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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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RETAILER OPTIMISM SOFTENS IN 2025Q2

The BER's Retail Survey revealed business confidence amongst retailers fell from 50% to 42%, registering a second successive quarterly decline but remaining above the long-term average (40%). Similar to the previous quarter, retailer confidence suffered due to deteriorating business conditions and underlying activity indicators, such as sales and volumes of orders placed, though these also remained above long-term average levels. The trend suggests a moderation in retail sales growth, particularly as two-pot withdrawal-fuelled spending winds down.

According to Stats SA, real retail sales expanded by 4.1% y-o-y in 2025Q1, following a 5.4% gain in 2024Q4. Despite a slowdown relative to the fourth quarter, volume growth remained strong at the start of the year. This corresponds with our 2025Q1 retail survey results, which foreshadowed strong but slower growth. The latest survey results point to a more subdued sales outlook, with the *retail sales volumes index* in 2025Q2 declining on a seasonally adjusted basis (from 8 to -4 index points).

Following a surge in optimism during the first quarter, **new vehicle dealers'** confidence pulled back from 52% to 42% in Q2. However, confidence remained above long-term average levels for a second consecutive quarter, suggesting sustained strength in the motor trade recovery. Business conditions disappointed against expectations, and the sales volumes index moved noticeably lower, supporting a less cheerful mood among new vehicle dealers. Still, these also remained above their long-term averages. This suggests vehicle dealers are cautiously optimistic that conditions will support sales. The latest sales data from naamsa about new passenger vehicles reflects robust sales figures, with a 30% y-o-y increase in May. Though this improvement comes off a very low base (with May 2024 being an election month), the sustained sales momentum aligns with the more upbeat sentiment of new vehicle dealers relative to recent history.

Wholesaler confidence recovered in the second quarter, increasing by 8% pts to 50%, moving back above the long-term average. Both consumer and non-consumer goods wholesalers' sentiment brightened. Mirroring the rise in confidence, the overall sales volume index of wholesalers also edged up. However, the lift to overall confidence in the wholesale sector was largely driven by a significant improvement in the realised business conditions of **non-consumer goods** wholesalers, which bounced back after a sharp deterioration during the first quarter, driven by concerns over sweeping US tariffs. In contrast, the sales volume index of **consumer goods** wholesalers declined steeply. This is potentially an early warning sign that the consumer might be under pressure, making retailers cautious about overstocking.

SUBSECTOR DETAILS

Confidence among **durable goods** retailers declined, with weaker sentiment among hardware retailers offsetting a rise in confidence among furniture retailers. Furniture retailers replaced semi-durable retailers as the most confident group in Q2. Meanwhile, the confidence of **semi-durable retailers** retreated from a multidecade high, given the deterioration in the macroeconomic outlook since the start of the year. However, despite this decline, more than half of semi-durable retailers still reported being satisfied with prevailing conditions.

On the price front, retailers' total selling and purchase price indices edged down slightly after a notable uptick in Q1. The survey results do not suggest a reacceleration of price pressures. In line with subdued food inflation, the findings indicate a lack of pricing power among non-durable goods retailers, constraining the profitability of food retailers in particular.

On the other hand, the selling price indicators of both semi-durable and durable retailers moved upward. A notable jump in the semi-durables selling price index, alongside easing purchase price pressures, suggests turnover growth and supports enhanced profitability for clothing, textiles, and footwear retailers.

KEY TAKEAWAYS

The first quarter had already signalled a pause in positive momentum in the retail sector. Therefore, while disappointing, the latest dip in retailer confidence does not come as a surprise.

Indeed, the FNB/BER Consumer Confidence Index (CCI) collapsed during the first quarter in the face of a potential VAT hike and heightened uncertainty. Despite this, consumer spending came out better than expected in an otherwise disappointing Q1 GDP print, up by 2.8% y-o-y in 2025Q1 from 2.6% in 2024Q4.

Unfortunately, a rise in the fuel levy and an absence of inflation adjustments to tax brackets in the final national budget will weigh heavily on consumers. However, mild inflation, favourable oil price dynamics, and less restrictive monetary policy are expected to provide some relief.

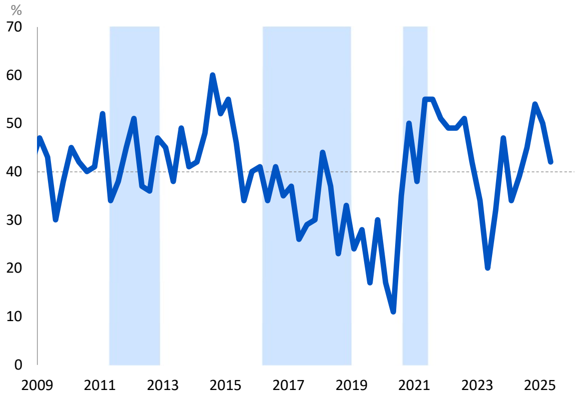
In sum, the retail and motor trade results suggest consumers likely held up reasonably well in the second quarter. That said, the drop in wholesalers' sales of consumer goods raises concerns that consumer demand, which to date has been surprisingly resilient, might begin to wane in the latter half of the year.

Survey results

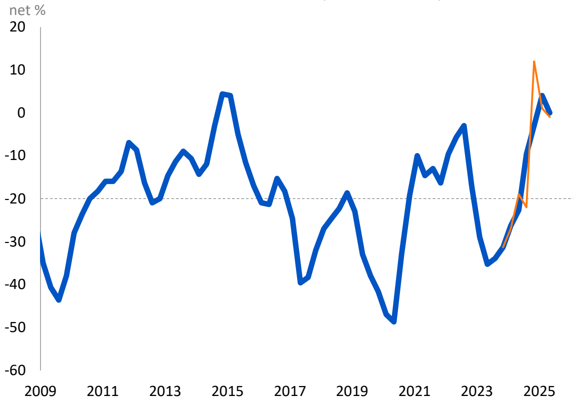
RETAIL TRADE: TOTAL[1]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ Δ
Confidence	%	30	40	50	32	47	34	39	45	54	50	**42**	-8	9
Business conditions	Net %	-47	-30	-13	-36	-26	-30	-33	-26	1	-8	**-18**	-10	15
Sales volumes	Net %	-36	-20	-5	-34	-33	-27	-19	-22	12	1	**-1**	-2	13
Seasonally adjusted	Net %	-35	-20	-5	-35	-37	-19	-22	-23	8	8	**-4**	-12	11
Smoothed	Net %	-33	-20	-7	-34	-31	-26	-23	-10	-3	4	**0**	-4	6
Selling prices	Net %	18	39	60	50	44	66	55	43	17	38	**33**	-5	14

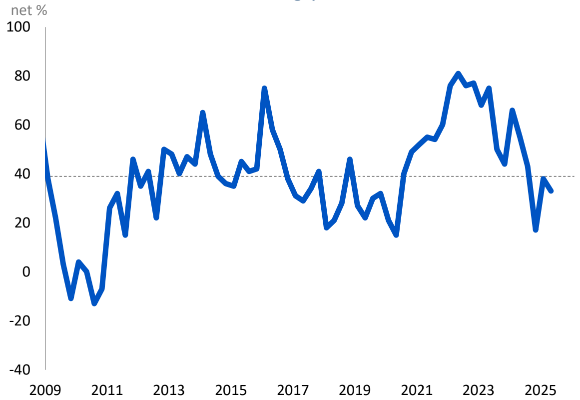
Confidence



Sales volumes (smoothed)



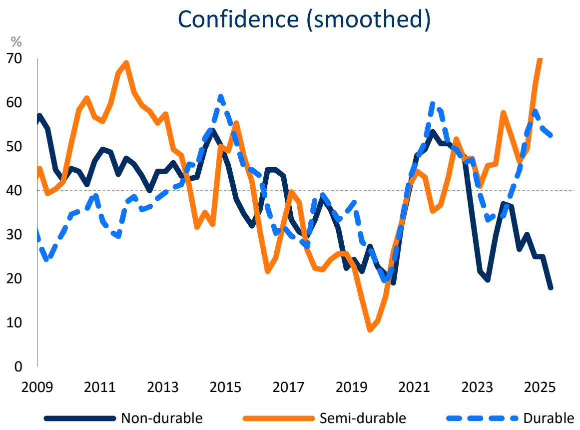
Selling prices

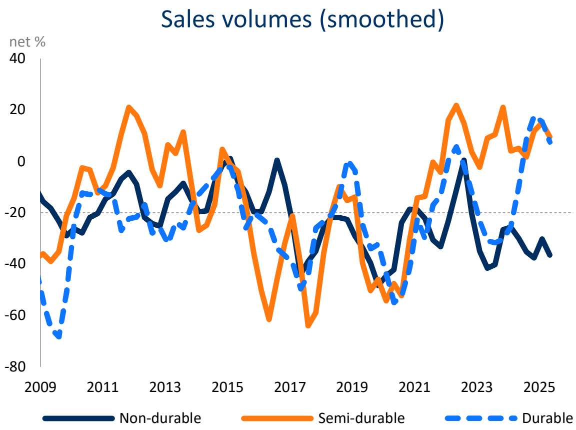


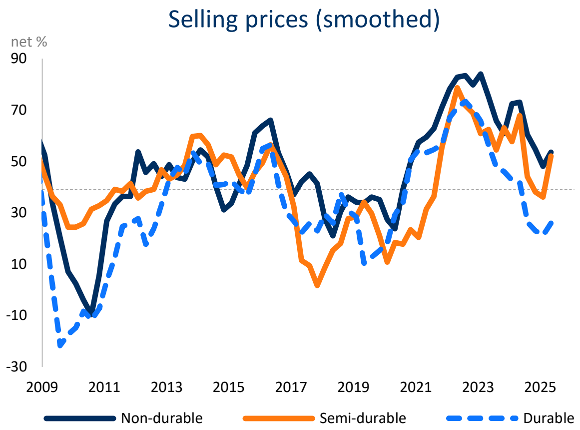
[1] The "retail trade total" consists of the "retail trade durables", the "retail trade semi-durables" and the "retail trade non-durables" goods sectors. The BER does not cover the retail trade in second hand goods in stores (SIC code 624), the retail trade not in stores (625) and the repair of personal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

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

RETAIL TRADE: BY CATEGORY





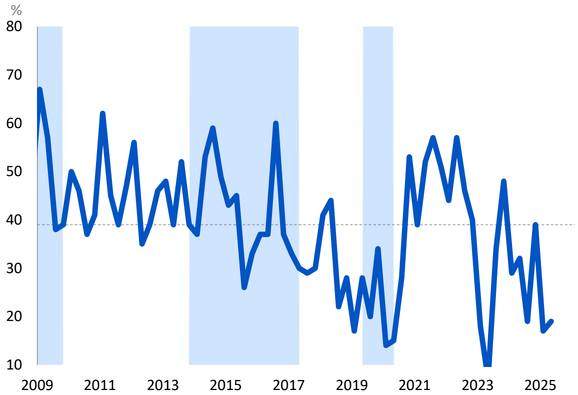


μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

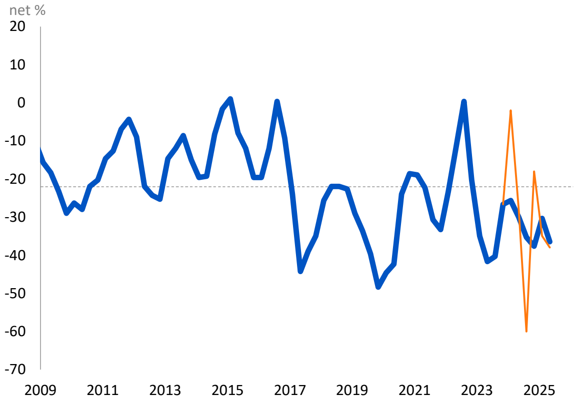
RETAIL TRADE: NON-DURABLES[2]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ_Δ
Confidence	%	26	39	52	34	48	29	32	19	39	17	**19**	2	13
Business conditions	Net %	-56	-35	-14	-32	-22	-20	-57	-76	-17	-78	**-73**	5	24
Sales volumes	Net %	-39	-23	-6	-31	-47	-2	-28	-60	-18	-35	**-38**	-3	19
Seasonally adjusted	Net %	-39	-22	-6	-31	-52	8	-33	-59	-24	-25	**-28**	-3	19
Smoothed	Net %	-35	-23	-11	-40	-27	-26	-30	-35	-38	-30	**-37**	-7	8
Selling prices	Net %	21	45	69	56	51	75	91	53	37	74	**33**	-41	20

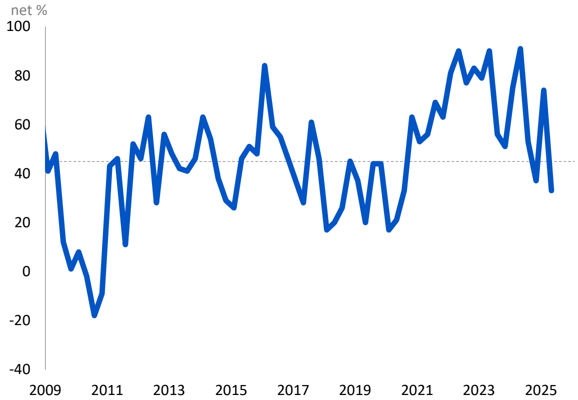
Confidence



Sales volumes (smoothed)



Selling prices

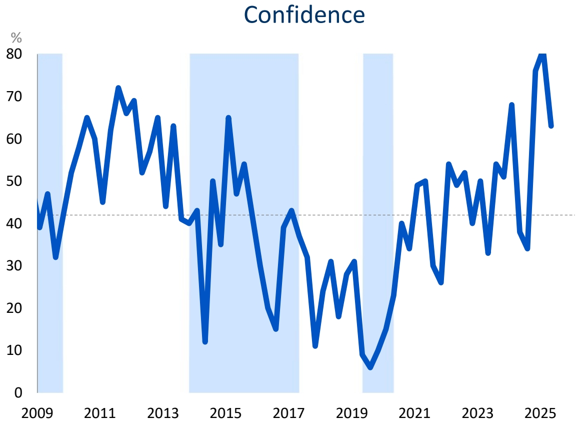


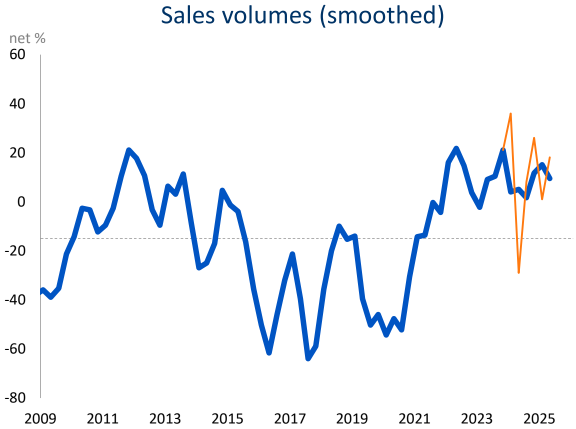
[2] Food, inedible groceries, tobacco (SIC code 621), beverages (622), pharmaceutical & medical goods, cosmetic & toiletry articles (6231), reading matter, stationery, office supplies (62391), other non-durable goods (62399)

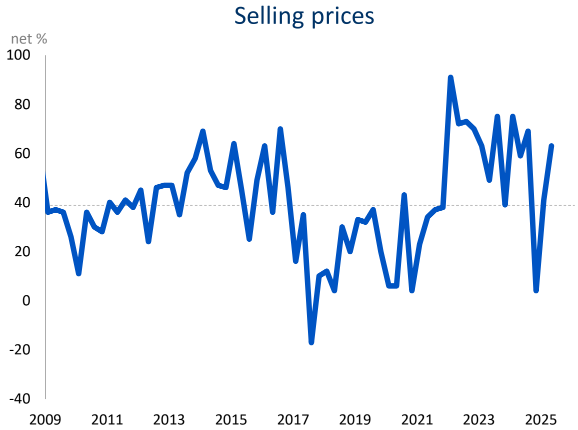
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

RETAIL TRADE: SEMI-DURABLES[3]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ Δ
Confidence	%	25	43	60	54	51	68	38	34	76	81	**63**	-18	16
Business conditions	Net %	-61	-30	1	-36	2	23	-33	-20	35	-11	**-16**	-5	33
Sales volumes	Net %	-45	-14	17	22	5	36	-29	8	26	1	**18**	17	33
Smoothed	Net %	-37	-14	9	10	21	4	5	2	12	15	**10**	-5	12
Selling prices	Net %	19	40	61	75	39	75	59	69	4	41	**63**	22	22





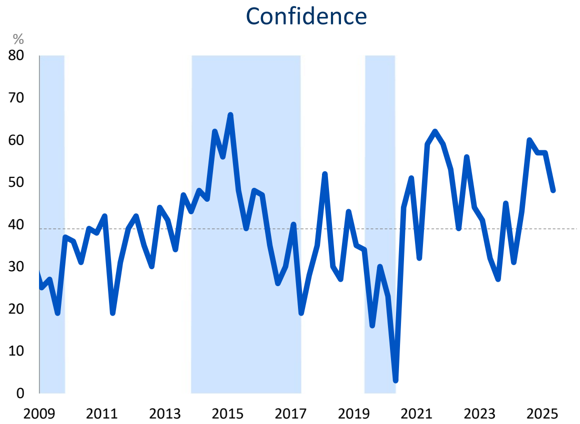


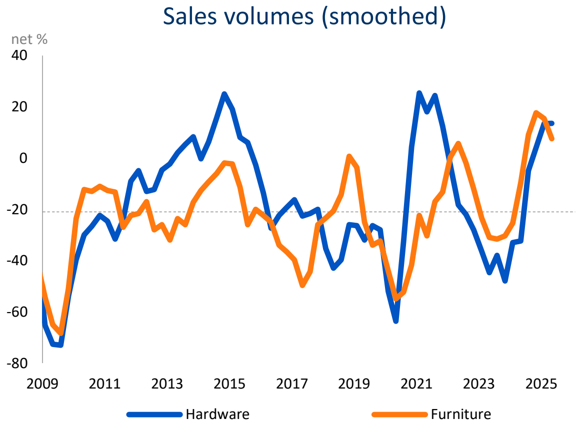
[3] Textiles, clothing, footwear & leather goods (SIC code 6232), sports goods & entertainment requisites (62393), other semi-durable goods (62399)

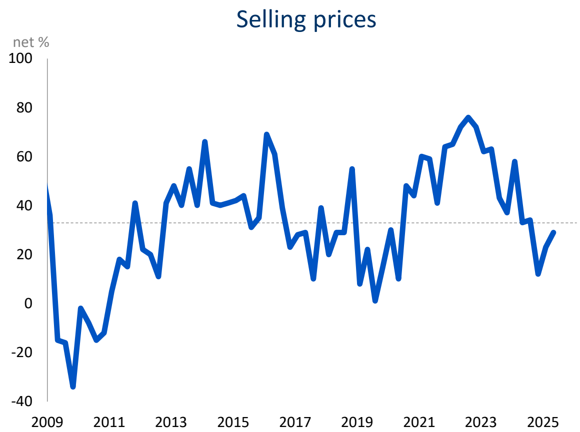
μ – average
σ – standard deviation
Δ – change from previous period
$σ_Δ$ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

RETAIL TRADE: DURABLES[4]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ_{Δ}
Confidence	%	27	39	52	27	45	31	43	60	57	57	**48**	-9	13
Business conditions	Net %	-49	-27	-4	-38	-35	-44	-19	1	3	19	**-1**	-20	21
Sales volumes														
Total	Net %	-44	-20	3	-45	-26	-52	-13	-5	22	15	**8**	-7	22
Hardware	Net %	-48	-18	12	-54	-21	-69	-9	-19	13	18	**9**	-9	27
Furniture	Net %	-46	-22	1	-33	-33	-25	-18	14	31	8	**7**	-1	24
Selling prices	Net %	8	32	57	43	37	58	33	34	12	23	**29**	6	18







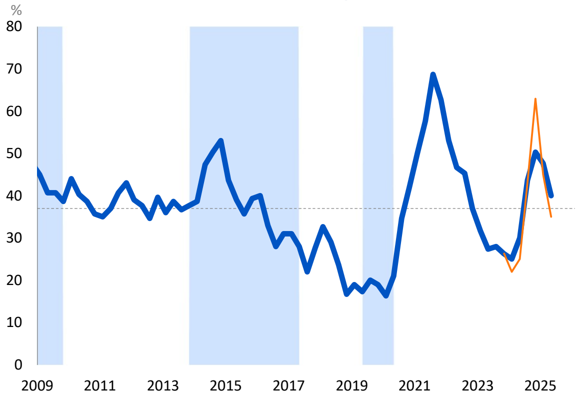
[4] "Retail trade durables" consists of "hardware" and "furniture". "Hardware" includes hardware, paint and glass (SIC code 6234). "Furniture" consists of household furniture, appliances, articles and equipment (6233), jewellery and related items (62392) and other durable goods (62399)

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

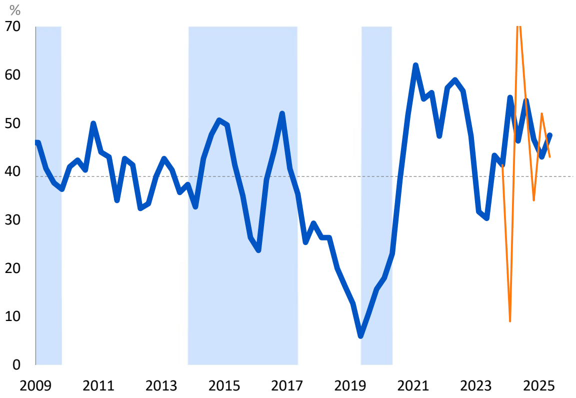
RETAIL TRADE: PROVINCES

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ_Δ
Gauteng														
Confidence	%	23	37	50	29	28	22	25	43	63	45	**35**	-10	13
Smoothed	%	26	37	48	28	26	25	30	44	50	48	**40**	-8	5
Sales volumes	Net %	-43	-23	-3	-23	-38	-43	1	-11	2	-14	**-19**	-5	18
Smoothed	Net %	-40	-23	-6	-34	-35	-27	-18	-3	-8	-10	**-17**	-7	8
KwaZulu-Natal														
Confidence	%	21	39	57	34	81	9	76	54	34	52	**43**	-9	23
Smoothed	%	26	39	51	43	41	55	46	55	47	43	**48**	5	7
Sales volumes	Net %	-52	-23	6	-91	-37	-18	-2	-50	36	23	**1**	-22	34
Smoothed	Net %	-44	-23	-2	-41	-49	-19	-23	-5	3	20	**12**	-8	13
Western Cape														
Confidence	%	33	45	57	43	52	66	45	42	59	47	**49**	2	16
Smoothed	%	37	45	53	41	54	54	51	49	49	52	**48**	-4	5
Sales volumes	Net %	-33	-7	19	21	-18	11	-4	-16	13	-9	**29**	38	27
Smoothed	Net %	-27	-7	13	-4	5	-4	-3	-2	-4	11	**10**	-1	10

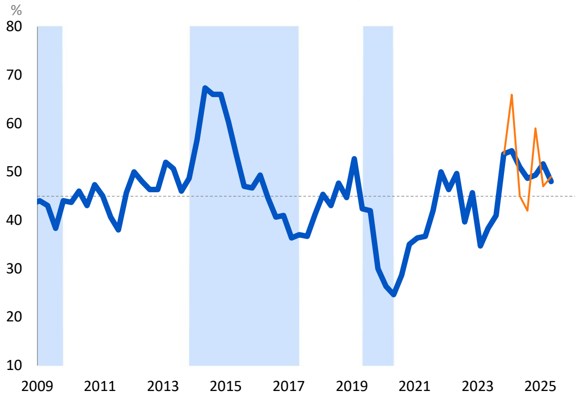
Confidence: Gauteng (smoothed)



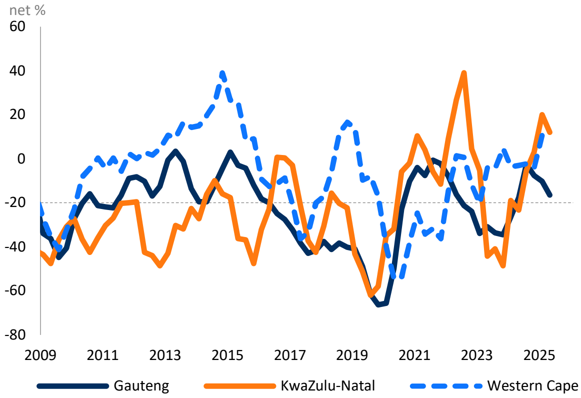
Confidence: KwaZulu-Natal (smoothed)



Confidence: Western Cape (smoothed)



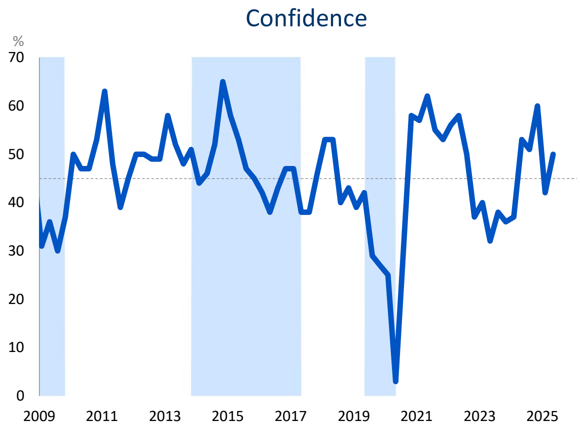
Sales volumes (smoothed)

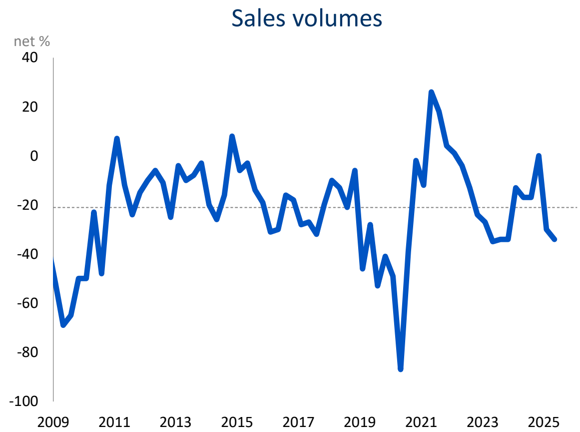


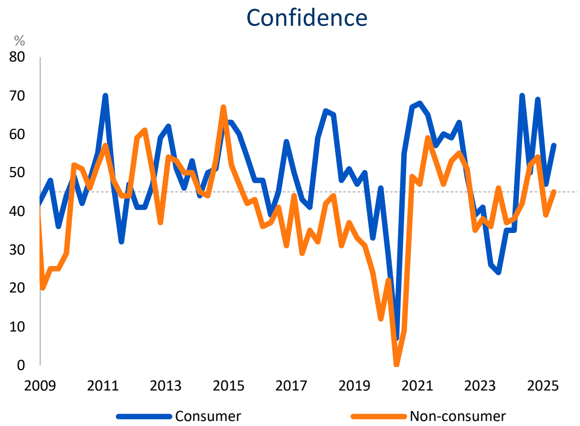
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

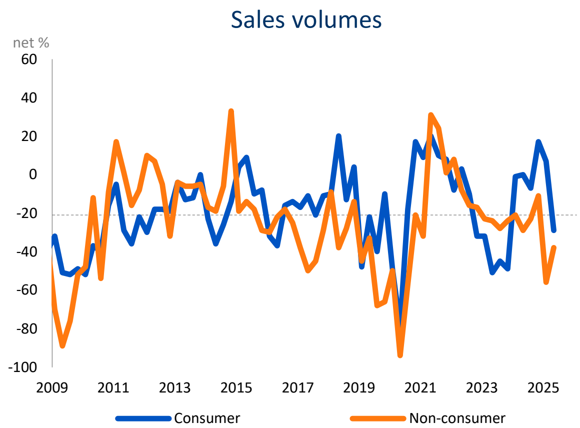
WHOLESALE TRADE: TOTAL[5]

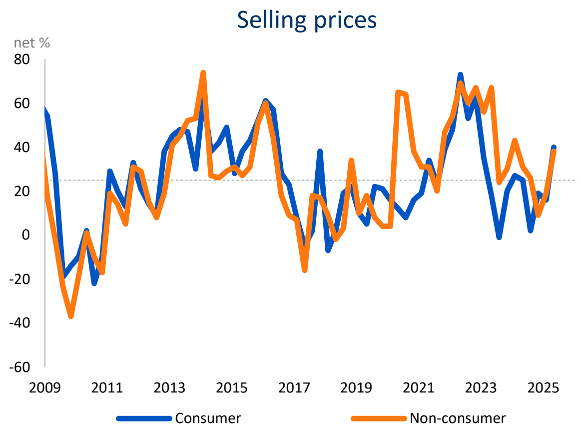
Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ Δ
Confidence	%	35	45	56	38	36	37	53	51	60	42	**50**	8	9
Business conditions	Net %	-52	-30	-8	-62	-46	-54	-35	-9	2	-56	**-36**	20	21
Sales volumes	Net %	-42	-22	-1	-34	-34	-13	-17	-17	0	-30	**-34**	-4	17
Selling prices	Net %	4	25	47	15	26	36	29	17	13	18	**39**	21	16









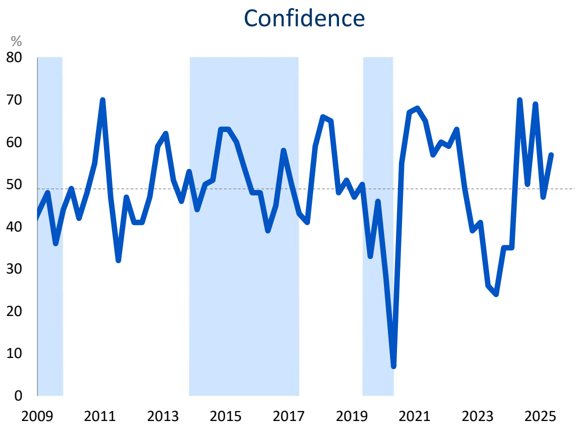


[5] The "wholesale trade total" consists of the "wholesale trade consumer goods" and the "wholesale trade non-consumer goods" sectors. The BER does not cover the wholesale trade on a fee or contract basis (SIC code 611), the wholesale trade in precious stones, jewellery and silverware (61393) and the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

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

WHOLESALE TRADE: CONSUMER GOODS[6]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	$σ_Δ$
Confidence	%	37	49	61	24	35	35	70	50	69	47	**57**	10	13
Business conditions	Net %	-53	-30	-7	-72	-66	-54	-18	-19	18	-34	**-38**	-4	24
Sales volumes	Net %	-40	-19	2	-45	-49	-1	0	-7	17	7	**-29**	-36	20
Selling prices	Net %	3	25	46	-1	20	27	25	2	19	16	**40**	24	18

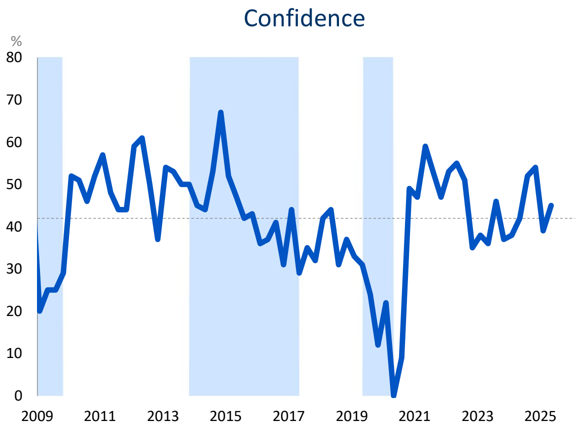


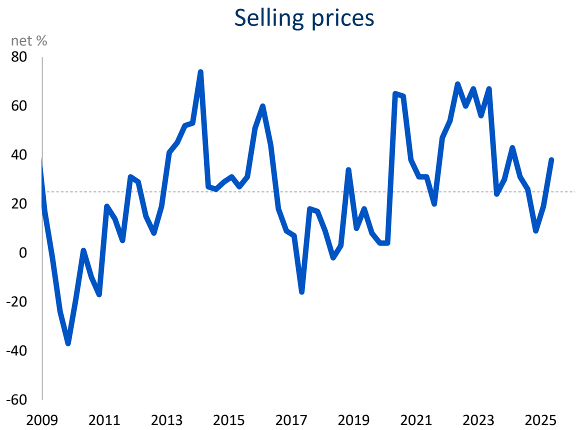
[6] Agricultural raw materials and livestock (SIC 6121), food, beverages and tobacco (6122), textiles, clothing and footwear (6131) and other household goods (6139).

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

WHOLESALE TRADE: NON-CONSUMER GOODS[7]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ Δ
Confidence	%	29	42	54	46	37	38	42	52	54	39	**45**	6	11
Business conditions	Net %	-56	-31	-5	-54	-31	-53	-45	-1	-15	-74	**-34**	40	24
Sales volumes	Net %	-50	-24	2	-28	-24	-21	-29	-23	-11	-56	**-38**	18	22
Selling prices	Net %	1	25	50	24	30	43	31	26	9	19	**38**	19	19





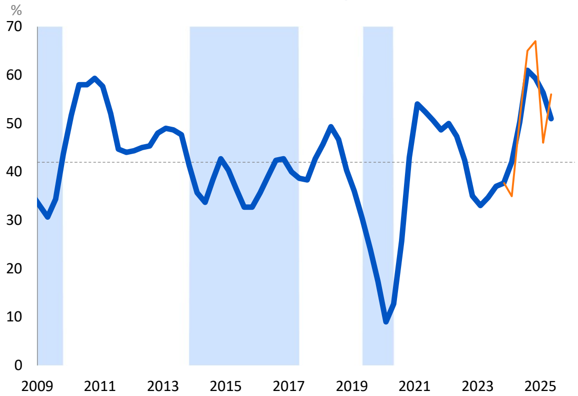
[7] Metals and metal ores (SIC code 6142), construction materials, hardware, plumbing and supplies (6143), other intermediate products, waste and scrap (6149) and machinery and equipment (615).

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

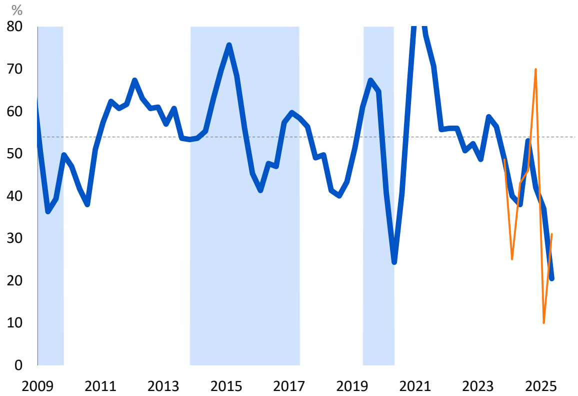
WHOLESALE TRADE: PROVINCES

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ Δ
Gauteng														
Confidence	%	29	42	54	38	40	35	51	65	67	46	**56**	10	10
Smoothed	%	31	42	53	37	38	42	50	61	59	56	**51**	-5	5
Sales volumes	Net %	-49	-26	-3	-27	-18	-4	-24	-13	-1	-36	**-48**	-12	21
Smoothed	Net %	-45	-26	-7	-27	-16	-15	-14	-13	-17	-28	**-42**	-14	9
KwaZulu-Natal														
Confidence	%	35	53	71	69	52	25	43	46	70	10	**31**	21	23
Smoothed	%	41	53	66	56	49	40	38	53	42	37	**21**	-16	9
Sales volumes	Net %	-61	-27	7	19	-40	-59	-29	4	-6	-65	**-50**	15	38
Smoothed	Net %	-52	-26	-1	-17	-27	-43	-28	-10	-22	-40	**-58**	-18	18
Western Cape														
Confidence	%	40	54	68	37	36	52	68	48	68	57	**52**	-5	15
Smoothed	%	44	54	65	36	42	52	56	61	58	59	**55**	-4	6
Sales volumes	Net %	-34	-6	21	-49	-32	8	5	-20	42	16	**4**	-12	26
Smoothed	Net %	-29	-7	16	-34	-24	-6	-2	9	13	21	**10**	-11	11

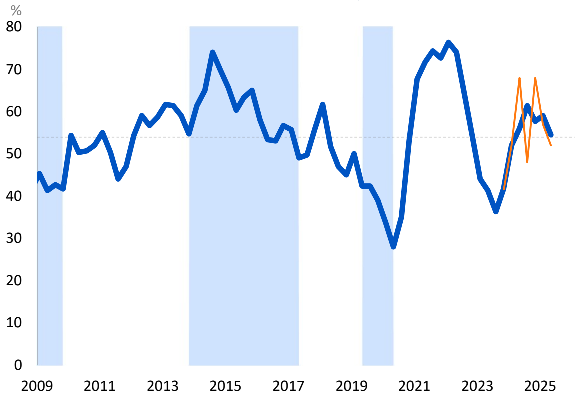
Confidence: Gauteng (smoothed)



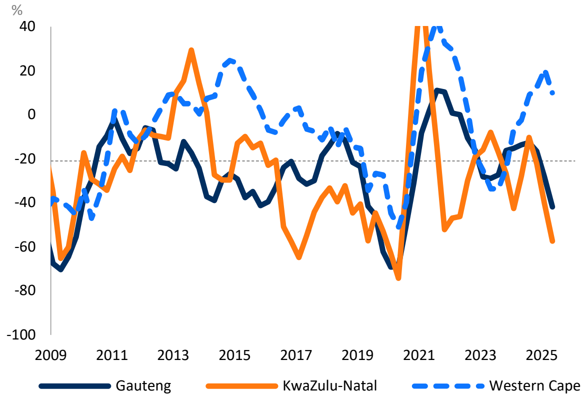
Confidence: KwaZulu-Natal (smoothed)



Confidence: Western Cape (smoothed)



Sales volumes (smoothed)

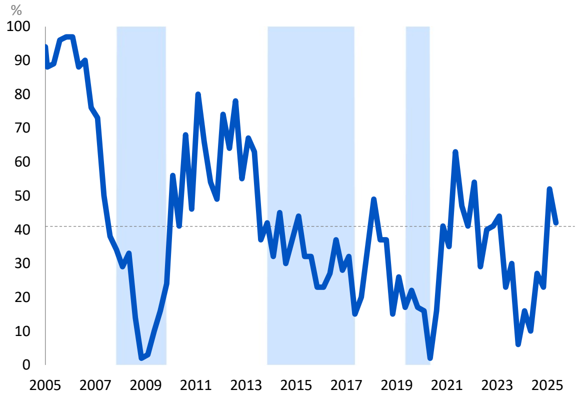


μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

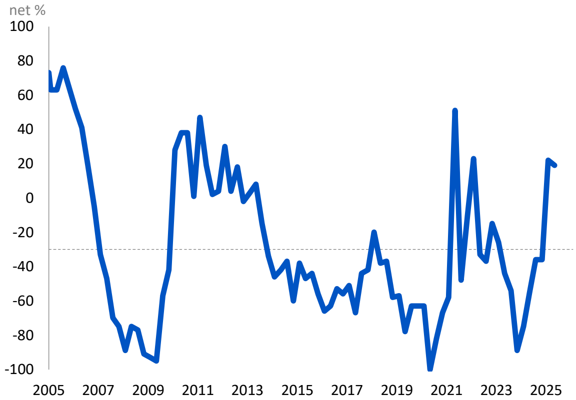
MOTOR TRADE[8]

Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ_Δ
New vehicles														
Confidence	%	17	40	63	30	6	16	10	27	23	52	**42**	-10	14
Sales volumes	Net %	-73	-31	12	-54	-89	-75	-55	-36	-36	22	**19**	-3	27
Used vehicles														
Sales volumes	Net %	-48	-23	3	-52	-78	-36	-51	-17	-14	7	**4**	-3	24
Smoothed	Net %	-44	-23	-2	-59	-55	-55	-35	-27	-8	-1	**6**	7	10
Spare parts														
Sales volumes	Net %	-20	4	27	7	6	9	14	25	19	8	**17**	9	20
Smoothed	Net %	-17	4	24	5	7	10	16	19	17	15	**13**	-2	8

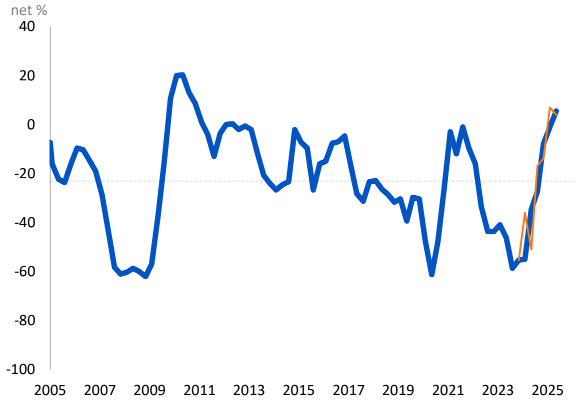
Confidence (new vehicles)



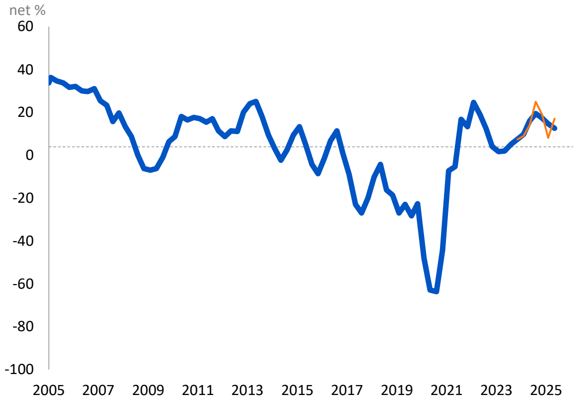
New vehicle sales



Used vehicle sales (smoothed)



Spare part sales (smoothed)

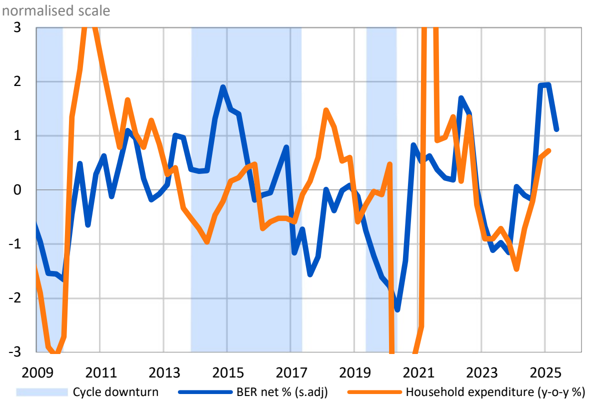


[8] The “motor trade” consists of the retail sales of new and used vehicles (SIC code 6312), as well as new spare parts and accessories (6331). The BER does not cover the wholesale sale of motor vehicles (6311), the maintenance and repair of motor vehicles (632), the sale of used parts and accessories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

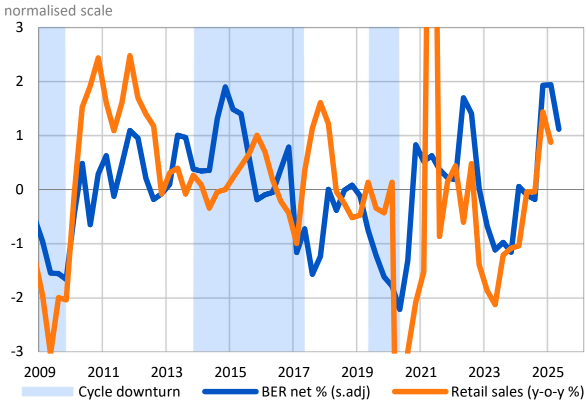
μ – average
σ – standard deviation
Δ – change from previous period
σ_Δ – volatility (standard deviation of the changes)
All of the above calculated over 2009 to the present
See Technical note for further details

SUMMARY

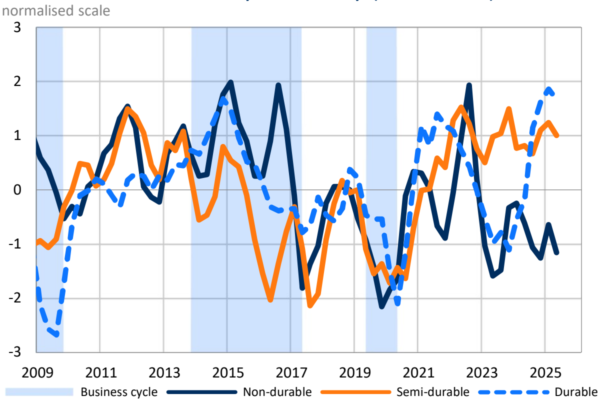
BER retail sales & FHCE*



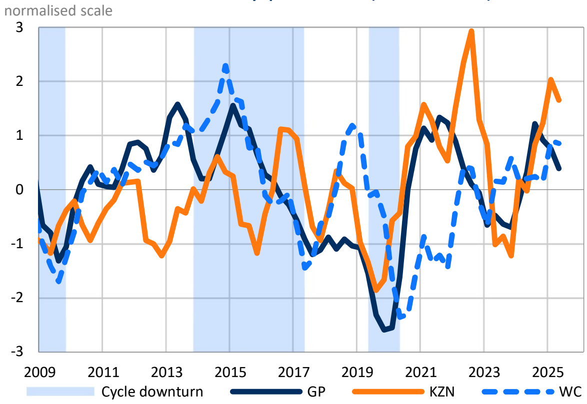
Retail sales



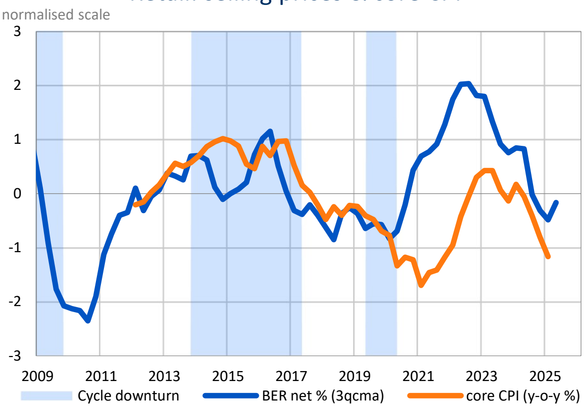
Retail: sales by durability (smoothed)



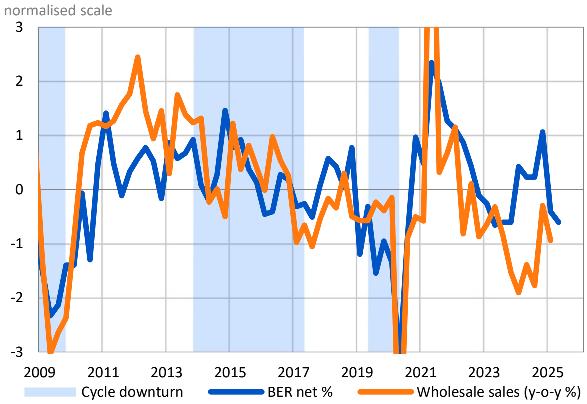
Retail: sales by province (smoothed)



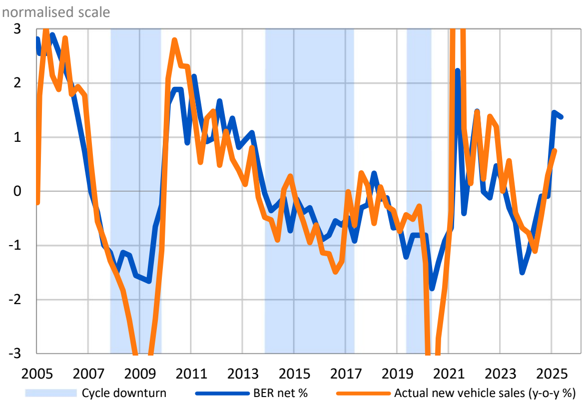
Retail: selling prices & core CPI



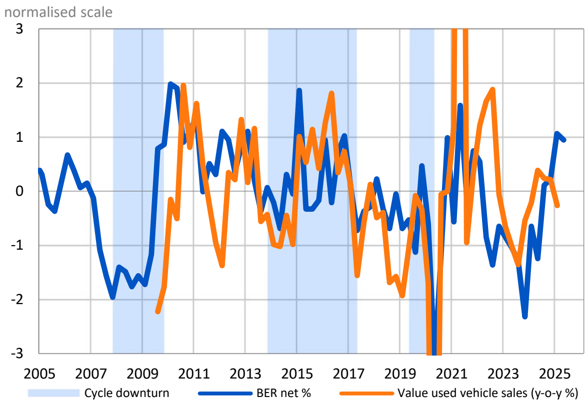
Wholesale sales



Motor: new vehicle sales



Motor: used vehicle sales



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

Technical note

THE RETAIL, WHOLESALE AND MOTOR TRADE SURVEY METHOD

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

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

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

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

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

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

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

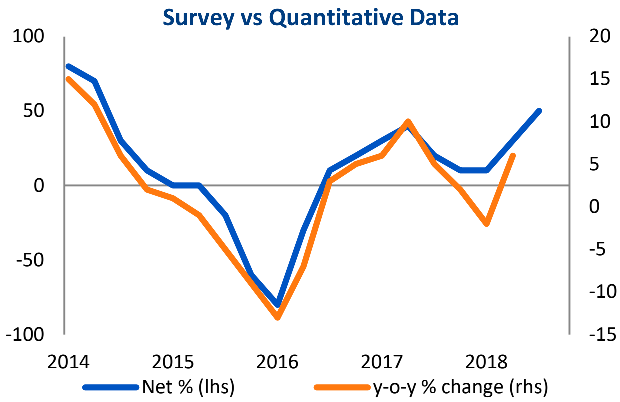
THE UNIQUE UNITS OF MEASUREMENT OF QUALITATIVE SURVEYS

Net percentage (net %)

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

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

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



Percentage (%)

The responses relating to business confidence are presented as percentages.

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

Theoretically, the confidence series can vary between a minimum of zero and a maximum of 100. A value of zero would reflect an extreme lack of confidence and 100 extreme confidence. These results reflect respondents' evaluation of the phenomenon/the survey variable in respect to that specific survey quarter, i.e. not relative to some period in the past or future.

DESCRIPTIVE STATISTICS IN THE TABLES

Smoothed

Some series show erratic/volatile movements, i.e. data jumps around quite a bit between consecutive quarters. In such cases, it is necessary to smooth these movements over a longer period to obtain a general trend.

Another case where we added moving averages is when the correlation between the survey results and the corresponding reference series is low or non-existent.

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

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

Seasonal adjustment (SA)

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

Average (μ)

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

One standard deviation below ($\mu-\sigma$) 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: 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.