



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

2024: Q1

DIRECTORATE: AGRO-PROCESSING SUPPORT



agriculture, land reform
& rural development

Department:
Agriculture, Land Reform and Rural Development
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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 2024: Q1*”, by the directorate evaluates the economic performance of the eleven agro-processing divisions during 2024: 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.

CONTENTS

Preface	i
EXECUTIVE SUMMARY	iv
1. INTRODUCTION.....	1
2. STATE OF THE DOMESTIC ECONOMY	1
3. THE AGRO-PROCESSING INDUSTRY	4
3.1 FOOD	4
3.2 BEVERAGES	8
3.3 TOBACCO	12
3.4 TEXTILES.....	12
3.5 WEARING APPAREL	17
3.6 LEATHER AND LEATHER PRODUCTS	21
3.7 FOOTWEAR.....	24
3.8 WOOD AND WOOD PRODUCTS	28
3.9 PAPER AND PAPER PRODUCTS.....	31
3.9 RUBBER PRODUCTS.....	35
3.10 FURNITURE.....	38
4. CONCLUSION	41
REFERENCES	43

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EXECUTIVE SUMMARY

The South African economic activity decreased slightly in the first quarter of 2024 as real gross domestic product (GDP) shrank by 0,1% after a 0,3% growth in the previous quarter. Growth in the real output of the primary sector accelerated in the first quarter of 2024 due to a significant increase in agricultural output, which resulted largely from the higher production of horticultural products.

In 2024: Q1, the year-on-year producer price inflation for all items moderated by 4,6% from a 4,8% growth in 2023: Q4. The following items moderated during the period: food; bread and cereals; meat; fish; milk, eggs and cheese; vegetables and fruits, however, oils and fats decelerated, while sugar, sweets and desserts expanded during the period.

The year-on-year consumer price inflation for final manufactured goods moderated by 5,4% in 2024: Q1 from a 5,6% growth recorded in the preceding quarter. The following items moderated during the period under review: food products, meat and meat products, dairy products, grain mill products, “other food products”, bakery products, sugar, non-alcoholic beverages, hot beverages, cold beverages, spirits, wine and beer. Fish and fish products and fruits and vegetables expanded during the period. Oils and fats; and starches and starch products and animal feeds decelerated in 2024: Q1.

In the period under review, the seasonally adjusted physical volume of production rebounded for the following divisions: food, rubber products, wearing apparel and leather and leather products. Beverages, wood and wood products, furniture and textiles contracted, paper and paper products moderated, while footwear receded further.

The utilisation capacity of the agro-processing sector decreased for the following divisions in 2024: Q1: food products, beverages, textiles, wearing apparel, footwear and furniture. However, leather and leather products and paper and paper products increased, while wood and wood products stagnated.

The seasonally adjusted value of sales contracted for the following divisions: Textiles, wood and wood products and paper and paper products. The leather and leather products, footwear and rubber products divisions rebounded during the period. The food, furniture and wearing apparel divisions expanded during the period, while the beverages division moderated.

During 2024: Q1, jobs were lost in the food (7 014), beverages (5 111), wearing apparel (133), wood and wood products (99) and leather and leather products (6) divisions. However, the following divisions shed jobs: furniture (1 236), textiles (653), rubber (463), paper and paper products (417) and footwear (20) (see Figure 5).

1. INTRODUCTION

The South African economic activity decreased slightly in the first quarter of 2024 as real gross domestic product (GDP) contracted by 0,1% after a revised 0,3% growth in the previous quarter. The real gross value added (GVA) by the secondary sector contracted in the first quarter of 2024, along with stagnant economic activity in the tertiary sector, while the real output of the primary sector grew further. The real output of the secondary sector shrank anew in the first quarter of 2024 as activity declined in the manufacturing, construction as well as electricity, gas and water sectors (SA Reserve Bank, 2024).

This quarterly economic review of the agro-processing industry in South Africa assesses how the performance of the domestic economy during 2024: 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 2024: 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. The real gross value added (GVA) by the agricultural sector rebounded by 13,5% from a 2,4% contraction in the last quarter due to a significant increase in agricultural output, which resulted largely from the higher production of horticultural products (SA Reserve Bank, 2024).

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

Sector	2022						2023					
	Q1	Q2	Q3	Q4	Year*	Q1	Q1	Q2	Q3	Q4	Year*	Q1
Primary sector	-1,1	1,7	-8,4	0,8	-2,2	3,2						
Agriculture	-4,6	3,4	-19,4	-2,4	-4,8	13,5						
Mining	1,5	0,5	-0,7	2,6	-0,5	-2,3						
Secondary sector	0,7	1,6	-1,4	0,3	-0,4	-1,5						
Manufacturing	1,0	2,3	-1,3	0,3	0,3	-1,4						
Construction	0,9	-0,2	-3,3	-1,5	-0,1	-3,1						

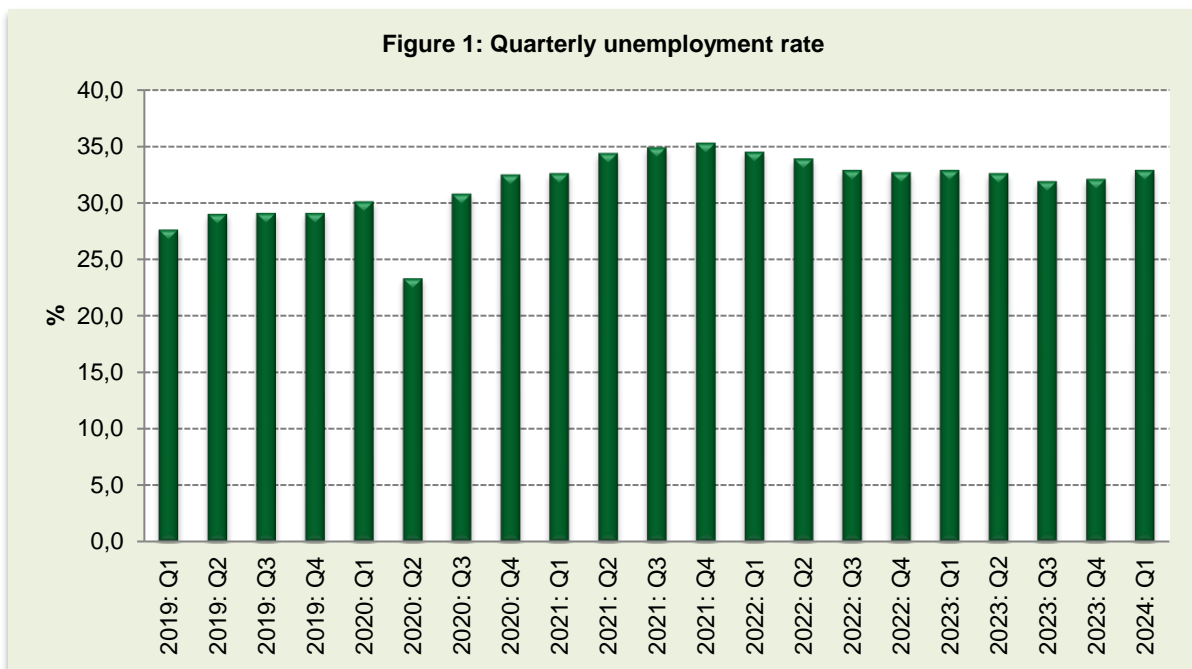
Tertiary sector	0,8	0,3	0,6	0,3	1,2	0,0
Non-primary sector	0,8	0,6	0,2	0,3	0,9	-0,3
Non-agricultural sector	0,8	0,6	0,2	0,4	0,8	-0,4
Total	0,6	0,7	-0,4	0,3	0,7	-0,1

Source: SA Reserve Bank (2024)

*Percentage change over one year

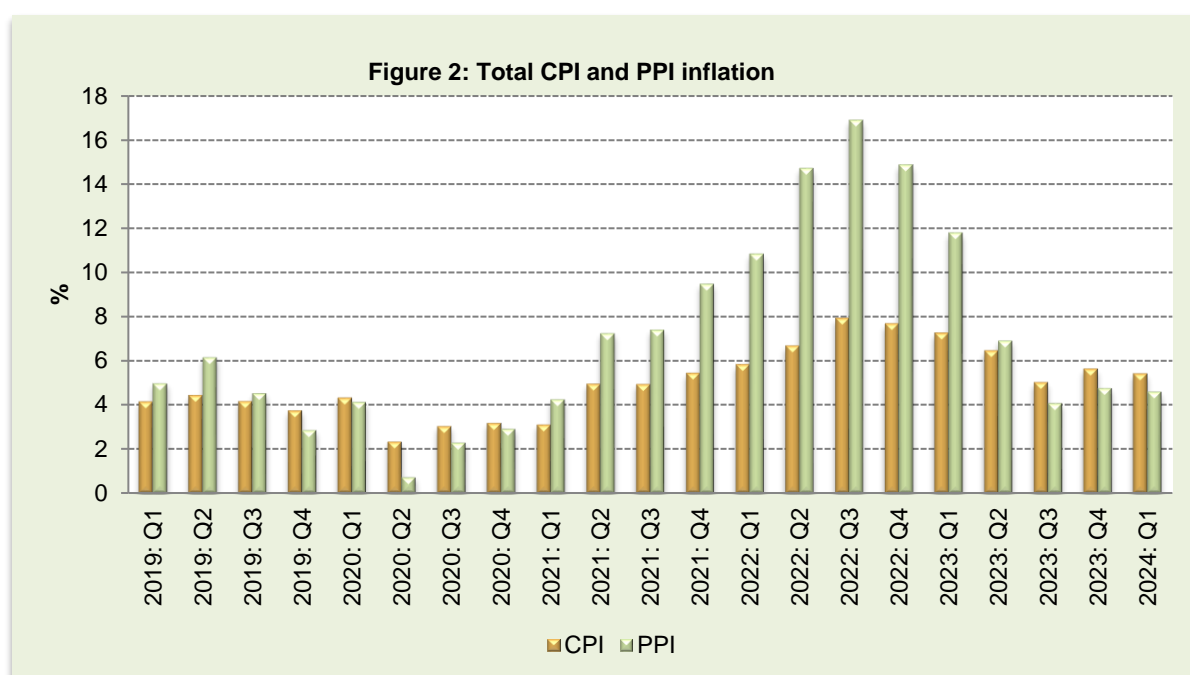
** The non-primary sector is total GVA excluding agriculture and mining

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



Source: Statistics SA (2024)

During 2024: Q1, South Africa's unemployment rate increased to 32,9% as compared to a 32,1% in the preceding quarter, which translates to an increase of 0,8 percentage points. The industries that contributed to the net employment increase include trade (109 000), manufacturing (99 000), private households (44 000), transport (239 000), agriculture (21 000) and mining (9 000). Employment losses were recorded in the community and social services (122 000), construction (106 000), finance (50 000) and utilities (17 000) industries (Stats SA, 2024).



Source: Statistics SA (2024)

Figure 2 above presents the producer price index and consumer price index from 2019: Q1 to 2024: Q1. In 2024: Q1, the year-on-year producer price inflation for all items moderated by 4,6% from a 4,8% growth in 2023: Q4. The following items moderated during the period: food (6,0%), bread and cereals (5,4%), meat (1,9%), fish (3,1), milk, eggs and cheese (12,0%), vegetables (9,5%) and fruits (5,9%), however, oils and fats (5,8%) decelerated, while sugar, sweets and desserts rose by 18,5%.

The year-on-year consumer price inflation for final manufactured goods moderated by 5,4% from a 5,6% growth recorded in the preceding quarter. The following items moderated during the period under review: food products (3,9%), meat and meat products (3,0%), dairy products (3,2%), grain mill products (2,0%), "other food products" (7,0%), bakery products (0,7%) and sugar (14,7%); non-alcoholic beverages (7,7%), hot beverages (10,5%), cold beverages (6,0%), spirits (5,5%), wine (5,8%) and beer (4,4%), however, fish and fish products (7,8%) and fruits and vegetables (13,1%) expanded during the period. Oils and fats (17,3%) and starches and starch products and animal feeds (10,5%) decelerated in 2024: Q1.

3. THE AGRO-PROCESSING INDUSTRY

The Food and Agricultural Organization of the United Nations (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 2024: Q1 as influenced by the global and domestic economic environments.

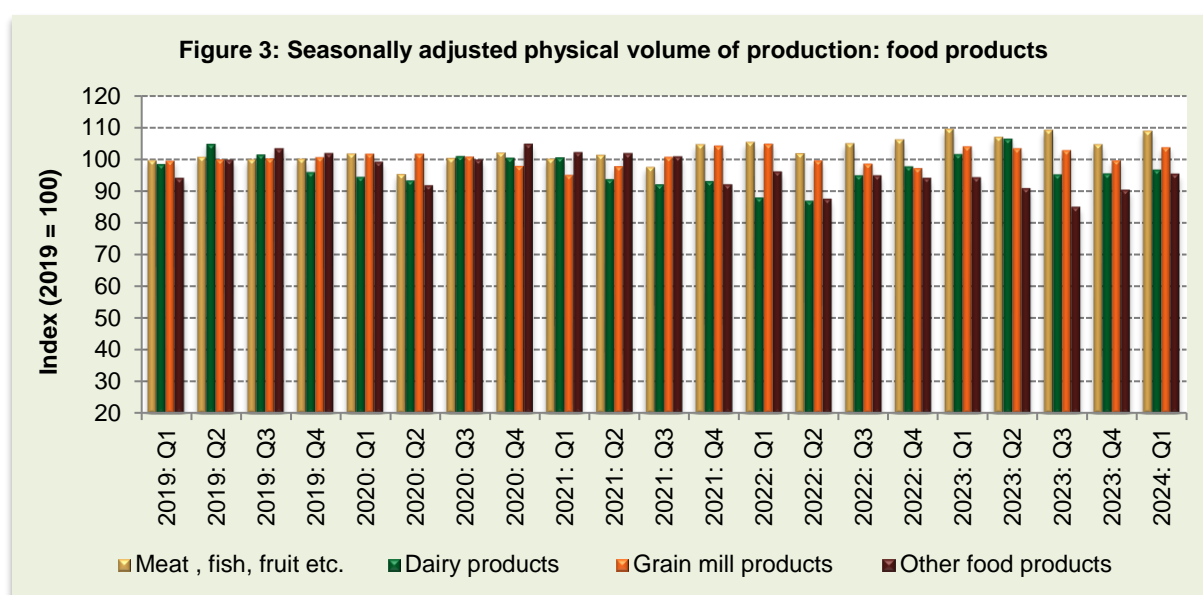
3.1 FOOD

Table 2 below shows the producer price index for food products in 2024: Q1. The quarter-to-quarter and year-on-year producer price index for food products moderated by 0,2% and 3,9%, respectively, in 2024: Q1.

Table 2: Producer price index for food products (base 2023=100)

Indices			% Change between	
2023: Q1	2023: Q4	2024: Q1	2023: Q1 and 2024: Q1	2023: Q4 and 2024: Q1
96,6	100,1	100,3	3,9	0,2

Source: Statistics SA, 2024



Source: Quantec, 2024

Figure 3 above shows the quarter-to-quarter seasonally adjusted physical volume of production for food products. In 2024: Q1, the quarter-to-quarter seasonally adjusted volume of production for meat, fish, fruit, etc. and grain mill products rebounded by 4,0% and 4,3% from a 4,2% and 3,2% contraction, respectively, in 2023: Q4; dairy products rose by 1,2% following a 0,4% growth in 2023: Q4 and “other food products” moderated by 5,7% from a 6,2% growth in 2023: Q4.

In terms of year-on-year, meat, fish, fruit, etc. and dairy products receded further by 0,6%. Dairy products decelerated by 4,8%, grain mill products contracted by 0,3% and “other food products” rebounded by 1,2% in 2024: Q1.

The food products division as a whole rebounded quarter-to-quarter by 3,8% following a 0,6% contraction in 2023: Q4, however, the division receded further by 1,1% year-on-year.

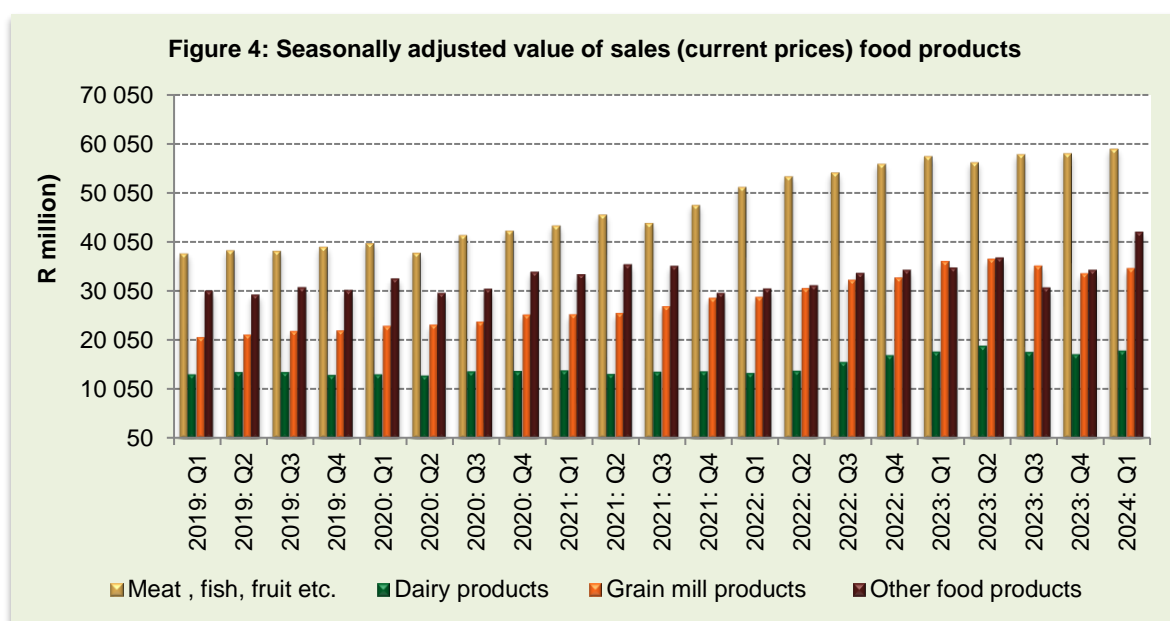
Table 3: Utilisation and reasons for underutilisation of production capacity by large enterprises: Food (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2023: Q1	78,8	21,2	1,6	0,7	0,5	10,3	8,1

2023: Q4	82,5	17,5	2,0	1,2	0,2	8,7	5,5
2024: Q1	79,4	20,6	3,0	1,3	0,2	9,2	7,0

Source: Statistics SA (2024)

Table 3 above presents utilisation and reasons for underutilisation of production capacity by large enterprises for the food products division. In 2024: Q1, the utilisation capacity by large enterprises in the food products division increased year-on-year by 0,6 percentage points. However, the quarter-to-quarter utilisation capacity decreased by 3,1 percentage points. Insufficient demand remains the main reason for underutilisation followed by other reasons such as seasonal factors.

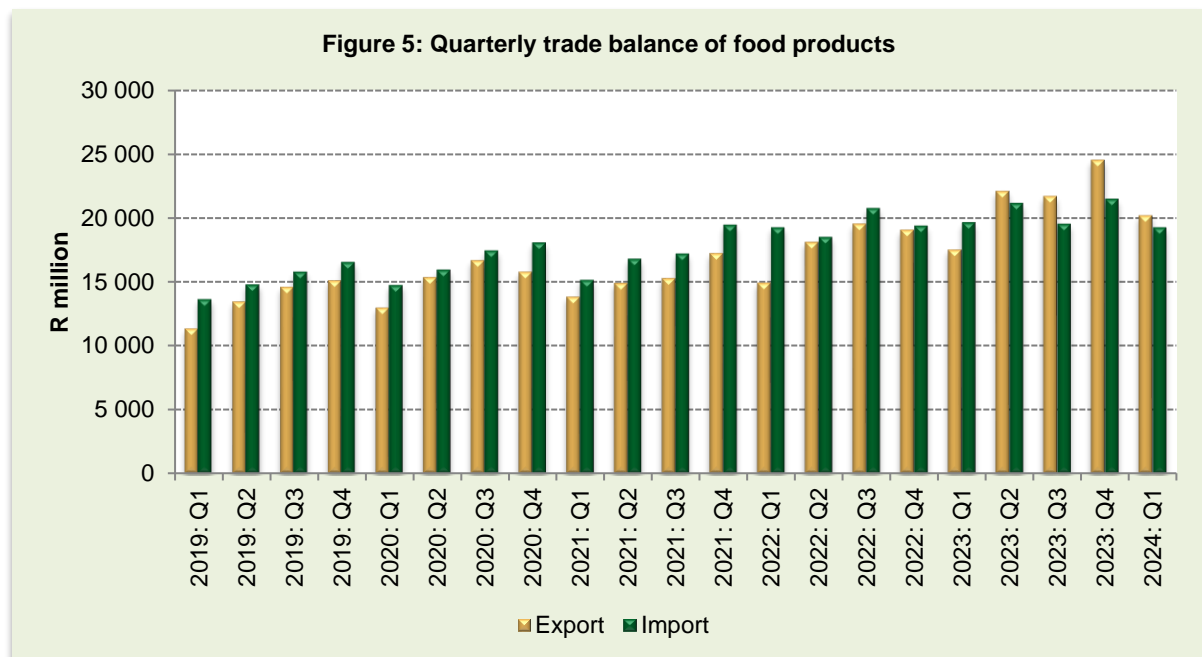


Source: Quantec, 2024

Figure 4 above shows the seasonally adjusted value of sales for the food division. In 2024: Q1, the quarter-to-quarter seasonally adjusted value of sales for meat, fish, fruit, etc. rose by 1,6% from a 0,3% growth in 2023: Q4. Dairy products and grain mill products rebounded by 4,3% and 3,1% following a 2,8% and 4,5% contraction in 2023: Q4, respectively, and “other food products” expanded by 22,5% as compared to a 11,7% growth in 2023: Q4.

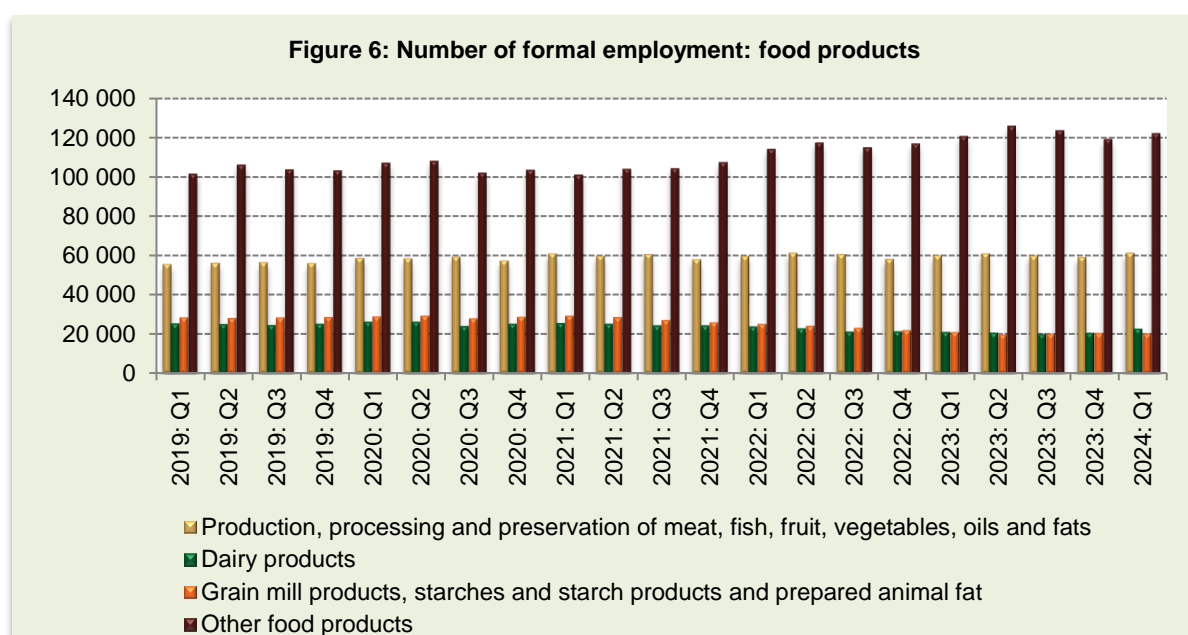
In terms of year-on-year, value of sales for meat, fish, fruit, etc. and dairy products moderated by 2,7 and 1,1%, respectively, grain mill products contracted by 3,1% and other food products expanded by 20,8%.

The division as a whole rose quarter-to-quarter by 7,3% from a 1,2% growth in 2023: Q4, similarly, it rose by 5,1% year-on-year. Therefore, sales for the division as a whole increased to R153 256,1 million in 2024: Q1 from R142 814,3 million in 2023: Q4.



Source: Quantec, (2024)

Figure 5 above shows the trade balance of the food products division from 2019: Q1 to 2024: Q1. In 2024: Q1, the quarter-to-quarter exports and imports of food products contracted by 17,7% and 10,5% from a growth of 13,1% and 10,1%, respectively, in 2023: Q2. The year-on-year exports moderated by 15,3%, while imports contracted by 2,1%. Therefore, the trade surplus for the food products division narrowed from R3 056,0 million in 2023: Q4 to R957,5 million in 2024: Q1.



Source: Quantec, 2024

Figure 6 above shows the employment in the food products division from 2019: Q1 to 2024: Q1. In 2024: 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” rebounded by 3,6% and 2,5% from a 1,0% and 3,6% contraction in 2023: Q4. Employment in dairy products rose by 10,9% following a 2,5% growth in 2023: Q4, while grain mill products’ employment contracted by 1,4% from a 2,1% growth in 2023: Q4.

In terms of year-on-year, employment in meat, fish, fruit, vegetables, oils and fats expanded by 2,2%, dairy products rebounded by 7,5%, grain mill products receded further by 3,6% and “other food products” moderated by 1,2% in 2024: Q1. Therefore, approximately 7 014 jobs were created in 2024: Q1.

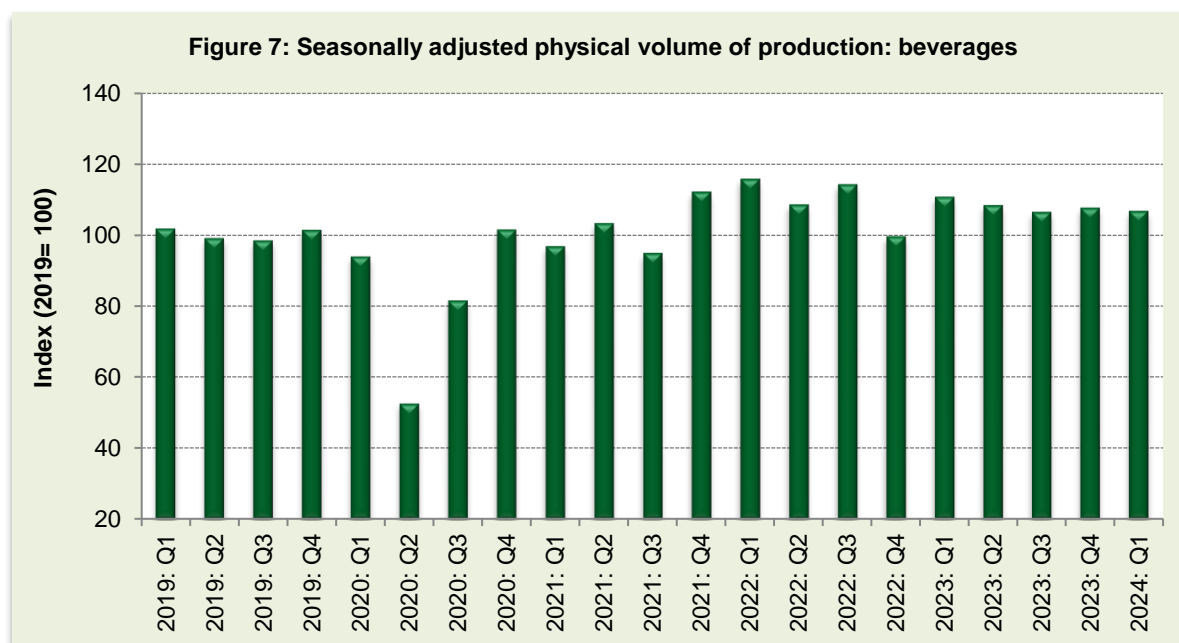
3.2 BEVERAGES

Table 4 below shows the producer price index for the beverages division in 2024: Q1. The quarter-to-quarter and year-on-year producer price index for beverages expanded by 1,3%, and 4,7%, respectively, in 2024: Q1.

Table 4: Producer price index for beverages products (base 2023=100)

Indices			% Change between	
2023: Q1	2023: Q4	2024: Q1	2023: Q1 and 2024: Q1	2023: Q4 and 2024: Q1
96,7	100,0	101,3	4,7	1,3

Source: Statistics SA, 2024



Source: Quantec, 2024

Figure 7 above shows the quarter-to-quarter seasonally adjusted physical volume of production for the beverages division. In 2024: Q1, the seasonally adjusted volume of production for the beverages division contracted by 0,8% following a 1,1% growth in 2023: Q4. Similarly, the division contracted by 3,6% year-on-year.

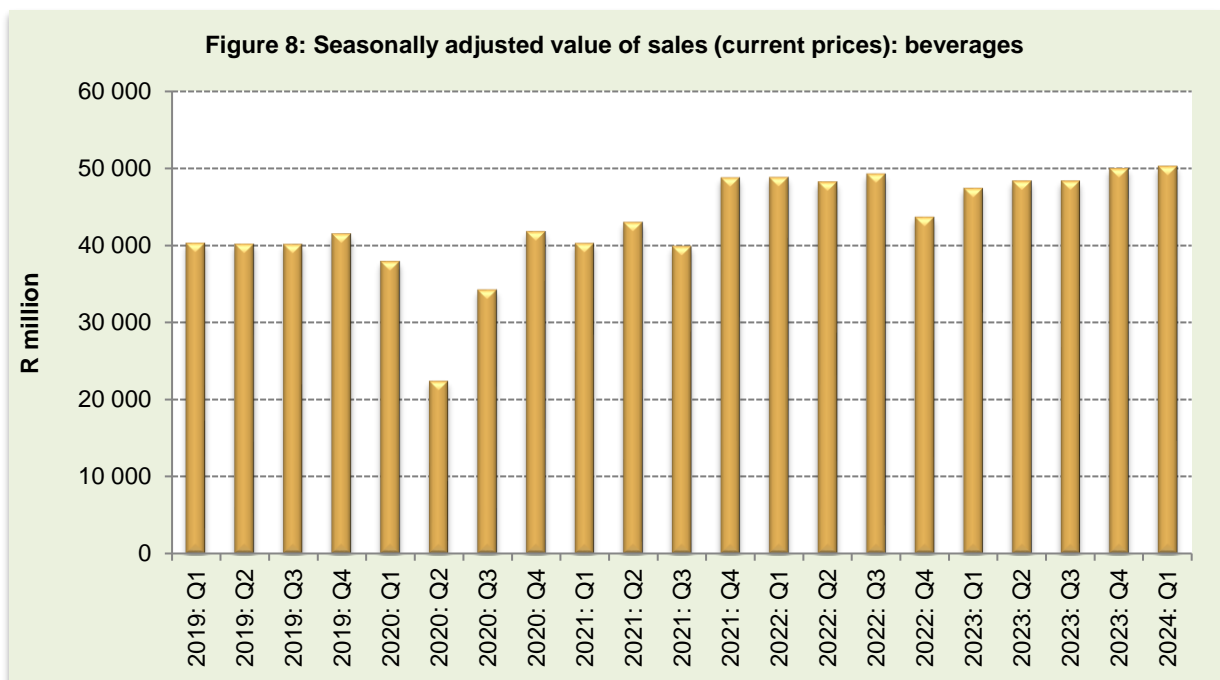
Table 5: Utilisation and reasons for underutilisation of production capacity by large enterprises: Beverages (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		

2023: Q1	82,1	17,9	2,5	3,2	0,2	10,4	1,7
2023: Q4	84,0	16,0	2,6	3,2	0,2	7,1	3,0
2024: Q1	82,9	17,1	1,9	3,2	0,2	9,2	2,6

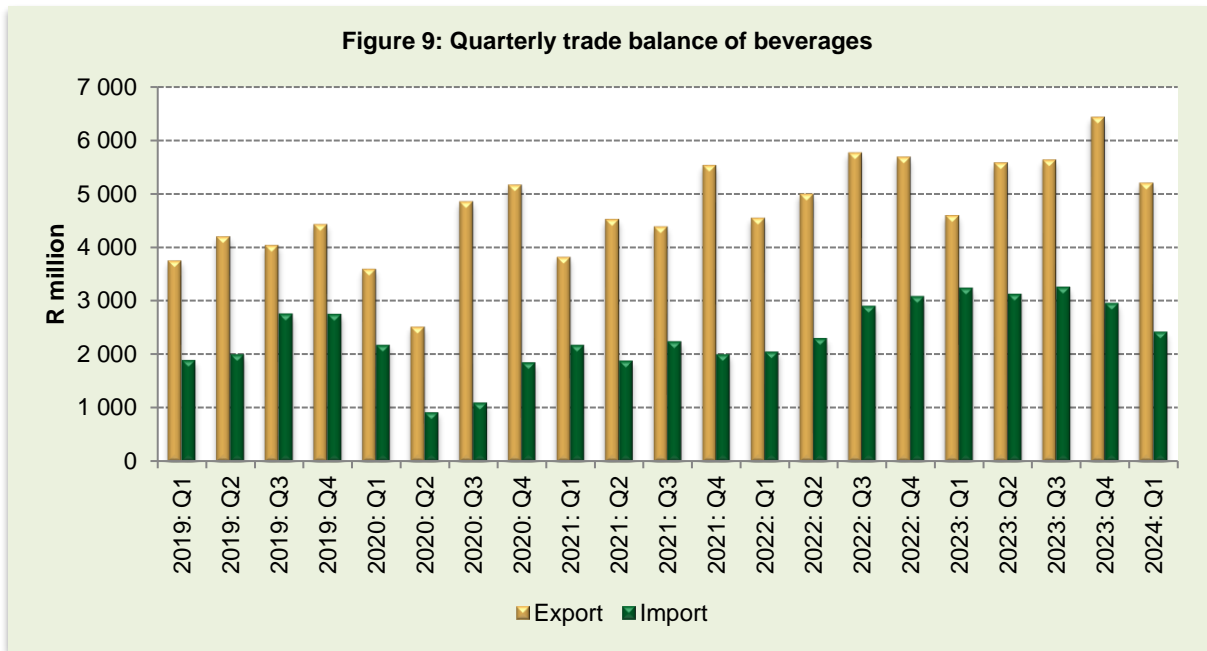
Source: Statistics SA (2024)

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 0,8%. However, it decreased quarter- to-quarter by about 1,1 percentage points. Insufficient demand remains the main reason for underutilisation during the period followed by shortage of skilled labour.



Source: Quantec, 2024

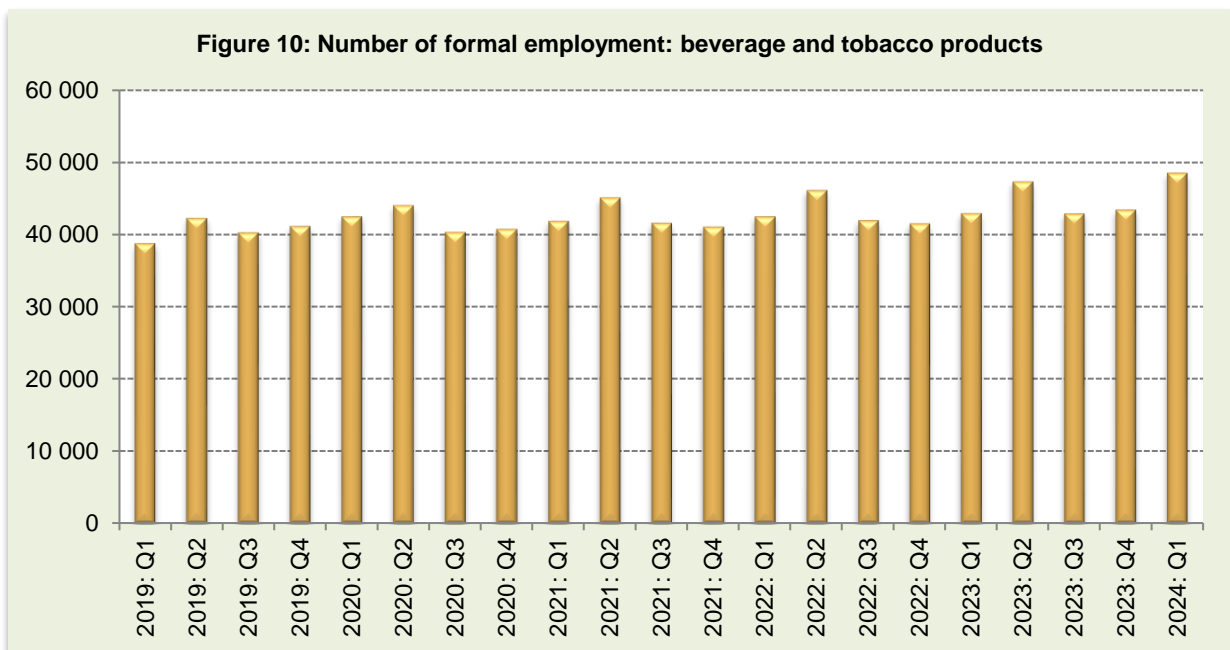
Figure 8 above shows the seasonally adjusted value of sales for the beverages division in 2024: Q1. During 2024: Q1, the seasonally adjusted value of sales for the beverages division moderated by 0,6% from a 3,4% growth in 2023: Q4. Similarly, the division moderated by 6,1% year-on-year. Therefore, sales for the beverages division increased from R49 995,5 million in 2023: Q4 to R50 307,8 million in 2024: Q1.



Source: Quantec, 2024

As Figure 9 shows, in 2024: Q1, the quarter-to-quarter exports of beverages division contracted by 19,2% following a 14,2% growth in 2023: Q4. Imports of the beverages division, on the other hand, decelerated by 18,2% following a 9,3% contraction in 2023: Q4.

The year-on-year exports expanded by 13,2%, while imports decelerated by 25,3%. Consequently, the trade surplus of the beverages division narrowed from R3 481,4 million in 2023: Q4 to R2 787,1 million in 2024: Q1.



Source: Statistics SA, (2024)

During 2024: Q1, the quarter-to-quarter employment in the beverages and tobacco products division rose by 11,8% following a 1,2% growth in 2023: Q4. Similarly, the division rose by 13,0% year-on-year. As a result, the division created about 5 111 jobs in 2024: Q1 (see Figure 10).

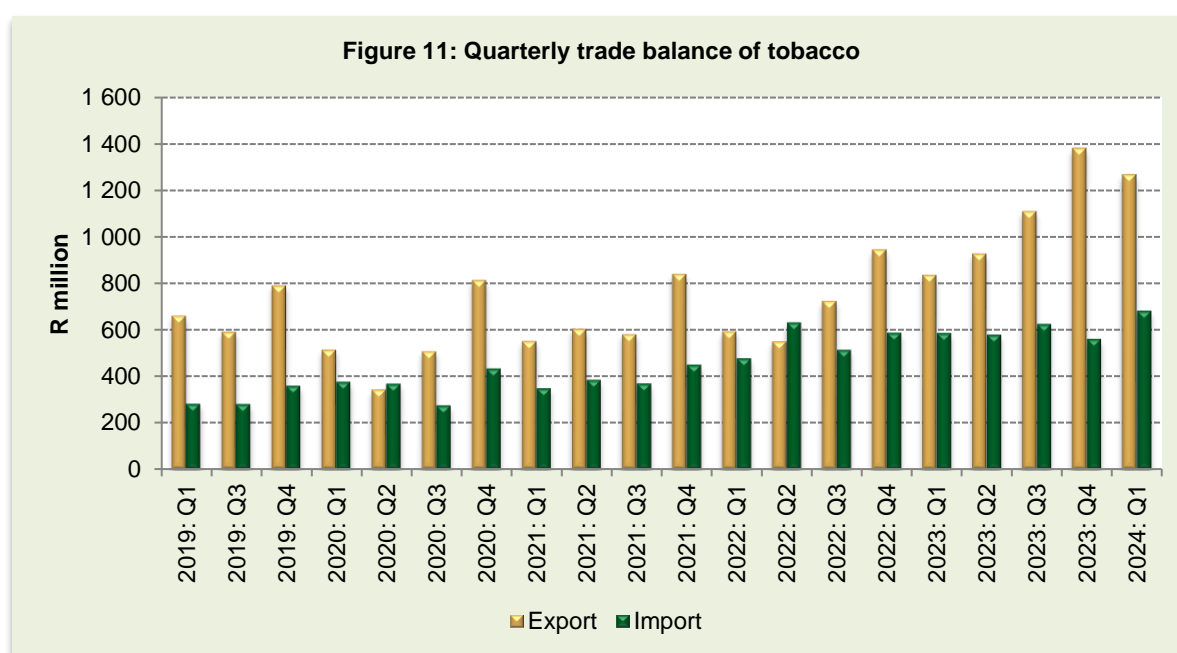
3.3 TOBACCO

Table 6 below shows the producer price index for the tobacco products division in 2024: Q1. The quarter-to-quarter producer price index of tobacco rose by 0,7%, however, it moderated by 4,5% year-on-year in 2024: Q1.

Table 6: Producer price index for tobacco products (base 2023=100)

Indices			% Change between	
2023: Q1	2023: Q4	2024: Q1	2023: Q1 and 2024: Q1	2023: Q4 and 2024: Q1
96,3	100,0	100,7	4,5	0,7

Source: Statistics SA (2024)



Source: Quantec, 2024

Figure 11 shows the trade balance of the tobacco division. In 2024: Q1, the quarter-to-quarter tobacco exports contracted by 8,3% from a 24,6% growth in 2023: Q4, however, imports of tobacco rebounded by 21,5% following a 10,2% contraction in 2023: Q4. The year-on-year tobacco division exports rose by 51,8%, while imports rebounded by 16,2%, therefore, the

trade surplus of the division widened from R822,3 million in 2023: Q4 to R588,2 million in 2024: Q1.

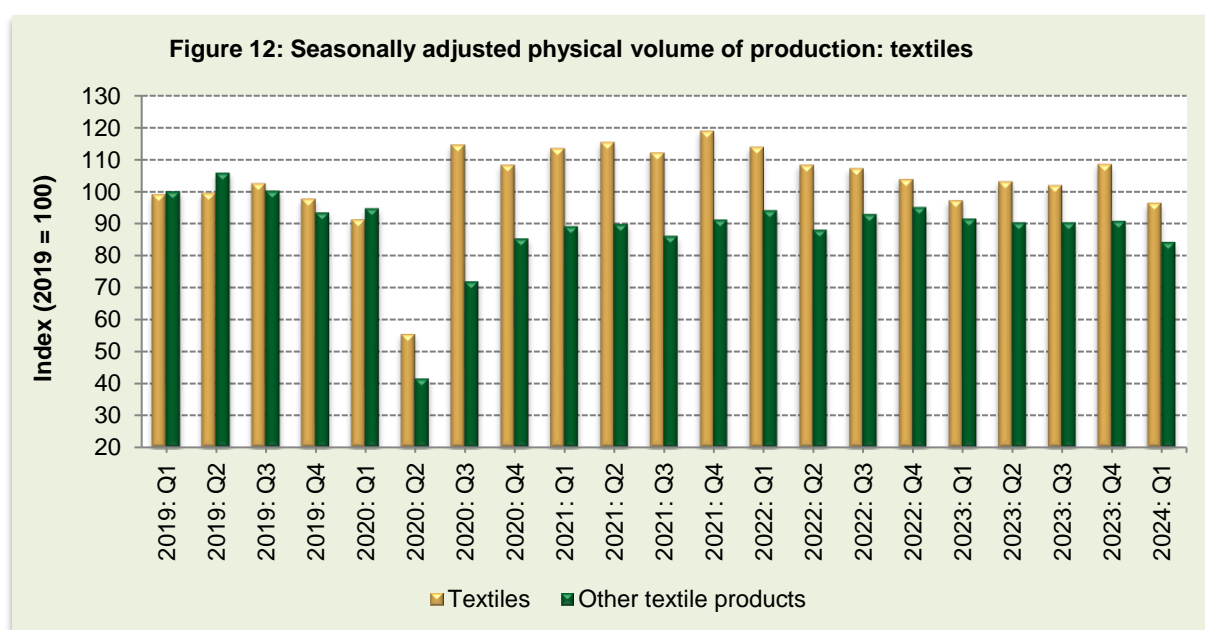
3.4 TEXTILES

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 2023=100)

	Indices			% Change between	
	2023: Q1	2023: Q4	2024: Q1	2023: Q1 and 2024: Q1	2023: Q4 and 2024: Q1
Textiles	107,9	114,1	118,6	9,9	4,0

Source: Statistics SA (2024)



Source: Quantec, 2024

In 2024: Q1, the quarter-to-quarter seasonally adjusted volume of production for the textiles and "other textiles" divisions contracted by 11,2% and 7,3% following a 6,4% and 0,6% growth in 2023: Q4, respectively.

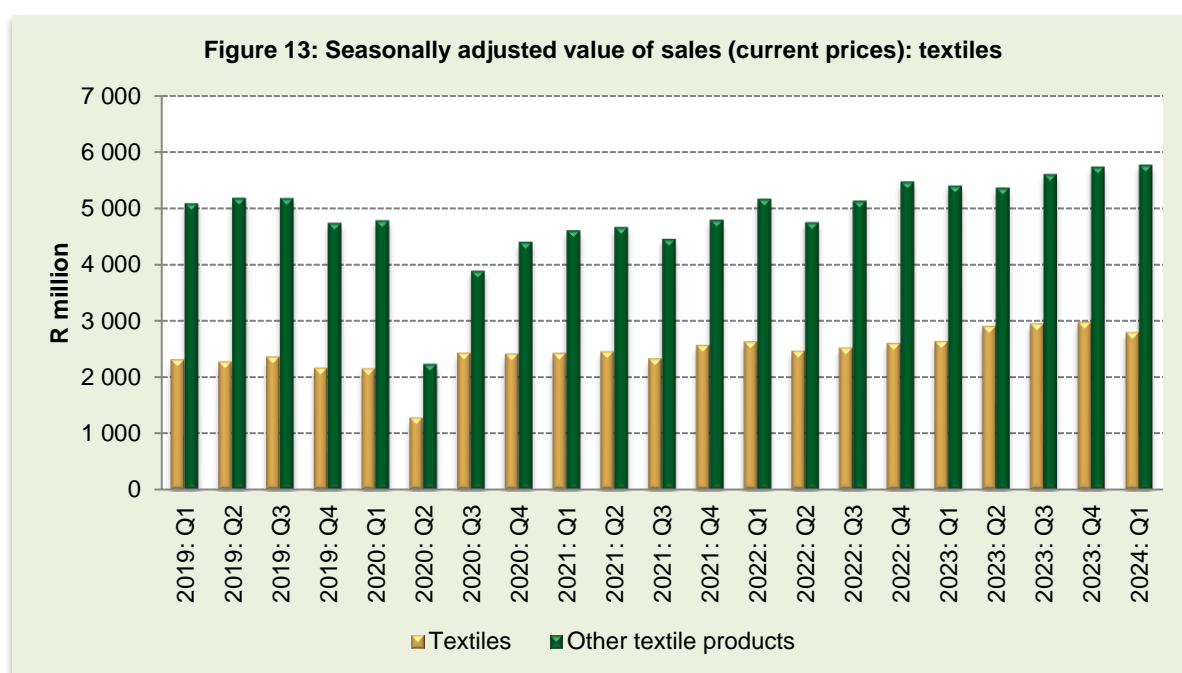
In terms of year-on-year, the textiles division contracted by 0,9%, while the “other textiles” division decelerated by 8,0%. The division as a whole contracted quarter-to-quarter by 9,4% from a 3,7% growth in 2023: Q4, similarly, the division contracted by 4,3% year-on-year (see Figure 12).

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		
2023: Q1	67,4	32,6	2,9	0,9	0,0	22,4	6,5
2023: Q4	66,9	33,1	1,5	0,6	0,0	22,7	8,3
2024: Q1	66,3	33,7	2,0	0,6	0,0	22,8	8,2

Source: Statistics SA (2024)

Table 8 presents the utilisation of production capacity by large enterprises in the textiles division in 2024: Q1. The year-on-year utilisation of production capacity decreased by 1,1 percentage points. Similarly, it declined quarter-to-quarter by 0,6 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.

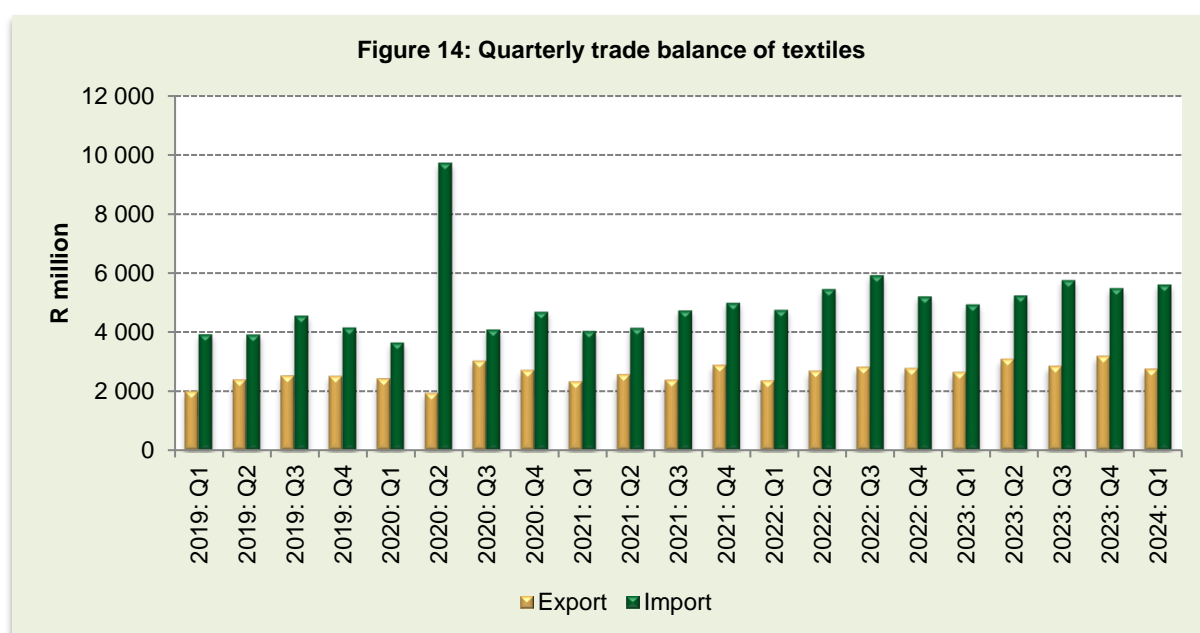


Source: Quantec, 2024

During 2024: Q1, the quarter-to-quarter seasonally adjusted value of sales for the textiles division contracted by 6,1% from a 0,9% growth in 2023: Q4. “Other textiles products” moderated by 0,6% following a 2,3% growth in 2023: Q4.

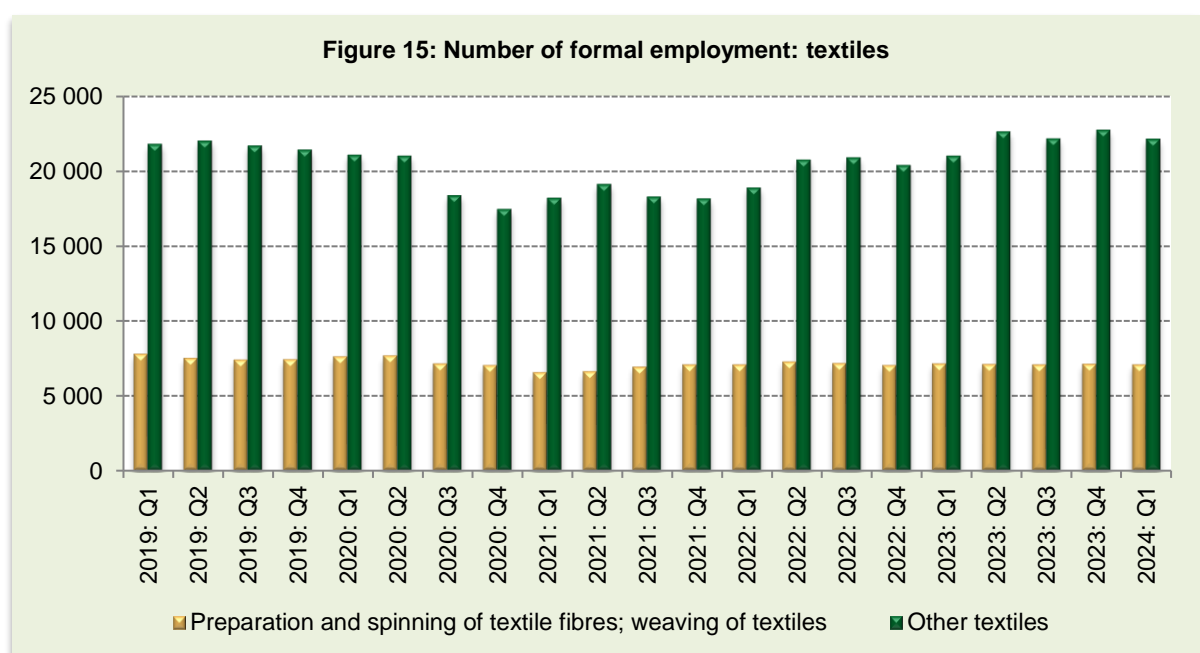
In terms of year-on-year, the textiles rose by 6,9%, while “other textiles products” moderated by 6,6% in 2024: Q1.

The division as a whole contracted quarter-to-quarter by 1,7% in 2024: Q1 from a 1,8% growth in 2023: Q4, however, the division moderated by 6,6% year-on-year. Therefore, sales for the textiles division as a whole increased from R8 692,7 million in 2023: Q4 to R8 545,3 million in 2024: Q1 as illustrated in Figure 13.



Source: Quantec, 2024

Figure 14 above shows the quarterly trade balance of the textiles division. In 2024: Q1, the quarter-to-quarter textiles exports contracted by 13,8% following a 12,2% growth in 2023: Q4, however, the textile imports rebounded by 2,0% as compared to a 4,6% growth in 2023: Q4. The year-on-year textiles division exports moderated by 4,3%, however, imports expanded by 13,6%. As a result, the trade deficit of the textiles division widened from R2 321,2 million in 2023: Q4 to R2 869,3 million in 2024: Q1.



Source: Quantec, 2024

During 2024: Q1, quarter-to-quarter employment in the “other textiles” division contracted by 2,7% as compared to a 2,6% growth in 2023: Q4. The preparation and spinning of textile fibre; weaving of textiles division, similarly, contracted by 0,6% following a 0,7% contraction in 2024: Q1.

The year-on-year “other textiles” division moderated by 5,4%, while the preparation and spinning of textile fibre; weaving of textiles division contracted by 0,8%.

The division as a whole contracted by 2,2% following a 2,1% growth in 2023: Q4, similarly, the division contracted by 0,8% year-on-year, therefore 42 jobs were shed in 2024: Q1 (see Figure 15).

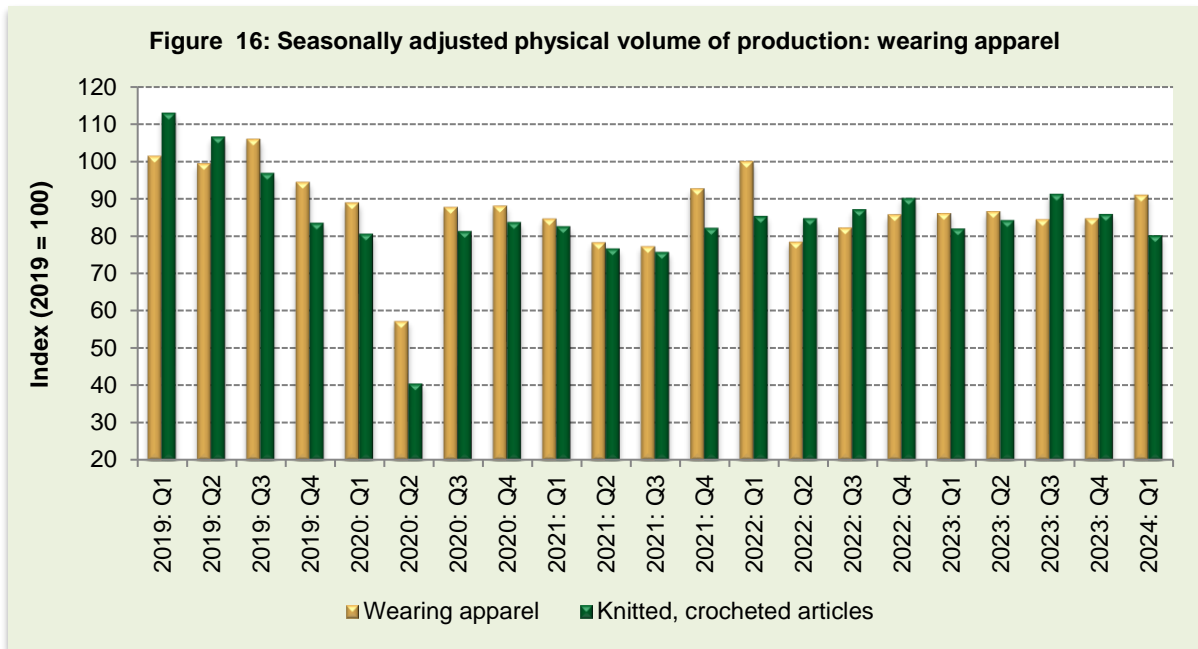
3.5 WEARING APPAREL

Table 9 below shows the producer price index for the wearing apparel division in 2023: Q3. The quarter-to-quarter and year-on-year producer price index for wearing apparel moderated by 0,6% and 4,8%, respectively, in 2024: Q1.

Table 9: Producer price index for wearing apparel (base 2023=100)

	Indices			% Change between	
	2023: Q1	2023: Q4	2024: Q1	2023: Q1 and 2024: Q1	2023: Q4 and 2024: Q1
Domestic output					
Wearing apparel	95,4	99,4	100,0	4,8	0,6

Source: Statistics SA (2024)



Source: Quantec, 2024

Figure 16 shows the seasonally adjusted physical volume of production for wearing apparel. During 2024: Q1, the quarter-to-quarter seasonally adjusted volume of production for the wearing apparel division expanded by 7,4% as compared to a growth of 0,3% growth in 2023: Q4. The knitted, crocheted articles division, on the other hand, decelerated by 6,6% from a growth of 5,9% in 2023: Q4.

The seasonally adjusted physical volume of production for the wearing apparel division rebounded year-on-year by about 5,7%, while the knitted, crocheted articles division receded further by 2,2%. The division as a whole rebounded quarter-to-quarter and year-on-year by 0,3% and 1,8% from a 2,9% and 3,0% contraction, respectively, in 2023: Q4.

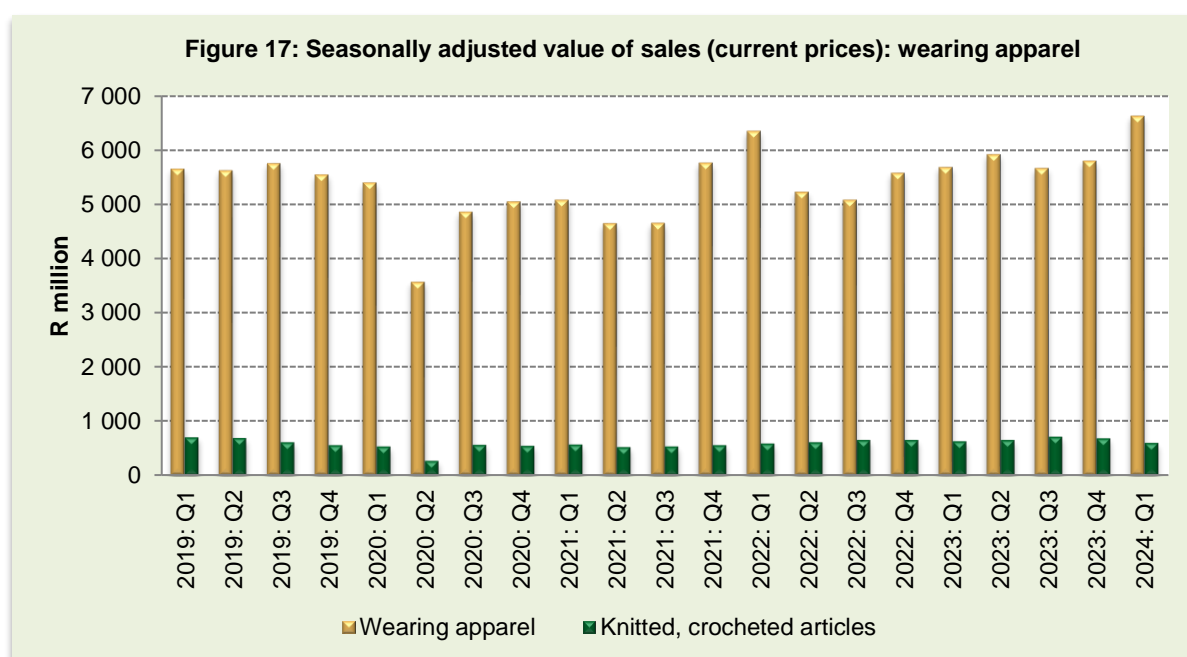
Table 9: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wearing apparel (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutili- sation	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2023: Q1	72,2	27,8	1,2	1,6	2,1	18,5	4,4
2023: Q4	74,9	25,1	0,5	1,3	0,4	18,6	4,3

2024: Q1	74,7	25,3	0,6	1,3	0,4	18,7	4,3
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Source: Statistics SA (2024)

Table 9 shows the percentage of utilisation and reasons for underutilisation of production capacity by large enterprises for the wearing apparel division in 2024: Q1. The year-on-year utilisation of production capacity increased by 2,5 percentage points. However, it decreased by 0,2 percentage points quarter-to-quarter. Insufficient demand remained the key reason for underutilisation of production capacity, followed by other reasons such as seasonal factors.

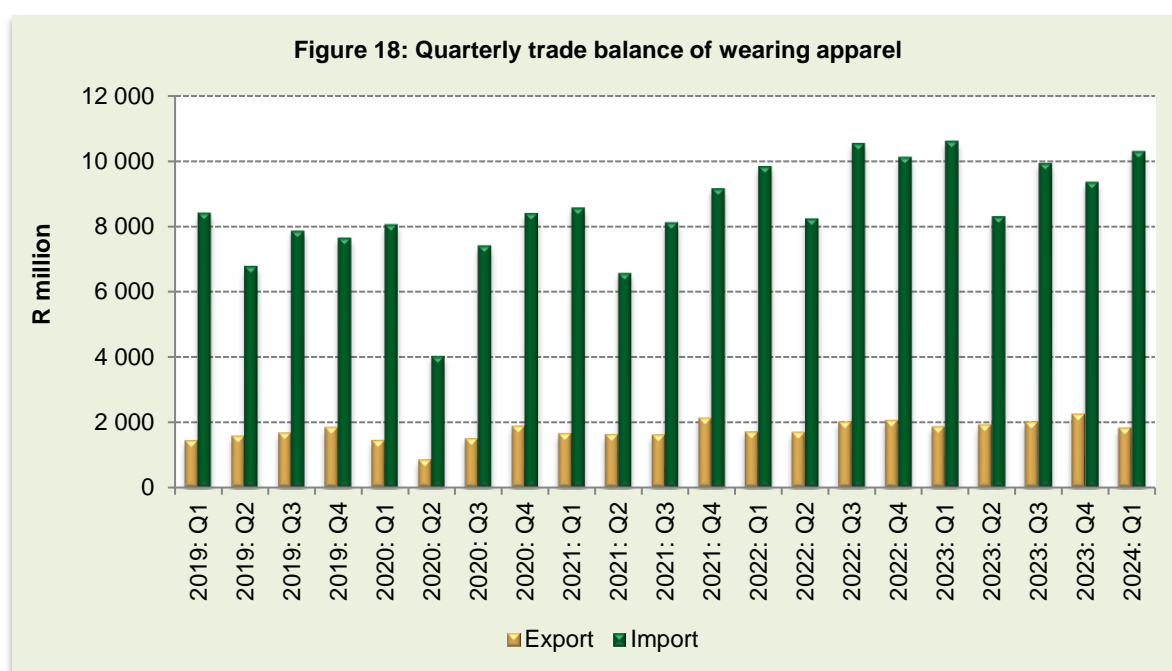


Source: Quantec, 2024

Figure 17 presents seasonally adjusted value of sales for the wearing apparel division in 2024: Q1. During 2024: Q1, the quarter-to-quarter seasonally adjusted value of sales for the knitted, crocheted articles division decelerated by 11,9% from a 4,3% contraction in 2023: Q4; the wearing apparel division, on the other hand, rose by 14,3% following a 2,3% growth in 2023: Q4.

The year-on-year wearing apparel division rose by 16,6%, while the knitted and crocheted articles, contracted by 4,2%.

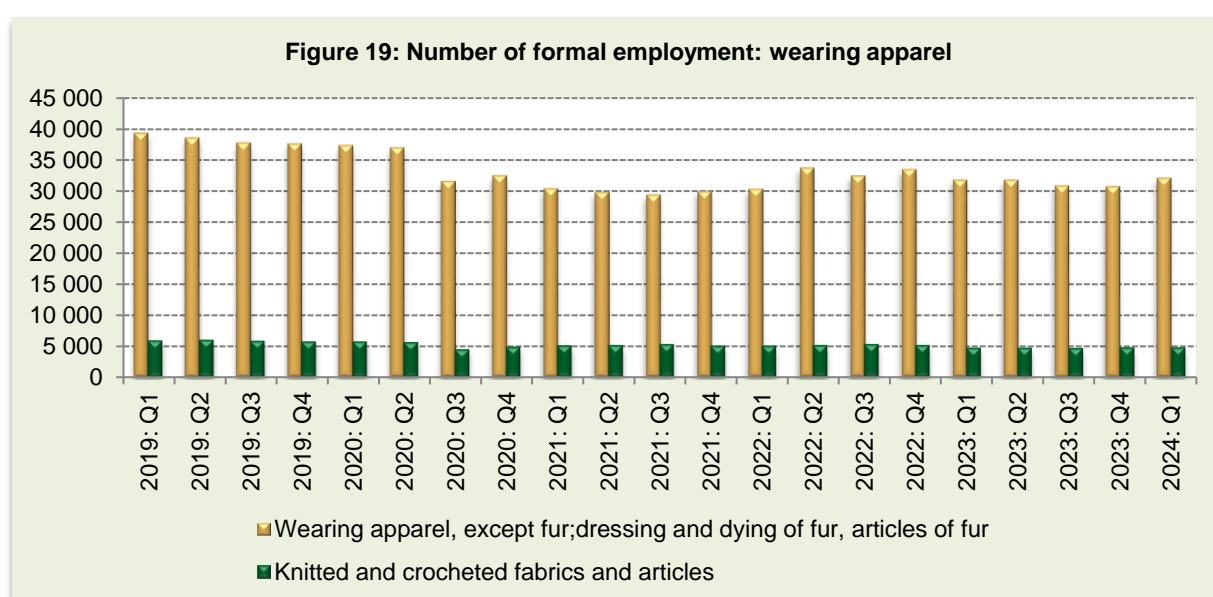
The wearing apparel division as a whole expanded by 11,6% quarter-to-quarter in 2024: Q1 as compared to a 1,6% growth in 2023: Q4, similarly, it expanded by 14,5% year-on-year. The sales in the wearing apparel division as a whole increased from R6 472,3 million in 2023: Q4 to R7 220,7 million in 2024: Q1.



Source: Quantec, 2024

Figure 18 shows the quarterly trade balance for the wearing apparel division. During 2024: Q1, the quarter-to-quarter exports of wearing apparel contracted by 18,9% from a 11,6% growth in 2023: Q4, however, imports rebounded by 10,1% from a 5,9% contraction in 2023: Q4.

The year-on-year exports contracted by 2,1%, while imports receded further by 3,0%. As a result, the trade deficit widened from R7 105,9 million in 2023: Q4 to R8 468,1 million in 2024: Q1.



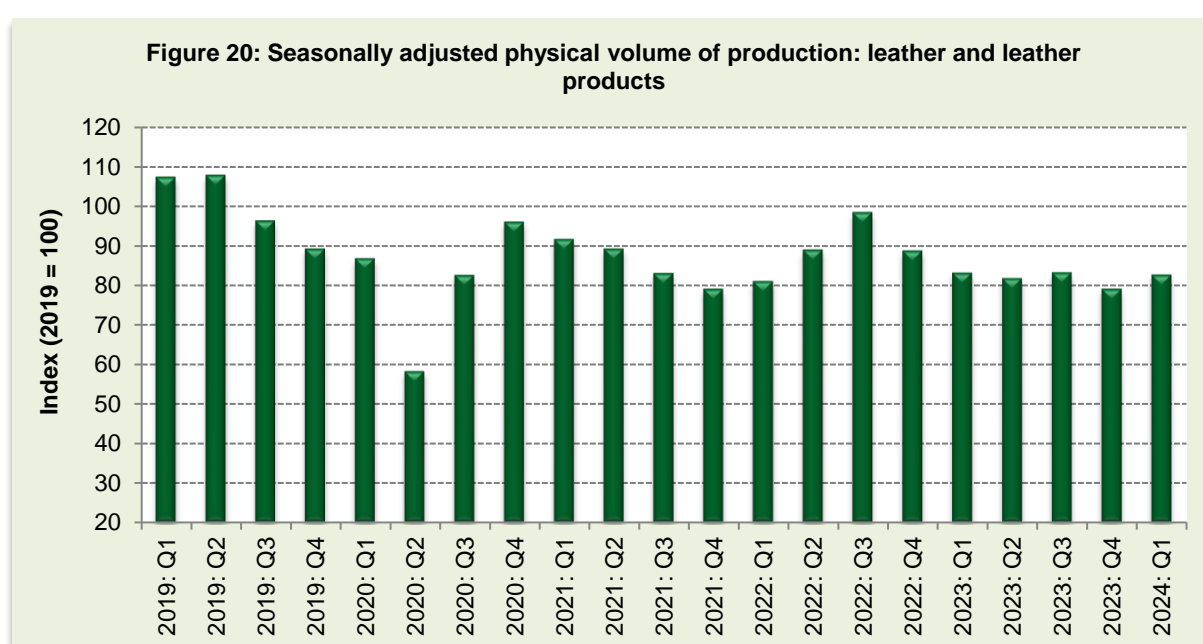
Source: Statistics SA (2024)

During 2024: Q1, the quarter-to-quarter formal employment for the knitted and crocheted fabric and articles division moderated by 0,1% from a 1,8% growth in 2023: Q4; the wearing apparel, except fur division, rebounded by 4,3% from a 0,4% contraction in 2023: Q4.

The year-on-year knitted and crocheted fabric and article and the wearing apparel divisions, except fur, rebounded by 0,6% and 1,0%, respectively, in 2024: Q1.

The division as a whole rebounded quarter-to-quarter by 3,8% following a 0,1% contraction in 2023: Q4, similarly, the division rebounded by 0,9% year-on-year. As a result, 1 333 jobs were created as Figure 19 shows.

3.6 LEATHER AND LEATHER PRODUCTS



Source: Quantec, 2024

In 2024: Q1, the seasonally adjusted physical volume of production for the leather and leather products division bounced back by 4,6% from a 5,0% contraction in 2023: Q4, however, the division receded further by 0,6% year-on-year (see Figure 20).

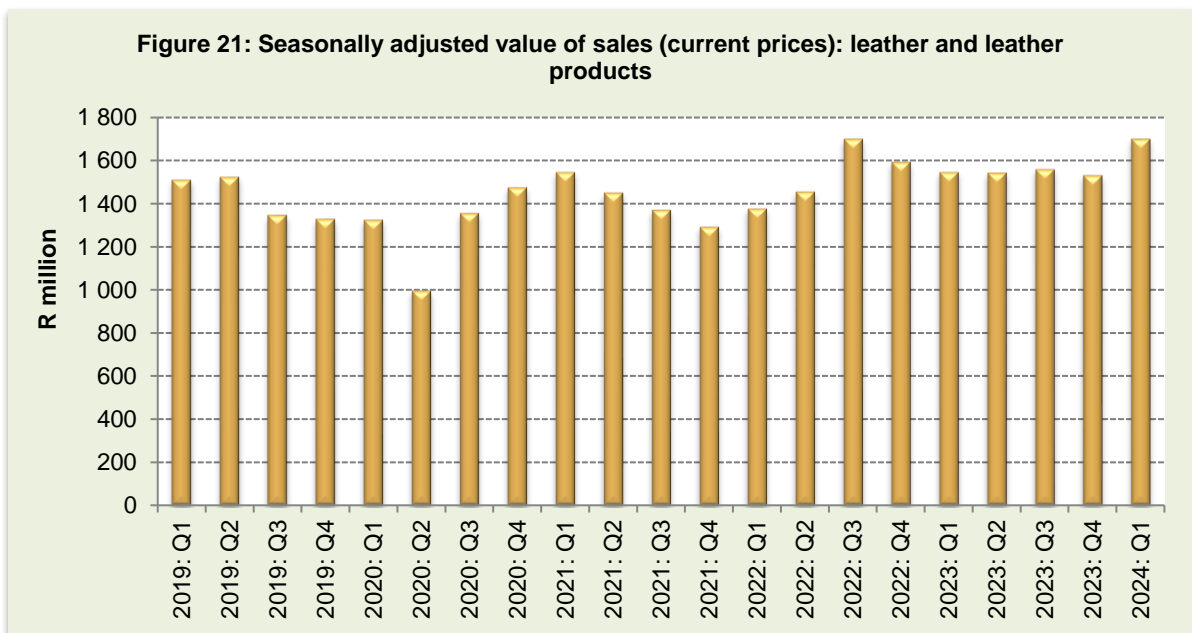
Table 10: Utilisation and reasons for underutilisation of production capacity by large enterprises: Leather and leather products (percentage)

Period	Utilisation	Reasons for underutilisation				
			Shortage of		Insufficient demand	Other
				Labour		

		Total underutilisation	Raw materials	Skilled	Semi- and unskilled		
2023: Q1	63,6	36,4	7,0	0,5	0,9	25,0	3,1
2023: Q4	64,0	36,0	3,6	0,5	0,9	30,6	0,5
2024: Q1	64,1	35,9	2,8	0,5	0,9	31,6	0,2

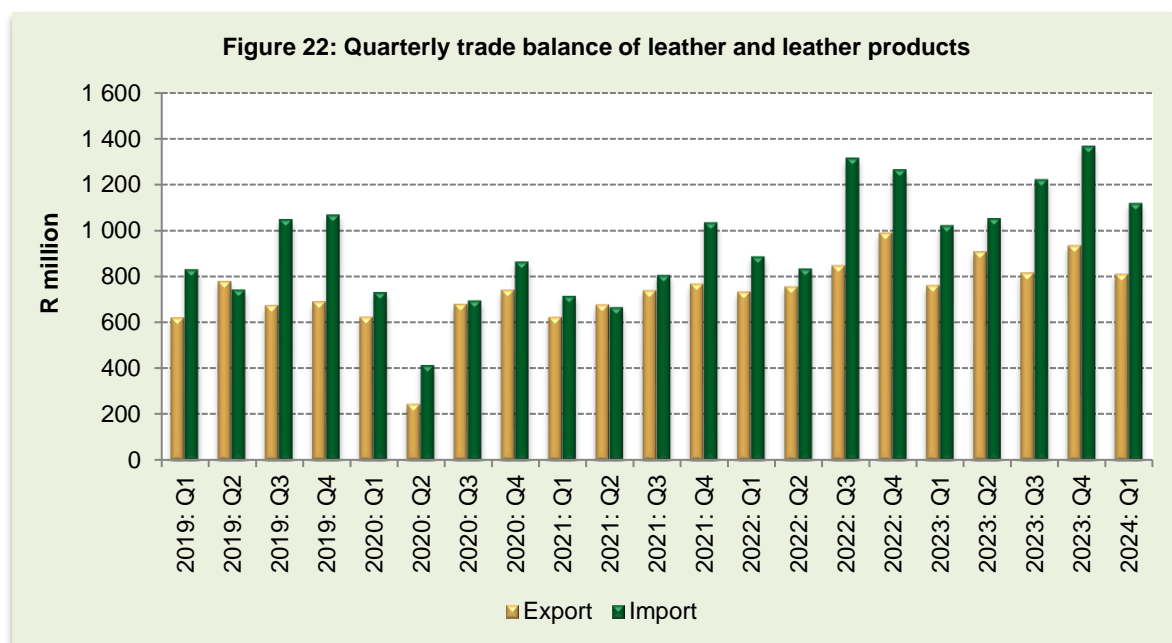
Source: Statistics SA (2024)

The utilisation of production capacity by large enterprises in the leather and leather products division decreased year-on-year and quarter-to-quarter by about 0,5 and 0,1 percentage points, respectively. Insufficient demand and shortage of raw materials remain the reasons for underutilisation during 2024: Q1.



Source: Quantec, 2024

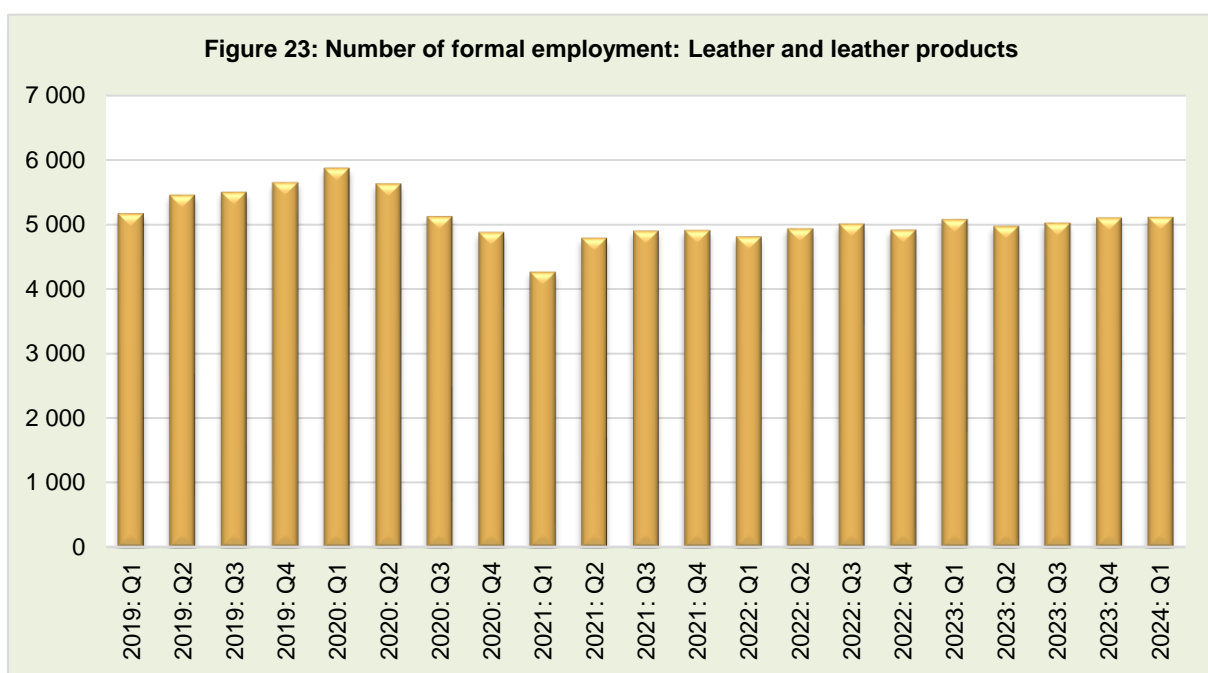
The quarter-to-quarter seasonally adjusted value of sales for the leather and leather products division rebounded by 11,0% in 2024: Q1 from a 1,8% contraction in 2023: Q4, similarly, the division rebounded year-on-year by 10,0% (see Figure 21). Therefore, the value of sales for the leather and leather products division increased from about R1 531,1 million in 2023: Q4 to R1 700,0 million in 2024: Q1.



Source: Quantec, 2024

Figure 22 above presents the quarterly trade balance of the leather and leather products division. In 2024: Q1, the quarter-to-quarter leather and leather products division exports contracted by 13,3% from a 14,6% growth in 2023: Q4, similarly, imports contracted by 18,3% from a growth of 12,0% in 2023: Q4.

The year-on-year exports rebounded by 6,6%, while imports rose by 9,4%. As a result, the trade deficit narrowed from R433,1 million in 2023: Q4 to R307,6 million in 2023: Q2.



Source: Statistics SA (2024)

The quarter-to-quarter formal employment in the leather and leather products division moderated by 0,1% in 2024: Q1 from a 1,6% growth in 2023: Q4. Similarly, the division moderated by 0,7% year-on-year. As a result, six jobs were created in 2024: Q1 for the division (see Figure 23).

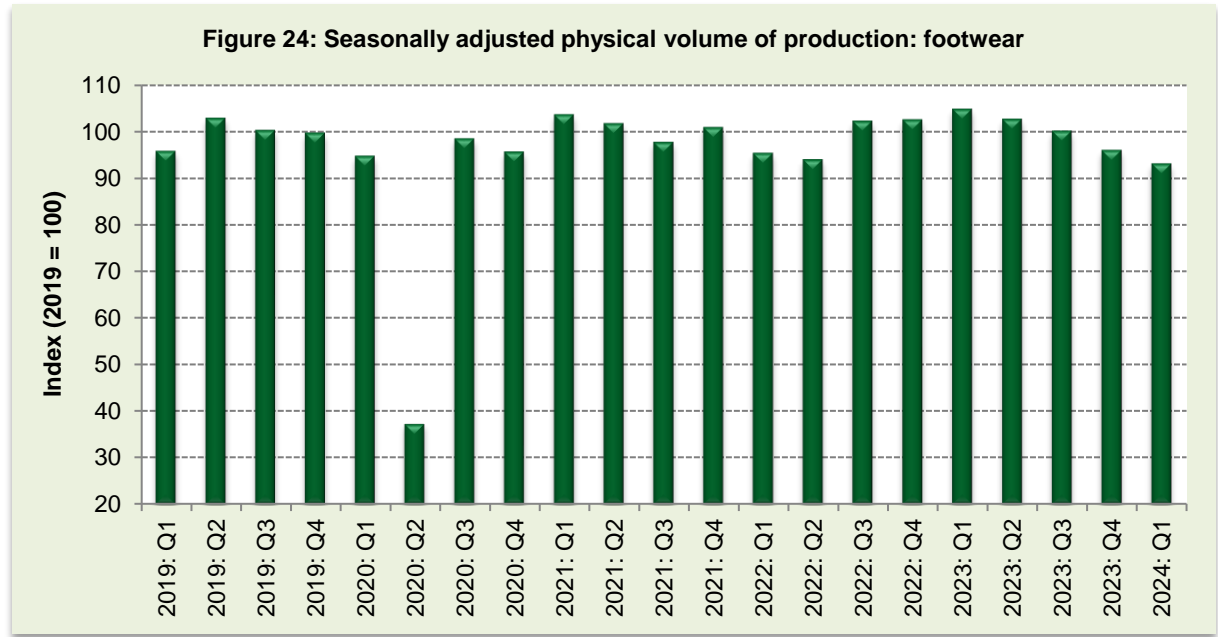
3.7 FOOTWEAR

Table 11 presents the producer price index for the footwear division. The quarter-to-quarter producer price index for the domestic output of the footwear division grew in 2024: Q1 by 0,6%, however, it moderated year-on-year by 4,8%

Table 11: Producer price index for footwear (base 2023=100)

Indices			% Change between	
2023: Q1	2023: Q4	2024: Q1	2023: Q1 and 2024: Q1	2023: Q4 and 2024: Q1
Domestic output				
95,4	99,4	100,0	4,8	0,6

Source: Statistics SA (2024)



Source: Quantec, 2024

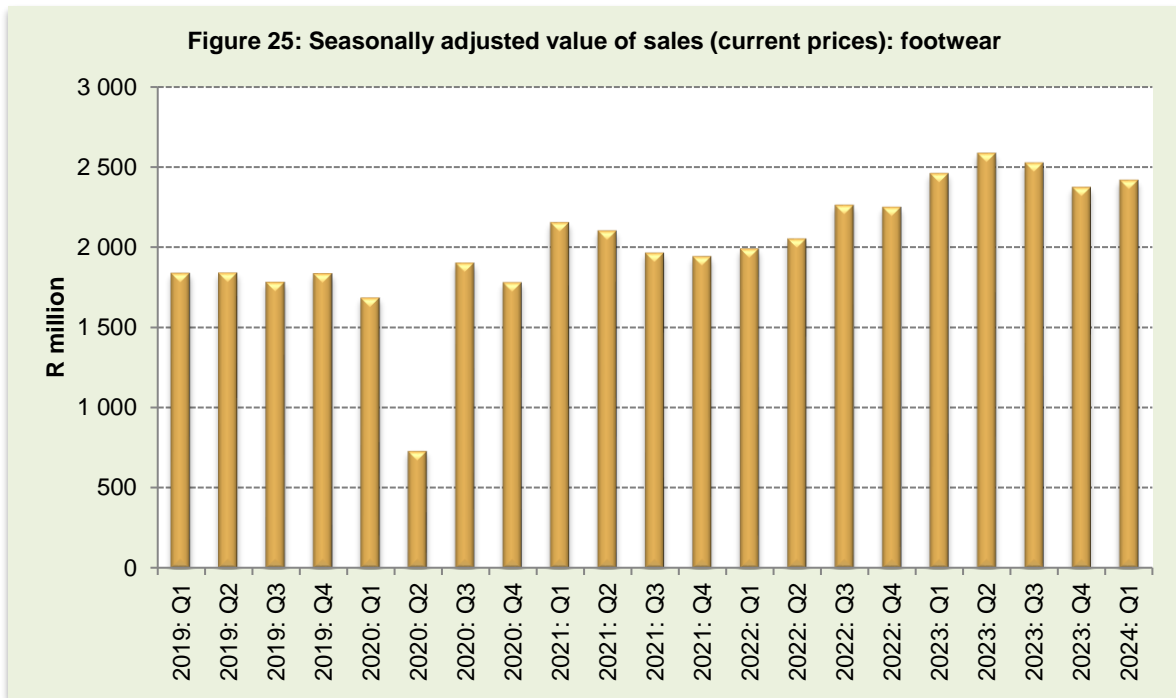
In 2024: Q1, the quarter-to-quarter seasonally adjusted physical volume of production for the footwear division receded further by 3,0% from a 4,2% contraction in 2023: Q4, however, the division decelerated by 11,2% year-on-year (see Figure 24).

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2023: Q1	82,1	17,9	5,0	1,0	0,0	11,9	0,0
2023: Q4	88,4	11,6	1,4	0,7	0,0	9,4	0,0
2024: Q1	82,8	17,2	5,4	0,7	0,0	11,1	0,0

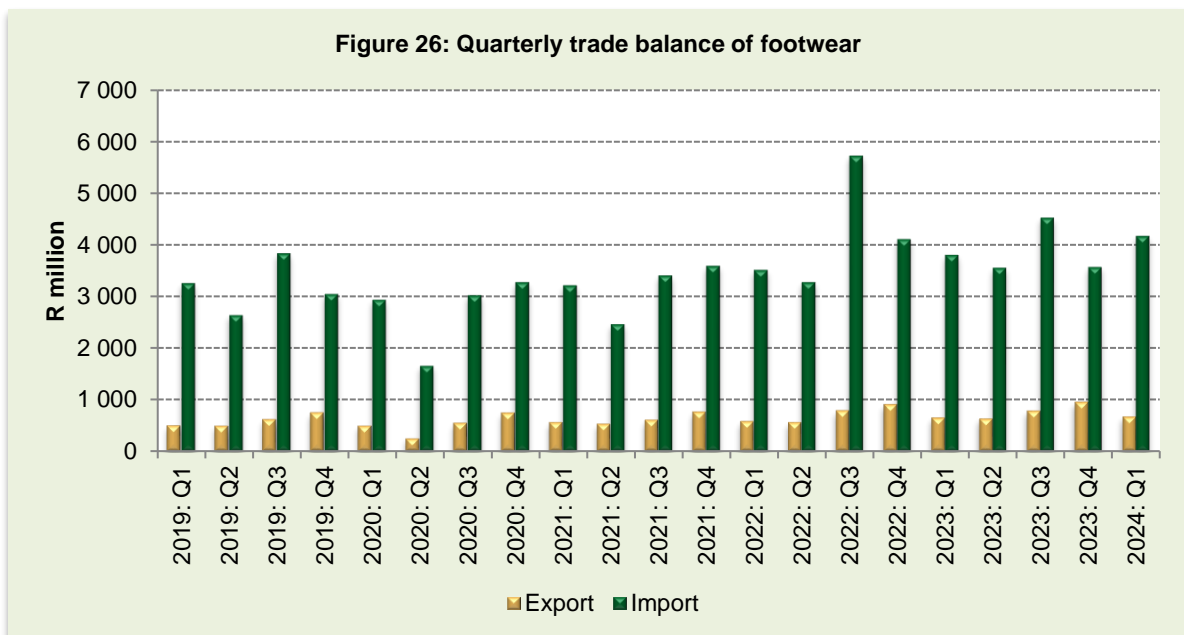
Source: Statistics SA (2024)

During 2024: Q1, the utilisation of production capacity by large enterprises in the footwear division increased year-on-year by 0,7 percentage points. However, it decreased quarter-to-quarter by about 5,6 percentage points. Insufficient demand remains the main reason behind low-capacity utilisation, followed by a shortage of raw materials (see Table 12).



Source: Quantec, 2024

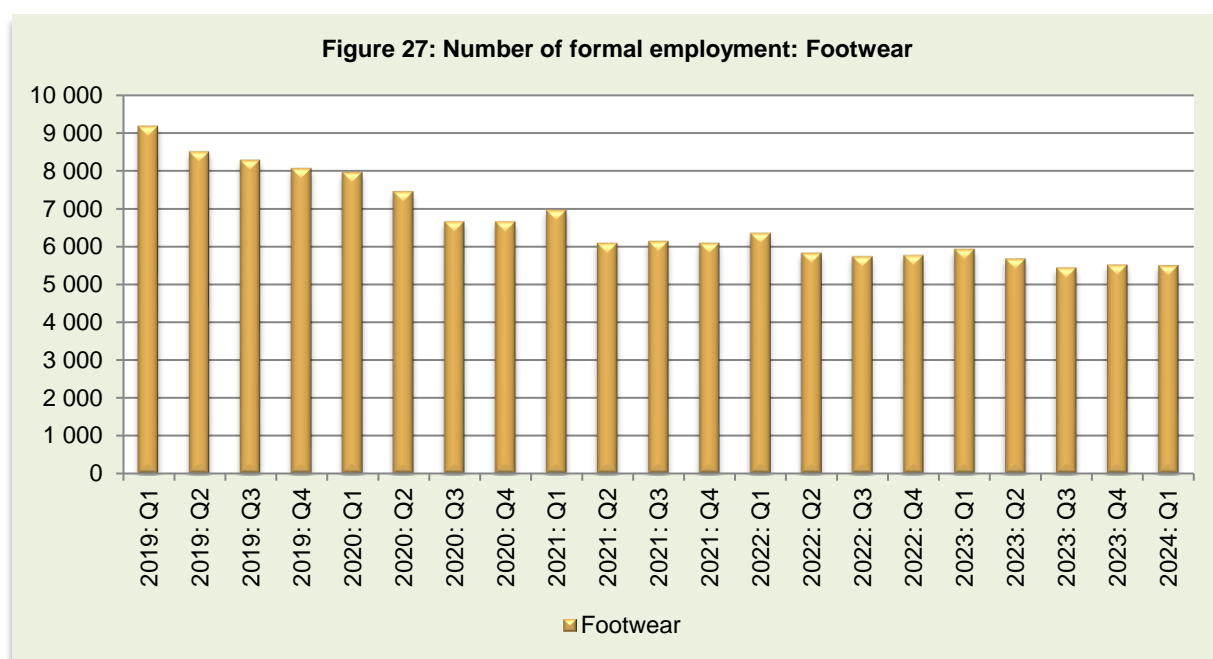
During 2024: Q1, the quarter-to-quarter seasonally adjusted value of sales for the footwear division rebounded by 1,8% following a 6,0% contraction in 2023: Q4, however, the division contracted year-on-year by 1,8%. Therefore, value of sales for the footwear division increased from R2 375, 4 million in 2023: Q4 to R2 417,6 million in 2024: Q1 (see Figure 25).



Source: Quantec, 2024

During 2024: Q1, the quarter-to-quarter exports for the footwear division contracted by 30,0% following a 21,4% contraction in 2023: Q4, however, footwear imports rebounded by 17,0% from a 2,2% contraction in 2023: Q4.

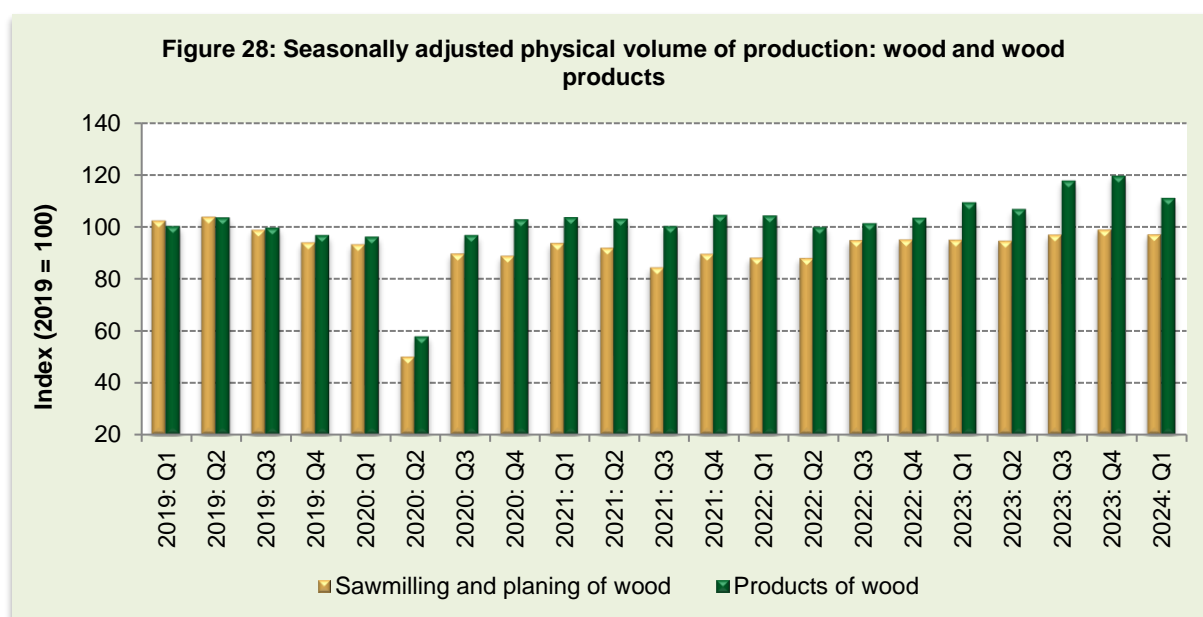
The year-on-year exports moderated by 2,4%, however, imports rebounded by 9,6%. As a result, the trade deficit widened from R2 623,6 million in 2023: Q4 to R3 511,0 million in 2024: Q1 (see Figure 26).



Source: Statistics SA (2024)

During 2024: Q1, the quarter-to-quarter formal employment in the footwear division contracted by 0,4% from a 1,5% growth in 2023: Q4. Conversely, the formal employment of the footwear division decelerated year-on-year by about 7,2%. As a result, the footwear division shed about 20 jobs in 2024: Q1 (see Figure 27).

3.8 WOOD AND WOOD PRODUCTS



Source: Quantec, 2024

During, 2024: Q1, the quarter-to-quarter seasonally adjusted physical volume of production for the sawmilling and planing of woods and wood and wood products divisions contracted by 1,8% and 7,1% following a 2,0% and 1,6% growth, respectively, in 2023: Q4.

The year-on-year seasonally adjusted physical volume of production for the sawmilling and planing of woods and wood and wood products divisions moderated by 2,2% and 1,6% in 2024: Q1, respectively.

The division as a whole contracted by 4,7% quarter-to-quarter following a 1,7% growth in 2023: Q4, however, the division as a whole moderated by 1,9% year-on-year.

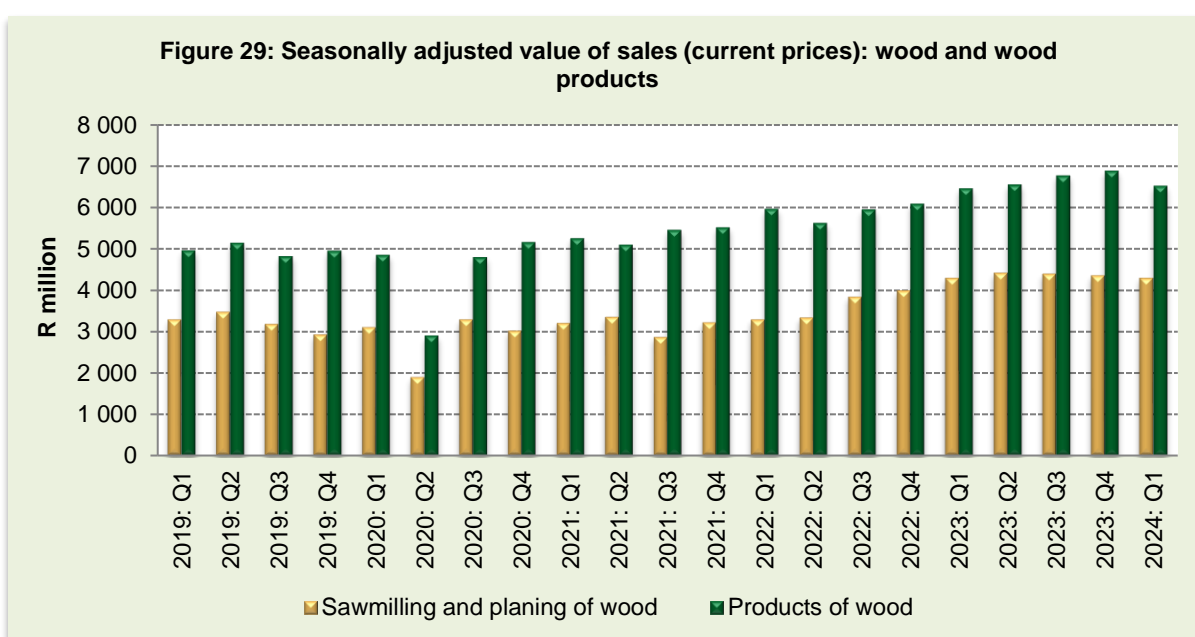
Table 13: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wood and wood products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2023: Q1	80,7	19,3	2,4	0,9	0,0	9,1	6,9

2023: Q4	82,2	17,8	2,3	0,8	0,0	8,7	6,0
2024: Q1	81,7	18,3	2,3	0,8	0,0	9,2	6,1

Source: Statistics SA (2024)

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 by 1,0 and 1,0 percentage points. However, it decreased quarter-to-quarter by 0,5%. Insufficient demand remained a reason for underutilisation during 2024: Q1, followed by other reasons such as seasonal factors.



Source: Quantec, 2024

During 2024: Q1, the quarter-to-quarter seasonally adjusted value of sales for the sawmilling and planing of wood division decelerated by 1,5% from a 0,9% growth in 2023: Q4. Sales for the products of wood division, however, contracted quarter-to-quarter in 2024: Q1 by 5,3% as compared to a 1,7% growth in 2023: Q4.

The year-on-year value of sales for the sawmilling and planing of wood division remained unchanged in 2024: Q1, as compared to a 9,2% growth in 2023: Q4. However, products of wood moderated by 1,0%.

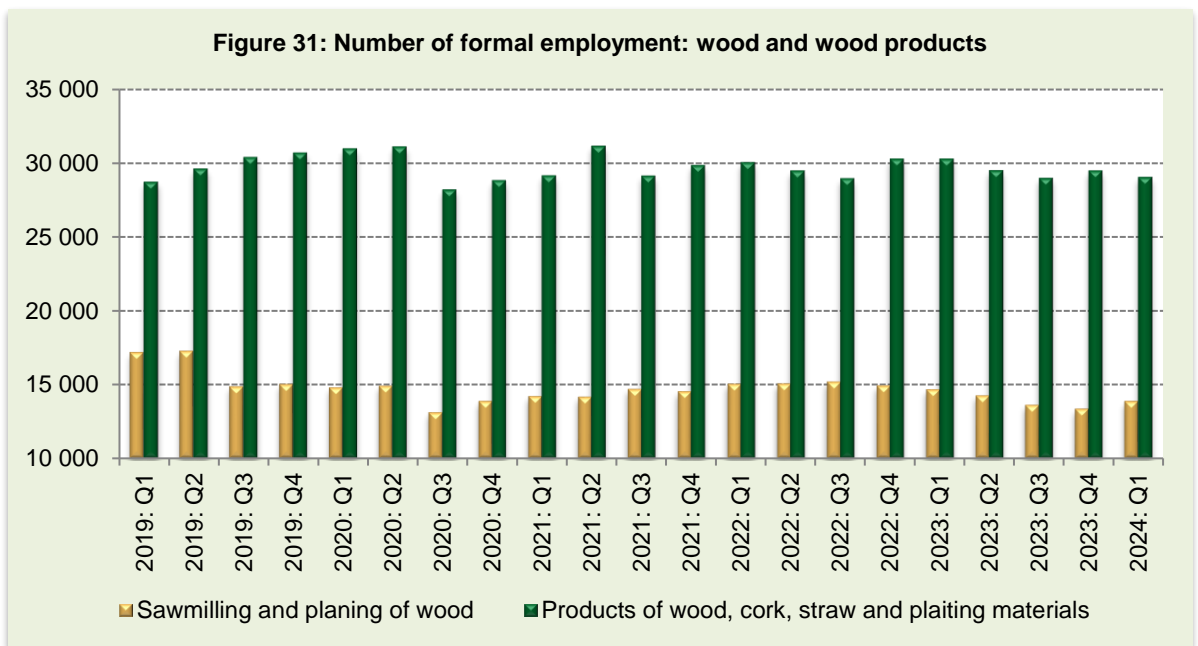
The division as a whole contracted by 3,8% quarter-to-quarter from a 0,7% growth in 2024: Q4, however, it moderated by 0,6% year-on-year, (see Figure 29). The sales in the wood division declined from R11 255,0 million in 2023: Q4 to R10 826,0 million in 2024: Q1.



Source: Quantec, 2024

The quarter-to-quarter exports of wood and wood products rebounded by 7,4% following a 13,1% contraction in 2023: Q4, similarly, imports of the wood and wood products division rebounded by 8,0% from a 0,9% contraction in 2023: Q4.

The year-on-year exports rebounded by 0,4%, while imports rose by 3,8%. As a result, the trade surplus narrowed from R366,9 million in 2023: Q4 to approximately R385,3 million in 2023: Q4 (see Figure 30).



Source: Statistics SA (2024)

During 2024: Q1, the quarter-to-quarter seasonally adjusted value of sales for the sawmilling and planing of wood division rebounded by 4,0% from a 1,9% contraction in 2023: Q4. Sales for the products of wood cork, straw and plaiting material division, however, contracted quarter-to-quarter in 2024: Q1 by 1,5% as compared to a 1,7% growth in 2023: Q4.

The year-on-year value of sales for sawmilling and planing of wood receded further by 5,3%, however, it decelerated by 4,0% for the products of wood division.

In 2024: Q1, the division as a whole moderated quarter-to-quarter by 0,2% from a 0,5% growth in 2023: Q4 (see Figure 31). However, the division receded further by 4,5% year-on-year. The division created 99 jobs as a result.

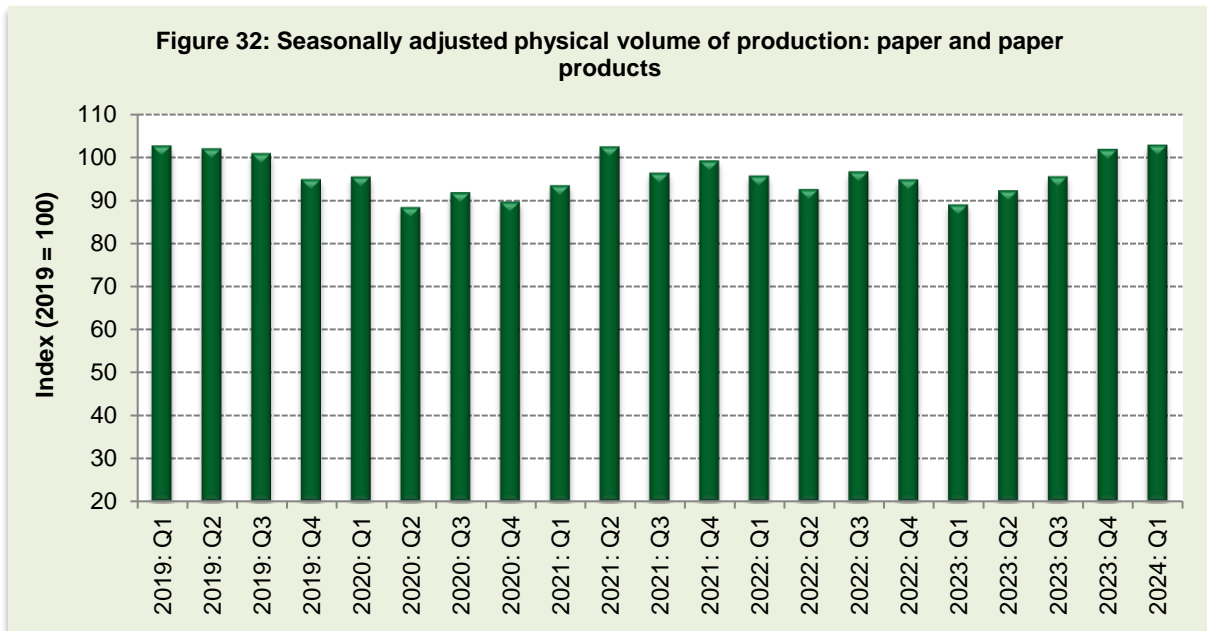
3.9 PAPER AND PAPER PRODUCTS

In 2024: Q1, the quarter-to-quarter producer price for paper and printed products expanded by 0,8%, however, it moderated by 3,9% year-on-year as illustrated in Table 14.

Table 14: Producer price index for paper and printed products (base 2023=100)

	Indices			% Change between	
	2023: Q1	2023: Q4	2024: Q1	2023: Q1 and 2024: Q1	2023: Q4 and 2024: Q1
Domestic output					
Paper and paper products	97,3	100,3	101,1	3,9	0,8

Source: Statistics SA (2024)



Source: Quantec, 2024

In 2024: Q1, the quarter-to-quarter seasonally adjusted physical volume of production for the paper and paper products division moderated 0,9% as compared to a growth of 6,7% in 2023: Q4. However, the division expanded by 15,6% year-on-year (see Figure 32).

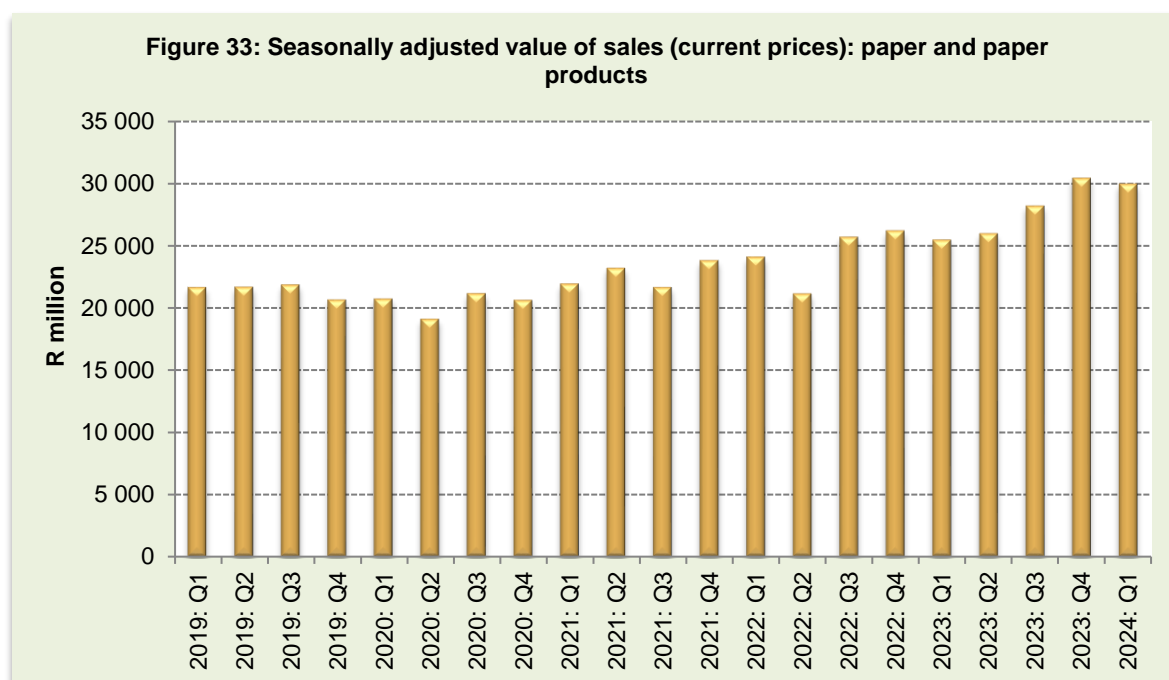
Table 15: Utilisation and reasons for underutilisation of production capacity by large enterprises: Paper and paper products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2023: Q1	81,9	18,1	1,0	0,9	0,1	9,0	7,1
2023: Q4	84,2	15,8	0,9	1,0	0,1	7,5	6,3
2024: Q1	83,4	16,6	0,8	0,8	0,0	8,9	6,2

Source: Statistics SA (2024)

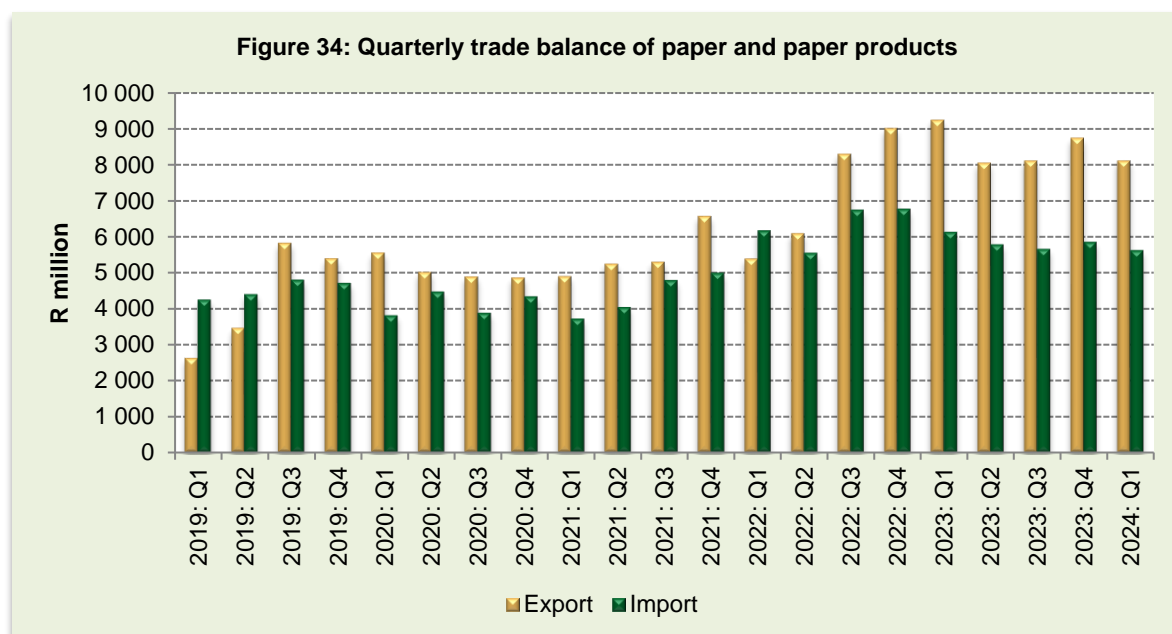
Table 15 shows utilisation of production capacity by large enterprises in the paper and paper products division. Utilisation of production capacity increased year-on-year and declined quarter-to-quarter by approximately 1,5 and 0,8 percentage points, respectively, in 2024: Q1.

Insufficient demand remained the main reason for underutilisation during the period, followed by other reasons such as seasonal factors.



Source: Quantec, 2024

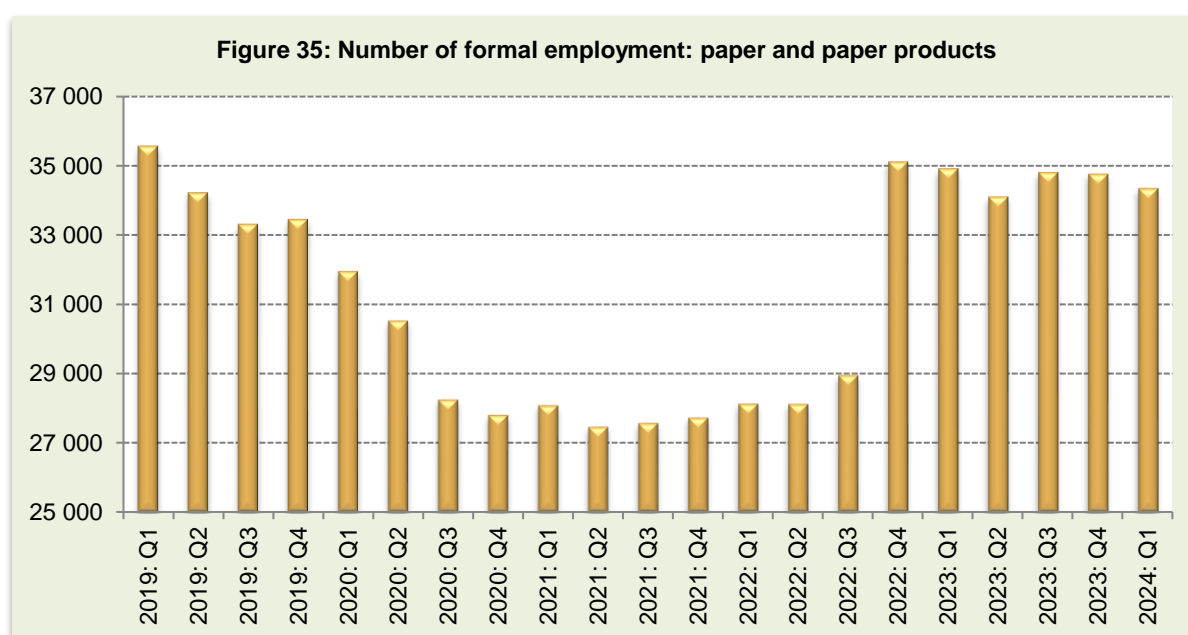
During 2024: Q1, the quarter-to-quarter seasonally adjusted value of sales for the paper and paper products division contracted by 1,5% from an 8,0% growth in 2023: Q4. However, it rose year-on-year by 17,8% (see Figure 33). Seasonally adjusted value of sales for the paper and paper products division decreased from R30 429,7million in 2023: Q4 to R29 979,7 million in 2024: Q1.



Source: Quantec, 2024

In 2024: Q1, the quarter-to-quarter exports of paper and paper products division contracted by 7,3% from a 7,9% growth in 2023: Q4, similarly, imports of the paper and paper products division contracted by 4,0% following a 3,5% contraction in 2023: Q4.

The year-on-year exports decelerated by 12,2%, however, imports receded a further 8,3%. As a result, the trade surplus narrowed from R2 901,9 million in 2023: Q4 to R2 500,0 million in 2024: Q1 (see Figure 34).



Source: Statistics SA (2024)

The quarter-to-quarter formal employment in the paper and paper products division decelerated by 1,2% in 2024: Q1 as compared to a 0,1% growth in 2023: Q4, similarly, the division decelerated by 1,7% year-on-year. As a result, the paper and paper products division shed about 417 jobs in 2024: Q1 (see Figure 35).

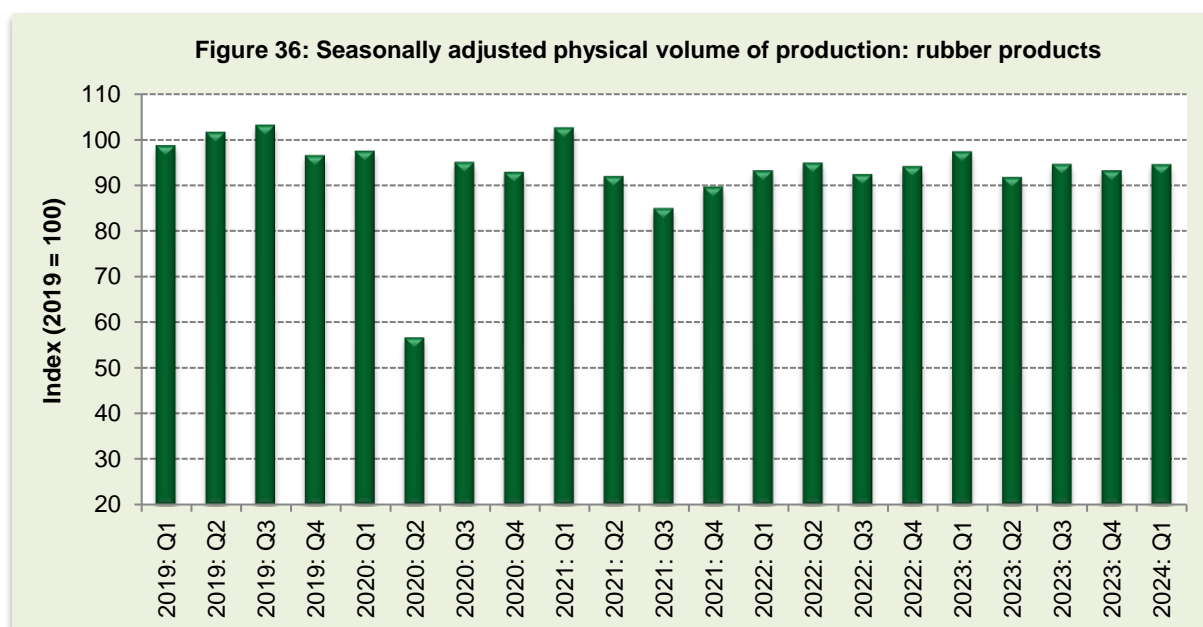
3.9 RUBBER PRODUCTS

The quarter-to-quarter and year-on-year producer price for domestic output of rubber and plastic products division contracted by 0,6% and 4,0%, respectively, in 2024: Q1 (see Table 16).

Table 16: Producer price index for rubber products (base 2023=100)

	Indices			% Change between	
	2023: Q1	2023: Q4	2024: Q1	2023: Q1 and 2024: Q1	2023: Q4 and 2024: Q1
Domestic output					
Rubber products	102,7	99,2	98,6	-4,0	-0,6

Source: Statistics SA (2024)



Source: Quantec, 2024

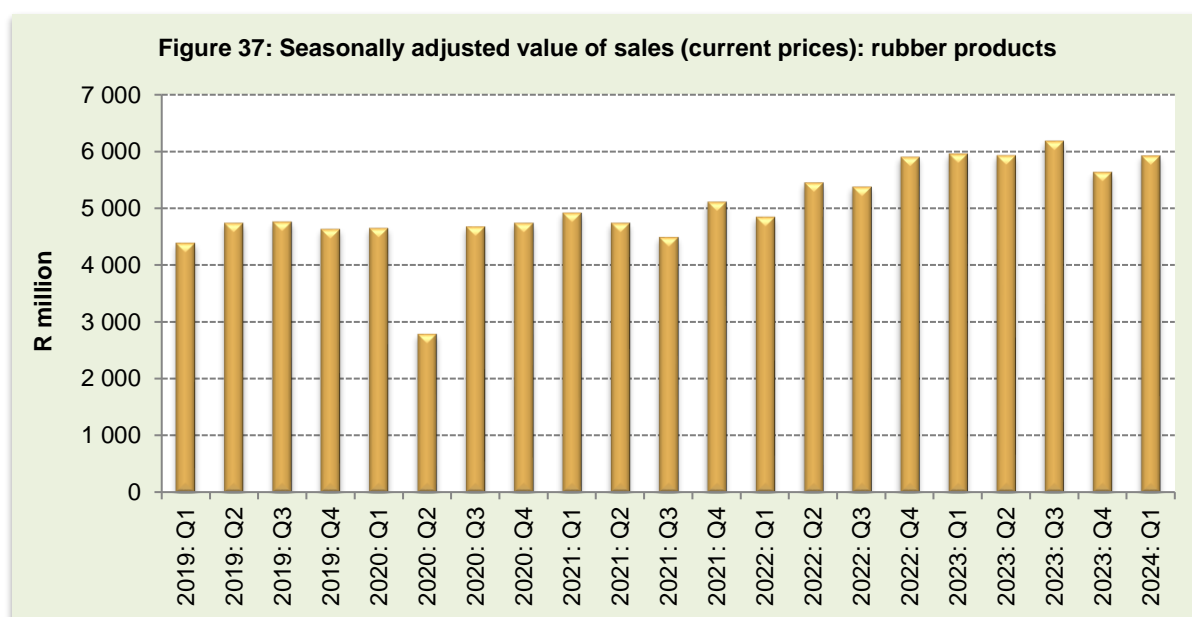
In 2024: Q1, the quarter-to-quarter seasonally adjusted physical volume of production for the rubber products division rebounded by 1,4%, following a 1,5% contraction in 2023: Q4, similarly, the division decelerated by 2,9% year-on-year (see Figure 36).

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

Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2023: Q1	76,8	23,2	1,4	1,2	0,0	12,7	7,8
2023: Q4	79,6	20,4	1,5	1,6	0,0	9,2	8,1
2024: Q1	79,6	20,4	0,2	0,0	0,0	11,5	8,7

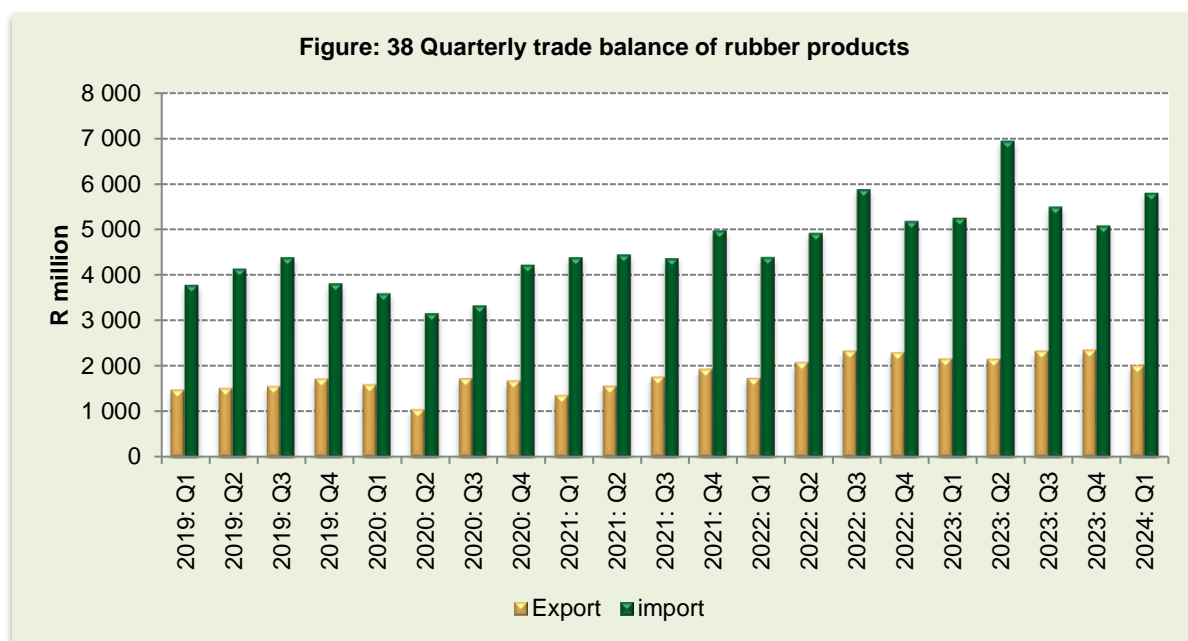
Source: Statistics SA (2024)

As shown in Table 17, the utilisation of production capacity by large enterprises in the rubber products division increased year-on-year by 2,8%. However, it stagnated quarter-to-quarter in 2024: Q1. Insufficient demand remained the main reason for underutilisation during the period, followed by other reasons such as seasonal factors.



Source: Quantec, 2024

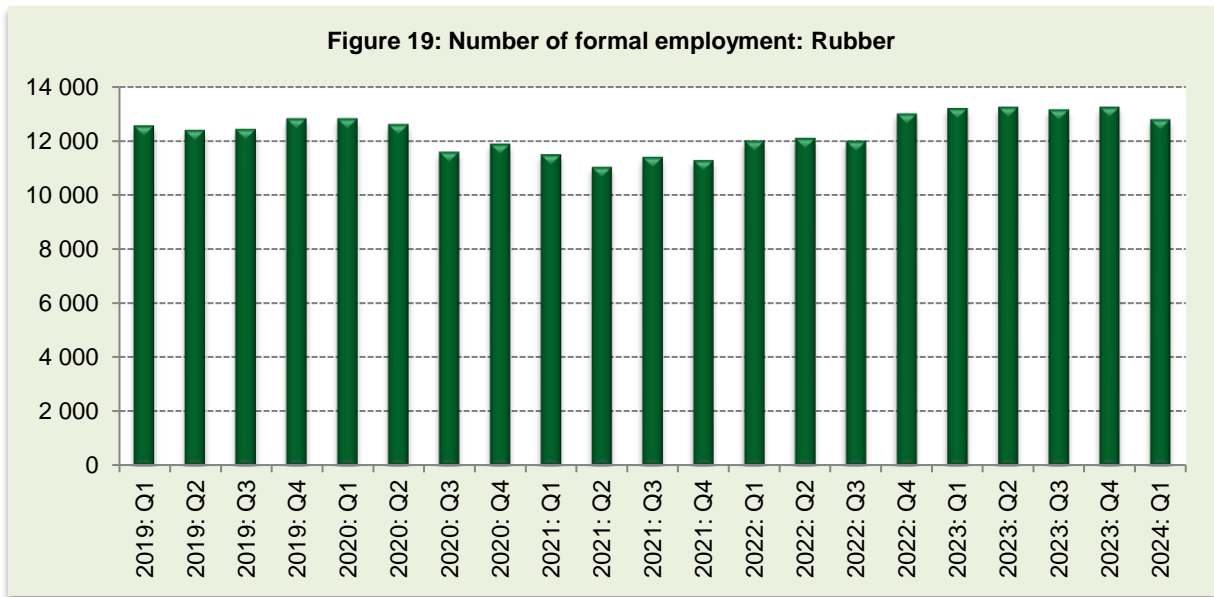
In 2024: Q1, the quarter-to-quarter seasonally adjusted value of sales in the rubber products division rebounded by 5,1% from a 8,9% contraction in 2023: Q4, however, the division receded further by 0,6% year-on-year. Therefore, sales in the rubber products division grew from R5 634,9 million in 2023: Q4 to R5 924,8 million in 2024: Q1 (see Figure 37).



Source: Quantec, 2024

The quarter-to-quarter exports contracted by 14,4% from a 0,8% growth registered in 2023: Q4, however, imports of the rubber products division rebounded by 14,1% following a 7,5% contraction in 2024: Q1.

The year-on-year exports contracted by 6,9%, however, imports rebounded by 10,5%. As a result, the trade deficit widened from R2751,8 million in 2023: Q4 to R3 086,9 million in 2024: Q1.



Source: Statistics SA (2024)

The quarter-to-quarter formal employment in the rubber products division contracted by 3,5% in 2024: Q1 as compared to a 0,8% growth recorded in 2023: Q4. Similarly, the division contracted by 3,1% year-on-year (see Figure 39). As a result, about 463 jobs were shed in the rubber products division in 2024: Q1.

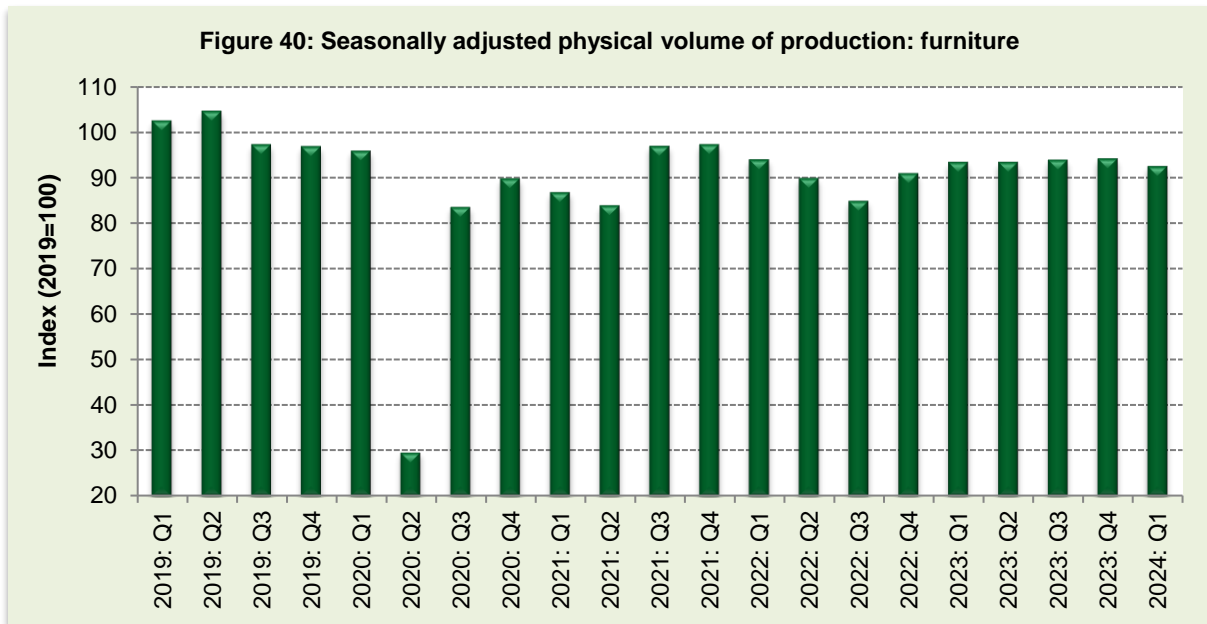
3.10 FURNITURE

The quarter-to-quarter producer price index for domestic output of furniture and other manufacturing rose by 0,8%, however, it moderated by 2,6%, year-on-year in 2024: Q1 (see Table 18).

Table 18: Producer price index for furniture and other manufacturing (Base 2023=100)

Indices			% Change between	
2023: Q1	2023: Q4	2024: Q1	2023: Q1 and 2024: Q1	2023: Q4 and 2024: Q1
Domestic output				
98,0	99,7	100,5	2,6	0,8

Source: Statistics SA (2024)



Source: Quantec, 2024

In 2024: Q1, the quarter-to-quarter seasonally adjusted physical volume of production for the furniture division contracted by 1,8% as compared to a 0,2% growth in 2023: Q4, similarly, the division contracted by 1,0% year-on-year (see Figure 40).

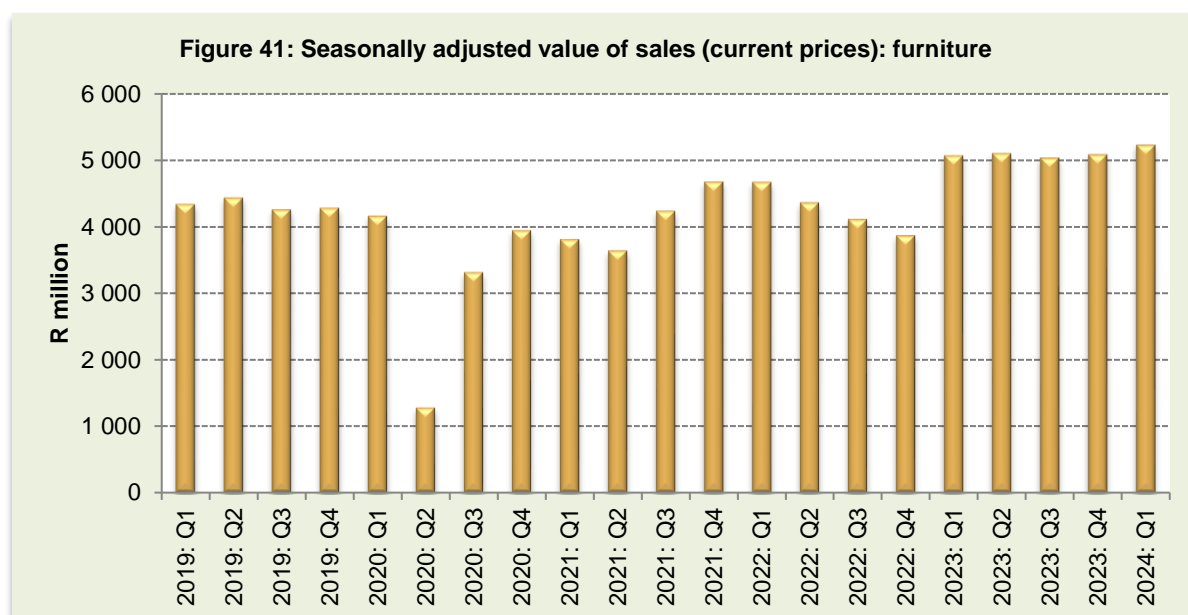
Table 19: Utilisation and reasons for underutilisation of production capacity by large enterprises: Furniture (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of			Insufficient demand	Other
			Raw materials	Labour			
				Skilled	Semi- and unskilled		
2023: Q1	74,0	26,0	2,2	0,0	0,0	23,8	0,0
2023: Q4	79,3	20,7	2,2	0,0	0,0	18,5	0,0
2024: Q1	73,8	26,2	2,2	0,0	0,0	24,0	0,0

Source: Statistics SA (2024)

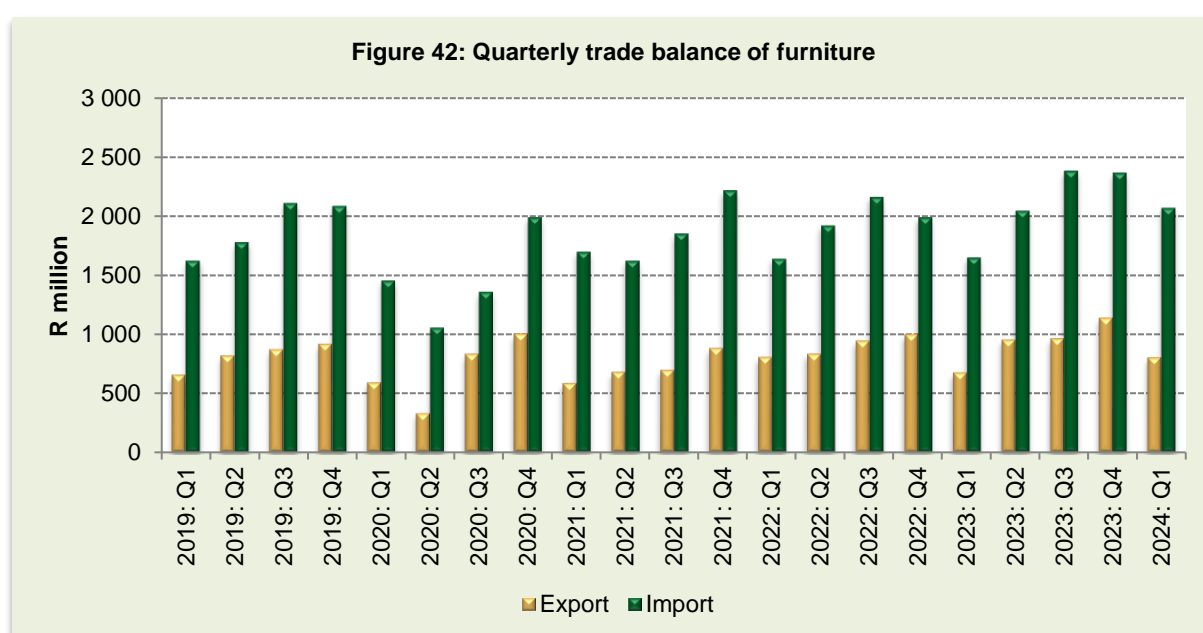
The utilisation of production capacity by large enterprises in the furniture division declined year-on-year and quarter-to-quarter by 1,0 and 5,5 percentage points, respectively.

Insufficient demand remained the main reason for underutilisation of production capacity, followed by a shortage of raw materials.



Source: Quantec, 2024

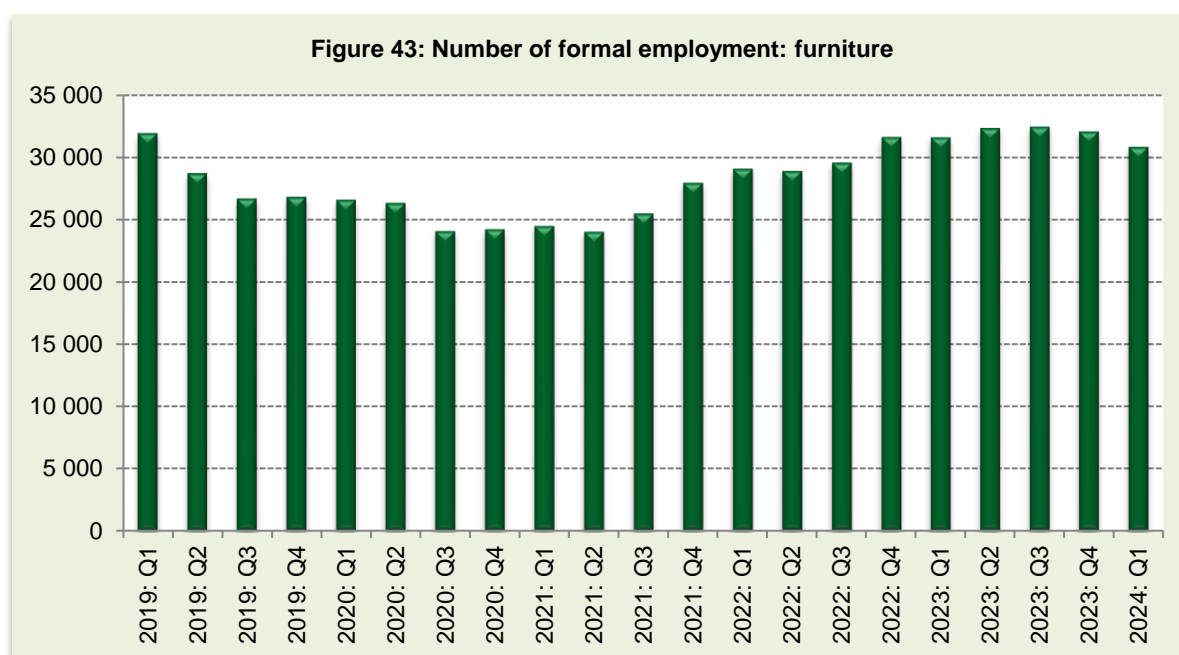
The quarter-to-quarter seasonally adjusted value of sales for the furniture division rose by 2,9% in 2024: Q1, following a 0,9% growth in 2023: Q4, however, the division moderated by 3,2% year-on-year. The value of sales in the division increased from R5 084,9 million in 2023: Q4 to R5 233,4 million in 2024: Q1 (see Figure 41).



Source: Quantec, 2024

The quarter-to-quarter exports of the furniture division decelerated by 12,6% in 2024: Q1 as compared to a 0,7% contraction in 2023: Q4, however, imports contracted by 29,3% from a 18,0% growth in 2023: Q4.

The year-on-year exports and imports rose by 19,0% and 25,4%, respectively (see Figure 42). As a result, the trade deficit widened from R1 233,4 million in 2023: Q4 to about R1 267,4 million in 2024: Q1.



Source: Statistics SA (2024)

During 2024: Q1, quarter-to-quarter formal employment in the furniture division decelerated by 3,9% following a 1,2% growth in 2023: Q4. However, the division's employment contracted by 2,5% year-on-year. As a result, approximately 1 236 jobs were lost during the period under review (see Figure 43).

3. CONCLUSION

The South African economic activity decreased slightly in the first quarter of 2024 as real gross domestic product (GDP) contracted by 0,1% after a revised 0,3% growth in the previous quarter.

The seasonally adjusted volume of production for the agro-processing sector contracted by 1,9% following a 0,3% growth in 2023: Q4. Similarly, the division contracted by 0,7% year-on-year.

The seasonally adjusted value of sale for the agro-processing sector rose by 4,2% from a 2,0% growth in the last quarter, however, the sector moderated by 6,4% year-on-year.

The trade deficit of the agro-processing industry widened from R5 840,4 million in 2023: Q4 to R13 013,3 million in 2024: Q1, representing a 122,8% rebound in 2024: Q1.

Employment in the agro-processing sector rebounded by 2,3% quarter-to-quarter, representing a creation of 10 774 jobs in 2024: Q1.

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