



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

2024: Q3

DIRECTORATE: AGRO-PROCESSING SUPPORT



**agriculture, land reform
& rural development**

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

PREFACE

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

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

This publication, “*Quarterly Economic Review of the Agro-processing Industry in South Africa 2024: Q3*”, by the directorate evaluates the economic performance of the eleven agro-processing divisions during 2024: 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 decreased in 2024: Q3, following an expansion of 0,3% in 2024: Q2. The decline was notable in the primary sector and a slower pace expansion of the secondary and tertiary sectors.

In 2024: Q3, the quarter-to-quarter producer price inflation for final manufactured goods contracted by 0,7% from a 1,4% growth registered in the previous quarter. However, it moderated by 2,7% year-on-year. The following divisions expanded in growth during the period under review: wearing apparel, furniture and other manufacturing, sawmilling and wood, food products and paper and paper products. The textiles, beverages, and footwear divisions moderated, the rubber products division rebounded, while the tobacco division grew.

In 2024: Q3, most of the divisions' seasonally adjusted volume of production contracted, and those divisions were: textiles, furniture, beverages, footwear, leather and leather products and wood and wood products. The wearing apparel and food divisions rebounded, paper and paper products and rubber products divisions receded further during the period under review.

The seasonally adjusted value of sales contracted for the following divisions in 2024: Q3: textiles, furniture, footwear and wood and wood products. The food division rebounded, beverages division moderated, and rubber division contracted further, while paper and paper products division decelerated.

The utilisation capacity of the agro-processing sector increased for the following divisions in 2024: Q3: food products, beverages, leather and leather products, wearing apparel, paper and paper products, wood and wood products, rubber and furniture. However, the textiles and footwear divisions' utilisation capacity decreased.

In 2024: Q3, the divisions that recorded a trade deficit during the period under review were wearing apparel, footwear, textiles, rubber, furniture and leather and leather products. However, the following divisions registered a trade surplus during the period: paper and paper products, beverages, food, tobacco and wood and wood products.

In 2024: Q3, jobs were lost in the following divisions: food (5 609), beverages (2 777), furniture (317), leather and leather products (259), rubber (192), wearing apparel (110), wood and wood products (97) and footwear (39). However, the paper and paper products (1 211) and textiles (205) divisions created jobs during the period.

1. INTRODUCTION

In the third quarter (2024: Q3), the economic activity in South Africa shrank by 0,3%. The real output of the manufacturing sector increased by 0,5% in 2024: Q3 even though the production of motor vehicles, parts and accessories and other transport equipment as well as wood and wood products, paper, publishing and printing declined over this period (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: Q3 affected the producer price, consumer price, production volume, sales, capacity utilisation, trade and the employment of the agro-processing divisions. This quarterly review is organised as follows: section two summarises the state of the domestic economy during 2024: 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. In 2024: Q3, the economic activity in South Africa shrank by 0,3%. The real output of the agricultural sector contracted significantly by 28,8% in 2024: Q3 owing to the lower production of field crops as unfavourable weather conditions and rising input costs continued to hamper agricultural output (SA Reserve Bank, 2024).

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

Sector	2023					2024		
	Q1	Q2	Q3	Q4	Year*	Q1	Q2	Q3
Primary sector	-1,1	1,7	-8,4	0,8	-2,2	3,6	-2,0	-10,0
Agriculture	-4,6	3,4	-19,4	-2,4	-4,8	13,5	-4,8	-28,8
Mining	1,5	0,5	-0,7	2,6	-0,5	-1,7	-0,3	1,2
Secondary sector	0,7	1,6	-1,4	0,3	-0,4	-1,5	1,0	0,7
Manufacturing	1,0	2,3	-1,3	0,3	0,3	-1,4	0,7	0,5
Construction	0,9	-0,2	-3,3	-1,5	-0,1	-3,1	0,5	1,1
Tertiary sector	0,8	0,3	0,6	0,3	1,2	0,1	0,5	0,3

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

Source: SA Reserve Bank (2024)

*Percentage change over one year

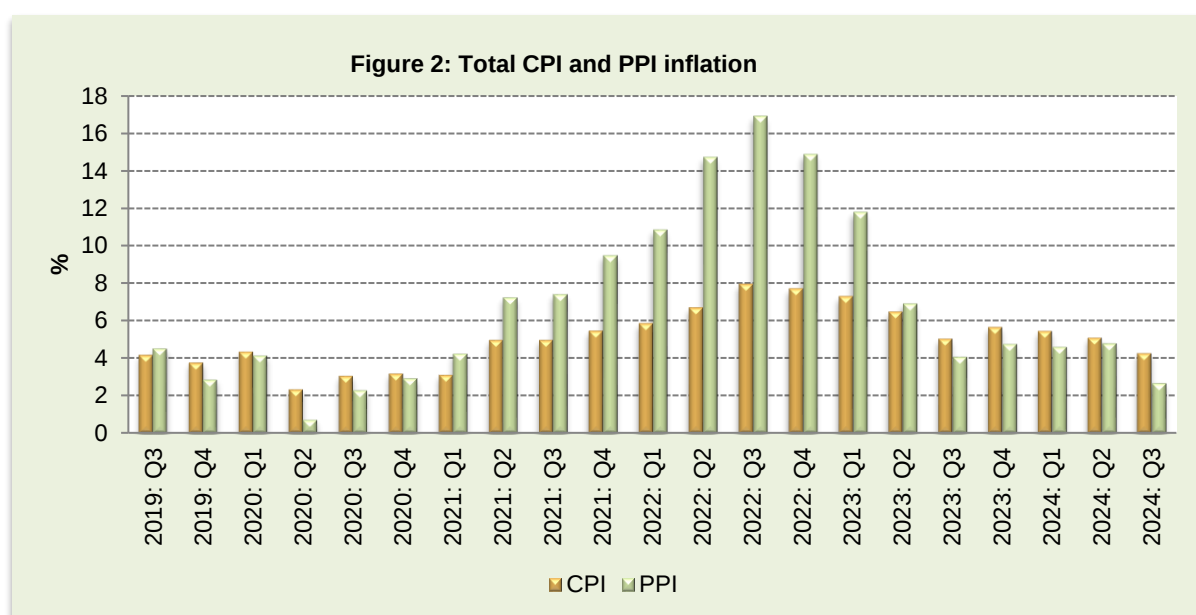
** The non-primary sector is total GVA excluding agriculture and mining

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



Source: Statistics SA (2024)

In 2024: Q3, South Africa's unemployment rate decreased by 32,1% as compared to 33,5% in the preceding quarter, which translates to a decrease of 1,4 percentage points. Employment increased by 294 000 in 2024: Q3, following a decrease of 92 000 in 2024: Q2. The largest employment gains were recorded in community and social services (194 000), construction (176 000) and trade (109 000), while the largest employment losses were recorded in finance (189 000) and private households (32 000) (Stats SA, 2024).



Source: Statistics SA (2024)

Figure 2 above presents the producer price index and consumer price index for 2019: Q3 to 2024: Q3. In 2024: Q3, the year-on-year producer price inflation for final manufactured goods contracted by 0,7% from a 1,4% growth recorded in the preceding quarter. The following items moderated during the period under review: meat and meat products (3,2%), fruit and vegetables (10,8%) and dairy products (2,2%). Food products (3,6%), fish and fish products (8,4%), grain mill products (4,6%), “other food products” (4,6%) and bakery products (4,4%) expanded during this period. Oils and fats (11,6%) receded further, while sugar (7,5%) contracted in 2024: Q3.

The year-on-year consumer price inflation for all items moderated by 4,2% from a 5,1% growth in 2024: Q2. The following items moderated during the period under review: food (4,3%), meat (1,1%), milk, eggs and cheese (7,0%), fruit, (2,0%) vegetables (4,9%) sugar, sweets and desserts (7,4%), “other food products” (5,7%), alcoholic beverages (4,1%), wine (3,8%) and beer (4,4%). However, the consumer price inflation for bread and cereals (5,9%), fish (4,8%), non-alcoholic beverages (9,7%), hot beverages (16,7%), cold beverages (5,5%) and spirits (3,7%), moderated, while for oils and fats (1,1%) receded further in 2024: Q3.

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, forestry and fisheries 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: Q3 as influenced by the global and domestic economic environments.

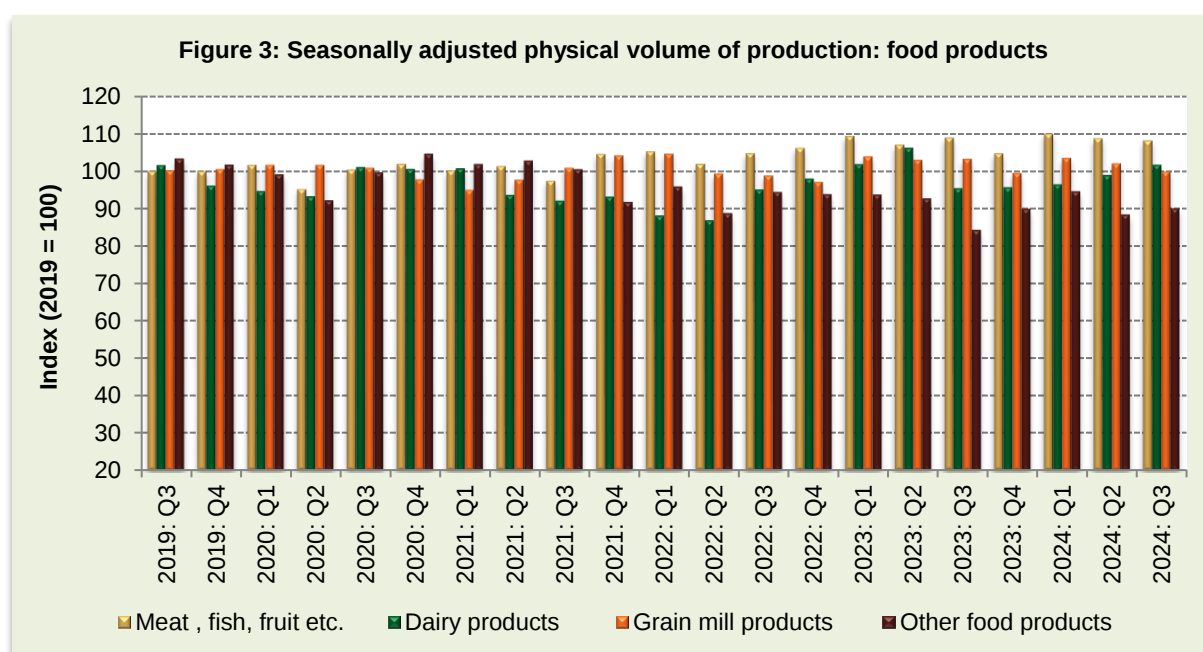
3.1 FOOD

Table 2 below shows the producer price index for food products in 2024: Q3. The quarter-to-quarter price index for food products moderated by 0,9%. However, it expanded by 3,6% year-on-year, respectively, in 2024: Q3.

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

Indices			% Change between	
2023: Q3	2024: Q2	2024: Q3	2023: Q3 and 2024: Q3	2024: Q2 and 2024: Q3
99,6	102,3	103,2	3,6	0,9

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: Q3, the quarter-to-quarter seasonally adjusted volume

of production for meat, fish, fruit, etc. and “other food products” receded further by 0,5% following a 1,1% contraction in 2024: Q2, dairy products rose by 2,7% from a 2,6% growth in 2024: Q2, grain mill products decelerated by 2,2% from a 1,4% contraction in 2024: Q2 and “other food products” rebounded by 1,8% following a 6,5% contraction in 2024: Q3.

In terms of year-on-year, meat, fish, fruit, etc. contracted by 0,7%, dairy and “other food products” rebounded by 6,6% and 6,8%, respectively, and grain mill products decelerated by 3,3% in 2024: Q3.

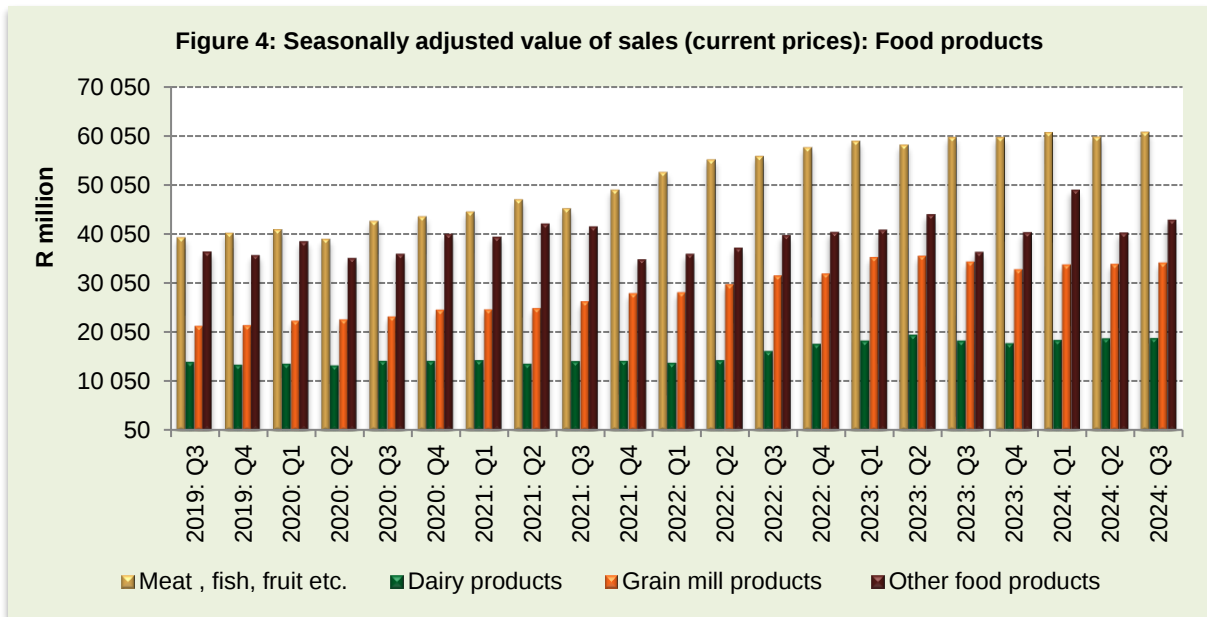
The division as a whole rebounded quarter-to-quarter by 0,4% following a 1,6% contraction in 2024: Q2, similarly, it rebounded by 2,0% year-on-year.

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: Q3	83,2	16,8	1,7	1,0	0,2	8,8	5,2
2024: Q2	82,5	17,5	1,7	1,2	0,2	9,9	4,5
2024: Q3	83,3	16,7	1,6	1,2	0,3	9,3	4,3

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: Q3, the utilisation capacity by large enterprises in the food products division increased year-on-year by 0,1 percentage points. Similarly, the quarter-to-quarter utilisation capacity increased by 0,8 percentage points. Insufficient demand remains the main reason for underutilisation, followed by other reasons such as seasonal factors.

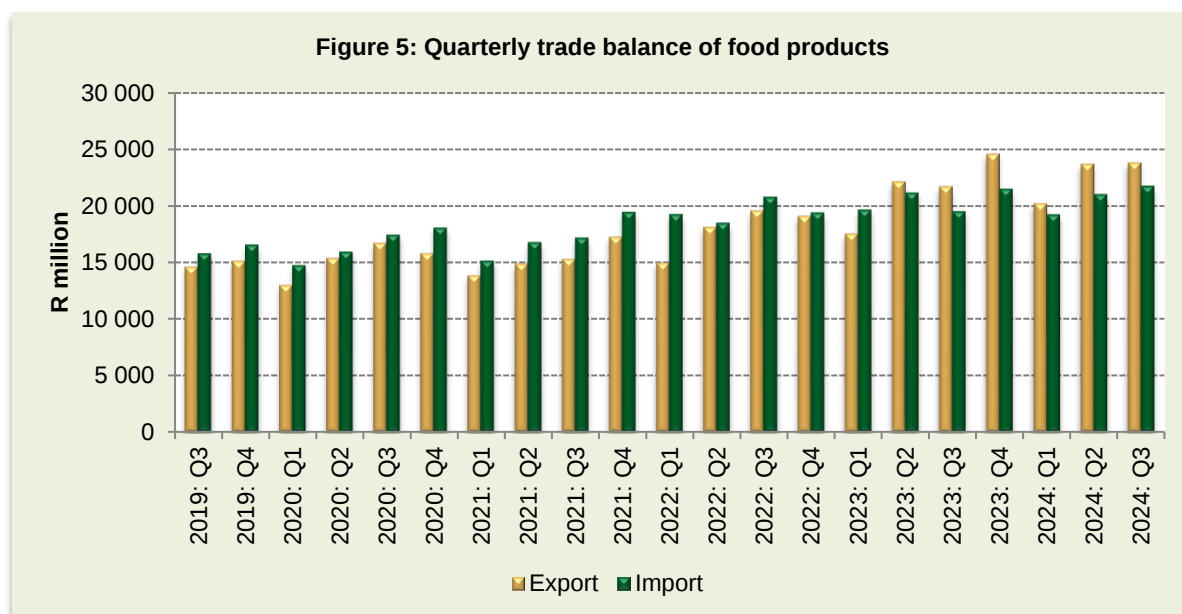


Source: Quantec, 2024

Figure 4 above shows the seasonally adjusted value of sales for the food division. In 2024: Q3, the quarter-to-quarter seasonally adjusted value of sales for meat, fish, fruit, etc. and “other food products” rebounded by 1,7% and 6,5% from a 1,5% and 17,8% contraction in 2024: Q2. respectively. However, dairy products moderated by 0,3% following a 1,8% growth in the last quarter, while grain mill products rose by 0,7% from a 0,4% growth in the preceding quarter.

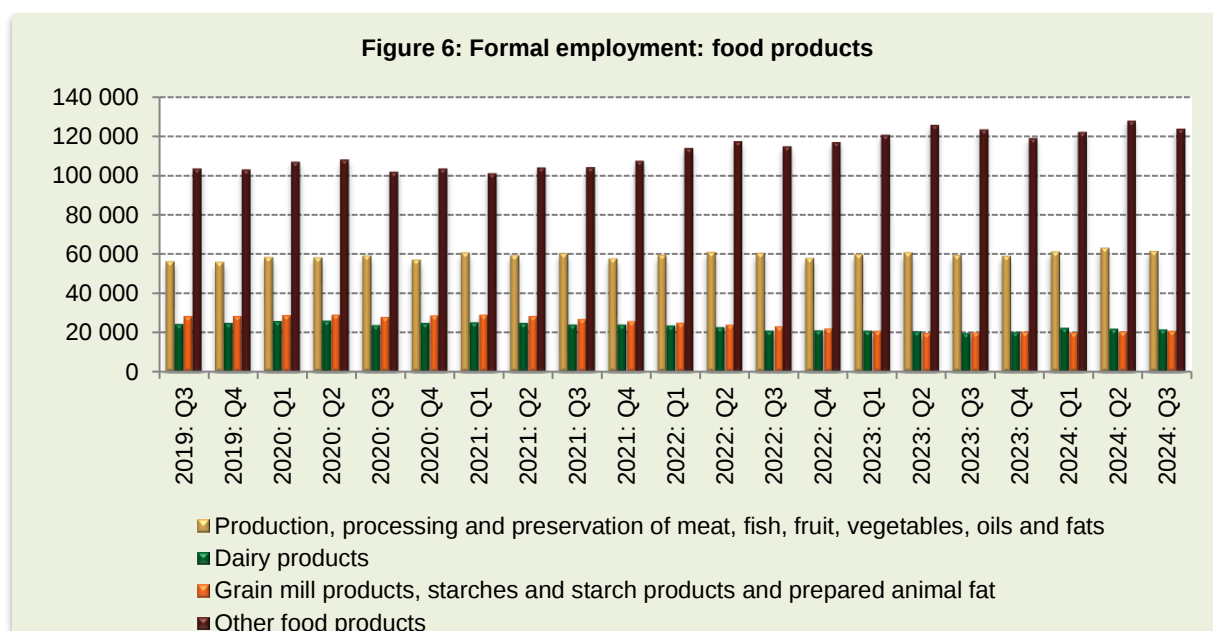
In terms of year-on-year, meat, fish, fruit, etc. moderated by 1,7%, dairy and “other food products” rebounded by 2,9% and 18,1%, respectively, and whole grain mill products receded further by 0,6% in 2024: Q3.

The division as a whole rebounded quarter-to-quarter by 2,6% from a 5,7% contraction in 2023: Q2, similarly, it moderated by 5,4% year-on-year. Therefore, sales for the division as a whole increased to R156 214,0 million in 2024: Q3 from R152 305,3 million in 2024: Q2.



Source: Quantec, (2024)

Figure 5 above shows the trade balance of the food products division from 2019: Q3 to 2024: Q3. In 2024: Q3, the quarter-to-quarter exports and imports of food products moderated by 0,5% and 3,6% from a growth of 17,2% and 9,3%, respectively, in 2024: Q2. However, year-on-year food exports expanded by 9,6%, while imports rebounded by 11,5%. Therefore, the trade surplus for the food products division narrowed from R2 656,5 million in 2024: Q2 to R2 022,1 million in 2024: Q3.



Source: Quantec, 2024

Figure 6 above shows the employment in the food products division from 2019: Q3 to 2024: Q3. In 2024: Q3, the quarter-to-quarter formal employment in the production, processing and preservation of meat, fish, fruit, vegetables, oils and fats contracted by 2,6% following a 3,5% growth in 2024: Q2, dairy products receded further by 1,1% from a 2,7% contraction in 2024: Q2, grain mill products moderated by 1,8% from a 2,0% growth in 2024: Q2 and “other food products” contracted by 3,2% following a 4,8% growth in 2024: Q2.

In terms of year-on-year, employment in meat, fish, fruit, vegetables, oils and fats moderated by 3,4%, dairy products and grain mill products rose by 9,4% and 4,5%, respectively, and “other food products” moderated by 0,3%.

Total employment for the food division as a whole contracted quarter-to-quarter by 2,4% from a 3,4% growth in 2024: Q2, however, it moderated by 2,3% year-on-year. Therefore, approximately 5 609 jobs were shed in 2024: Q3.

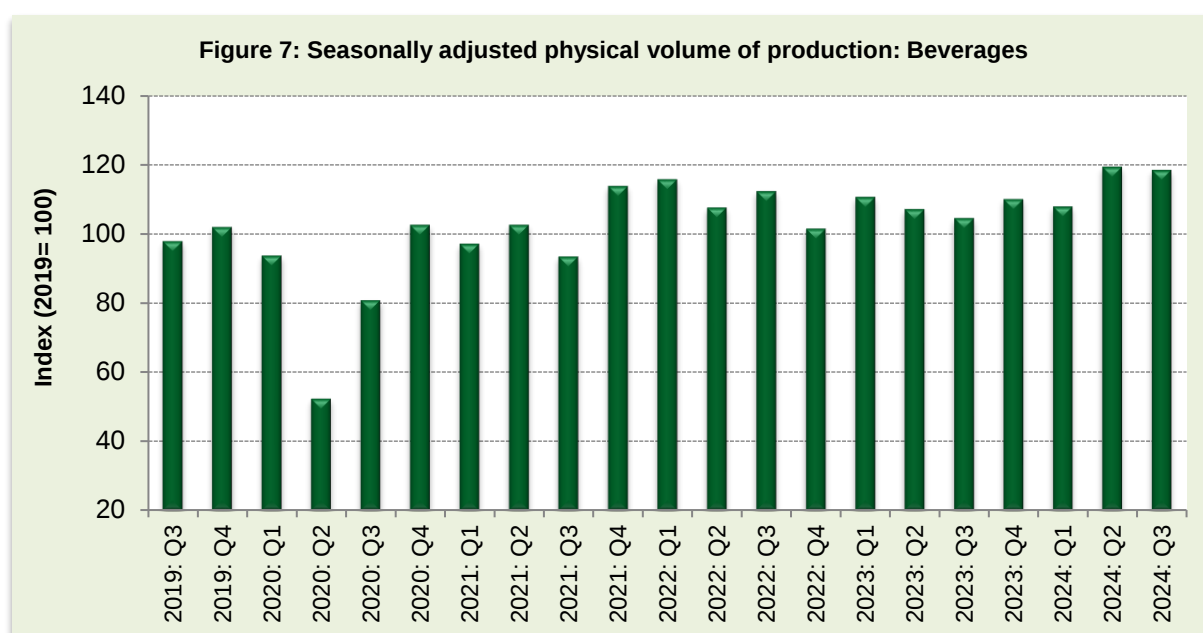
3.2 BEVERAGES

Table 4 below shows the producer price index for the beverages division in 2024: Q3. The quarter-to-quarter producer price index for beverages remained unchanged as compared to a 2,0% growth in 2023: Q2, however, the producer price index moderated by 4,2% year-on-year.

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

Indices			% Change between	
2023: Q3	2024: Q2	2024: Q3	2023: Q3 and 2024: Q3	2024: Q2 and 2024: Q3
99,2	100,0	101,3	2,0	0,0

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: Q3, the seasonally adjusted volume of production for the beverages division contracted by 0,8% following a 10,7% growth in 2024: Q2. However, the division rose by 13,4% year-on-year.

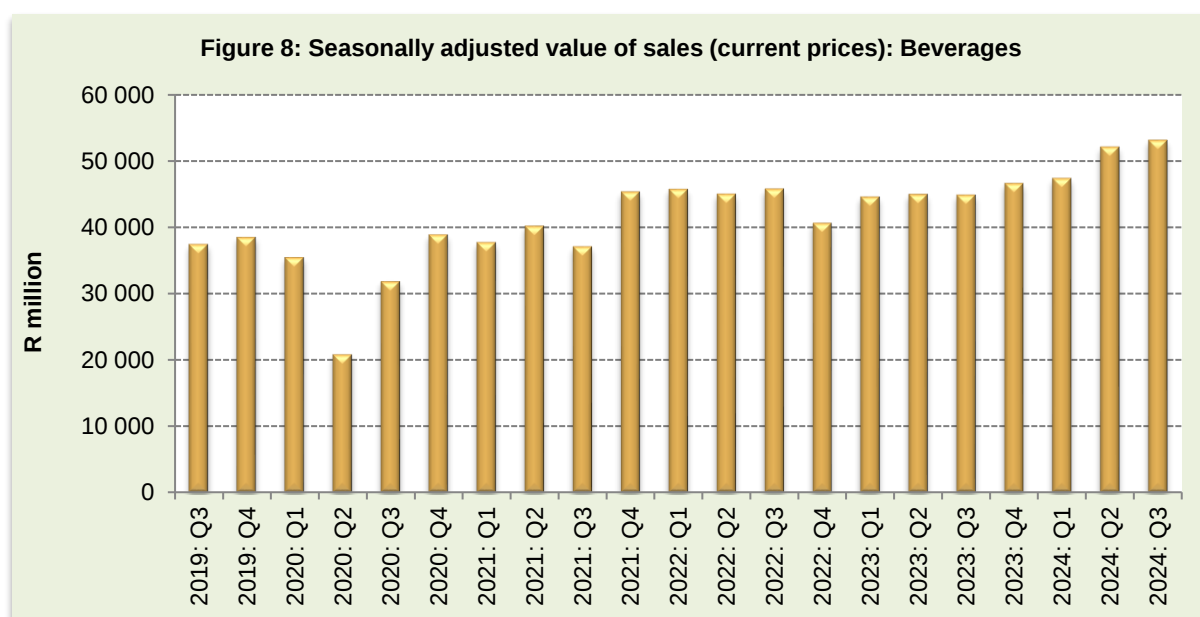
Table 5: Utilisation and reasons for underutilisation of production capacity by large enterprises: Beverages (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of:			Insufficient demand	Other
			Raw materials	Labour:			
				Skilled	Semi and unskilled		
2023: Q3	82,0	18,0	2,2	3,2	0,2	10,3	2,1
2024: Q2	82,0	18,0	1,7	3,2	0,2	10,3	2,6
2024: Q3	82,3	17,7	1,8	3,3	0,2	9,9	2,6

Source: Statistics SA (2024)

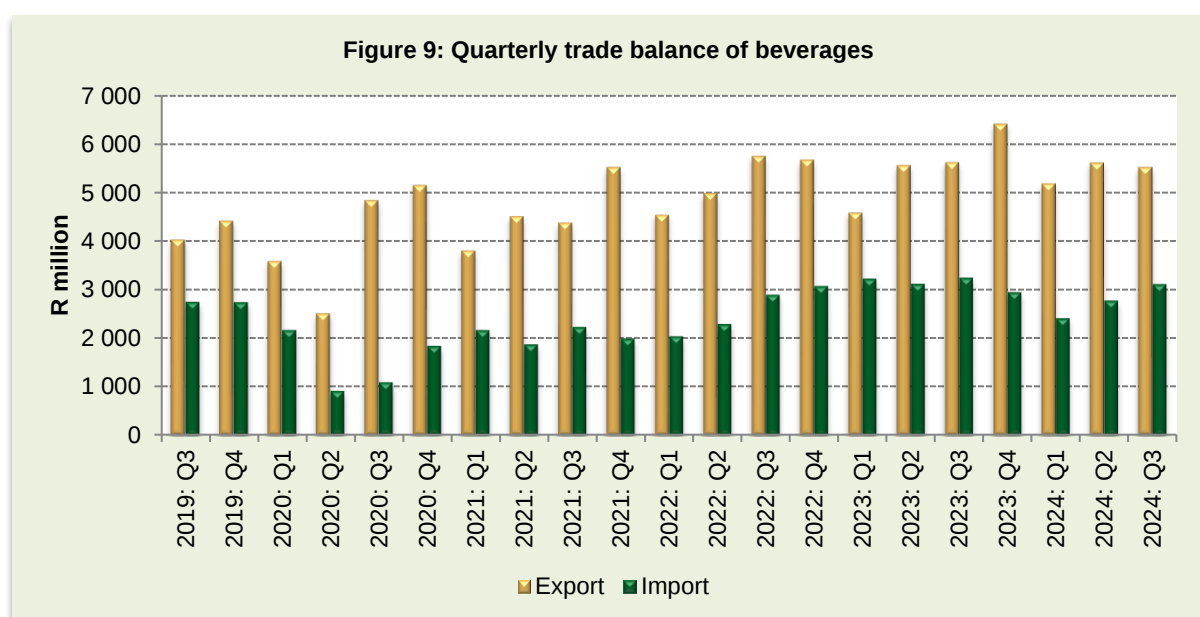
Table 5 above shows the utilisation of production capacity by large enterprises in the beverages division. The utilisation of production capacity increased year-on-year and quarter-

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



Source: Quantec, 2024

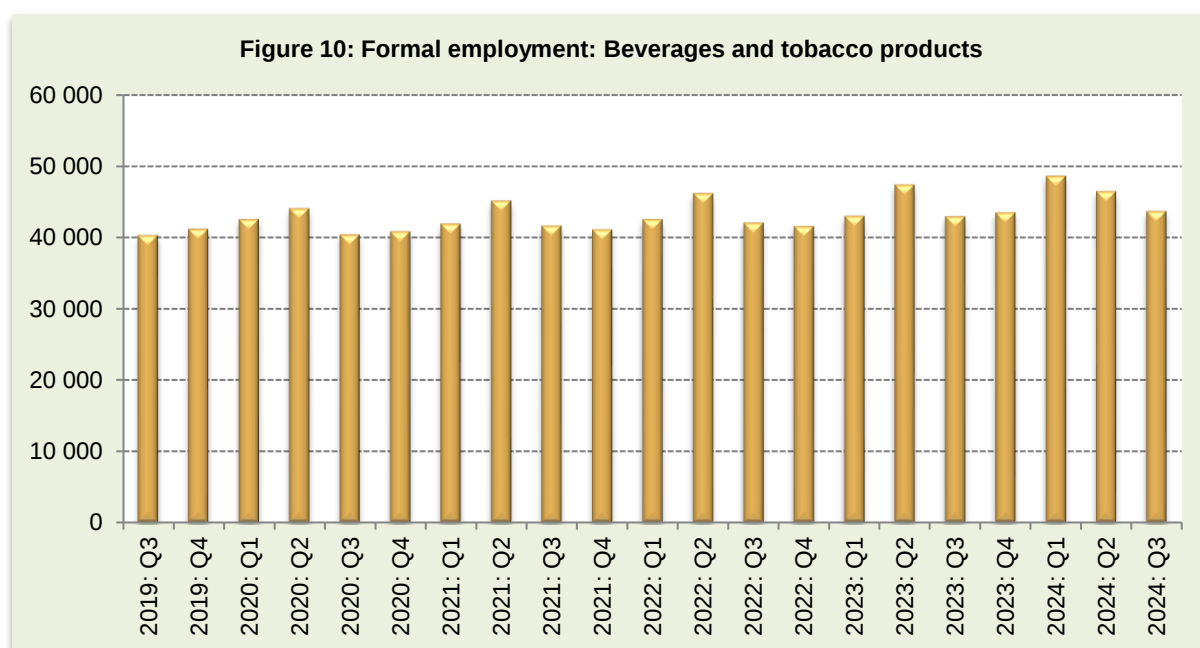
Figure 8 above shows the seasonally adjusted value of sales for the beverages division in 2024: Q3. In 2024: Q3, the seasonally adjusted value of sales for the beverages division moderated by 2,0% from a 9,9% growth in 2024: Q2, however, the division expanded by 18,4% year-on-year. Therefore, sales for the beverages division increased from R52 109,8 million in 2024: Q2 to R53 145,2 million in 2024: Q3.



Source: Quantec, 2024

As Figure 9 shows, in 2024: Q3, the quarter-to-quarter exports of the beverages division contracted by 1,7% following an 8,2% growth in 2024: Q2. Imports of the beverages division, on the other hand, moderated by 12,2% following a 15,2% growth in 2024: Q2.

The year-on-year exports of beverages contracted by 1,8%, while imports receded further by 4,1%. Consequently, the trade surplus of the beverages division narrowed from R2 849,7 million in 2024: Q2 to R2 481,6 million in 2024: Q3.



Source: Statistics SA, (2024)

In 2024: Q3, the quarter-to-quarter employment in the beverages and tobacco products division decelerated by 6,0% following a 4,4% contraction in 2024: Q2, however, the division rebounded by 1,7% year-on-year. As a result, the division shed a further 2 777 jobs in 2024: Q3 (see Figure 10).

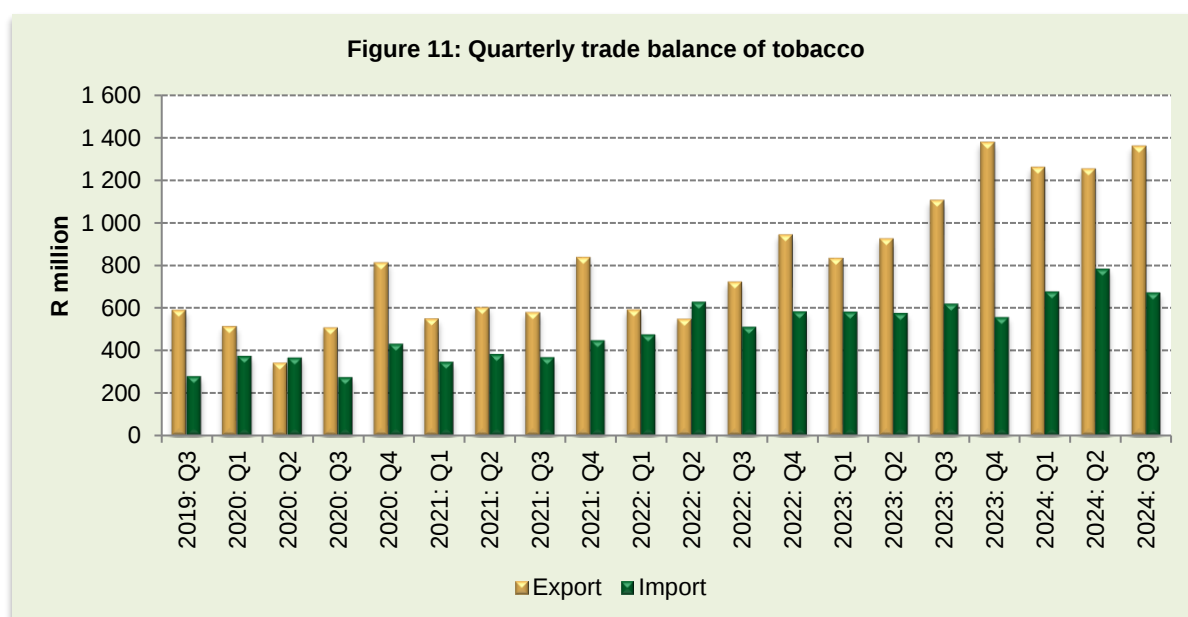
3.3 TOBACCO

Table 6 below shows the producer price index for the tobacco products division. The quarter-to-quarter producer price index of tobacco remained unchanged as compared to a 1,3% growth in 2023: Q2, however, it stagnated at 2,0% year-on-year in 2023: Q3.

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

Indices			% Change between	
2023: Q3	2024: Q2	2024: Q3	2023: Q3 and 2024: Q3	2024: Q2 and 2024: Q3
99,2	100,0	101,3	2,0	0,0

Source: Statistics SA (2024)



Source: Quantec, 2024

Figure 11 shows the trade balance of the tobacco division. The quarter-to-quarter tobacco exports rebounded by 8,5% from a 0,6% contraction in 2024: Q2, however, imports of tobacco contracted by 14,1% following a 15,7% growth in 2024: Q2. The year-on-year tobacco division exports and imports moderated by 22,9% and 8,5%, respectively. Therefore, the trade surplus of the division widened from R472,4 million in 2024: Q2 to R689,0 million in 2024: Q3.

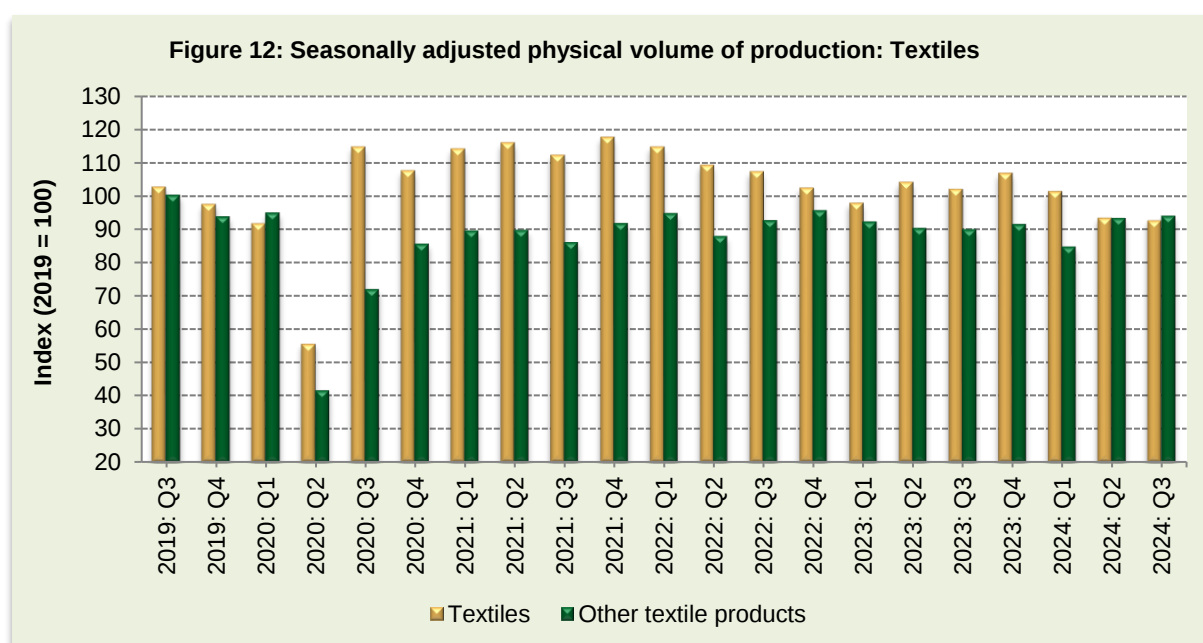
3.4 TEXTILES

Table 7 presents the producer price index for textiles during 2024: Q3. The quarter-to-quarter and producer price index for textiles remained unchanged for the last two consecutive quarter following a 5,7% growth in 2024: Q1, however the producer price index moderated by 9,8% year-on-year in 2024: Q3.

Table 7: Producer price index for textiles (base 2023=100)

	Indices			% Change between	
	2023: Q3	2024: Q2	2024: Q3	2023: Q3 and 2024: Q3	2024: Q2 and 2024: Q3
Textiles	97,9	100,0	107,5	9,8	0,0

Source: Statistics SA (2024)

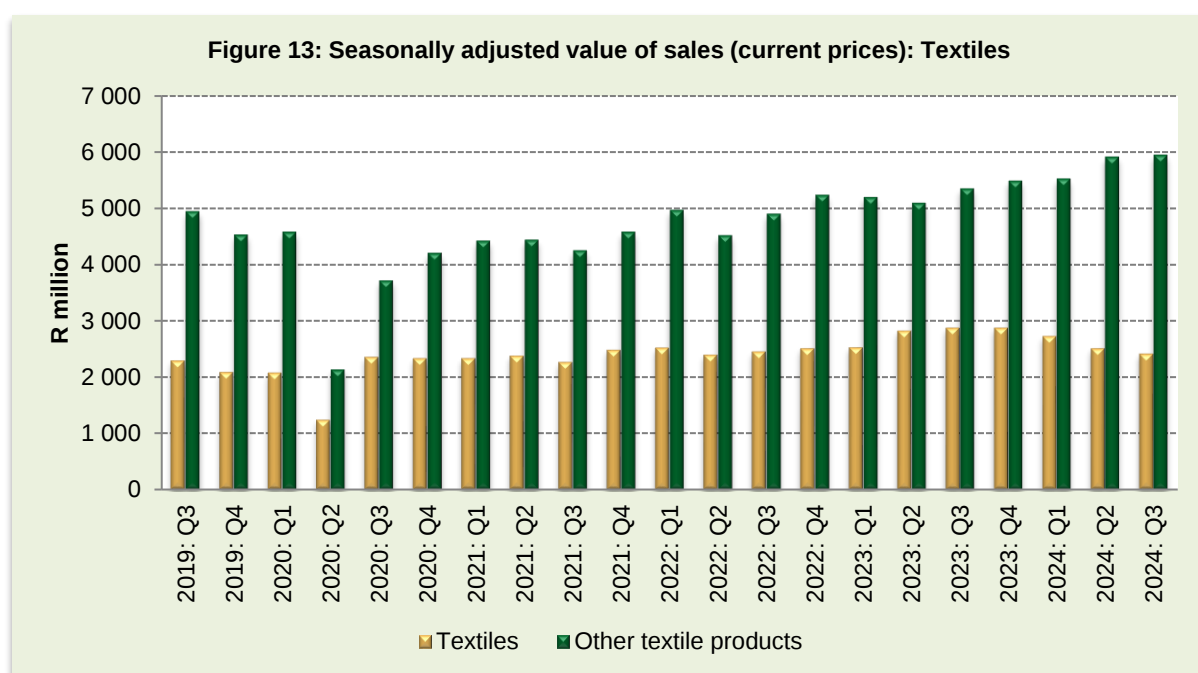


Source: Quantec, 2024

In 2024: Q3, the quarter-to-quarter seasonally adjusted volume of production for the textiles division receded further by 0,8% following a 7,8% growth in 2024: Q2. “Other textiles”, on the other hand, moderated by 0,6% from a 10,2% growth registered in 2024: Q2.

In terms of year-on-year, the textiles division receded further by 9,2%, while the “other textiles” division rose by 4,5%.

The division as a whole contracted quarter-to-quarter by 0,1% from a 0,4% growth in 2024: Q2, however, the division receded further by 2,8% year-on-year (see Figure 12).



In 2024: Q3, the quarter-to-quarter seasonally adjusted value of sales for the textiles division receded further by 3,9% from an 8,0% growth in 2024: Q2. “Other textiles” moderated by 0,6% following a 7,1 growth in 2024: Q2.

In terms of year-on-year, the textiles division decelerated by 16,0% and “other textiles” moderated by 11,2% in 2024: Q3.

The division as a whole contracted quarter-to-quarter by 0,7% in 2024: Q3 from a 2,1% growth in 2024: Q2, however, the division moderated by 1,7% year-on-year. Therefore, sales for the textiles division as a whole decreased from R8 420,3 million in 2024: Q2 to R8 357,6 million in 2024: Q3 as illustrated in figure 13.

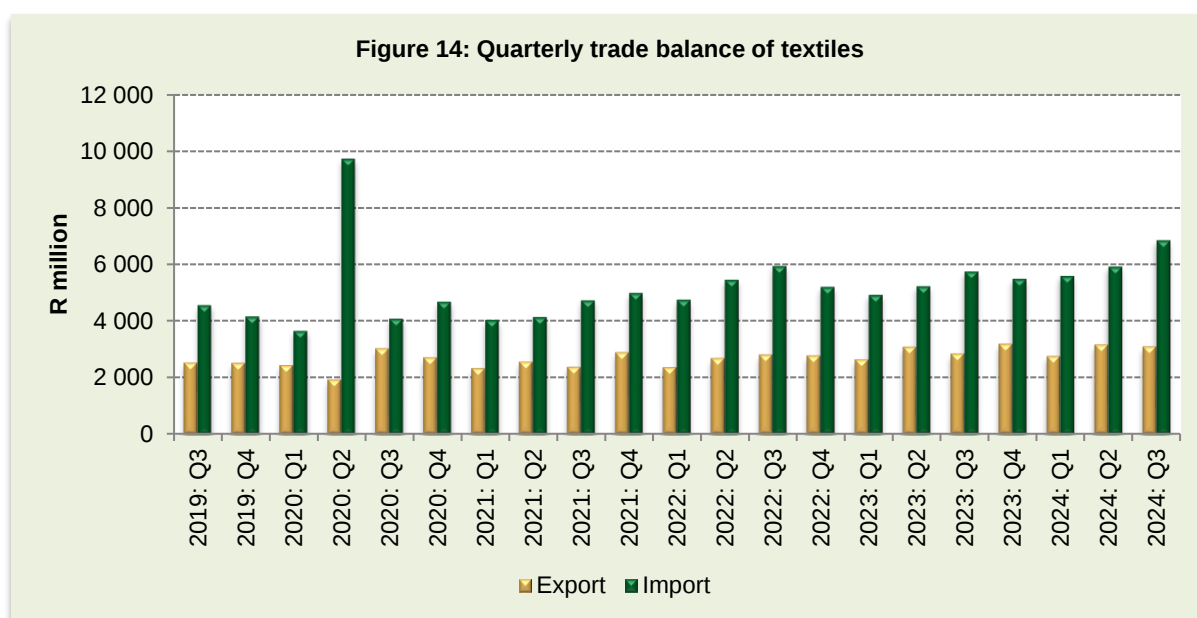
Table 8: Utilisation and reasons for underutilisation of production capacity by large enterprises: Textiles (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of:			Insufficient demand	Other
			Raw materials	Labour:			
				Skilled	Semi and unskilled		
2023: Q3	66,2	33,8	2,0	0,6	0,0	23,6	7,6

2024: Q2	65,3	34,7	2,3	0,9	0,0	24,3	7,2
2024: Q3	66,0	34,0	2,5	0,8	0,1	23,0	7,7

Source: Statistics SA (2024)

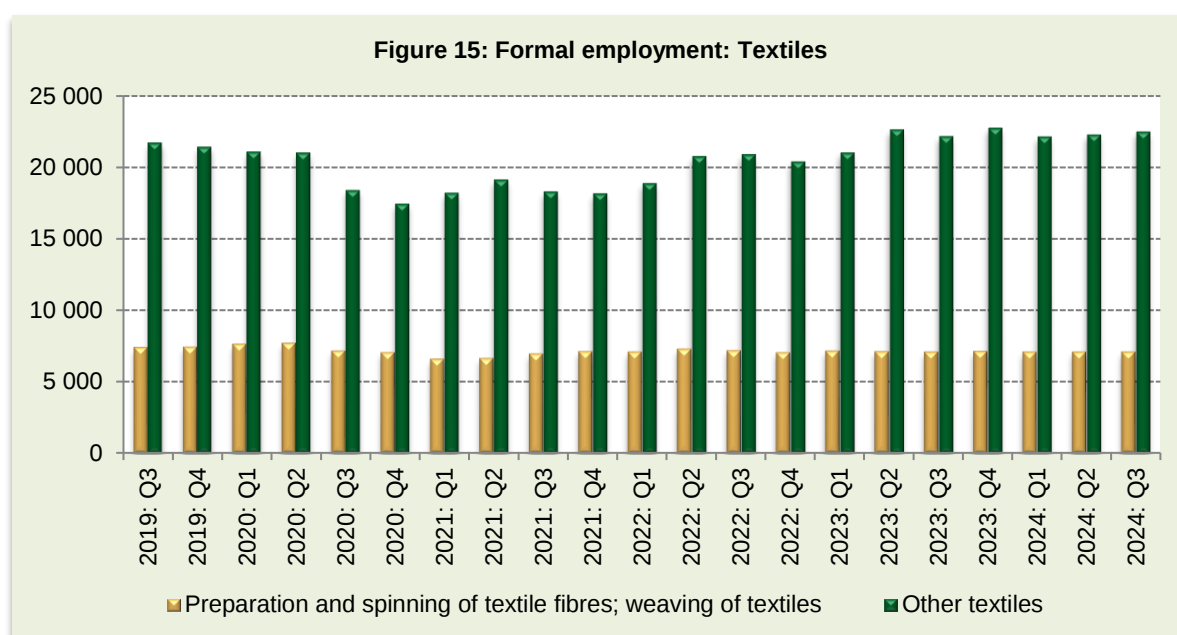
Table 8 presents the utilisation of production capacity by large enterprises in the textiles division in 2024: Q3. The year-on-year utilisation of production capacity decreased by 0,2 percentage points, however, it increased quarter-to-quarter by 0,7 percentage points. Insufficient demand remains the 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

Figure 14 above shows the quarterly trade balance of the textiles division. In 2024: Q3, the quarter-to-quarter textiles exports contracted by 1,9% following a 14,8% growth in 2024: Q2, however, the textile imports expanded by 15,8% as compared to a 5,8% growth in 2024: Q2.

The year-on-year exports and imports of textiles division rose by 9,0% and 19,2%, respectively, in 2024: Q3. As a result, the trade deficit of the textiles division widened from R2 778,3 million in 2024: Q2 to R3 773,3 million in 2024: Q3.



Source: Quantec, 2024

In 2024: Q3, quarter-to-quarter employment in the “other textiles” division expanded by 0,9% as compared to a 0,6% growth in 2024: Q2. Preparation and spinning of textile fibre; weaving of textiles division, however, remained unchanged for the last two consecutive quarters following a contraction of 0,6% in 2024: Q1.

The year-on-year “other textiles” division rebounded by 1,4%, while preparation and spinning of textiles fibre; weaving of textiles division remained unchanged following a contraction of 0,4% in 2024: Q2.

The division as a whole rose quarter-to-quarter by 0,7% following a 0,4% growth in 2024: Q3, however, it expanded by 1,0% year-on-year, therefore 205 jobs were created in 2024: Q3 (see Figure 15).

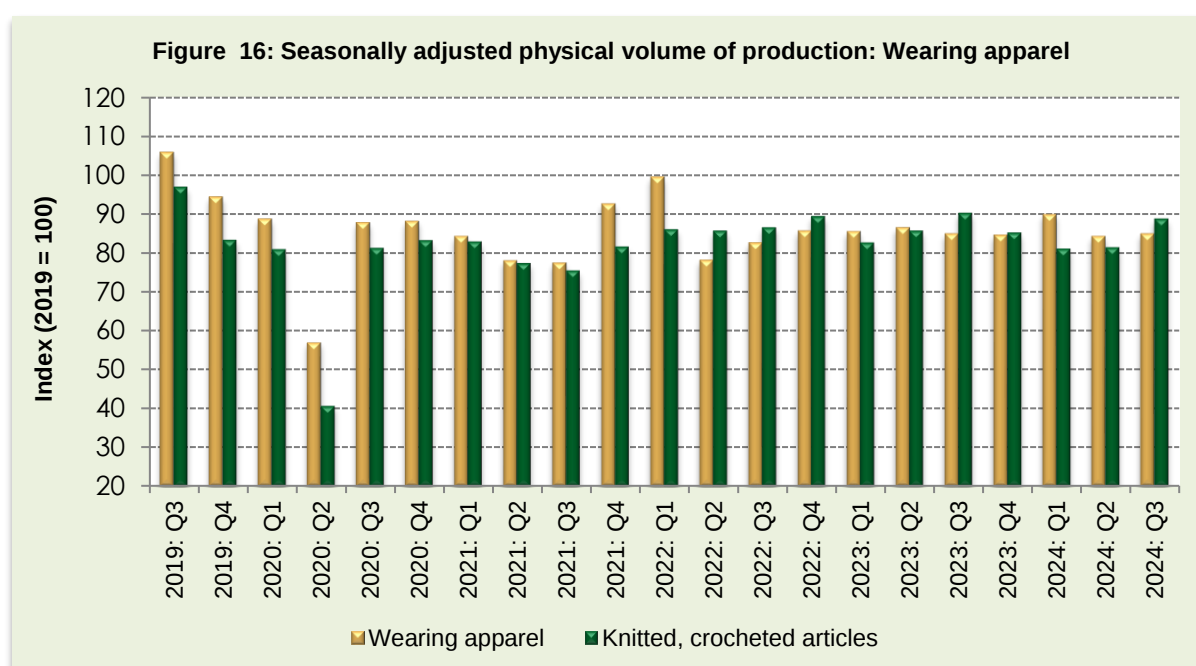
3.5 WEARING APPAREL

Table 9 below shows the producer price index for wearing apparel division in 2024: Q3. The quarter-to-quarter and year-on-year producer price index for wearing apparel expanded by 2,9% and 4,9%, respectively, in 2024: Q3.

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

	Indices			% Change between	
	2023: Q3	2024: Q2	2024: Q3	2023: Q3 and 2024: Q3	2024: Q2 and 2024: Q3
Domestic output					
Wearing apparel	98,1	100	102,9	4,9	2,9

Source: Statistics SA (2024)



Source: Quantec, 2024

Figure 16 shows the seasonally adjusted physical volume of production for wearing apparel. During 2024: Q3, the quarter-to-quarter seasonally adjusted volume of production for the wearing apparel division rebounded by 0,8% as compared to a contraction of 6,2% in 2024: Q2. The knitted, crocheted articles division, on the other hand, expanded by 9,1% from a growth of 0,4% in 2024: Q2.

The seasonally adjusted physical volume of production for wearing apparel division remained unchanged year-on-year as compared to a contraction of 2,6%, %, while knitted, crocheted articles division receded further by 1,6%.

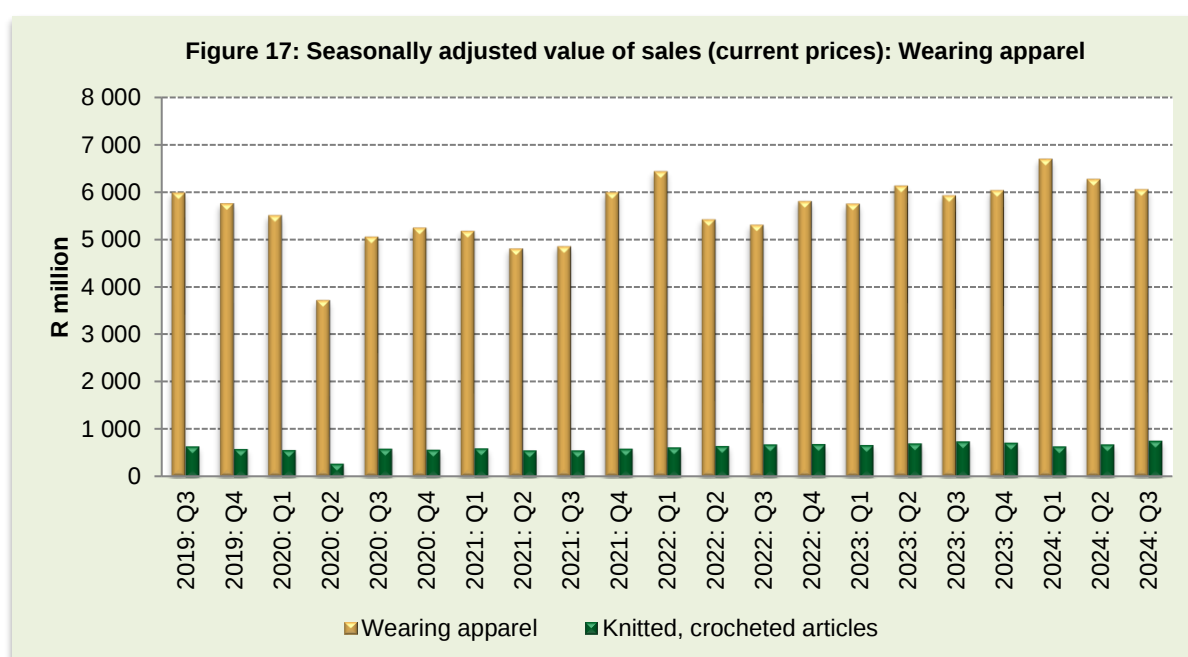
The division as a whole rebounded quarter-to-quarter by 4,9% from a 3,1% contraction in 2024: Q2. However, the division receded further by 0,8% year-on-year in 2024: Q3.

Table 10: 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		
2023: Q3	74,9	25,1	0,4	1,6	0,4	18,4	4,3
2024: Q2	73,4	26,6	1,0	1,3	0,4	19,2	4,6
2024: Q3	74,7	25,3	0,7	1,3	0,4	18,6	4,2

Source: Statistics SA (2024)

Table 10 shows the percentage of utilisation and reasons for underutilisation of production capacity by large enterprises for the wearing apparel division in 2024: Q3. The year-on-year utilisation of production capacity decreased by 0,2 percentage points, however, it increased quarter-to-quarter by 1,3 percentage points. Insufficient demand remained the key reason for underutilisation of production capacity, followed by other reasons such as seasonal factors.

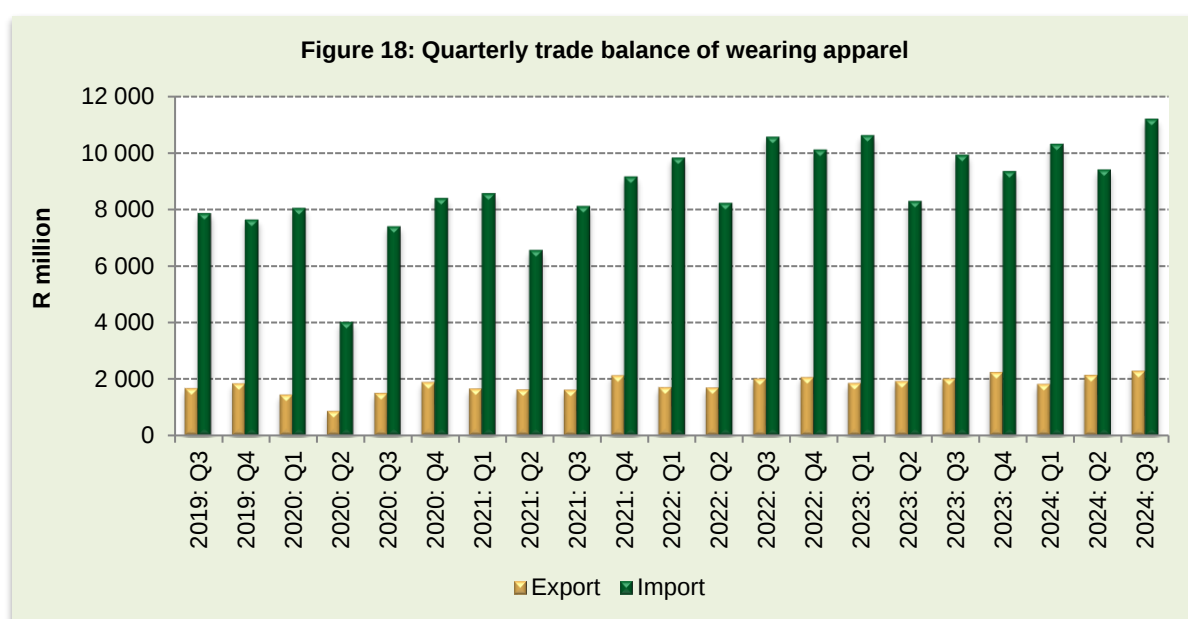


Source: Quantec, 2024

Figure 17 presents seasonally adjusted value of sales for the wearing apparel division in 2024: Q3. In 2024: Q3, the quarter-to-quarter seasonally adjusted value of sales for the knitted, crocheted articles division expanded by 10,8% from a 6,7% growth in 2024: Q2; the wearing apparel division, on the other hand, receded further by 3,4% in 2024: Q3 following a 6,4% contraction in 2024: Q2.

The year-on-year wearing apparel division moderated by 2,2%, while the knitted, crocheted articles division rebounded by 2,4%.

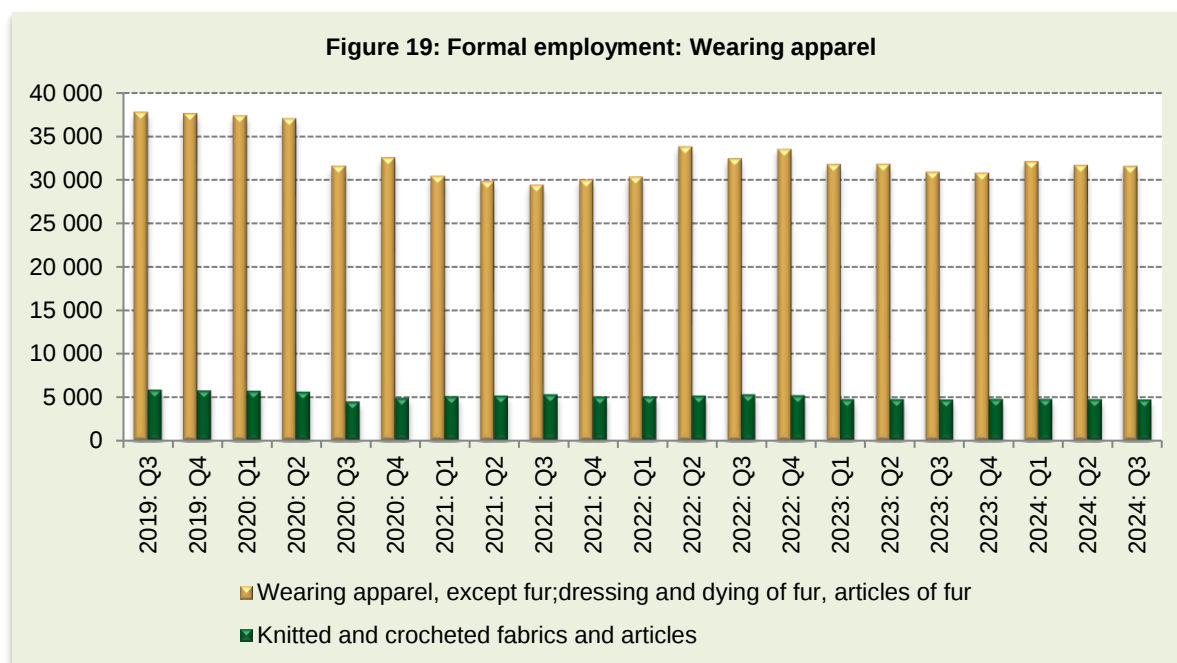
The wearing apparel division as a whole receded further by 2,0% quarter-to-quarter in 2024: Q3 as compared to a 5,3% contraction in 2024: Q2, however, it expanded by 2,2% year-on-year. The sales in the wearing apparel division as a whole decreased from R6 948,0 million in 2024: Q2 to R6 806,5 million in 2024: Q3.



Source: Quantec, 2024

Figure 18 shows the quarterly trade balance for the wearing apparel division. In 2024: Q3, the quarter-to-quarter exports of wearing apparel moderated by 6,9% from a 17,8% growth in 2024: Q2, however, imports rebounded by 19,0% from an 8,8% contraction in 2024: Q2.

The year-on-year exports and imports expanded by 14,0% and 12,7%, respectively, in 2024: Q3. As a result, the trade deficit widened from R7 267,2 million in 2024: Q2 to R8 909,8 million in 2024: Q3.



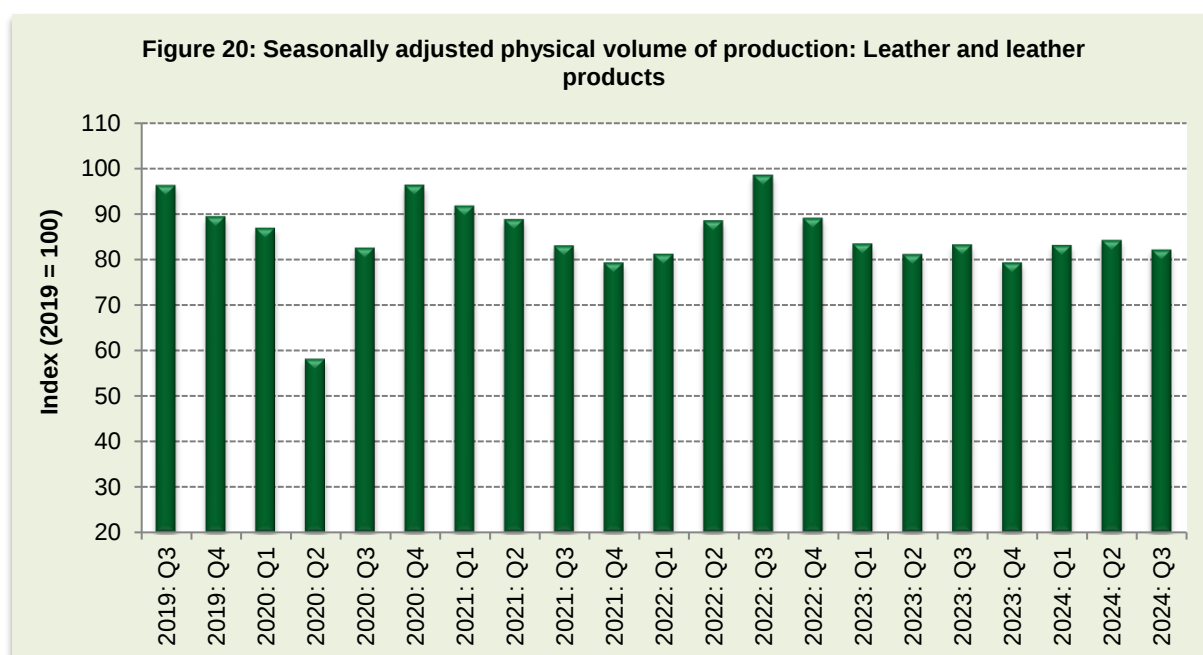
Source: Statistics SA (2024)

In 2024: Q3, the quarter-to-quarter formal employment for the knitted, crocheted articles and wearing apparel divisions, except the fur division, receded further by 0,3% following a 1,0% contraction in 2024: Q3. However, wearing apparel receded further by 0,3% from a 1,4% contraction in 2024: Q2.

The year-on-year knitted, crocheted fabric and articles and wearing apparel divisions, except the fur division, rebounded by 0,5% and 2,2%, respectively, in 2024: Q3.

The division as a whole, receded further quarter-to-quarter by 0,3% following a 1,3% contraction in 2024: Q2, however, it rebounded by 2,0% year-on-year. As a result, a further 110 jobs were shed as Figure 19 shows.

3.6 LEATHER AND LEATHER PRODUCTS



Source: Quantec, 2024

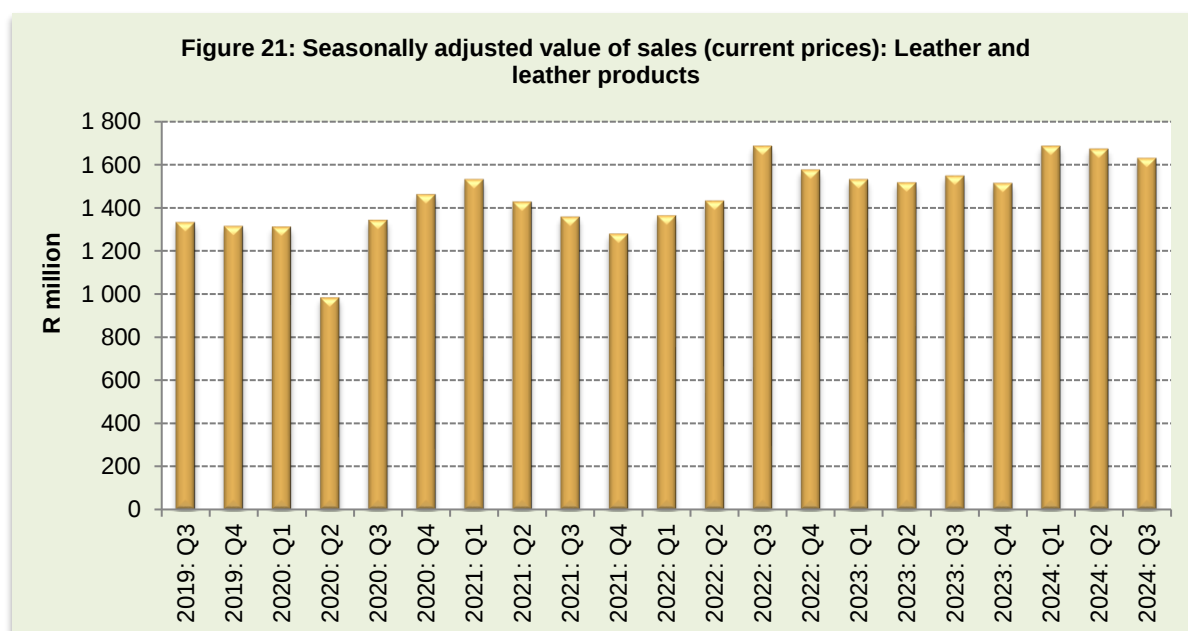
During 2024: Q3, the seasonally adjusted physical volume of production for the leather and leather products division contracted by 2,5% from a 1,4% growth in 2024: Q2. Similarly, the division contracted by 1,3% year-on-year (see Figure 20).

Table 11: Utilisation and reasons for underutilisation of production capacity by large enterprises: Leather and leather products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisa tion	Shortage of:			Insufficient demand	Other
			Raw materials	Labour:			
				Skilled	Semi and unskilled		
2023: Q3	57,6	42,4	2,8	0,5	0,9	36,7	1,6
2024: Q2	54,4	45,6	7,8	0,5	1,1	33,0	3,3
2024: Q3	64,0	36,0	3,5	0,5	1,1	30,9	0,0

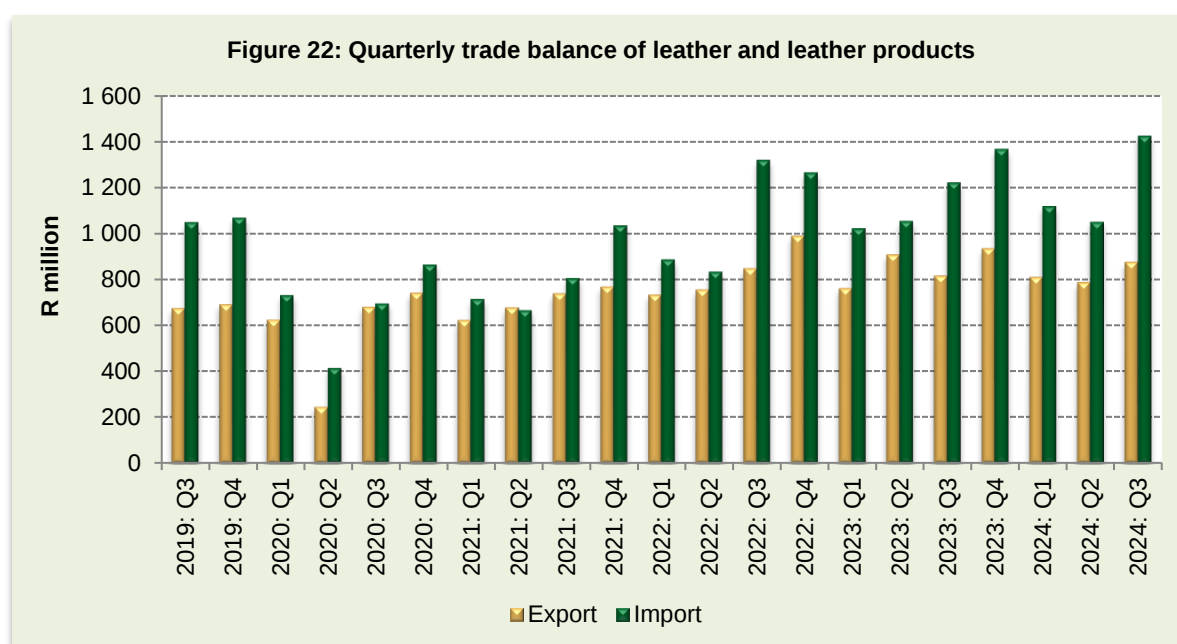
Source: Statistics SA (2024)

The utilisation of production capacity by large enterprises in the leather and leather products division increased year-on-year and quarter-to-quarter by 6,4% and 9,6 percentage points, respectively. Insufficient demand and a shortage of raw materials remain the reasons for underutilisation during 2024: Q3 (see table 11).



Source: Quantec, 2024

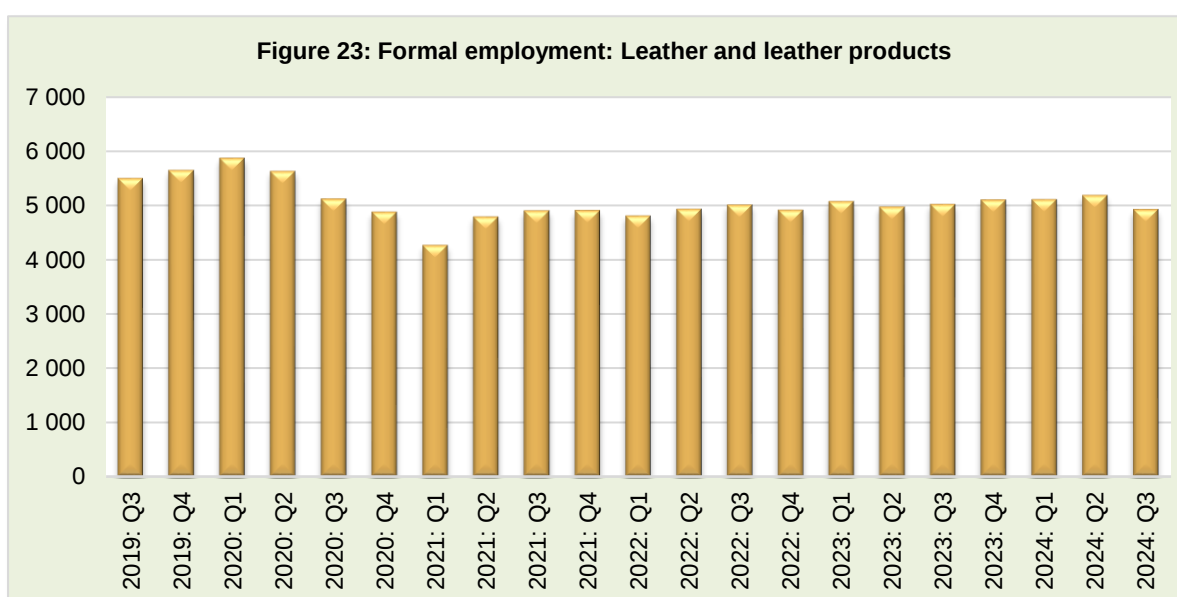
The quarter-to-quarter seasonally adjusted value of sales for leather and leather products division decelerated by 2,6% in 2024: Q3 from a 0,8% contraction in 2024: Q2, however, the division moderated year-on-year by 5,3% (see Figure 21). Therefore, the value of sales for leather and leather products division decreased from about R1 672,1 million in 2024: Q2 to R1 628,5 million in 2024: Q3.



Source: Quantec, 2024

Figure 22 above presents the quarterly trade balance of the leather and leather products division. In 2024: Q3, the quarter-to-quarter leather and leather products division exports rebounded by 11,2% from a 2,9% contraction in 2024: Q2. Similarly, imports rebounded by 35,7% from a contraction of 6,1% in 2024: Q2.

The year-on-year exports and imports rebounded by 7,3% and 16,6%, respectively. As a result, the trade deficit widened from R262,8 million in 2024: Q2 to R549,2 million in 2024: Q3.



Source: Statistics SA (2024)

The quarter-to-quarter formal employment in the leather and leather products division contracted by 5,0% in 2024: Q3 from a 1,5% growth in 2024: Q2, however, the division contracted by 1,9% year-on-year. As a result, 259 jobs were lost in 2024: Q3 for the division (see Figure 23).

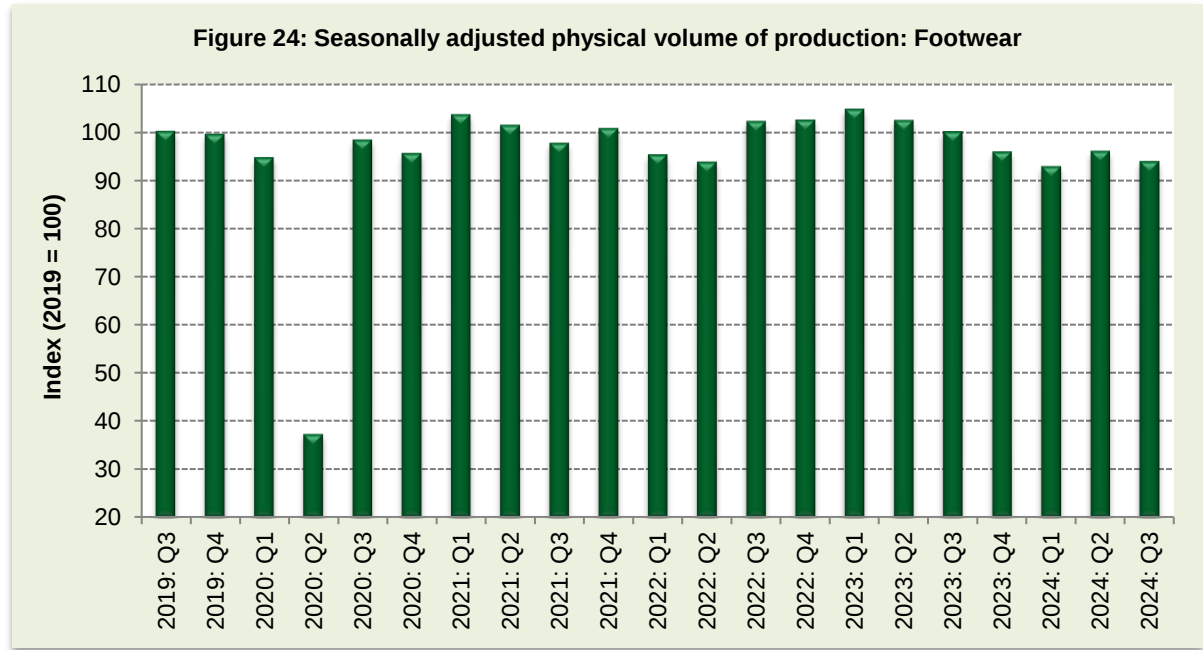
3.7 FOOTWEAR

Table 12 presents the producer price index for the footwear division. The quarter-to-quarter producer price index for the domestic output of the footwear division has been stagnant for the last two consecutive quarters as compared to a 2,8% growth in 2024: Q1. However, the index moderated by 2,8% year-on-year.

Table 12: Producer price index for footwear (base 2023=100)

Indices			% Change between	
2023: Q3	2024: Q2	2024: Q3	2023: Q3 and 2024: Q3	2024: Q2 and 2024: Q3
Domestic output				
100,0	100,0	102,8	2,8	0,0

Source: Statistics SA (2024)



Source: Quantec, 2024

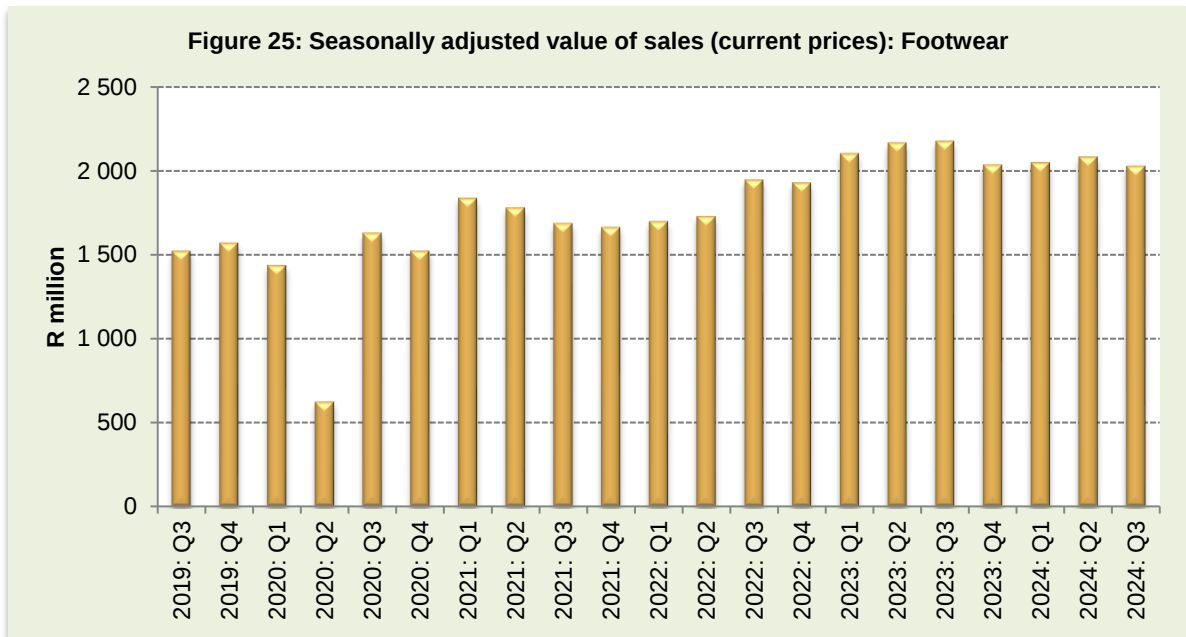
In 2024: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for the footwear division contracted by 2,3% from a 3,4% growth in 2024: Q2, however, the division contracted further by 6,2% year-on-year (see Figure 24).

Table 13: 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: Q3	83,4	16,6	4,4	1,1	0,5	10,6	0,0
2024: Q2	77,0	23,0	7,2	1,0	0,0	14,8	0,0
2024: Q3	79,2	20,8	7,8	1,0	0,0	12,1	0,0

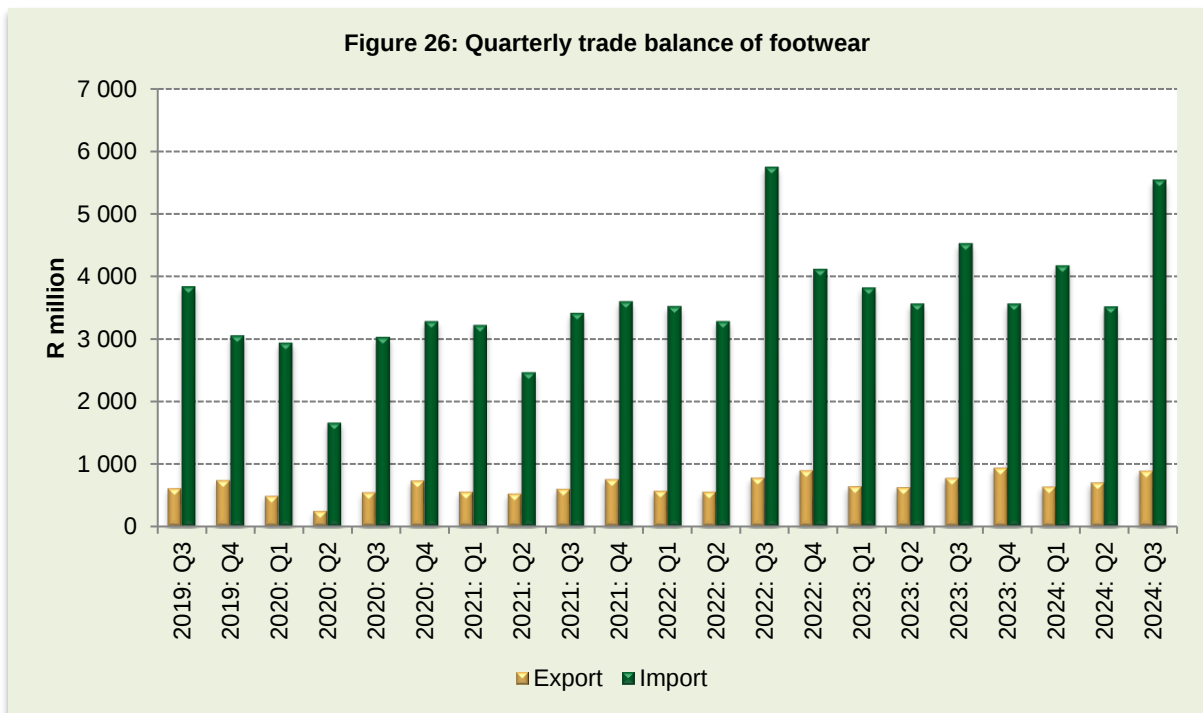
Source: Statistics SA (2024)

During 2024: Q3, the utilisation of production capacity by large enterprises in the footwear division increased year-on-year and quarter-to-quarter by 4,2 and 2,2 percentage points, respectively. Insufficient demand remains the main reason behind low-capacity utilisation, followed by a shortage of raw materials (see Table 13).



Source: Quantec, 2024

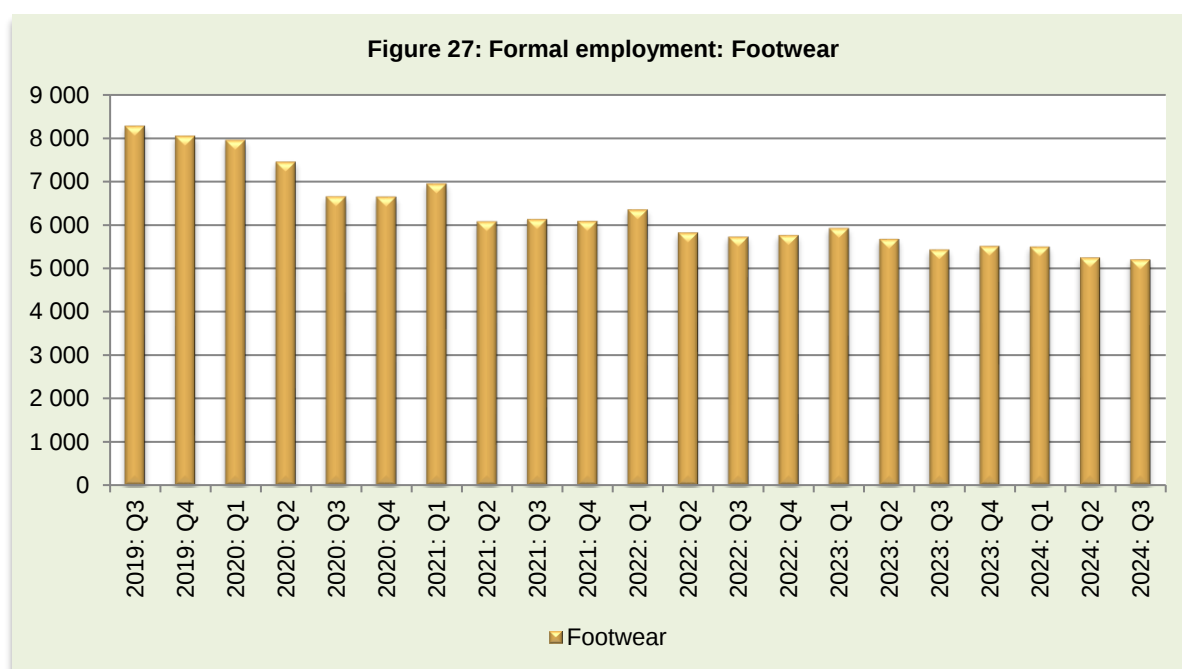
In 2024: Q3, the quarter-to-quarter seasonally adjusted value of sales for the footwear division contracted by 2,7% following a 1,7% growth in 2024: Q2, however, the division decelerated year-on-year by 6,9%. Therefore, value of sales for the footwear division decreased from R2 084,3 million in 2024: Q2 to R2 027,5 million in 2024: Q3 (see Figure 25).



Source: Quantec, 2024

In 2024: Q3, the quarter-to-quarter exports for the footwear division rose 26,7% from a 11,1% growth in 2024: Q2. Imports, however, rebounded by 57,7% following an 15,8% growth in 2024: Q2.

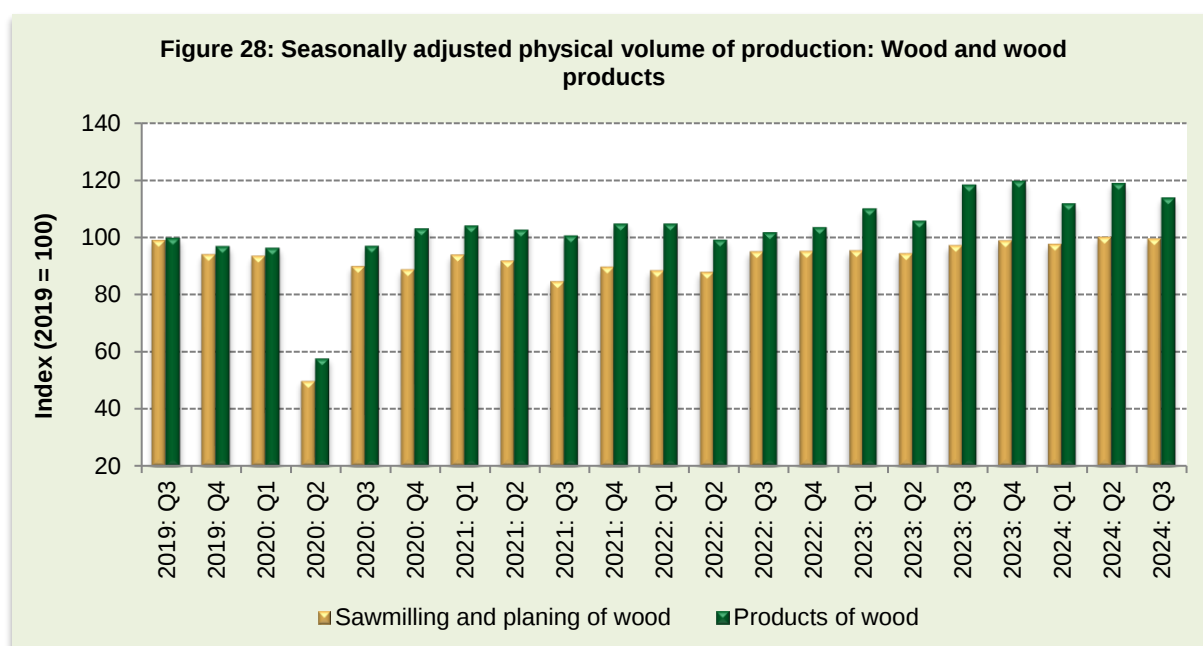
The year-on-year footwear division exports rose by 15,4%, however, imports rebounded by 22,5% in 2024: Q3. As a result, the trade deficit widened from R2 802,8 million in 2024: Q2 to R4 639,6 million in 2024: Q3 (see Figure 26).



Source: Statistics SA (2024)

In 2024: Q3, the quarter-to-quarter formal employment in the footwear division receded further by 0,7% from a 4,5% contraction in 2024: Q2. Similarly, the formal employment of the footwear division receded further year-on-year by about 4,2%. As a result, the footwear division shed a further 39 jobs in 2024: Q3 (see Figure 27).

3.8 WOOD AND WOOD PRODUCTS



Source: Quantec, 2024

During 2024: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for sawmilling and planing of woods division contracted by 0,6% following a 2,6% growth in 2024: Q2. Products of wood, on the other hand, rebounded by 4,3% from an 6,4% growth in 2024: Q2.

The year-on-year seasonally adjusted physical volume of production for sawmilling and planing of woods division moderated by 2,5%, while products of wood rebounded by 3,8%.

The division as a whole contracted by 2,6% quarter-to-quarter following a growth of 4,6% in 2024: Q2. Similarly, the division as a whole contracted by 1,0% year-on-year.

Table 14: Utilisation and reasons for underutilisation of production capacity by large enterprises: Wood and wood products (percentage)

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

2023: Q3	81,1	18,9	2,6	0,8	0,2	9,3	6,0
2024: Q2	80,4	19,6	2,0	0,7	0,0	9,4	7,4
2024: Q3	81,1	18,9	2,0	0,7	0,0	9,3	6,9

Source: Statistics SA (2024)

Table 14 shows the utilisation of production capacity by large enterprises in the wood and wood products division. The utilisation of production capacity stagnated year-on-year, however, it increased quarter-to-quarter by 0,7 percentage points in 2024: Q3. Insufficient demand remained a reason for underutilisation during 2024: Q3, followed by other reasons such as lower productivity.

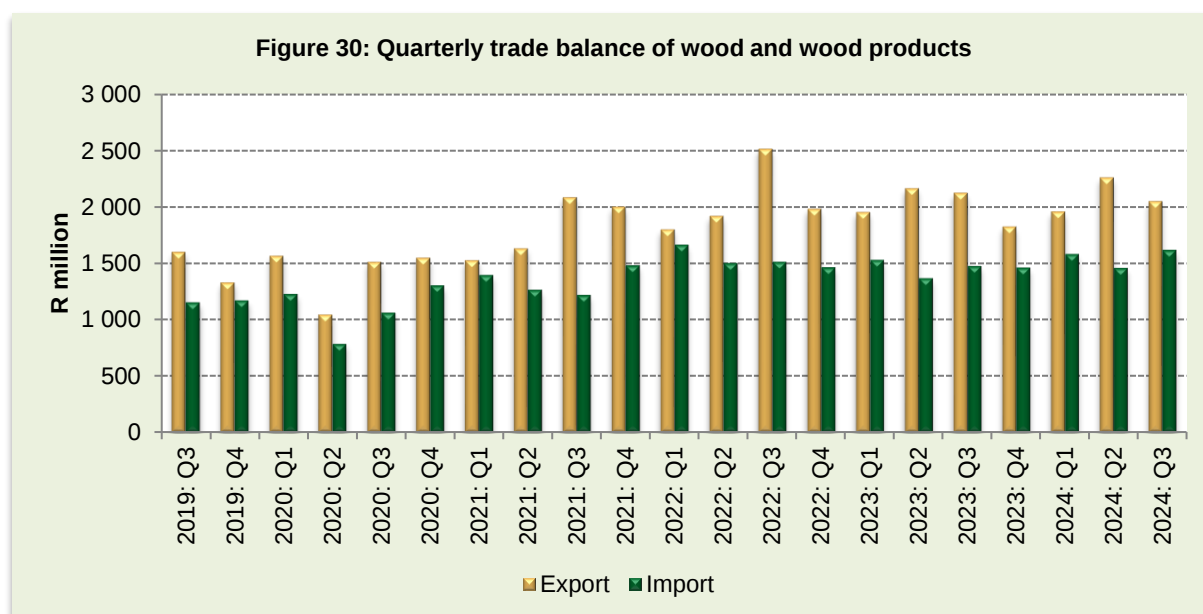


Source: Quantec, 2024

During 2024: Q3, the quarter-to-quarter seasonally adjusted value of sales for sawmilling and planing of wood division moderated by 1,6% from a 0,4% growth in 2024: Q2. Sales for the products of wood division contracted quarter-to-quarter by 7,7% in 2024: Q3 as compared to an 8,3% growth in 2024: Q2.

The year-on-year value of sales for sawmilling and planing of wood division receded further by 0,6%, while products of wood contracted by 4,7% in 2024: Q3.

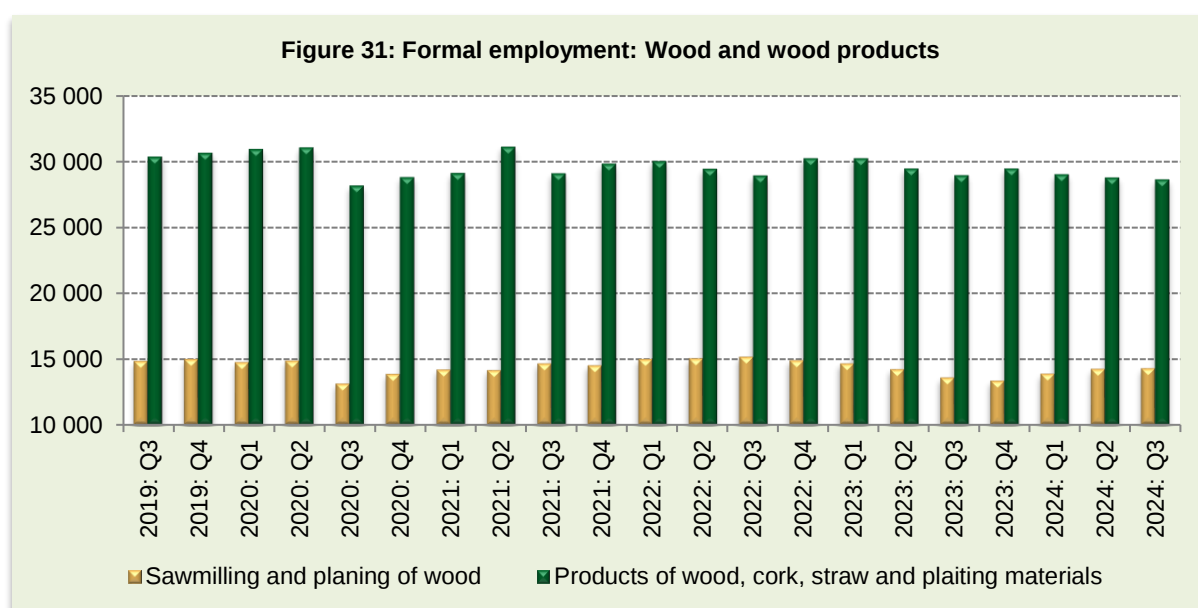
The division as a whole contracted quarter-to-quarter by 4,2% from a 5,2% growth in 2024: Q2 (see Figure 29). Similarly, the division contracted by 3,1% year-on-year. The sales in the wood division decreased from R11 788,2 million in 2024: Q2 to R11 291,8 million in 2024: Q3.



Source: Quantec, 2024

The quarter-to-quarter imports of wood and wood products rebounded by 10,9% following a 7,8% contraction in 2024: Q2, however, exports of the wood and wood products division contracted by 9,4% from a 15,4% growth in 2024: Q2.

The year-on-year exports of wood and wood products contracted by 3,5%, while imports rose by 9,6%. As a result, the trade surplus narrowed from R805,6 million in 2024: Q2 to approximately R435,9 million in 2024: Q3 (see Figure 30).



Source: Statistics SA (2024)

In 2024: Q3, the quarter-to-quarter employment in products of wood, cork, straw, and plaiting material receded further by 0,5% from a 0,9% contraction in 2024: Q2, sawmilling and planing of wood moderated by 0,3% from a 2,7% growth in 2024: Q3.

In terms of year-on-year, products of wood receded further by 1,1%, while sawmilling and planing of wood rose by 5,0%.

The division as a whole contracted quarter-to-quarter by 0,2%, however, it rebounded by 0,8% year-on-year. As a result, the division as a whole shed 97 jobs in 2024: Q3 (see Figure 31).

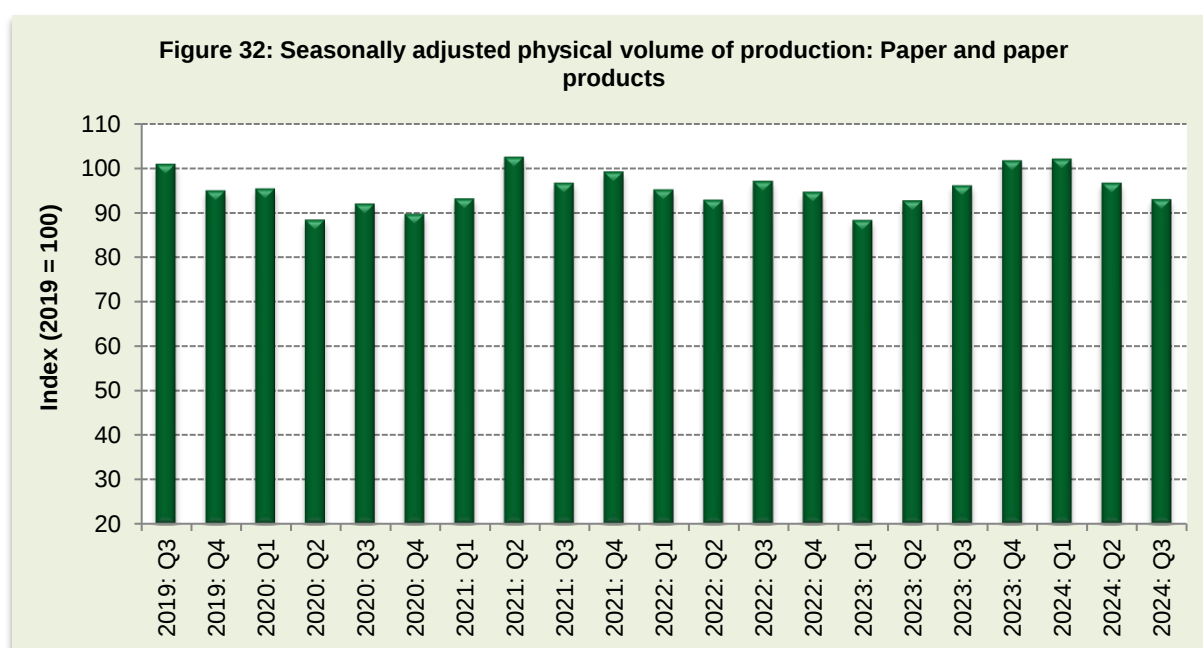
3.9 PAPER AND PAPER PRODUCTS

In 2024: Q3, the quarter-to-quarter producer price for paper and paper products moderated by 0,6%, however, the index expanded by 2,9% year-on-year as illustrated in Table 15.

Table 15: Producer price index for paper and paper products (base 2023=100)

	Indices			% Change between	
	2023: Q3	2024: Q2	2024: Q3	2023: Q3 and 2024: Q3	2024: Q2 and 2024: Q3
Domestic output					
Paper and paper products	99,6	101,9	102,5	2,9	0,6

Source: Statistics SA (2024)



Source: Quantec, 2024

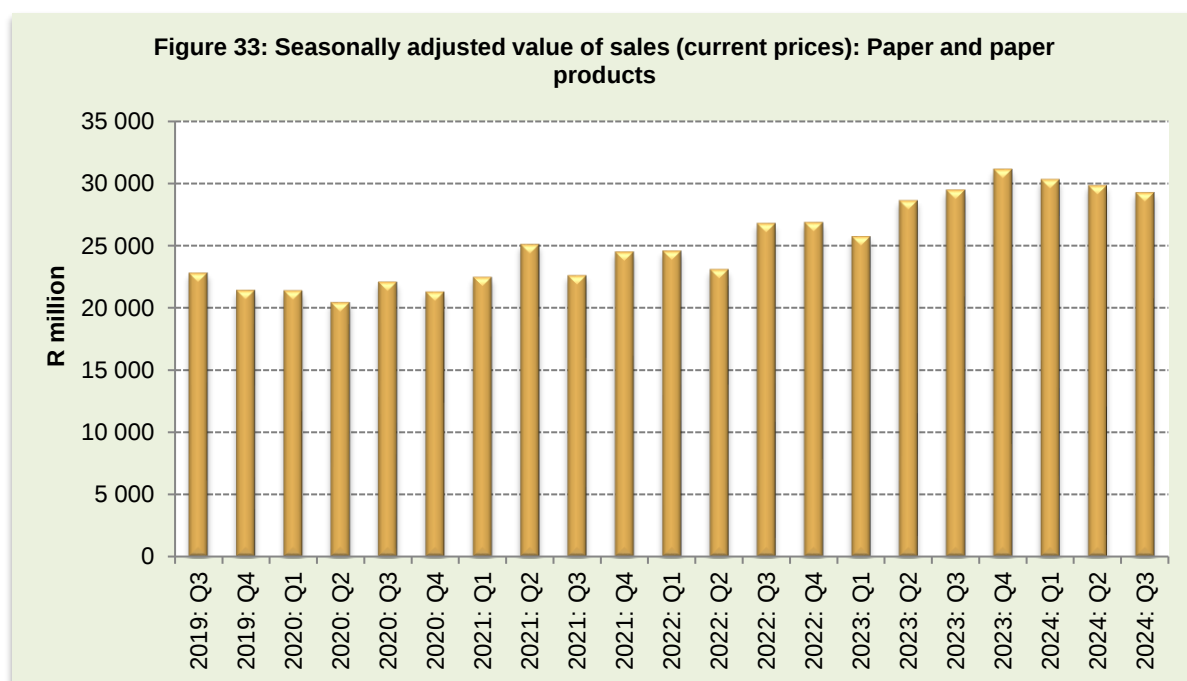
In 2024: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for the paper and paper products division receded further by 3,8% as compared to a 5,3% contraction in 2024: Q2. However, the division contracted by 3,2% year-on-year (see Figure 32).

Table 16: 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: Q3	77,1	22,9	0,7	0,8	0,1	11,4	9,8
2024: Q2	79,7	20,3	0,7	0,6	0,2	12,2	6,7
2024: Q3	82,4	17,6	0,7	0,8	0,3	9,0	6,9

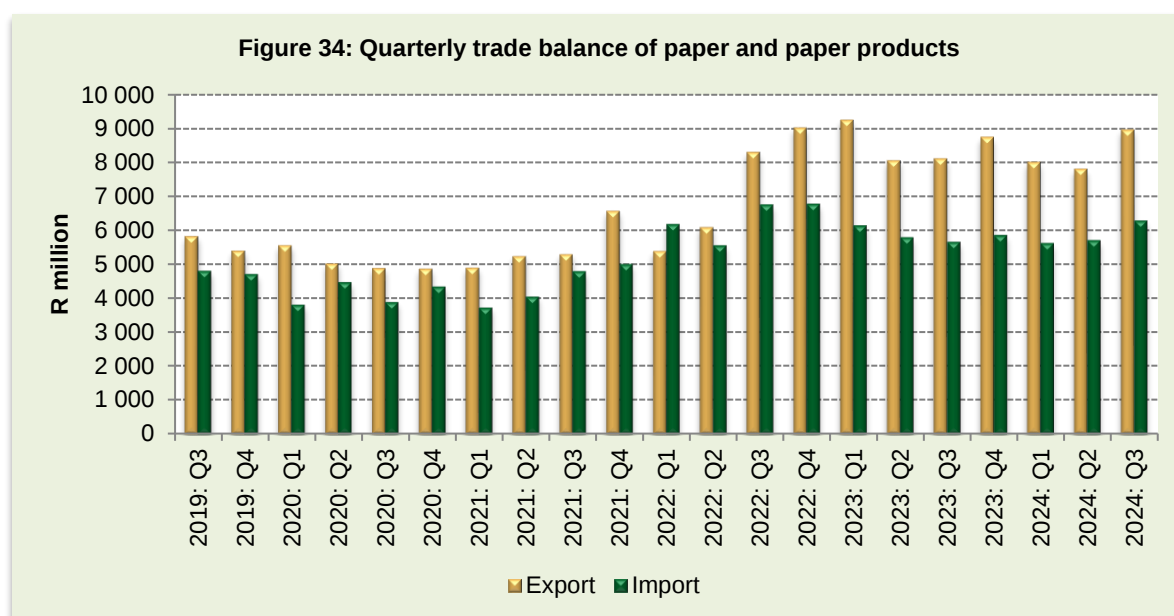
Source: Statistics SA (2024)

Table 16 shows utilisation of production capacity by large enterprises in the paper and paper products division. Utilisation of production capacity increased year-on-year and quarter-to-quarter by approximately 5,3 and 2,7 percentage points, respectively, in 2024: Q3. Insufficient demand remained the main reason for underutilisation during the period under review, followed by other reasons such as seasonal factors.



Source: Quantec, 2024

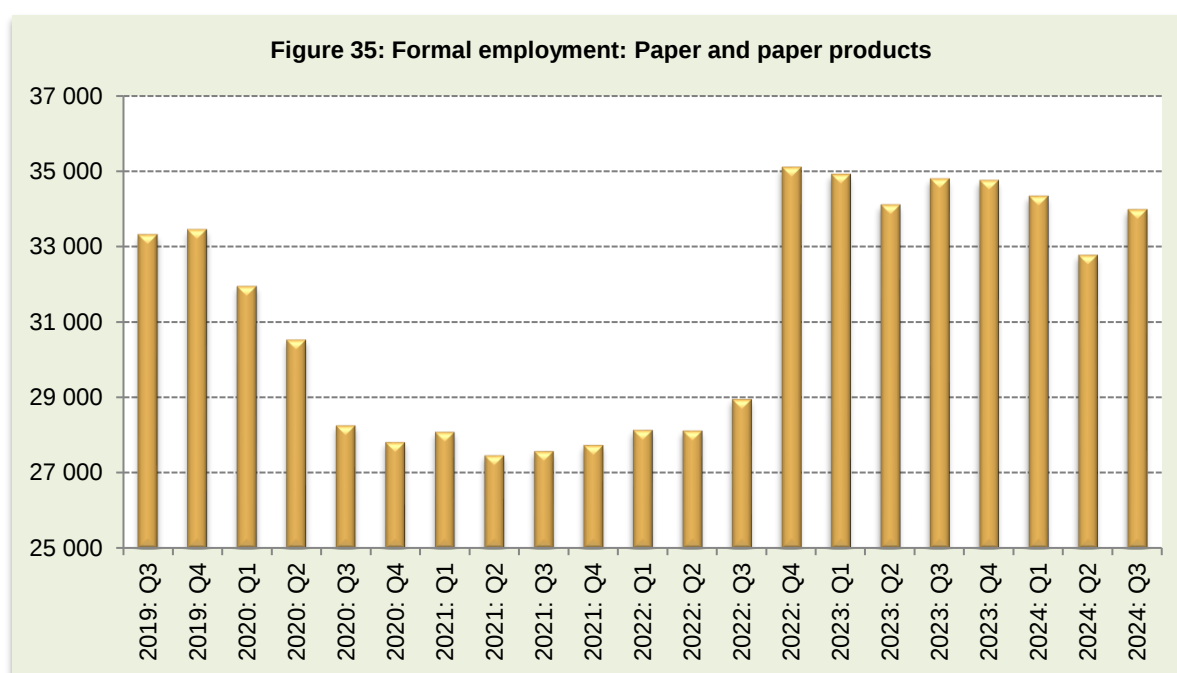
In 2024: Q3, the quarter-to-quarter seasonally adjusted value of sales for paper and paper products division decelerated by 1,9% from a 1,6% contraction in 2024: Q2. However, the division contracted year-on-year by 0,7% (see Figure 33). The seasonally adjusted value of sales for the paper and paper products division increased from R29 819,2 million in 2024: Q2 to R29 261,8 million in 2024: Q3.



Source: Quantec, 2024

In 2024: Q3, the quarter-to-quarter exports of paper and paper products division rebounded by 14,7% from a 2,5% contraction in 2024: Q2, however, imports of the paper and paper products division expanded by 10,1% following a 1,4% contraction in 2024: Q2.

The year-on-year exports and imports rebounded by 10,5% and 11,0%, respectively. As a result, the trade surplus widened from R2 120,5 million in 2024: Q2 to R2 695,4 million in 2024: Q3 (see Figure 34).



Source: Statistics SA (2024)

The quarter-to-quarter formal employment in the paper and paper products division rebounded by 3,7% in 2024: Q3 as compared to a 4,6% growth in 2024: Q2, however, the division receded further by 2,4% year-on-year. As a result, the paper and paper products division created about 1 211 jobs in 2024: Q3 (see Figure 35).

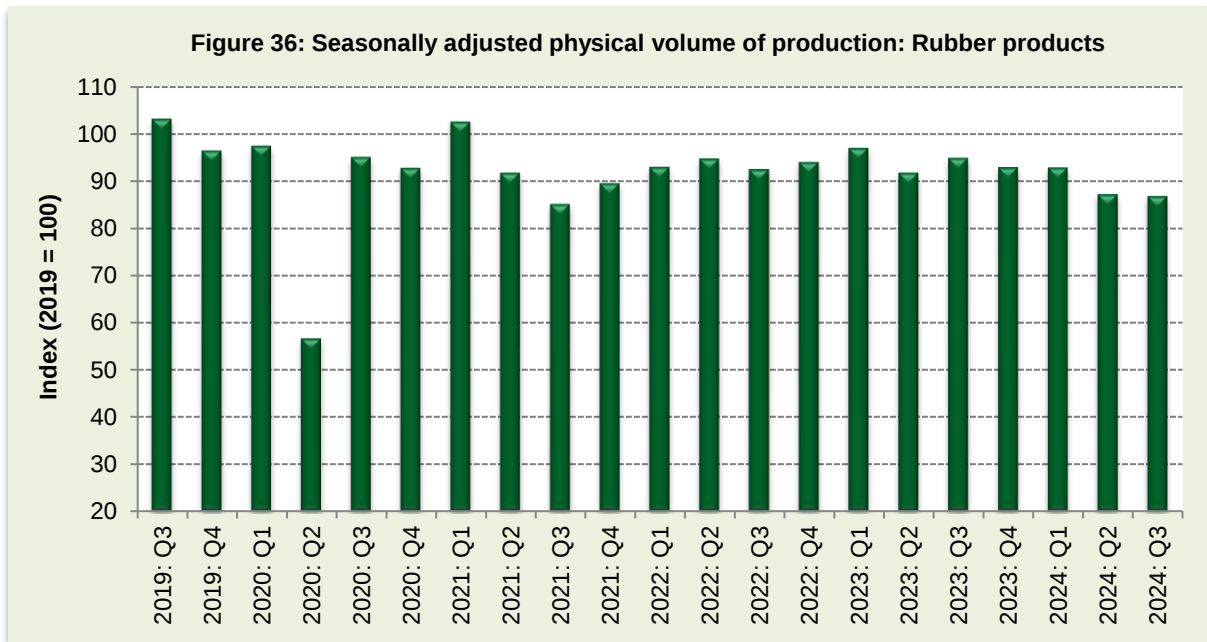
3.9 RUBBER PRODUCTS

The quarter-to-quarter producer price index for domestic output of the rubber and plastic products division expanded by 2,2%, however, it rebounded by 3,5% year-on-year in 2024: Q3 (see Table 17).

Table 17: Producer price index for rubber products (base 2023=100)

	Indices			% Change between	
	2023: Q3	2024: Q2	2024: Q3	2023: Q3 and 2024: Q3	2024: Q2 and 2024: Q3
Domestic output					
Rubber products	97,5	98,7	100,9	3,5	2,2

Source: Statistics SA (2024)



Source: Quantec, 2024

In 2024: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for the rubber products division receded further by 0,5%, following a 6,1% contraction in 2024: Q2, however, the division decelerated by 8,5% year-on-year (see Figure 36).

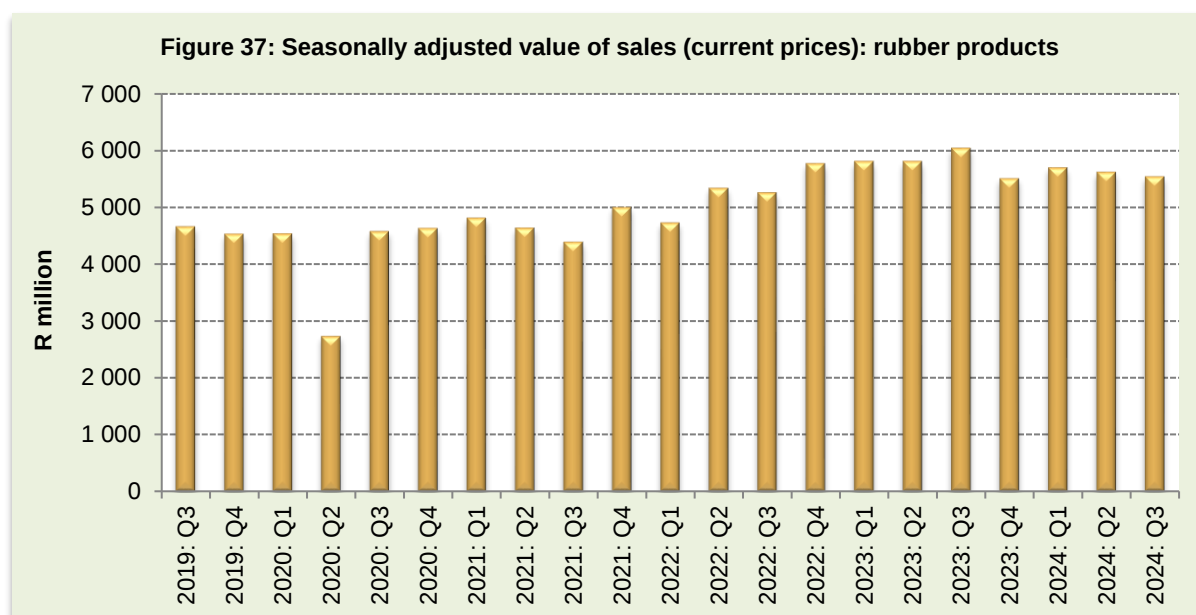
Table 18: Utilisation and reasons for underutilisation of production capacity by large enterprises: Rubber products (percentage)

Period	Utilisation	Reasons for underutilisation					
		Total underutilisati on	Shortage of:			Insufficient demand	Other
			Raw materials	Labour:			
				Skilled	Semi and unskilled		
2023: Q3	76,5	23,5	0,8	1,2	0,8	12,8	7,9
2024: Q2	79,5	20,5	0,3	0,0	0,0	12,2	8,1
2024: Q3	78,3	21,7	0,4	0,0	0,0	13,0	8,3

Source: Statistics SA (2024)

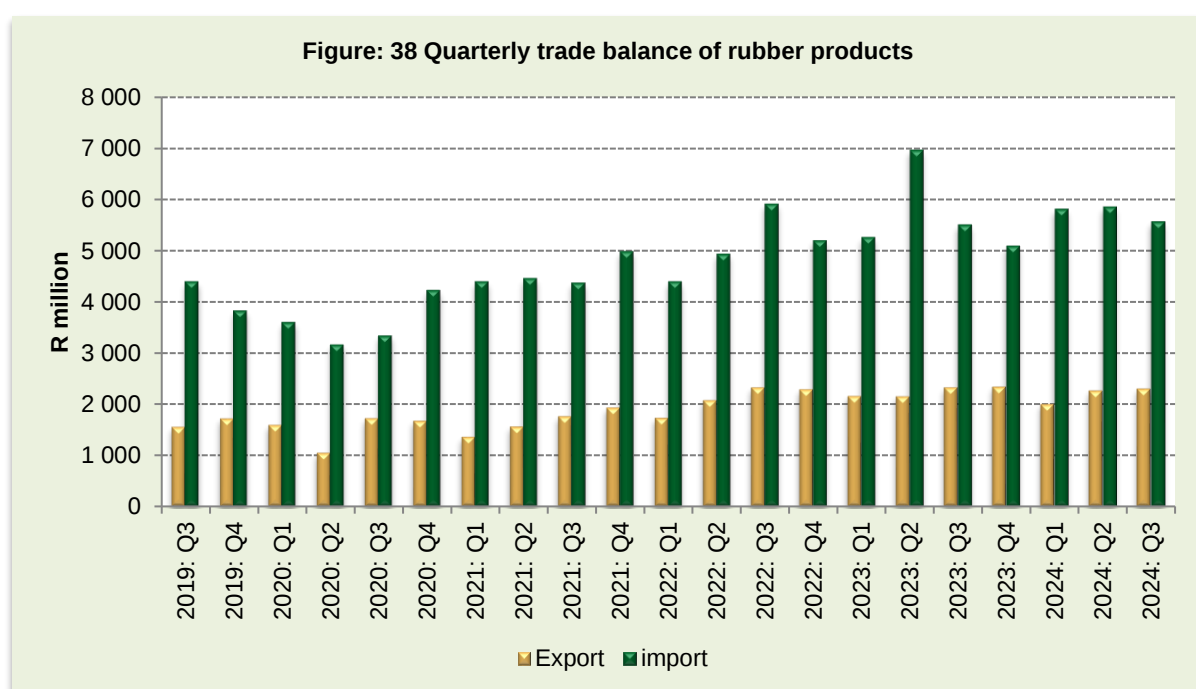
As shown in Table 18, the utilisation of production capacity by large enterprises in the rubber products division increased year-on-year by 1,8 percentage points, however, it declined quarter-to-quarter by 1,2 percentage points, respectively, in 2024: Q3. Insufficient demand

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



Source: Quantec, 2024

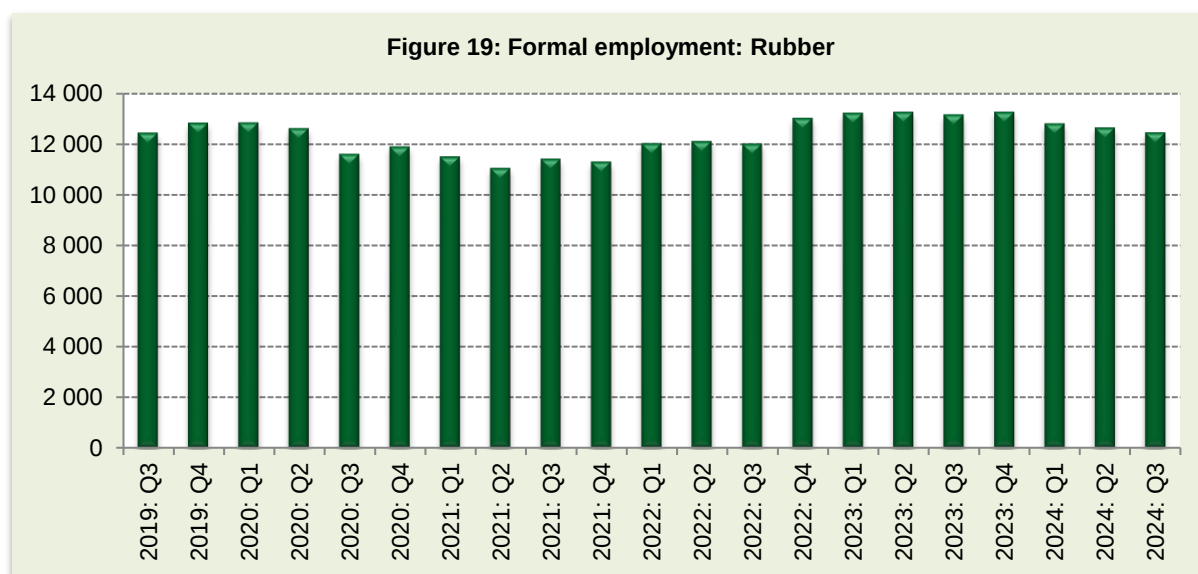
In 2024: Q3, the quarter-to-quarter seasonally adjusted value of sales in the rubber products division contracted further by 1,4% from a 1,4% contraction in 2024: Q2. However, the division decelerated by 8,2% year-on-year. Therefore, sales in the rubber products division declined from R5 621,2 million in 2024: Q2 to R5 543,3 million in 2024: Q3 (see Figure 37).



Source: Quantec, 2024

The quarter-to-quarter exports of the rubber products division moderated by 1,5% in 2024: Q3 from a 13,1% growth registered in 2024: Q2, however, imports of the rubber products division contracted by 5,0% following a 0,7% growth in 2024: Q3.

The year-on-year exports contracted by 1,1%, while imports rebounded by 1,0% in 2024: Q3. As a result, the trade deficit narrowed from R3 591,2 million in 2024: Q2 to R3 267,7 million in 2024: Q3.



Source: Statistics SA (2024)

The quarter-to-quarter formal employment in the rubber products division decelerated by 1,5% in 2024: Q3 as compared to a 1,3% contraction recorded in 2024: Q2, however, the division receded further by 5,5% year-on-year (see Figure 39). As a result, about 192 further jobs were shed in the rubber products division in 2023: Q3.

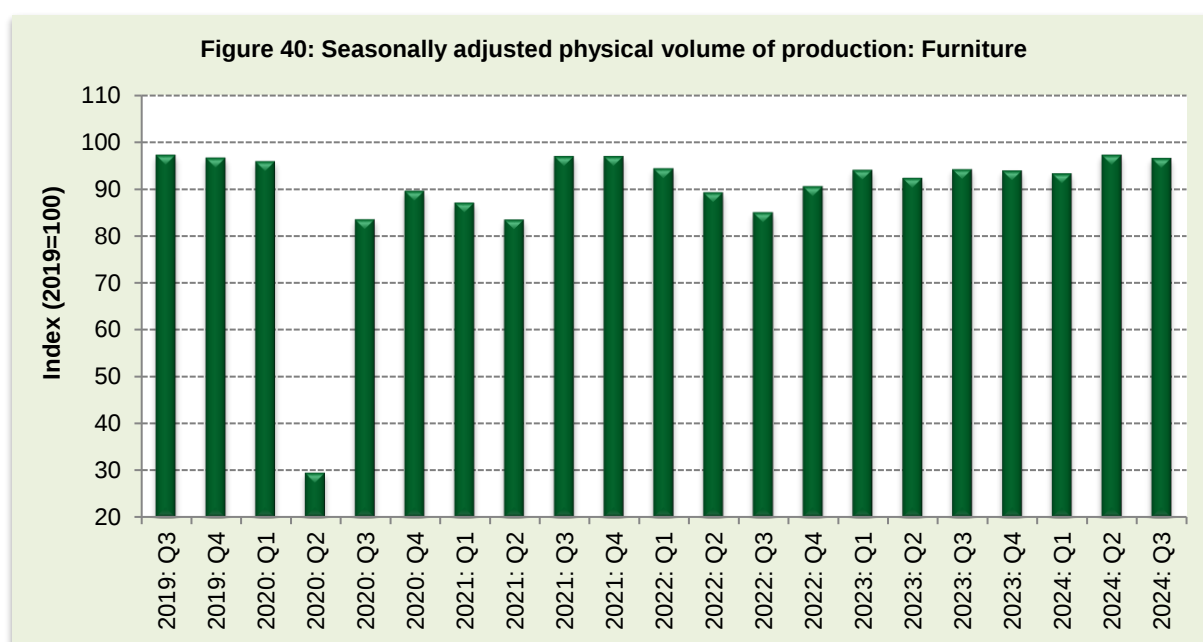
3.10 FURNITURE

The quarter-to-quarter producer price index for domestic output of furniture and other manufacturing moderated by 0,8%, however, it expanded by 4,0% year-on-year in 2024: Q3 (see Table 19).

Table 19: Producer price index for furniture and other manufacturing (Base 2023=100)

Indices			% Change between	
2023: Q3	2024: Q2	2024: Q3	2023: Q3 and 2024: Q3	2024: Q2 and 2024: Q3
Domestic output				
99,6	102,7	103,6	4,0	0,8

Source: Statistics SA (2024)



Source: Quantec, 2024

In 2024: Q3, the quarter-to-quarter seasonally adjusted physical volume of production for the furniture division contracted by 0,7% from a 4,3% growth in the preceding quarter, however, it moderated by 2,5% year-on-year (see Figure 40).

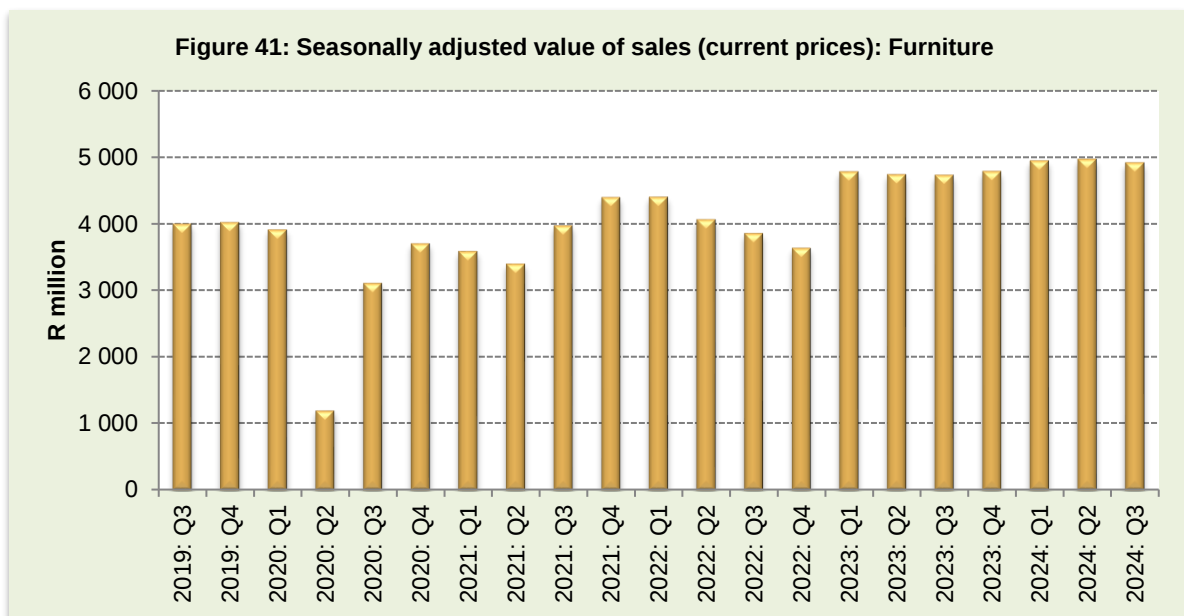
Table 20: Utilisation and reasons for underutilisation of production capacity by large enterprises: Furniture (percentage)

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

2023: Q3	76,5	23,5	1,5	0,0	0,0	22,0	0,0
2024: Q2	75,0	25,0	1,5	0,0	0,0	23,5	0,0
2024: Q3	75,7	24,3	1,5	0,0	0,0	22,8	0,0

Source: Statistics SA (2024)

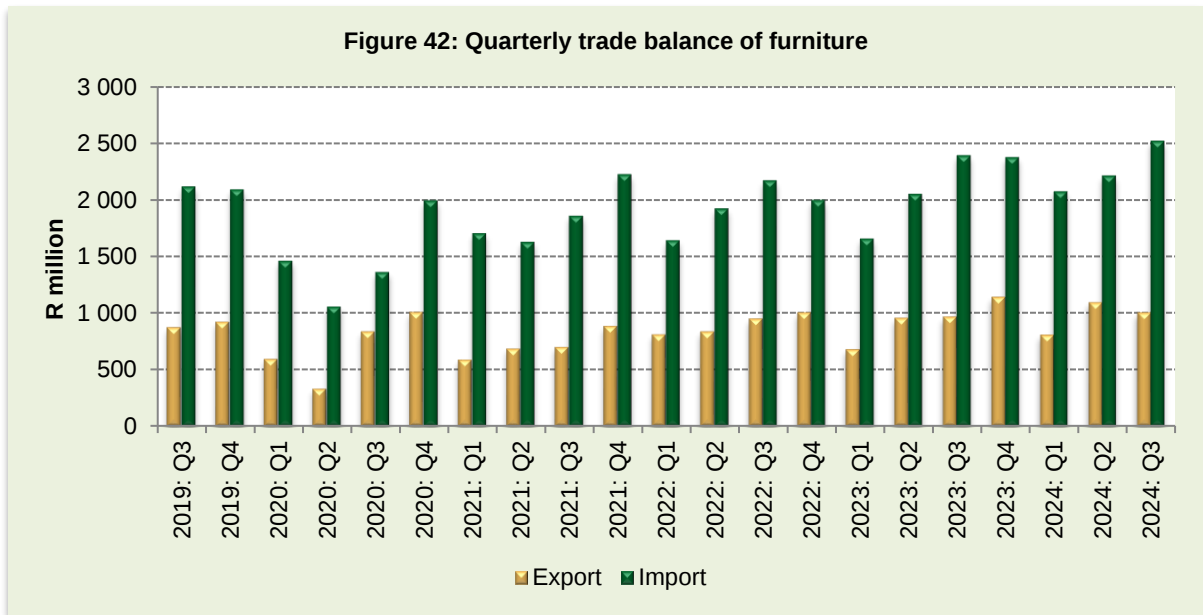
The utilisation of production capacity by large enterprises in the furniture division declined year-on-year by 0,8 percentage points, however, it grew quarter-to-quarter by 0,7 percentage points in 2024: Q3. Insufficient demand remained the main reason for underutilisation of production capacity, followed by a shortage of raw materials (see table 20).



Source: Quantec, 2024

The quarter-to-quarter seasonally adjusted value of sales for the furniture division contracted by 1,1% in 2024: Q3, following a 0,5% growth in 2024: Q2. However, the division moderated by 4,0% year-on-year.

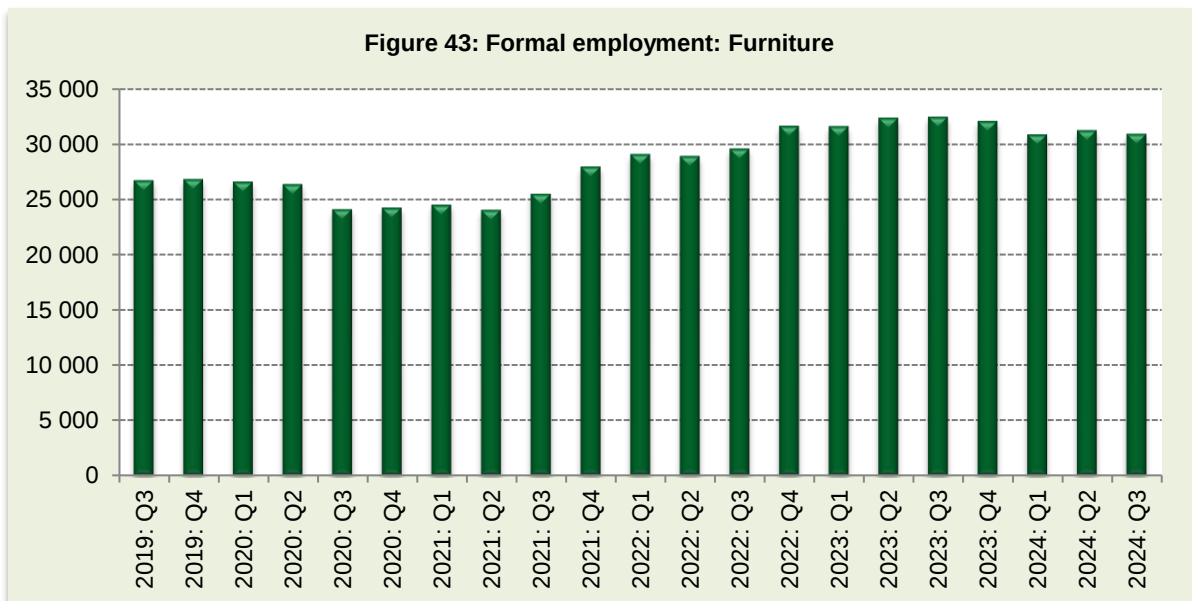
The value of sales in the division decreased from R4 969,3 million in 2024: Q2 to R4 913,5 million in 2024: Q3 (see Figure 41).



Source: Quantec, 2024

The quarter-to-quarter exports of the furniture division contracted by 8,1% in 2024: Q3 as compared to a 35,4% growth in 2024: Q2. However, imports rose by 13,9% from a 6,7% growth in 2024: Q2.

The year-on-year exports and imports moderated by 3,7% and 5,4%, respectively, in 2024: Q3 (see Figure 42). As a result, the trade deficit widened from R1 122,7 million in 2024: Q2 to about R1 517,3 million in 2024: Q3.



Source: Statistics SA (2024)

In 2024: Q3, quarter-to-quarter formal employment in the furniture division contracted by 1,0% following a 1,3% growth in 2024: Q2, however, the division's employment decelerated by 4,8% year-on-year. As a result, approximately 317 jobs were lost during the period under review (see Figure 43).

3. CONCLUSION

The South African economy contracted by 0,3% in 2024: Q3 following a 0,3% growth in 2024: Q2. The real gross value added (GVA) of secondary and tertiary sectors expanded at a slower pace.

The agro-processing industry's seasonally adjusted volume of production contracted by 0,6% in 2024: Q3 from a 1,0% growth in the last quarter. Similarly, it contracted by 0,7% year-on-year. On the other hand, the seasonally adjusted value of sales for the agro-processing industry rebounded by 1,3% in 2024: Q3 from a 1,6% contraction in the last quarter.

In 2024: Q3, the trade deficit of the agro-processing industry widened from R8 920,3 million in 2024: Q2 to R14 395,9 million in 2024: Q3, which represents a rebound of 61,4% from a 32,1% contraction in the last quarter.

The agro-processing industry shed 7 984 jobs in 2024: Q3.

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