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Results of the BER Retail Survey for 2026Q3

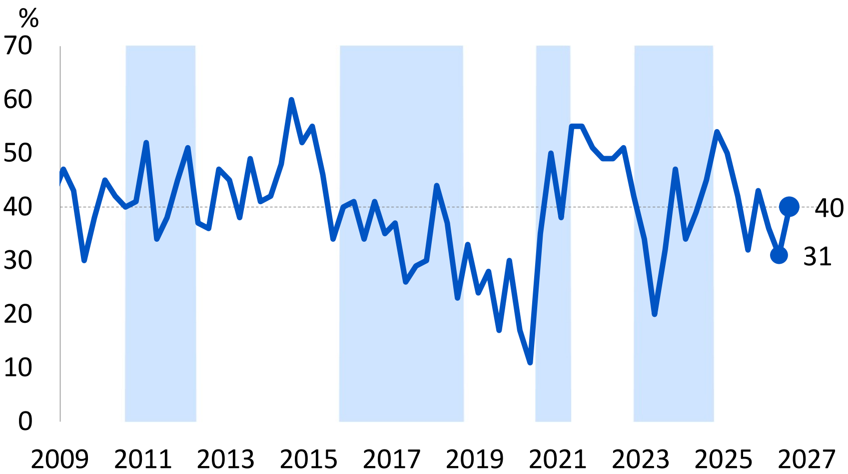
Enquires: Nomvelo Moima | 081 717 3848 | moima@sun.ac.za

The BER's third quarter Retail Survey[1] shows business confidence among retailers more than reversed the second-quarter decline, rising by 9 points back to its long-term average of 40%.

UNEVEN RETAIL RECOVERY IN 2026Q3 AS FUEL SHOCK FADES

The recovery in retailers' was accompanied by a recovery in realised business conditions to -30 index points, also exactly at the long-term average. A modest rise in retailers' sales volume index and a recovery in the sector's profitability index likely contributed to the improvement. Apart from last quarter's reading, the profitability index has remained above the long-term average since 2024Q2. Taken together, the results suggest that retailers weathered the acute second-quarter shock better than feared, although the still-negative sales-volume indicators point to a consumer environment that remains subdued.

Figure 1: Retail confidence recovers to its long-term average level



Source: BER Retail survey 26Q3, SARB, BER

[1] Conducted between 13 and 24 August 2026

After dropping from 45% to 28% in Q2, business confidence among *durable goods retailers* rebounded to 47% in Q3, led by a rise in hardware retailers' confidence from 39% to 55% and a recovery in furniture retailers' confidence from a six-year low of 10% to 22%. The divergence between furniture and hardware retailers may stem from concern that a less-supportive macroeconomic environment will reduce demand for furniture and household appliances, even though this is not yet reflected in official statistics.

The sales volume index for *non-durable goods* fell in 2026Q3, while confidence ticked up from 35% to 36%, and current conditions remained stable at 2026Q2 levels. Notably, food and grocery retailers' confidence and trading conditions have fared better in 2026, possibly reflecting some resilience in essential household spending even as consumers cut back elsewhere.

Semi-durable goods retailers saw a modest sales pickup in Q3, with the BER index rising from -74 to -64. However, much of this recovery is due to a lessening of the severe Q2 fuel price shock. Even so, demand is expected to stay under pressure for the rest of the year.

Wholesaler confidence fell by one point to 39%, despite a 30-point drop in realised business conditions and sales volumes. Non-consumer goods wholesalers drove the overall deterioration with confidence, sales, and business conditions declining after a strong 26Q2, while consumer goods wholesalers' confidence and sales rose in line with a recovery in retailer confidence in 2026Q3.

The BER's **new vehicle** sales index rose from -18 to 6, extending its run above the long-term average for a seventh consecutive quarter. The sales trend suggests that underlying demand remained relatively resilient in Q3. However, the mood amongst new-vehicle dealers became less optimistic in 26Q3. This dip in confidence can be attributed to a decline in new-vehicle dealers' realised business conditions and a sharp rise in the index tracking stocks relative to demand.

KEY TAKEAWAYS

The timing of the second-quarter survey[2] coincided with what, for now, has been the peak in global oil prices, driven by the US-Iran conflict. The broad-based deterioration across retailers' activity indicators during the second quarter gave an alarming signal of the potential strain the retail sector could face in an environment where a greater and sustained share of consumers' disposable income is diverted to fuel spending. The recovery in retail confidence in the third quarter highlights that the shock to the domestic economy proved less severe than initially feared.

Consumers' willingness to spend on big-ticket items has held up better than might have been expected after the Q2 shock, with continued household credit growth providing some support. However, the recovery has been uneven across subsectors. Activity and price-tracking indicators in several categories remain well removed from levels recorded

[2] 2026Q2 BER Retail survey, conducted between 14 and 25 May 2026

at the start of the year, suggesting that the Q2 shock left a mark even if the overall outcome proved less severe than retailers had feared.

The trade survey also points to an increasingly uneven demand picture. Consumer-facing activity showed some resilience in Q3, with retail confidence recovering and consumer-goods wholesale sales improving. By contrast, non-consumer wholesale activity weakened sharply, while new-vehicle dealers grew less confident despite stronger sales volumes. Taken together, the results suggest that the immediate fuel shock has faded, but underlying demand remains patchy and the improvement in sentiment has yet to translate into a broad-based recovery across the trade sector.

END.