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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.

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# Executive summary

Business confidence among retailers increased by five percentage points to 39% in the second quarter. At 39%, confidence is level with the long-term average. Importantly, the survey was conducted before the general election, introducing substantial uncertainty in respondents' outlook.<sup>1</sup>

An upward move in the retail sales volume index and a significant improvement in the profitability index support the increase in confidence. However, there is a lot of variation between the different retail subcategories. Retailers of non-durable goods are more pessimistic about sales volumes than during the first quarter but have a better outlook on volumes than all of last year. Confidence among semi-durable goods retailers (textiles, clothing, footwear, and leather goods) fell dramatically from 68% in the first quarter to 38%. In contrast, durable goods retailers (hardware and furniture) report improved confidence.

Looking ahead, less load-shedding than in 2023, a moderation of inflation and (hopefully) less political uncertainty, may boost the sector. However, consumers' real disposable income will be constrained for as long as real interest rates remain high, with a particular impact on furniture retailers and new vehicle dealers.

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<sup>1</sup> Survey conducted 9-27 May 2024.

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# Summary of the 2024Q2 trade sector survey results

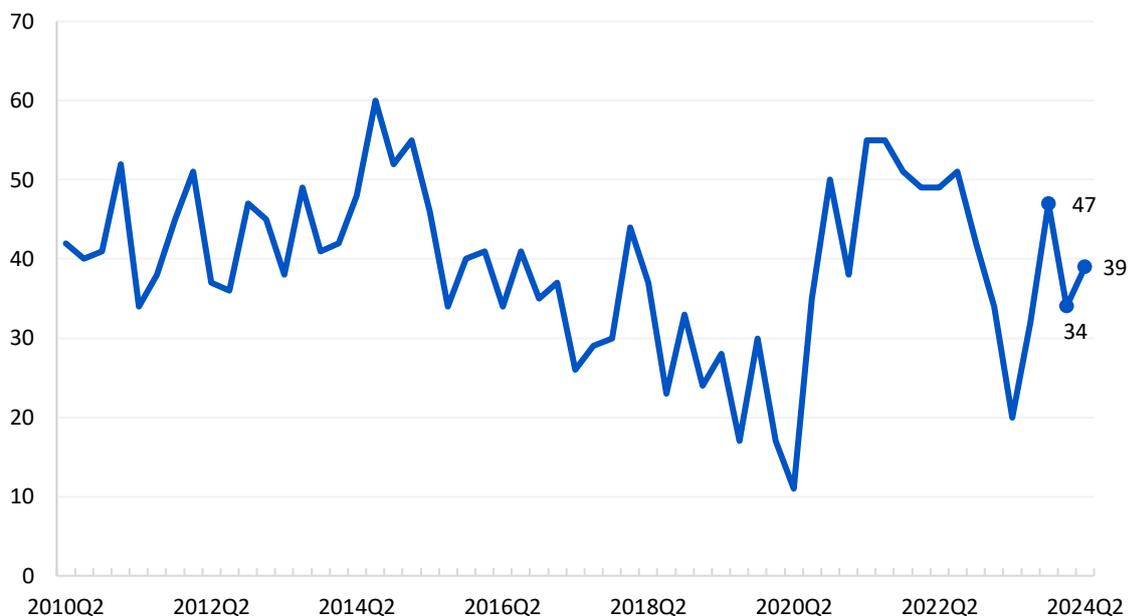
## RETAIL CONFIDENCE IS LEVEL WITH ITS LONG-TERM AVERAGE

After dropping from 47% to 34% during the first quarter of 2024, business confidence among retailers increased by five percentage points (% pts) to 39% in the second quarter. At 39%, confidence is level with the long-term average. The increase in confidence is supported by an upward move in the retail sales volume index and a significant improvement in the profitability index. There is, however, a lot of variation between the different retail subcategories, as we unpack below.

It is important to note that the survey was conducted from 9-27 May, before South Africa's general election. The results, therefore, need to be interpreted with the associated uncertainty in mind.

**Figure 1: Business confidence among retailers increased to 39% in the second quarter**

PERCENTAGE



Source: BER Retail Survey 2024Q2

The drop in retail confidence to 34% during the first quarter corresponds with the official Stats SA retail trade sales data, which reflects a 0.1% y-o-y drop in total sales volumes. The decline was due to a 4.0% y-o-y drop in semi-durable goods sold and a 1.6% decrease in durable goods, balanced by a 1.9% increase in sales of non-durable goods (Table 1). The BER's latest retail survey sheds light on trends within the different retail subcategories.

**Table 1: Percentage change in retail sales volumes, year-on-year<sup>2</sup>**

	TOTAL	NON-DURABLE GOODS	SEMI-DURABLE GOODS	DURABLE GOODS
2022Q1	3.2%	4.0%	9.8%	-4.9%
2022Q2	1.0%	1.1%	6.7%	-5.1%
2022Q3	3.6%	4.0%	8.6%	-2.4%
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	0.3%	-0.8%	5.4%	-2.0%
2024Q1	-0.1%	1.9%	-4.0%	-1.6%

Source: Stats SA

**Retailers of non-durable goods are more pessimistic about sales volumes than during the first quarter but have a better outlook on volumes than all of last year.** Supported by slowing food inflation, confidence in this subcategory improved moderately from 29% to 32%. The BER’s retail survey results caution against viewing the 1.9% sales volume increase seen in the Stats SA data for 2024Q1 as the beginning of a strong upward trend: consumers’ real disposable income remains under pressure while interest rates are high. While the high incidence of load-shedding in 2023 affected sales, the lack of load-shedding (so far) this quarter may boost sales compared to last year. The marked deceleration in food inflation and slower growth in restaurant spending should bolster the sales volumes of food retailers in coming months.

**Confidence among semi-durable goods retailers (textiles, clothing, footwear, and leather goods) fell dramatically from 68% in the first quarter to 38%.** Based on the official Stats SA data, 2024Q1 was the first quarter since 2021 that this sector contracted. This, however, comes off a high base, with semi-durable goods performing well after the COVID-19 pandemic and leading up to and during the 2023 Rugby World Cup. The sales volume index for semi-durable goods also entered negative territory. Online competitors like Shein.com may also strain domestic clothing retailers. Despite declining volumes and confidence, the index that tracks profitability within this subsector remains far above the long-term average.

**In contrast, durable goods retailers (hardware and furniture) report improved confidence.** Confidence among hardware retailers more than tripled from 15% to 47%. For the first time in two years, it is close to the long-term average, as is the profitability index for this category of retailers. The 2024Q1 Stats SA data supports the notion that the negative growth (y-o-y) that this sector has seen since 2021Q3 may be slowing. In fact, the index that tracks the volume of orders placed by hardware retailers increased from -28 index points to 21 index points (against a long-term average of -21 index points), supporting hardware retailers’ bullish sales outlook. However, furniture retailers were noticeably less optimistic than hardware retailers during 2024Q2.

**The BER retail results broadly support the slowing pace of headline CPI inflation.** The aggregate selling price index moved down (by 11 index points), although it remains above the long-term average. Apart from a slight easing in purchasing prices (by 2 index points), lower power generation costs (e.g., diesel for generators) and consumers’ income constraints probably also contribute to the deceleration in selling price inflation at the retail level. The selling price index for durable goods has now dropped back to its long-term average level, which could support sales volumes going forward.

<sup>2</sup> 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.

## WHOLESALE CONFIDENCE IS AT THE HIGHEST LEVEL IN TWO YEARS

The last quarter of 2023 and the first quarter of this year saw a large drop in wholesale sales: Stats SA wholesale trade data show that the drop of 6.2% (y-o-y, constant prices) in sales during 2023Q4 was followed by a further 6.7% drop during the first quarter of this year.

**Wholesale confidence fluctuated between 36-38% from 2023Q3 to 2024Q1, but the latest BER wholesale survey suggests a significant improvement in confidence to 53%.** This is the highest in two years and indicates that at least half of wholesalers are satisfied with prevailing business conditions. Of all the sectors included in the RMB/BER Business Confidence Index (BCI)<sup>3</sup>, confidence among wholesalers saw the biggest upward jump.

Interestingly, the boost in confidence is not supported by wholesalers' view of this quarter's sales volumes or higher profitability. However, the index tracking the volume of orders placed is above the long-term average and may indicate an improved sales outlook. This is specifically driven by the consumer goods subsector<sup>4</sup>. Confidence among wholesalers of consumer goods doubled from 35% to 70%. The sales volume index for consumer goods was -1 index point during the first quarter and 0 index points this quarter (compared to a long-term average of -20 index points). This is two consecutive quarters during which a net neutral share of consumer goods wholesalers did not expect a volume decline. The index tracking the volume of orders placed for consumer goods is at the highest level since the end of 2021.

Non-consumer good wholesalers<sup>5</sup> reported a 4% pt increase in confidence, 42% compared to 38% last quarter. However, they have a downbeat view of sales volumes, echoing low activity levels in the manufacturing sector.

## MOTOR VEHICLE DEALERS ARE PARTICULARLY DOWNBEAT

Big-ticket items, like motor vehicles, remain under pressure from the high interest rate and uncertainty around the election outcome (at the time of the survey). In this context, some respondents commented that banks are becoming stricter and more risk-averse in their provision of finance.

Total domestic car sales were 8.5% lower in 2024Q1 than in the same quarter last year. April was the first time in eight months to see a month-on-month increase, but this came off a low base. It was also the first month that value-brand Suzuki overtook Volkswagen as the second-most-selling new passenger car in South Africa<sup>6</sup>. In this context, confidence among new vehicle dealers deteriorated to 10% in 2024Q2 from 16% in the previous quarter. However, the sales volume index for new vehicles continued its upward trend (from -75 index points in 2024Q1 to -55 index points in Q2), suggesting that dealers at least expect a slower pace of contraction.

The survey results suggest that the used car market is also constrained, with a 15-point drop in the used car sales volume index. Respondents note that customers are holding on to their vehicles for longer and "buying down," with a strong take-up of extended service and maintenance plans, which limit supply. However, one person's pain is another's gain: business confidence among spare parts dealers is 76% (compared to a long-term average of 65%).

Looking ahead, less load-shedding than in 2023, a moderation of inflation and (hopefully) less political uncertainty, may boost the sector. However, consumers' real disposable income will be constrained for as long as real interest rates remain high, with a particular impact on furniture retailers and new vehicle dealers.

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<sup>3</sup> Building contractors, manufacturing, retail, wholesale and new vehicle dealers.

<sup>4</sup> Agricultural raw materials and livestock, food, beverages and tobacco, textiles, clothing and footwear and other household goods.

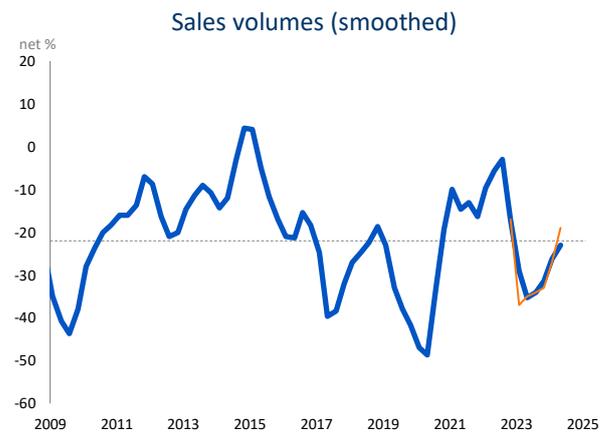
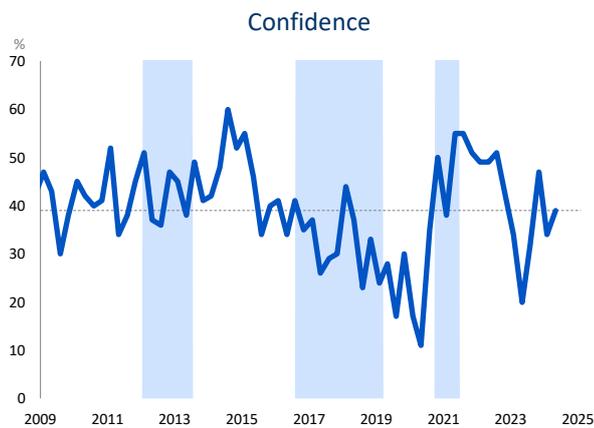
<sup>5</sup> Metals and metal ores, construction materials, hardware, plumbing and supplies, other intermediate products, waste and scrap, machinery and equipment.

<sup>6</sup> <https://www.businesslive.co.za/bd/life/motoring/2024-05-03-suzuki-car-sales-overtake-vw-for-first-time-in-sa/>

# Survey results

## RETAIL TRADE: TOTAL<sup>7</sup>

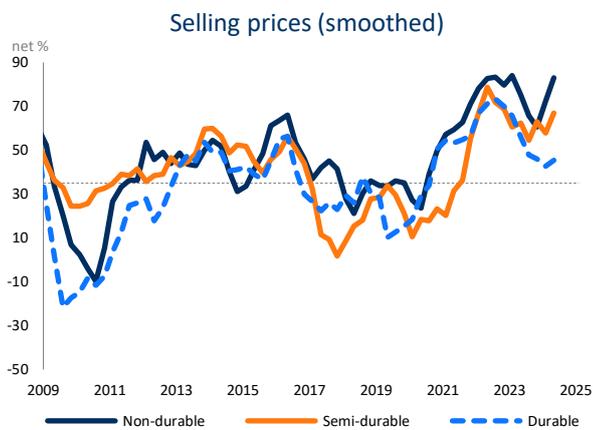
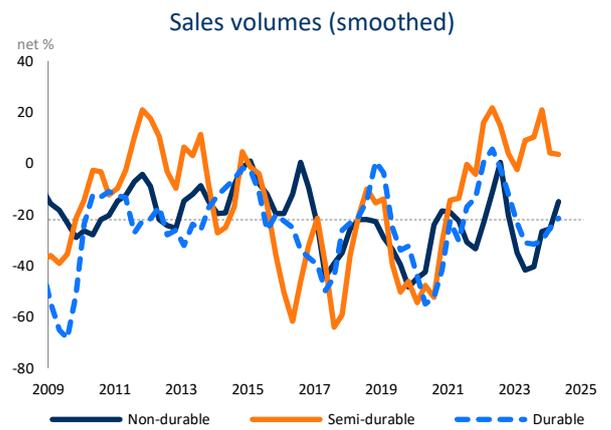
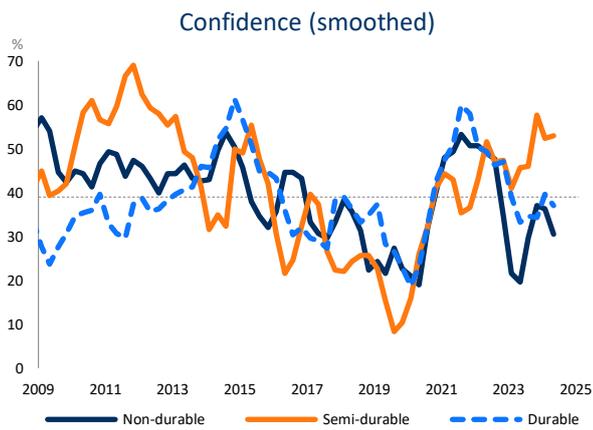
Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
Confidence	%	29	39	50	51	42	34	20	32	47	34	<b>39</b>	5	10
Business conditions	Net %	-47	-31	-15	-15	-23	-41	-69	-36	-26	-30	<b>-33</b>	-3	15
Sales volumes	Net %	-36	-21	-6	1	-15	-37	-35	-34	-33	-27	<b>-19</b>	8	13
Seasonally adjusted	Net %	-35	-21	-7	0	-21	-32	-34	-35	-38	-22	<b>-18</b>	4	11
Smoothed	Net %	-34	-21	-9	-3	-17	-29	-35	-34	-31	-26	<b>-23</b>	3	6
Selling prices	Net %	17	39	61	76	77	68	75	50	44	66	<b>55</b>	-11	14



<sup>7</sup> 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).

$\mu$  – average  
 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over 2009 to the present  
 See Technical note for further details

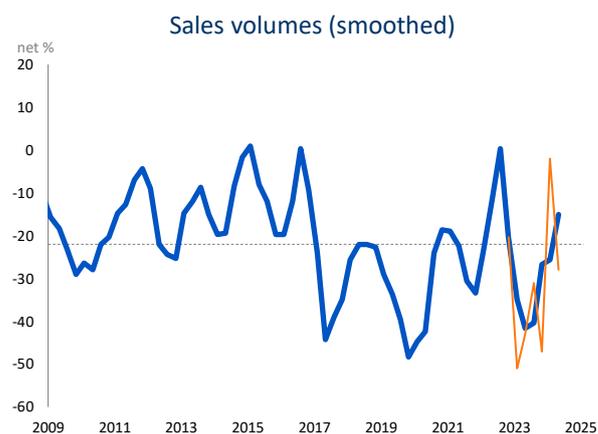
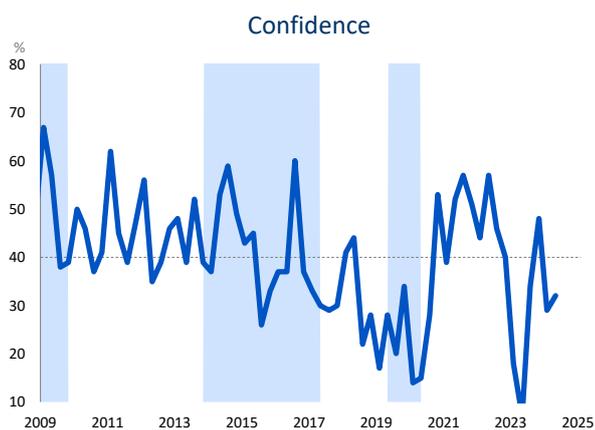
# RETAIL TRADE: BY CATEGORY



$\mu$  – average  
 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over 2009 to the present  
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## RETAIL TRADE: NON-DURABLES<sup>8</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
Confidence	%	27	40	52	46	40	18	7	34	48	29	<b>32</b>	3	13
Business conditions	Net %	-52	-33	-14	-18	-17	-68	-89	-32	-22	-20	<b>-57</b>	-37	22
Sales volumes	Net %	-38	-22	-5	1	-11	-51	-43	-31	-47	-2	<b>-28</b>	-26	19
Seasonally adjusted	Net %	-38	-22	-6	-5	-13	-38	-48	-38	-48	11	<b>-33</b>	-44	18
Smoothed	Net %	-33	-22	-10	0	-20	-35	-42	-40	-27	-26	<b>-15</b>	11	8
Selling prices	Net %	20	45	69	77	83	79	90	56	51	75	<b>91</b>	16	19



<sup>8</sup> 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)

$\mu$  – average

$\sigma$  – standard deviation

$\Delta$  – change from previous period

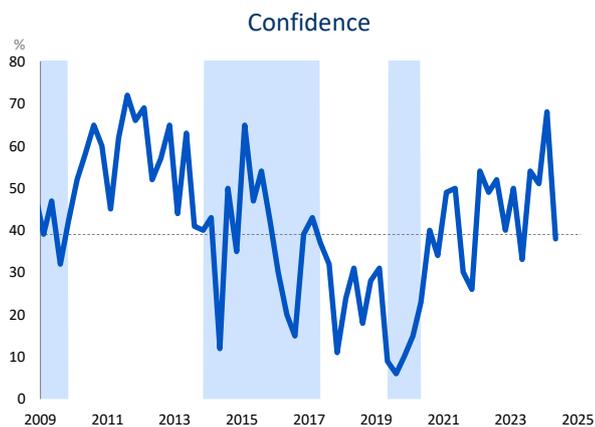
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

## RETAIL TRADE: SEMI-DURABLES<sup>9</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
Confidence	%	24	41	58	52	40	50	33	54	51	68	<b>38</b>	-30	15
Business conditions	Net %	-62	-31	-1	22	-19	1	-46	-36	2	23	<b>-33</b>	-56	33
Sales volumes	Net %	-47	-16	15	22	-12	1	4	22	5	36	<b>-29</b>	-65	34
Smoothed	Net %	-39	-15	8	15	4	-2	9	10	21	4	<b>4</b>	0	12
Selling prices	Net %	19	40	60	73	70	63	49	75	39	75	<b>59</b>	-16	20



<sup>9</sup> Textiles, clothing, footwear & leather goods (SIC code 6232), sports goods & entertainment requisites (62393), other semi-durable goods (62399)

$\mu$  – average

$\sigma$  – standard deviation

$\Delta$  – change from previous period

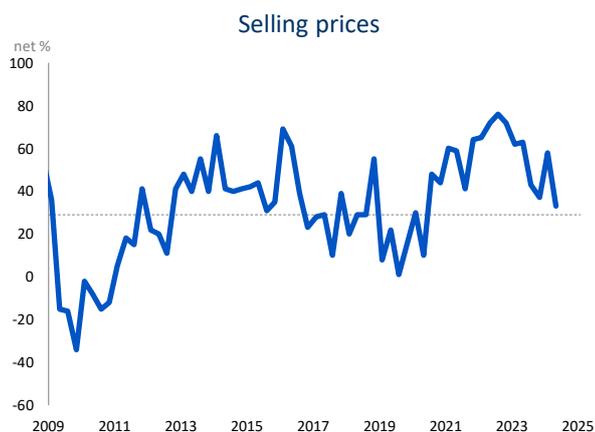
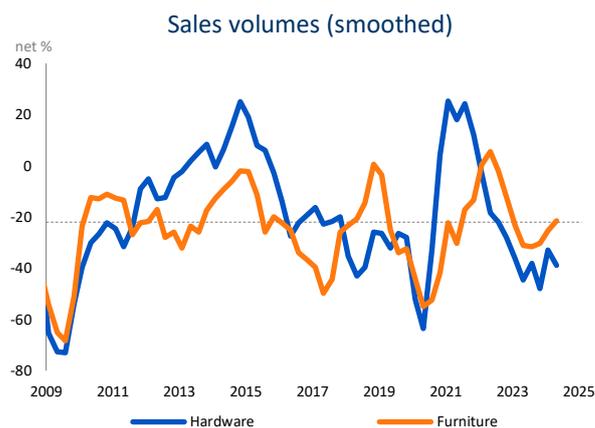
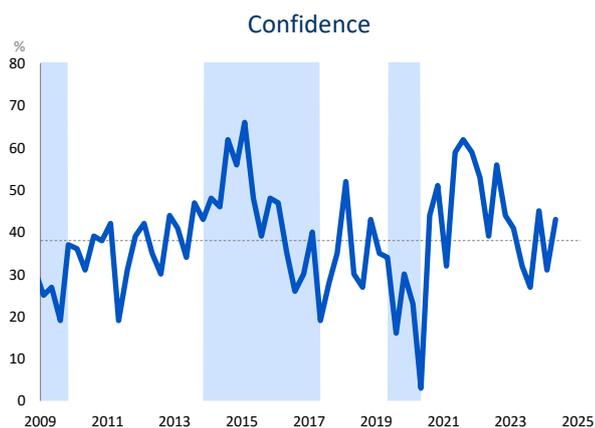
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

## RETAIL TRADE: DURABLES<sup>10</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
Confidence	%	26	38	51	56	44	41	32	27	45	31	<b>43</b>	12	13
Business conditions	Net %	-50	-29	-7	-22	-30	-32	-49	-38	-35	-44	<b>-19</b>	25	21
<b>Sales volumes</b>														
Total	Net %	-45	-22	1	-6	-19	-37	-34	-45	-26	-52	<b>-13</b>	39	22
Hardware	Net %	-49	-20	10	-14	-29	-41	-39	-54	-21	-69	<b>-9</b>	60	27
Furniture	Net %	-47	-25	-3	5	-10	-31	-29	-33	-33	-25	<b>-18</b>	7	25
Selling prices	Net %	8	33	58	76	72	62	63	43	37	58	<b>33</b>	-25	19



<sup>10</sup> "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)

$\mu$  – average

$\sigma$  – standard deviation

$\Delta$  – change from previous period

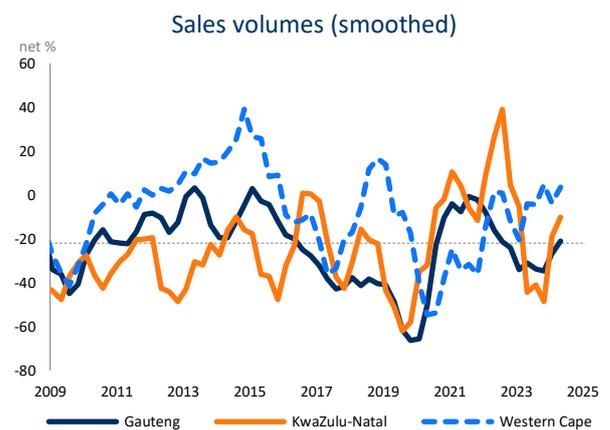
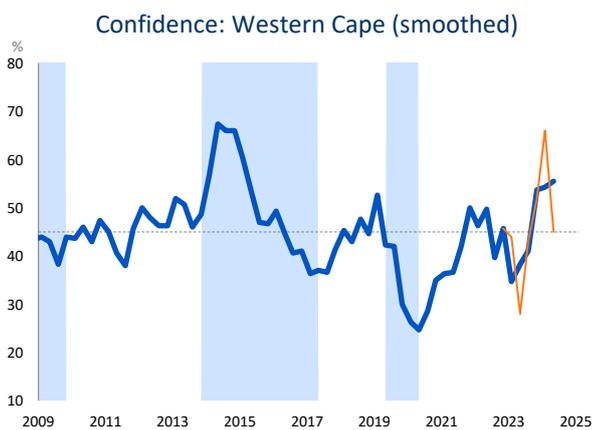
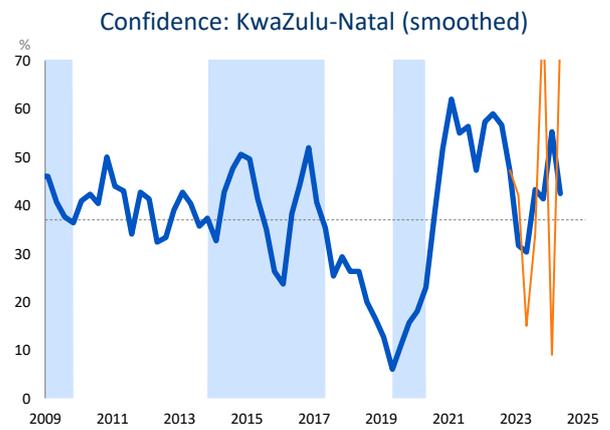
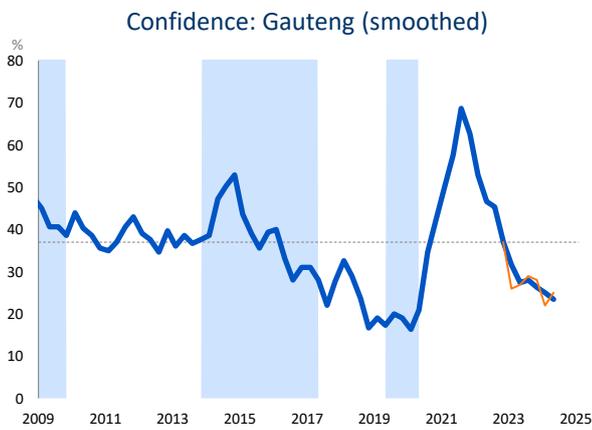
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

# RETAIL TRADE: PROVINCES

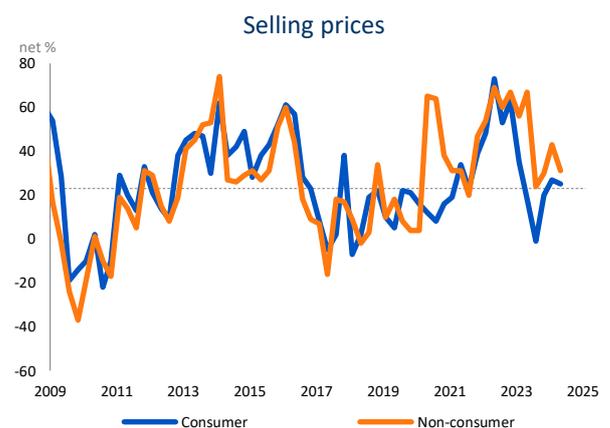
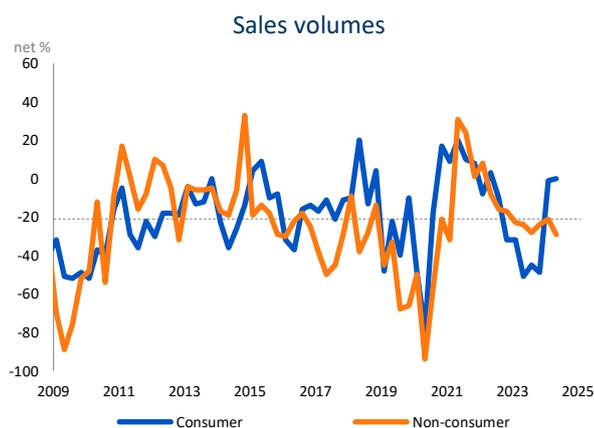
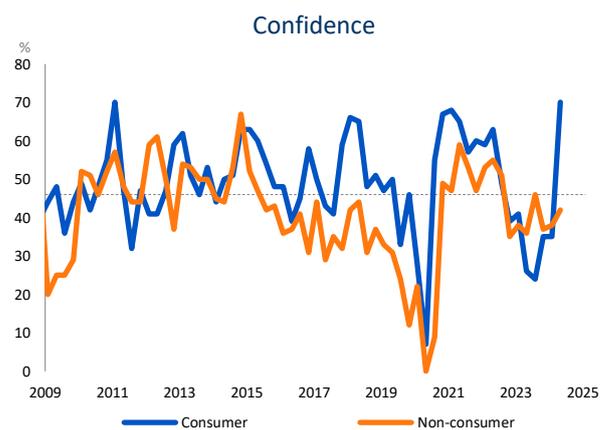
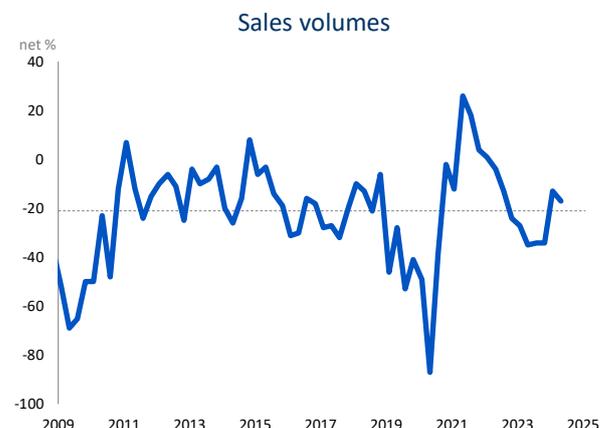
Indicator	Unit	$\mu - \sigma$	$\mu$	$\mu + \sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
<b>Gauteng</b>														
Confidence	%	23	36	50	43	42	26	27	29	28	22	<b>25</b>	3	13
Smoothed	%	25	36	47	45	37	32	27	28	26	25	<b>24</b>	-1	5
Sales volumes	Net %	-44	-24	-3	-10	-32	-30	-40	-23	-38	-43	<b>1</b>	44	19
Smoothed	Net %	-41	-24	-7	-21	-24	-34	-31	-34	-35	-27	<b>-21</b>	6	8
<b>KwaZulu-Natal</b>														
Confidence	%	20	38	57	62	38	42	15	34	81	9	<b>76</b>	67	23
Smoothed	%	26	38	51	57	47	32	30	43	41	55	<b>43</b>	-12	7
Sales volumes	Net %	-52	-25	3	34	26	-47	5	-91	-37	-18	<b>-2</b>	16	33
Smoothed	Net %	-45	-25	-4	39	4	-5	-44	-41	-49	-19	<b>-10</b>	9	13
<b>Western Cape</b>														
Confidence	%	33	45	57	61	32	44	28	43	52	66	<b>45</b>	-21	16
Smoothed	%	36	45	53	40	46	35	38	41	54	54	<b>56</b>	2	5
Sales volumes	Net %	-34	-8	18	9	-28	-17	-16	21	-18	11	<b>-4</b>	-15	27
Smoothed	Net %	-28	-8	13	1	-12	-20	-4	-4	5	-4	<b>4</b>	8	10



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 See Technical note for further details

# WHOLESALE TRADE: TOTAL<sup>11</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
Confidence	%	34	45	56	50	37	40	32	38	36	37	<b>53</b>	16	9
Business conditions	Net %	-52	-30	-8	-12	-22	-39	-40	-62	-46	-54	<b>-35</b>	19	20
Sales volumes	Net %	-42	-22	-1	-13	-24	-27	-35	-34	-34	-13	<b>-17</b>	-4	17
Selling prices	Net %	4	25	47	57	65	47	48	15	26	36	<b>29</b>	-7	16



<sup>11</sup> 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)

$\mu$  – average

$\sigma$  – standard deviation

$\Delta$  – change from previous period

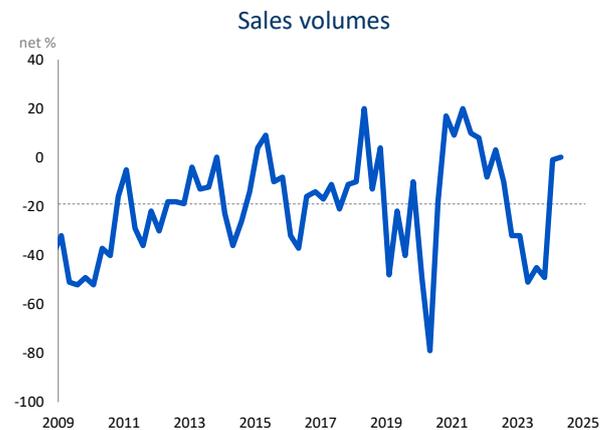
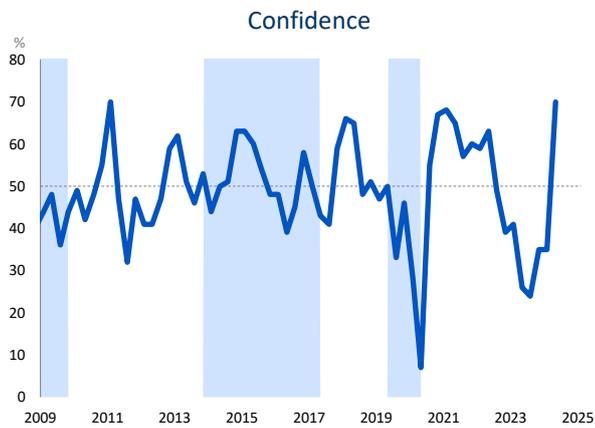
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

## WHOLESALE TRADE: CONSUMER GOODS<sup>12</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
Confidence	%	37	49	61	49	39	41	26	24	35	35	<b>70</b>	35	12
Business conditions	Net %	-54	-31	-8	-19	-30	-58	-37	-72	-66	-54	<b>-18</b>	36	23
Sales volumes	Net %	-41	-20	1	-10	-32	-32	-51	-45	-49	-1	<b>0</b>	1	20
Selling prices	Net %	3	25	47	53	63	35	18	-1	20	27	<b>25</b>	-2	18



<sup>12</sup> Agricultural raw materials and livestock (SIC 6121), food, beverages and tobacco (6122), textiles, clothing and footwear (6131) and other household goods (6139).

$\mu$  – average

$\sigma$  – standard deviation

$\Delta$  – change from previous period

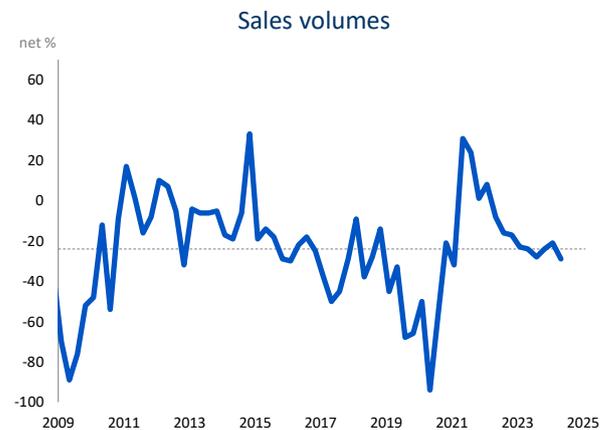
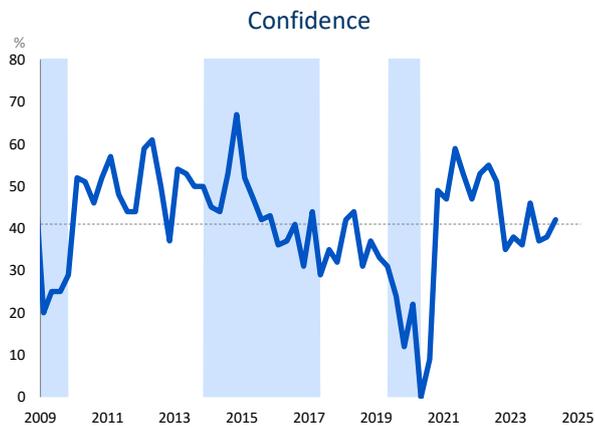
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

## WHOLESALE TRADE: NON-CONSUMER GOODS<sup>13</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
Confidence	%	28	41	54	51	35	38	36	46	37	38	<b>42</b>	4	11
Business conditions	Net %	-56	-31	-5	-7	-19	-25	-40	-54	-31	-53	<b>-45</b>	8	22
Sales volumes	Net %	-50	-24	2	-16	-17	-23	-24	-28	-24	-21	<b>-29</b>	-8	22
Selling prices	Net %	0	25	51	60	67	56	67	24	30	43	<b>31</b>	-12	19



<sup>13</sup> 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).

$\mu$  – average

$\sigma$  – standard deviation

$\Delta$  – change from previous period

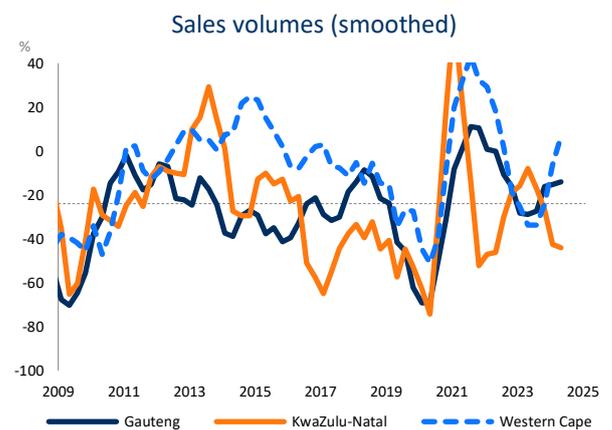
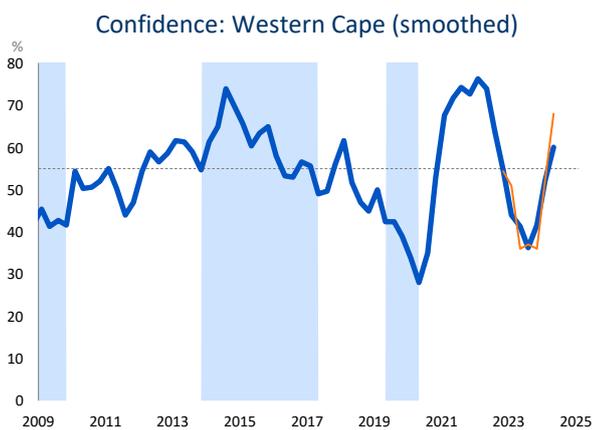
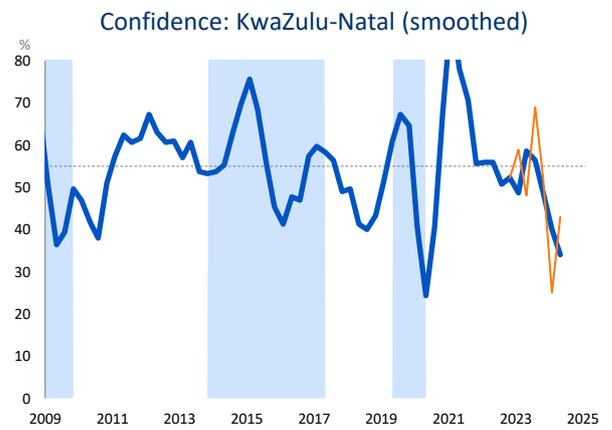
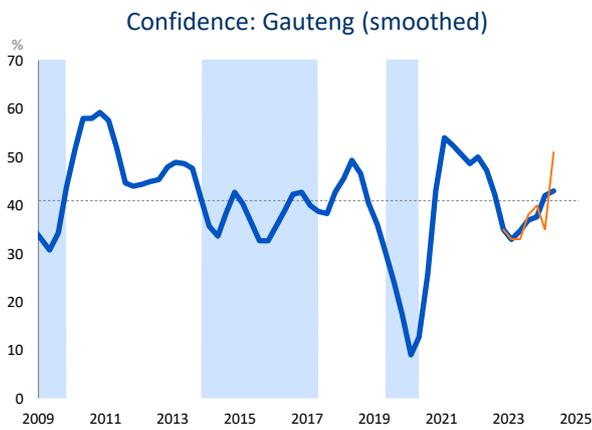
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

# WHOLESALE TRADE: PROVINCES

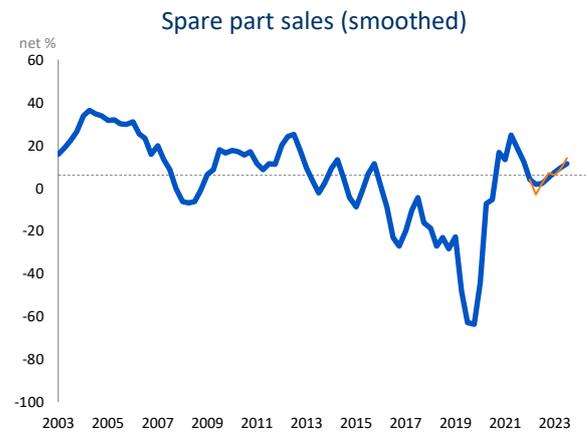
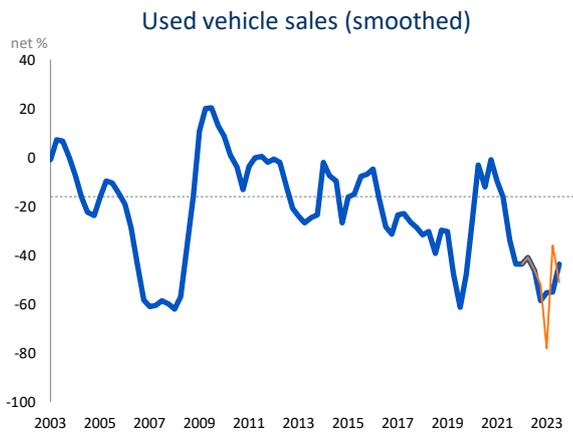
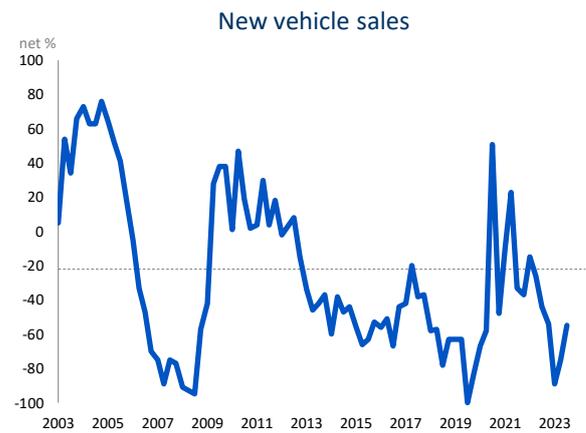
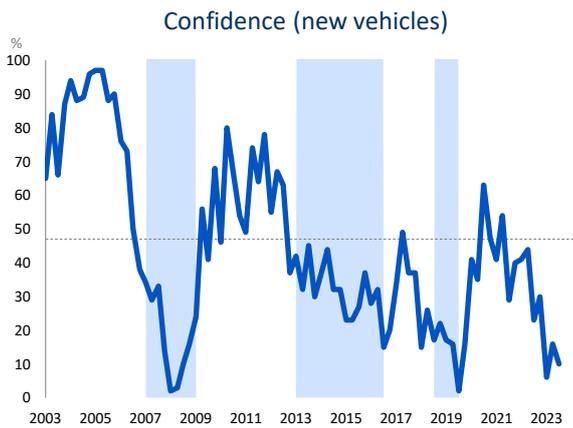
Indicator	Unit	$\mu - \sigma$	$\mu$	$\mu + \sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
<b>Gauteng</b>														
Confidence	%	29	41	53	39	33	33	33	38	40	35	<b>51</b>	16	9
Smoothed	%	31	41	51	42	35	33	35	37	38	42	<b>43</b>	1	5
Sales volumes	Net %	-50	-26	-3	-1	-25	-23	-37	-27	-18	-4	<b>-24</b>	-20	21
Smoothed	Net %	-45	-26	-7	-11	-16	-28	-29	-27	-16	-15	<b>-14</b>	1	9
<b>KwaZulu-Natal</b>														
Confidence	%	37	54	72	59	39	59	48	69	52	25	<b>43</b>	18	22
Smoothed	%	43	54	66	51	52	49	59	56	49	40	<b>34</b>	-6	9
Sales volumes	Net %	-61	-27	8	-39	-5	-13	-30	19	-40	-59	<b>-29</b>	30	38
Smoothed	Net %	-52	-26	-1	-30	-19	-16	-8	-17	-27	-43	<b>-44</b>	-1	18
<b>Western Cape</b>														
Confidence	%	40	54	69	67	45	51	36	37	36	52	<b>68</b>	16	15
Smoothed	%	43	54	65	64	54	44	41	36	42	52	<b>60</b>	8	6
Sales volumes	Net %	-35	-8	20	0	-24	-32	-20	-49	-32	8	<b>5</b>	-3	25
Smoothed	Net %	-30	-8	15	2	-19	-25	-34	-34	-24	-6	<b>7</b>	13	11



$\mu$  – average  
 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over 2009 to the present  
 See Technical note for further details

# MOTOR TRADE<sup>14</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	$\Delta$	$\sigma_{\Delta}$
<b>New vehicles</b>														
Confidence	%	17	43	68	40	41	44	23	30	6	16	<b>10</b>	-6	14
Sales volumes	Net %	-74	-27	20	-37	-15	-26	-44	-54	-89	-75	<b>-55</b>	20	27
<b>Used vehicles</b>														
Sales volumes	Net %	-48	-23	2	-54	-36	-41	-46	-52	-78	-36	<b>-51</b>	-15	23
Smoothed	Net %	-44	-23	-2	-44	-44	-41	-46	-59	-55	-55	<b>-44</b>	11	10
<b>Spare parts</b>														
Sales volumes	Net %	-20	5	29	9	6	-3	2	7	6	9	<b>14</b>	5	20
Smoothed	Net %	-17	5	26	12	4	2	2	5	7	10	<b>12</b>	2	8

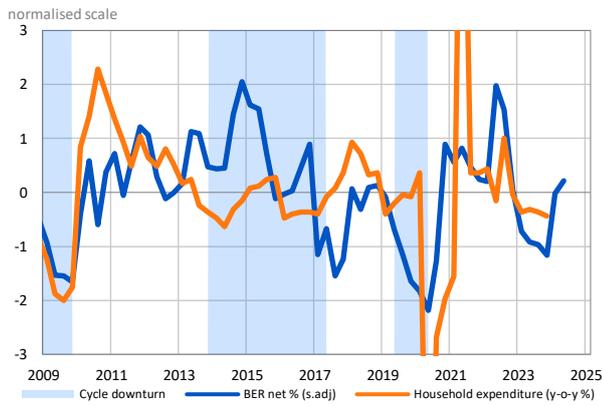


<sup>14</sup> The “motor trade” consists of the retail sales of new and used vehicles (SIC code 6312), as well as new spare parts and accessories (6331). The BER does not cover the wholesale sale of motor vehicles (6311), the maintenance and repair of motor vehicles (632), the sale of used parts and accessories (6332), the sale, maintenance and repair of motor cycles (634) and the retail sale of automotive fuel (635).

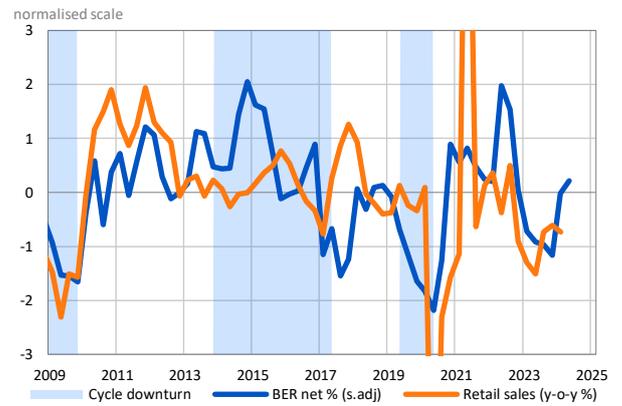
$\mu$  – average  
 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over 2009 to the present  
 See Technical note for further details

# SUMMARY

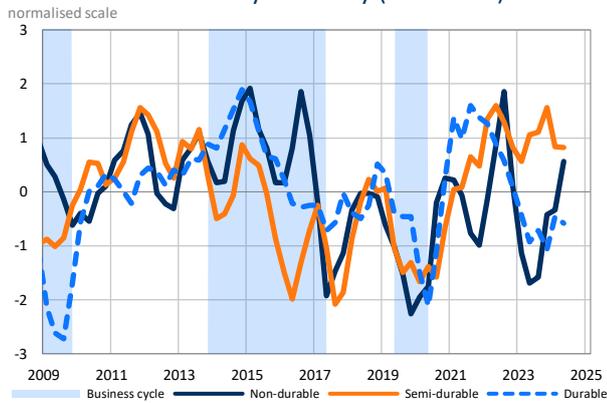
BER retail sales & FHCE\*



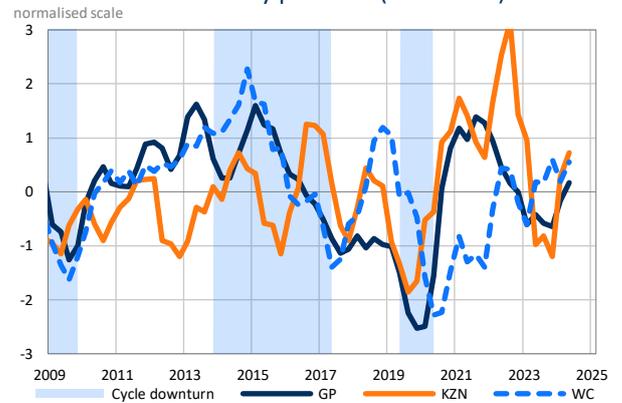
Retail sales



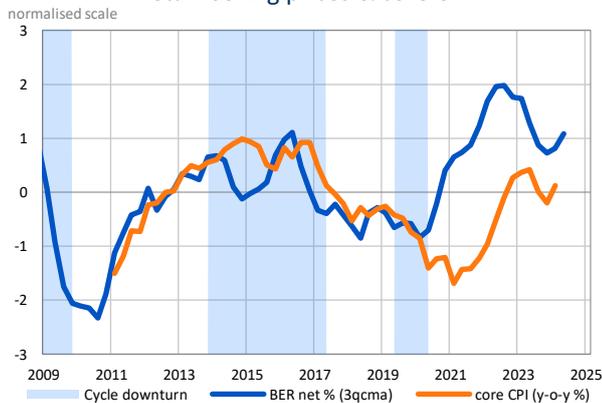
Retail: sales by durability (smoothed)



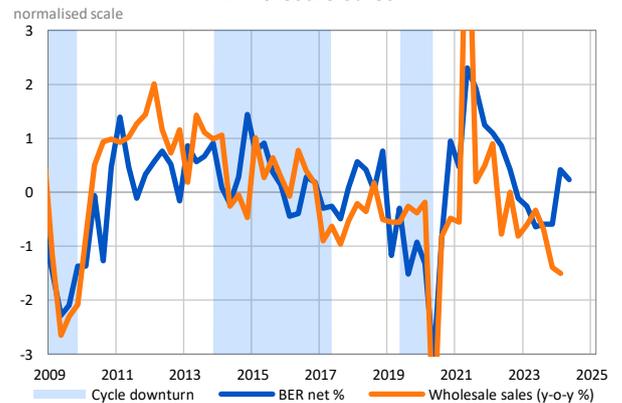
Retail: sales by province (smoothed)



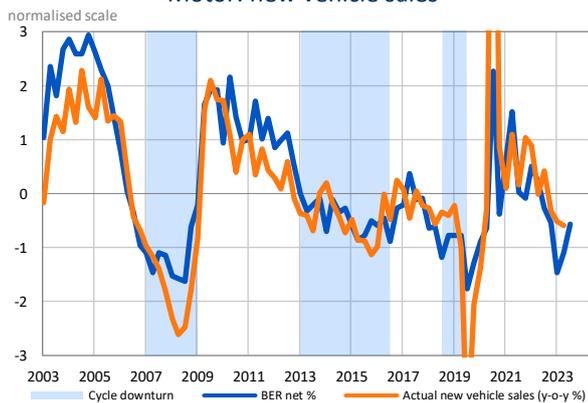
Retail: selling prices & core CPI



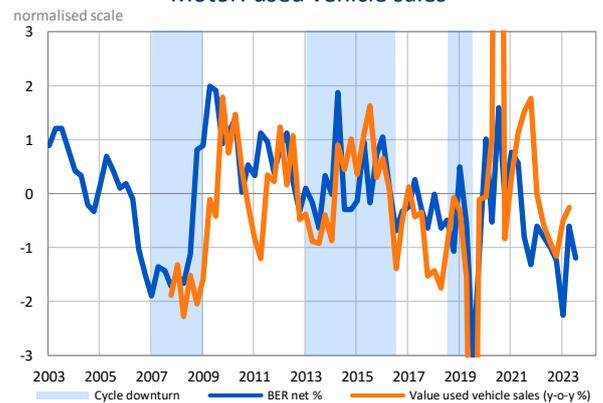
Wholesale sales



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](http://www.ber.ac.za)) for more information about the business tendency survey method.

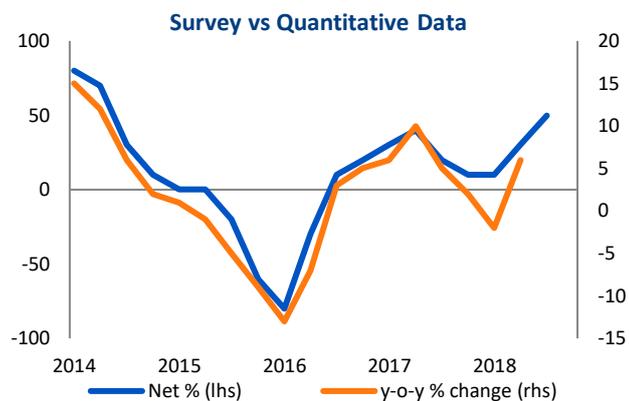
# THE UNIQUE UNITS OF MEASUREMENT OF QUALITATIVE SURVEYS

## 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 ( $\mu$ )

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 ( $\mu-\sigma$ ) and above ( $\mu+\sigma$ ) 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: $\Delta$ )

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

### **Volatility (standard deviation of the deltas: $\Delta\sigma$ )**

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.