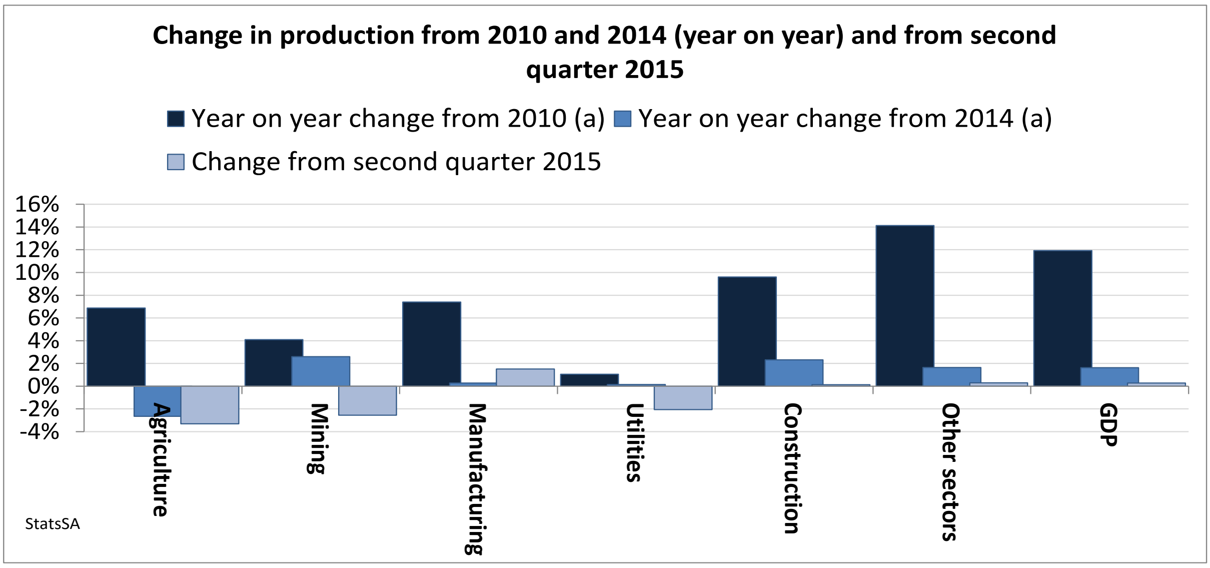
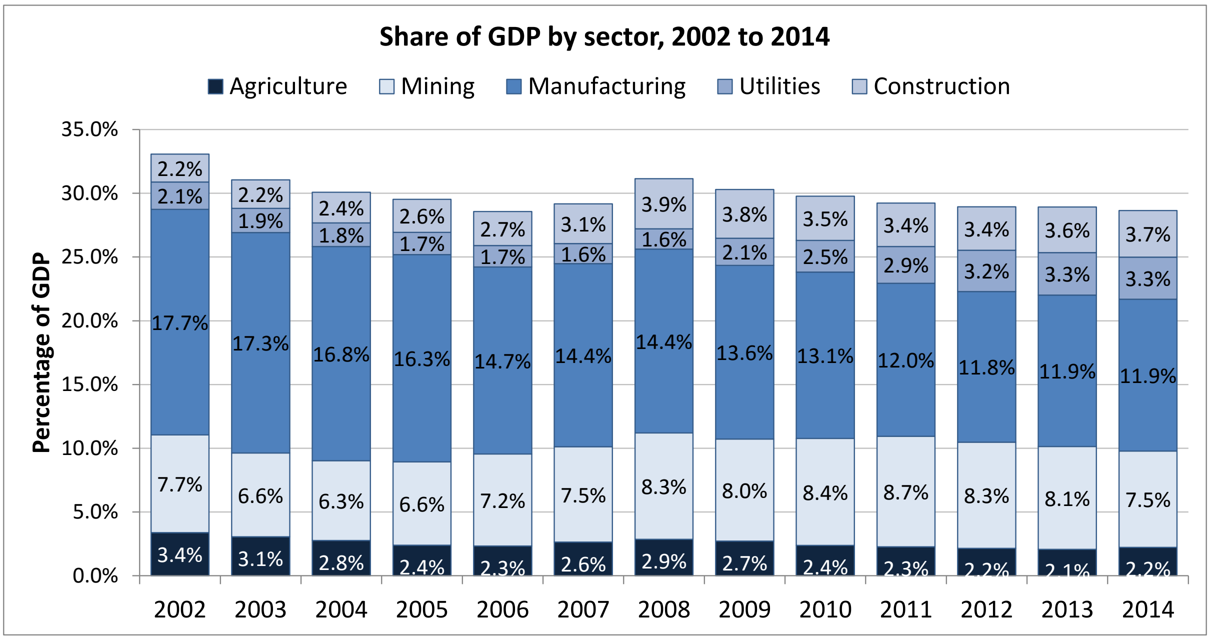
Growth in the GDP and employment

In the past quarter manufacturing showed a significant recovery, although both mining and agriculture contracted.

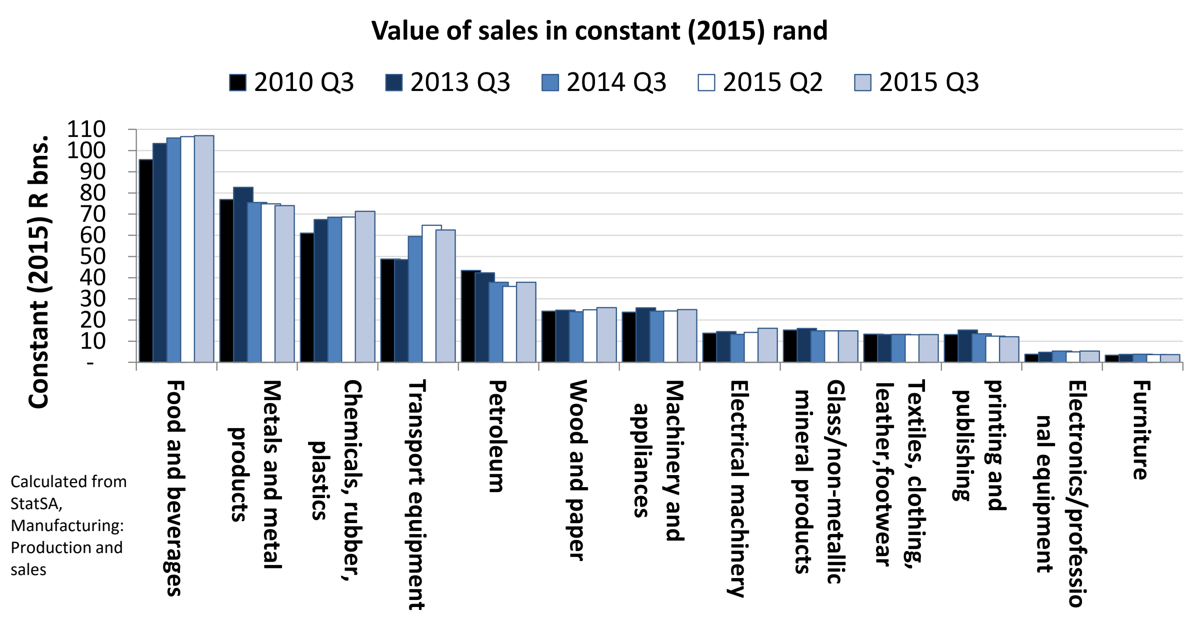
As the following table shows, GDP growth in the past quarter, diverged sharply by sector. Manufacturing grew 1.5%, following two quarters of declining production. In contrast, agriculture saw its third quarter in a row of contraction, while mining output declined for the second month in a row. In year-on-year terms, however, mining grew 2.6% and manufacturing by just 0.3%, while agriculture shrank by 2.6%. In contrast, the rest of the economy – which includes retail and financial services as well as value-adding services and logistics – grew at 0.3% in the past quarter, and 1.6% over the previous year.



Since 2011, the share of manufacturing in the GDP has essentially stabilised at around 12%, reversing a steady decline from 18% in 2002. In contrast, mining's contribution to the GDP rose from 6% in 2004 to 9% in 2011, but has since fallen back to 7.5%. Growth in the share of construction and the utilities has levelled out, while the share of agriculture has continued to decline.



The GDP data do not include the subsectors within manufacturing, but the following charts show sales in constant 2015 rand by manufacturing industry from the third quarter of 2010 to the third quarter of 2015.

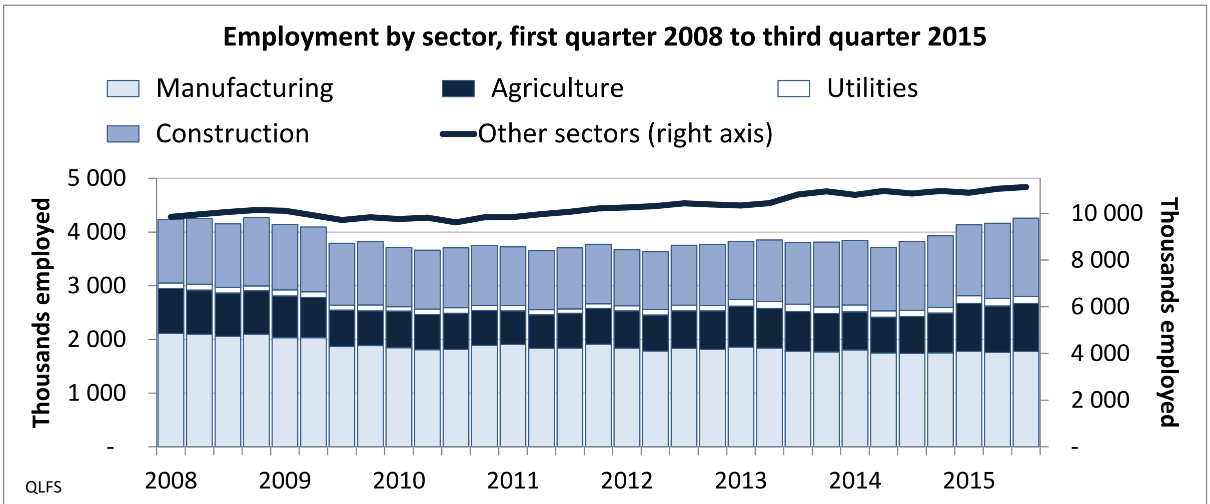


The main ***losers*** were the metals refineries, with Evraz Highveld in business rescue and Arcelor Mittal South Africa threatening substantial downsizing unless it receives tariff protection from Chinese products.

The ***winners*** were producers of inputs for the build programme and of consumer goods. Faster growth emerged for electrical machinery and transport equipment outside of cars; furniture; paper and paper products; plastics; and appliances.

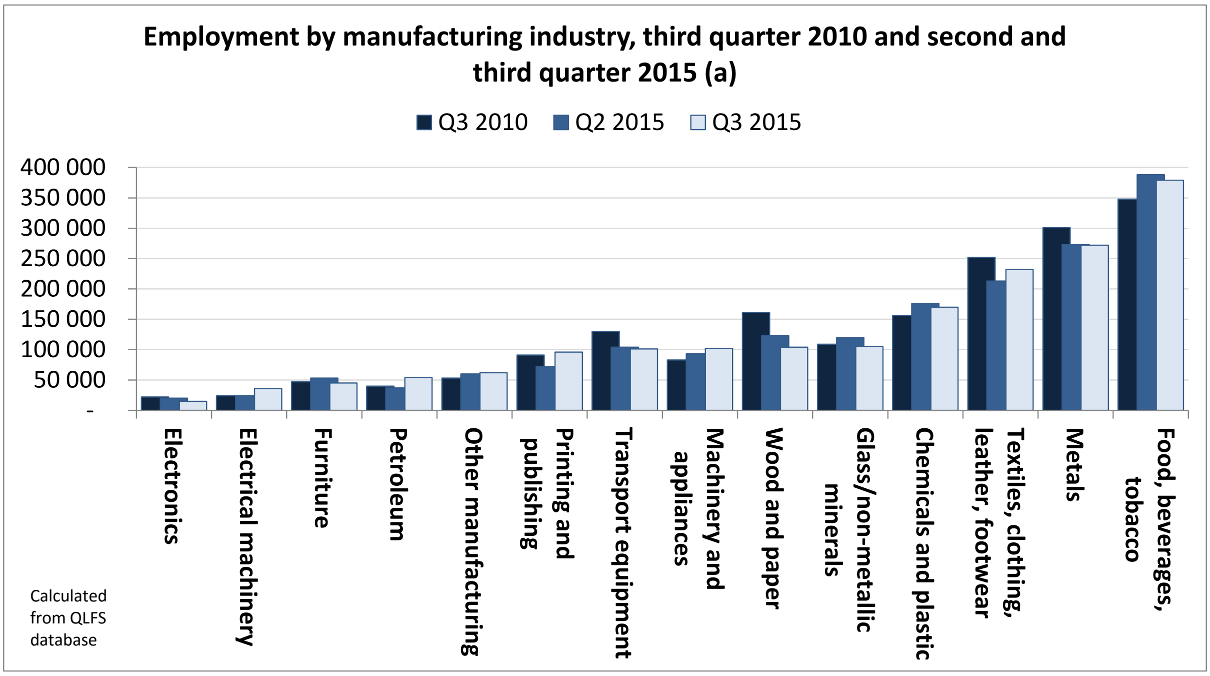
In the past quarter, however, food and beverages production – now the largest industry within manufacturing – saw slower growth, especially for milling and meat processing. That reversed five years of stronger growth than the rest of industry.

Taken together, agriculture, mining, manufacturing, construction and the utilities account for 30% of total employment. Over the past year, agricultural and construction showed substantial job creation. Moreover, employment in manufacturing appears to have stabilised over the past year, after a fairly steady decline from 2008.



Data on mining employment are only available through the second quarter.[1] They showed no growth after a fall of around 35 000 from 2012, but large-scale retrenchments are likely as metals prices continue to fall.

As the following chart shows, the stabilisation of manufacturing employment overall is associated with considerable churn at subsectoral level. Since 2010, growth has been primarily in food, beverages and tobacco, the chemicals value chain, and some smaller industries. Losses emerged in wood and paper, metals and metal products, and transport equipment.



Note: (a) The quarter on quarter figures are likely not statistically significant due to the small size of the samples, especially in smaller industries.

The document titled *Manufacturing industries to third quarter 2015,* provides a more detailed review of key trends in each subsector of manufacturing through the third quarter of 2015.

[1] For mining, Statistics South Africa recommends the use of data provided by employers through the Quarterly Employment Survey rather than the Quarterly Labour Force Survey data, due to the difficulty of weighting mining centres appropriately in the household survey data.