

## **Don Consultancy Group (DCG)**

**ITS POSITIVE NEWS FOR MANUFACTURING PRODUCTION AND SALES GROWTH RATES, HOWEVER, SOUTH AFRICA MUST EXPAND ITS AFRICAN MARKET FOOTPRINT FOR ITS PRODUCTS, SAYS CHIEF ECONOMIST OF DCG.**

**JOHANNESBURG, 11<sup>th</sup> NOVEMBER 2021** – The Don Consultancy Group (DCG) Chief Economist Mr Chifi Mhango says its positive news for growth rate in manufacturing production and sales data released by Statistics South Africa (Stats SA) today, however, South Africa must expand its African market footprint for its manufactured products to sustain the momentum.

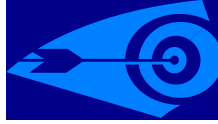
According to data from Statistics South Africa (StatsSA) released today, total manufacturing production increased by 1.3% year on year in September 2021, with a month-on-month increase of 3.8% from August 2021. This was mainly attributed to wood and wood products, paper, publishing and printing; basic iron and steel, non-ferrous metal products, metal products and machinery, food and beverages; and motor vehicles, parts and accessories and other transport equipment.

Total manufacturing sales increased by 9% year on year in September 2021 to reach R223 billion, with a monthly increase of 3.6% from August 2021. Year-to-date, manufacturing production increased by 10.4%, with sales improving by 21.1%.

DCG Chief Economist, Mr Chifi Mhango said: “The manufacturing sector is still performing below par especially when compared to high growth rates historical patterns that were driven by demand from building and construction related activities. The level of manufacturing capacity utilisation is also below the high growth periods of above 80% capacity utilisation in the sector.”

Mr Mhango added that: “recent trends in Manufacturing PMI data suggest that the South African economy has been expansionary zone, thus averaging 54.5 index level for the 10 months of 2021. While this is good news for the manufacturing sector, the value addition to the economy is still low judging from declining contribution of the sector to the national GDP and employment creation. What is even more concerning is the trade picture within the sector, which is skewed towards imports than exports, especially for some key sub-sectors.

“South Africa has massive advantage to look at expanding its manufacturing exports into the African continent, taking advantage of the launched African Continental Free Trade Area. Despite the challenges the agreement may face on implementation, the African continent as a whole should be the basis to



## **Don Consultancy Group (DCG)**

re-launching the South African export drive for the manufacturing sector, especially when the domestic demand is weak” elaborated Mr Mhango.

Mr Mhango said: “The manufacturing sector in SA has demonstrated improvement from the Covid-19 pandemic strict lockdown regulations of 2020, as data suggest. Projections for fourth quarter of 2021 are that manufacturing production will grow at around 2%. However, under the current electricity load-shedding, this may not be achieved due to the disruptions it’s causing.”

“The picture globally is positive for manufacturing production among major economies. In China, manufacturing production increased 2.4% in September of 2021 over the same month in the previous year as released by National Bureau of Statistics of China, though lower than the previous month. In the USA, data from Federal Reserve reflects manufacturing production in the United States increased 4.8% in September of 2021 over the same month in the previous year, the least in 6 months. On a monthly basis, factory activity decreased 0.7%, the most in 7 months and following a revised 0.4% decline in August as production of motor vehicles and parts slumped 7.2% due to shortages of semiconductors. Manufacturing Production in the United States is expected to be 3% by the end of this quarter and for China at 4.9%.” concluded Mr Mhango

**ENDS**

**Issued by:**

Joyce Masi

Director: Corporate Affairs and Communication

Tel: 083 450 9467

Email: [media@doncg.co.za](mailto:media@doncg.co.za)

Web: [www.DonConsultancyGroup.com](http://www.DonConsultancyGroup.com)