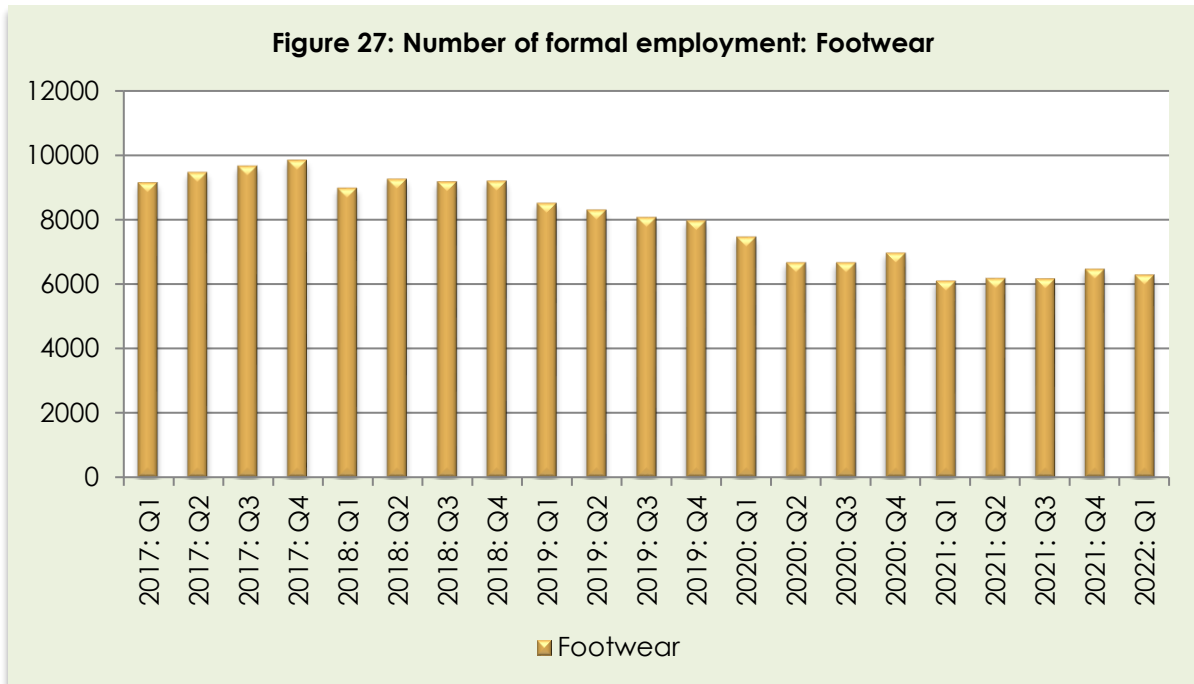
Figure 26: Quarterly trade balance of footwear



Source: Quantec, 2022

During 2022: Q1, the quarter-to-quarter imports for the footwear division rebounded by 2,5% from a 4,2% contraction in the preceding quarter, however, it grew year-on-year by 12,5% in 2022: Q1 following a 7,4% growth. Exports, on the other hand, contracted quarter-to-quarter by 27,0% following a 23,6% growth in 2021: Q4. However, it receded further year-on-year by

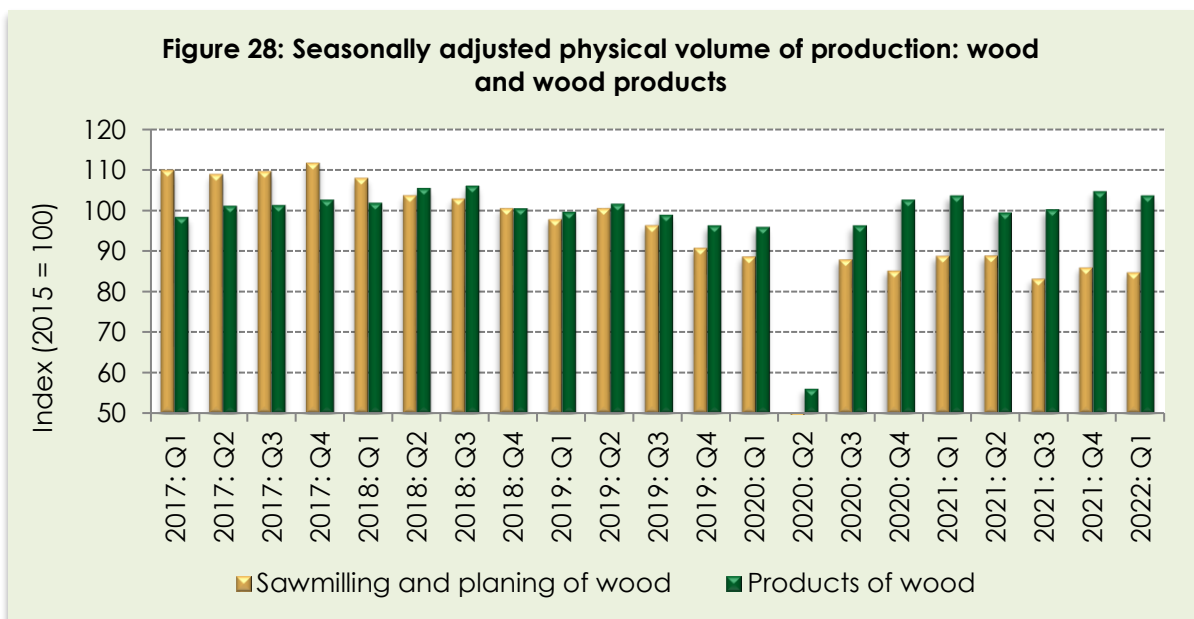
0,8% following a contraction of 1,2%. As a result, the trade deficit widened from R1 696,4 million in the previous quarter to R1 910,1 million in the current quarter (see Figure 26).



Source: Statistics SA (2022)

During 2022: Q1, the quarter-to-quarter formal employment in the footwear division contracted by 2,8% from a 5,0% growth in the preceding quarter. Conversely, the formal employment of the footwear division rebounded year-on-year by about 3,2%. As a result, the footwear division shed about 180 jobs in 2022: Q1 (see Figure 27).

3.8 WOOD AND WOOD PRODUCTS



Source: Quantec, 2022

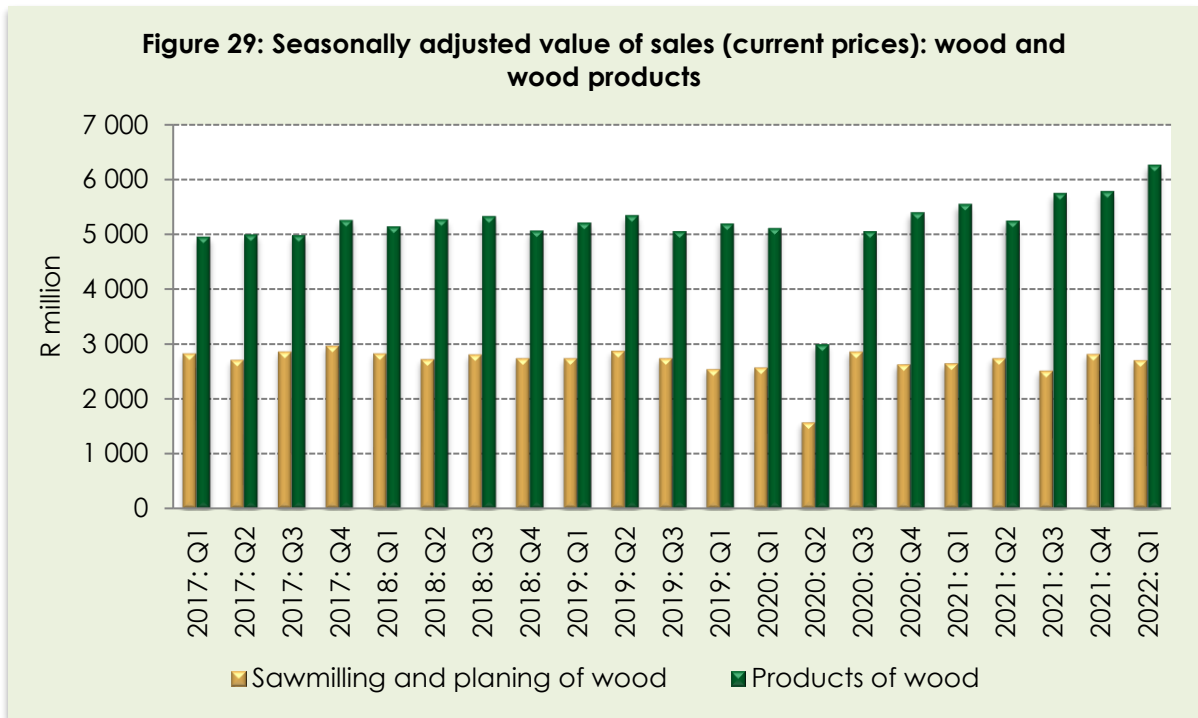
During, 2022: Q1, the quarter-to-quarter and year-on-year seasonally adjusted physical volume of production for sawmilling and planing of woods division contracted by 1,4% and 4,5% from a 3,3% and 1,0% growth, respectively, recorded in the last quarter. Similarly, products of wood contracted quarter-to-quarter by 1,0% from a 4,4% growth in 2021: Q4. However, year-on-year, the seasonally adjusted physical volume of production for products of wood remained unchanged in 2022: Q1 as compared to about 2,0% growth in the preceding quarter (See Figure 28). The seasonally adjusted physical volume of production for the divisions combined contracted quarter-to-quarter and year-on-year by 1,2% and 2,1% in 2022: Q1 following a 3,9% and 1,5% growth registered in the last quarter, respectively.

Table 13: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wood and wood products (percentage)

| Period | Utilisation | Reasons for underutilisation | | | | | |
|----------|-------------|------------------------------|---------------|---------|--------------------|---------------------|-------|
| | | Total underutilisation | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | | Skilled | Semi and unskilled | | |
| 2021: Q1 | 83,7 | 16,3 | 1,9 | 0,8 | 0,0 | 9,2 | 4,3 |
| 2021: Q4 | 83,5 | 16,5 | 2,2 | 0,9 | 0,0 | 9,4 | 4,0 |
| 2022: Q1 | 81,0 | 19,0 | 2,5 | 0,9 | 0,0 | 8,4 | 7,2 |

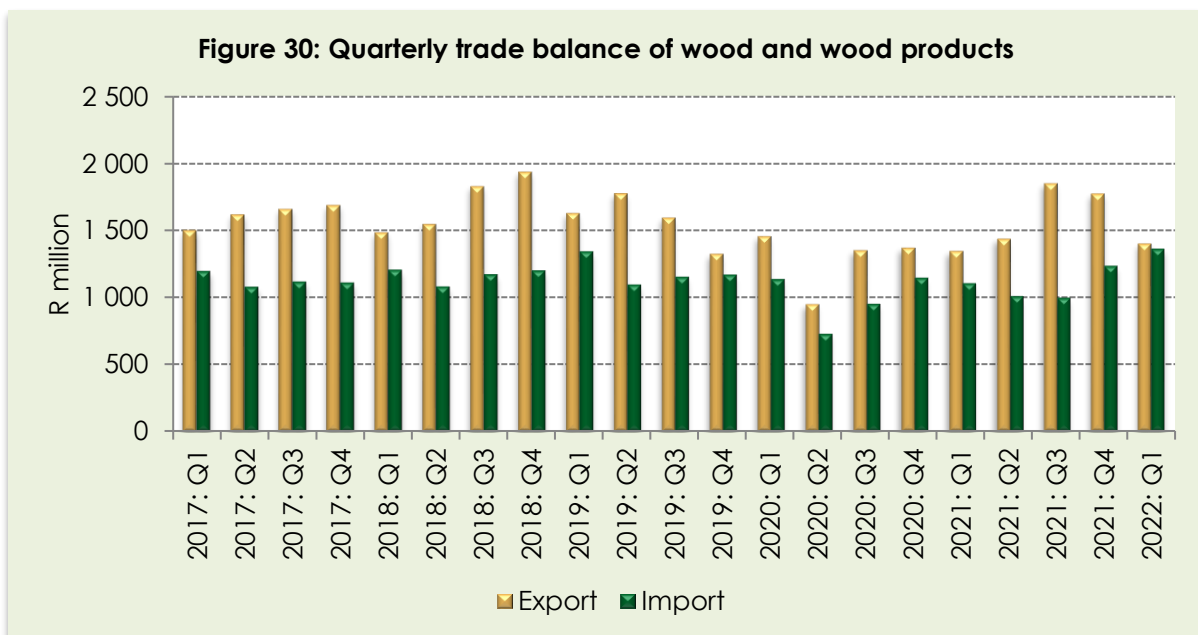
Source: Statistics SA (2022)

Table 13 shows the utilisation of production capacity by large enterprises in the wood and wood products division. The utilisation of production capacity decreased year-on-year and quarter-to-quarter. The utilisation capacity decreased by 2,7 percentage points year-on-year, however, quarter-to-quarter it declined by 2,5 percentage points. insufficient demand remained a reason for underutilisation during 2022: Q1, followed by other reasons such as lower productivity.



Source: Quantec, 2022

During 2022: Q1, the quarter-to-quarter seasonally adjusted value of sales for sawmilling and planing of wood division contracted by 4,0% from a 12,1% growth in 2021: Q4, however it moderated year-on-year by 2,3% following a 7,3% growth in the previous quarter. The seasonally adjusted value of sales for wood and wood products division, on the other hand, grew quarter-to-quarter and year-on-year by 8,3% and 12,8% in 2022: Q1 following a 0,6% and 7,1% respective growth in the last quarter (see Figure 29). Sales for the division as a whole increased by 4,3% quarter-to-quarter and 9,4% year-on-year in 2022: Q1, from a 4,1% and 7,2% growth in 2021: Q4 respectively. Therefore, sales for wood and wood products increased from R8 585,0 million in 2021: Q4 to R 8 952,7 million in 2022: Q1.



Source: Quantec, 2022

The quarter-to-quarter imports of wood and wood products moderated by 10,3% in 2022: Q1 following a growth of 23,9% in 2021: Q4, however, imports increased year-on-year by 23,1% following a 7,8% growth in 2021: Q4. Exports of wood and wood products, however, decelerated quarter-to-quarter by 21,0% from a 4,1% contraction in the last quarter, while year-on-year it moderated by 4,1% following a 29,4% growth in the previous quarter. As a result, the trade surplus narrowed from R545,7 million in the previous quarter to around R46,4 million in 2022: Q1 (see Figure 30).



Source: Statistics SA (2022)

In 2022: Q1, the quarter-to-quarter and year-on-year formal employment in sawmilling and planning of wood contracted by 5,2% and 1,7% as compared to a growth of 2,6% and 3,5%, respectively, in the last quarter. Similarly, formal employment in products of wood, cork, straw, and plaiting material contracted year-on-year by 8,6% from a growth of 0,6%, however, it decelerated quarter-to-quarter by 2,9% from a 0,2% contraction in the last quarter.

The employment in the wood and wood products division contracted quarter-to-quarter and year-on-year by 3,7% and 6,4% in 2022: Q1 from a 0,7% and 1,5% growth in 2021: Q4, respectively. As a result, products of wood, cork, straw etc., sawmilling and planning of wood divisions combined lost approximately 1 611 jobs during the period under review (see Figure 31).

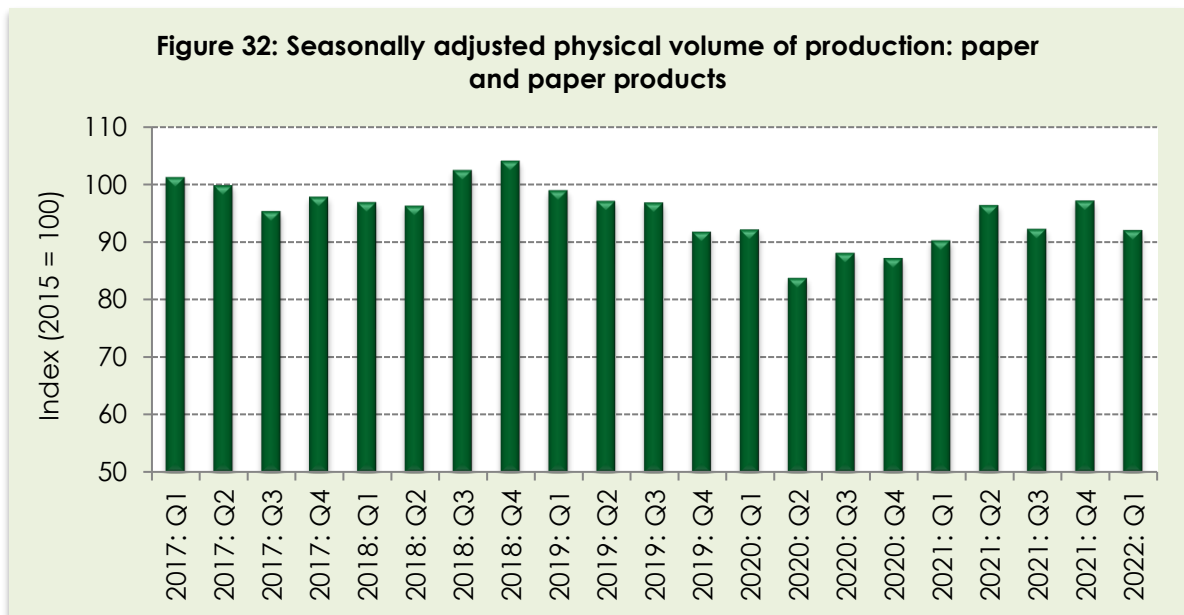
3.9 PAPER AND PAPER PRODUCTS

In 2022: Q1, the year-on-year and quarter-to-quarter producer price for paper and printed products increased by 5,8% and 3,5%, respectively, during the period under review as illustrated in Table 14.

Table 14: Producer price index for paper and printed products (base 2020 = 100)

| | Indices | | | % Change between | |
|--------------------------|----------|----------|----------|-----------------------|-----------------------|
| | 2021: Q3 | 2021: Q4 | 2022: Q1 | 2021: Q1 and 2022: Q1 | 2021: Q4 and 2022: Q1 |
| Domestic output | | | | | |
| Paper and paper products | 100,6 | 100,9 | 101,5 | 5,8 | 3,5 |

Source: Statistics SA (2022)



Source: Quantec, 2022

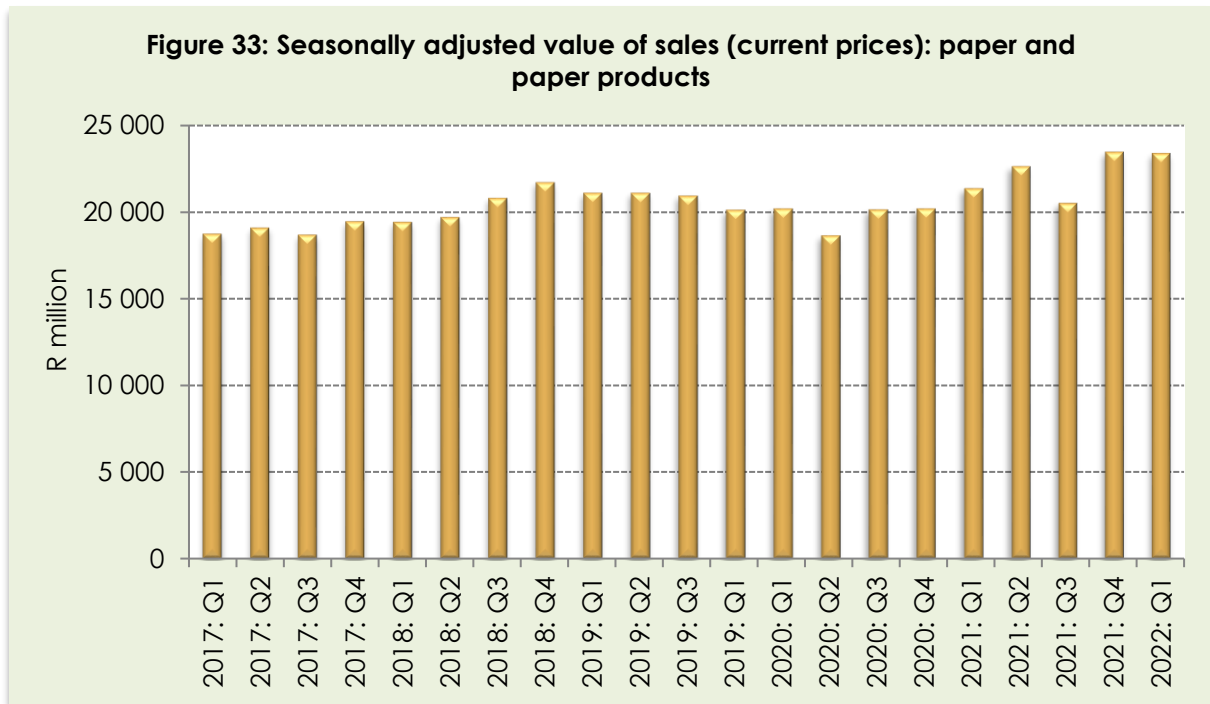
The quarter-to-quarter physical volume of production for the paper and paper products division contracted by 5,3% in 2022: Q1 from a 5,3% growth in 2021: Q4. However, it moderated by 2,0% year-on-year from an 11,4% growth registered in 2021: Q4 (see Figure 32).

Table 15: Utilisation and reasons for underutilisation of production capacity by large enterprises: Paper and paper products (percentage)

| Period | Utilisation | Reasons for underutilisation | | | | | |
|----------|-------------|------------------------------|------------------|---------|-----------------------|------------------------|-------|
| | | Total underutilisa tion | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | | Skilled | Semi and unskilled | | |
| 2021: Q1 | 85,3 | 14,7 | 0,6 | 0,6 | 0,0 | 7,9 | 5,5 |
| 2021: Q4 | 87,1 | 12,9 | 0,8 | 0,7 | 0,0 | 6,0 | 5,4 |
| 2022: Q1 | 86,6 | 13,4 | 1,7 | 0,9 | 0,0 | 6,2 | 4,5 |

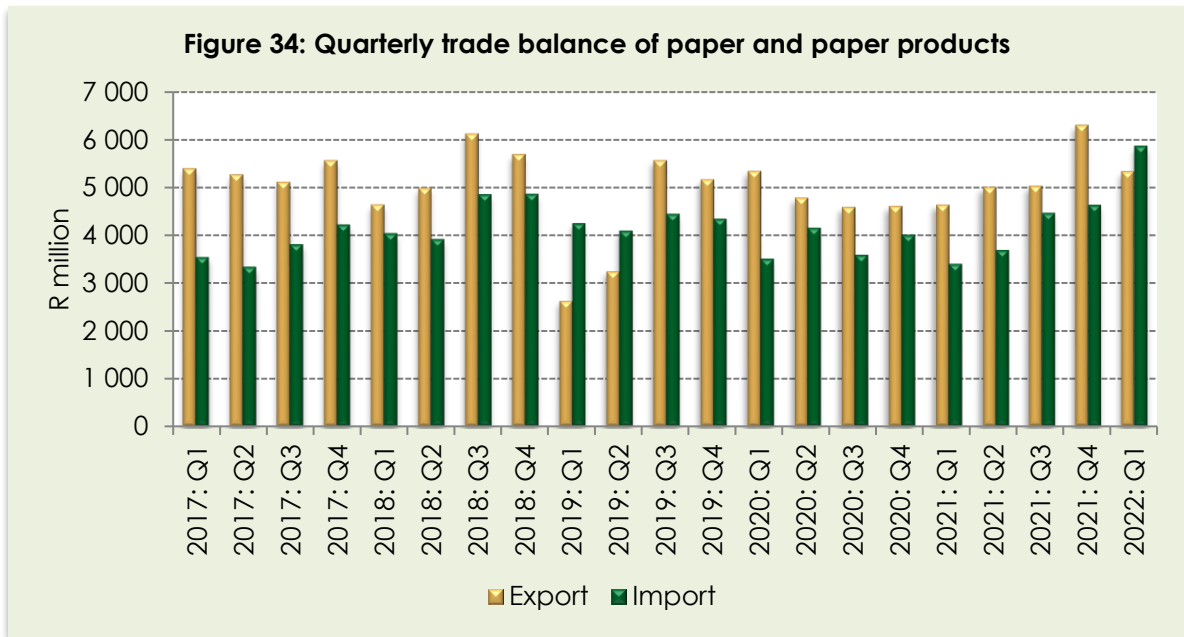
Source: Statistics SA (2022)

Table 15 shows utilisation of production capacity by large enterprises in the paper and paper products division. Utilisation of production capacity declined quarter-to-quarter by approximately 0,5 percentage point. However, the utilisation of production capacity increased by 1,3 percentage points year-on-year. Insufficient demand remained the main reason for underutilisation during the period, followed by other reasons such as decreased production.



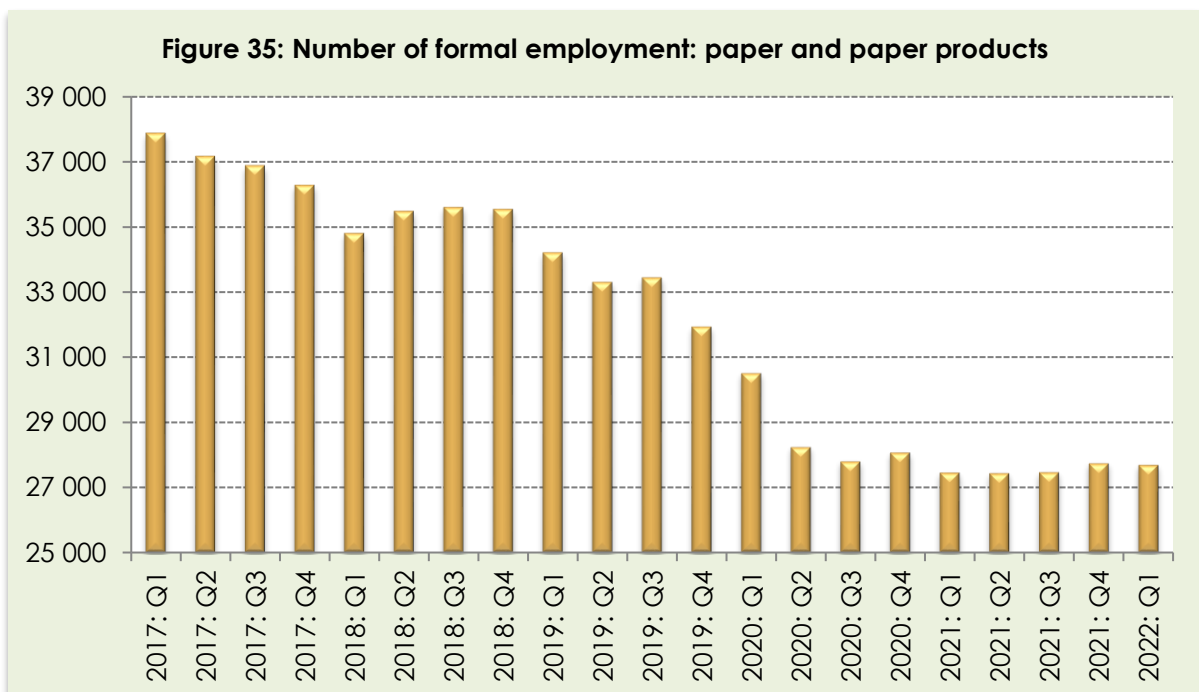
Source: Quantec, 2022

During 2022: Q1, the quarter-to-quarter seasonally adjusted value of sales for paper and paper products division contracted by 0,4% from a 14,5% growth in the previous quarter. However, it moderated year-on-year by 9,5% from a 16,2% growth in 2021: Q4 (see Figure 33). Sales for paper and paper products division declined from R23 472,1 million in 2021: Q4 to R23 384,7 million in 2022: Q1.



Source: Quantec, 2022

The quarter-to-quarter and year-on-year imports of the paper and paper products division accelerated by 26,5% and 72,0% in 2022: Q1, from a 3,7% and 15,7% growth as recorded in the last quarter respectively. However, exports of the paper and paper products contracted quarter-to-quarter by 15,3% from a 25,1% growth, while the division moderated year-on-year by 15,1% in 2022: Q1 from a growth of 36,6% in 2021: Q4. As a result, trade deficit of about R520,9 million was recorded in 2022: Q1 (see Figure 34).



Source: Statistics SA (2022)

The quarter-to-quarter formal employment in the paper and paper products division contracted by 0,2% in 2022: Q1 as compared to a 1,1% growth in 2021: Q4. However, it rebounded year-on-year by 0,9% as compared to a 1,2% contraction in the previous quarter.

As a result, the paper and paper products division shed about 50 jobs in 2022: Q1 (see Figure 35).

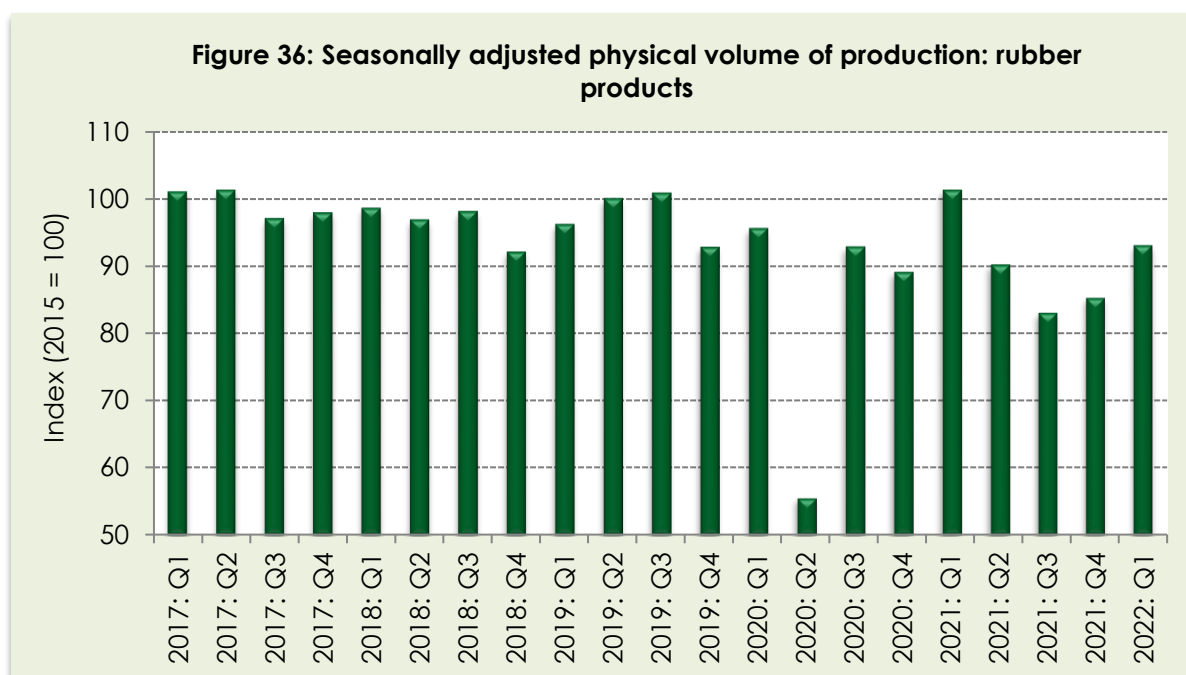
3.9 RUBBER PRODUCTS

The year-on-year producer price for domestic output of rubber and plastic products increased by 19.8%, however, it moderated by 3.8% quarter-to-quarter as presented in see Table 16.

Table 16: Producer price index for rubber products (base 2020 = 100)

| | Indices | | | % Change between | |
|-----------------|----------|----------|----------|-----------------------|-----------------------|
| | 2021: Q3 | 2021: Q4 | 2022: Q1 | 2021: Q1 and 2022: Q1 | 2021: Q4 and 2022: Q1 |
| Domestic output | | | | | |
| Rubber products | 101,0 | 116,5 | 121,0 | 19,8 | 3,8 |

Source: Statistics SA (2022)



Source: Quantec, 2022

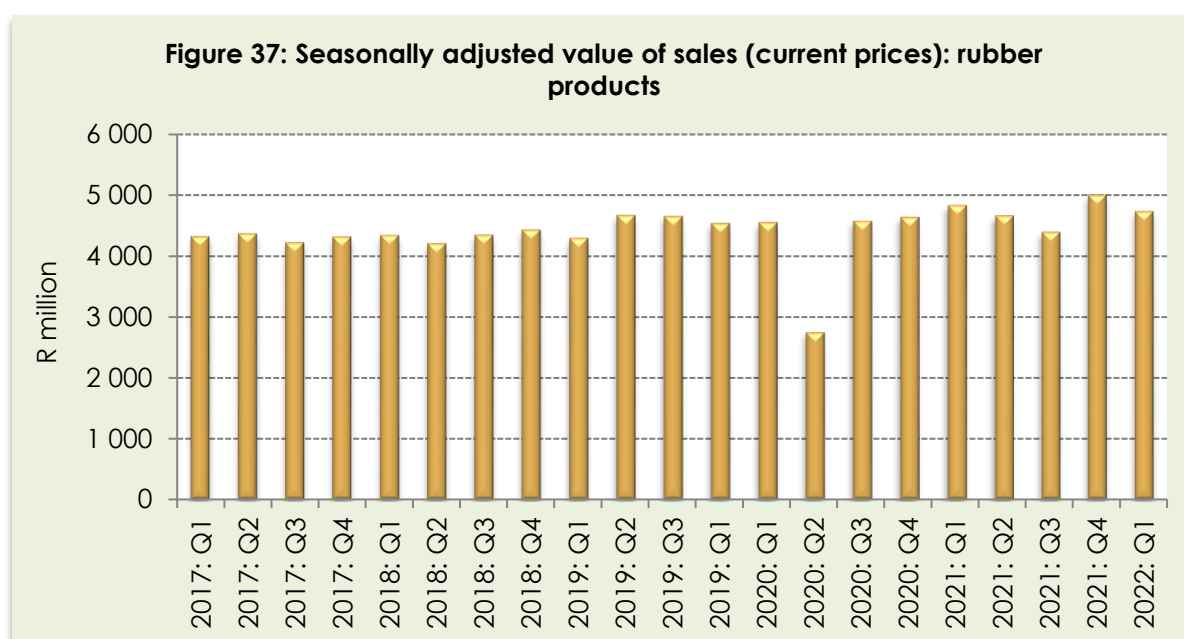
The quarter-to-quarter seasonally adjusted physical volume of production for rubber products division increased by 9,2% in 2022: Q1, following a 2,6% growth in 2021: Q4, however, it decelerated by 8,1% year-on-year in 2022: Q1 (see Figure 36).

Table 17: Utilisation and reasons for underutilisation of production capacity by large enterprises: Rubber products (percentage)

| Period | Utilisation | Reasons for underutilisation | | | | | |
|----------|-------------|------------------------------|------------------|---------|-----------------------|------------------------|-------|
| | | Total underutilisa tion | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | | Skilled | Semi and unskilled | | |
| 2021: Q1 | 82,0 | 18,0 | 3,4 | 8,0 | 0,4 | 6,2 | 0,0 |
| 2021: Q4 | 82,4 | 17,6 | 6,5 | 1,2 | 0,0 | 1,5 | 8,4 |
| 2022: Q1 | 80,6 | 19,4 | 6,9 | 1,2 | 0,4 | 5,3 | 5,6 |

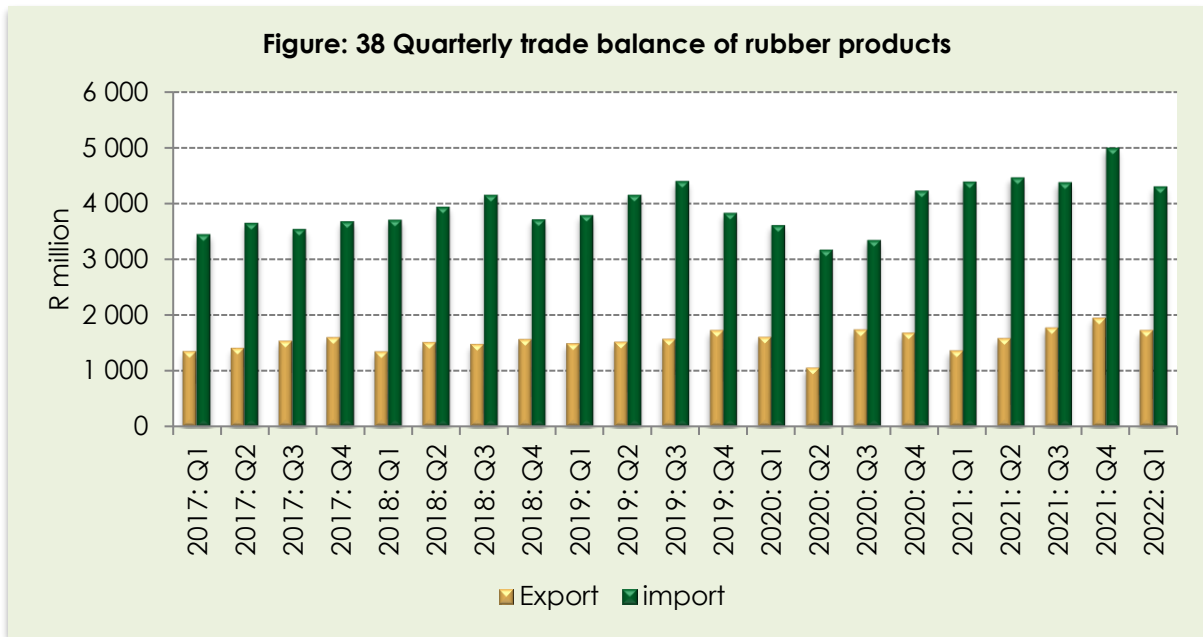
Source: Statistics SA (2022)

As shown in Table 17, the utilisation of production capacity by large enterprises in the rubber products division declined year-on-year by approximately 1,4 percentage points. Likewise, it declined by 1,8 percentage points quarter-to-quarter. Shortage of raw materials remain the main reason for underutilisation during the period, followed by other reasons such as seasonal factors.



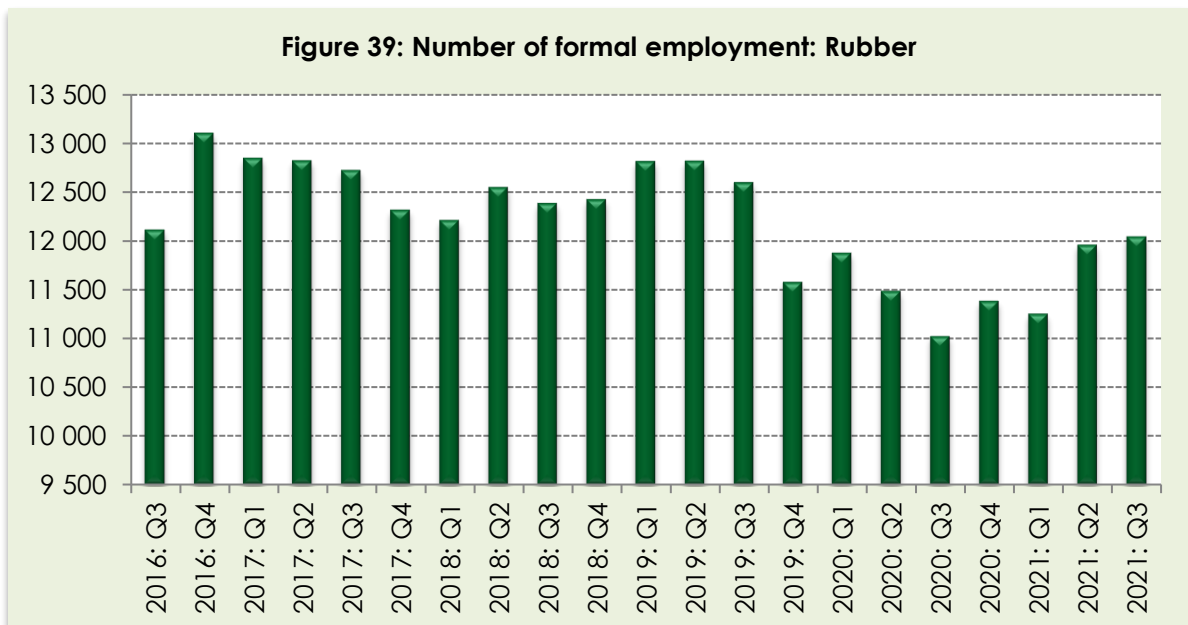
Source: Quantec, 2022

The quarter-to-quarter and year-on-year value of sales in the rubber products division contracted by 5,4% and 2,2% in 2022: Q1, from a 13,8% and 7,9% growth in the previous quarter, respectively. Consequently, the value of sales for rubber products division declined from about R4 999,2 million to around R4 727,1 million in 2022: Q1 (see Figure 37).



Source: Quantec, 2022

The quarter-to-quarter and year-on-year imports of rubber products division registered a contraction of 13,8% and 1,9% in 2022: Q1 as compared to a 14,1% and 18,1% respective growth in the preceding quarter. Similarly, exports of rubber products contracted quarter-to-quarter by 11,2% from a 9,6% growth in the last quarter. The exports of rubber products, on the other hand, increased by 26,6% year-on-year in 2022: Q1 from about 15,6% growth in the preceding quarter. As a result, the trade deficit narrowed from R3 054,7 million in the previous quarter to R2 582,1 million in 2022: Q1.



Source: Statistics SA (2022)

The quarter-to-quarter formal employment in the rubber products division moderated by 0,7% in 2022: Q1 as compared to a 6,3% growth recorded in the last quarter. However, it grew by

9,3% year-on-year following a 4,1% growth in the previous quarter (see Figure 39). As a result, about 87 jobs were created in the rubber products division in 2022: Q1.

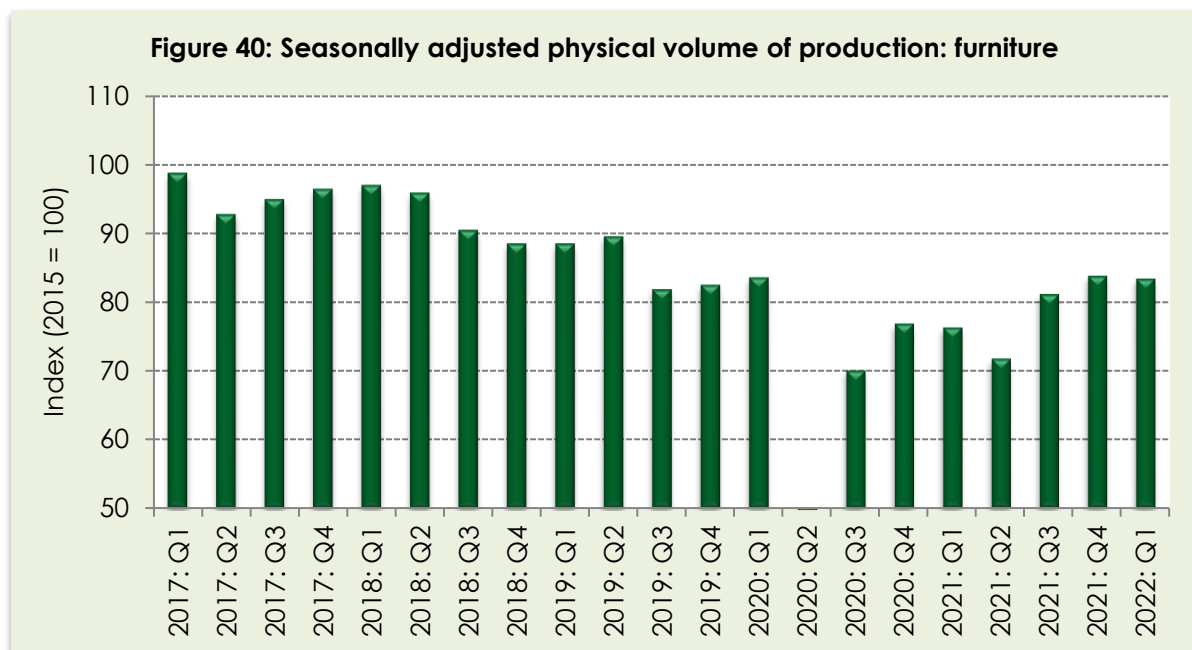
3.10 FURNITURE

The year-on-year producer price index for domestic output of furniture and other manufacturing grew by 12,3%, however, it moderated by 2,3% and quarter-to-quarter in 2022: Q1 as illustrated in see Table 18.

Table 18: Producer price index for furniture and other manufacturing (Base 2020=100)

| Indices | | | % Change between | |
|-----------------|----------|----------|-----------------------|-----------------------|
| 2021: Q3 | 2021: Q4 | 2022: Q1 | 2021: Q1 and 2022: Q1 | 2021: Q4 and 2022: Q1 |
| Domestic output | | | | |
| 100,3 | 110,4 | 112,7 | 12,3 | 2,3 |

Source: Statistics SA (2022)



Source: Quantec, 2022

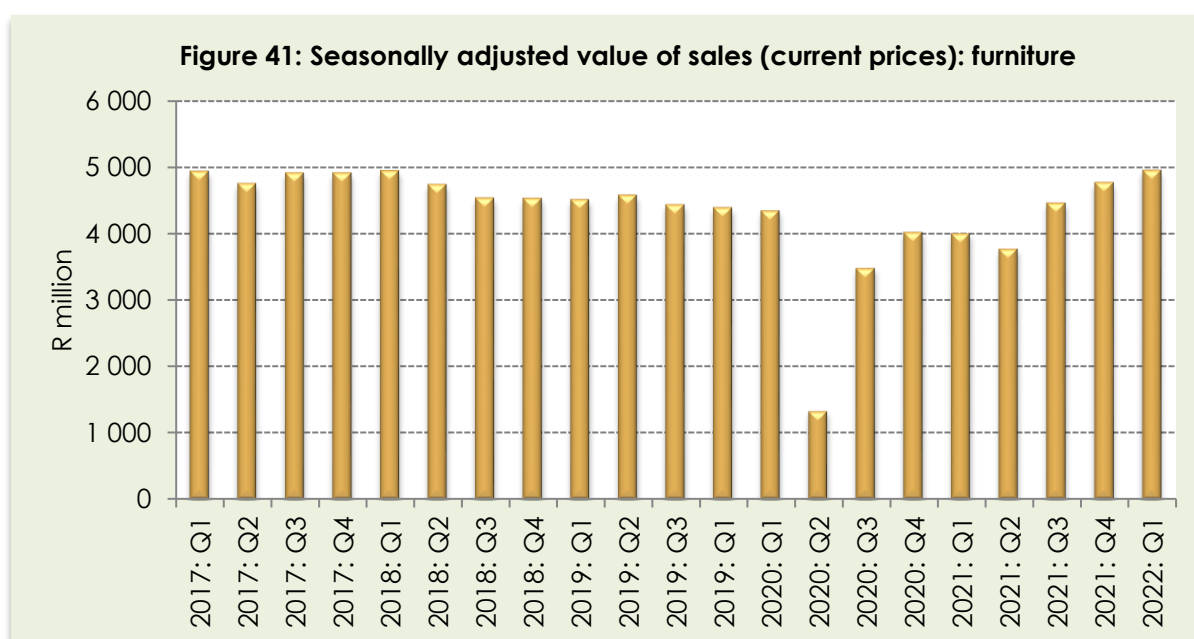
The quarter-to-quarter seasonally adjusted physical volume of production for the furniture division contracted by 0,5% in 2022: Q1 as compared to 3,3% growth in 2021: Q4. However, the year-on-year seasonally adjusted volume of production for the furniture division grew by 9,3% in 2022: Q1 (see Figure 40).

Table 19: Utilisation and reasons for underutilisation of production capacity by large enterprises: Furniture (percentage)

| Period | Utilisation | Reasons for underutilisation | | | | | |
|----------|-------------|------------------------------|------------------|---------|-----------------------|------------------------|-------|
| | | Total underutilisa tion | Shortage of | | | Insufficient demand | Other |
| | | | Raw materials | Labour | | | |
| | | | | Skilled | Semi and unskilled | | |
| 2021: Q1 | 76,7 | 23,3 | 2,9 | 0,0 | 2,0 | 18,4 | 0,0 |
| 2021: Q4 | 79,3 | 20,7 | 2,2 | 0,0 | 1,1 | 17,4 | 0,0 |
| 2022: Q1 | 75,5 | 24,5 | 1,6 | 0,0 | 1,1 | 21,7 | 0,0 |

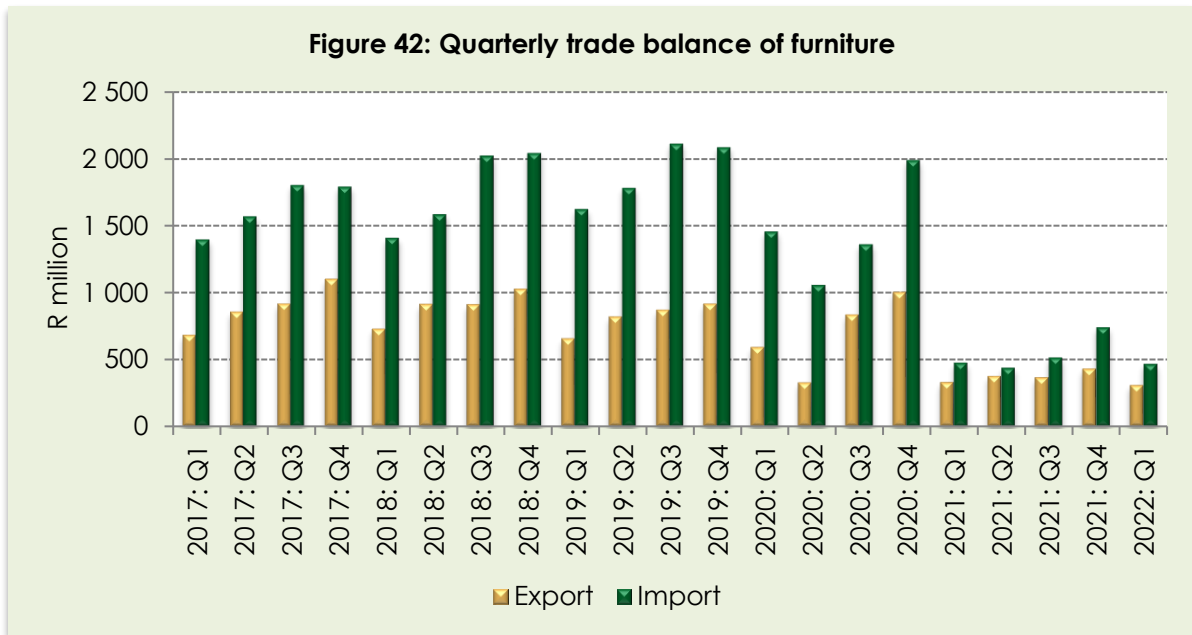
Source: Statistics SA (2022)

The utilisation of production capacity by large enterprises in the furniture division declined year-on-year by about 1,2 percentage points in 2022: Q1. Likewise, it declined quarter-to-quarter by about 3,8 percentage points. As Table 19 shows, insufficient demand remained the main reasons for underutilisation of production capacity followed by shortage of raw materials.



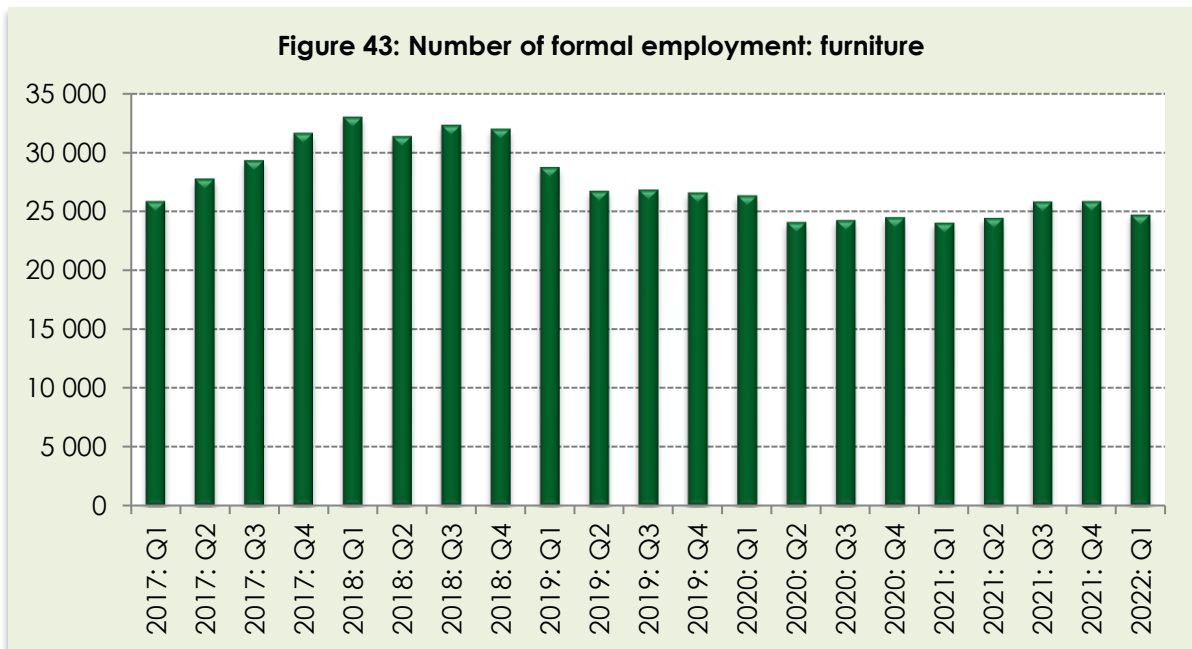
Source: Quantec, 2022

The quarter-to-quarter seasonally adjusted value of sales for furniture division moderated by 3,9% in 2022: Q1, following a 6,9% growth in 2021: Q4. However, it grew by 23,8% year-on-year in 2022: Q1 from a 18,6% growth in 2021: Q4. The value of sales in the division increased from R4 772,8 million in the previous quarter to R4 957,9 million 2022: Q1. (See Figure 41).



Source: Quantec, 2022

The quarter-to-quarter imports and exports of furniture division contracted by 37,2% and 28,3% in 2022: Q1 as compared to a 43,9% and 17,6% respective growth in the last quarter. Similarly, year-on-year, imports and exports further contracted by about 2,3% and 6,7% during 2022: Q1 following a contraction of 62,8% and 57,0%, respectively, in the preceding quarter (see Figure 42). As a result, the trade deficit narrowed from R310,4 million in the previous quarter to about R156,8 million in 2022: Q1.



Source: Statistics SA (2022)

During 2022: Q1, the quarter-to-quarter formal employment in the furniture division contracted by 4,5% following a 0,2% growth in the last quarter. However, it moderated year-on-year by 2,8%. As a result, approximately 1 159 jobs were lost during the period under review (see Figure 43).

4. CONCLUSION

The South African economy grew by 1,9% in 2022: Q1. The secondary and tertiary sectors expanded at a faster pace in 2022: Q1, while that of the primary sector contracted. Growth in real manufacturing output accelerated in 2022: Q1. During 2022: Q1, the quarter-to-quarter seasonally adjusted volume of the agro-processing industry moderated by 0,8%, however, it moderated by 1,1% year-on-year. The seasonally adjusted value of sales similarly moderated quarter-to-quarter by 3,8% in 2022: Q1, however, it grew by 10,7% year-on-year.

The formal employment in the agro-processing industry moderated by 1,3% as compared to a 2,4% growth registered in the last quarter, representing job gains of 5 639 during the period of review. The trade deficit for the agro-processing industry widened during the period. Most divisions recorded trade deficits during the period and those divisions were: leather and leather products, furniture, paper and paper products, footwear, textiles, rubber products, food and wearing apparel. However, the beverages, tobacco products and wood and wood products divisions recorded a positive trade surplus in 2022: Q1.

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