

Manufacturing figures point to an end to recession

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Manufacturing production increased in the second quarter of the year - indicating SA may be heading out of recession.



Manufacturing production increased by 1.5% in the second quarter of 2017 compared with the first quarter, with six of the 10 manufacturing divisions reported positive growth rates over this period.

Nonetheless, output from the sector experienced a significant drop in June - falling 2.3% from a year earlier.

Manufacturing output has dropped in recent months. Manufacturing production fell by 0.8% year on year in May after shrinking 4.1% from a year earlier in April.

The June PMI had already suggested that the industry was doing poorly, with the index falling well below the neutral 50-point mark.

Together mining and manufacturing make up about 20% of GDP. Mining production also dipped in June, but managed a slim gain for the quarter.

Investec economist Kamilla Kaplan said last week: "The sectors are still on track to have made positive contributions to the

second-quarter GDP. Specifically, the three month seasonally adjusted measures, which are used to calculate GDP, were positive for both sectors in the March to May period."

FNB economist Mamello Matikinca had expected weak demand to impact output negatively.

Source: BDpro

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