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Retail Trade

Quarterly analysis of activity in retail, wholesale and motor trade

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Please refer to the glossary on the BER's **website** for explanations of technical terms.

Executive summary

The results from the BER's latest Retail Survey show that the business confidence levels of retailers dipped during the first quarter of 2024, despite an improvement in sales volumes. Non-durable and semi-durable goods retailers registered the largest upticks in volume growth, although profitability remained low.

After jumping from 32 to 47 during the 2023 festive season, the BER's retailer confidence index slumped back to 34 in 2024Q1. This implies that **only a third of the retailers surveyed by the BER are satisfied with prevailing business conditions**, similar to the business confidence reading at the start of 2023. The dip in confidence comes despite a slight improvement in retail sales volumes relative to the previous quarter. The decline in retailer confidence can probably be ascribed to the fact that profitability remained poor in the sector, but the perceived risks around the upcoming national election may also be weighing on sentiment.

Bar hardware retailers, all other retail categories surveyed by the BER reported somewhat better sales volumes, with non-durable goods retailers registering the largest improvement. Consumer goods wholesale volumes also edged up in 2024Q1, but non-consumer goods sales tanked further (corresponding with the deterioration in the residential building sector). New car sales continued to contract, but at a slower rate compared to the second half of 2023.

In all, consumers are clearly still shying away from big-ticket purchases, but retail sales of non-durables appear to have turned the corner, while clothing and footwear volume growth remains surprisingly resilient. Lower levels of load-shedding, moderating food inflation and interest rate cuts (expected to commence in July) should spark a more noticeable recovery in retail trade from the third quarter of 2024 onwards, but the uncertainties surrounding the outcome of the national election in May pose significant downside risk.

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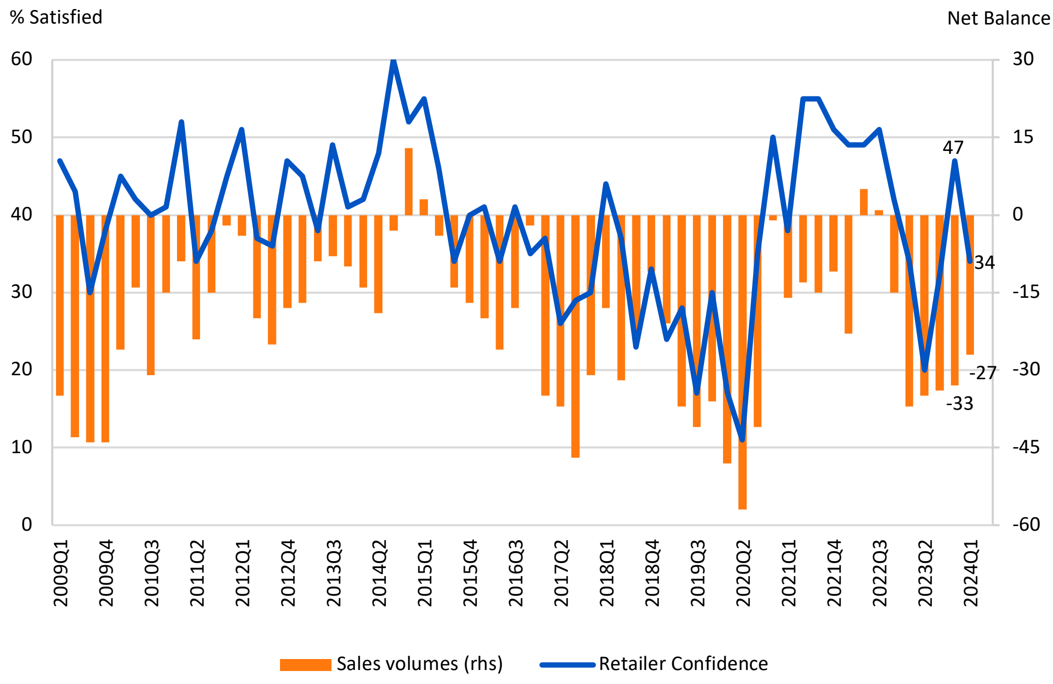
Summary of the 2024Q1 trade sector survey results

RETAIL CONFIDENCE DIPS DESPITE IMPROVEMENT IN SALES VOLUMES

The results from the BER's 2024Q1 Retail Survey show that the business confidence levels of retailers retreated to 34, after jumping from 32 to 47 during the 2023 festive season (Figure 4).[1] This implies that only a third of the retailers surveyed by the BER are satisfied with prevailing business conditions, similar to the business confidence reading at the start of 2023. The dip in confidence comes despite a slight improvement in retail sales volumes, with the BER's sales volumes index ticking up from -33 to -27 during the first quarter of 2024. The decline in retailer confidence can probably be ascribed to the fact that profitability remained poor in the sector. The perceived risks around the upcoming national election may also be weighing on sentiment, with some polls suggesting that the ANC will lose its outright majority and may need to broker a power-sharing deal with rivals in order to govern.

Figure 4: Retail business confidence (%) versus retail sales volumes (BER Net Balance)



Source: BER

Official data from Statistics South Africa (Stats SA) shows that retail sales volumes contracted by roughly 2% y-o-y during the first half of 2023, but retail sales volumes were largely flat during the second half of the year (see Table 2). Semi-durable goods retailers (e.g., textiles, clothing & footwear) were the only ones to report positive volume growth throughout 2023, and even received an extra boost from strong Rugby World Cup merchandise sales during the third quarter. Durable goods (e.g., furniture and hardware) sales volumes were hard hit by soaring

[1] The survey was conducted between 8 and 26 February 2024.

interest rates, a deterioration in real disposable income and low consumer confidence - hardware sales in particular underperformed as cash-strapped consumers cut back on home renovations and new builds. Non-durable goods (e.g., food, beverages, groceries, cosmetics and pharmaceuticals) sales volumes, in turn, were constrained by soaring food prices, although a slowdown in food and fuel inflation eased some of the pressure on this category towards the end of 2023.

Table 2: Percentage change in retail sales[2] volumes (year-on-year)

	Total	Non-durable goods	Semi-durable goods	Durable goods
2022Q4	-0.6%	-1.6%	4.4%	-3.2%
2023Q1	-1.8%	-2.8%	4.5%	-4.4%
2023Q2	-2.4%	-3.9%	3.1%	-3.3%
2023Q3	-0.1%	-2.3%	11.8%	-3.8%
2023Q4	0.1%	-0.7%	4.5%	-2.7%
2022	1.7%	1.7%	7.0%	-3.9%
2023	-1.0%	-2.4%	5.7%	-3.5%

Source: Statistics South Africa, Retail Sales Statistics

The BER's survey results for the first quarter of 2024 suggest that, on a seasonally adjusted basis, retail sales volumes improved relative to the fourth quarter of 2024, pointing to low positive year-on-year growth in retail sales in 2024Q1. Bar hardware retailers, all other retail categories surveyed by the BER reported somewhat better sales volumes during the first quarter. **Non-durable goods retailers registered the largest uptick in volume growth** (with the BER's index recovering from a net balance of -47 to -2), no doubt supported by a further deceleration in food inflation and slower growth in restaurant and take-away spending. According to Statistics South Africa, food inflation decelerated to 7.2% y-o-y in January, down from a peak of 14% in March 2023 (and 8.7% in 2023Q4). The growth in restaurant and take-aways sales volumes, in turn, slowed from 7.9% y-o-y in 2023Q1 to 1.5% by 2023Q4, easing some of the downward pressure on food sales at the retail level.

Textiles, clothing and footwear retailers reported that their sales volumes re-accelerated during the first quarter (with the BER's index increasing from +5 to +36), after suffering from some post Rugby World Cup blues and underwhelming Black Friday sales in the fourth quarter. The fact that semi-durable goods retailers continue to report robust volume growth – on top of two years of impressive growth, in the face of challenging economic conditions – is a positive surprise.

On the durable goods front, furniture and household appliances sales edged up slightly (with the BER's index improving from -33 to -25). This sector, however, remains under significant pressure from anaemic real disposable income and credit growth. Alarmingly, after a dismal festive season, the BER's survey results suggest that hardware sales volumes dropped even lower during the first quarter of 2024, with the BER's hardware sales volumes index plunging from -21 to -69. Weak hardware sales correspond with the deterioration in residential construction activity in the building sector in recent months and tie back to high interest rates, cost-of-living pressures and low consumer confidence levels. Even so, at -69, the BER's

[2] Non-durable goods retailers include general dealers, retailers in specialised food, beverages and tobacco, and retailers in pharmaceutical and medical goods, cosmetics and toiletries. Durable goods retailers include retailers in household furniture, appliances and equipment, and retailers in hardware, paint and glass. Semi-durable goods retailers include retailers in textiles, clothing, footwear and leather goods.

hardware sales volumes index has now fallen back to levels last seen during level-5 COVID-19 lockdowns in 2020, signalling a sharp further contraction in hardware sales at the start of 2024.

Consumers are clearly still shying away from big-ticket purchases, but retail sales of non-durables appear to have turned the corner and clothing and footwear volume growth remains surprisingly resilient.

On a less positive note, the BER's survey results suggest that there could be renewed upward pressure on purchasing and selling prices at the retail level. This goes against most economists' projections for the CPI inflation profile (which generally sees a slight further deceleration in the CPI inflation rate in 2024Q1 on the back of lower food inflation), despite jumps in the fuel price since January. A closer look at the BER's survey results revealed that this uptick in the purchasing and selling price indices largely stems from sharply higher inflation rates reported by retailers in KwaZulu-Natal. This province has been struggling more than the rest of the economy.

The dip in retailer confidence during the first quarter can also be traced back to a major slump in business confidence levels in KwaZulu-Natal (although retailer confidence also retreated somewhat in Gauteng). A confluence of adverse developments, including successive deadly floods (damaging infrastructure), a sewage crisis (harming, among other things, tourism), high unemployment rates, major congestion at the Durban and Richard's Bay ports and high levels of social and political instability, are weighing down economic growth and business confidence levels in KwaZulu-Natal (with some of these factors possibly also translating into higher input costs for businesses). In sharp contrast, the Western Cape (with better service delivery and infrastructure maintenance and lower levels of unemployment) has benefitted from semigration, and has seen a steady improvement in retailer confidence over the last year.

CONSUMER GOODS WHOLESALE VOLUMES ALSO EDGED UP IN 2024Q1

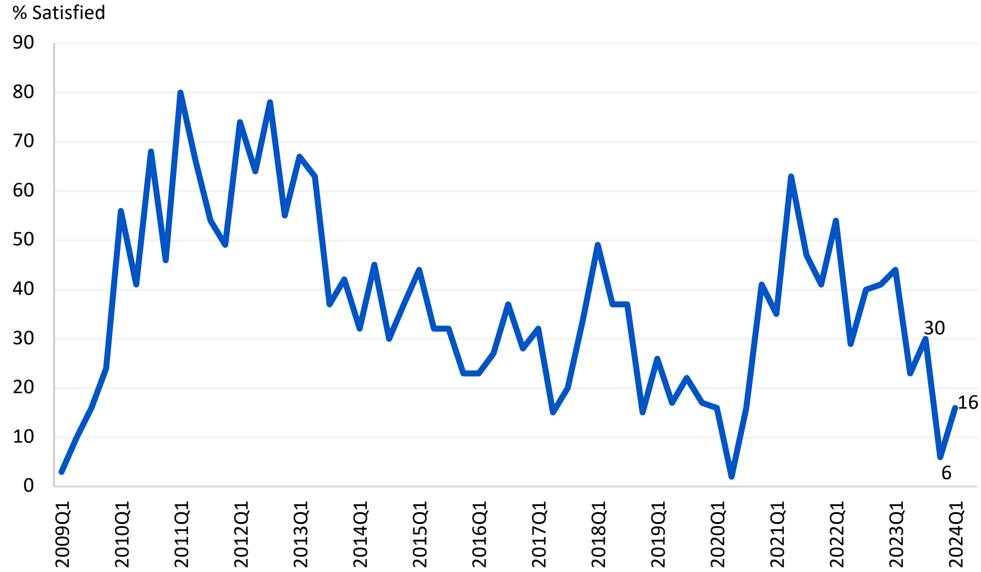
Official trade statistics from Statistics South Africa show that wholesale sales volumes contracted by an alarming 6.2% y-o-y during 2023Q4 (down from -2.7% y-o-y in 2023Q3). The BER's survey results suggest that **wholesale sales volumes recovered somewhat during the first quarter of 2024**, with the BER's sales volumes index ticking up from -34 to -13. This improvement was primarily driven by a rebound in consumer goods sales (e.g., textiles, clothing, footwear, food, beverages, furniture and household appliances), corresponding with the increase in retail sales volumes reported by BER retail respondents during the first quarter. Consumer goods stock levels also appear to have improved after wholesalers struggled with insufficient stock during the festive season (related to significant delays at South African ports).

The sales volumes of non-consumer goods (e.g., machinery, building materials, chemicals, petroleum products and office equipment) wholesalers are still under acute pressure, and wholesaler confidence in general remains fairly low (37, similar to the reading of 36 recorded in 2023Q4). Like the results at the retail level, wholesalers in the Western Cape appear the most optimistic, while wholesalers in KwaZulu-Natal are highly dissatisfied with prevailing business conditions in their province.

NEW VEHICLE SALES STILL CONTRACTING, BUT AT A SLOWER RATE

Having slumped from 30 to 6 during the fourth quarter (the lowest level since 2020Q2), the business confidence levels of new vehicle dealers recovered some lost ground to reach 16 in 2024Q1. Sales volumes contracted at a slower rate, with the BER's sales volumes index edging up from -89 to -75 in the first quarter. This corresponds with the Naamsa data for new domestic passenger car sales, which shows that the rate of decline in new vehicle sales volumes eased from 7.2% in 2023Q4 to 4.2% on average during January and February 2024. Given the weak rand exchange rate (and high new vehicle prices), uncertainty around the outcome of the upcoming national election and the fact that the SARB is unlikely to cut the prime interest rate at their next MPC meeting (at the end of March), new vehicle sales volumes are expected to remain under pressure during 2024Q2.

Figure 5: New vehicle dealer confidence



Source: BER

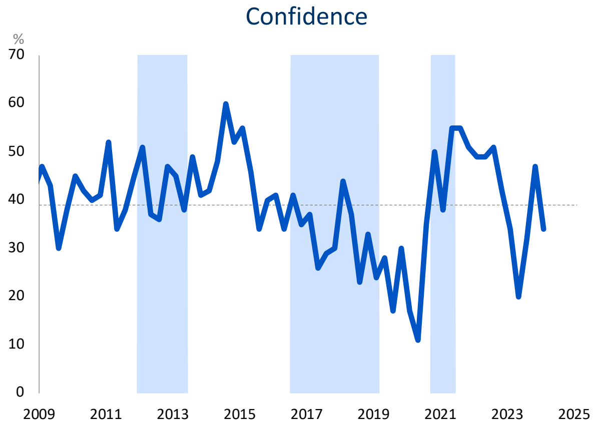
Used vehicle dealers, however, reported a more substantial improvement in sales volumes during the first quarter, with the BER's used vehicle sales index recovering from -78 to -36.

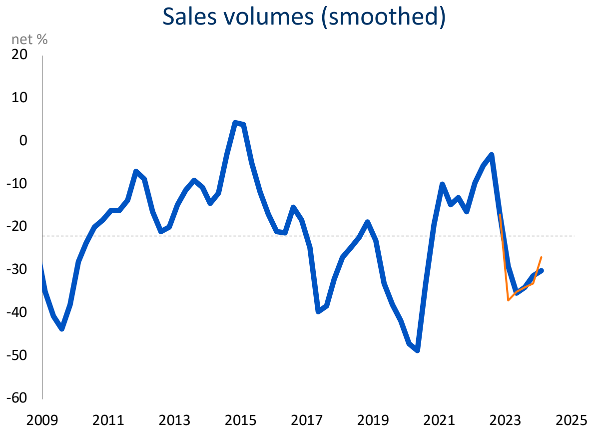
In all, the BER's survey results show tentative signs that retail and consumer goods wholesale volumes are starting to turn the corner following marked contractions during 2023, although profitability remains low. Sales of big-ticket, interest-rate-sensitive items such as passenger cars, are still shrinking, but at a slower rate compared to the second half of 2023. Hardware sales and non-consumer goods wholesale sales, however, remain in the doldrums. Looking ahead, lower levels of load-shedding, moderating food inflation and interest rate cuts (expected to commence in July) should spark a more noticeable recovery in the trade sector from the third quarter of 2024 onwards. But first, political and economic risks around the 29 May national election loom large.

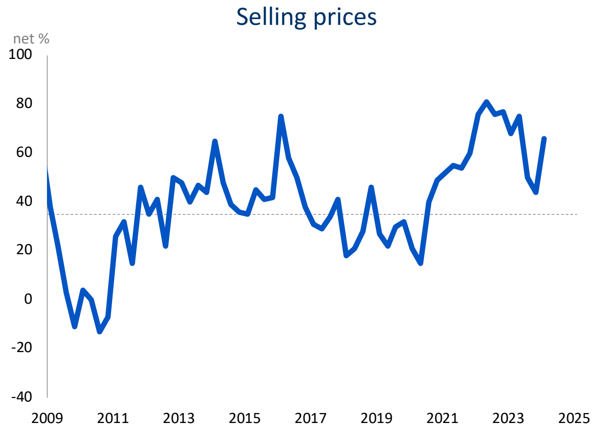
Survey results

RETAIL TRADE: TOTAL[3]

Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ Δ
Confidence	%	29	39	50	49	51	42	34	20	32	47	**34**	-13	10
Business conditions	Net %	-48	-31	-15	-9	-15	-23	-41	-69	-36	-26	**-30**	-4	15
Sales volumes	Net %	-36	-21	-6	5	1	-15	-37	-35	-34	-33	**-27**	6	13
Seasonally adjusted	Net %	-36	-21	-7	7	0	-21	-32	-34	-35	-38	**-22**	16	11
Smoothed	Net %	-34	-21	-9	-6	-3	-17	-29	-35	-34	-31	**-30**	1	6
Selling prices	Net %	17	39	61	81	76	77	68	75	50	44	**66**	22	14





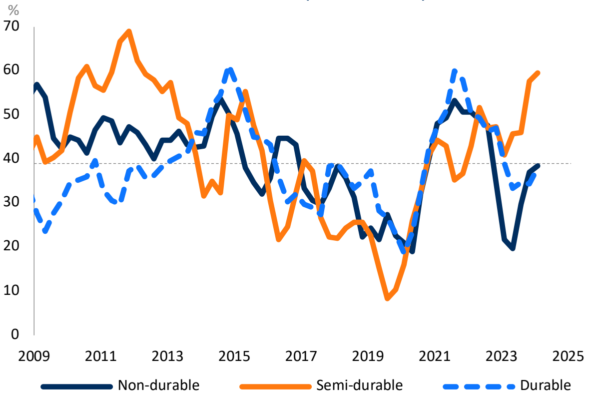


[3] The "retail trade total" consists of the "retail trade durables", the "retail trade semi-durables" and the "retail trade non-durables" goods sectors. The BER does not cover the retail trade in second hand goods in stores (SIC code 624), the retail trade not in stores (625) and the repair of personal and household goods (626).

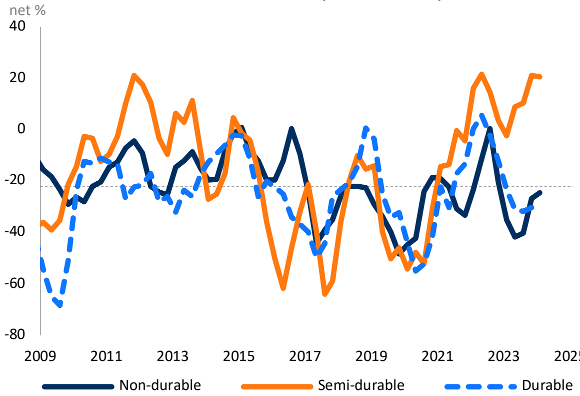
μ – average
σ – standard deviation
Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

RETAIL TRADE: BY CATEGORY

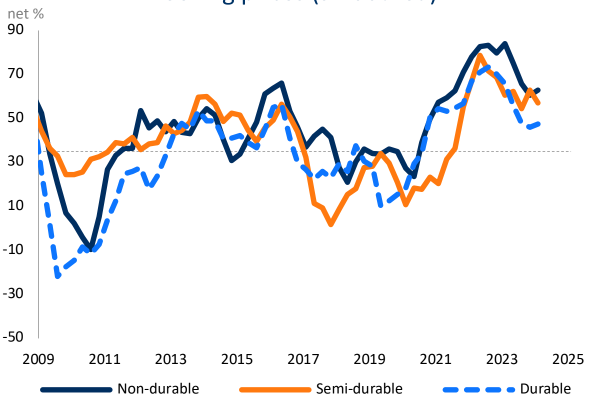
Confidence (smoothed)



Sales volumes (smoothed)



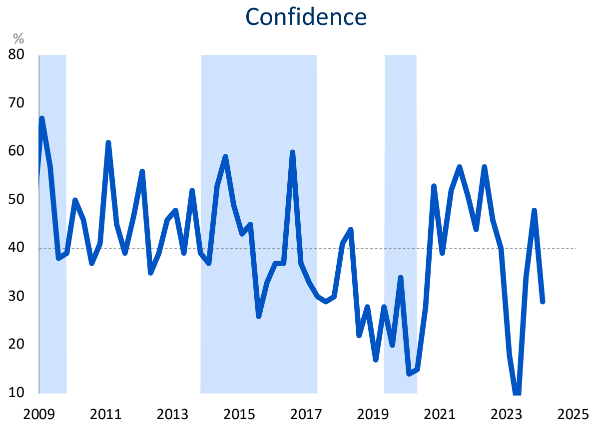
Selling prices (smoothed)

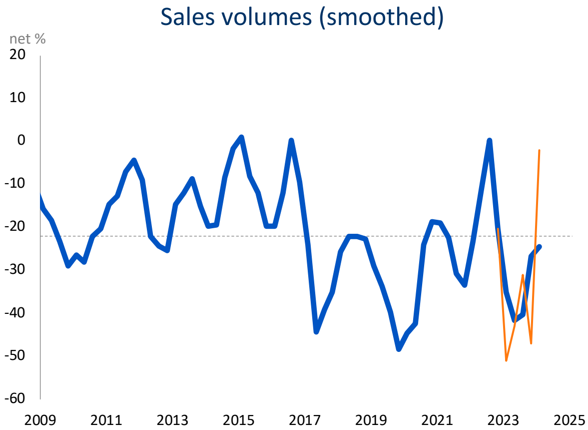


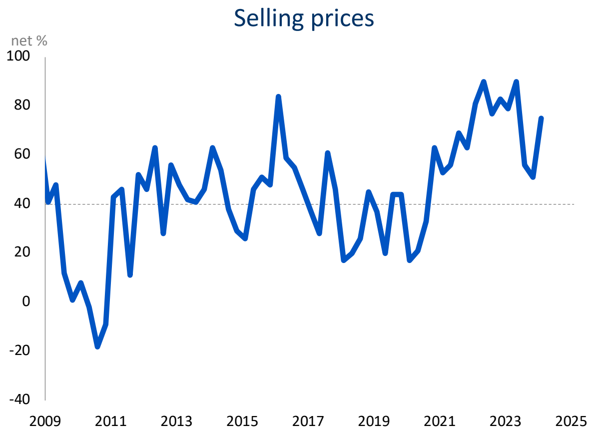
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

RETAIL TRADE: NON-DURABLES[4]

Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ Δ
Confidence	%	27	40	53	57	46	40	18	7	34	48	**29**	-19	13
Business conditions	Net %	-52	-33	-14	-1	-18	-17	-68	-89	-32	-22	**-20**	2	21
Sales volumes	Net %	-38	-22	-5	11	1	-11	-51	-43	-31	-47	**-2**	45	19
Seasonally adjusted	Net %	-38	-21	-5	6	-5	-13	-38	-48	-38	-48	**11**	59	17
Smoothed	Net %	-34	-22	-10	-11	0	-20	-35	-42	-40	-27	**-25**	2	8
Selling prices	Net %	20	44	68	90	77	83	79	90	56	51	**75**	24	19





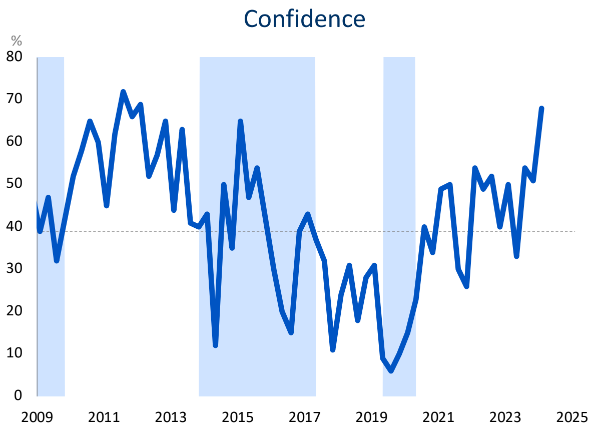


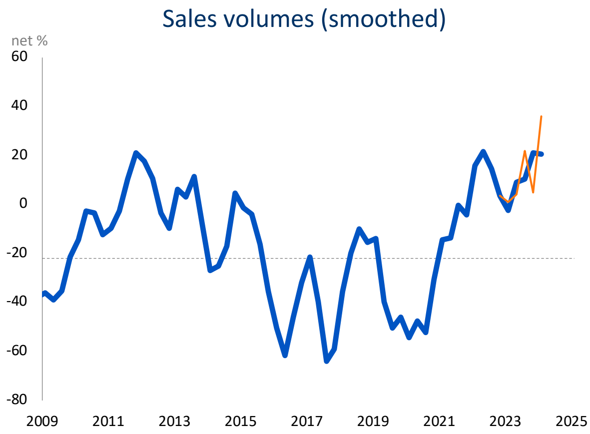
[4] Food, inedible groceries, tobacco (SIC code 621), beverages (622), pharmaceutical & medical goods, cosmetic & toiletry articles (6231), reading matter, stationery, office supplies (62391), other non-durable goods (62399)

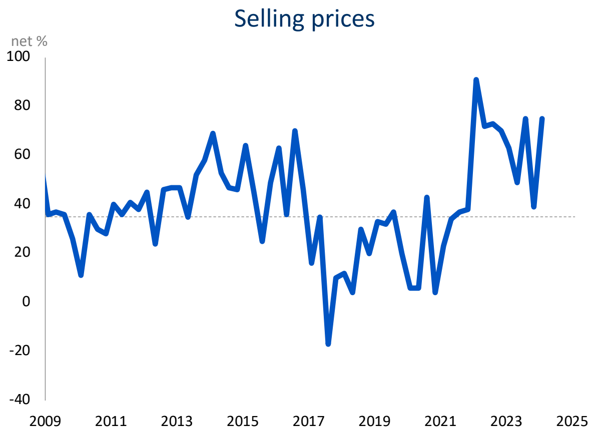
μ – average
σ – standard deviation
Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

RETAIL TRADE: SEMI-DURABLES[5]

Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ Δ
Confidence	%	24	41	58	49	52	40	50	33	54	51	**68**	17	14
Business conditions	Net %	-62	-31	0	34	22	-19	1	-46	-36	2	**23**	21	32
Sales volumes	Net %	-47	-16	15	34	22	-12	1	4	22	5	**36**	31	33
Smoothed	Net %	-39	-16	8	22	15	4	-2	9	10	21	**21**	0	12
Selling prices	Net %	18	39	60	72	73	70	63	49	75	39	**75**	36	20







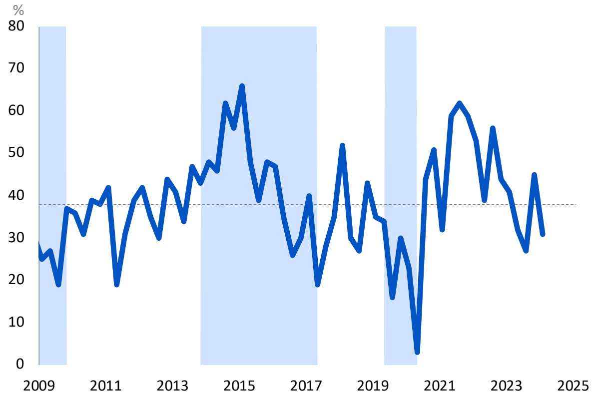
[5] Textiles, clothing, footwear & leather goods (SIC code 6232), sports goods & entertainment requisites (62393), other semi-durable goods (62399)

μ – average
σ – standard deviation
Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

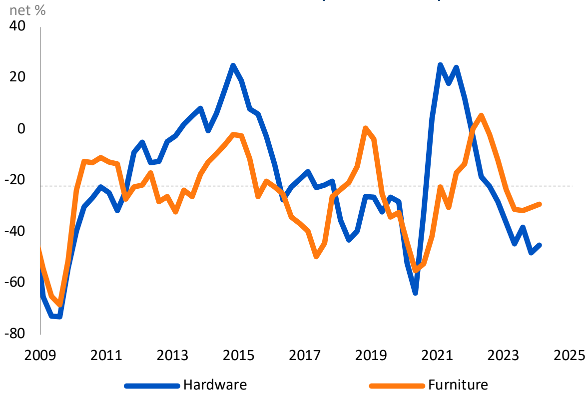
RETAIL TRADE: DURABLES[6]

Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ Δ
Confidence	%	26	38	51	39	56	44	41	32	27	45	**31**	-14	13
Business conditions	Net %	-51	-29	-7	-31	-22	-30	-32	-49	-38	-35	**-44**	-9	21
Sales volumes														
Total	Net %	-45	-22	1	-11	-6	-19	-37	-34	-45	-26	**-52**	-26	22
Hardware	Net %	-50	-20	10	-23	-14	-29	-41	-39	-54	-21	**-69**	-48	27
Furniture	Net %	-47	-25	-3	-1	5	-10	-31	-29	-33	-33	**-25**	8	25
Selling prices	Net %	8	33	58	72	76	72	62	63	43	37	**58**	21	19

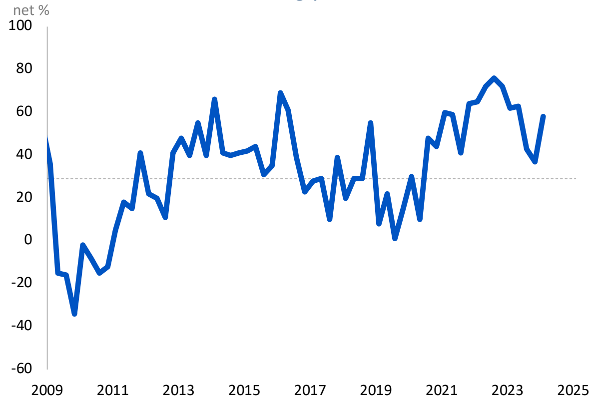
Confidence



Sales volumes (smoothed)



Selling prices



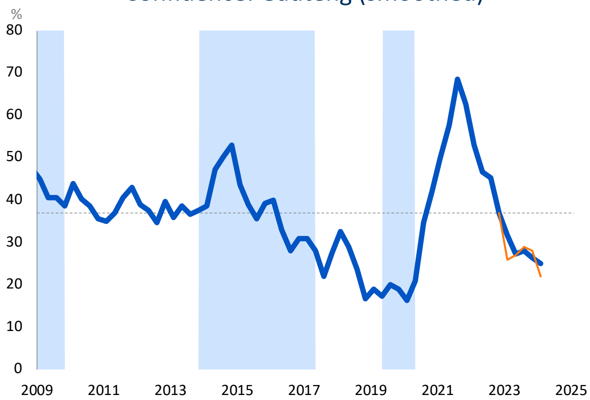
[6] "Retail trade durables" consists of "hardware" and "furniture". "Hardware" includes hardware, paint and glass (SIC code 6234). "Furniture" consists of household furniture, appliances, articles and equipment (6233), jewellery and related items (62392) and other durable goods (62399)

μ – average
σ – standard deviation
Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

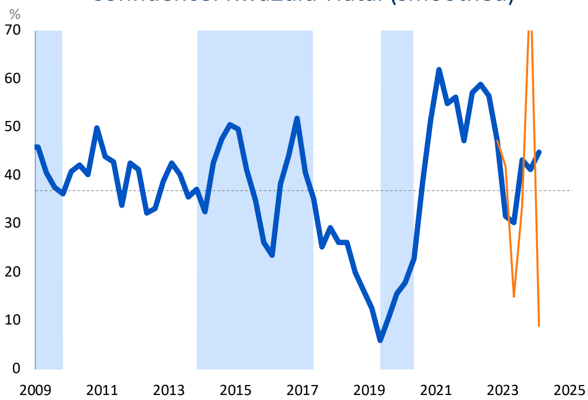
RETAIL TRADE: PROVINCES

Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ_Δ
Gauteng														
Confidence	%	23	36	50	51	43	42	26	27	29	28	**22**	-6	13
Smoothed	%	25	36	47	47	45	37	32	27	28	26	**25**	-1	5
Sales volumes	Net %	-44	-24	-4	-22	-10	-32	-30	-40	-23	-38	**-43**	-5	18
Smoothed	Net %	-41	-24	-7	-16	-21	-24	-34	-31	-34	-35	**-41**	-6	8
KwaZulu-Natal														
Confidence	%	20	38	56	70	62	38	42	15	34	81	**9**	-72	22
Smoothed	%	25	38	50	59	57	47	32	30	43	41	**45**	4	7
Sales volumes	Net %	-53	-25	3	57	34	26	-47	5	-91	-37	**-18**	19	33
Smoothed	Net %	-45	-25	-5	27	39	4	-5	-44	-41	-49	**-28**	21	13
Western Cape														
Confidence	%	32	45	57	26	61	32	44	28	43	52	**66**	14	16
Smoothed	%	36	45	53	50	40	46	35	38	41	54	**59**	5	5
Sales volumes	Net %	-34	-8	18	21	9	-28	-17	-16	21	-18	**11**	29	27
Smoothed	Net %	-29	-8	13	1	1	-12	-20	-4	-4	5	**-4**	-9	10

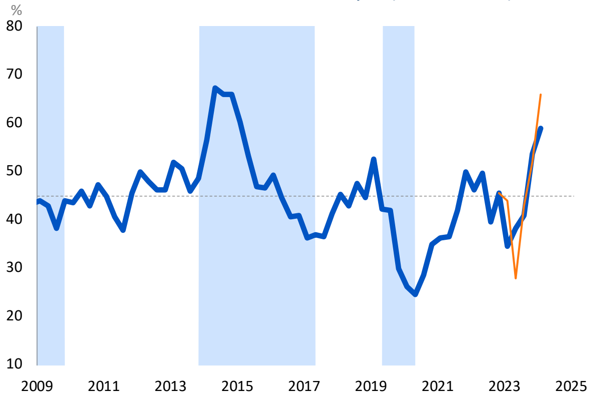
Confidence: Gauteng (smoothed)



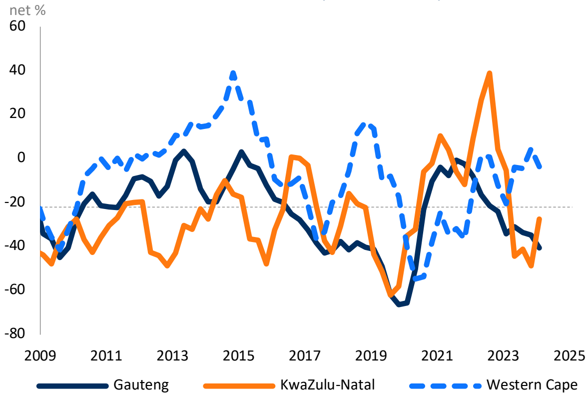
Confidence: KwaZulu-Natal (smoothed)



Confidence: Western Cape (smoothed)



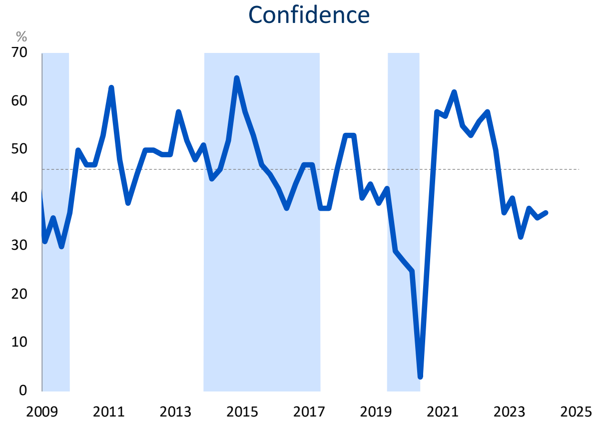
Sales volumes (smoothed)

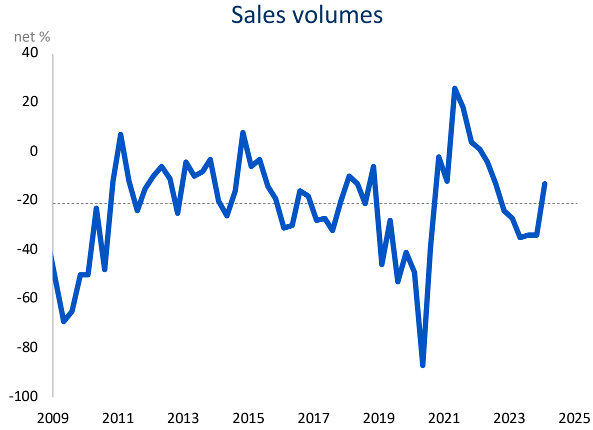


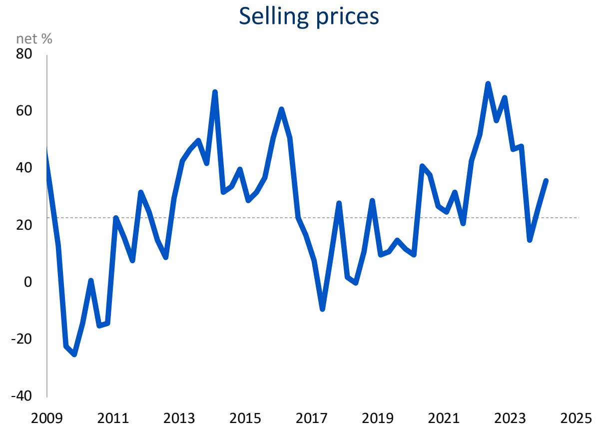
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

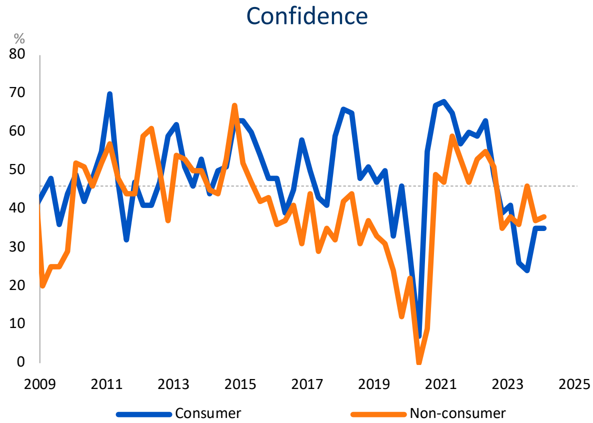
WHOLESALE TRADE: TOTAL[7]

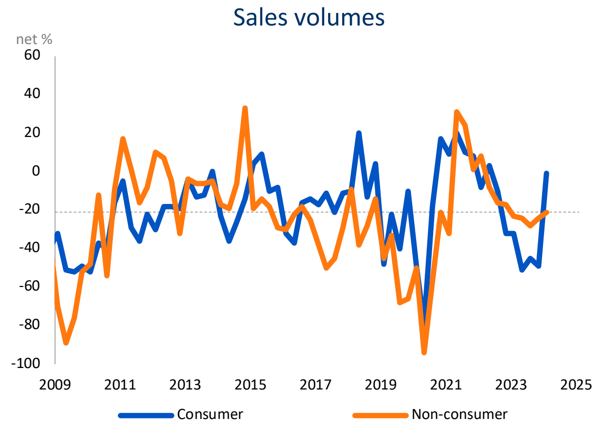
Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ Δ
Confidence	%	34	45	56	58	50	37	40	32	38	36	**37**	1	9
Business conditions	Net %	-53	-30	-8	-6	-12	-22	-39	-40	-62	-46	**-54**	-8	20
Sales volumes	Net %	-43	-22	-1	-4	-13	-24	-27	-35	-34	-34	**-13**	21	17
Selling prices	Net %	3	25	47	70	57	65	47	48	15	26	**36**	10	16

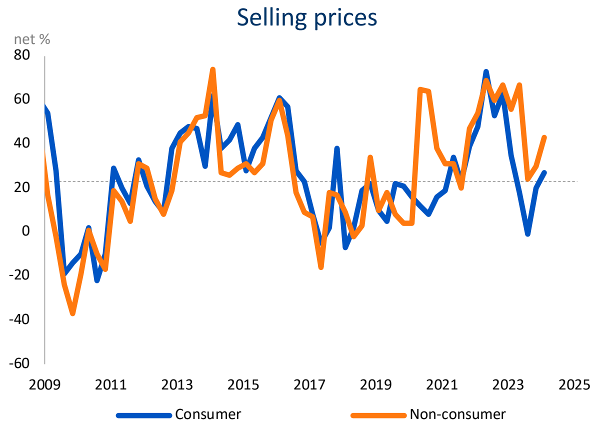










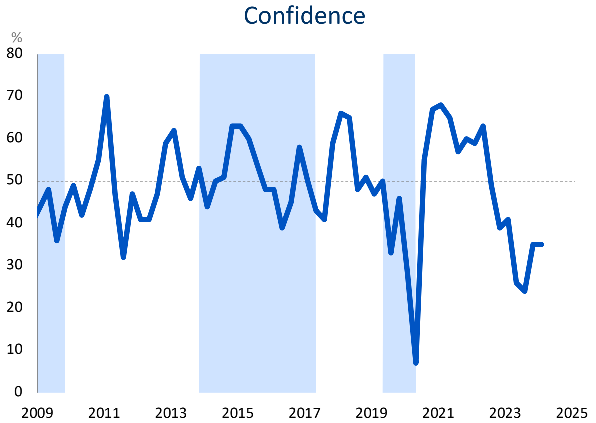


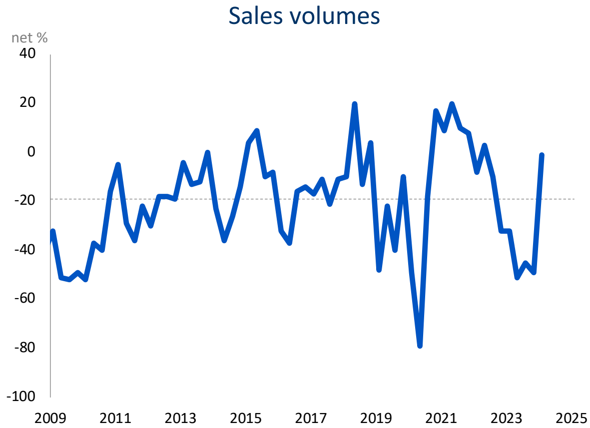
[7] The "wholesale trade total" consists of the "wholesale trade consumer goods" and the "wholesale trade non-consumer goods" sectors. The BER does not cover the wholesale trade on a fee or contract basis (SIC code 611), the wholesale trade in precious stones, jewellery and silverware (61393) and the wholesale trade in solid, liquid and gaseous fuels and related products (6141)

μ – average
σ – standard deviation
Δ – change from previous period
σΔ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

WHOLESALE TRADE: CONSUMER GOODS[8]

Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ Δ
Confidence	%	37	49	61	63	49	39	41	26	24	35	**35**	0	11
Business conditions	Net %	-54	-31	-8	-11	-19	-30	-58	-37	-72	-66	**-54**	12	23
Sales volumes	Net %	-41	-20	1	3	-10	-32	-32	-51	-45	-49	**-1**	48	20
Selling prices	Net %	3	25	47	73	53	63	35	18	-1	20	**27**	7	18



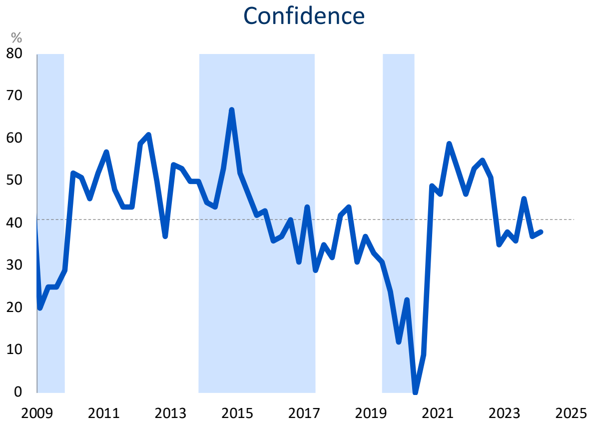


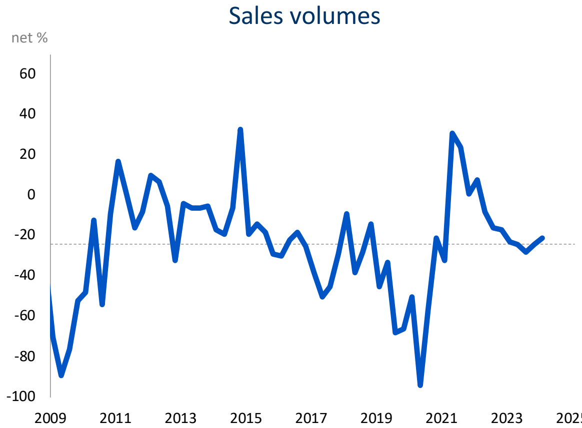
[8] Agricultural raw materials and livestock (SIC 6121), food, beverages and tobacco (6122), textiles, clothing and footwear (6131) and other household goods (6139).

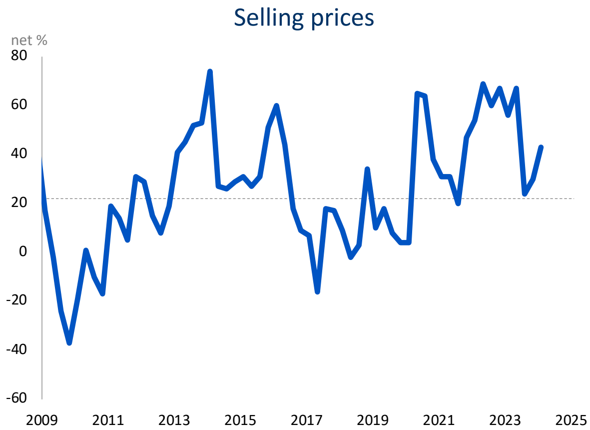
μ – average
σ – standard deviation
Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

WHOLESALE TRADE: NON-CONSUMER GOODS[9]

Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ Δ
Confidence	%	28	41	54	55	51	35	38	36	46	37	**38**	1	11
Business conditions	Net %	-56	-30	-5	-2	-7	-19	-25	-40	-54	-31	**-53**	-22	22
Sales volumes	Net %	-50	-24	3	-8	-16	-17	-23	-24	-28	-24	**-21**	3	22
Selling prices	Net %	0	25	51	69	60	67	56	67	24	30	**43**	13	19







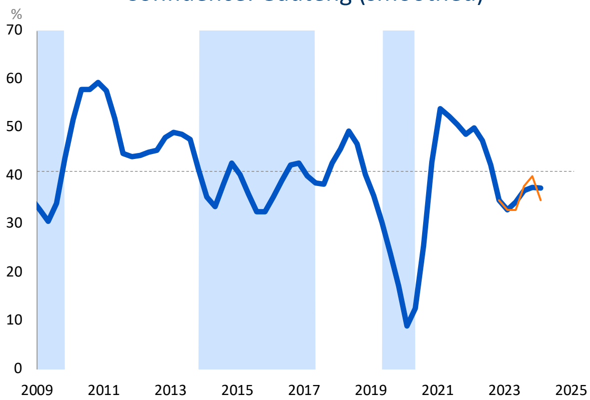
[9] Metals and metal ores (SIC code 6142), construction materials, hardware, plumbing and supplies (6143), other intermediate products, waste and scrap (6149) and machinery and equipment (615).

μ – average
σ – standard deviation
Δ – change from previous period
σΔ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

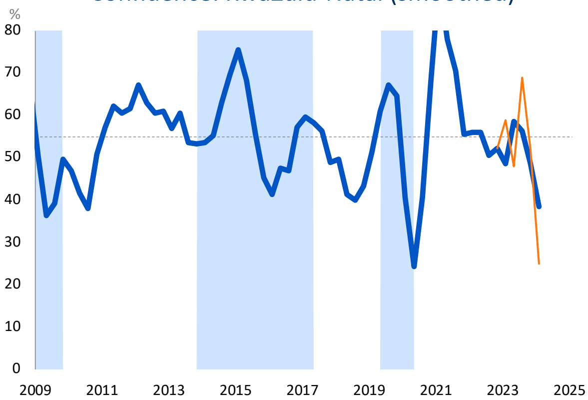
WHOLESALE TRADE: PROVINCES

Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ_Δ
Gauteng														
Confidence	%	29	41	53	55	39	33	33	33	38	40	**35**	-5	9
Smoothed	%	31	41	51	47	42	35	33	35	37	38	**38**	0	5
Sales volumes	Net %	-50	-26	-3	-6	-1	-25	-23	-37	-27	-18	**-4**	14	21
Smoothed	Net %	-46	-26	-7	0	-11	-16	-28	-29	-27	-16	**-11**	5	9
KwaZulu-Natal														
Confidence	%	37	54	72	54	59	39	59	48	69	52	**25**	-27	22
Smoothed	%	43	55	66	56	51	52	49	59	56	49	**39**	-10	9
Sales volumes	Net %	-61	-27	8	-46	-39	-5	-13	-30	19	-40	**-59**	-19	38
Smoothed	Net %	-52	-26	0	-46	-30	-19	-16	-8	-17	-27	**-50**	-23	18
Western Cape														
Confidence	%	40	54	68	80	67	45	51	36	37	36	**52**	16	15
Smoothed	%	43	54	65	74	64	54	44	41	36	42	**44**	2	6
Sales volumes	Net %	-35	-8	19	29	0	-24	-32	-20	-49	-32	**8**	40	26
Smoothed	Net %	-30	-8	14	18	2	-19	-25	-34	-34	-24	**-12**	12	11

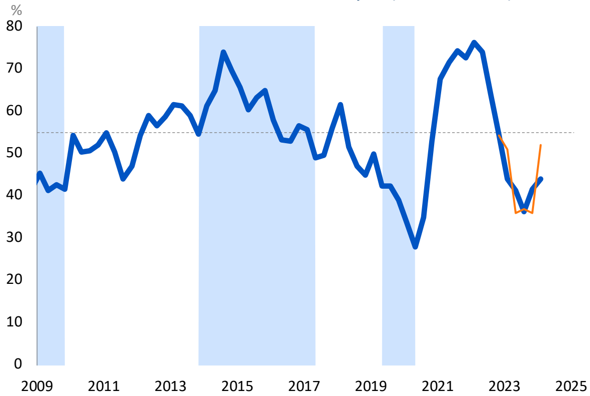
Confidence: Gauteng (smoothed)



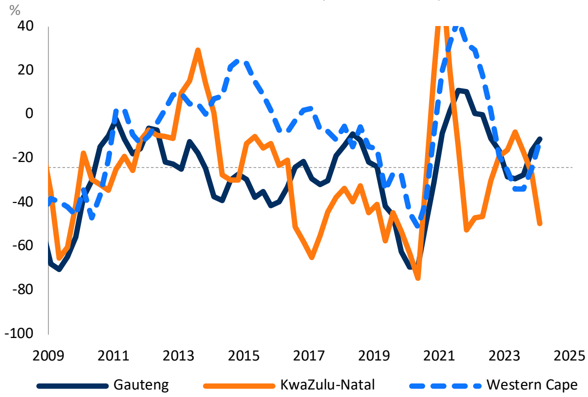
Confidence: KwaZulu-Natal (smoothed)



Confidence: Western Cape (smoothed)



Sales volumes (smoothed)

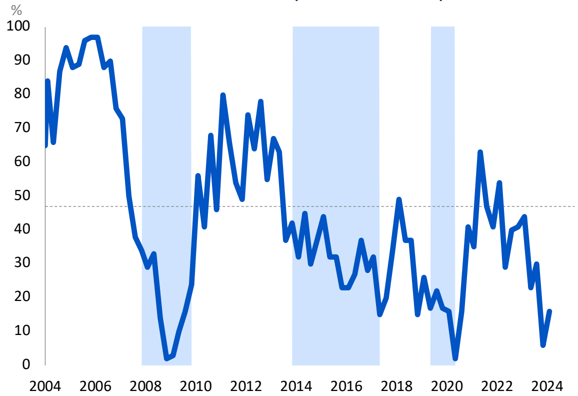


μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

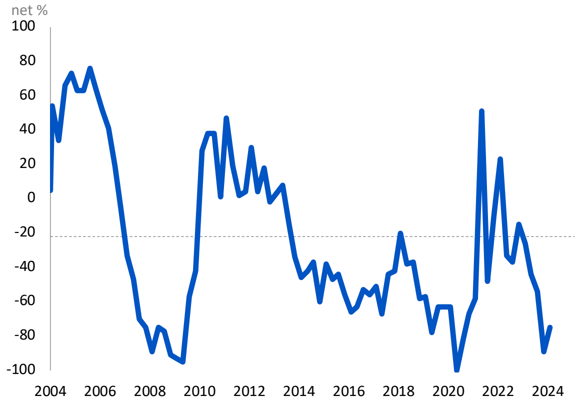
MOTOR TRADE[10]

Indicator	Unit	μ-σ	μ	μ+σ	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	Δ	σ Δ
New vehicles														
Confidence	%	18	44	69	29	40	41	44	23	30	6	**16**	10	14
Sales volumes	Net %	-73	-26	21	-33	-37	-15	-26	-44	-54	-89	**-75**	14	26
Used vehicles														
Sales volumes	Net %	-48	-22	3	-41	-54	-36	-41	-46	-52	-78	**-36**	42	23
Smoothed	Net %	-44	-22	-1	-34	-44	-44	-41	-46	-59	-55	**-57**	-2	10
Spare parts														
Sales volumes	Net %	-20	5	29	22	9	6	-3	2	7	6	**9**	3	20
Smoothed	Net %	-17	5	26	19	12	4	2	2	5	7	**8**	1	8

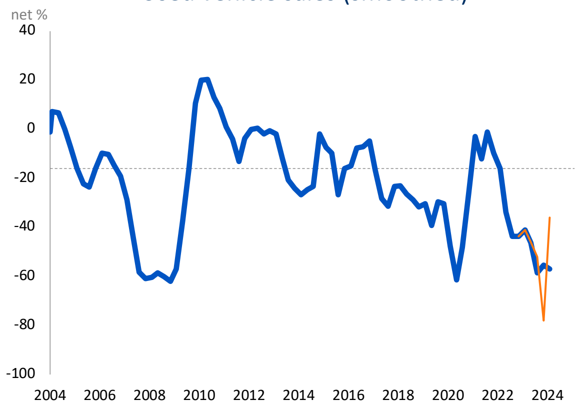
Confidence (new vehicles)



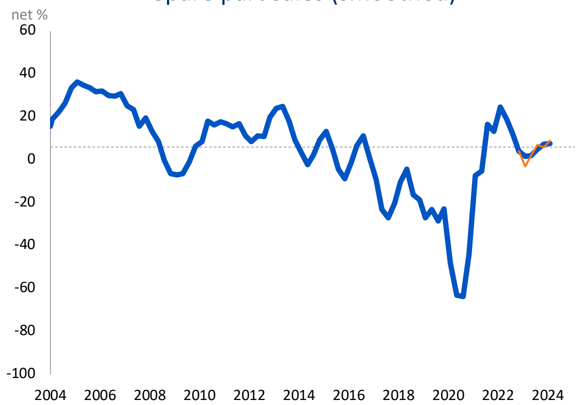
New vehicle sales



Used vehicle sales (smoothed)



Spare part sales (smoothed)

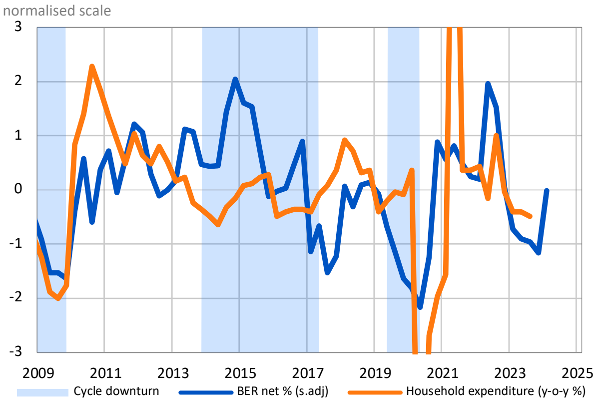


[10] The "motor trade" consists of the retail sales of new and used vehicles (SIC code 6312), as well as new spare parts and accessories (6331). The BER does not cover the wholesale sale of motor vehicles (6311), the maintenance and repair of motor vehicles (632), the sale of used parts and accessories (6332), the sale, maintenance and repair of motor cycles (634) and the retail sale of automotive fuel (635).

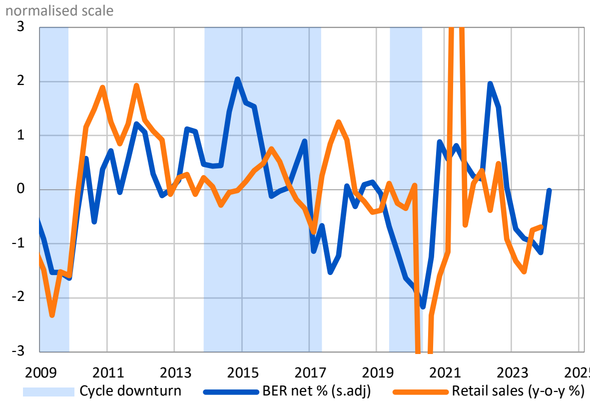
μ – average
σ – standard deviation
Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

SUMMARY

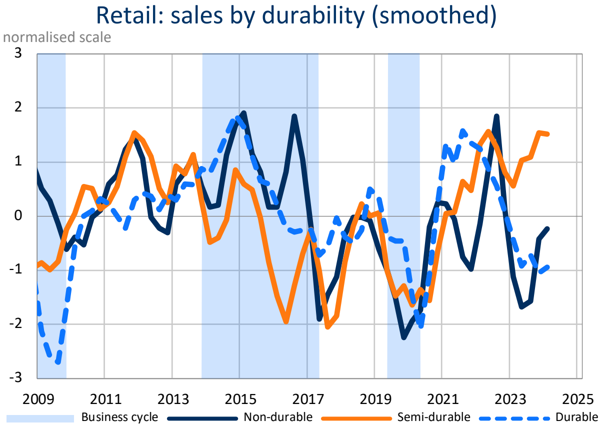
BER retail sales & FHCE*



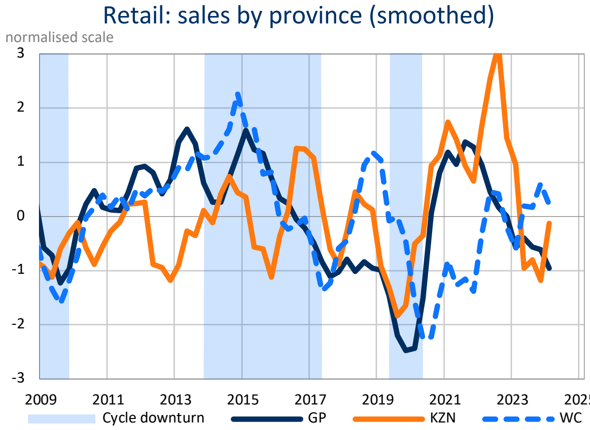
Retail sales



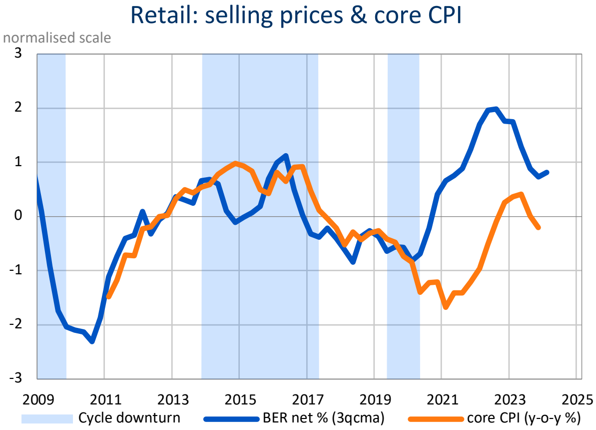
Retail: sales by durability (smoothed)



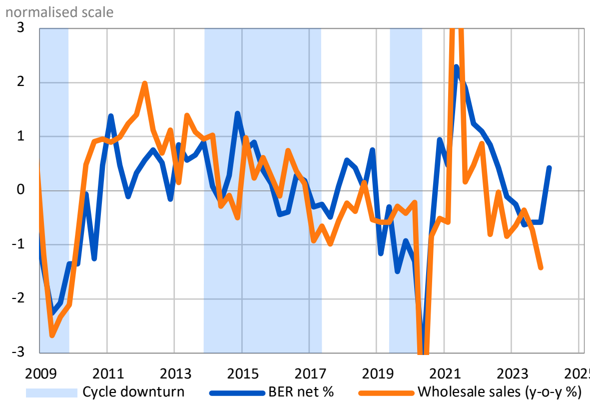
Retail: sales by province (smoothed)



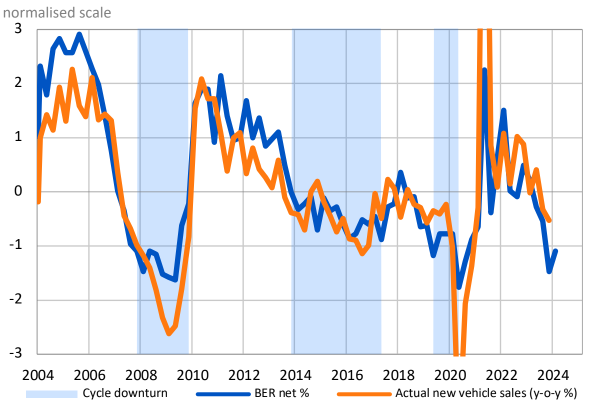
Retail: selling prices & core CPI



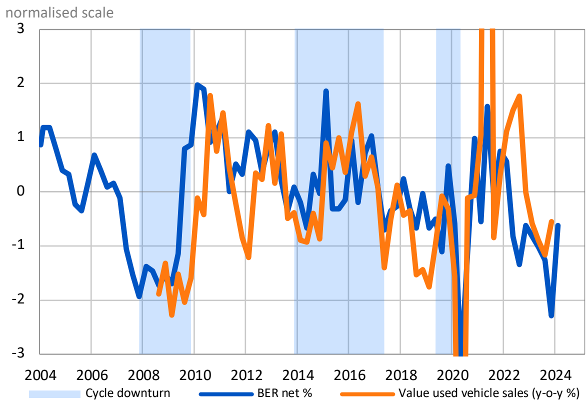
Wholesale sales



Motor: new vehicle sales



Motor: used vehicle sales



** Incl. spending on cars, petrol and services.*

Technical note

THE RETAIL, WHOLESALE AND MOTOR TRADE SURVEY METHOD

Short-term planning is hampered as official (quantitative or numeric) data is released with a time lag. Business tendency *survey* (BTS) *results reveal what happened between the release of the last official figures and the current state of affairs*. The survey results not only reveal earlier developments in activity, employment etc. (for which official figures are published), but also provide unique information, such as business confidence and respondents' expectations (or forecast) for the next quarter for which no official figures exist. It is now widely recognised that such subjective individual expectations play a key role in economic developments. Furthermore, the survey results of successive quarters *provide a means of tracking cyclical movements, pinpointing trend changes* and establishing forecasts.

The survey results are obtained from questionnaires completed by senior executives in the trade, manufacturing and building sector during the middle month of every calendar quarter.

The business survey questionnaire contains a small number of questions. These questions are qualitative in nature, e.g. "Compared to the same quarter a year ago, is the volume of sales up, the same or down?". No figures are requested.

The sample of executives remains the same from one survey to the next. A panel is in effect established. The sample provides for the main sectors. The list of participants is reviewed every few years to replace those firms that went out of business or stopped responding during the previous two years with new ones.

Participants have to complete a "participant details form" at the time of recruitment and every few years to ensure that their sector classification and turnover (optional) are correct. Each response is weighted according to the firm's size and the sector's contribution, and this is, in turn, adjusted for the response pattern. These weights are updated every 5 years. The new weights will apply from the third quarter of 2022 onwards. At the same time, the historical time series for the retail and wholesale trade going back to 2009 were revised to reflect the latest business census and other official results. No changes were made to the historical time series for the motor trade. The revision led to very small changes in the results relative to those published previously.

The BER conducted its first survey of the manufacturing and trade (i.e. retail, wholesale and motor trade) sectors in 1954. The sector coverage was expanded to the building sector (i.e. main contractors and sub-contractors) in 1969. Architects, quantity surveyors and civil engineering contractors were added later to the building survey.

Consult the BER web page (**www.ber.ac.za**) for more information about the business tendency survey method.

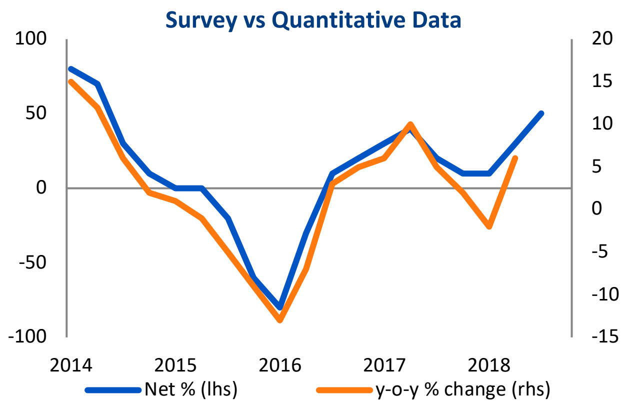
THE UNIQUE UNITS OF MEASUREMENT OF QUALITATIVE SURVEYS

Net percentage (net %)

The responses related to the change in activity, prices, employment, business conditions, expected economic performance etc. are presented as a “net percentage” (also called a “net balance” or a “net majority”). If, for example, the percentages of respondents rating the volume of sales as “higher”, the “same” or “lower” compared to a year ago are 70%, 10% and 20% respectively, then one can conclude that the majority of participants experienced higher sales. The net percentage is calculated as the percentage of respondents rating “sales” as higher less the percentage rating it as “lower”. The percentage rating it as the “same” is ignored. The net percentage in this example is therefore 50%, being the difference between the 70% “higher” and the 20% “lower”. A net percentage of –10%, for instance, would indicate a decline in sales compared to a year ago. Take note that this does not mean a year-on-year contraction of 10%. It only means that the activity of a majority of 10% of the respondents was lower compared to a year ago.

The net percentage, or net balance statistic, can theoretically vary between a minimum of -100 (when all participants replied “lower”) and a maximum of +100 (when all respondents replied “higher”). Theoretically a value of zero, therefore, indicates no change, between 0 and 100 reflects a rise (or improvement) and between 0 and –100 a decline (or deterioration) compared to the same quarter a year ago. The net balance statistic is a diffusion index, i.e. it indicates the degree to which the indicated change is “diffused” (spread) throughout the sample population. It indicates both the direction and size of the change.

Given that it reflects respondents’ estimation of the change in the phenomenon/variable in the current quarter relative to the same quarter a year ago, the net percentage corresponds to a year-on-year percentage change/growth rate in the corresponding/equivalent official data series (see the figure on the right).



Percentage (%)

The responses relating to business confidence are presented as percentages.

In the case of business confidence, respondents have to rate prevailing business conditions as either “satisfactory” or “unsatisfactory”. The percentage of respondents rating prevailing business conditions as satisfactory is taken as an indicator (proxy) for business confidence. A reading of 10 for business confidence, for instance, means that only 10% of the respondents indicated that they were satisfied. In this example, 90% were, therefore, unsatisfied.

Theoretically, the confidence series can vary between a minimum of zero and a maximum of 100. A value of zero would reflect an extreme lack of confidence and 100 extreme confidence.

These results reflect respondents' evaluation of the phenomenon/the survey variable in respect to that specific survey quarter, i.e. not relative to some period in the past or future.

DESCRIPTIVE STATISTICS IN THE TABLES

Smoothed

Some series show erratic/volatile movements, i.e. data jumps around quite a bit between consecutive quarters. In such cases, it is necessary to smooth these movements over a longer period to obtain a general trend. Another case where we added moving averages is when the correlation between the survey results and the corresponding reference series is low or non-existent.

Three-quarter centred moving averages (3qcma) were selected in order to not disturb turning points too much, e.g. the moving average of 17Q4 is calculated as the average of 17Q3, 17Q4 and 18Q1, that of 18Q1 is calculated as the average of 17Q4, 18Q1 and 18Q2 etc. In order for the smoothed series to run up to the last unsmoothed data point, the last smoothed data point is only the average of two quarters, namely the previous and current quarter.

When a smoothed series is added, it is prudent not to attach too much value to the unsmoothed results of a particular quarter, but rather to evaluate it in its historical context.

Seasonal adjustment (SA)

In theory, the time series ought to display no seasonal patterns because respondents are instructed to compare the current quarter with the same one of a year ago (e.g. they have to compare the current Festive Season or wet/dry winter period with the same time a year ago). However, in practice, some series nevertheless reveal seasonal patterns, probably because some respondents incorrectly compare the survey quarter with the one directly preceding it. In such cases, a seasonally adjusted series (i.e. where such seasonal variation is eliminated with X12 ARIMA) is added.

Average (μ)

The neutral level of the time series for the two measurement types, net percentage and percentage, is 50 or zero respectively. The long-term average (mean) is often not equivalent to this neutral level. In such cases, it is more useful to evaluate the current results relative to such a long-term average than the neutral level.

One standard deviation below (μ-σ) and above (μ+σ) the average

The standard deviation indicates the common variation in or dispersion of the values. Data points falling between one standard deviation below and above the average could be regarded as common. Any data point falling outside these ranges, therefore, displays statistically significant variation.

Change (Delta: Δ)

This statistic indicates the change in the results of the latest quarter relative to the preceding quarter.

Volatility (standard deviation of the deltas: Δσ)

This statistic indicates the volatility of the quarter-on-quarter change. If the size (regardless if it is an increase or decline) of the change is greater than the standard deviation of the deltas, then it displays a statistically significant variation.

CONVENTIONS AND AIDS PROVIDED IN THE CHARTS

Shaded areas

Indicates cyclical downturns as demarcated by the South African Reserve Bank. Users need to take note that the business cycle could have already reversed course towards the end of the period covered in the chart, but usually we wait until the bank determines a turning point before changing the shaded areas.

Solid vs. dotted horizontal (X) axes:

A solid line indicates the theoretical mid-points of 50 or zero respectively, while a dotted line indicates the long-term average (mean). Also see the section on the "average" above.

Normalised scale

Time series data is normalised (standardised) when one wishes to observe the co-movement among indicators with different units of measurement, say for instance, between a diffusion index (confidence) and the growth rate in a volume index (GDP growth). Normalisation converts both series to the same scale (unit) by subtracting the long-term average from each series and dividing it by its standard deviation. This ensures that one compares "apples" with "apples" when making a visual inspection and not mistakenly identify co-movements or deviations that different scales could produce.