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**ENCOURAGING POSITIVE NUMBERS IN OVERALL MANUFACTURING PRODUCTION AND SALES DESPITE LOW INVESTMENT LEVELS AND JOB SHEDDING, SAYS CHIEF ECONOMIST OF DCG.**

**JOHANNESBURG, 12th OCTOBER 2021** – The Don Consultancy Group (DCG) Chief Economist Mr Chifi Mhango says that he is encouraged by the positive growth rate in manufacturing production and sales data released by Statistics South Africa (Stats SA) today. This is despite the low level of investment and job shedding being experienced in the sector in overall.

Data released by Statistics South Africa (StatsSA) reflects total manufacturing production increasing by 1.8% year on year in August 2021, with a month-on-month increase of 7.6% from July 2021. Total manufacturing sales increased by 10.9% year on year in August 2021 to reach R209.8 billion, with a monthly increase of 10.3% from July 2021. Year to date, manufacturing production increased by 11.6%, with sales improving by 22.8%. The key sub-sectors such as food and beverages, and Basic iron and steel, non-ferrous metal products, metal products and machinery, registered positive production growth rates of 9.7% and 7.6%, with Petroleum, chemical products, rubber and plastic products sub-sector declining by 21.8% year on year in August 2021. The three sub-sectors account for a combined total weighting of 65% of manufacturing production. Total sales of the three-subsectors in August 2021 was R145.9 billion, representing year on year average growth rate of 16%.

DCG Chief Economist, Mr Chifi Mhango said: “The manufacturing sector remains the backbone of the South African economy, and has spill-over effects to other sectors such as the construction, mining and other manufacturing sub-industries from the input and investment point, and it is therefore crucial that the South African Government supports a turnaround in the sector by prioritising the implementation of policy interventions”.

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"Despite this positive growth in overall production and sales, the recent South African sectoral GDP and employment data in the manufacturing sector is worrying. It is clear that more investment into the sector is required to support the job creation initiatives." said Mr Mhango.

Mr Mhango also highlighted that: "During the time when the South African economy had a strong injection of infrastructure projects being implemented in the periods of 2003 to 2010 in the energy sector, as well as projects related to the 2010 Soccer World Cup, the manufacturing sector was growing at relatively higher rates compared to the current rates, with overall much higher production growth rates on average."

Mr Mhango added that: "There is a need to place more emphasis on the speedy implementation of the planned Government infrastructure projects and also alignment of policy interventions such as the local procurement on these projects, with strict compliance. The country needs to move away from importing products that are available locally, especially on Government led projects."

"Globally, manufacturing trend in major economies is downward, with China reflecting manufacturing production increase of 5.3% year-on-year in August of 2021, after a 6.4% gain in the previous month. This was the weakest increase in manufacturing output since July 2020, amid COVID-19 curbs, persistent semiconductor shortages, and measures to control high pollution. In the USA, manufacturing production in the United States increased 5.9% in August of 2021 over the same month in the previous year. Manufacturing output growth slowed for a fourth month after growing 17.8% in April due to low base effects from 2020." concluded Mr Mhango

**ENDS**

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