

Manufacturing output improves

The physical volume of manufacturing in South Africa in September was reported at an improved 11.4% year-on-year (y/y) from a revised 15.2% (-15.0%) in August, data provided by Statistics South Africa (Stats SA) on Tuesday, 10 November 2009, shows.

By [Evan Pickworth](#) 11 Nov 2009

This will be viewed as a positive sign by the markets as it shows that the third quarter GDP data due later this month could signal a lift out of three months of negative growth.

The manufacturing sector is the country's second-biggest economic sector and an improvement here has been sorely needed, although double-digit losses are still a concern.

However, the level in September is the best in eight months i.e. all year. The worst reading this year was 21.7% y/y in April. Total growth of 0.9% was seen in 2008 from the 4.6% of 2007.

Signs of life in the manufacturing sector had been predicted in the Purchasing Managers' Index.

Manufacturing sales in September were reported at 16.1% y/y from 19.5% in August and 21.6% in July.

Seasonally adjusted physical volume was up 3.1% between August and September this year and up 2.6% in the third quarter relative to the second quarter.

This will be an important figure for the quarterly seasonally adjusted GDP reading due on 24 November. Changes to the GDP's base year and benchmarking will ensue, with the non-observed economy now in the mix.

The seasonally adjusted reading was better than the 0.8% quarter-on-quarter increase in August 2009 as higher production levels were reported by six of the ten manufacturing divisions during the third quarter of 2009.

The increase was driven mainly by higher production in the basic iron and steel, non-ferrous metal products, metal products and machinery division and the motor vehicles, parts and accessories and other transport equipment division (each contributing 0.8 of a percentage point), followed by the food and beverages division and the petroleum, chemical products and rubber and plastic products division (each contributing 0.7 of a percentage point).

However, these increases were partially counteracted by decreases reported by the furniture and other manufacturing division (contributing 0.3 of a percentage point) and the wood and wood products, paper, publishing and printing division (contributing 0.2 of a percentage point).

Actual estimates show a 13.4% fall in the quarter ended September relative to the same quarter a year ago, while 15.2% increase is clocked when nine months are compared.

Published courtesy of

