



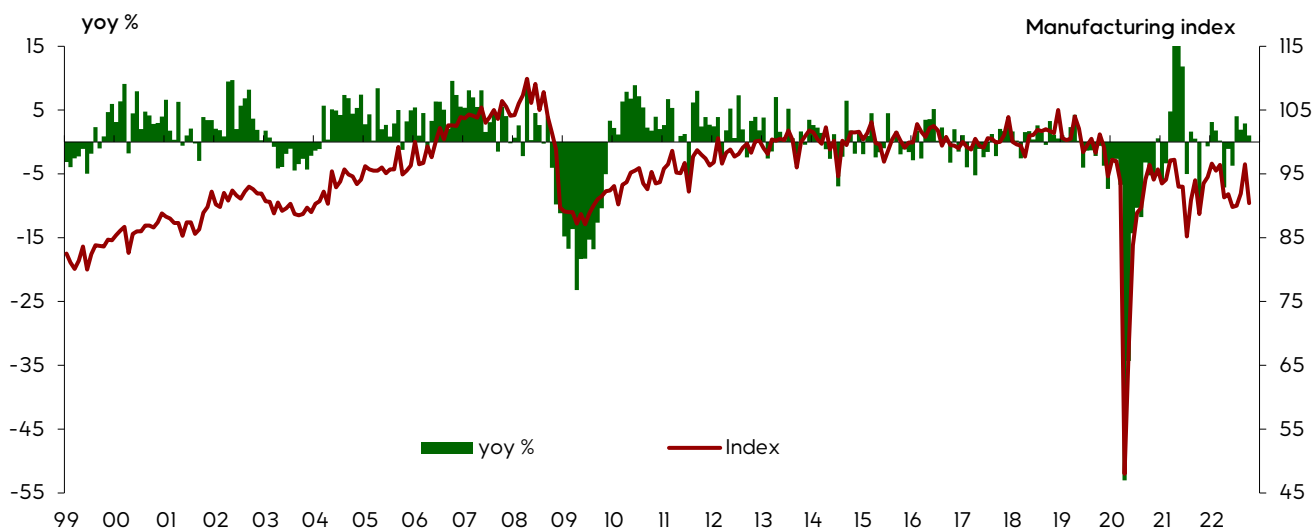
Manufacturing Production

ECONOMICS | SOUTH AFRICA

Output fell well short of market expectations in October

- Manufacturing production declined by 6.3% mom, containing the year-on-year (yoy) increase to a modest 1% in October, well below our forecast of 3.3% yoy and even further below the consensus forecast of 4.5%. Six of the ten major manufacturing divisions reported higher production compared with a year ago. However, the heavy lifting was done by basic iron and steel, non-ferrous metals, metal products, and machinery (up 13.9% yoy), and motor vehicles, parts, accessories, and other transport equipment (up an impressive 22.9%). Output declined in four major divisions, with the largest negative contributions stemming from petroleum, chemicals, rubber, and plastic products (down 9.6%), and food and beverages (down 4%).
- Total manufacturing sales declined by 4.3% over the month, reflecting the impact of lower production, softer demand, and weaker international commodity prices. As a result, total sales slowed to 15.1% yoy in October from 17.9% in September.
- Manufacturing production is expected to increase moderately in the final months of the year. The latest PMI release suggests that trading conditions improved further in November. The outlook for next year is less rosy. Softer global demand is expected to undermine production in the export-orientated industries, while the anticipated slowdown in domestic demand will subdue output in the inward-focussed industries. On top of these concerns, local operating conditions will remain challenging, characterized by persistent inefficiencies at the country's ports and continued power outages. Within this context, we expect manufacturing production to decline in 2023.

Chart 1: Manufacturing production



Source: Stats SA

Table I: Breakdown of Manufacturing Production

Key growth rates Industries	Sep-2022				3-months to Sep-2022			Annual growth	
	Weights	mom%	yoy%	% contribution	qoq%	yoy%	% contribution	2021	2020
Total	100.0	-6.3	1.0	1.03	2.7	2.0	1.96	6.1	-12.5
Food & beverages	20.8	-12.2	-4.0	-0.84	2.9	0.0	-0.01	6.2	-5.6
Meat, fish, fruit, vegetables, oils & fats	3.3	-4.2	-1.9	-0.06	1.8	4.2	0.14	1.1	-0.2
Dairy Products	1.4	2.0	2.6	0.04	6.1	4.5	0.06	-3.1	-2.1
Grain mill products, starches & prepared animal feed	1.7	0.0	-3.2	-0.05	-0.5	-1.5	-0.03	-1.0	0.5
Other food products	7.8	-8.8	1.5	0.12	8.8	-2.6	-0.20	0.2	-1.2
Beverages	6.7	-23.2	-11.5	-0.77	-1.6	0.4	0.03	21.8	-15.5
Textiles, clothing, leather, footwear	4.3	-3.6	-6.2	-0.26	2.0	-1.8	-0.08	13.1	-17.4
Textiles	1.1	-4.8	-20.2	-0.22	-5.8	-13.1	-0.14	25.0	-7.9
Other textiles	0.6	1.5	2.2	0.01	8.4	5.8	0.04	21.9	-26.6
Knitted & crocheted articles	0.1	-1.8	6.7	0.00	2.8	10.9	0.01	10.6	-28.2
Wearing apparel including articles of fur	2.0	-3.0	-1.8	-0.03	5.7	0.0	0.00	3.1	-19.2
Leather & leather products	0.3	-13.7	1.7	0.00	-1.7	17.7	0.05	6.0	-19.2
Footwear	0.3	-3.4	4.5	0.01	4.6	6.8	0.02	21.8	-17.2
Wood, paper, publishing & printing	10.6	-4.0	-3.8	-0.41	6.1	-1.3	-0.14	9.7	-13.3
Sawmilling and planing of wood	0.9	-6.9	9.9	0.09	11.3	17.8	0.15	11.2	-19.2
Products of wood	0.9	-1.7	2.4	0.02	2.3	0.7	0.01	15.3	-11.0
Paper & paper products	5.3	-0.4	0.2	0.01	7.4	0.0	0.00	7.1	-8.6
Publishing	2.2	-8.5	-17.9	-0.39	7.9	-12.1	-0.26	7.0	-18.4
Printing and recorded media	1.4	-11.7	-8.0	-0.11	-1.6	0.5	0.01	20.9	-21.3
Petroleum, chemicals products, rubber and plastic products	25.0	-0.7	-9.6	-2.39	-5.4	-7.0	-1.75	-10.7	-10.8
Coke, refined petroleum products and nuclear fuel	11.9	3.4	-22.3	-2.64	-4.8	-20.9	-2.48	-21.9	-22.8
Basic Chemicals	3.5	-3.5	1.6	0.06	-8.6	3.6	0.13	-5.4	7.3
Other chemical products & manmade fibres	6.6	-1.0	-6.3	-0.42	-6.8	-3.1	-0.21	-3.1	-0.2
Rubber products	0.8	-4.7	0.9	0.01	4.4	4.0	0.03	6.5	-13.4
Plastic products	2.2	-3.9	5.3	0.12	-0.1	7.4	0.16	-0.5	-6.1
Glass & non-metallic mineral products	3.2	-1.9	6.7	0.22	2.5	4.6	0.15	19.7	-14.5
Glass & glass products	0.5	-5.4	8.6	0.04	0.8	14.3	0.07	6.9	-8.9
Non-metallic mineral products	2.8	-1.2	6.3	0.17	2.9	3.1	0.08	22.3	-15.5
Basic iron & steel, non-ferrous metals, metal products, machinery	19.7	-1.7	13.9	2.75	1.8	5.1	1.00	9.9	-12.5
Basic Iron & Steel	2.9	-1.7	-6.4	-0.19	2.1	-9.6	-0.28	19.8	-23.6
Basic precious & non-ferrous metals	3.3	1.6	31.1	1.03	7.4	11.1	0.37	-2.0	-8.4
Structural metal prod, tanks, reservoirs	2.0	-7.8	16.1	0.32	12.0	10.0	0.20	10.8	-15.0
Other fabricated metal products	3.5	-10.8	17.3	0.61	2.4	8.3	0.29	9.7	-9.3
General purpose machinery	3.4	-1.2	23.7	0.81	-2.1	10.6	0.36	9.6	-9.4
Special purpose machinery	3.9	9.6	6.5	0.25	-4.1	-0.3	-0.01	13.1	-11.0
Household appliances	0.7	-4.0	8.6	0.06	0.4	8.9	0.06	14.4	-17.1
Electrical machinery	2.2	4.7	0.6	0.01	-1.4	-3.1	-0.07	14.7	-15.9
Radio, television & professional equipment	1.1	-1.9	2.2	0.02	1.9	11.9	0.13	0.5	-6.7
Radio, television & communication apparatus	0.0	-3.8	-12.4	0.00	8.8	-3.0	0.00	6.4	-13.9
Medical, precision, optical instrument & clocks & watches	1.0	-1.8	2.9	0.03	1.7	12.6	0.13	0.3	-6.4
Motor vehicles, parts, accessories & other transport	8.9	-18.4	22.9	2.04	24.8	28.8	2.56	33.1	-24.7
Motor vehicles	2.8	-34.4	7.6	0.21	28.2	42.0	1.17	27.6	-31.6
Bodies for motor vehicles, trailers & semi-trailers	0.7	2.1	21.6	0.16	-1.8	11.3	0.08	16.8	-9.2
Parts & accessories for motor vehicles & engines	4.0	-16.6	38.1	1.51	35.5	33.7	1.34	45.6	-23.5
Other transport equipment	1.4	1.3	8.0	0.11	4.8	3.4	0.05	18.2	-22.6
Other manufacturing	4.3	-4.8	1.3	0.06	-6.1	-1.6	-0.07	12.3	-21.3
Furniture	0.8	-3.4	-10.2	-0.08	-7.4	-14.3	-0.11	21.6	-24.7
Other manufacturing industries, including tobacco.	3.5	-5.2	4.5	0.16	-5.8	1.7	0.06	10.3	-20.5

NB. Rounding off decimals resulted in slight differences from those in the publication

Source: Stats SA

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