BUREAU for ECONOMIC RESEARCH

SURVEY PUBLICATION | SECOND QUARTER 2024

Other services

Quarterly analysis of activity in hotels & restaurants, transport & storage, real estate and business services

Volume 05 Number 02

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

Executive summary

Overall business confidence in the Other Services sector **rose markedly** to 55 in 2024Q2. This means just over half of the respondents were satisfied with prevailing business conditions. The increase in confidence was statistically significant and consistent with improvements in all the underlying indicators. Business volumes and conditions increased by significant margins and are now above long-term average levels.

Unlike previous quarters, when confidence in some subsectors increased and in others it dwindled, the increase in business confidence for the overall Other Services sector was driven by **increases in all the subsectors**. The most striking of which was the increase in the real estate subsector.

In the **real estate subsector**, confidence increased to a level close to its long-run average. This result is somewhat confounding since the current high-interest rate environment is continuing, while election jitters were at their peak when the survey was conducted. That said, the increase in confidence was met by statistically significant rises in business conditions and business volumes. However, the smoothed version of business conditions and volumes is still well below the long-run average levels, suggesting that the subsector is recovering after a slump.

Meanwhile, confidence ticked up in the **hospitality subsector** ever so slightly, from an already elevated 62 in 2024Q1 to 64 in 2024Q2. This level remains above the long-term average, and it is encouraging to see this subsector maintaining its upbeat performance, considering that we are heading into the off-season period. The uptick in confidence was similarly met by increases in business confidence and business volumes, both of which are now at above-average levels.

In the **business services subsector,** confidence ticked up by five points to equal its long-term average level of 56. Despite facing many headwinds, the respondents in this subsector remain relatively upbeat. Consistent with the increase in confidence, there were increases in both business conditions and business volumes. While business volumes increased, the selling prices/fees charged indicator decreased, and profitability remained roughly the same on a quarter-on-quarter basis.

The results in the **transport and storage subsector** were somewhat mixed. Confidence increased slightly, although business conditions and volumes remained roughly level. These indicators signal below-average activity in this subsector while confidence hovers around the long-run average. Operating conditions for logistics companies remain tough, but respondents are cautiously optimistic about the future.

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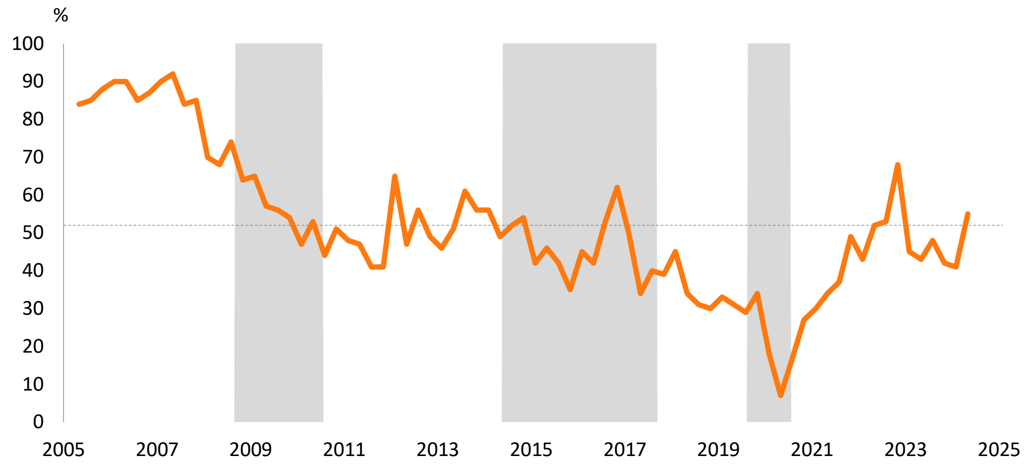
Introduction

Business confidence in the Other Services sector[1] increased by 14 points, from 41 in the first quarter of 2024 to 55 in the current quarter. In fact, the increase was greater than a one-standard-deviation change[2] in other services confidence and is now above the long-term average of 52. This is the first time in over a year that confidence is above the 50-point mark. This implies that just more than half of the respondents in the other services sector are satisfied with prevailing business conditions.

The increase in business confidence was in step with increases in **business volumes**. Similar to the overall confidence indicator, the increase in business volumes was statistically significant and is now above long-term average levels. **Business conditions** improved, from negative 24 to negative 3, an increase of 21 points, which is an above-average increase. Likewise, realised employment was also up.

The **average selling prices/fees charged** lowered by five net percentage points to 13. It remains above the long-term average level. The positive number means businesses still feel that they can pass on price increases to consumers, although less so than before. While price increases decelerated somewhat, **profitability** increased by 19 percentage points, suggesting that the rise in profitability was due to greater business volumes, a positive indication of real output growth in the sector.

Figure 1: Other Services confidence jumps above the long-term average in 2024Q2



Source: BER, SARB (downturn areas of the business cycle are shaded)

[1] Hotels, restaurants, transport, real estate and business services make up the other services sector. They are denoted as "other" services to distinguish them from the retail, wholesale and motor trade sectors, which are also part of the services sector but included in the RMB/BER business confidence index (BCI). The other services sector is not included in the BCI due to its lagging business cycle characteristics, i.e., it recovers/deteriorates later than the BCI sectors. Although the other services sector contributes a considerable 22% (2019) to GDP and employment, the BER does not include it in the BCI to safeguard its advanced signalling properties.

[2] One way to determine whether a change is significant or not is to calculate the standard deviation of a long-term time series. If the size (regardless if it is an increase or decline) of a change is greater than the standard deviation, then it displays a statistically significant variation. See the technical note at the back for more information on the descriptive statistics.

Details

Unlike previous quarters, when confidence in some subsectors increased and in others it dwindled, the increase in business confidence for the overall Other Services sector was driven by **increases in all the subsectors**. The most striking increase was in the real estate subsector.

CONFIDENCE IN REAL ESTATE SHOOTS UP

In the real estate subsector, business confidence rose for a second consecutive quarter, from 8 in 2023Q4 to 14 in 2024Q1, and now to 41 in 2024Q2. The latest increase was a statistically significant 27 points, and lifted confidence to the highest level since 2023Q1. Business volumes among realtors increased by 68 net percentage points to a negative 7. Encouragingly, business conditions among realtors improved, and a net majority of 5% now say that business conditions are better than a year ago, which is better than the long-term average. It is the only subsector where the average selling price indicator increased, which is consistent with the available data on average house prices. The FNB Average House Price Index still increased on a yearly basis in April, although it continues to do so at a slower pace.

The result among respondents in this subsector is very bold, given the uncertainty that prevails around the SA Reserve Bank's (SARB) policy interest rate decisions and election outcomes in the country, at least at the time the survey was conducted[3]. In fact, many reports signal heightened uncertainty around the elections deters both buyers and sellers of property from committing to the transaction. However, the survey covers companies that manage home and office rentals, and this aspect is doing relatively well amidst a tighter sales market. It is also true that there are some green shoots in real estate. Property financiers mention that sales of industrial properties are doing well, and there is an increase in applications for collective house buying. As it has become very expensive to purchase houses, more and more families and individuals are clubbing together to purchase properties[4]. Another broad tendency is for respondents in the real estate sector to be forward-looking in their responses, and so this result may reflect the hope that the subsector has bottomed out.

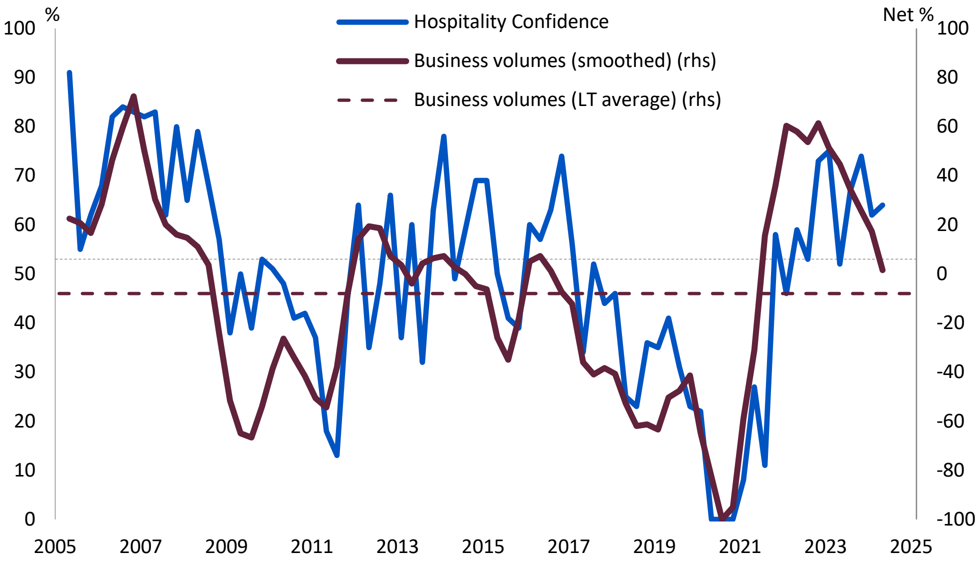
HOSPITALITY SUBSECTOR REMAINS UPBEAT

In the hospitality subsector, business volumes increased by 19 points from negative 8 to 11 in the current quarter. This is above the long-term average but remains below the levels of 2022 and 2023, as can be seen in Figure 2. In step with the result of business volumes, confidence rose by two points to 64 in the second quarter, while business conditions improved from negative 12 to positive 3. It is encouraging to see that confidence remains strong, even as the off-season period for the hospitality subsector approaches. The average price/fees charged variable declined somewhat, but because of the increase in business volumes, profitability in this subsector improved, although it remains in negative terrain.

[3] The survey was conducted from 9 to 27 May 2024, before the elections on 29 May.

[4] https://www.moneyweb.co.za/news/south-africa/increase-in-collective-house-buying/

Figure 2: Confidence and volumes in the hospitality subsector remain high



Source: BER

BUSINESS SERVICES CONFIDENCE SHOWS STEADY RISE

The business services subsector, which makes up the largest proportion of the other services sector, also experienced higher business confidence. Business confidence increased by five points to 56, a number equal to the long-term average. Respondents reported higher business volumes in this quarter, increasing by six net percentage points to 12, while business conditions rose by six net percentage points to negative 5, a level that remains above the long-term average. The average selling price indicator declined, while profitability remained roughly level between the first and second quarters of the year.

Strikingly, all the business services expectation indicators have declined significantly since the first quarter. Expected business conditions declined by 18 to negative 19, expected business volumes declined by 19 to negative 3, and similarly, expected prices, employment and profitability decreased. It is likely that the respondents in this subsector fear the uncertainty surrounding the elections, at least at the time when the survey was conducted, as many do business with the government or interact with government institutions. After this indicator improved (declined) somewhat last quarter, more respondents again listed the shortage of skilled labour and finances as a serious constraint to doing business (58%). It is now back at the same high level of the second half of 2023.

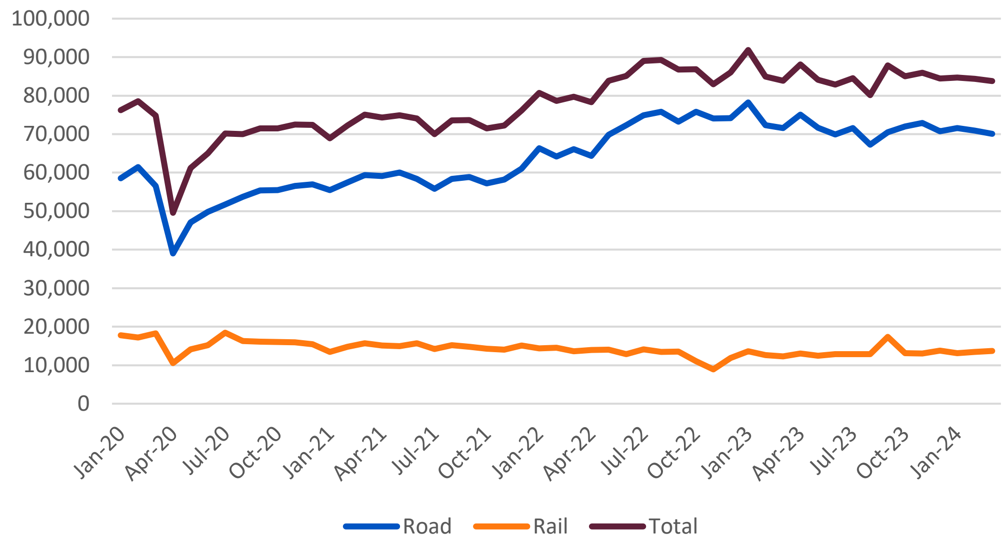
ROUGHLY LEVEL RESULT FOR TRANSPORT AND STORAGE

The results in the transport and storage subsector were somewhat varied. Business confidence ticked up slightly by seven points to 45 this quarter, even though business volumes remained more or less the same between the first and second quarters of the year. The result for business volumes is corroborated by the latest road and rail payload data from Stats SA, which has also moved horizontally for a while, as can be seen in Figure 3.

Similar to the roughly level result for business volumes, business conditions in transport moved sideways, from negative 29 last quarter to negative 28 this quarter. Both volumes and business conditions remain weak, below the long-term average, while confidence is more or less at the long-term average level. This dynamic suggests that there is some hope this subsector will do better later this year as logistical factors continue to improve, but that current volumes are still underperforming.

Figure 3: Payload for freight transportation

'000 TONNES SEASONALLY ADJUSTED



Source: Stats SA Land Transport Survey

Because of the level of results for business volumes and lower average selling prices (although still in positive terrain), profitability dipped in this subsector. Fuel prices were quite elevated during the second quarter, which may have dampened activity and profitability (and weighed on sentiment). Employment decreased, which is in contrast to the overall result for other services. This quarter, more respondents listed the shortage of skilled labour as a severe impediment to doing business in this subsector.

CONFIDENCE UP ACROSS ALL THREE MAJOR PROVINCES

The results for all three major provinces moved in a positive direction. Business confidence in the Western Cape improved from 37 to 65; in Gauteng, it moved from 41 to 47. In KwaZulu-Natal, business confidence moved from 29 to 45 points, even though business volumes in this province dipped by a significant 50 net percentage points and is now at negative 41.

FINAL REMARKS

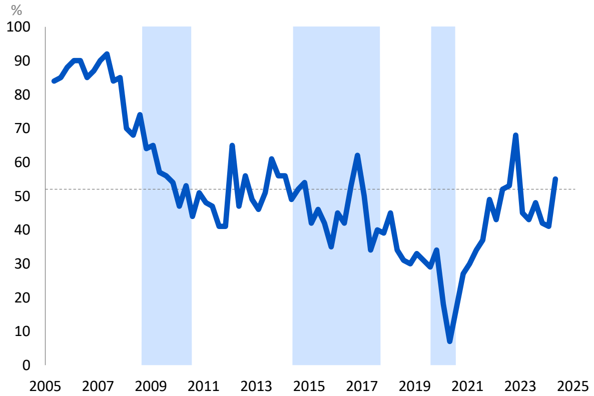
The overall results for the Other Services Survey in the second quarter were surprisingly upbeat, considering the remaining uncertainty that prevails around many fundamental aspects of the South African economy. For one, there is increasing talk of fewer interest rate cuts by the SARB, which could hurt the recovery of the real estate subsector. We also expected an uncertain election prospect to cause many respondents to take a wait-and-see approach. While this might have been the case for a few individual respondents, it did not filter through to the aggregate result, with confidence improving markedly across all subsectors in other services. Although the move in this sector is in step with the overall Business Confidence Index (BCI), other services had an even more sanguine result.

Survey results

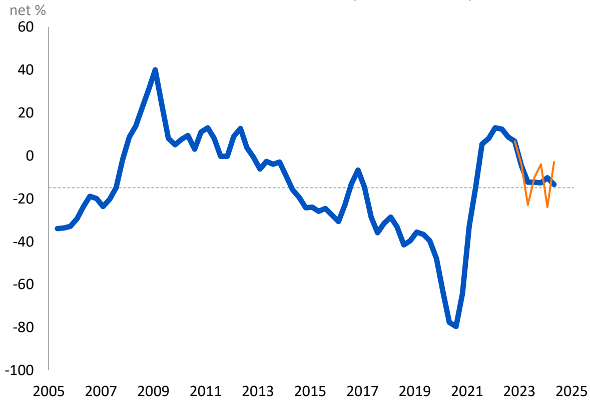
OTHER SERVICES: TOTAL[5]

Indicator	Unit	μ-σ	μ	μ+σ	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	Δ	σ Δ
Confidence	%	33	52	71	53	68	45	43	48	42	41	**55**	14	8
Business conditions	Net %	-39	-14	12	11	13	-4	-23	-10	-4	-24	**-3**	21	18
Smoothed	Net %	-37	-14	10	12	9	7	-5	-12	-12	-13	**-10**	3	9
Business volumes	Net %	-40	-10	20	12	23	-4	-6	-8	3	-26	**1**	27	16
Smoothed	Net %	-38	-10	18	20	19	10	4	-6	-4	-10	**-7**	3	9
Selling prices / fees charged	Net %	-21	-3	16	13	22	18	15	18	1	18	**13**	-5	12

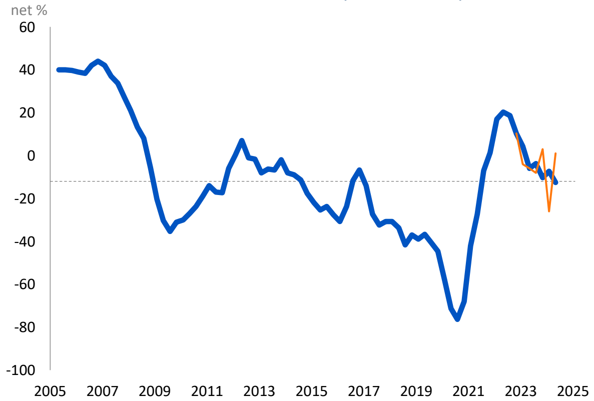
Confidence



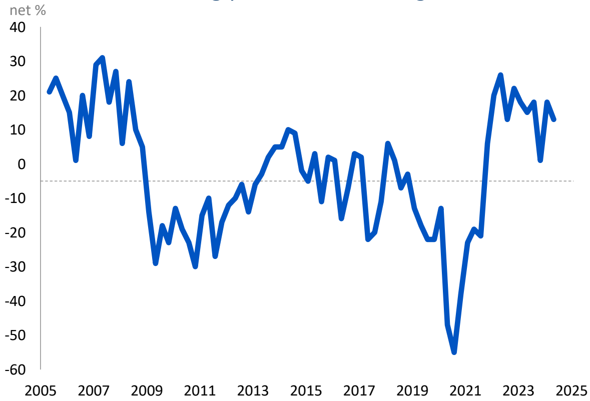
Business conditions (smoothed)



Business volumes (smoothed)



Selling prices / fees charged



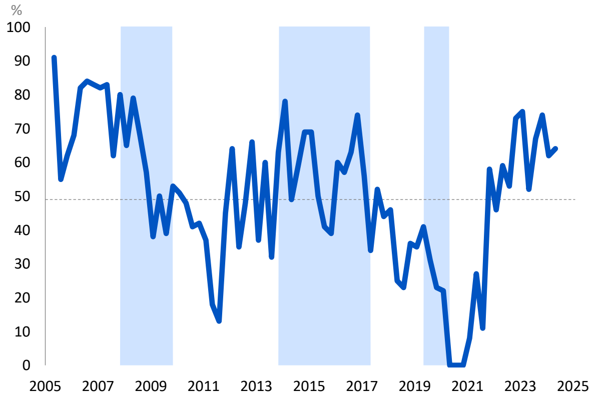
[5] The "other services: total" includes hotels & restaurants (15%), transport & storage (22%), real estate (18%) and business services (45%). The figures in brackets indicate the BER's weights, which account for the sector coverage and participation. Consult Table 2 for the sub-sector's share according to Stats SA's business censuses.

μ – average
σ – standard deviation
Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2005 to the present
See Technical note for further details

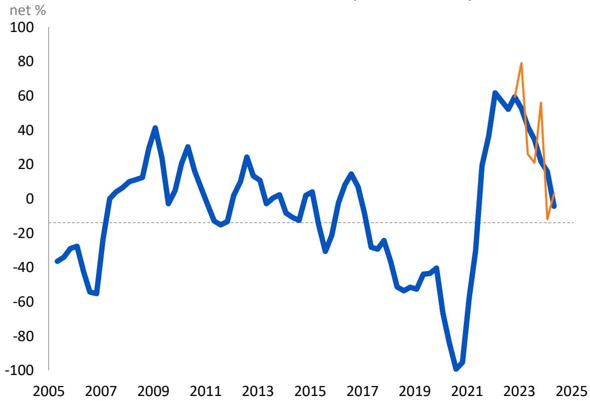
HOTELS & RESTAURANTS[6]

Indicator	Unit	μ-σ	μ	μ+σ	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	Δ	σ Δ
Confidence	%	29	50	72	53	73	75	52	67	74	62	**64**	2	16
Business conditions	Net %	-48	-8	33	46	53	79	26	21	56	-12	**3**	15	33
Smoothed	Net %	-43	-8	28	57	52	59	53	42	34	22	**16**	-6	15
Business volumes	Net %	-54	-8	37	48	56	80	18	36	49	-8	**11**	19	32
Smoothed	Net %	-50	-9	32	58	54	61	51	45	34	26	**17**	-9	15
Selling prices / fees charged	Net %	-24	13	50	27	51	85	62	36	41	13	**9**	-4	31
Smoothed	Net %	-19	13	45	39	41	54	66	61	46	30	**21**	-9	13

Confidence



Business conditions (smoothed)



Business volumes (smoothed)

Selling prices / fees charged (smoothed)

[6] Hotels & other accommodation (SIC code 641) (74%), restaurants and other food outlets (642) (26%). The figures in brackets indicate the BER's weights, which account for the sector coverage and participation. Consult Table 2 for the sub-sector's share according to Stats SA's business censuses.

μ – average
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Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2005 to the present
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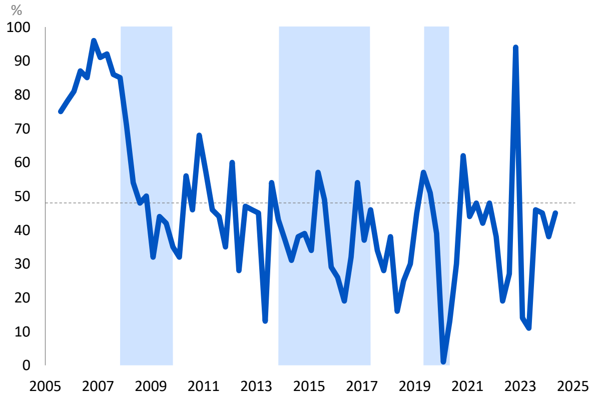
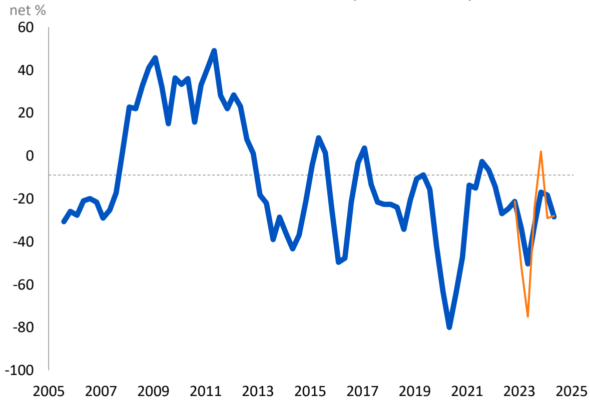
TRANSPORT & STORAGE[7]

Indicator	Unit	μ-σ	μ	μ+σ	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	Δ	σ Δ
Confidence	%	25	47	68	27	94	14	11	46	45	38	**45**	7	19
Business conditions	Net %	-47	-11	25	-37	25	-52	-75	-24	2	-29	**-28**	1	37
Smoothed	Net %	-39	-11	18	-27	-25	-21	-34	-50	-32	-17	**-18**	-1	14
Business volumes	Net %	-48	-11	25	-10	48	-43	-74	-24	20	-31	**-32**	-1	34
Smoothed	Net %	-41	-12	18	-1	4	-2	-23	-47	-26	-12	**-14**	-2	14
Selling prices / fees charged	Net %	-13	7	27	25	58	33	-11	28	30	40	**28**	-12	18
Smoothed	Net %	-10	7	23	28	35	39	27	17	16	33	**33**	0	8

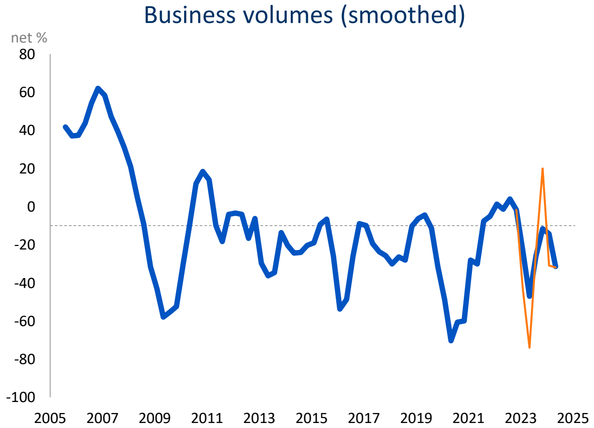
Confidence



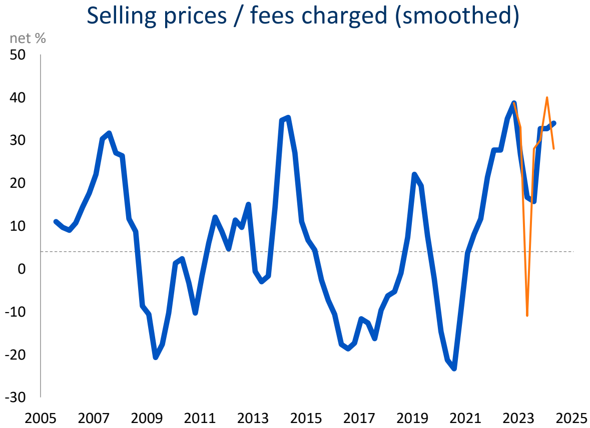
Business conditions (smoothed)



Business volumes (smoothed)



Selling prices / fees charged (smoothed)



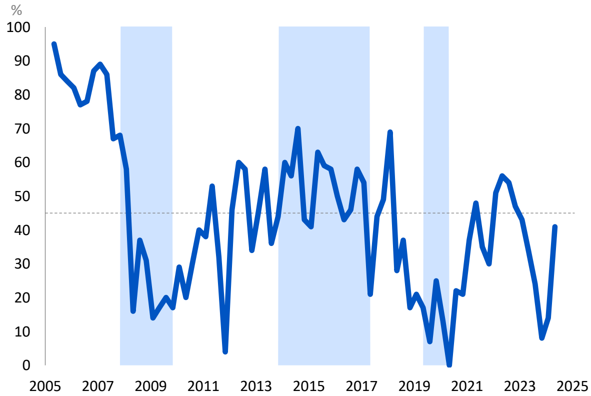
[7] 1) Land transport (39%): road freight (SIC code 7123)
2) Supporting transport & travel agencies (61%): cargo handling (7411), travel agencies & tour operators (7414), other (e.g., freight forwarding) (7419)
The figures in brackets indicate the BER's weights, which account for the sector coverage and participation. Consult Table 2 for the sub-sector's share according to Stats SA's business censuses.

μ – average
σ – standard deviation
Δ – change from previous period
σ$_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2005 to the present
See Technical note for further details

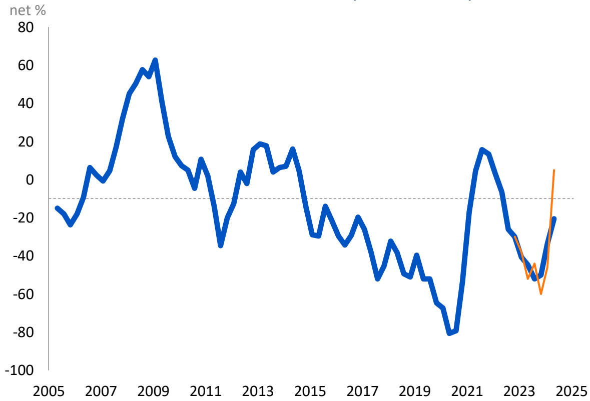
REAL ESTATE[8]

Indicator	Unit	μ-σ	μ	μ+σ	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	Δ	σ Δ
Confidence	%	21	44	66	54	47	43	34	24	8	14	**41**	27	16
Business conditions	Net %	-49	-13	24	-20	-32	-38	-52	-44	-60	-46	**5**	51	29
Smoothed	Net %	-44	-13	19	-7	-26	-30	-41	-45	-52	-50	**-34**	16	12
Business volumes	Net %	-56	-27	2	-13	-13	-28	-22	-52	-51	-75	**-7**	68	29
Smoothed	Net %	-50	-27	-3	9	-6	-18	-21	-34	-42	-59	**-44**	15	11
Selling prices / fees charged	Net %	-42	-12	19	12	-20	-20	9	2	-45	-7	**16**	23	26
Smoothed	Net %	-38	-12	14	17	6	-9	-10	-3	-11	-17	**-12**	5	14

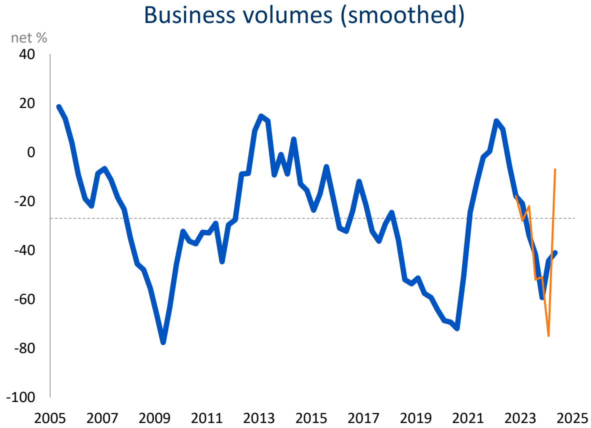
Confidence



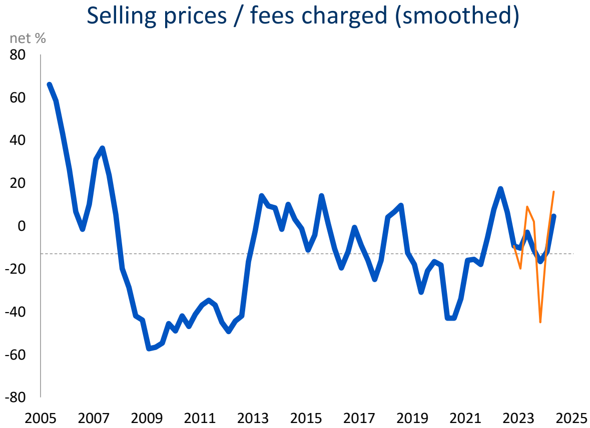
Business conditions (smoothed)



Business volumes (smoothed)



Selling prices / fees charged (smoothed)



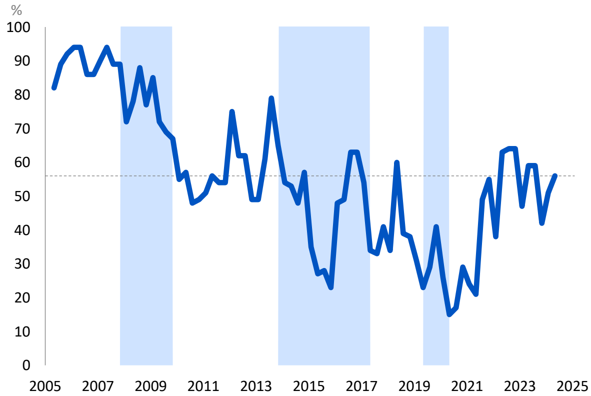
[8] Estate agents (auctioneering and sale of property) (SIC code 841) (35%) and property management (841) (65%). The figures in brackets indicate the BER's weights, which account for the sector coverage and participation. Consult Table 2 for the sub-sector's share according to Stats SA's business censuses.

μ – average
σ – standard deviation
Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2005 to the present
See Technical note for further details

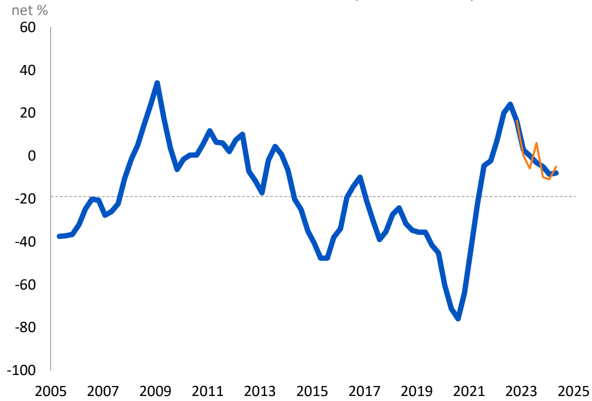
BUSINESS SERVICES[9]

Indicator	Unit	μ-σ	μ	μ+σ	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	Δ	σ Δ
Confidence	%	35	56	77	64	64	47	59	59	42	51	**56**	5	11
Business conditions	Net %	-42	-16	10	35	14	0	-6	6	-10	-11	**-5**	6	19
Smoothed	Net %	-39	-16	7	20	24	16	3	0	-3	-5	**-9**	-4	10
Business volumes	Net %	-37	-6	26	20	13	-9	21	11	0	6	**12**	6	16
Smoothed	Net %	-36	-6	24	17	22	8	8	8	11	6	**6**	0	9
Selling prices / fees charged	Net %	-30	-10	9	-1	18	3	5	12	-6	29	**6**	-23	16
Smoothed	Net %	-28	-11	7	6	11	7	9	7	4	12	**10**	-2	6

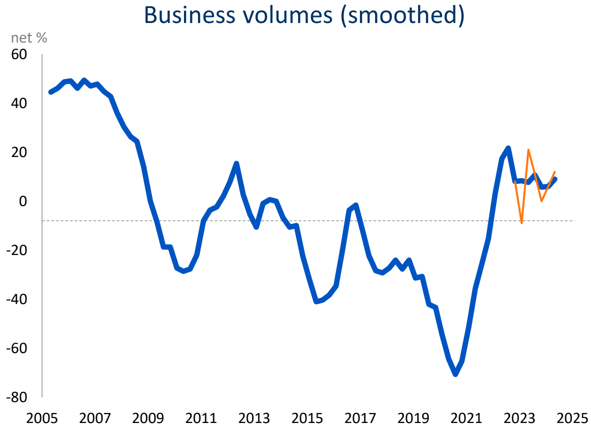
Confidence



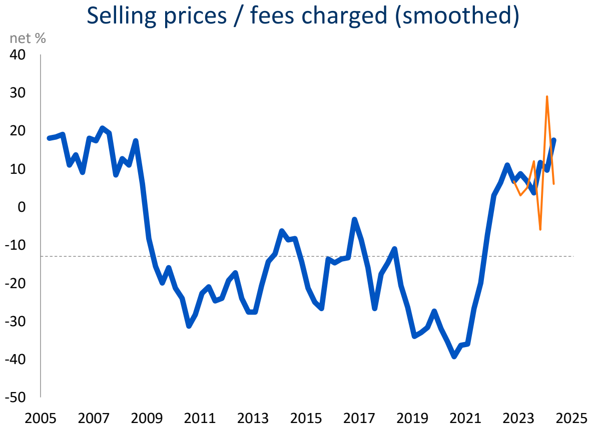
Business conditions (smoothed)



Business volumes (smoothed)



Selling prices / fees charged (smoothed)



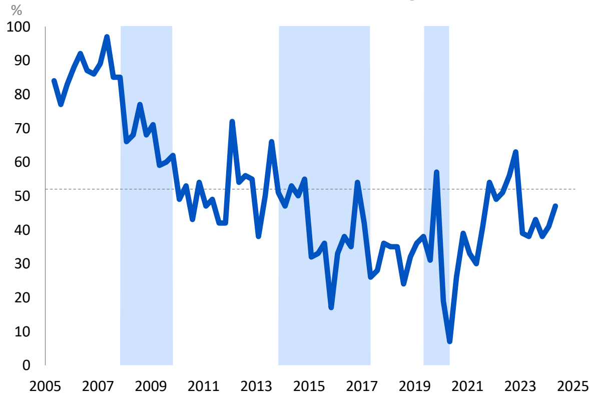
[9] 1) Renting of machinery & equipment (8%): transport equipment (SIC code 851), other machinery & equipment (852).
2) Computer services (19%): hardware consultancy (861), software consultancy (862).
3) Legal services, accounting & other (30%): legal services, accounting, bookkeeping, auditing & tax consulting (8811-2), business & management consulting (8814).
4) Consulting engineering activities (88211) (23%)
5) Advertising (883) (3%)
6) Other (16%): building & industrial plant cleaning activities (8893), other (8899) e.g., debt collection, interior design, exhibitions.
The figures in brackets indicate the BER's weights, which account for the sector coverage and participation. Consult Table 2 for the sub-sector's share according to Stats SA's business censuses.

μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over 2005 to the present
See Technical note for further details

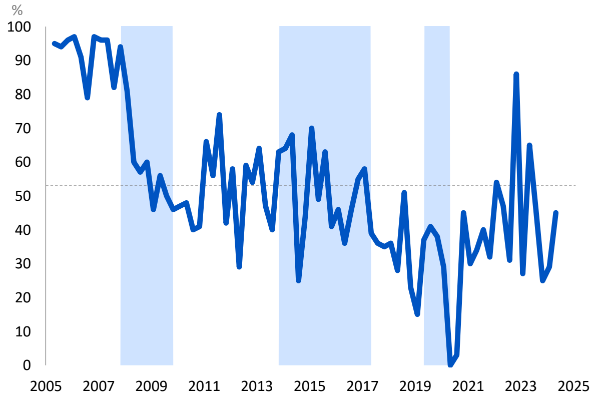
PROVINCES

Indicator	Unit	μ-σ	μ	μ+σ	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	Δ	σ_{Δ}
Gauteng														
Confidence	%	31	51	71	56	63	39	38	43	38	41	**47**	6	12
Business volumes	Net %	-43	-12	19	19	12	-16	-16	-22	2	-31	**1**	32	20
Smoothed	Net %	-41	-12	17	19	13	5	-7	-18	-12	-17	**-9**	8	10
KwaZulu-Natal														
Confidence	%	30	52	75	31	86	27	65	46	25	29	**45**	16	19
Business volumes	Net %	-45	-9	27	-22	27	-17	-1	5	9	9	**-41**	-50	38
Smoothed	Net %	-41	-12	17	19	13	5	-7	-18	-12	-17	**-9**	8	10
Western Cape														
Confidence	%	32	53	75	55	82	56	48	56	55	37	**64**	27	15
Business volumes	Net %	-39	-4	30	22	41	14	18	2	14	-24	**6**	30	21

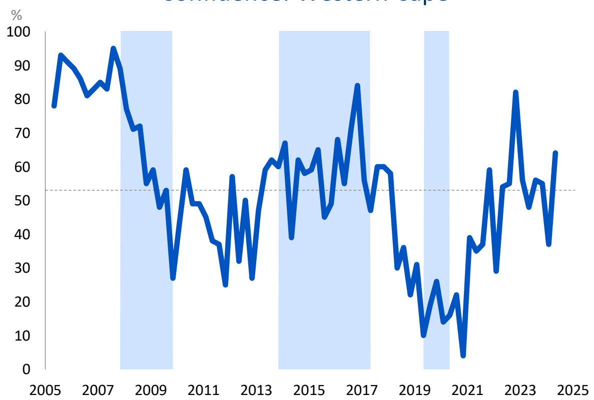
Confidence: Gauteng



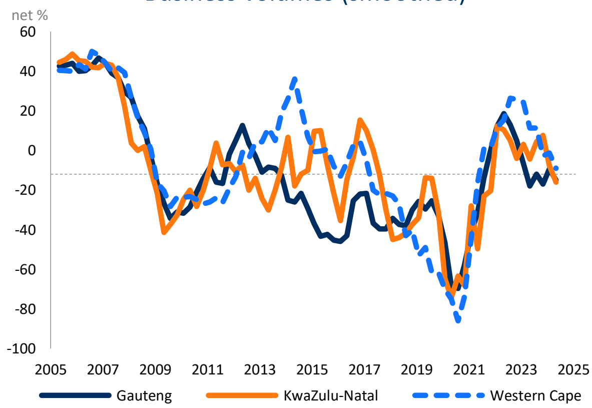
Confidence: KwaZulu-Natal



Confidence: Western Cape



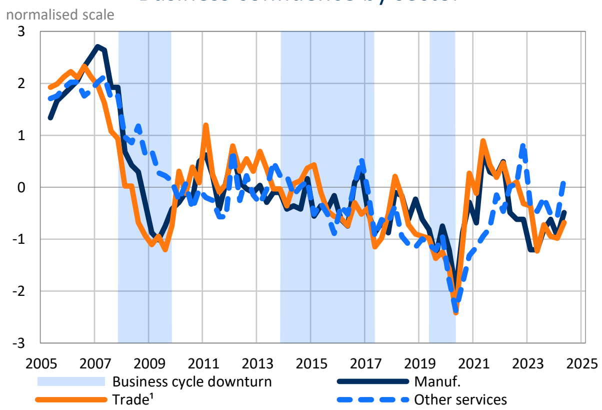
Business volumes (smoothed)



μ – average
σ – standard deviation
Δ – change from previous period
σ_{Δ} – volatility (standard deviation of the changes)
All of the above calculated over 2005 to the present
See Technical note for further details

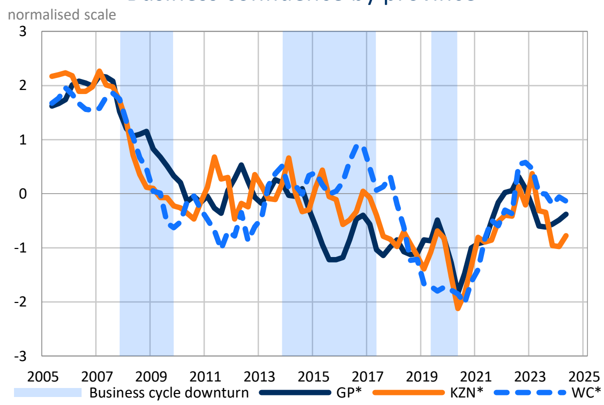
SUMMARY

Business confidence by sector

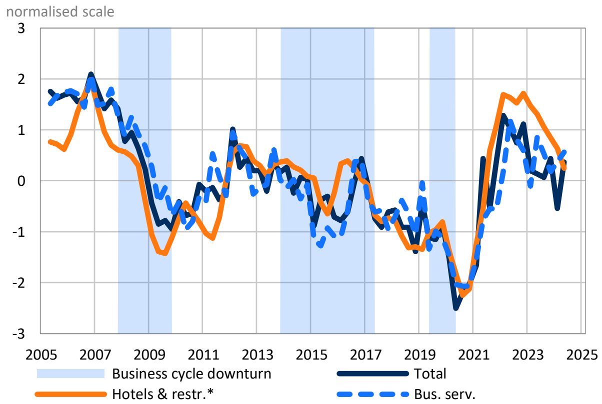


[1] *Trade = average of retail, wholesale & motor trade*

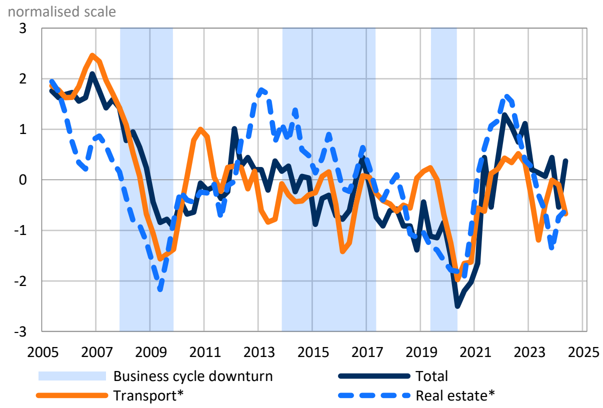
Business confidence by province



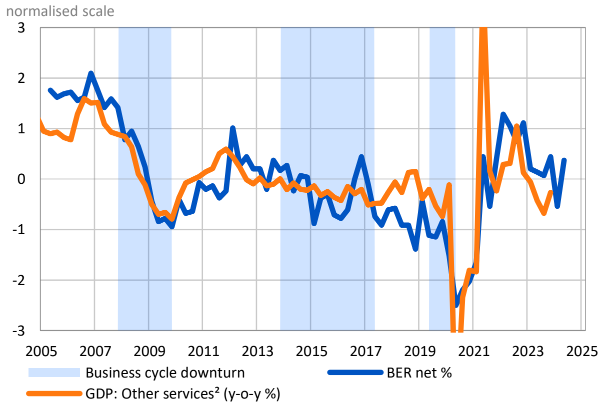
Business volumes



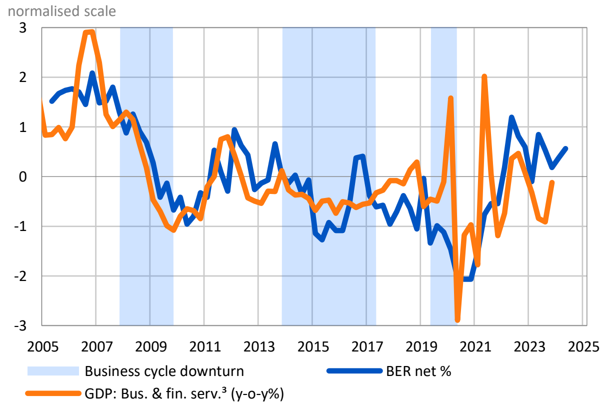
Business volumes



Total other services: volumes

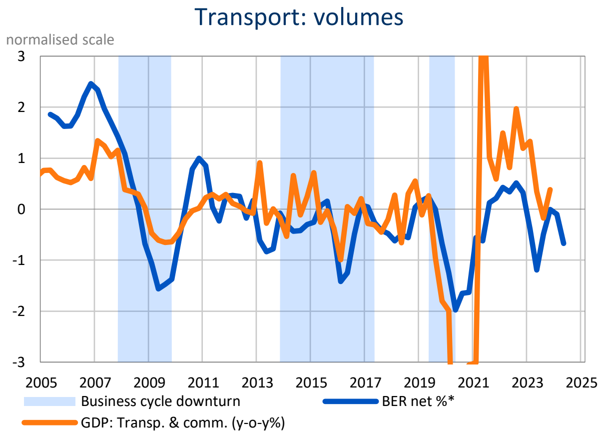


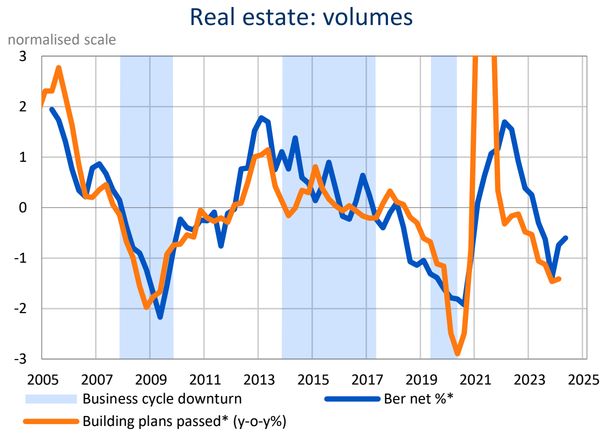
Business services: volumes

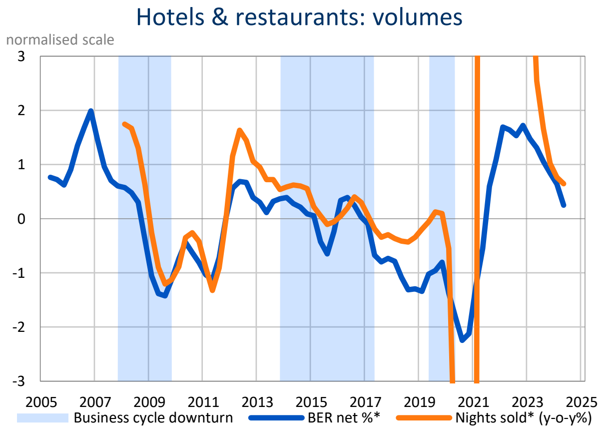


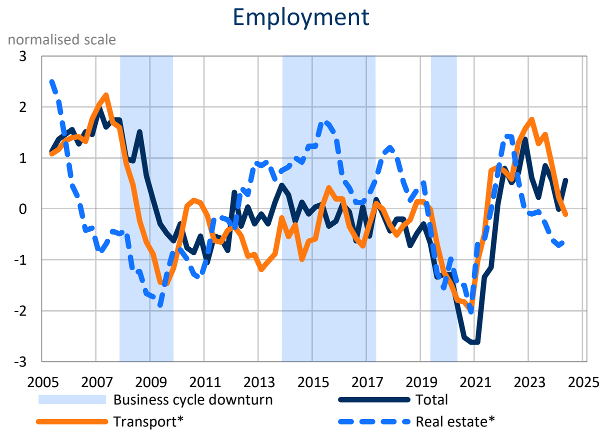
* *three-quarter centred moving average*

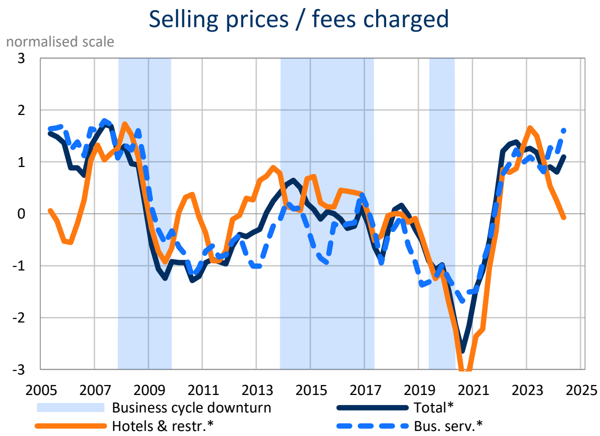
SUMMARY CONTINUES

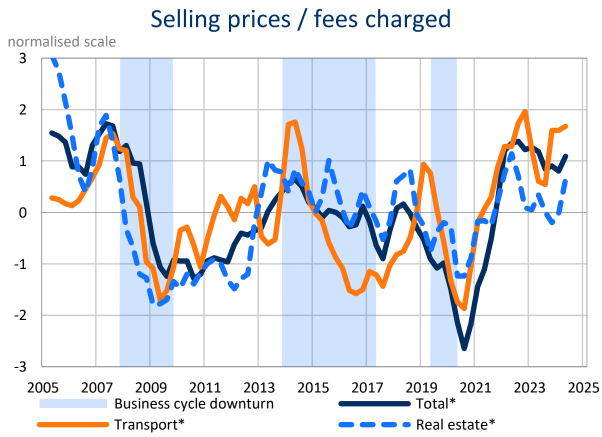












* *three-quarter centred moving average*

Technical note

THE OTHER SERVICES 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.

Of the various sub-sectors making up the services sector of the economy, the BER's surveys have covered the domestic trade sectors (i.e. the retail, wholesale and motor trade) since their inception in the 1950s. In 2005, the BER expanded the surveys' sector coverage to select other services sectors, namely catering (restaurants and take-away outlets), accommodation (hotels and guest houses), transport, real estate and business services. Click **here** for a short video about the BER's other services survey.

In deciding which of the remaining services sector to cover, the BER followed its international counterparts. While the government provides the bulk of services, the selected sectors are those in which private firms dominate. For reasons of focus and feasibility, the BER does not cover personal services and sectors dominated by a few large firms (e.g. telecommunication and air transport).

These other services sectors are responsible for a large and rising share of GDP and employment, but the cyclical turning points in their overall confidence, business climate and activity time series lag those of the sectors that the BER traditionally reported on. Therefore, they are not included in the BER's composite cyclical indicators (e.g. the business confidence index). A short video on how this survey compares to the RMB/BER BCI can be found **here**.

Firms in the other services sector differ from those that the BER has been reporting on traditionally (i.e. building contractors, manufacturers, retailers, wholesalers and vehicle dealers) in several important aspects.

The most obvious difference is that other services providers do not carry stocks to balance unexpected changes in demand. In contrast to stocks of raw material inputs and finished goods in manufacturing, as well as retail, wholesale and new vehicle inventories, other services cannot be stored temporarily. Instead, other service providers have to take care of short-term fluctuations in demand via adjustments in the utilisation of their workforce and/or space.

Another difference is that the cyclical peaks and troughs in other services sector's activity are not symmetrical and do not move in synch with those of the sectors reported on traditionally. While the five sectors included in the RMB/BER business confidence index (BCI) reach upper and lower cyclical turning points at more or less the same time, other services lag the recovery at the bottom, as it takes time before capital and other business spending increase and starts to lift accommodation, transport and business services. To safeguard the cyclical and advanced signalling (predictive) properties of the RMB/BER BCI, the other service sector is not included in the BCI. Whereas quantitative estimates benefit from an expanded sector coverage, this is not necessarily the case for cyclical measures.

A final major difference is that there is no readily available equivalent official monthly reference measure of other services activity. Stats SA has been producing high-frequency data on the performance of hotels, restaurants and transport for a couple of years, but nothing on real estate and business services. The latter two are only covered together with financial intermediation in the quarterly GDP production numbers.

Table 1: A comparison of the sectors covered in the BCI vis-à-vis Other Services survey

	GDP %	Employment %	BCI	Other services
Primary sector	**10.3**	**10.2**		
Agriculture, forestry & fishing	2.2	7.1		
Mining and quarrying	8.2	3.1		
Secondary sector	**21.7**	**15.5**		
Manufacturing	14.0	9.3	√	
Electricity, gas and water	3.7	0.4		
Construction	4.0	5.8	√	
Tertiary (services) sector	**68.0**	**74.3**		
Trade, catering and accommodation	14.9	23.2		
Wholesale trade	4.9	5.1	√	
Retail trade; repair of household goods	7.0	10.7	√	
Motor trade; repair of motor vehicles	2.1	4.0	√	
Catering and accommodation	1.0	3.4		√
Transport, storage & communication	10.0	4.7		
Transport	8.0	3.9		√
Communication	2.0	0.7		
Finance, real estate & business services	19.4	17.6		
Finance and insurance	6.1	2.5		
Real estate	5.5	1.1		√
Business services *	7.8	13.9		√
General government services	17.8	12.9		
Personal services **	5.9	16.0		
All sectors	**100.0**	**100.0**	**31.9**	**22.3**

Notes:*GDP = Gross Domestic Product (National Accounts) from the production side; sector division according to the Standard Industrial Classification (SIC) of All Economic Activities, at current prices, 2019*

Employment covers the formal and informal sector.

Data source: Quantec, author's own calculations

BCI = RMB/BER business confidence index

** Business services consist of 1) the renting of machinery and equipment (8%), 2) computer services (16%), 3) legal, accounting, market research & management consultancy (27%), 4) consulting engineering (21%), 5) advertising (3%) and 6) other (e.g. labour recruitment, security activities, building and plant cleaning, and miscellaneous such as debt collection, interior design and exhibitions) (25%).*

*** Personal services consist of 1) education (20%), 2) health & social work (45%), 3) other community services (e.g. refuse removal) (2%), 4) activities of membership organisations (e.g. those of trade unions) (2%), 5) recreation (e.g. cinemas, TV production), cultural (arts, news agencies, libraries, museums, nature reserves) & sport activities (26%) and 6) other (washing & dry-cleaning of clothes, hair dressing & beauty treatments, funeral services & miscellaneous (4%)*

Table 2: Composition of the other services sector (sub-sectors as % of the total)

	Stats SA		BER	
	2016	**2020**	**2016**	**2020**
1. Hotels & restaurants	**5.4**	**5.9**	**12.8**	**15.2**
Hotels and other accommodation	2.5	2.5	9.4	11.2
Restaurants and other food outlets	2.9	3.4	3.4	4.0
2. Transport, storage & communication	**40.9**	**41.8**		
2.1 Transport & storage	**25.2**	**26.2**	**24.4**	**22.1**
2.1.1 Land transport & pipelines	9.8	10.4	11.5	8.7
Rail transport	2.8	2.9	2.4	
Other land transport	6.7	7.1	9.0	8.7
Bus & other passenger transport	0.6	0.7	1.2	
Road freight	6.0	6.4	7.7	8.7
Pipelines	0.3	0.4		
2.2.2 Water transport	0.0	0.0	0.1	
2.2.3 Air transport	3.2	3.0		
2.2.4 Supporting transport & travel agencies	12.1	12.7	12.8	13.4
Cargo handling	0.9	0.8	2.1	1.8
Storage & warehousing	1.3	1.5	1.9	
Other (e.g., airport & harbour operation)	1.4	1.6		
Travel agencies & tour operators	0.8	1.0	1.8	3.1
Other (e.g., freight forwarding)	7.8	7.8	7.1	8.5
2.2 Post & telecommunication	**15.7**	**15.6**		
Postal and courier activities	0.7	0.8		
Telecom & cellular	15.0	14.8		
3. Real estate	**12.9**	**12.1**	**16.7**	**17.8**
Auctioneering & property sales	4.5	4.6	5.6	6.3
Property management & other	8.5	7.5	11.1	11.5
4. Business services	**40.8**	**40.2**	**46.1**	**44.9**
4.1 Renting of machinery & household goods	**2.4**	**2.0**	**3.5**	**3.5**
Rental of transport equipment	0.9	0.5	0.9	0.7
Rental of other machinery & equipment	1.4	1.3	2.5	2.8
Rental of personal & household equipment	0.1	0.2	0.1	
4.2 Computer and related services	**6.1**	**7.4**	**7.5**	**8.7**
Hardware consultancy	0.3	0.3	0.5	1.3
Software consultancy	4.6	5.9	5.9	7.4
Data processing & database activities	0.7	0.9	0.8	
Maintenance, repair & other	0.4	0.2	0.3	
4.3 Research & development	**0.9**	**0.7**		
4.4 Other business activities	**31.3**	**30.0**	**35.0**	**32.6**
4.4.1 Legal, accounting & consultancy	8.4	9.3	12.5	13.4
Legal services	1.7	1.9	7.1	7.5
Accounting, auditing & tax consultancy	1.4	1.8		
Market research & public opinion polling	0.2	0.2	0.2	
Business & management consultancy	5.0	5.3	5.1	6.0
4.4.2 Architectural & other technical activities	4.5	3.5	9.7	10.4
Architectural & engineering consultancy	4.2	3.1	9.7	10.4
Consulting engineering activities	3.5	2.4	9.7	10.4
Architectural activities	0.3	0.4		
Quantity surveying & other	0.5	0.3		
Technical testing & analysis	0.3	0.3		

	Stats SA	BER		Stats SA
	2016	2020		2016
4.4.3 Advertising	1.3	1.5	1.3	1.5
4.4.4 Business activities n.e.c.	17.1	15.8	11.6	7.3
Labour recruitment & provision of personnel	2.0	2.0	1.4	
Investigation and security activities	3.1	2.9	2.7	
Building & industrial plant cleaning activities	1.2	0.8	1.5	1.5
Photographic activities	0.0	0.0	0.5	
Packaging	0.2	0.2		
Other	10.6	9.9	5.5	5.8
Debt collection & credit rating	4.1	-		
Business brokerage	0.0	-		
Specialised design (e.g., interior design)	1.2	-	1.0	-
Telephone services (e.g., telemarketing)	2.3	-	2.0	-
Other appraisal	0.0	-		
Demonstration & exhibition	1.2	-	1.0	-
Other n.e.c.	1.7	-	1.5	-
Total	**100.0**	**100.0**	**100.0**	**100.0**

Notes: - not available; n.e.c. = not classified elsewhere; shaded = BER does not cover

Stats SA sources:

Accommodation: Report 64-11-01, 2015 & 2018
Restaurants: Report 64-20-01, 2015 & 2018
Land Transport: Report 71-02-01, 2016 & 2019
Post & Telecommunication: Report 75-01-01, 2016 & 2019
Real Estate & Business Services: Report 80-04-02, 2016 & 2020

Used the GDP deflator for "wholesale, retail, hotels & restaurants" and "transport, storage & communication" to estimate income in 2016 and 2020.

BER: *2016 applied to the period 2017 to 22Q2, 2020 applies since 22Q3*

The survey results are obtained from questionnaires completed by senior executives 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 (see Table 2). 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. The sector weights are updated every five years and adjusted for the response pattern.

To provide for widely differing sizes, each firm in the manufacturing, trade and other services sectors is allocated a weight based on its turnover. Firms in the building sector are not weighted. 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.

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

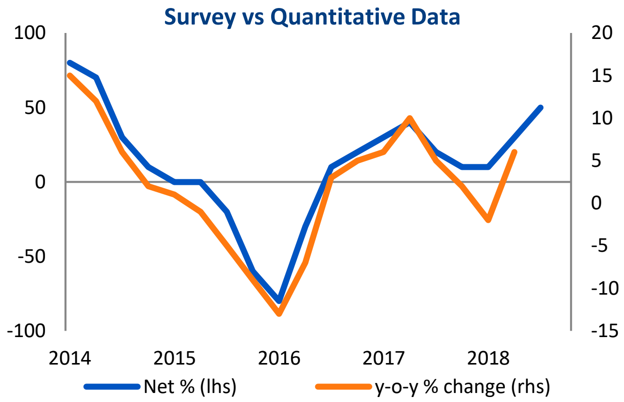
THE UNIQUE UNITS OF MEASUREMENT OF QUALITATIVE SURVEYS

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.