

# Retail Trade

Quarterly analysis of consumer expectations and activity in retail, wholesale and motor trade

Volume 40 Number 1

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

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# Summary of the 2025Q1 trade sector survey results

## RETAIL CONFIDENCE PULLS BACK SLIGHTLY IN 2025Q1

Retailer confidence declined marginally from 54% to 50% in the first quarter.<sup>1</sup> This suggests a slowdown in positive momentum, but confidence still remains 10 percentage points (%pts) above the long-term average. Half of the retailers surveyed by the BER were satisfied with prevailing business conditions, which likely bodes well for retail sales and consumer spending at the start of the year.

Official Stats SA retail trade sales data showed robust sales growth of 5.4% y-o-y in 2024Q4. Growth was broad-based, driven primarily by semi-durable goods with a 7.7% y-o-y increase, followed by non-durable goods, up 6.5% y-o-y. This performance aligned with the upbeat sentiment of retailers in the fourth quarter, and matched our expectations that lower inflation, stronger consumer confidence and two-pot withdrawals would boost spending.

The BER's retail sales volume index moved in the same direction as retail confidence in the first quarter but remained constant on a seasonally adjusted basis. At 8 index points, the seasonally adjusted retail sales volume index is at its highest since 2014Q4. This points to further positive, albeit modest, year-on-year growth in retail sales for the first quarter of 2025 compared to the fourth quarter of 2024.

After three consecutive quarters as the most confident sector in the RMB/BER BCI, optimism amongst wholesalers retreated in 2025Q1. Both consumer goods and non-consumer goods wholesalers saw a drop in confidence, matched by a decline in sales volumes and a deterioration of business conditions in the sector. Respondents' comments revealed concerns about US trade policy weighed on sentiment, particularly amongst non-consumer goods wholesalers.

The confidence of new vehicle dealers improved significantly, surging by 29% pts to 52%. The bounce in confidence was supported by a solid improvement in the new vehicle sales volume index, driven by lower interest rates and two-pot retirement withdrawals (likely used for vehicle deposits). Sentiment turning positive in the motor trade sector, particularly amongst new vehicle dealers, is a welcome sign of improving consumer health. Naamsa data for January and February shows a continuation of the strong sales rebound, which began in October 2024, supporting the renewed optimism reflected in vehicle traders' forward-looking indicators.

## SUBSECTOR DETAILS

Although semi-durable goods retailers reported their highest confidence since before the global financial crisis, their confidence, combined with the improved sentiment among hardware retailers, was not enough to offset the decline in confidence experienced by retailers of non-durable goods and furniture.

Surprisingly, non-durable retailers saw a decline in confidence despite favourable sales volumes. However, this may be because our sample is biased towards smaller retailers facing less favourable conditions than larger grocery stores or supermarkets.

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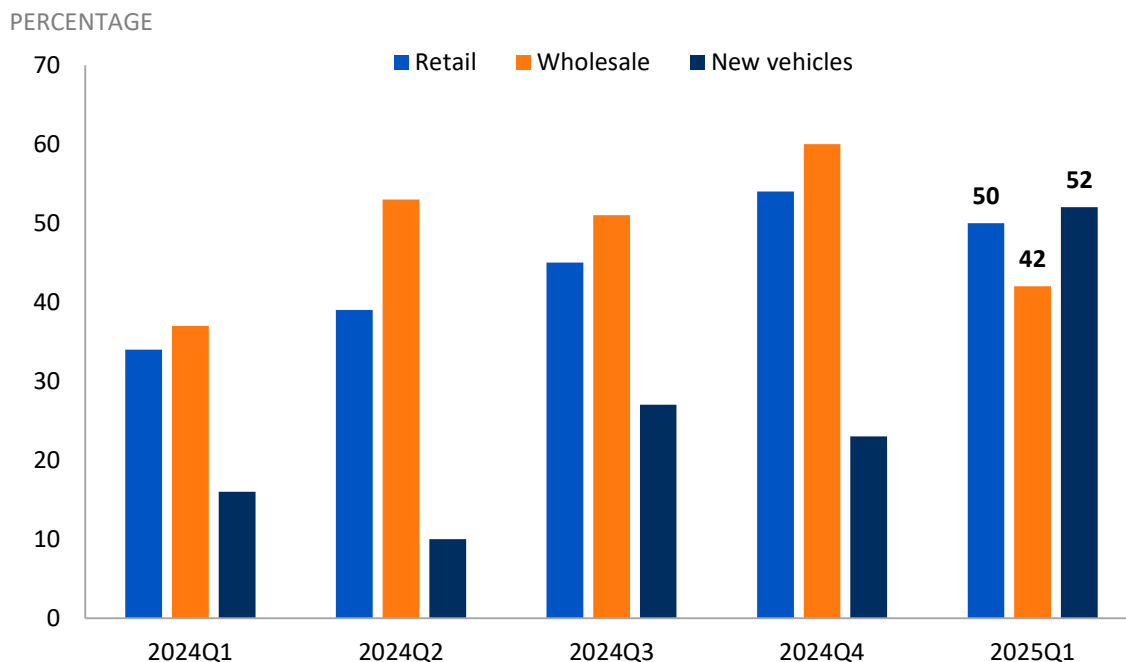
<sup>1</sup> Survey conducted between 5 and 24 February 2025

Hardware retailers' positive, forward-looking indicators align with some optimism about the second quarter reflected in the BER building survey.

On the price front, total retail selling and purchase price indices picked up significantly compared to 2024Q4, especially for non-durable and semi-durable retailers. However, these changes are likely due to routine price adjustments by retailers and the effects of a weaker exchange rate. During the Q4 survey period, the rand averaged R17.60/\$, but averaged R18.40/\$ during the most recent survey period. This rand weakening appears to have fallen short of retailers' expectations.

## KEY TAKEAWAYS

**Figure 1: Trade sector business confidence**



Source: BER Retail Survey 2025Q1

The BER's survey results paint a reasonably rosy picture of the internal trade sector overall. Retail and motor trade still have room for growth, as some consumer windfalls gained in the latter part of 2024 are expected to spill over into the first quarter of 2025.

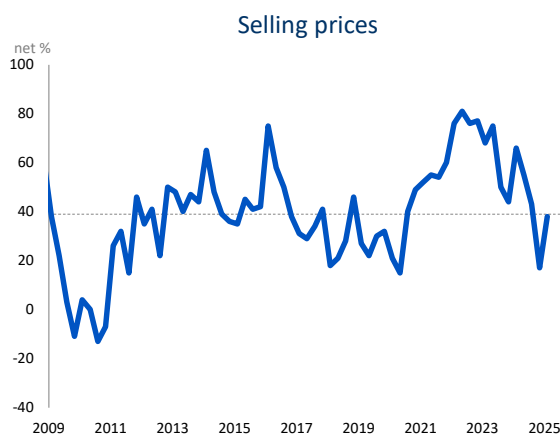
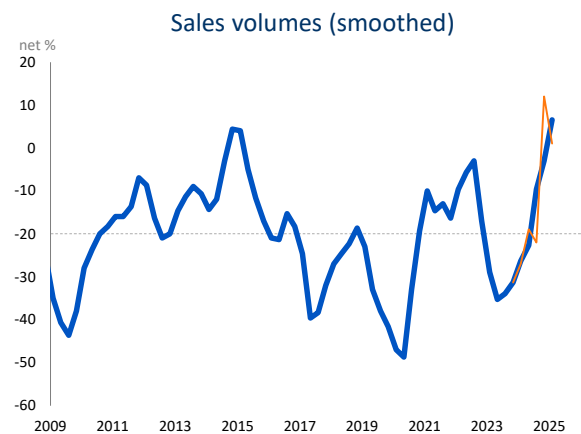
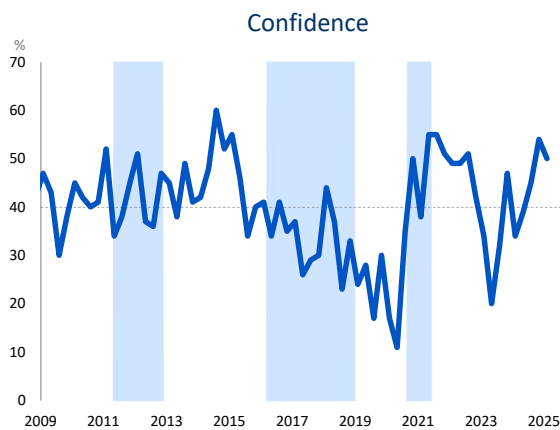
On the downside, the outlook for the second quarter appears more precarious as the expectations of retailers for the coming quarter moved down, leaving vehicle dealers as the only bright spot for Q2. Temporary relief from two-pot withdrawals is anticipated to fade. With the SARB holding on delivering a fourth 25 basis point repo rate cut, we do not anticipate significant additional support from lower interest rates.

Furthermore, the announcement of a 0.5%pts VAT hike spread over two years (1%pt in total) is a downside risk to retail and motor trade confidence; a new knock to a consumer still in recovery and is likely to weigh on sentiment in the coming quarters.

# Survey results

## RETAIL TRADE: TOTAL<sup>2</sup>

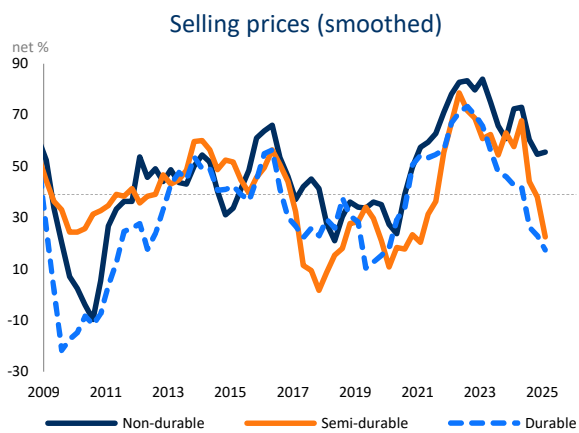
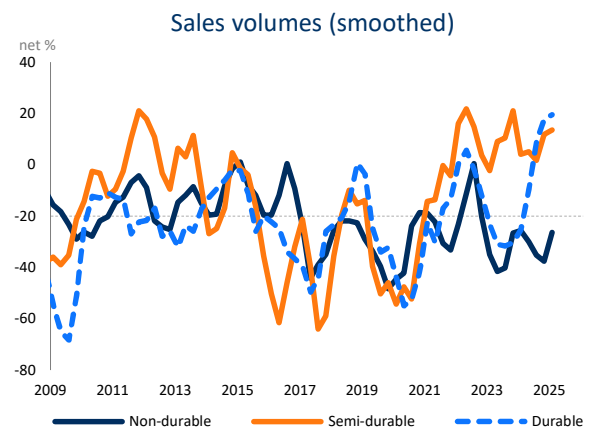
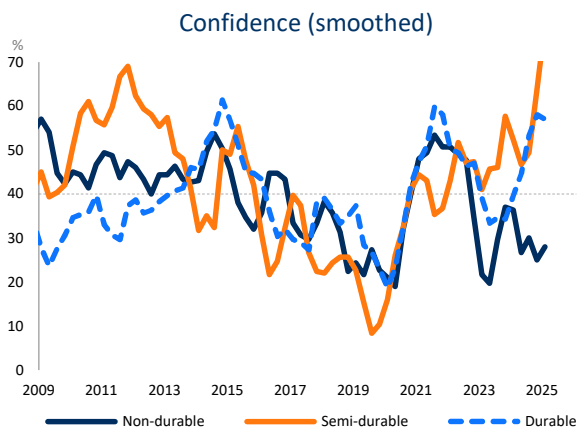
Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
Confidence	%	29	40	50	20	32	47	34	39	45	54	<b>50</b>	-4	9
Business conditions	Net %	-47	-30	-13	-69	-36	-26	-30	-33	-26	1	<b>-8</b>	-9	15
Sales volumes	Net %	-36	-20	-5	-35	-34	-33	-27	-19	-22	12	<b>1</b>	-11	13
Seasonally adjusted	Net %	-35	-20	-6	-37	-35	-37	-19	-22	-23	8	<b>8</b>	0	11
Smoothed	Net %	-33	-20	-8	-35	-34	-31	-26	-23	-10	-3	<b>7</b>	10	7
Selling prices	Net %	17	39	60	75	50	44	66	55	43	17	<b>38</b>	21	15



<sup>2</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

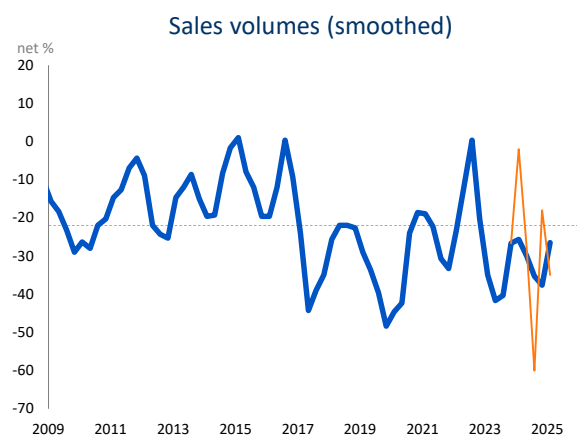
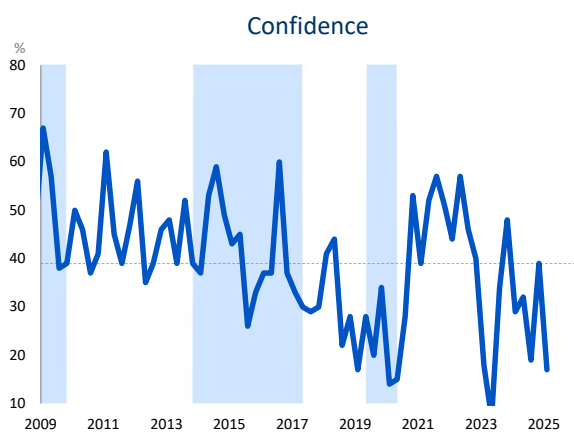
# RETAIL TRADE: BY CATEGORY



$\mu$  – 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>3</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
Confidence	%	26	39	52	7	34	48	29	32	19	39	17	-22	13
Business conditions	Net %	-55	-34	-14	-89	-32	-22	-20	-57	-76	-17	-78	-61	24
Sales volumes	Net %	-39	-22	-6	-43	-31	-47	-2	-28	-60	-18	-35	-17	20
Seasonally adjusted	Net %	-39	-22	-6	-47	-31	-52	8	-33	-59	-24	-25	-1	19
Smoothed	Net %	-34	-22	-11	-42	-40	-27	-26	-30	-35	-38	-27	11	8
Selling prices	Net %	21	45	69	90	56	51	75	91	53	37	74	37	20



<sup>3</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

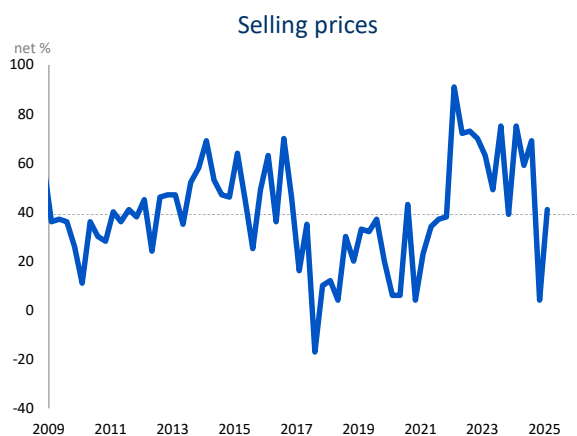
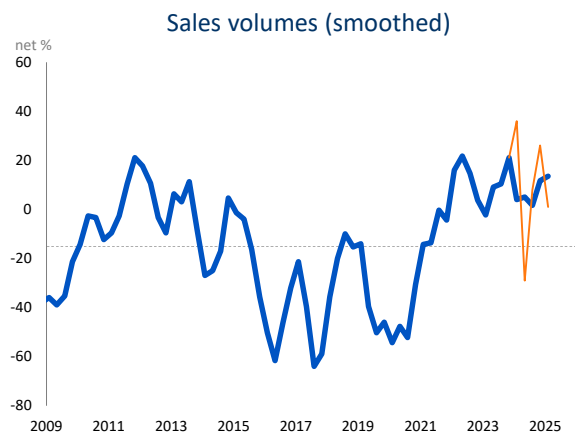
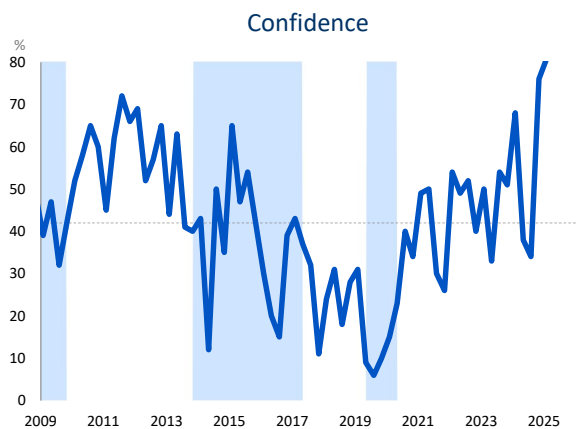
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

## RETAIL TRADE: SEMI-DURABLES<sup>4</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
Confidence	%	25	42	60	33	54	51	68	38	34	76	<b>81</b>	5	15
Business conditions	Net %	-61	-30	1	-46	-36	2	23	-33	-20	35	<b>-11</b>	-46	33
Sales volumes	Net %	-45	-15	16	4	22	5	36	-29	8	26	<b>1</b>	-25	33
Smoothed	Net %	-38	-14	9	9	10	21	4	5	2	12	<b>14</b>	2	12
Selling prices	Net %	18	39	61	49	75	39	75	59	69	4	<b>41</b>	37	22



<sup>4</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

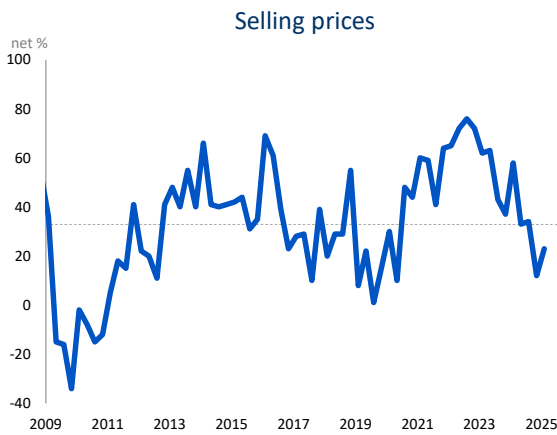
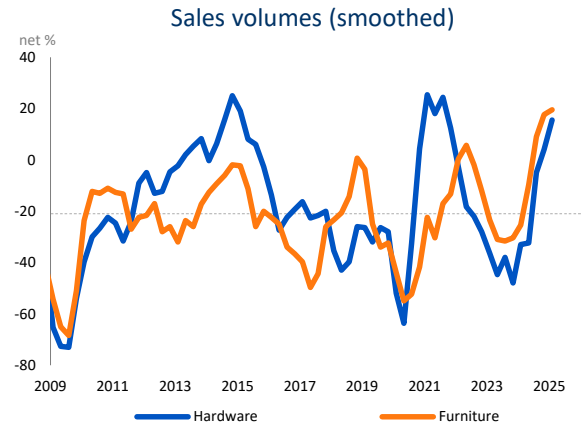
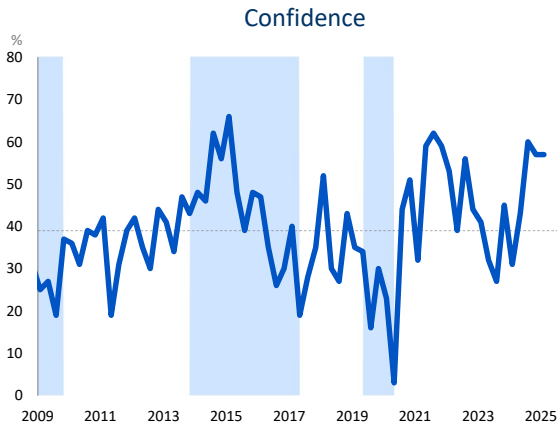
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

# RETAIL TRADE: DURABLES<sup>5</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
Confidence	%	27	39	52	32	27	45	31	43	60	57	<b>57</b>	0	13
Business conditions	Net %	-50	-27	-5	-49	-38	-35	-44	-19	1	3	<b>19</b>	16	21
<b>Sales volumes</b>														
Total	Net %	-44	-21	3	-34	-45	-26	-52	-13	-5	22	<b>15</b>	-7	22
Hardware	Net %	-48	-18	11	-39	-54	-21	-69	-9	-19	13	<b>18</b>	5	27
Furniture	Net %	-46	-23	1	-29	-33	-33	-25	-18	14	31	<b>8</b>	-23	25
Selling prices	Net %	8	33	57	63	43	37	58	33	34	12	<b>23</b>	11	18

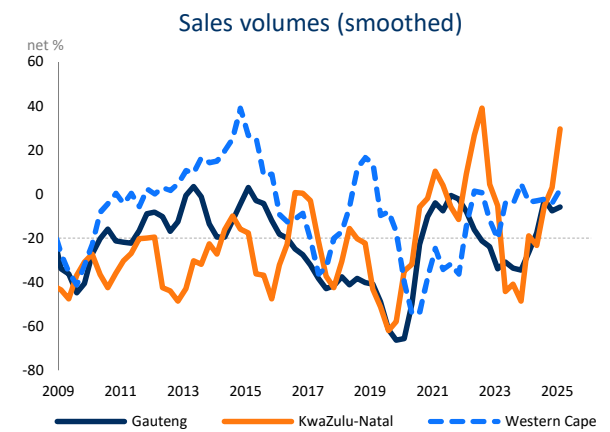
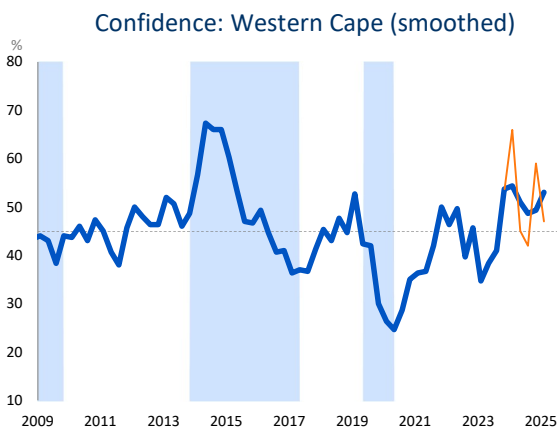
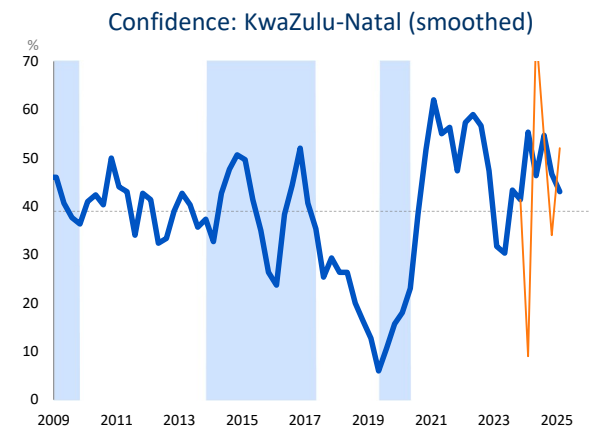
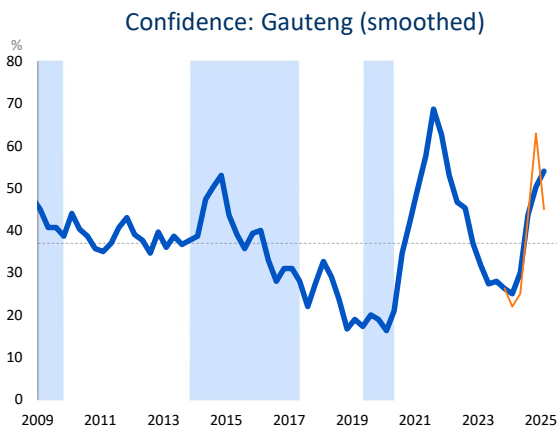


<sup>5</sup> "Retail trade durables" consists of "hardware" and "furniture". "Hardware" includes hardware, paint and glass (SIC code 6234). "Furniture" consists of household furniture, appliances, articles and equipment (6233), jewellery and related items (62392) and other durable goods (62399)

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 $\sigma$  – standard deviation  
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# RETAIL TRADE: PROVINCES

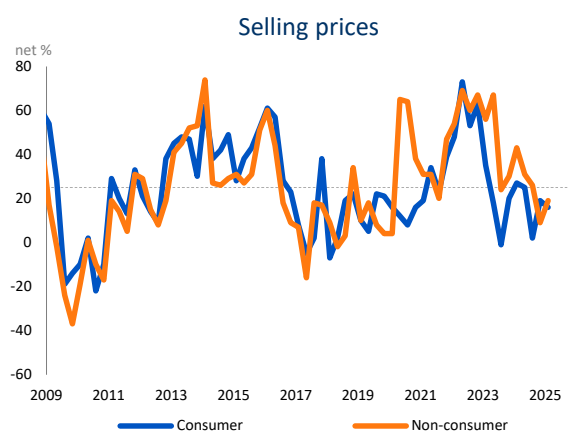
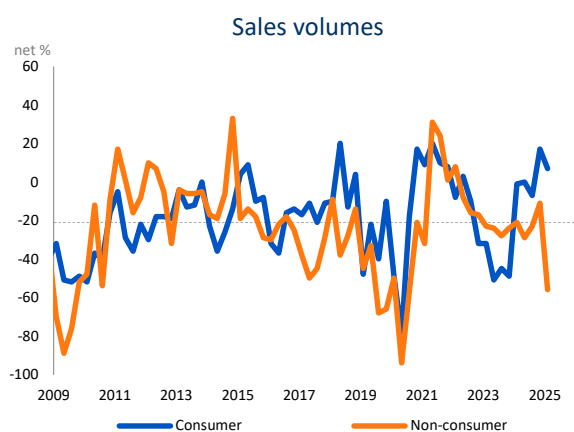
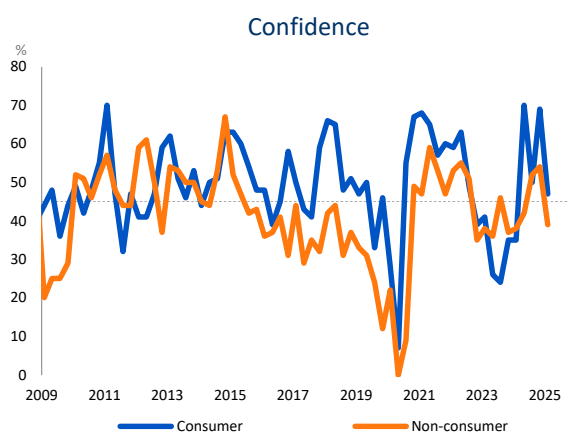
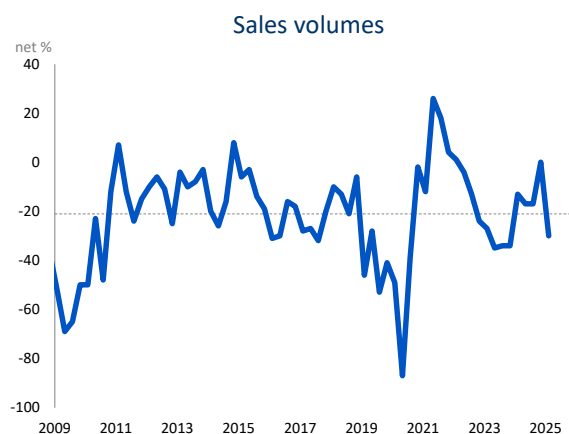
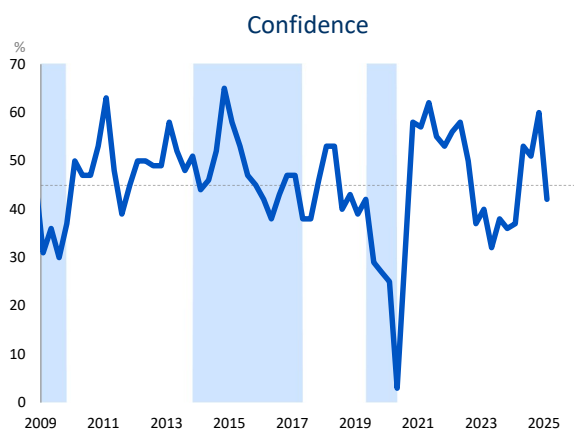
Indicator	Unit	$\mu - \sigma$	$\mu$	$\mu + \sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
<b>Gauteng</b>														
Confidence	%	23	37	51	27	29	28	22	25	43	63	<b>45</b>	-18	13
Smoothed	%	26	37	48	27	28	26	25	30	44	50	<b>54</b>	4	5
Sales volumes	Net %	-43	-23	-3	-40	-23	-38	-43	1	-11	2	<b>-14</b>	-16	18
Smoothed	Net %	-40	-23	-6	-31	-34	-35	-27	-18	-3	-8	<b>-6</b>	2	8
<b>KwaZulu-Natal</b>														
Confidence	%	21	39	57	15	34	81	9	76	54	34	<b>52</b>	18	23
Smoothed	%	26	39	51	30	43	41	55	46	55	47	<b>43</b>	-4	7
Sales volumes	Net %	-52	-23	5	5	-91	-37	-18	-2	-50	36	<b>23</b>	-13	34
Smoothed	Net %	-44	-23	-2	-44	-41	-49	-19	-23	-5	3	<b>30</b>	27	14
<b>Western Cape</b>														
Confidence	%	33	45	57	28	43	52	66	45	42	59	<b>47</b>	-12	16
Smoothed	%	37	45	53	38	41	54	54	51	49	49	<b>53</b>	4	5
Sales volumes	Net %	-33	-8	18	-16	21	-18	11	-4	-16	13	<b>-9</b>	-22	27
Smoothed	Net %	-28	-8	13	-4	-4	5	-4	-3	-2	-4	<b>2</b>	6	10



$\mu$  – 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: TOTAL<sup>6</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
Confidence	%	35	45	56	32	38	36	37	53	51	60	<b>42</b>	-18	9
Business conditions	Net %	-52	-30	-8	-40	-62	-46	-54	-35	-9	2	<b>-56</b>	-58	21
Sales volumes	Net %	-42	-21	-1	-35	-34	-34	-13	-17	-17	0	<b>-30</b>	-30	17
Selling prices	Net %	4	25	46	48	15	26	36	29	17	13	<b>18</b>	5	16



<sup>6</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

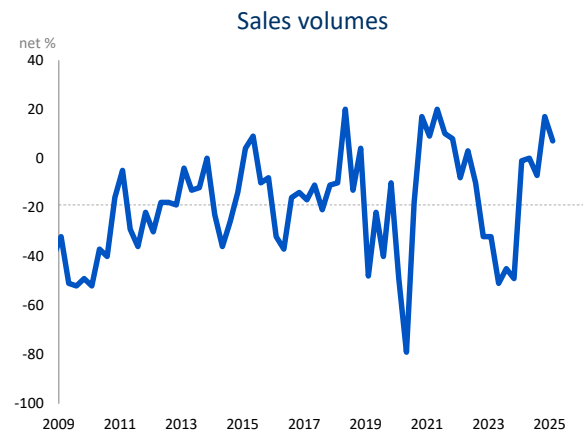
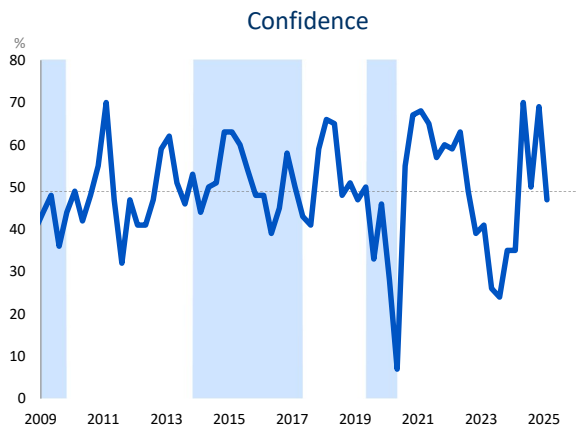
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

## WHOLESALE TRADE: CONSUMER GOODS<sup>7</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
Confidence	%	37	49	61	26	24	35	35	70	50	69	<b>47</b>	-22	13
Business conditions	Net %	-53	-30	-7	-37	-72	-66	-54	-18	-19	18	<b>-34</b>	-52	24
Sales volumes	Net %	-40	-19	3	-51	-45	-49	-1	0	-7	17	<b>7</b>	-10	20
Selling prices	Net %	3	24	46	18	-1	20	27	25	2	19	<b>16</b>	-3	18



<sup>7</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

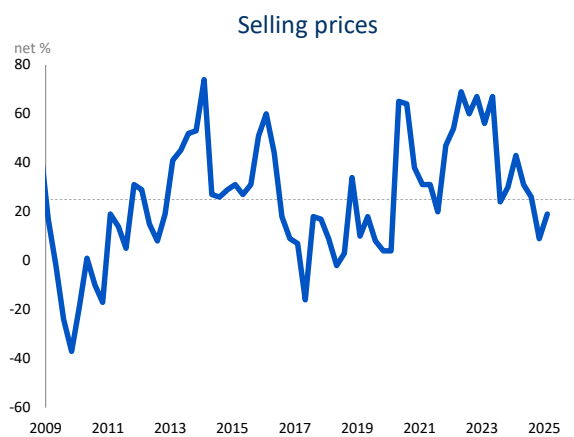
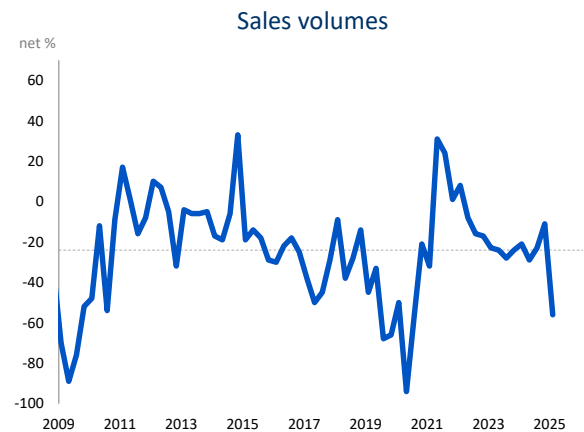
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

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## WHOLESALE TRADE: NON-CONSUMER GOODS<sup>8</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
Confidence	%	29	42	54	36	46	37	38	42	52	54	39	-15	11
Business conditions	Net %	-56	-31	-5	-40	-54	-31	-53	-45	-1	-15	-74	-59	23
Sales volumes	Net %	-50	-24	2	-24	-28	-24	-21	-29	-23	-11	-56	-45	22
Selling prices	Net %	0	25	50	67	24	30	43	31	26	9	19	10	19



<sup>8</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

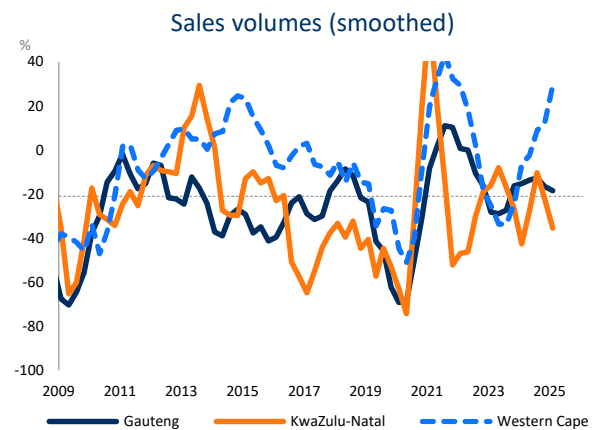
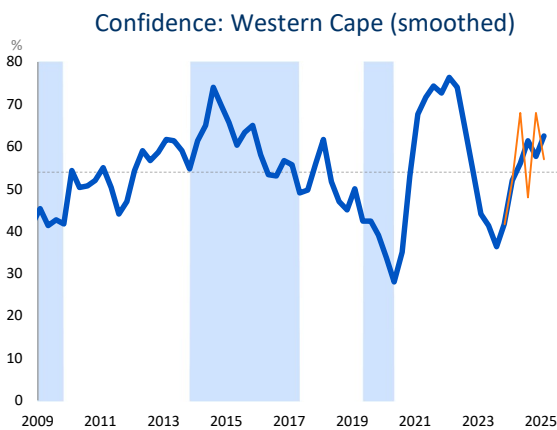
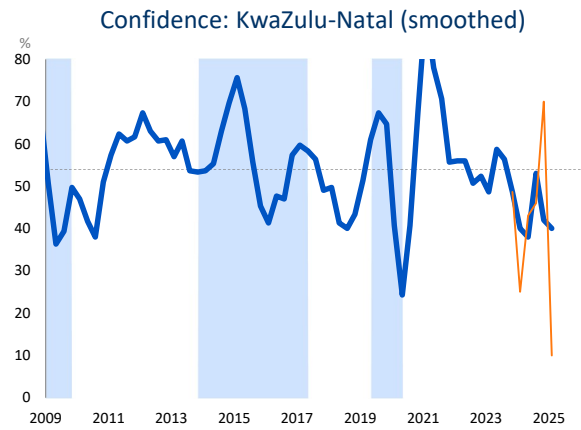
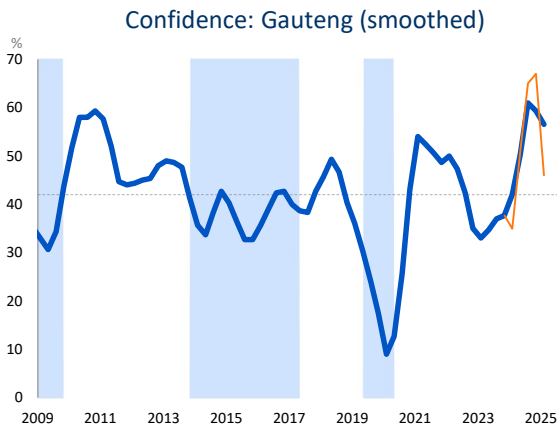
$\sigma_{\Delta}$  – volatility (standard deviation of the changes)

All of the above calculated over 2009 to the present

See Technical note for further details

# WHOLESALE TRADE: PROVINCES

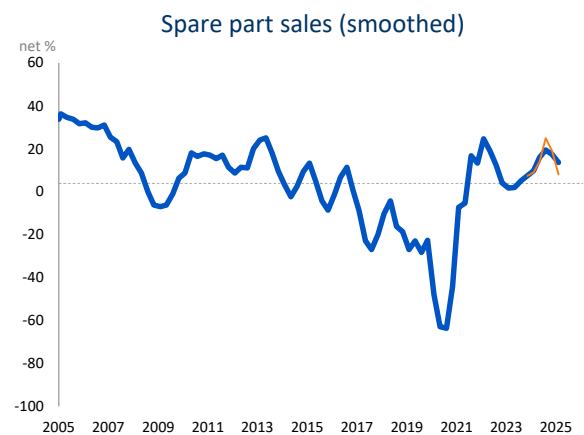
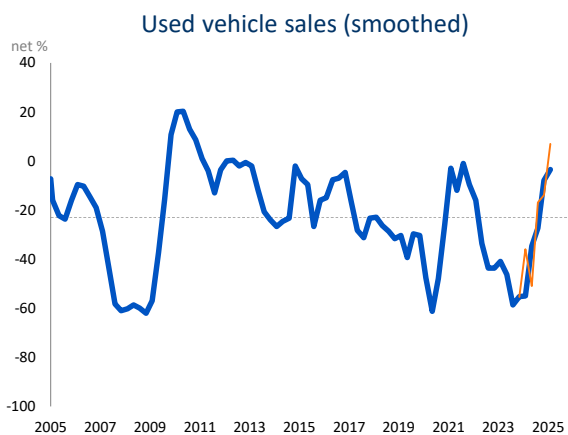
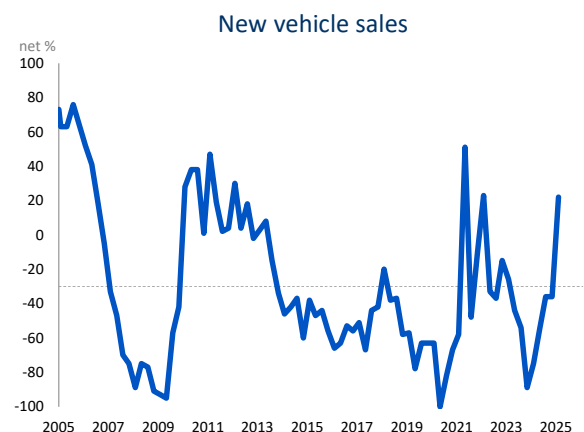
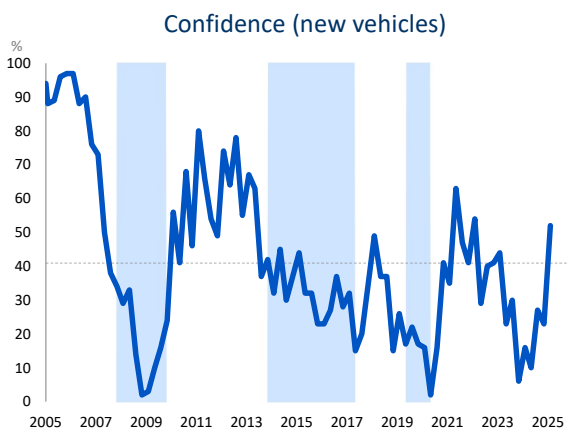
Indicator	Unit	$\mu - \sigma$	$\mu$	$\mu + \sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
<b>Gauteng</b>														
Confidence	%	29	42	54	33	38	40	35	51	65	67	<b>46</b>	-21	10
Smoothed	%	31	42	52	35	37	38	42	50	61	59	<b>57</b>	-2	5
Sales volumes	Net %	-49	-26	-3	-37	-27	-18	-4	-24	-13	-1	<b>-36</b>	-35	21
Smoothed	Net %	-45	-26	-7	-29	-27	-16	-15	-14	-13	-17	<b>-19</b>	-2	9
<b>KwaZulu-Natal</b>														
Confidence	%	35	54	72	48	69	52	25	43	46	70	<b>10</b>	-60	23
Smoothed	%	42	54	65	59	56	49	40	38	53	42	<b>40</b>	-2	9
Sales volumes	Net %	-61	-26	8	-30	19	-40	-59	-29	4	-6	<b>-65</b>	-59	38
Smoothed	Net %	-51	-26	-1	-8	-17	-27	-43	-28	-10	-22	<b>-36</b>	-14	18
<b>Western Cape</b>														
Confidence	%	40	54	68	36	37	36	52	68	48	68	<b>57</b>	-11	15
Smoothed	%	44	54	65	41	36	42	52	56	61	58	<b>63</b>	5	6
Sales volumes	Net %	-34	-7	21	-20	-49	-32	8	5	-20	42	<b>16</b>	-26	26
Smoothed	Net %	-29	-7	16	-34	-34	-24	-6	-2	9	13	<b>29</b>	16	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>9</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	$\Delta$	$\sigma_{\Delta}$
<b>New vehicles</b>														
Confidence	%	17	41	65	23	30	6	16	10	27	23	<b>52</b>	29	14
Sales volumes	Net %	-73	-30	13	-44	-54	-89	-75	-55	-36	-36	<b>22</b>	58	27
<b>Used vehicles</b>														
Sales volumes	Net %	-48	-23	2	-46	-52	-78	-36	-51	-17	-14	<b>7</b>	21	24
Smoothed	Net %	-44	-23	-2	-46	-59	-55	-55	-35	-27	-8	<b>-4</b>	4	10
<b>Spare parts</b>														
Sales volumes	Net %	-20	4	28	2	7	6	9	14	25	19	<b>8</b>	-11	20
Smoothed	Net %	-17	4	24	2	5	7	10	16	19	17	<b>14</b>	-3	8

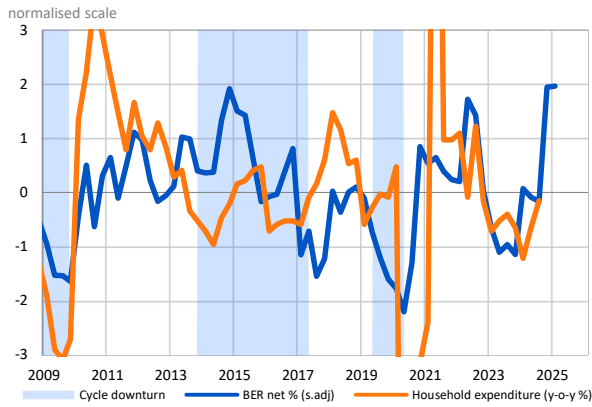


<sup>9</sup> The “motor trade” consists of the retail sales of new and used vehicles (SIC code 6312), as well as new spare parts and accessories (6331). The BER does not cover the wholesale sale of motor vehicles (6311), the maintenance and repair of motor vehicles (632), the sale of used parts and accessories (6332), the sale, maintenance and repair of motor cycles (634) and the retail sale of automotive fuel (635).

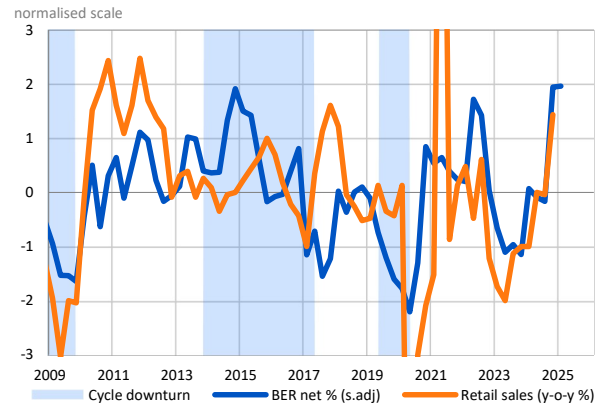
$\mu$  – average  
 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over 2009 to the present  
 See Technical note for further details

# SUMMARY

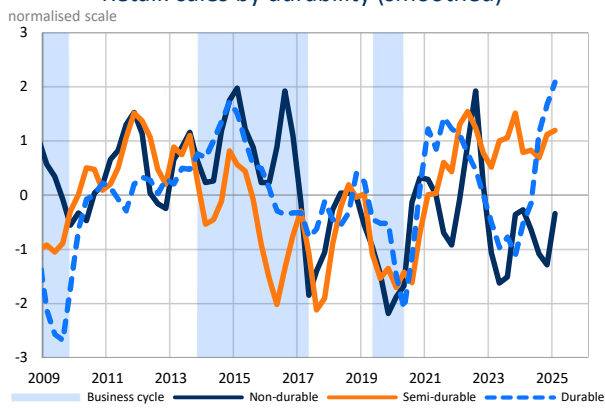
BER retail sales & FHCE\*



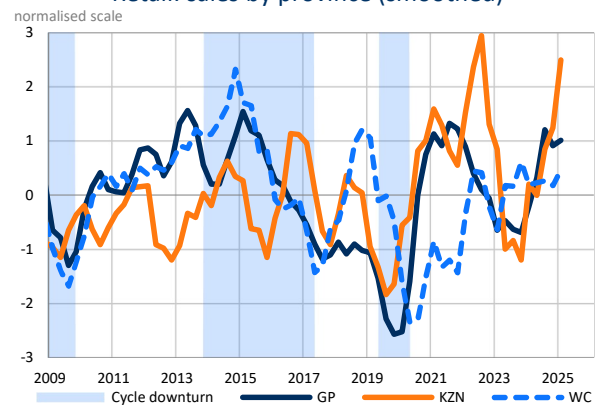
Retail sales



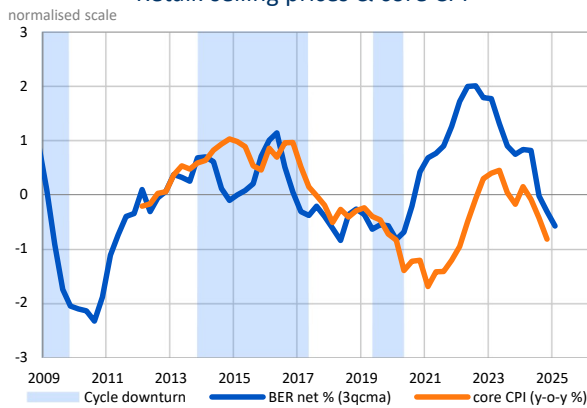
Retail: sales by durability (smoothed)



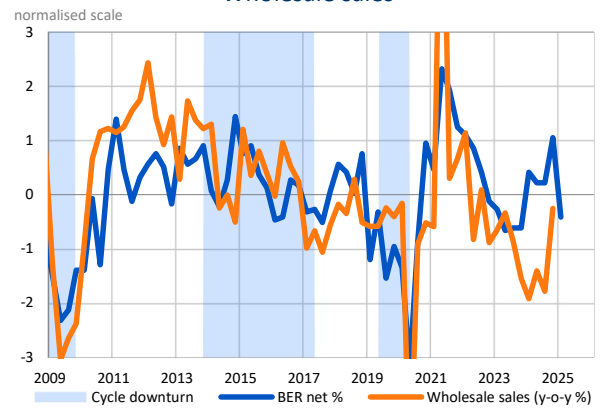
Retail: sales by province (smoothed)



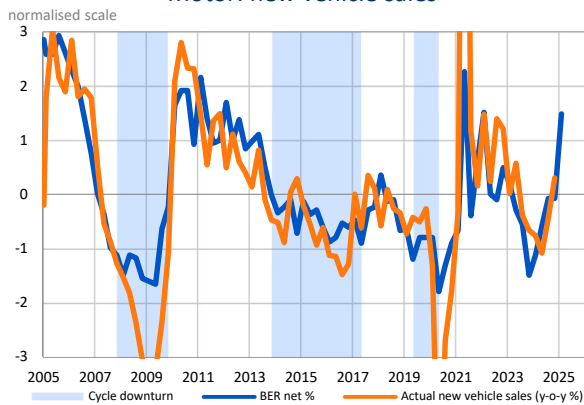
Retail: selling prices & core CPI



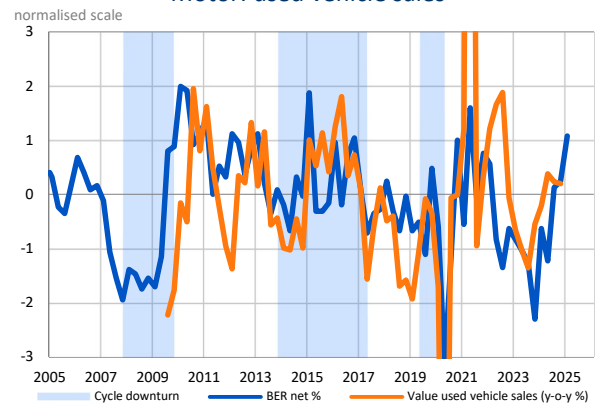
Wholesale sales



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.

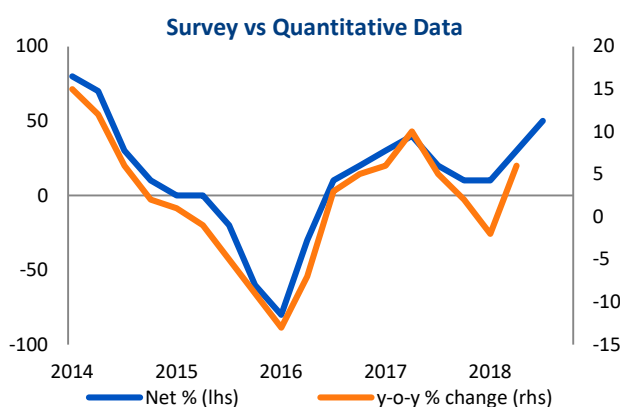
## THE UNIQUE UNITS OF MEASUREMENT OF QUALITATIVE SURVEYS

### 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.