



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

2023: Q3

DIRECTORATE: AGRO-PROCESSING SUPPORT



**agriculture, land reform
& rural development**

Department:
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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 a quarterly economic review of the agro-processing industry.

This publication, “*Quarterly Economic Review of the Agro-processing Industry in South Africa 2023: Q3*”, by the directorate evaluates the economic performance of the eleven agro-processing divisions during 2023: Q3. 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 contracted by 0,2% in 2023: Q3 following a growth of 0,5% in the last quarter. The gross value added for the agriculture and the manufacturing sectors contracted following expansion in the preceding quarter.

In 2023: Q3, the quarter-to-quarter PPI for all items grew by 1,4% following a 1,2% growth in the last quarter, similarly, it moderated by 4,0% year-on-year. The items that moderated quarter-to-quarter were food products, fruit and vegetables, “other food products”, sugar and dairy products. Meat and meat products, grain mill products and bakery products contracted and fish increased, while oils and fats rebounded in growth.

In 2023: Q3, the seasonally adjusted physical volume of production rebounded for leather and leather products, furniture and rubber. Differently, it decelerated for footwear, food products and beverages divisions. However, it increased for wood and wood products and wearing apparel, while it stagnated for paper and paper products. The textiles division, on the other hand, contracted during the period.

The utilisation capacity of the agro-processing sector increased for the following divisions in 2023: Q3: food products, beverages, textiles, footwear, wood and wood products and furniture, however, it declined for the following divisions: wearing apparel, leather and leather products, paper and paper products and rubber.

The seasonally adjusted value of sales contracted for the following divisions: food, wearing apparel, beverages and footwear. The rubber and leather and leather products divisions rebounded in growth. Paper and paper products and textiles divisions grew. Wood and wood products moderated, while the furniture division decelerated during the period.

The divisions that recorded a trade surplus were paper and paper products, beverages, food, wood and wood products and tobacco. However, wearing apparel, footwear, rubber, textiles, furniture and leather and leather products registered a trade deficit during the period.

During 2023: Q3, jobs were lost in the following divisions: food (6 632), furniture (1 263), leather and leather products (64), paper and paper products (54) and footwear (35). However, jobs were gained in the textiles (558), beverages and tobacco (556), wearing apparel (84), rubber products (76) and wood and wood products (45) divisions.

1. INTRODUCTION

In 2023: Q3, the economic activity in South Africa shrank by 0,2% following two consecutive quarters of expansion. Primary and secondary sectors contracted by 9,6% and 1,3%, respectively, in 2023: Q3, while the tertiary sector grew marginally by 0,4%. The non-primary sector moderated by 0,1%, while the non-agricultural sector remained unchanged as compared to a 0,4% growth in the last quarter. The manufacturing sector contracted by 1,3% impeded by ongoing electricity loadshedding, rising input costs, supply chain disruptions and a deteriorating logistics infrastructure (SA Reserve Bank, 2023).

This quarterly economic review of the agro-processing industry in South Africa assesses how the performance of the domestic economy during 2023: Q3 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 2023: Q3. 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. The real gross value added (GVA) by the agricultural sector contracted significantly by 9,6%. The decrease was due to the lower production of field crops as well as horticultural and animal products. Furthermore, the poultry industry was weighed down by the avian influenza outbreak (SA Reserve Bank, 2023).

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

Sector	2022			2023				
	Q1	Q2	Q3	Q4	Year*	Q1	Q2	Q3
Primary sector	-2,0	-6,5	12,5	-2,7	-4,1	-4,7	1,6	-4,4
Agriculture	-0,9	-11,8	31,4	-2,4	0,9	-12,3	2,8	-9,6
Mining	-2,6	-3,1	1,9	-3,0	-7,1	0,9	0,8	-1,1
Secondary sector	3,3	-4,6	1,4	-1,1	-1,1	1,1	1,4	-1,3
Manufacturing	4,3	-5,6	1,6	-1,2	-0,4	1,5	2,1	-1,3

Construction	-0,6	-2,6	4,1	0,4	-3,4	1,1	-0,2	-2,8
Tertiary sector	1,5	0,7	0,8	-0,9	3,4	0,7	0,1	0,4
Non-primary sector	1,9	-0,3	0,9	-1,0	2,5	0,8	0,3	0,1
Non-agricultural sector	1,6	-0,5	1,0	-1,1	2,0	0,8	0,4	0,0
Total	1,5	-0,8	1,8	-1,1	1,9	0,4	0,5	-0,2

Source: SA Reserve Bank (2023)

*Percentage change over one year

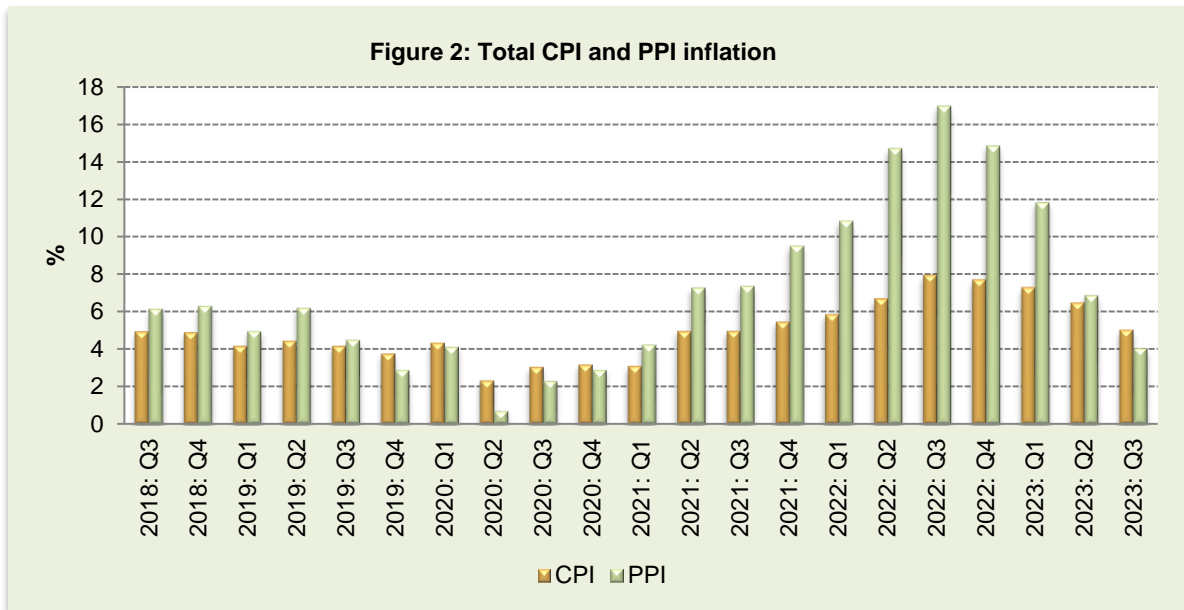
** The non-primary sector is total GVA excluding agriculture and mining

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



Source: Statistics SA (2023)

During 2023: Q3, South Africa's unemployment rate decreased to 31,9% as compared to a 32,6% in the preceding quarter, which translates to a decrease of 0,7 percentage points. The number of unemployed people decreased by 72 000 to 7,8 million in the third quarter of 2023. Employment gains were observed in the formal industries: Finance (237 000), community and social Services (119 000) and agriculture (61 000) recorded the largest employment gains, while employment losses were recorded in manufacturing (50 000), mining (35 000), transport (20 000) and utilities (16 000) (Stats SA, 2023).



Source: Statistics SA (2023)

Figure 2 above presents producer price index and consumer price index from 2018: Q3 to 2023: Q3. In 2023: Q3, the year-on-year producer price inflation for final manufactured goods moderated by 4,0% from a 6,9% growth recorded in the preceding quarter. The following items moderated during the period under review: food products (5,6%), meat and meat products (0,9%), fish and fish products (9,5%), fruits and vegetables (9,8%), dairy products (7,5%), grain mill products (8,6%), other food products (8,2%) and bakery products (5,8%); however, oils and fats receded further by 16,9%, sugar expanded by 19,7% and starches and starch products and animal feeds contracted by 0,1%.

The year-on-year consumer price inflation for all items moderated by 5,0% from a 6,5% growth in 2023: Q2. The following items moderated during the period: food (8,8%), bread and cereals (10,5%), meat (4,4%), fish (8,0), milk, eggs and cheese (12,3%), vegetables (16,9%) non-alcoholic beverages (8,0%), hot beverages (8,1%), cold beverages (8,0%), alcoholic beverages (6,7%), spirits (6,2%) and wine (8,5%). The CPI for sugar, sweets and desserts; and beer rose by 18,4% and 6,0%, respectively. However, fruits rebounded by 3,7%, while oils and fats decelerated by 12,7%.

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 these divisions during 2023: Q3 as influenced by the global and domestic economic environments.

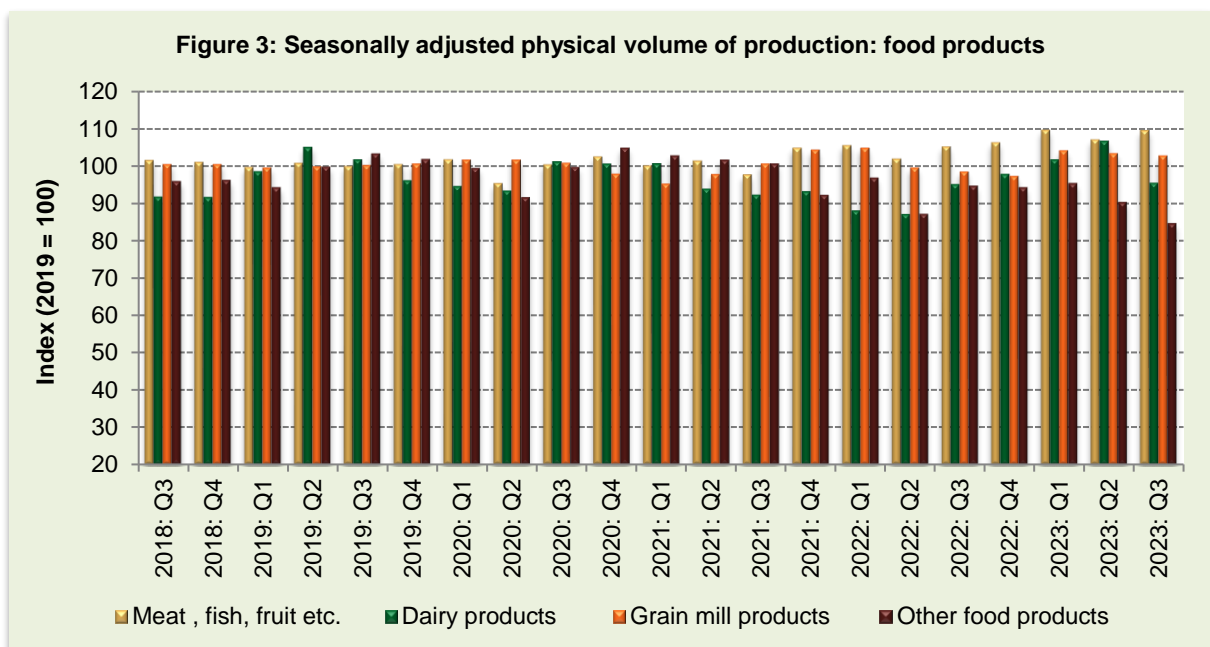
3.1 FOOD

Table 2 below shows the producer price index for food products in 2023: Q3. The quarter-to-quarter and year-on-year producer price index for food products moderated by 0,8% and 5,6%, respectively, in 2023: Q3.

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

Indices			% Change between	
2022: Q3	2023: Q2	2023: Q3	2022: Q3 and 2023: Q3	2023: Q2 and 2023: Q3
119,7	125,4	126,4	5,6	0,8

Source: Statistics SA, 2023



Source: Quantec, 2023

Figure 3 above shows the quarter-to-quarter seasonally adjusted physical volume of production for food products. In 2023: Q3, the quarter-to-quarter seasonally adjusted volume

of production for meat, fish, fruit, etc. rebounded by 2,3% from a 2,3% contraction in 2023: Q2, dairy products contracted by 10,5% following a 4,9% growth in 2023: Q2, grain mill products receded further by 0,6% following a 0,7% contraction in 2023: Q2, and “other food products” decelerated by 6,4% from a 5,3% contraction in 2023: Q2.

In terms of year-on-year, meat, fish, fruit, etc. and dairy products moderated by 4,2% and 0,4%, respectively, grain mill products grew by 4,4% and “other food products” contracted by 10,6%.

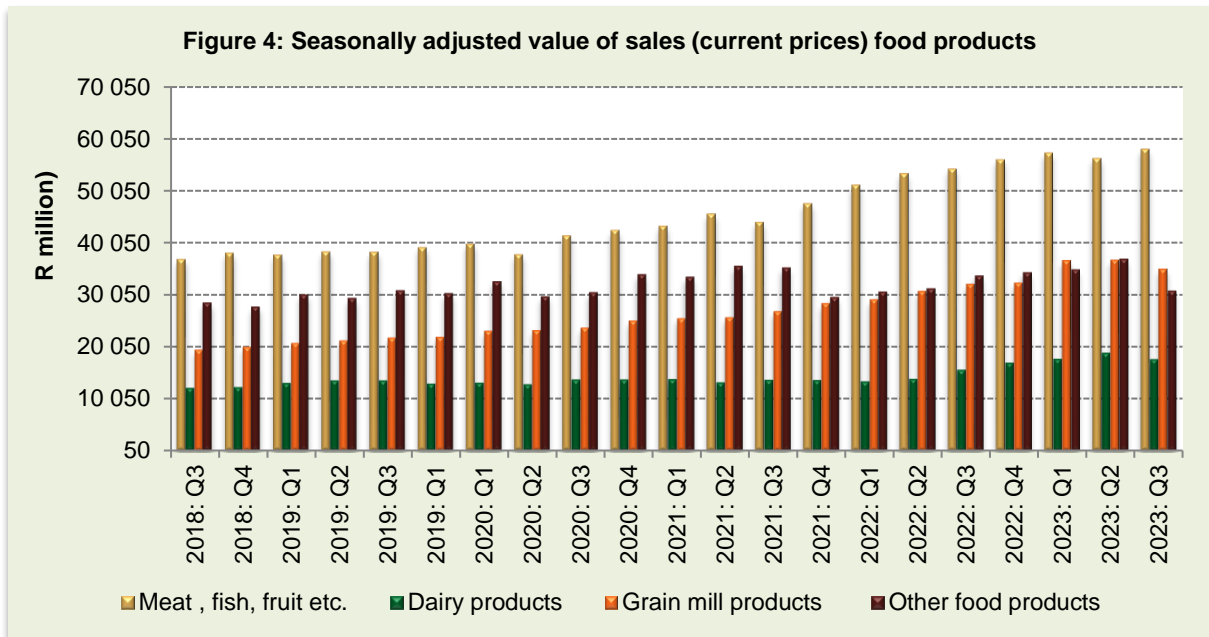
The division as a whole decelerated quarter-to-quarter by 3,7% following a 0,8% contraction in 2023: Q2, however, it contracted by 0,3% year-on-year.

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		
2022: Q3	83,7	16,3	2,3	0,9	0,1	10,1	3,0
2023: Q2	82,2	17,8	2,4	0,9	0,3	9,7	4,5
2023: Q3	82,6	17,4	2,7	1,0	0,3	8,9	4,6

Source: Statistics SA (2023)

Table 3 above presents utilisation and reasons for underutilisation of production capacity by large enterprises for the food products division. In 2023: Q3, the utilisation capacity by large enterprises in the food products division decreased year-on-year by 1,1 percentage points. However, the quarter-to-quarter utilisation capacity increased by 0,4 percentage points. Insufficient demand remains the main reason for underutilisation followed by other reasons such as lower productivity.

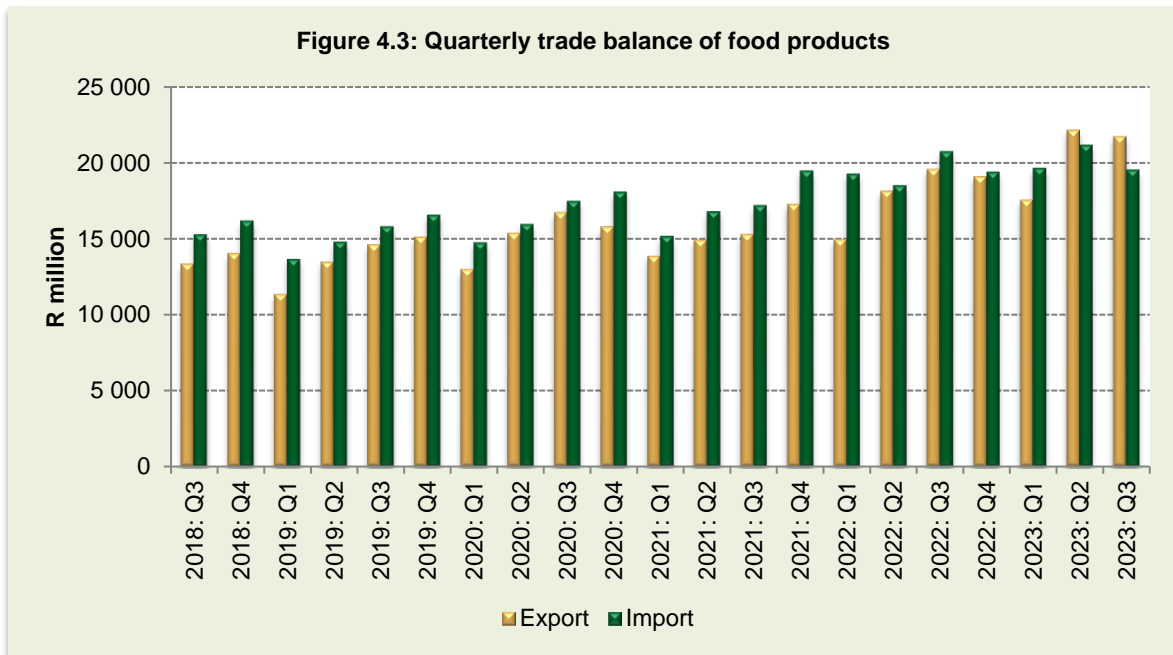


Source: Quantec, 2023

Figure 4 above shows the seasonally adjusted value of sales for the food division. In 2023: Q3, the quarter-to-quarter seasonally adjusted value of sales for meat, fish, fruit, etc. rebounded by 3,1% from a 1,8% contraction in 2023: Q2. Sales for dairy and grain mill products contracted by 6,3% and 4,8% from a 6,7% and 0,2% growth, respectively, in 2023: Q2. Sales for “other food products”, similarly, contracted by 16,5% from a 5,8% growth in 2023: Q2.

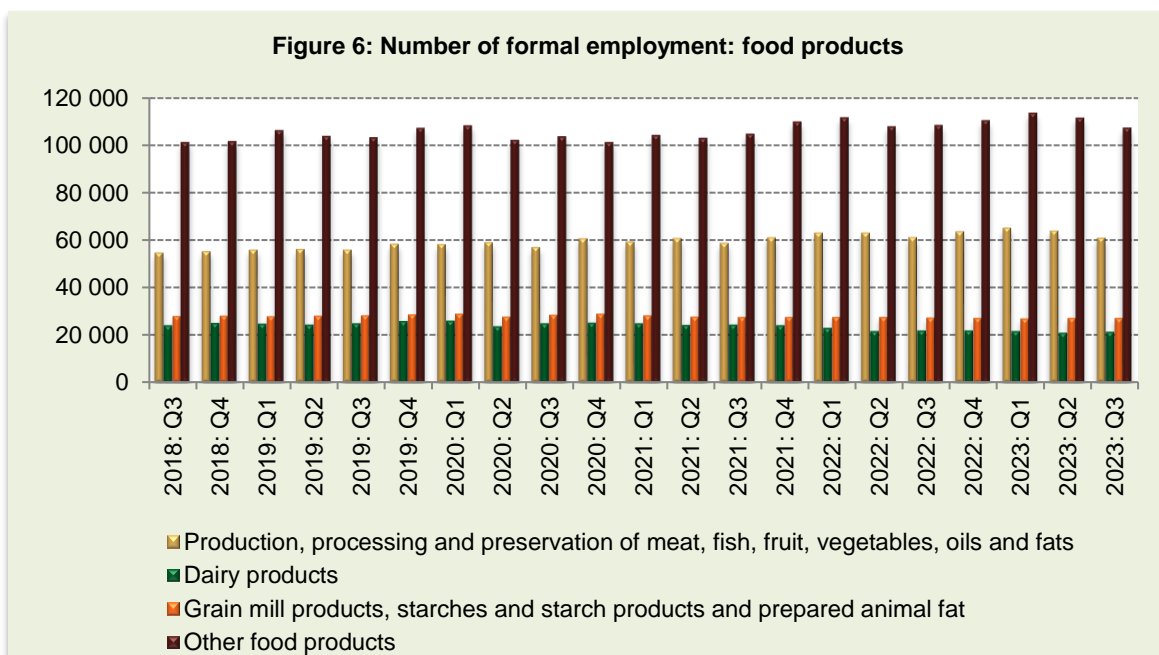
In terms of year-on-year, sales for meat, fish, fruit, etc. rose by 7,0%, dairy and grain mill products moderated by 13,1% and 8,9%, respectively, while other food products contracted by 8,6%.

The division as a whole contracted quarter-to-quarter by 4,9% from a 1,5% growth in 2023: Q2, however, it moderated by 4,2% year-on-year. Therefore, sales for the division as a whole decreased to R141 138,6 million in 2023: Q3 from R148 384,8 million in 2023: Q2.



Source: Quantec, (2023)

Figure 5 above shows the trade balance of the food products division from 2018: Q3 to 2023: Q3. In 2023: Q3, the quarter-to-quarter exports and imports of food products contracted by 1,9% and 7,7% from a growth of 26,3% and 7,7%, respectively, in 2023: Q2. However, year-on-year exports moderated by 11,0%, while imports contracted by 5,8%. Therefore, the trade surplus for the food products division widened from R988,3 million in 2023: Q2 to R2 191,2 million in 2023: Q3.



Source: Quantec, 2023

Figure 6 above shows the employment in the food products division from 2018: Q3 to 2023: Q3. In 2023: Q3, the quarter-to-quarter formal employment in the production, processing and preservation of meat, fish, fruit, vegetables, oils and fats; and other food products decelerated by 4,6% and 3,8% from a 2,0% and 1,8% contraction in 2023: Q2. Employment in the dairy products rebounded by 2,3% following a 3,6% contraction in 2023: Q2, while grain mill products' employment contracted by 0,1% from a 0,9% growth in 2023: Q2.

In terms of year-on-year, employment in the meat, fish, fruit, vegetables, oils and fats contracted by 0,3%. However, employment in the dairy products and grain mill products receded further by 2,4% and 0,8%, respectively, while for "other food products" it contracted by 0,1%. Employment for the food division decelerated quarter-to-quarter by 0,3% from a 1,7% contraction in 2023: Q2, however, it contracted by 0,9% year-on-year. Therefore, approximately 6 632 jobs were shed in 2023: Q3.

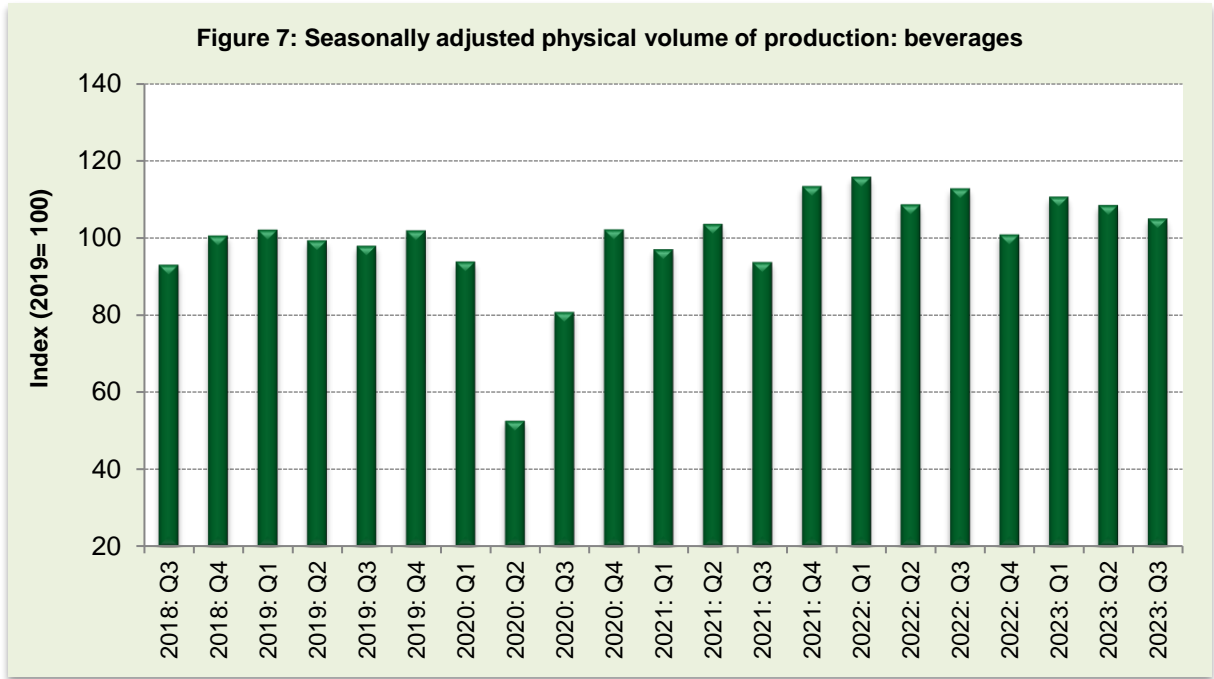
3.2 BEVERAGES

Table 4 below shows the producer price index for the beverages division in 2023: Q3. The quarter-to-quarter producer price index for beverages moderated by 0,2%, however, it grew by 4,0% year-on-year in 2023: Q3.

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

Indices			% Change between	
2022: Q3	2023: Q2	2023: Q3	2022: Q3 and 2023: Q3	2023: Q2 and 2023: Q3
105,5	109,5	109,7	4,0	0,2

Source: Statistics SA, 2023



Source: Quantec, 2023

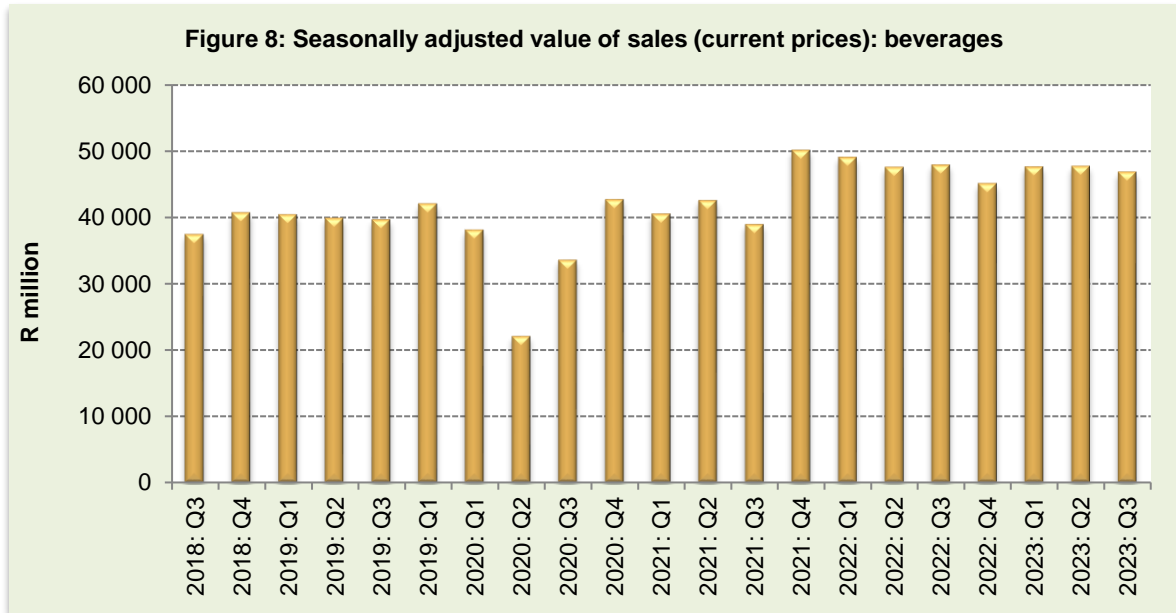
Figure 7 above shows the quarter-to-quarter seasonally adjusted physical volume of production for the beverages division. In 2023: Q3, the seasonally adjusted volume of production for the beverages division decelerated by 3,2% following a 1,9% contraction in 2023: Q2. Similarly, the division decelerated by 6,9% year-on-year.

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		
2022: Q3	78,8	21,2	4,0	3,9	0,2	11,4	1,8
2023: Q2	81,7	18,3	2,5	3,2	0,2	10,4	2,0
2023: Q3	82,0	18,0	2,2	3,2	0,2	10,3	2,1

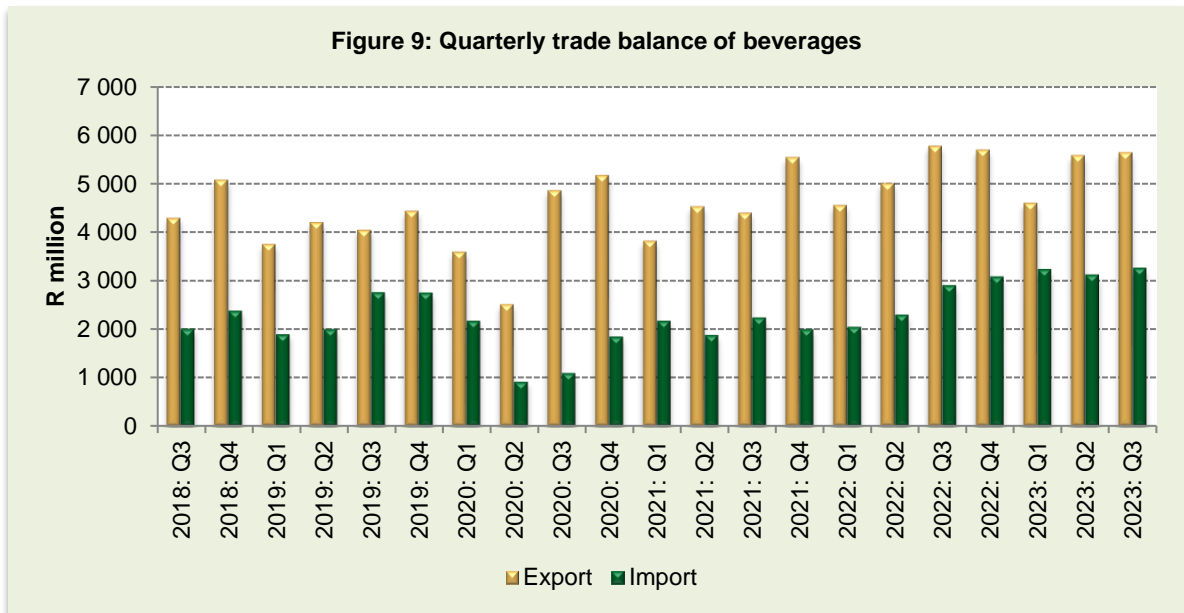
Source: Statistics SA (2023)

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 and quarter-to-quarter by about 3,2 and 0,3 percentage points, respectively. Insufficient demand remains the main reason for underutilisation during the period followed by shortage of skilled labour.



Source: Quantec, 2023

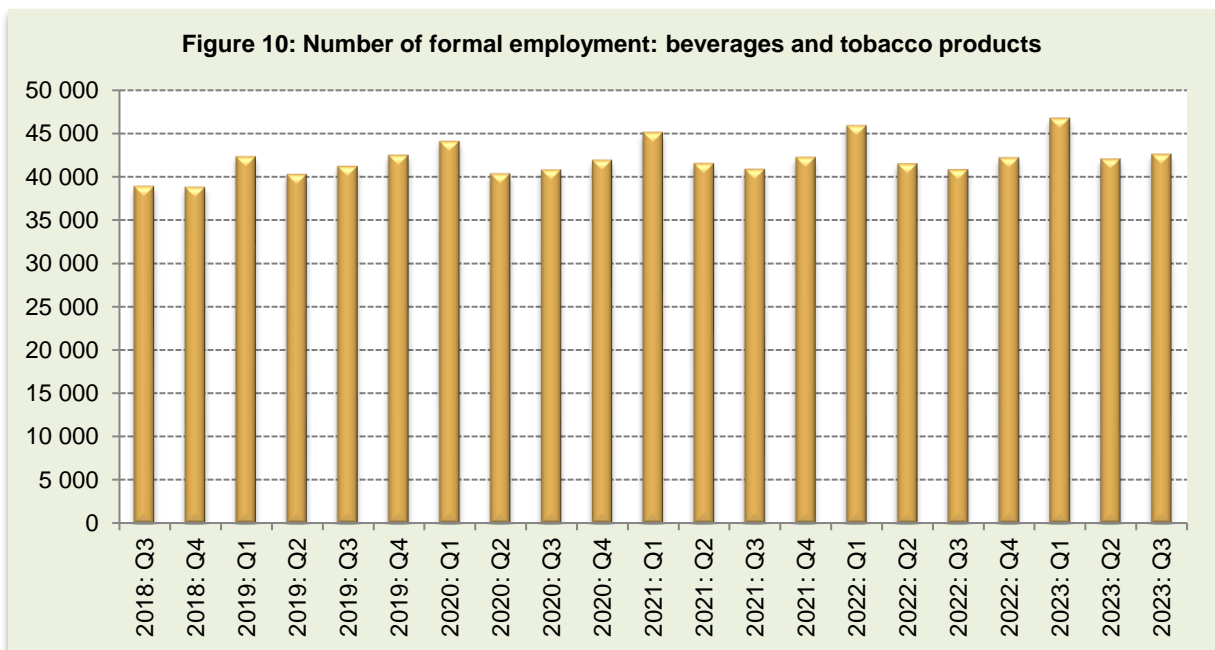
Figure 8 above shows the seasonally adjusted value of sales for the beverages division in 2023: Q3. During 2023: Q3, the seasonally adjusted value of sales for the beverages division contracted by 1,7% from a 0,2% growth in 2023: Q2. Similarly, the division contracted by 2,2% year-on-year. Therefore, sales for the beverages division decreased from R47 719,8 million in 2023: Q2 to R46 890,8 million in 2023: Q3.



Source: Quantec, 2023

As Figure 9 shows, in 2023: Q3, the quarter-to-quarter exports of beverages division moderated by 1,0% following a 21,4% growth in 2023: Q2. Imports of the beverages division, on the other hand, rebounded by 4,3% following a 3,4% contraction in 2023: Q2.

The year-on-year exports contracted by 2,3%, while imports moderated by 12,4%. Consequently, the trade surplus of the beverages division narrowed from R2 460,4 million in 2023: Q2 to R2 381,0 million in 2023: Q3.



Source: Statistics SA, (2023)

During 2023: Q3, the quarter-to-quarter employment in the beverages and tobacco products division rebounded by 1,3% following a 10,0% contraction in 2023: Q2, however, the division grew by 4,4% year-on-year. As a result, the division created about 556 jobs in 2023: Q3 (see Figure 10).

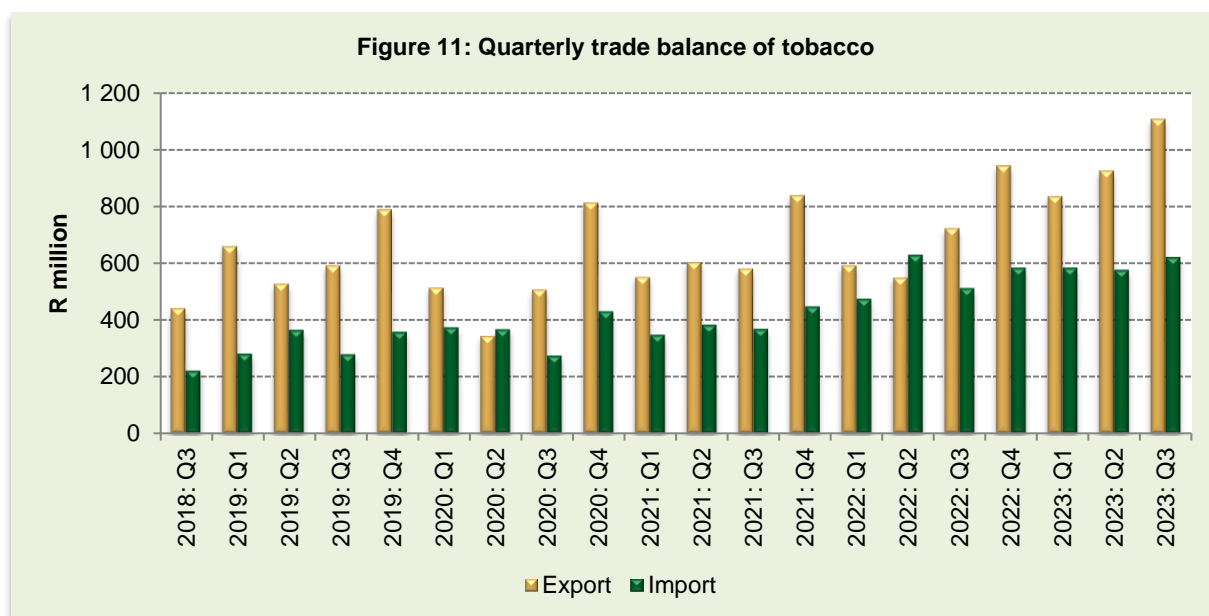
3.3 TOBACCO

Table 6 below shows the producer price index for the tobacco products division. The quarter-to-quarter producer price index of tobacco remained unchanged, however, it stagnated at 4,7% year-on-year in 2023: Q3.

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

Indices			% Change between	
2022: Q3	2023: Q2	2023: Q3	2022: Q3 and 2023: Q3	2023: Q2 and 2023: Q3
110,7	115,9	115,9	4,7	0,0

Source: Statistics SA (2023)



Source: Quantec, 2023

Figure 11 shows the trade balance of the tobacco division. The quarter-to-quarter tobacco exports expanded by 19,6% from a 10,9% growth in 2023: Q2, however, imports of tobacco rebounded by 7,9% following a 1,4% contraction in 2023: Q2. The year-on-year tobacco division exports moderated by 53,3%, while imports rebounded by 21,5%, therefore, the trade

surplus of the division narrowed from R351,0 million in 2023: Q2 to R486,8 million in 2023: Q3.

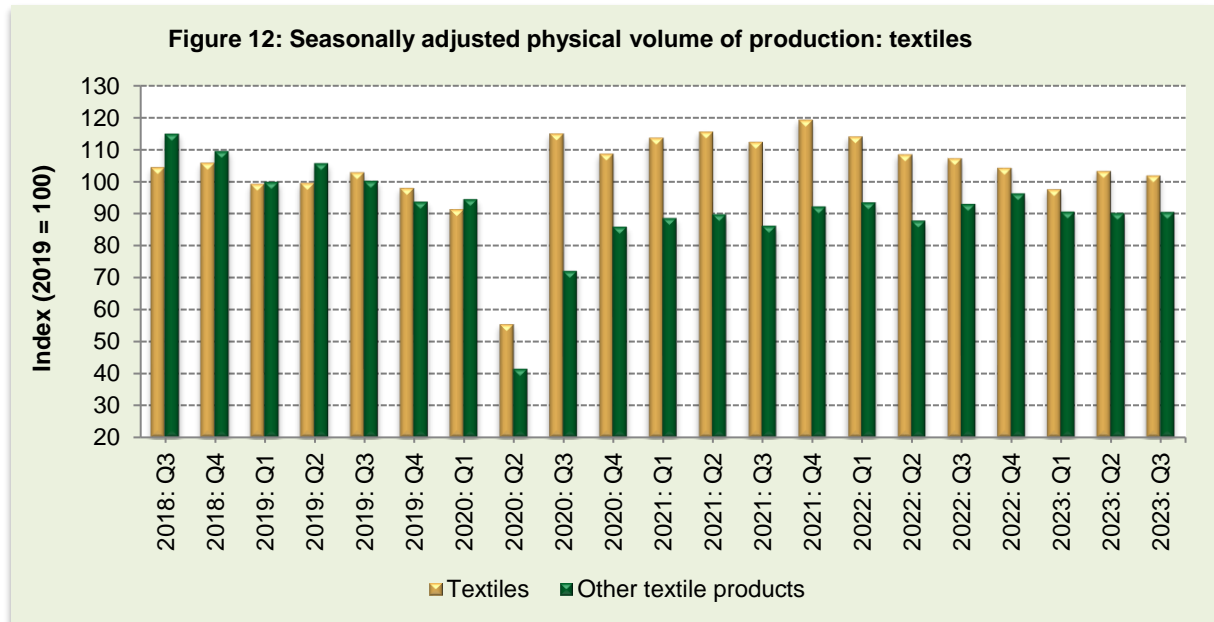
3.4 TEXTILES

Table 7 presents the producer price index for textiles during 2023: Q3. The quarter-to-quarter and year-on-year producer price index for textiles rose by 4,0% and 9,9%, respectively, in 2023: Q3.

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

	Indices			% Change between	
	2022: Q3	2023: Q2	2023: Q3	2022: Q3 and 2023: Q3	2023: Q2 and 2023: Q3
Textiles	107,9	114,1	118,6	9,9	4,0

Source: Statistics SA (2023)



Source: Quantec, 2023

In 2023: Q3, the quarter-to-quarter seasonally adjusted volume of production for the textiles division contracted by 1,4% following a 5,9% growth in 2023: Q2. “Other textiles”, on the other hand, rebounded by 0,3% from a 0,4% contraction registered in 2023: Q2.

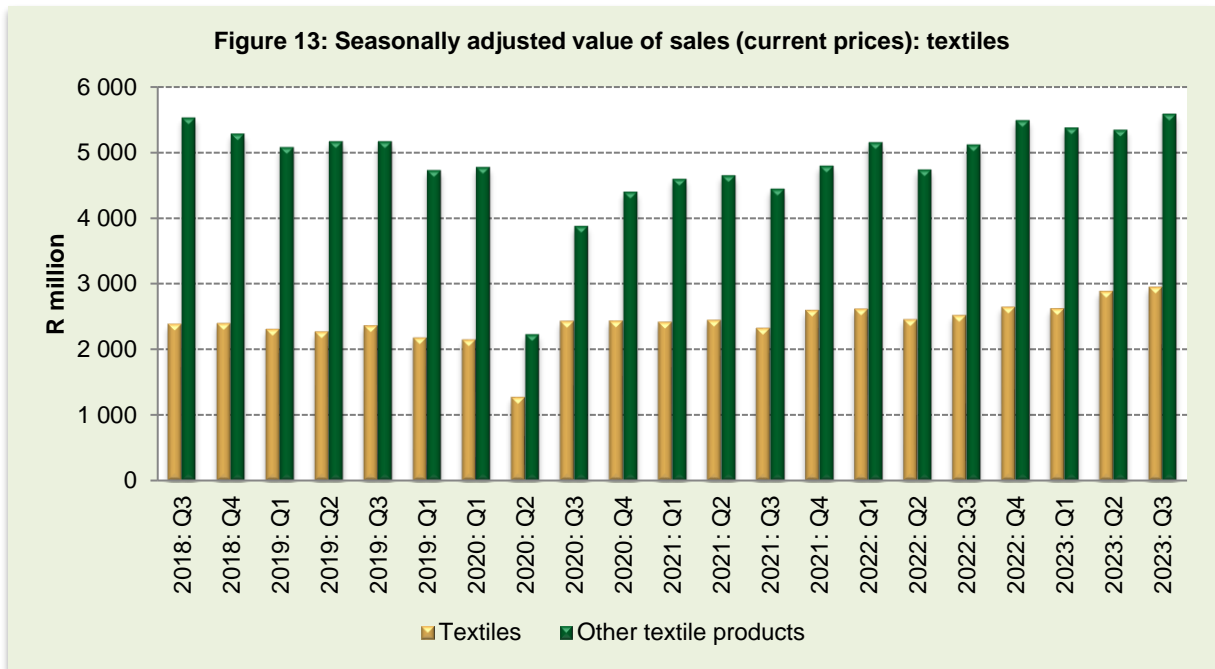
In terms of year-on-year, the textiles division decelerated by 5,0%, while the “other textiles” division contracted by 2,7%. The division as a whole contracted quarter-to-quarter by 0,6% from a 2,9% growth in 2023: Q2, however, the division decelerated by 4,0% year-on-year (see Figure 12).

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi and unskilled		
2022: Q3	68,5	31,5	1,3	1,6	0,0	23,1	5,5
2023: Q2	66,0	34	1,9	0,2	0,0	26,6	5,3
2023: Q3	66,2	33,8	2,0	0,6	0,0	23,7	7,5

Source: Statistics SA (2023)

Table 8 presents the utilisation of production capacity by large enterprises in the textiles division in 2023: Q3. The year-on-year utilisation of production capacity decreased by 2,3 percentage points; however, it declined quarter-to-quarter by 0,2 percentage points. 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, 2023

During 2023: Q3, the quarter-to-quarter seasonally adjusted value of sales for the textiles division moderated by 2,1% from a 10,2% growth in 2023: Q2. “Other textiles” rebounded by 4,6% following a 0,6% contraction in 2023: Q2.

In terms of year-on-year, the textiles and “other textiles” division moderated by 17,0% and 9,2%, respectively, in 2023: Q2.

The division as a whole rose quarter-to-quarter by 3,7% in 2023: Q3 from a 2,9% growth in 2023: Q2, however, the division moderated by 11,8% year-on-year. Therefore, sales for the textiles division as a whole increased from R8 222,6 million in 2023: Q2 to R8 527,7 million in 2023: Q3 as illustrated in Figure 13.



Source: Quantec, 2023

Figure 14 above shows the quarterly trade balance of the textiles division. In 2023: Q3, the quarter-to-quarter textiles exports contracted by 8,0% following a 17,2% growth in 2023: Q2, however, the textile imports rose by 10,3% as compared to a 6,3% growth in 2023: Q2. The year-on-year textiles division exports moderated by 1,1%, however, imports receded further by 2,4%. As a result, the trade deficit of the textiles division widened from R6 372,6 million in 2023: Q2 to R7 980,8 million in 2023: Q3.



Source: Quantec, 2023

During 2023: Q3, quarter-to-quarter employment in the “other textiles” division rebounded by 2,7% as compared to a 2,1% contraction in 2023: Q2. Preparation and spinning of textile fibre; weaving of textiles division, similarly, rebounded by 0,4% following a 0,2% contraction in 2023: Q3.

The year-on-year “other textiles” division rose by 10,2%, while preparation and spinning of textiles fibre; weaving of textiles division rebounded by 0,4%.

The division as a whole rebounded by 2,1% following a 1,6% contraction in 2022: Q3, while it expanded by 7,7% year-on-year, therefore 558 jobs were created in 2023: Q3 (see Figure 15).

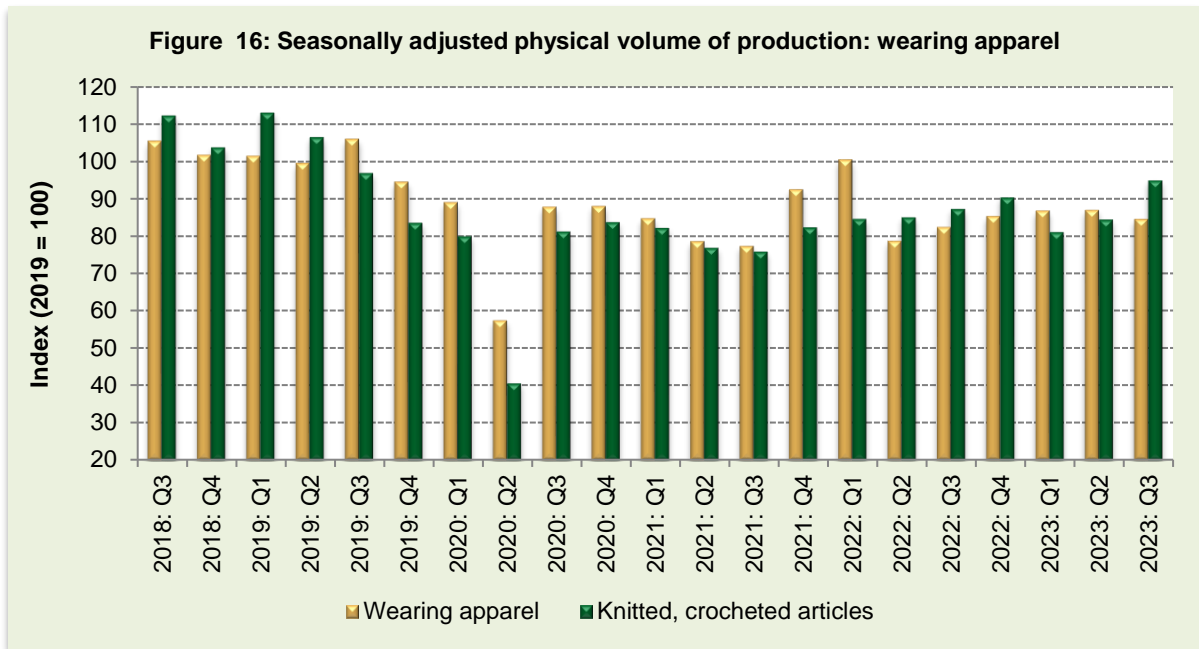
3.5 WEARING APPAREL

Table 9 below shows the producer price index for wearing apparel division in 2023: Q3. The quarter-to-quarter and year-on-year and producer price index for wearing apparel grew by 0,8% and 5,8%, respectively, in 2023: Q3.

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

	Indices			% Change between	
	2022: Q3	2023: Q2	2023: Q3	2022: Q3 and 2023: Q3	2023: Q2 and 2023: Q3
Domestic output					
Wearing apparel	110,6	116,0	117,0	5,8	0,8

Source: Statistics SA (2023)



Source: Quantec, 2023

Figure 16 shows the seasonally adjusted physical volume of production for wearing apparel. During 2023: Q3, the quarter-to-quarter seasonally adjusted volume of production for the wearing apparel division contracted by 2,8% as compared to a growth of 0,2% in 2023: Q2. Knitted, crocheted articles division, on the other hand, rose by 12,3% from a growth of 4,2% in 2023: Q2.

The seasonally adjusted physical volume of production for wearing apparel division moderated year-on-year by about 2,6%, while knitted, crocheted articles division rebounded by 8,7%. The division as a whole grew quarter-to-quarter by 4,7% from a 2,1% growth in 2023: Q2. Similarly, the division grew by 5,8% year-on-year in 2023: Q3.

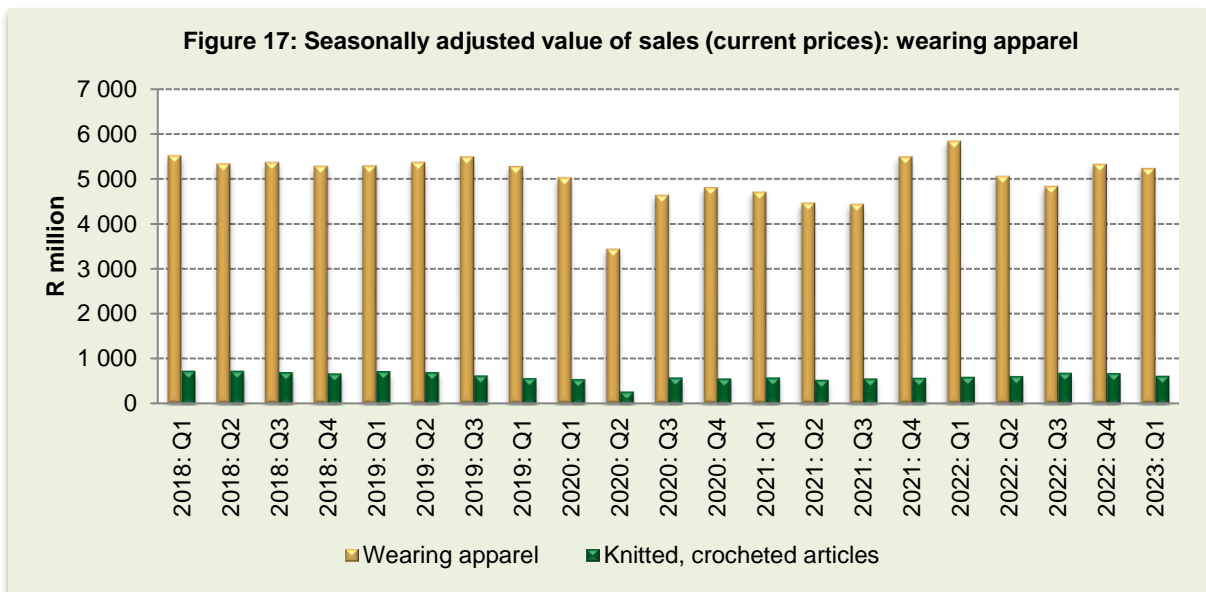
Table 9: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wearing apparel (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi and unskilled		
2022: Q3	73,0	27,0	2,2	1,6	0,4	18,6	4,1
2023: Q2	73,4	26,6	0,4	1,6	0,4	18,4	5,7

2023: Q3	74,9	25,1	0,4	1,6	0,4	18,4	4,3
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Source: Statistics SA (2023)

Table 9 shows the percentage of utilisation and reasons for underutilisation of production capacity by large enterprises for the wearing apparel division in 2023: Q3. The year-on-year and quarter-to-quarter utilisation of production capacity increased by 1,9 and 1,5 percentage points, respectively. Insufficient demand remained the key reason for underutilisation of production capacity, followed by other reasons such as seasonal factors.

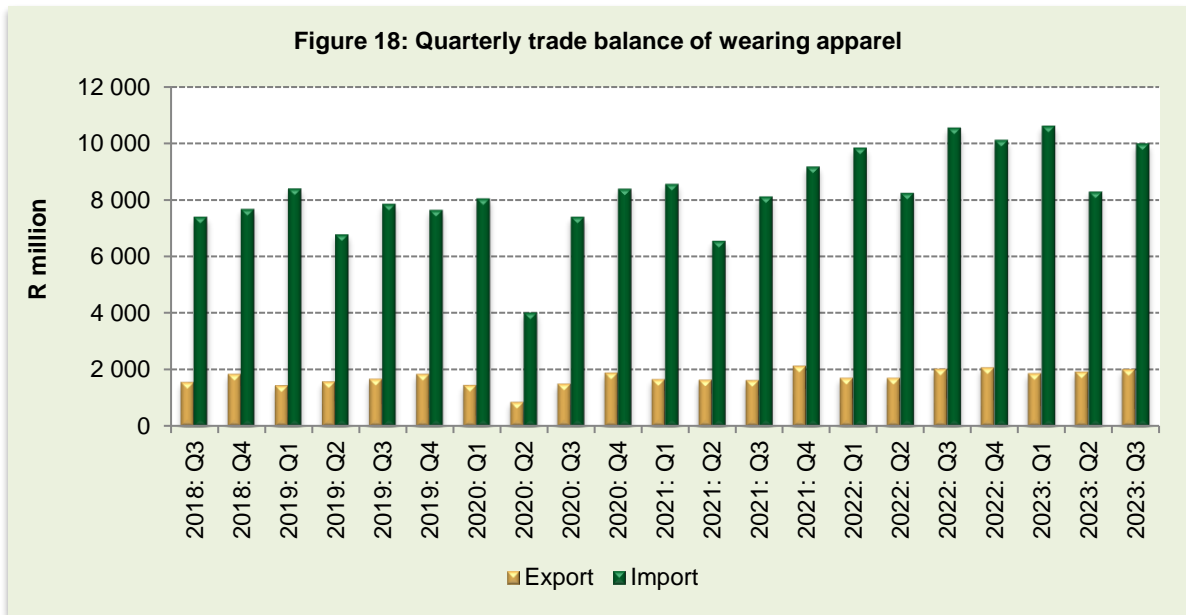


Source: Quantec, 2023

Figure 17 presents seasonally adjusted value of sales for the wearing apparel division in 2023: Q3. During 2023: Q3, the quarter-to-quarter seasonally adjusted value of sales for the knitted, crocheted articles division rose by 13,6% from a 4,7% growth in 2023: Q2; the wearing apparel division, on the other hand, contracted by 4,4% in 2023: Q3 following a 7,1% growth in 2023: Q2.

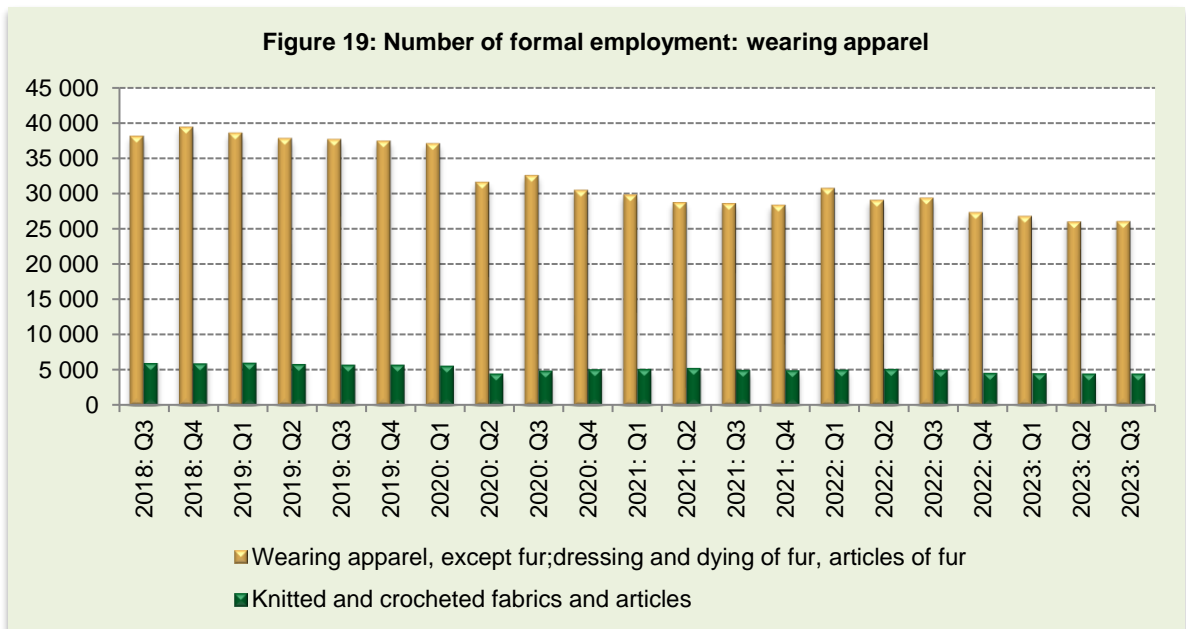
The year-on-year wearing apparel division's rose by 13,8% and knitted and crocheted articles, moderated by 11,7%.

The wearing apparel division as a whole contracted by 2,7% quarter-to-quarter in 2023: Q3 as compared to a 6,9% growth in 2023: Q2, however, it moderated by 12,0% year-on-year. The sales in the wearing apparel division as a whole decreased from R6 621,9 million in 2023: Q2 to R6 442,7 million in 2023: Q3.



Source: Quantec, 2023

Figure 18 shows the quarterly trade balance for wearing apparel division. During 2023: Q3, the quarter-to-quarter exports of wearing apparel expanded by 4,6% from a 3,5% growth in 2023: Q2, however, imports rebounded by 20,5% from a 21,8% contraction in 2023: Q2. The year-on-year exports and imports contracted by 0,7% and 5,2%, respectively. As a result, the trade deficit widened from R6 372,6 million in 2023: Q2 to R7 980,8 million in 2023: Q3.



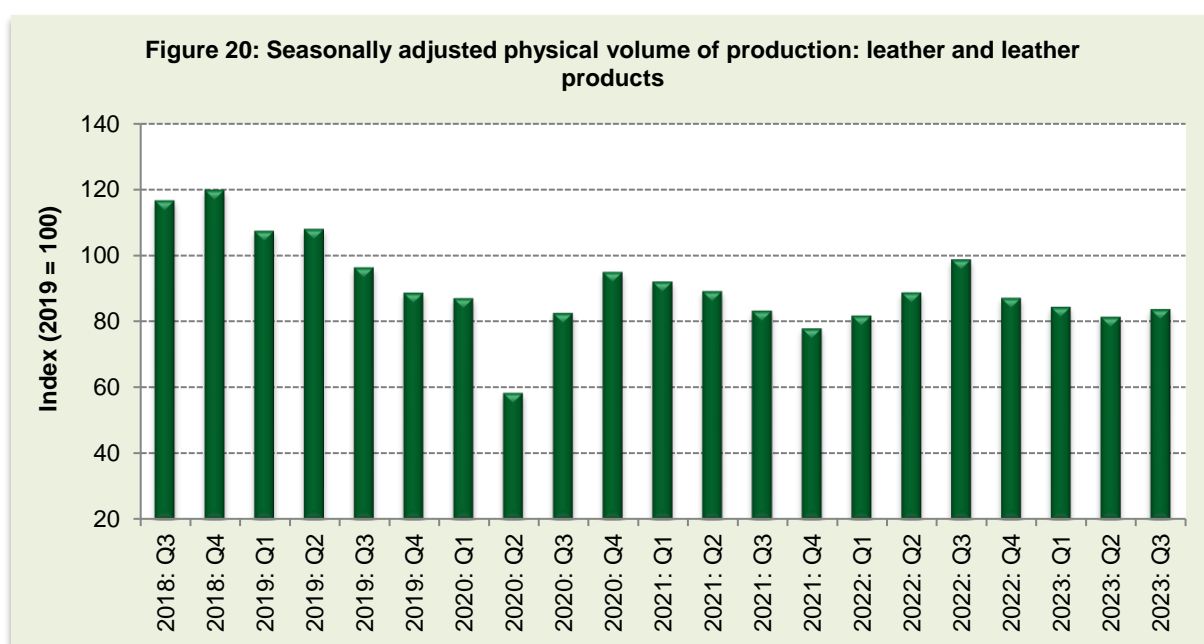
Source: Statistics SA (2023)

During 2023: Q3, the quarter-to-quarter formal employment for knitted and crocheted fabric and articles; and wearing apparel, except the fur division, rebounded by 0,7% and 0,2% from a 1,3% and 2,9% contraction, respectively, in 2023: Q2.

The year-on-year knitted and crocheted fabric and articles division receded further by 10,1%, while wearing apparel, except the fur division, decelerated by 11,4%.

The division as a whole rebounded quarter-to-quarter by 0,3% following a 2,7% contraction in 2023: Q2, however, it decelerated 11,2% year-on-year. As a result, 54 jobs were created as Figure 19 shows.

3.6 LEATHER AND LEATHER PRODUCTS



Source: Quantec, 2023

During 2023: Q3, the seasonally adjusted physical volume of production for leather and leather products division bounced back by 2,9% from a 3,6% contraction in 2023: Q2, however, the division decelerated by 15,3% year-on-year (see Figure 20).

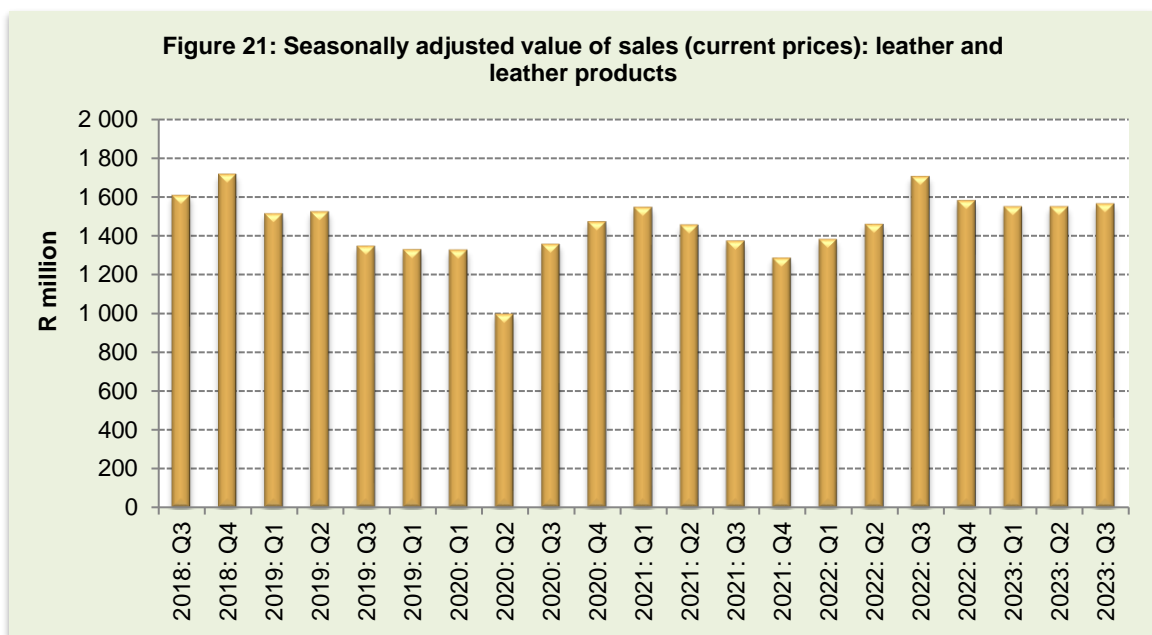
Table 10: Utilisation and reasons for underutilisation of production capacity by large enterprises: Leather and leather products (percentage)

Period	Utilisation	Reasons for underutilisation			
			Shortage of	Insufficient demand	Other

		Total underutilisation	Raw materials	Skilled	Semi and unskilled		
2022: Q3	66,3	33,7	6,8	0,5	1,1	22,2	3,1
2023: Q2	61,8	38,2	3,8	0,5	0,9	31,0	2,0
2023: Q3	57,6	42,4	2,8	0,5	0,9	36,7	1,6

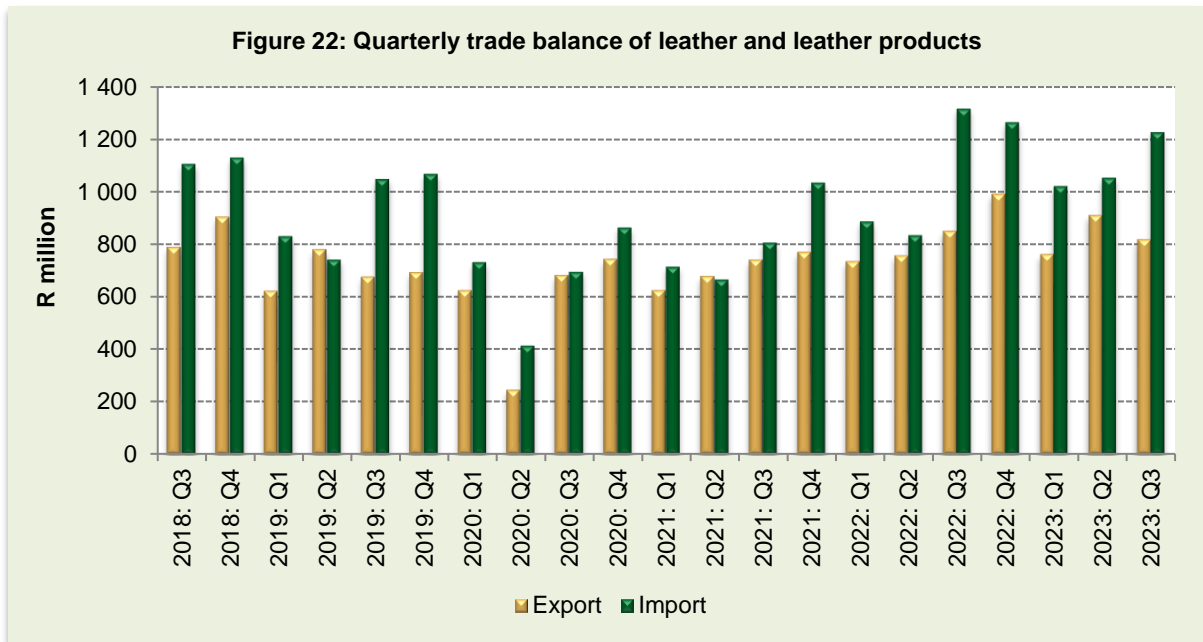
Source: Statistics SA (2023)

The utilisation of production capacity by large enterprises in the leather and leather products division declined year-on-year and quarter-to-quarter by about 8,7 and 4,2 percentage points respectively. Insufficient demand and shortage of raw materials remain the reasons for underutilisation in 2023: Q3.



Source: Quantec, 2023

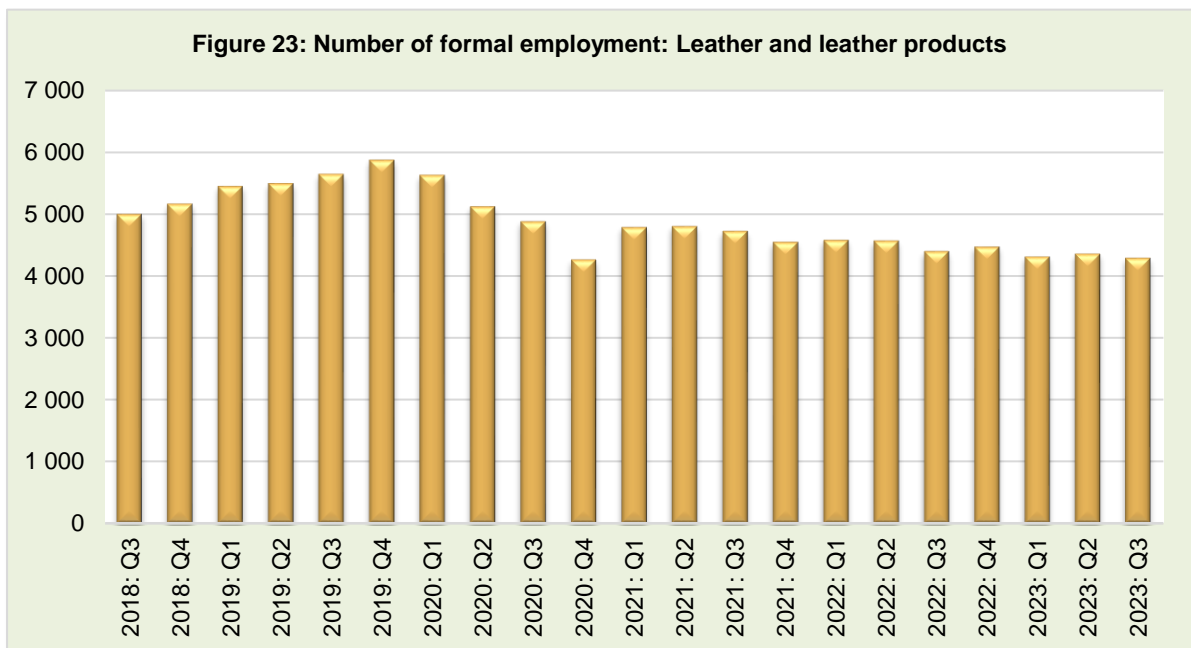
The quarter-to-quarter seasonally adjusted value of sales for leather and leather products division rebounded by 1,0% in 2023: Q3 from a 0,1% contraction in 2023: Q2, however, the division contracted year-on-year by 8,2% (see Figure 21). Therefore, the value of sales for leather and leather products division increased from about R1 548,5 million in 2023: Q2 to R1 564,6 million in 2023: Q3.



Source: Quantec, 2023

Figure 22 above presents the quarterly trade balance for the leather and leather products division. During 2023: Q3, the quarter-to-quarter exports for the leather and leather products division contracted by 10,1% from a 19,3% growth in 2022: Q3, however, imports rose by 16,5% from a growth of 3,1% in 2023: Q2.

The year-on-year exports and imports contracted by 3,8% and 6,8%, respectively. As a result, the trade deficit widened from R145,9 million in 2023: Q2 to R410,9 million in 2023: Q3.



Source: Statistics SA (2023)

The quarter-to-quarter formal employment in the leather and leather products division contracted by 1,5% in 2023: Q3 from a 1,0% growth in 2023: Q2, however, the division receded further by 2,5% year-on-year. As a result, 64 jobs were lost in 2023: Q3 for the division (see Figure 23).

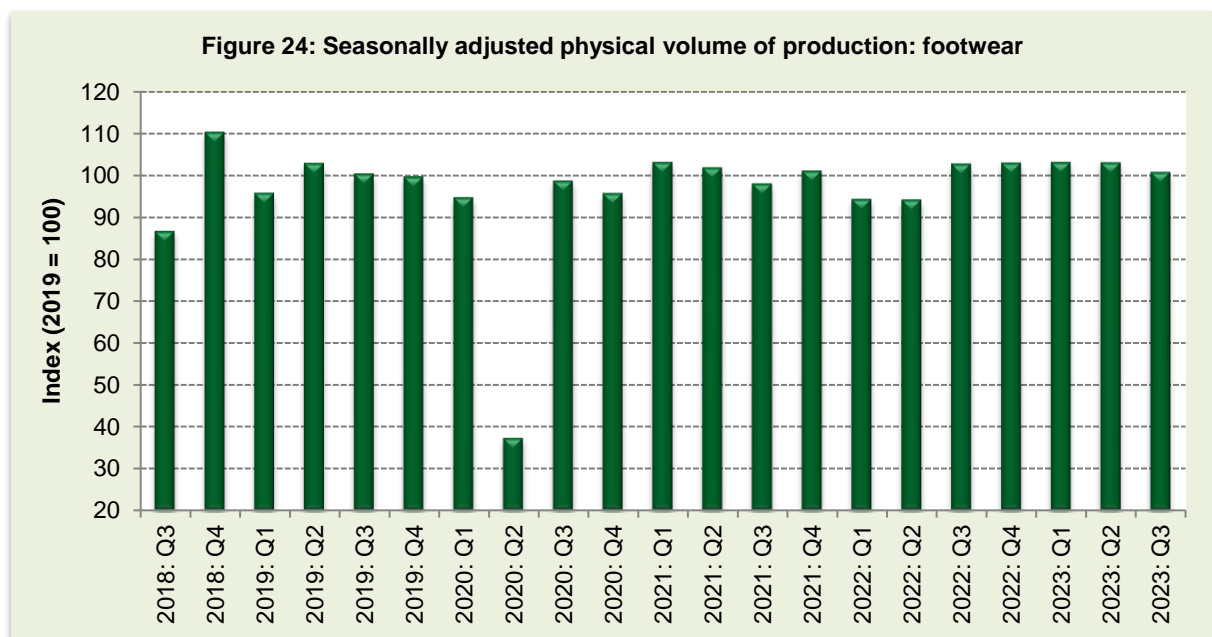
3.7 FOOTWEAR

Table 11 presents producer price index for the footwear division. The quarter-to-quarter and year-on-year producer price index for the domestic output of the footwear division in 2023: Q3 grew by 5,5% and 11,4%, respectively.

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

Indices			% Change between	
2022: Q3	2023: Q2	2023: Q3	2022: Q3 and 2023: Q3	2023: Q2 and 2023: Q3
Domestic output				
113,4	119,7	126,3	11,4	5,5

Source: Statistics SA (2023)



Source: Quantec, 2023

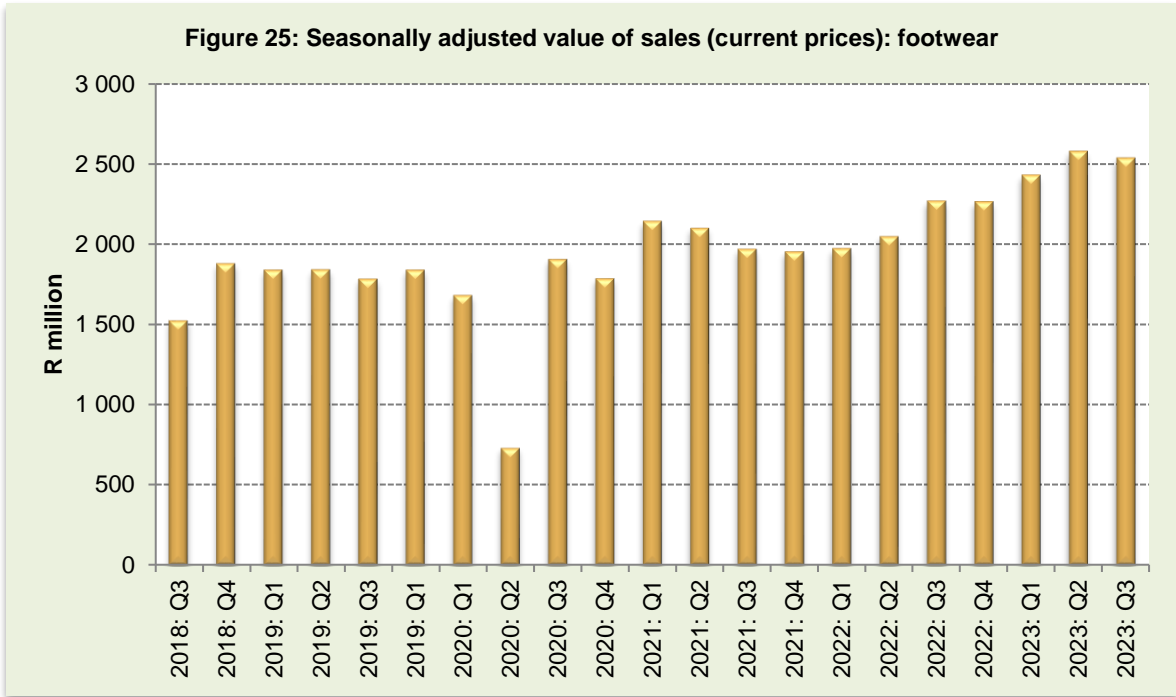
In 2023: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for the footwear division decelerated by 2,2% from a 0,1% contraction in 2023: Q2, however, the division contracted by 2,0% year-on-year (see Figure 24).

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		
2022: Q3	84,9	15,1	1,9	1,0	0,0	12,2	0,0
2023: Q2	80,9	19,1	6,3	1,0	0,0	11,9	0,0
2023: Q3	83,4	16,6	4,4	1,1	0,5	10,6	0,0

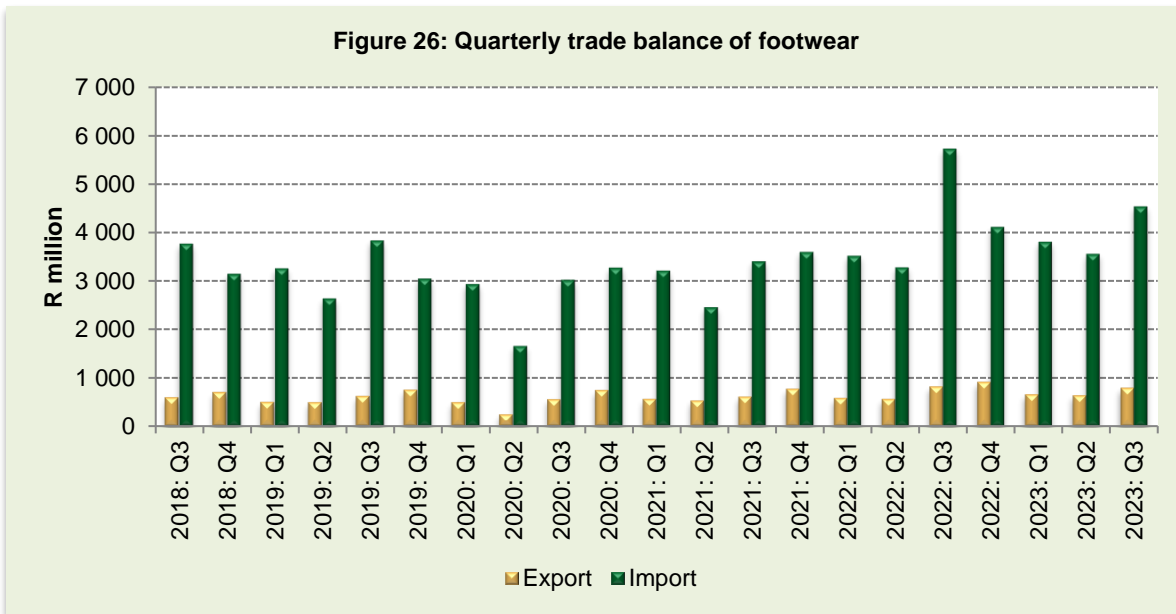
Source: Statistics SA (2023)

During 2023: Q3, the utilisation of production capacity by large enterprises in the footwear division declined year-on-year by 1,5 percentage points, while it increased quarter-to-quarter by about 2,5 percentage points. Insufficient demand remains the main reason behind low-capacity utilisation, followed by a shortage of raw materials (see Table 12).



Source: Quantec, 2023

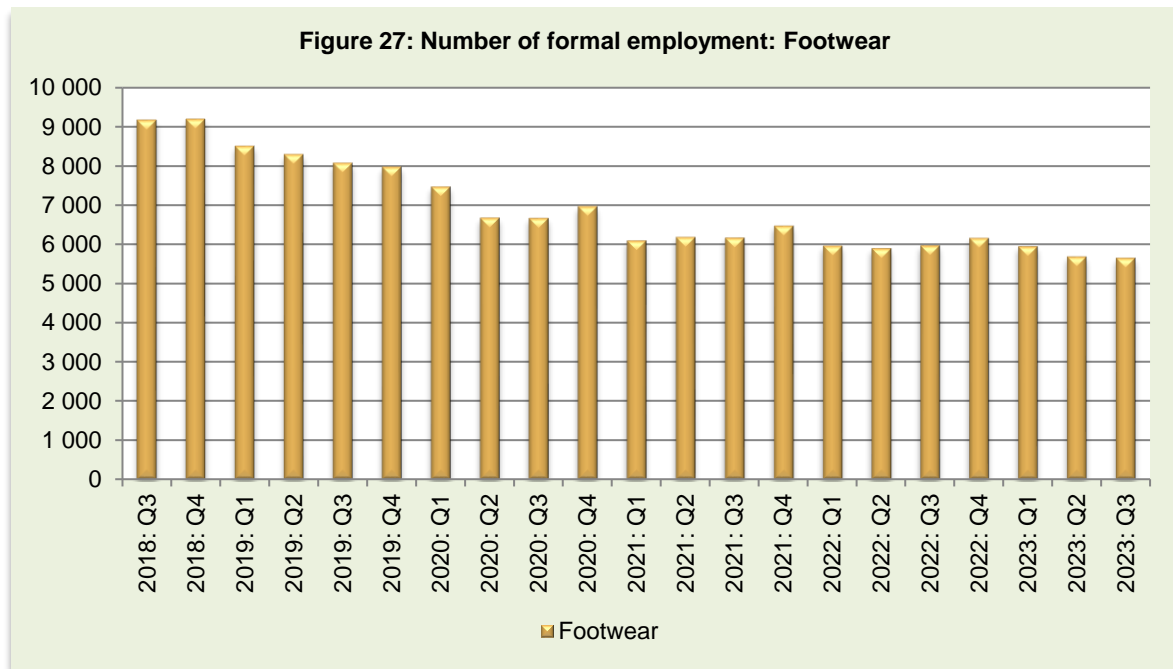
During 2023: Q3, the quarter-to-quarter seasonally adjusted value of sales for the footwear division contracted by 1,6% following a 6,1% growth in 2023: Q2, however, the division moderated year-on-year by 11,8%. Therefore, value of sales for the footwear division decreased from R2 578,1 million in 2023: Q2 to R2 536,3 million in 2023: Q3 (see Figure 25).



Source: Quantec, 2023

During 2023: Q3, the quarter-to-quarter exports and imports for the footwear division rebounded by 23,8% and 27,6% from a 2,6% and 6,6% contraction in 2023: Q2.

The year-on-year exports and imports contracted by 3,8% and 20,8%, respectively. As a result, the trade deficit widened from R2 927,6 million in 2023: Q2 to R3 759,5 million in 2023: Q3 (see Figure 26).



Source: Statistics SA (2023)

During 2023: Q3, the quarter-to-quarter formal employment in the footwear division receded further by 0,6% from a 4,3% contraction in 2023: Q2. Conversely, the formal employment of the footwear division decelerated year-on-year by about 5,3%. As a result, the footwear division shed about 35 jobs in 2023: Q3 (see Figure 27).

3.8 WOOD AND WOOD PRODUCTS



Source: Quantec, 2023

During, 2023: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for sawmilling and planing of woods division rose by 2,7% following a 1,5% growth in 2023: Q2. Products of wood, on the other hand, rebounded by 10,6% from a 1,3% contraction in 2023: Q2.

The year-on-year seasonally adjusted physical volume of production for sawmilling and planing of woods division moderated by 2,3%, while products of wood expanded by 16,3%.

The division as a whole rose by 6,8% quarter-to-quarter following an unchanged growth in 2023: Q2. Similarly, the division as a whole rose by 9,5% year-on-year.

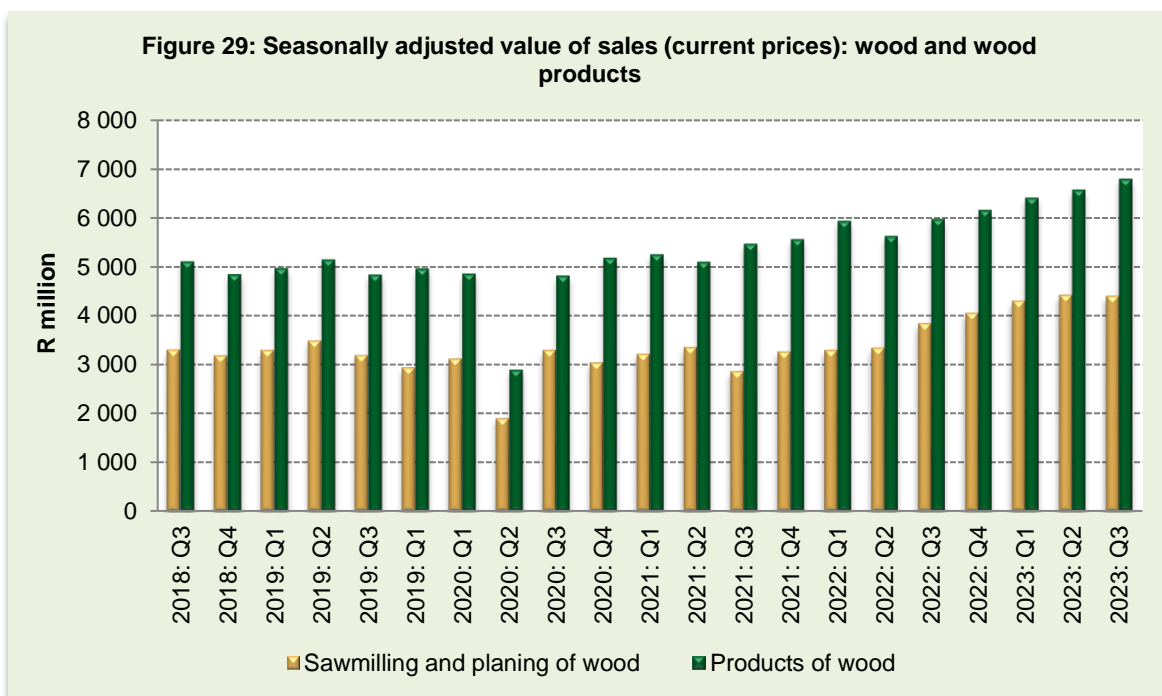
Table 13: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wood and wood products (percentage)

Period	Utilisation	Reasons for underutilisation		
		Shortage of	Insufficient demand	Other
		Labour		

		Total underutilisation	Raw materials	Skilled	Semi and unskilled		
2022: Q3	78,0	22,0	2,2	0,8	0,0	8,4	10,7
2023: Q2	80,1	19,9	2,7	0,8	0,2	9,1	7,1
2023: Q3	81,1	18,9	2,5	0,8	0,2	9,3	6,1

Source: Statistics SA (2023)

Table 13 shows the utilisation of production capacity by large enterprises in the wood and wood products division. The utilisation of production capacity increased year-on-year and quarter-to-quarter by 3,1 and 1,0 percentage points, respectively. Insufficient demand remained a reason for underutilisation during 2023: Q3, followed by other reasons such as seasonal factors.

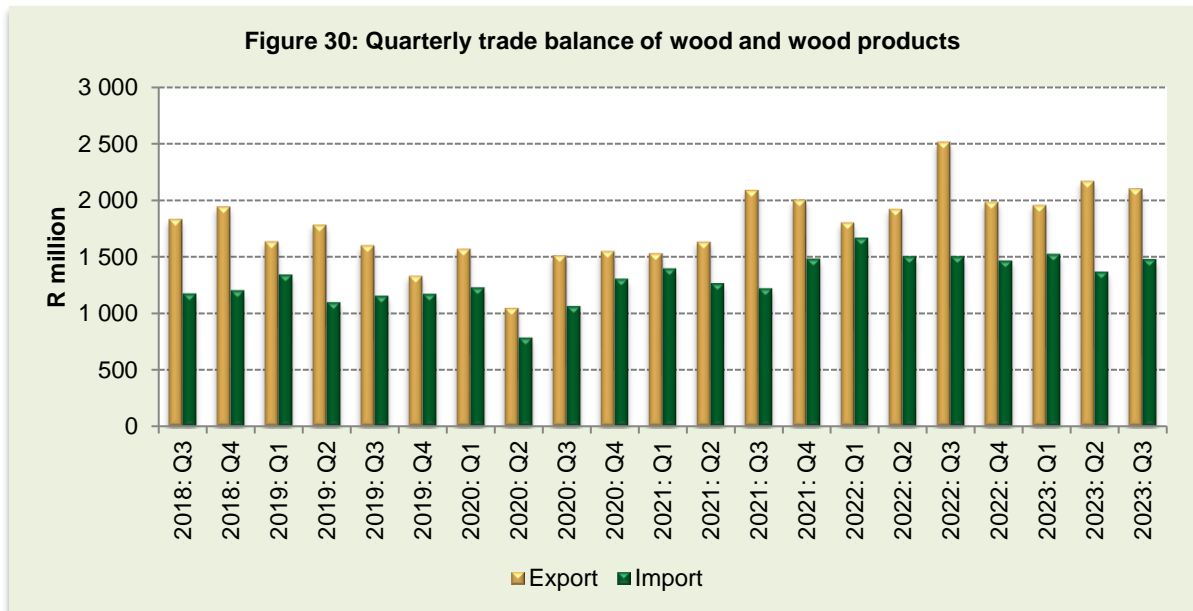


Source: Quantec, 2023

During 2023: Q3, the quarter-to-quarter seasonally adjusted value of sales for sawmilling and planing of wood division contracted by 0,4% from a 2,6% growth in 2023: Q2. Sales for the products of wood division also grew quarter-to-quarter in 2023: Q3 by 3,4% as compared to a 2,5% growth in 2023: Q2.

The year-on-year value of sales for sawmilling and planing of wood; and products of wood divisions moderated by 14,6% and 13,8% year-on-year.

The division as a whole moderated quarter-to-quarter by 1,9% from a 2,6% growth in 2023: Q2 (see Figure 29). Similarly, the division moderated by 14,1% year-on-year. The sales in the wood division grew from R10 967,8 million in 2023: Q2 to R11 173,1 million in 2023: Q3.



Source: Quantec, 2023

The quarter-to-quarter exports of wood and wood products contracted by 3,0% following a 10,9% contraction in 2023: Q3, however, imports of wood and wood products division rebounded by 7,9% from a 10,1% contraction in 2023: Q2.

Year-on-year exports contracted by 16,4%, while imports receded further by 1,8%. As a result, the trade surplus narrowed from R801,1 million in 2023: Q2 to approximately R629,1 million in 2023: Q3 (see Figure 30).



Source: Statistics SA (2023)

In 2023: Q3, the quarter-to-quarter employment in products of wood, cork, straw, and plaiting material rebounded by 1,1% from a 1,6% contraction in 2023: Q2, conversely, sawmilling and planing of wood receded further by 1,9% from a 14,4% contraction in 2022: Q3.

In terms of year-on-year, products of wood decelerated by 4,7%, while sawmilling and planing of wood receded further by 11,8%.

The division as a whole rebounded quarter-to-quarter by 0,1%, however, it decelerated by 7,0% year-on-year. As a result, the division as a whole created 45 jobs in 2023: Q3 (see Figure 31).

3.9 PAPER AND PAPER PRODUCTS

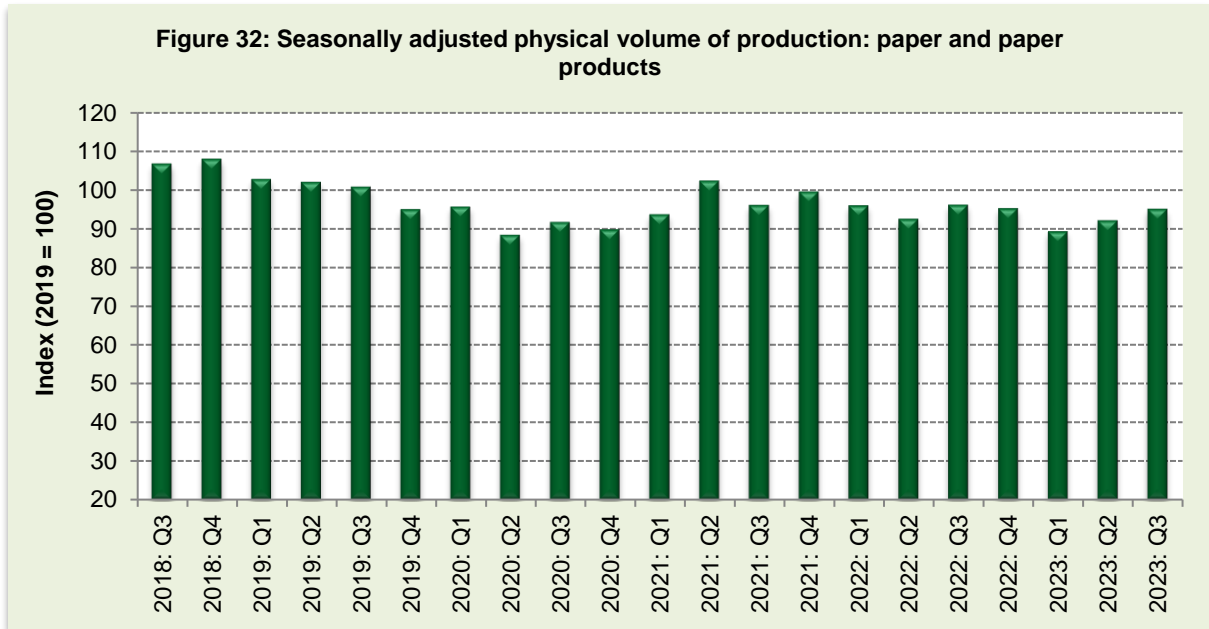
In 2023: Q3, the quarter-to-quarter and year-on-year producer price for paper and printed products moderated by 0,3% and 11,9%, respectively, as illustrated in Table 14.

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

	Indices			% Change between	
	2022: Q3	2023: Q2	2023: Q3	2022: Q3 and 2023: Q3	2023: Q2 and 2023: Q3
Domestic output					

Paper and paper products	112,3	125,3	125,7	11,9	0,3
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Source: Statistics SA (2023)



Source: Quantec, 2023

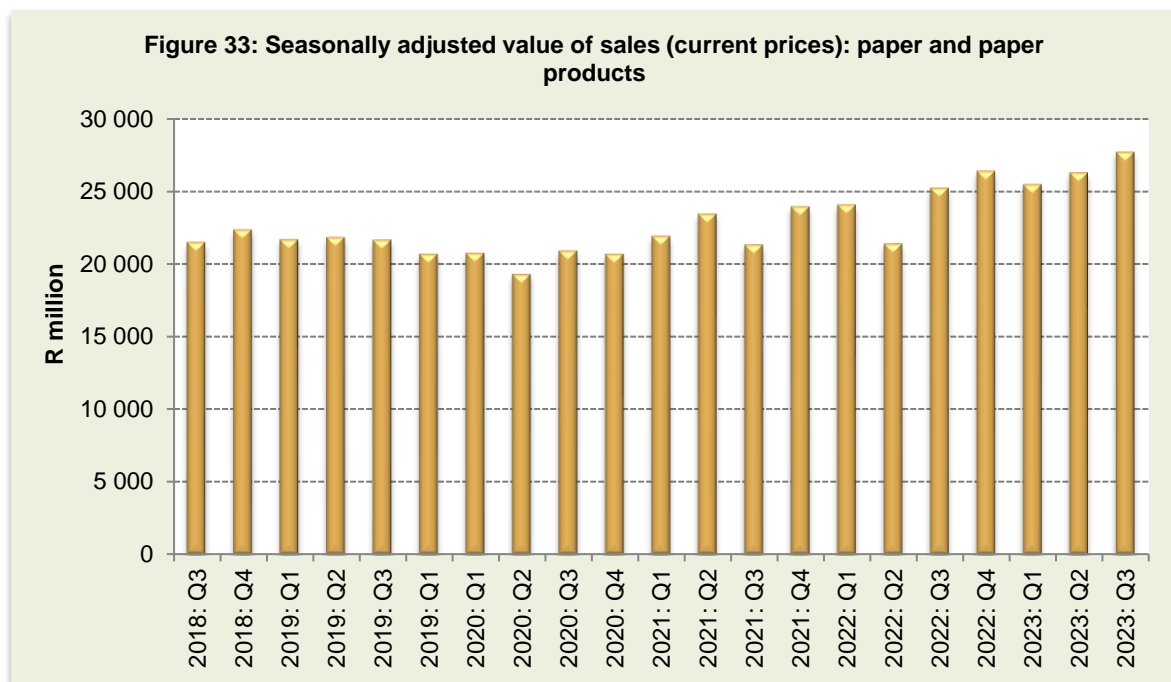
In 2023: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for the paper and paper products division stagnated at 3,2% as compared to 2023: Q2 growth. However, the division decelerated by 1,1% year-on-year (see Figure 32).

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi and unskilled		
2022: Q3	84,4	15,6	1,8	0,8	0,1	7,1	5,7
2023: Q2	79,1	20,9	1,1	0,7	0,4	8,1	10,6
2023: Q3	77,1	22,9	0,7	0,8	0,1	11,4	9,8

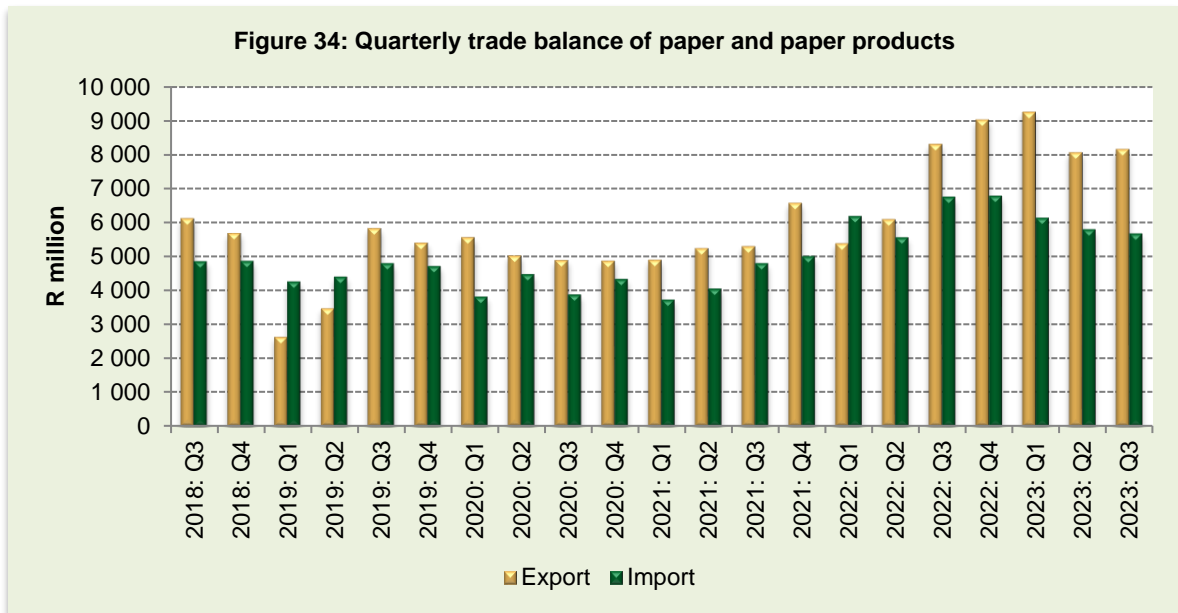
Source: Statistics SA (2023)

Table 15 shows utilisation of production capacity by large enterprises in the paper and paper products division. Utilisation of production capacity declined year-on-year and quarter-to-quarter by approximately 7,3 and 2,0 percentage points, respectively, in 2023: Q3. Insufficient demand remained the main reason for underutilisation during the period, followed by other reasons such as seasonal factors.



Source: Quantec, 2023

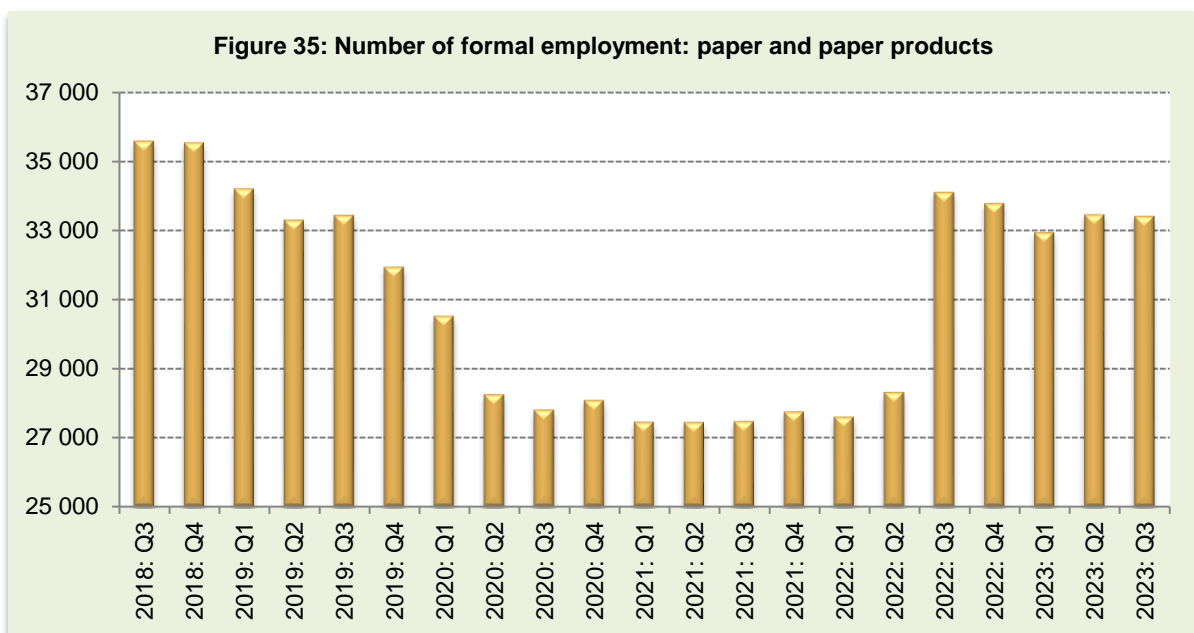
During 2023: Q3, the quarter-to-quarter seasonally adjusted value of sales for paper and paper products division rose by 5,4% from a 3,2% growth in 2023: Q2. However, it moderated year-on-year by 9,8% (see Figure 33). Seasonally adjusted value of sales for the paper and paper products division increased from R26 284,6 million in 2023: Q2 to R27 714,4 million in 2023: Q3.



Source: Quantec, 2023

In 2023: Q3, the quarter-to-quarter exports of paper and paper products division rebounded by 1,2% from a 12,9% contraction in 2023: Q2, however, imports of the paper and paper products division receded further by 2,0% following a 5,6% contraction in 2023: Q2.

The year-on-year exports and imports contracted by 1,8% and 15,9%, respectively. As a result, the trade surplus widened from R2 278,1 million in 2023: Q2 to R2 489,6 million in 2023: Q3 (see Figure 34).



Source: Statistics SA (2023)

The quarter-to-quarter formal employment in the paper and paper products division contracted by 0,2% in 2023: Q3 as compared to a 1,6% growth in 2023: Q2, similarly, the division moderated by 2,1% year-on-year. As a result, the paper and paper products division shed about 54 jobs in 2023: Q3 (see Figure 35).

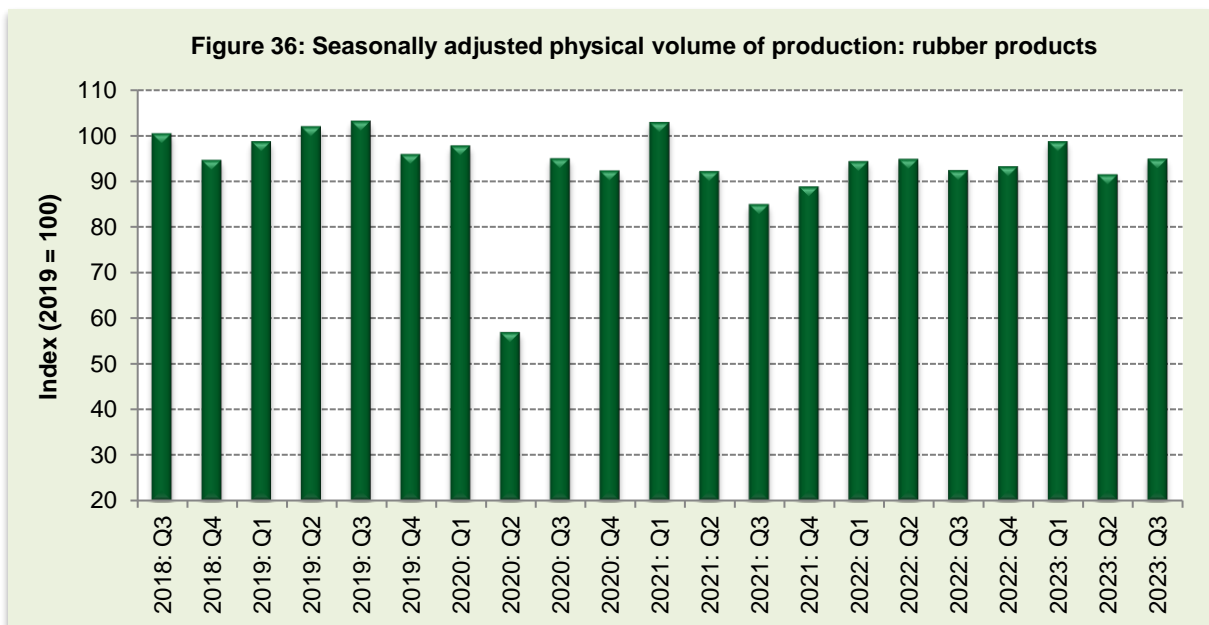
3.9 RUBBER PRODUCTS

The quarter-to-quarter producer price for domestic output of rubber and plastic products division receded further by 1,9%, however, it moderated by 4,7% year-on-year in 2023: Q3 (see Table 16).

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

	Indices			% Change between	
	2022: Q3	2023: Q2	2023: Q3	2022: Q3 and 2023: Q3	2023: Q2 and 2023: Q3
Domestic output					
Rubber products	125,1	133,5	131,0	4,7	-1,9

Source: Statistics SA (2023)



Source: Quantec, 2023

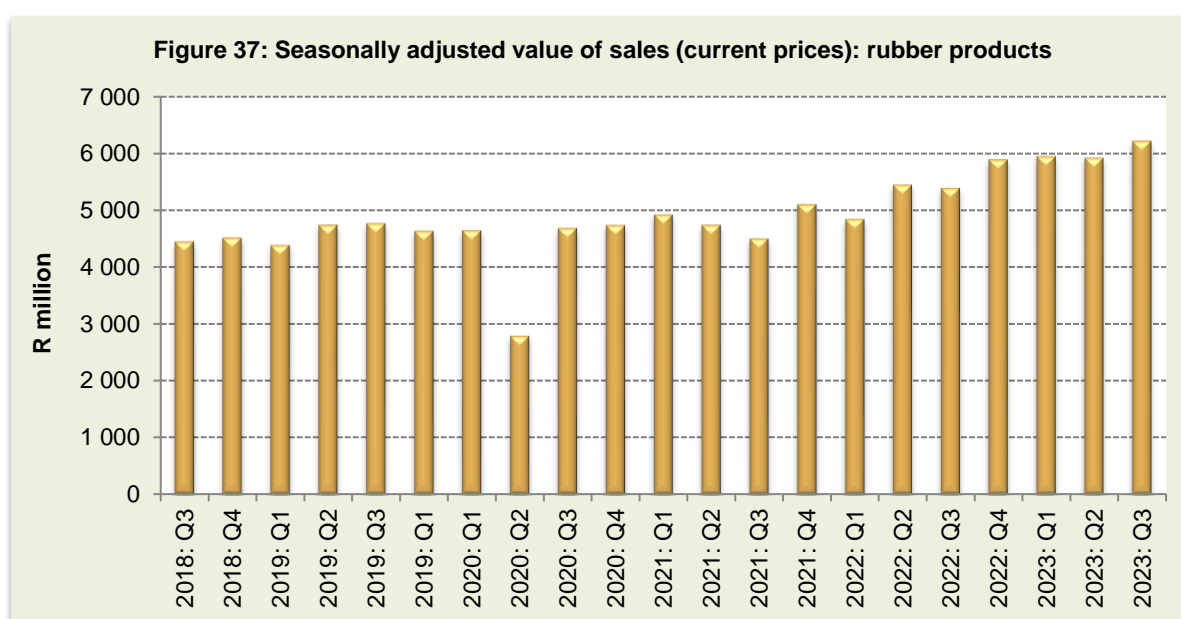
In 2023: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for the rubber products division rebounded by 3,7%, following a 7,3% contraction in 2023: Q2, similarly, the division rebounded by 2,7% year-on-year (see Figure 36).

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi and unskilled		
2022: Q3	78,4	21,6	2,3	0,5	0,0	10,9	7,9
2023: Q2	76,9	23,1	0,5	1,2	0,8	12,7	8,0
2023: Q3	76,5	23,5	0,8	1,2	0,8	12,8	7,9

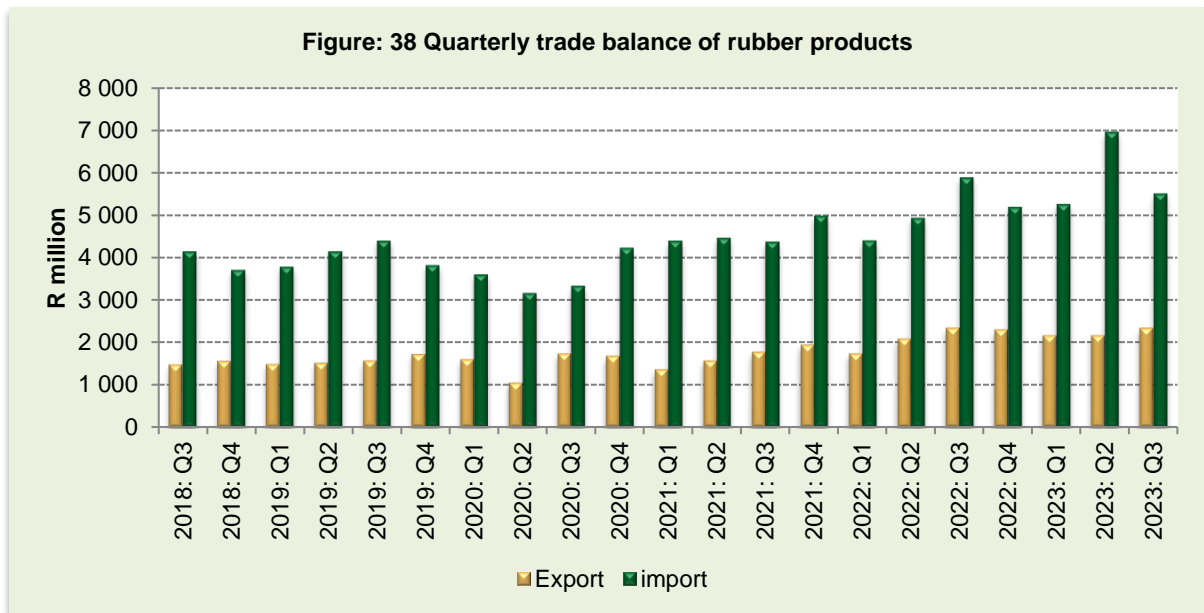
Source: Statistics SA (2023)

As shown in Table 17, the utilisation of production capacity by large enterprises in the rubber products division declined year-on-year and quarter-to-quarter by 1,9 and 0,4 percentage points, respectively, in 2023: Q3. Insufficient demand remained the main reason for underutilisation during the period, followed by other reasons such as seasonal factors.



Source: Quantec, 2023

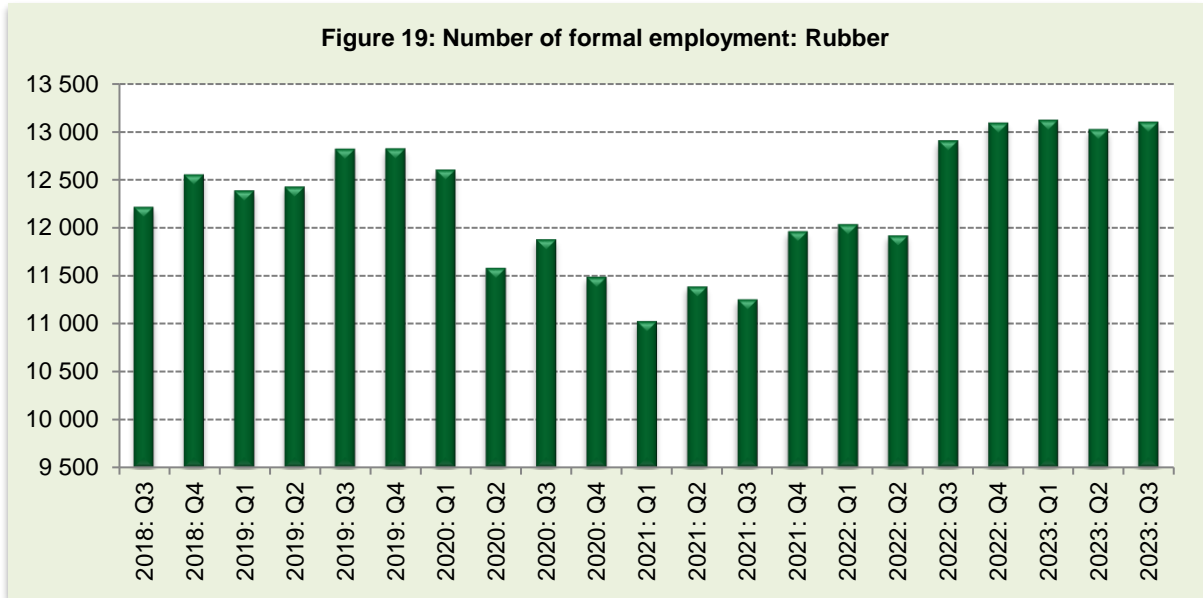
In 2023: Q3, the quarter-to-quarter seasonally adjusted value of sales in the rubber products division rebounded by 2,0% from an 0,5% contraction in 2023: Q2. However, the division moderated by 9,8% year-on-year. Therefore, sales in the rubber products division grew from R5 920,3 million in 2023: Q2 to R6 218,3 million in 2023: Q3 (see Figure 37).



Source: Quantec, 2023

The quarter-to-quarter exports rebounded by 8,0% from a 0,2% contraction registered in 2023: Q2, however, imports of rubber products division contracted by 20,9% following a 32,3% growth in 2023: Q3.

The year-on-year imports and exports contracted by 6,5% and 0,1%, respectively. As a result, the trade deficit widened from R4 804,4 million in 2023: Q2 to R3 182,8 million in 2023: Q3.



Source: Statistics SA (2023)

The quarter-to-quarter formal employment in the rubber products division rebounded by 0,6% in 2023: Q3 as compared to a 0,8% contraction recorded in 2023: Q2, however, the division moderated by 1,5% year-on-year (see Figure 39). As a result, about 76 jobs were created in the rubber products division in 2023: Q3.

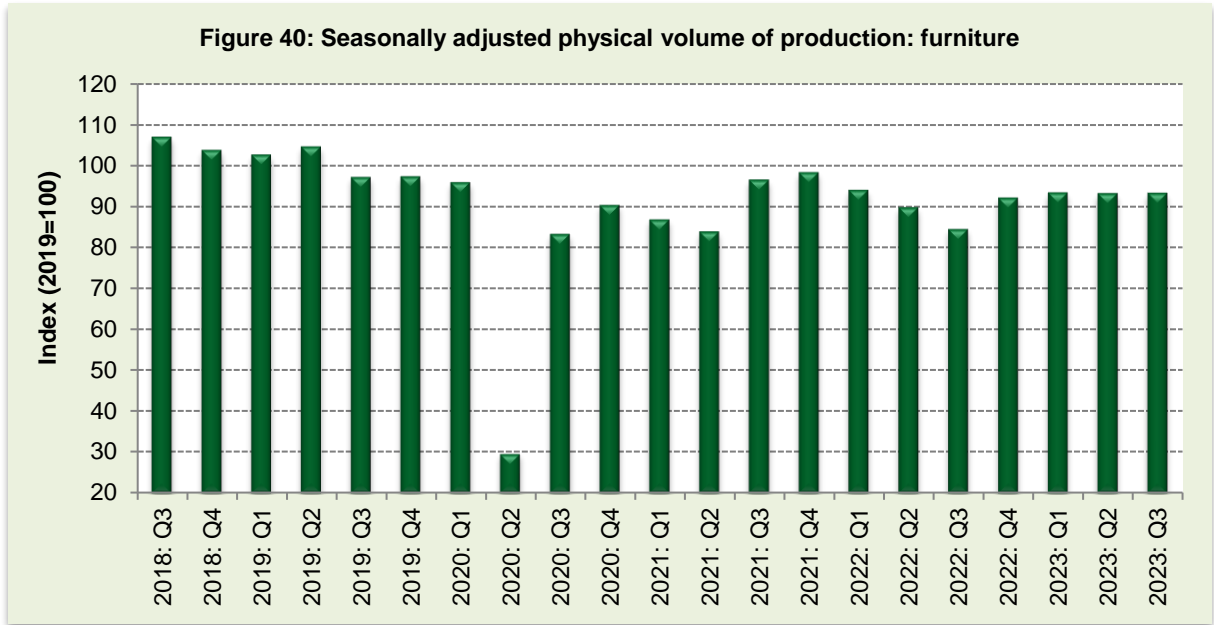
3.10 FURNITURE

The quarter-to-quarter and year-on-year producer price index for domestic output of furniture and other manufacturing division moderated by 0,5% and 7,2%, respectively, in 2023: Q3 (see Table 18).

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

Indices			% Change between	
2022: Q3	2023: Q2	2023: Q3	2022: Q3 and 2023: Q3	2023: Q2 and 2023: Q3
Domestic output				
115,4	123,1	123,7	7,2	0,5

Source: Statistics SA (2023)



Source: Quantec, 2023

In 2023: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for the furniture division rebounded by 0,1% as compared to a 0,1% contraction in 2023: Q2. However, the division grew by 10,6% year-on-year (see Figure 40).

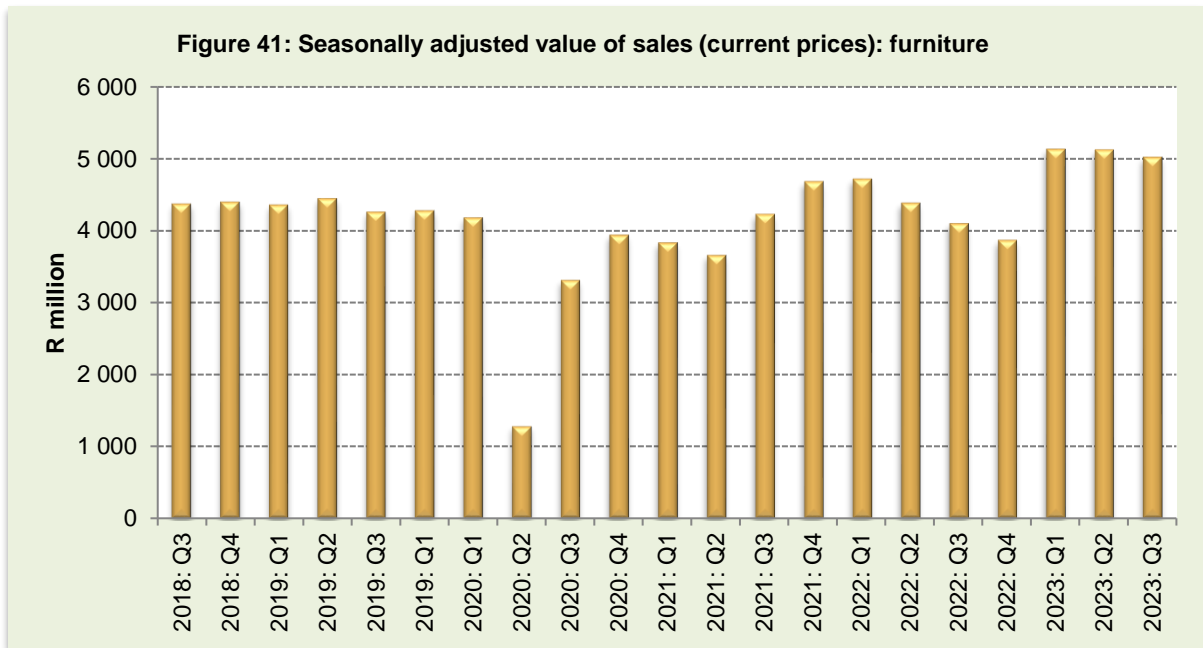
Table 19: Utilisation and reasons for underutilisation of production capacity by large enterprises: Furniture (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi and unskilled		
2022: Q3	78,0	22,0	3,0	0,0	0,0	18,9	0,0
2023: Q2	75,0	25,0	1,5	0,0	0,0	23,5	0,0
2023: Q3	76,5	23,5	1,5	0,0	0,0	22,0	0,0

Source: Statistics SA (2023)

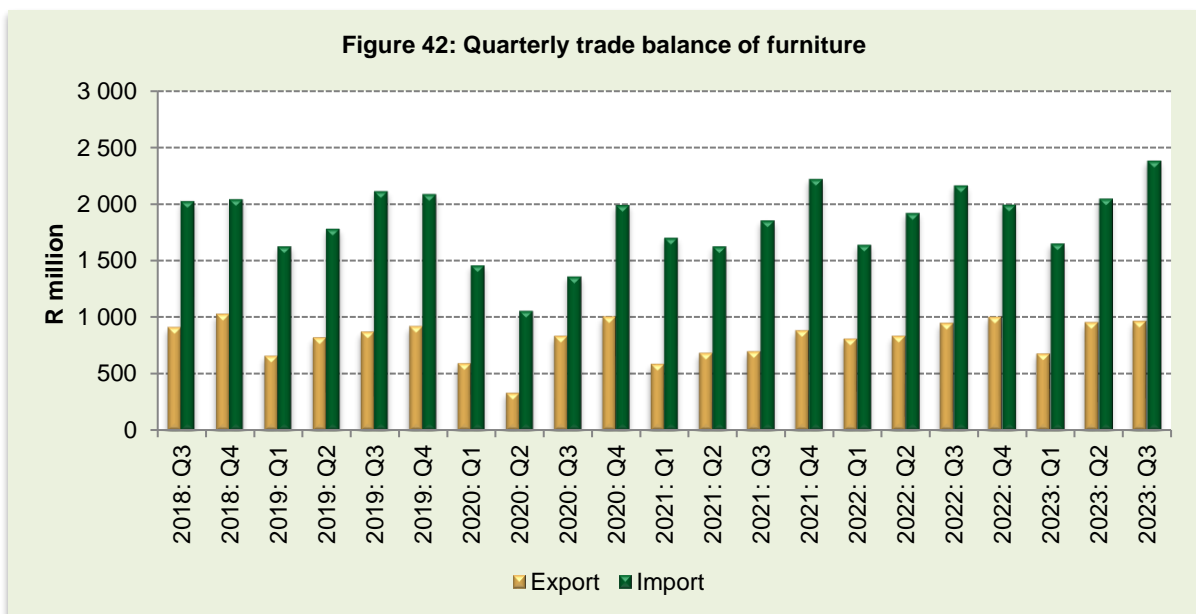
The utilisation of production capacity by large enterprises in the furniture division declined year-on-year by 1,5 percentage points, however, it grew quarter-to-quarter by 1,5 percentage

points in 2023: Q3. Insufficient demand remained the main reason for underutilisation of production capacity, followed by a shortage of raw materials.



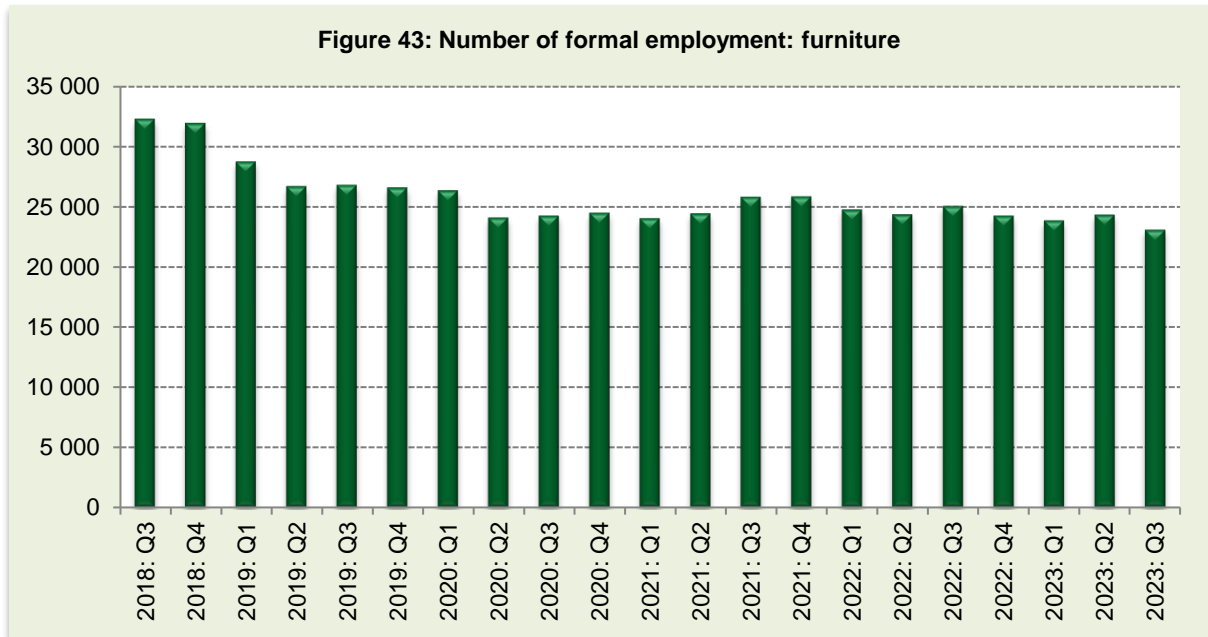
Source: Quantec, 2023

The quarter-to-quarter seasonally adjusted value of sales for furniture division decelerated by 2,0% in 2023: Q3, following a 0,1% contraction in 2023: Q2. However, the division expanded by 22,4% year-on-year. The value of sales in the division decreased from R5 121,4 million in 2023: Q2 to R5 017,2 million in 2023: Q3 (see Figure 41).



Source: Quantec, 2023

The quarter-to-quarter imports of furniture division moderated by 16,3% in 2023: Q3 as compared to a 24,1% growth in 2023: Q2. Similarly, exports moderated by 1,1% from a 41,0% growth in 2023: Q2. The year-on-year imports grew by 10,2%, while exports moderated by 2,0% (see Figure 42). As a result, the trade deficit widened from R1 096,2 million in 2023: Q2 to about R1 419,8 million in 2023: Q3.



Source: Statistics SA (2023)

During 2023: Q3, quarter-to-quarter formal employment in the furniture division contracted by 5,2% following a 2,0% growth in 2023: Q2, however, the division's employment decelerated by 7,9% year-on-year. As a result, approximately 1 263 jobs were lost during the period under review (see Figure 43).

3. CONCLUSION

The South African economy contracted by 0,2% in 2023: Q3 following a 0,5% growth in 2023: Q2. The real gross value added (GVA) by the primary and secondary sectors contracted while the real output for the tertiary sector expanded.

The quarter-to-quarter seasonally adjusted volume of production for the agro-processing industry rebounded by 0,5% in 2023: Q3 from a 0,3% contraction in the last quarter. However, it moderated by 0,3% year-on-year. The seasonally adjusted value of sales for the agro-processing industry contracted by 2,3% in 2023: Q3 from a 1,6% growth in 2023: Q2.

The trade surplus of the agro-processing industry widened from R10 636,7 million in 2023: Q2 to R11 527,7 million in 2023: Q3, representing an 8,4% rebound in 2023: Q3. Employment in the agro-processing sector declined from 443 691 in 2023: Q2 to 436 992 jobs in 2023: Q3, translating to 6 699 jobs lost in the period of review.

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NOTES:

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