

# Retail Trade

Quarterly analysis of activity in retail,  
wholesale and motor trade

Third quarter 2021  
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# Executive summary

According to the 2021Q3 BER Retail Survey, bar food and hardware retailers, business confidence deteriorated across all other categories of the trade sector.

**Retailer** confidence increased marginally by 2 index points to reach a 7-year high of 56 in the third quarter of 2021 – up from 54 in the second quarter.

Confidence was largely driven by non-durable goods (food and beverages) and hardware retailers on the back of improved sales volumes in these categories.

Despite this improvement in sentiment, retailers faced a tough operating environment overall. The deadly riots and looting in KwaZulu-Natal and Gauteng, a weak labour market, tighter lockdown restrictions and persistent global supply chain bottlenecks continue to create an unsettling business environment for retailers.

While sales of clothing and furniture deteriorated, those of food and hardware continued to do well.

The reinstatement of the R350 per month Social Relief of Distress grant in August would have specifically boosted sentiment and sales of retailers of food and other non-durable goods. Furthermore, hardware retailers have also noted higher sales volumes due to increased demand for damage repairs as a result of the violent civil unrest.

Retailers in general kept selling prices elevated, albeit less than purchasing prices. The divergence in selling and purchasing prices points to a worsening profit margin for retailers.

**Wholesale** confidence decreased to 55 in the third quarter, from 63 in the second quarter. This was expected given the decline in business conditions, sales volumes and selling prices.

Sales volumes of both non-consumer and consumer goods scaled back in the third quarter.

After soaring to a 13-year high of 63 in the second quarter, **new vehicle dealer** confidence declined by a massive 16 points in the third quarter

Stock shortages continue to harm new vehicle sales volumes. The ongoing global semiconductor chip shortage continues to hamper the manufacturing of new vehicles.

This report was completed on 20 September 2021.

Please refer to the [glossary on the BER's website](#) for explanations of technical terms.

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# Introduction

The 2021Q3 Retail Trade report provides an overview of the developments in the retail, wholesale, and motor trade sectors. Apart from business confidence, the survey data highlights current trends in business conditions, sales volumes and selling prices. Regional perspectives are provided for three main provinces (the Western Cape, KwaZulu-Natal and Gauteng).

## A brief overview of the latest official data

Despite a slowdown in momentum in June, domestic trade sales remained in positive territory in Q2

Table 1: Year-on-year percentage change in retail sales volumes

	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2
Non-durable goods <sup>1</sup>	-9.6%	-1.2%	-0.5%	-1.8%	-3.8%	12.6%
Semi-durable goods <sup>2</sup>	-32.7%	-9.2%	-3.9%	-11.9%	13.3%	57.1%
Durable goods <sup>3</sup>	-28.2%	12.2%	8.0%	-1.2%	14.7%	0.8%
<b>Total</b> <sup>4</sup>	<b>-22.8%</b>	<b>-5.2%</b>	<b>-3.0%</b>	<b>-6.9%</b>	<b>-1.4%</b>	<b>30.3%</b>

Source: Statistics South Africa, Retail Sales Statistics

<sup>1</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.

<sup>2</sup> Durable goods retailers include retailers in household furniture, appliances and equipment, and retailers in hardware, paint and glass.

<sup>3</sup> Semi-durable goods retailers include retailers in textiles, clothing, footwear and leather goods.

<sup>4</sup> Including "other".

According to the latest Stats SA data, real retail trade sales increased by a slightly better-than-expected 10.4% y o-y in June, although slower than the 16.3% and 95.7% growth rates recorded in April and May respectively, as the base effects from last year's strict(er) lockdown faded. The largest annual growth rates were recorded for all other retailers (34.5%) and general dealers (13.1%). On a monthly basis, retail sales rose by 0.6%, again slowing from an upwardly revised 2.3% rise in the previous month and likely reflecting the tighter lockdown restrictions towards the end of June. On a quarterly basis, retail trade sales rose by 0.7% in 2021Q2. Although the quarterly growth rate in sales has continued to slow, sales volumes are now back at pre-pandemic levels.

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Trade sector  
made a positive  
contribution to  
2021Q2 GDP

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Wholesale trade sales increased by 10.3% y-o-y in June, from 31.3% in May. On a monthly basis, seasonally adjusted sales were down by 5.1% in June. This brought the q-o-q growth rate down to 1.9% in 2021Q2, from 3.6% in Q1.

Measured in current prices, motor trade sales increased by 16.6% y-o-y in June. Fuel sales were by far the largest contributor to the increase after rising by 35.9% y-o-y. Motor trade sales decreased by 3.7% m-o-m in June 2021, but for the full quarter, they were up by 4.3% compared with 2021Q1.

In all, the domestic trade sector made the fourth largest contribution (expanding by 2.2% and contributing 0.3% pts) of all major sectors to 2021Q2 GDP growth. Although still in positive terrain, this rate has decelerated from the 6.2% posted in 2021Q1. For the fourth quarter in a row, real GDP expanded at a faster-than-expected pace. The economy grew by a seasonally adjusted (non-annualised) 1.2% q-o-q in the second quarter of 2021, from the downwardly revised 1% in the previous quarter. Despite the gains made over the last four quarters, GDP is still 1.4% lower than pre-pandemic levels.

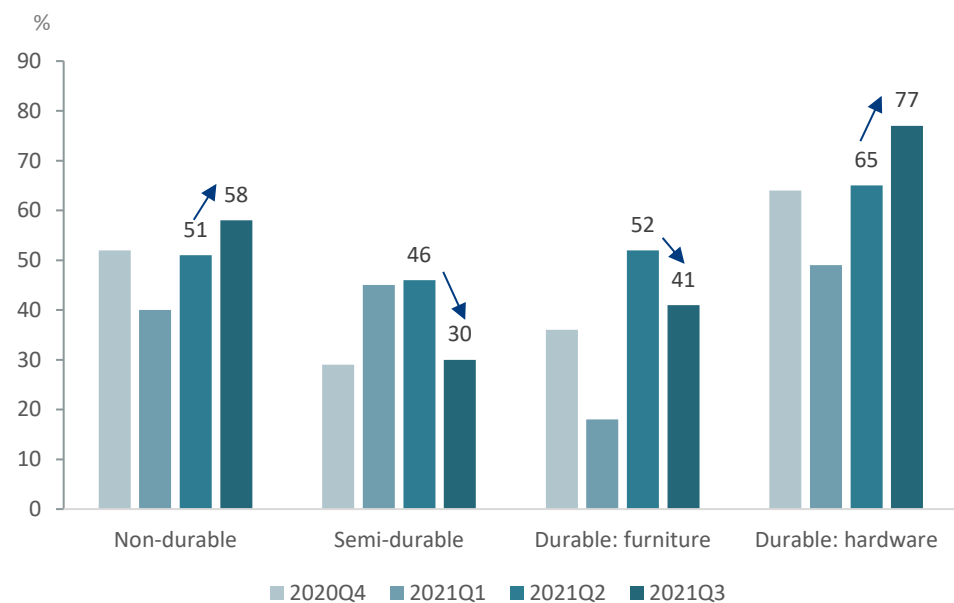
# Summary of the 2021 Q3 trade sector survey results

## Retailer confidence climbs to a 7-year high despite looting and trade restrictions

Retailer confidence climbed to a 7-year high of 56 in Q3

Retailer confidence increased marginally by 2 index points to reach a 7-year high of 56 in the third quarter of 2021 – up from 54 in the second quarter<sup>1</sup>. At this level, sentiment is essentially above its long-term average of 39. While this is certainly a positive development, especially in the aftermath of violent protests and stricter trade restrictions amid a third wave of infections, this confidence was unfortunately not broad-based. In fact, underlying data shows that much of the optimism in the sector was largely driven by non-durable goods (food and beverages) and hardware retailers (see Figure 1). It is remarkable to see that hardware retailers remained optimistic and resilient in the third quarter considering that they were among the main targets of the civil unrests and rampant looting that occurred in KwaZulu-Natal and Gauteng.

Figure 1: Confidence in Q3 driven by non-durable goods and hardware retailers



Source: BER

<sup>1</sup> The third-quarter survey was conducted between 11 and 30 August 2021.



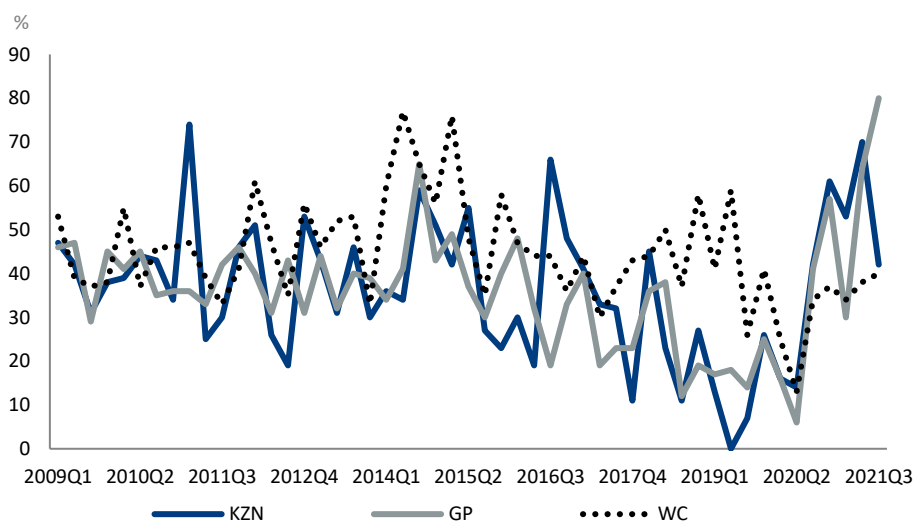
Numerous factors favoured non-durable goods retailers over other categories in Q3

Indeed, while some non-durable goods retailers also felt the brunt of a tough operating environment (e.g. liquor stores during the lockdown, as well as non-durable goods stores damaged during the riots), numerous developments favoured the non-durable goods retail sector as a whole in the third quarter. Firstly, it should be noted that non-durable goods retailers suffered the least from the civil unrests relative to the other categories. Even in instances where looting occurred at non-durable goods stores, consumers were able to shift their spending to other available grocery outlets. Moreover, this retail category also benefitted from consumers who stockpiled during the looting due to fears of possible supply shortages. Secondly, a third wave of COVID-19 infections and the subsequent lockdown restrictions saw consumers diverting their spending away from the services sector (e.g. restaurants, theatres, and sporting events) to groceries and other essential items. Thirdly, optimism was also boosted by the extension of the R350 Social Relief of Distress (SRD) grant. The beneficiaries of this grant are low-income earners who spend the bulk of their income on non-durable goods. The latest FNB/BER Consumer Confidence Index similarly points to improved confidence levels among low-income earners in the third quarter. Finally, it seems that soaring food prices also boosted the profitability of non-durable goods retailers.

KZN impacted the most by the rampant looting

Figure 2 below shows a provincial comparison of business confidence in the third quarter. Evidently, KwaZulu-Natal (where the civil unrest was instigated) took the hardest knock, with confidence down by 28 index points (from 70 to 42).

Figure 2: Confidence levels by province in Q3



Source: BER

$\mu$  – average  
 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over the last 20 years  
 See Technical note for further details

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Business conditions deteriorated in Q3 amid significant disruptions to trade

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Discouragingly, after the significant improvement realised in the second quarter, overall business conditions deteriorated in the third quarter (from -3 to -13). The ongoing lockdown restrictions amid the country's relatively slow vaccination rate have left consumers immobile, to some extent, reluctant to visit malls and shopping centres. Furthermore, persistent global supply chain bottlenecks, which have led to stock shortages and higher input costs continue to create an unsettling business environment for retailers. Several retailers have also flagged cash flow problems and reduced earnings given SA's weak labour market - discretionary spending remains constrained among low- and middle-income earners in particular.

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Sales volume growth marginally declined in Q3 weighed down by semi-durable and durable goods sales

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Total sales volumes marginally declined in the third quarter (from -13 to -14). Indeed, volumes were largely weighed down by sales of semi-durable and durable goods, which decreased by 46 and 13 index points respectively. Meanwhile, non-durable goods sales posted an increase of 19 index points. The overall decline was somewhat expected considering that retailers were trading under more stringent lockdown restrictions for much of 2021Q3, compared to 2020Q3 when the country was operating under adjusted alert level 1 conditions. Interestingly, hardware sales volumes registered growth in the third quarter (+5 index points). This may, in part, be attributed to sustained home improvement demand amid current lockdown restrictions, as well as a continuation of the "work-from-home" phenomenon. Furthermore, hardware retailers have also noted higher sales volumes due to increased demand for damage repairs as a result of the violent civil unrest. It would also seem that high-income earners with savings to spend, and others with increased appetite for credit, continue to benefit retailers of durable goods.

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The divergence in selling and purchasing prices points to a worsening profit margin for retailers

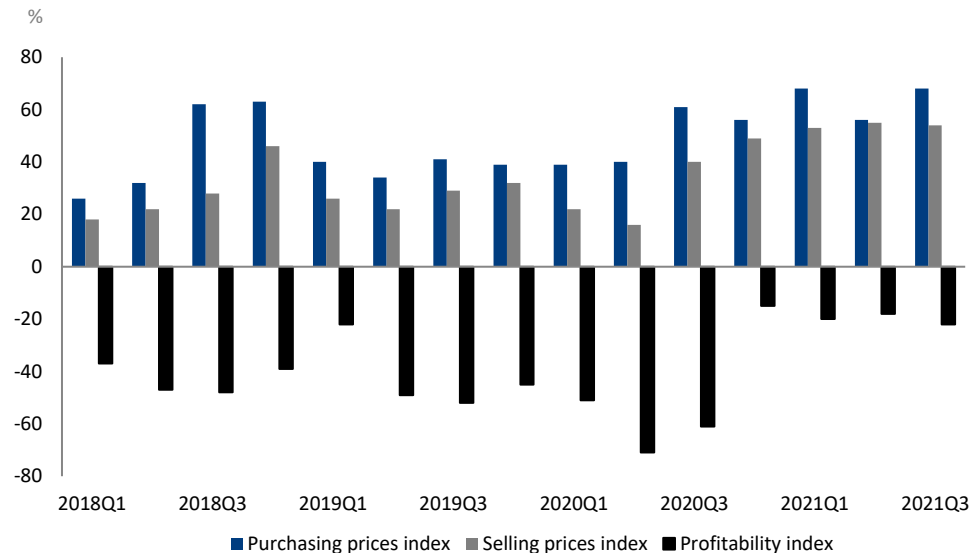
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The BER's survey shows that retailers in general kept selling prices elevated, albeit less than purchasing prices (see Figure 3 below). Total selling prices ticked down marginally by an index point in the third quarter. Among the three retail groups, non-durable goods recorded the highest increase in selling prices in five years (+12 index points). This multi-year record is a by-product of rising fuel and electricity prices in the thick of surging global food commodity prices. Costs associated with COVID-19 related hygiene protocols also remain an added expense to retailers. Semi-durable goods also registered higher selling prices, mainly attributable to global supply chain disruptions and sharp increases in freight prices.

$\mu$  – average  
 $\sigma$  – standard deviation  
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All of the above calculated over the last 20 years  
See Technical note for further details

The only category to report lower selling prices was durable goods. This weighed on the total selling price index for the third quarter. Meanwhile, purchasing prices continued to trend upwards, reversing the pricing power retailers gained in the second quarter. The acceleration in purchasing prices has certainly pushed profitability further into negative territory in the third quarter (from -18 to -22).

Figure 3: Retailers lose pricing power in Q3



Source: BER

Retail sector pessimistic about business conditions and sales volumes in Q4

Looking ahead into the fourth quarter, the overall retail sector remains pessimistic about business conditions and sales volumes. The effects of the civil unrest (which could linger for about 18 months), a weak labour market, the ongoing COVID-19 pandemic and global supply chain disruptions remain causes for uncertainty for the sector. However, on a more positive note, the recently announced fiscal support (including the reinstatement of the Social Relief of Distress grant and the much-anticipated public sector wage agreement that was reached in July) should boost household income by an estimated R40 billion over the next 6 months. The non-pensionable cash allowances paid to civil servants from September 2021 will likely benefit clothing and furniture retailers, while grocery retailers stand to benefit from the renewal of the SRD grant.

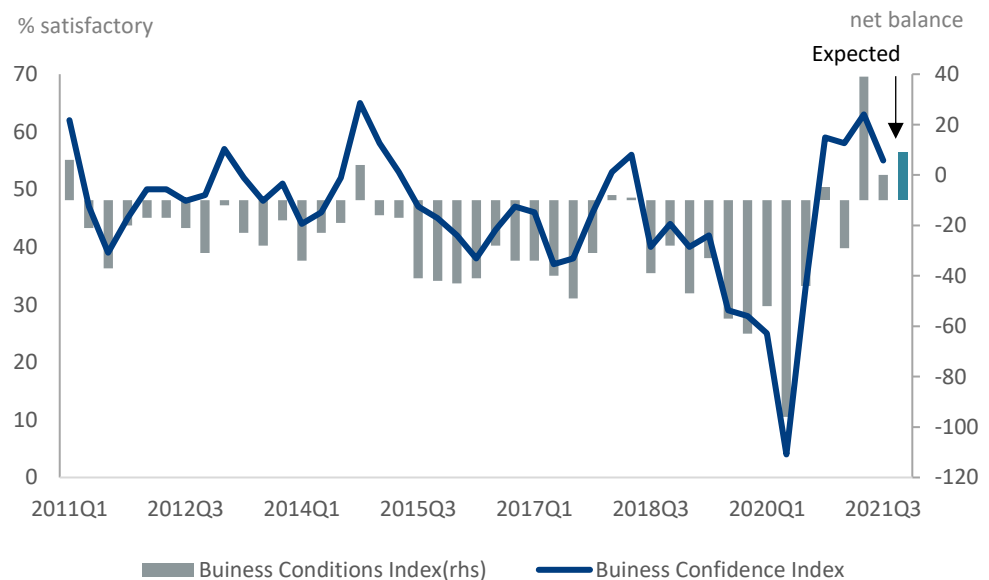
$\mu$  – average  
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## Wholesaler confidence takes a knock in Q3, but remains in positive territory

Wholesaler confidence declines to 55 in Q3

Wholesale confidence decreased to 55 in the third quarter, from 63 in the second quarter. This was expected given the decline in business conditions, sales volumes and selling prices. In all, 55% of wholesalers reported being satisfied with current conditions, while no respondents indicated that trading conditions had improved relative to a year ago. Like the retailers, wholesaler sentiment in the third quarter was stained by the rampant looting, the pandemic (i.e. slow vaccinations and trade restrictions), stock shortages and high input costs caused by the COVID-19 induced supply chain bottlenecks. Wholesalers continued to flag that companies are holding on to capital, causing a slump in sales volumes.

Figure 4: Wholesaler confidence remains in positive terrain in Q3

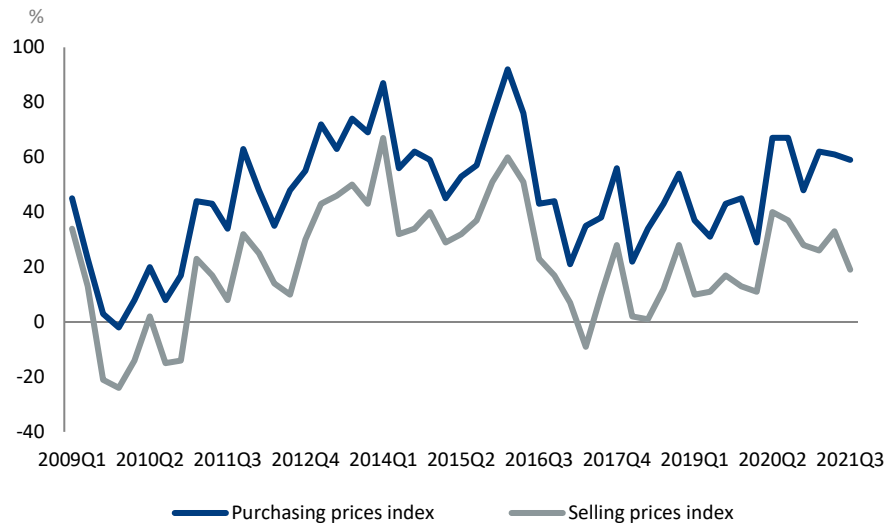


Source: BER

Discouragingly, pushback from retailers has made it difficult for wholesalers to shift higher input costs. As a result, wholesalers experienced lower profitability in Q3 (from 23 to 13), caused by reduced selling prices (see Figure 5) despite still high purchasing prices.

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 All of the above calculated over the last 20 years  
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Figure 5: Gap between selling and purchasing prices widens in Q3



Source: BER

Sales volumes of both non-consumer and consumer goods scaled back in Q3

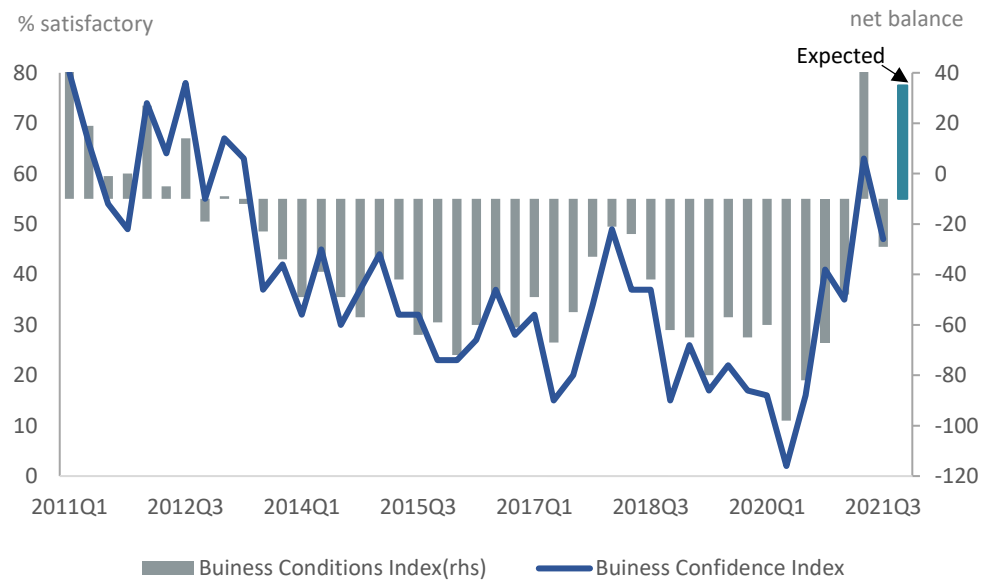
The BER’s survey also indicated that pessimism among wholesalers was exacerbated by weaker sales volumes. The sales volumes index slipped from 29 to 21 in the third quarter of 2021, as spending on non-consumer goods (which includes metal ores, building materials and chemicals) and outlays on consumer goods both retreated. Expected growth in sales for the fourth quarter remains minimal.

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## New dealer confidence backpedals in Q3

After soaring to a 13-year high of 63 in the second quarter, new vehicle dealer confidence declined by a massive 16 points in the third quarter, taking the index all the way back to 47, below the neutral-50 mark.

Figure 6: New dealer vehicle confidence plummets in Q3



Source: BER

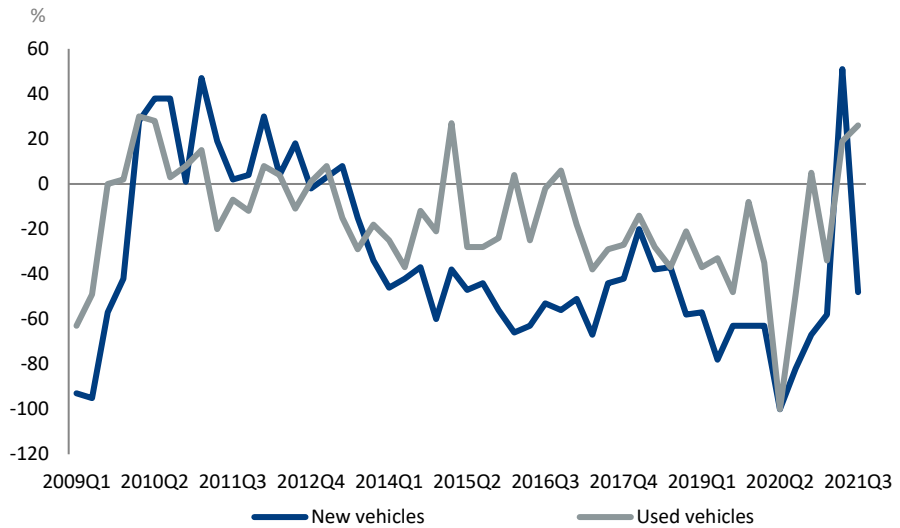
New vehicle sales volumes plummeted to -48 in the third quarter, after leaping to an impressive 51 index points in the second quarter. Several factors could explain this decline. The remarkable growth recorded in 2021Q2 was, in part, fuelled by base effects which reflected improved trading conditions relative to 2020Q2 (where there was no activity at all). Therefore, it is probable that this quarter's result is indicative of base effects fading out, as 2020Q3 was characterised by greater economic activity. Secondly, the overarching narrative around global supply chain disruptions is also at play here, with new dealers noting shortages in the availability of stock to sell. It is apparent that major international vehicle brands like Ford, Mazda & Mahindra are also not spared from these supply constraints. Furthermore, the ongoing global semiconductor chip shortage continues to hamper the manufacturing of new vehicles. Finally, it seems that sentiment among the middle-income earners might have taken a knock in the third quarter amid significant job losses, the rampant civil unrest as well as the third wave of COVID-19 infections.

Stock shortages continue to harm new vehicle sales volumes

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Figure 7 below shows that the poor new dealer performance boosted the sales volumes of used cars in the third quarter (+7 index points).

Figure 7: New dealer vehicle sales volumes disappointing in Q3



Source: BER

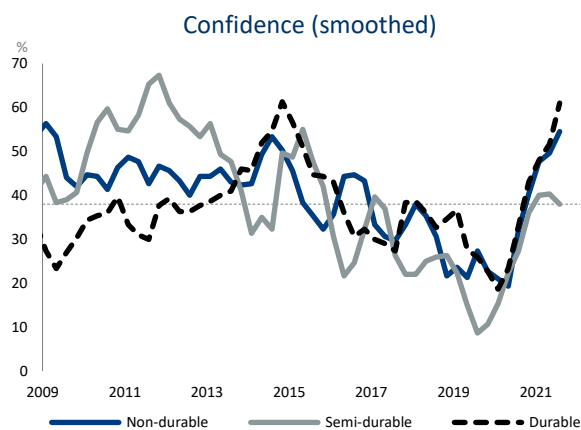
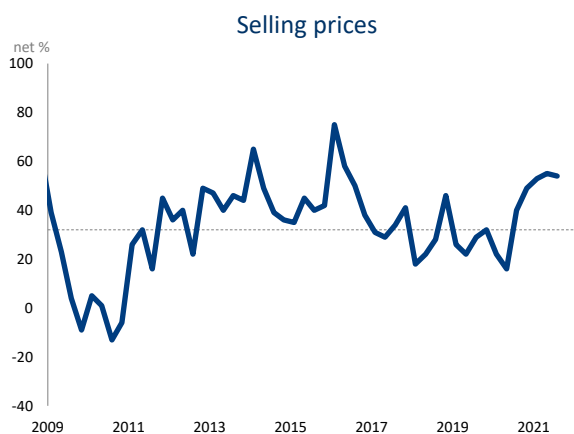
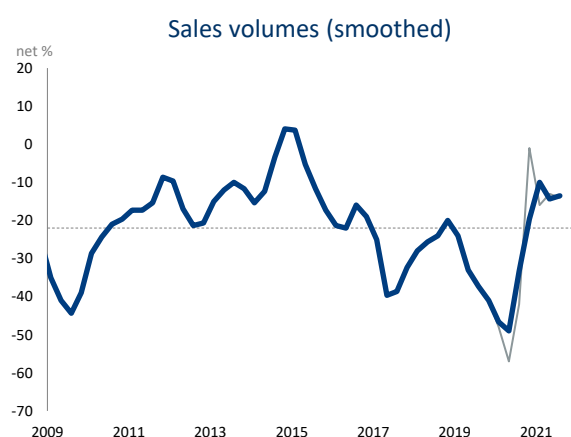
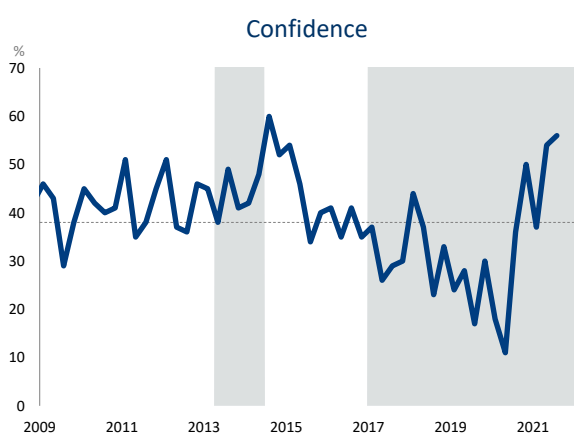
Looking ahead, the outlook for the motor trade sector is slightly encouraging, with new vehicle dealers expecting business conditions and sales volumes to improve notably in the fourth quarter (see Figure 6 above). A net majority of 35% (up from 16% registered in Q2) of new vehicle dealers expect sales volumes to improve in the fourth quarter. However, significant headwinds still lie ahead for the sector such as a possible fourth wave of infections in December, which could see further restrictions being imposed on tourism and trade. Moreover, the persistent global supply chain bottlenecks causing stock shortages may continue to harm sales volumes in the fourth quarter.

Even as new vehicle dealers remain optimistic about Q4, significant headwinds still lie ahead

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## Retail trade: total<sup>2</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
Confidence	%	29	39	49	30	18	11	36	50	37	54	<b>56</b>	2	9
Business conditions	Net %	-48	-32	-16	-44	-62	-74	-47	-20	-35	-3	<b>-13</b>	-10	15
Sales volumes	Net %	-37	-22	-7	-35	-48	-57	-42	-1	-16	-13	<b>-14</b>	-1	13
Seasonally adjusted	Net %	-36	-22	-8	-44	-51	-49	-37	-11	-19	-5	<b>-9</b>	-4	10
Smoothed	Net %	-34	-22	-10	-41	-47	-49	-33	-20	-10	-14	<b>-14</b>	0	6
Selling prices	Net %	15	33	52	32	22	16	40	49	53	55	<b>54</b>	-1	14

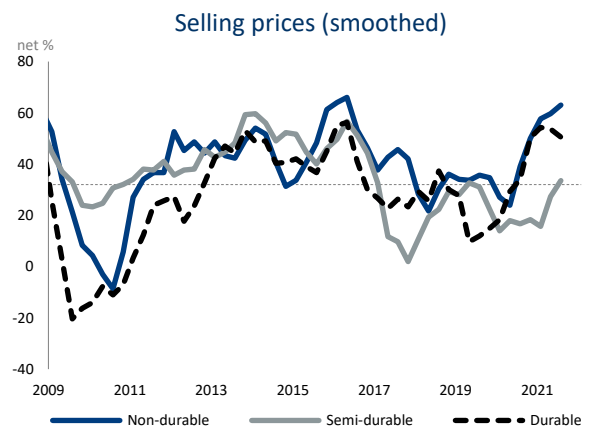
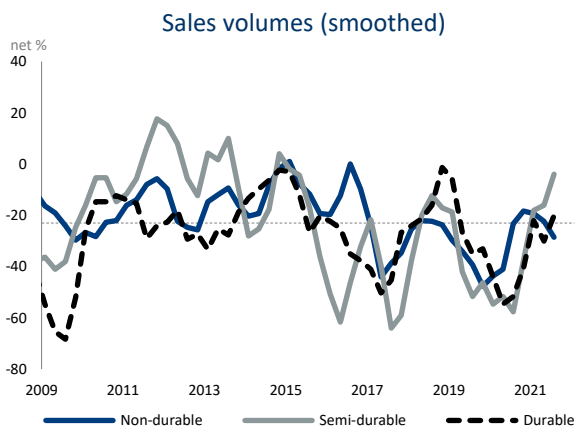


<sup>2</sup> The "retail trade total" consists of the "retail trade durables", the "retail trade semi-durables" and the "retail trade non-durables" goods sectors. The BER does not cover the retail trade in second hand goods in stores (SIC code 624), the retail trade not in stores (625) and the repair of personal and household goods (626).

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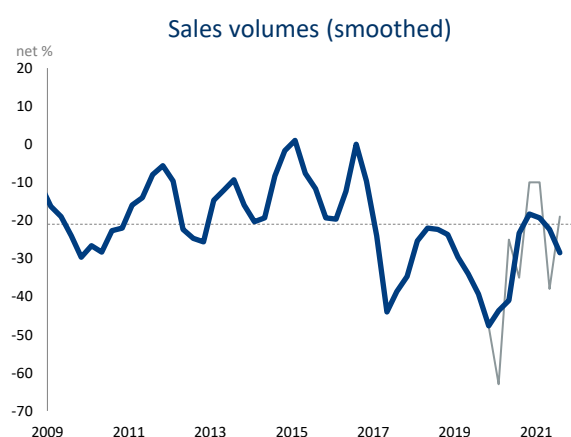
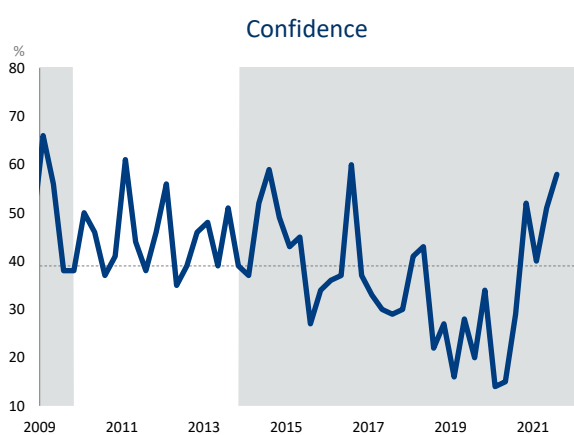
# Retail trade: total



$\mu$  – average  
 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over the last 20 years  
 See Technical note for further details

## Retail trade: non-durables<sup>3</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
Confidence	%	28	40	52	34	14	15	29	52	40	51	<b>58</b>	7	12
Business conditions	Net %	-50	-33	-16	-43	-73	-51	-38	-35	-28	-16	<b>-13</b>	3	19
Sales volumes	Net %	-36	-21	-6	-43	-63	-25	-35	-10	-10	-38	<b>-19</b>	19	16
Seasonally adjusted	Net %	-35	-21	-7	-49	-59	-22	-36	-16	-6	-35	<b>-20</b>	15	14
Smoothed	Net %	-32	-21	-10	-48	-44	-41	-23	-18	-19	-22	<b>-29</b>	-7	7
Selling prices	Net %	18	38	59	43	18	20	34	63	53	57	<b>69</b>	12	19

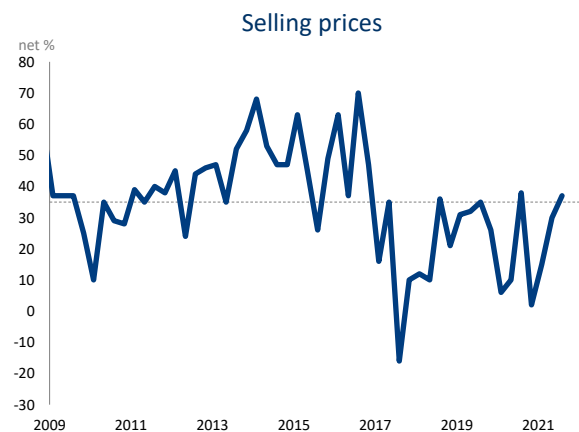
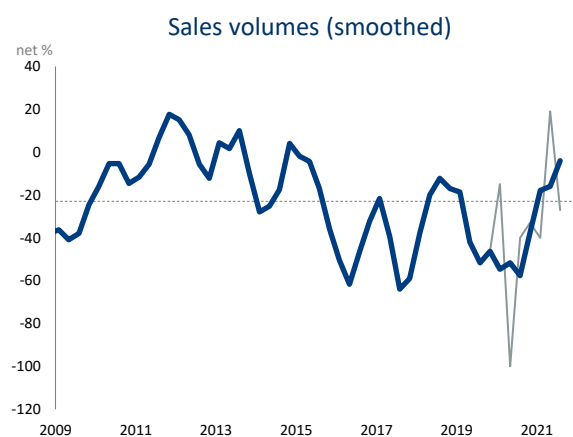
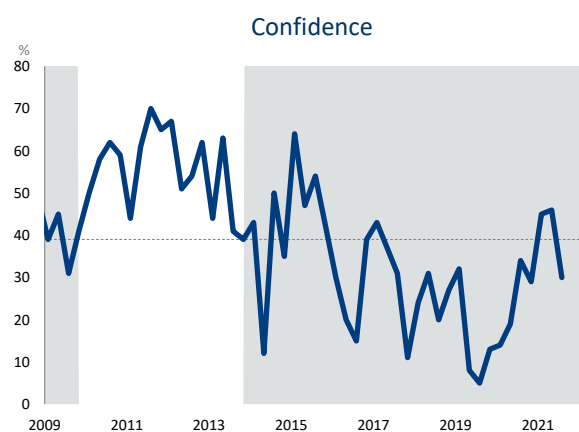


<sup>3</sup> Food, inedible groceries, tobacco (SIC code 621), beverages (622), pharmaceutical & medical goods, cosmetic & toiletry articles (6231), reading matter, stationery, office supplies (62391), other non-durable goods (62399)

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 All of the above calculated over the last 20 years  
 See Technical note for further details

## Retail trade: semi-durables<sup>4</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
Confidence	%	22	39	56	13	14	19	34	29	45	46	<b>30</b>	-16	14
Business conditions	Net %	-66	-38	-10	-73	-49	-100	-52	-38	-46	37	<b>-36</b>	-73	32
Sales volumes	Net %	-52	-23	7	-49	-15	-100	-40	-33	-40	19	<b>-27</b>	-46	34
Smoothed	Net %	-44	-23	-1	-46	-55	-52	-58	-38	-18	-16	<b>-4</b>	12	12
Selling prices	Net %	17	34	52	26	6	10	38	2	15	30	<b>37</b>	7	18

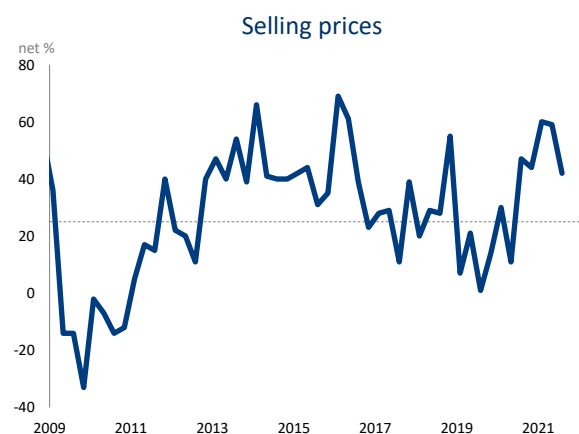
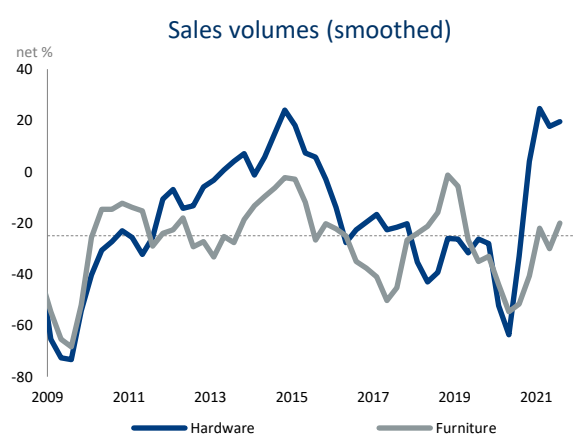
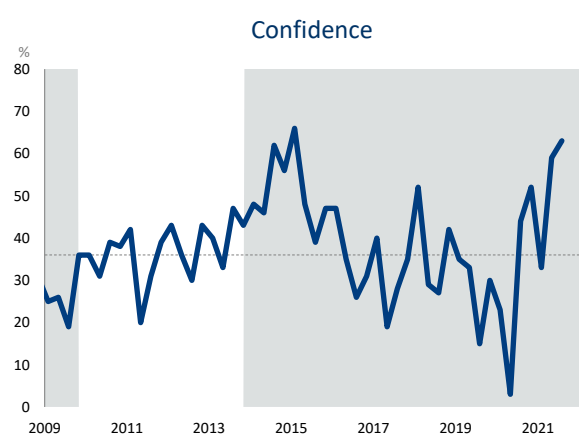


<sup>4</sup> Textiles, clothing, footwear & leather goods (SIC code 6232), sports goods & entertainment requisites (62393), other semi-durable goods (62399)

$\mu$  – average  
 $\sigma$  – standard deviation  
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 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over the last 20 years  
 See Technical note for further details

## Retail trade: durables<sup>5</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
Confidence	%	25	37	50	30	23	3	44	52	33	59	<b>63</b>	4	13
Business conditions	Net %	-52	-30	-8	-38	-53	-95	-56	0	-40	5	<b>-6</b>	-11	22
<b>Sales volumes</b>														
Total	Net %	-46	-23	0	-18	-39	-91	-49	17	-17	9	<b>-4</b>	-13	22
Hardware	Net %	-49	-19	11	-11	-49	-97	-45	43	14	17	<b>22</b>	5	26
Furniture	Net %	-50	-28	-5	-23	-26	-83	-55	-17	-50	1	<b>-41</b>	-42	26
Selling prices	Net %	4	27	50	14	30	11	47	44	60	59	<b>42</b>	-17	19

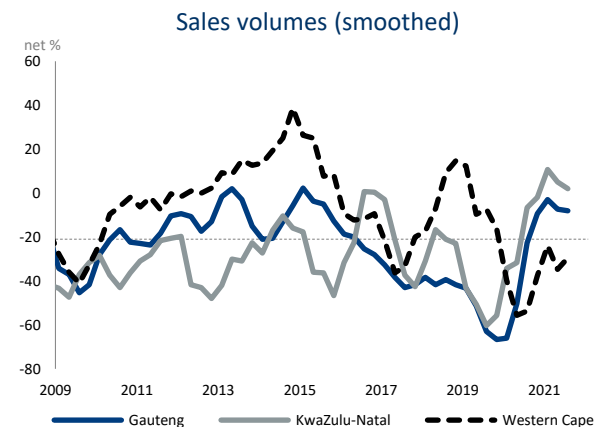
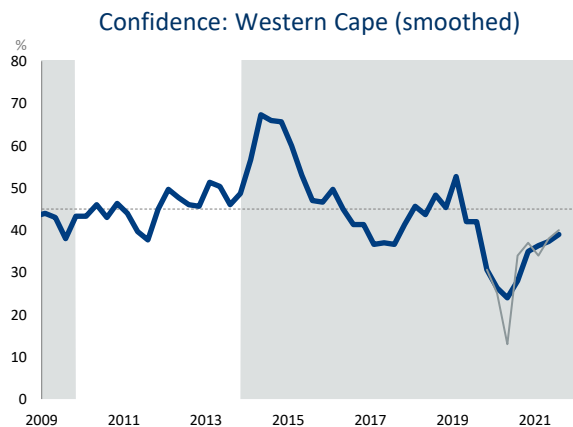
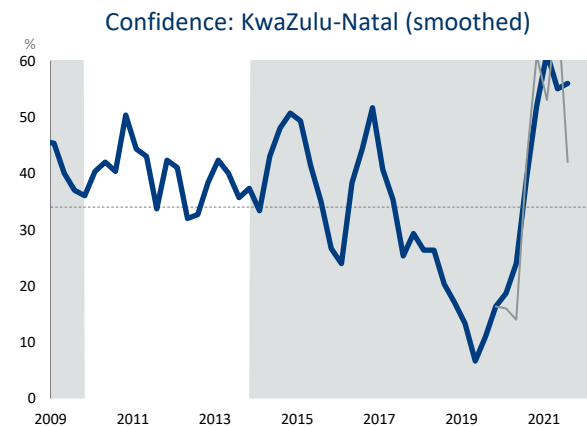
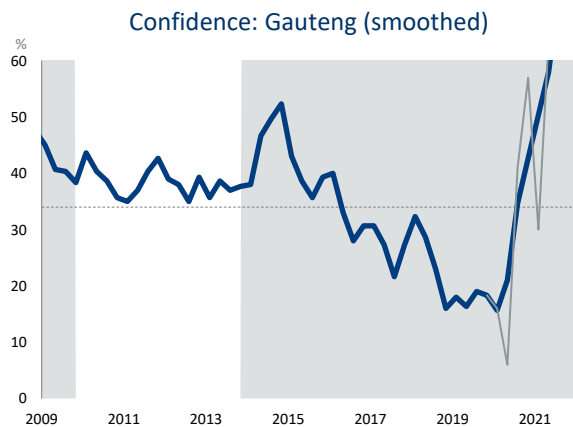


<sup>5</sup> "Retail trade durables" consists of "hardware" and "furniture". "Hardware" includes hardware, paint and glass (SIC code 6234). "Furniture" consists of household furniture, appliances, articles and equipment (6233), jewellery and related items (62392) and other durable goods (62399)

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 See Technical note for further details

## Retail trade: provinces

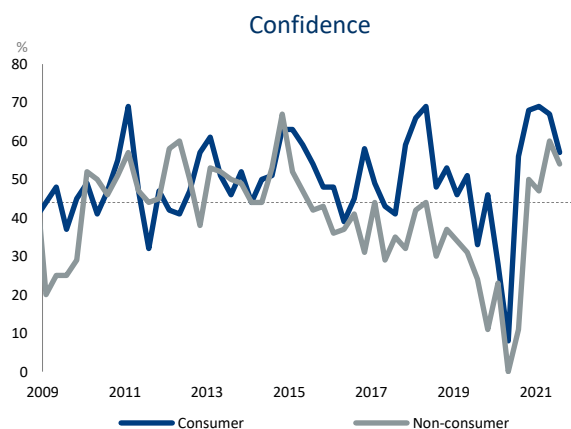
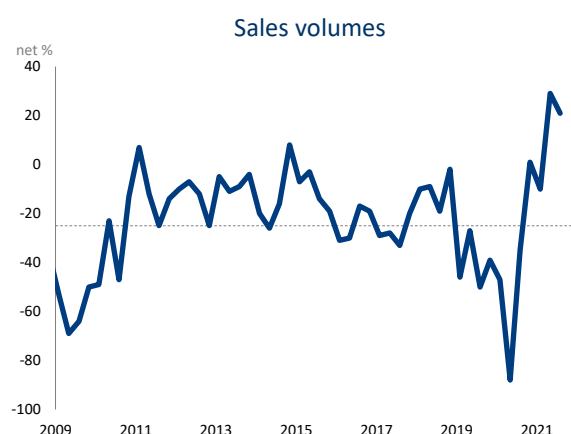
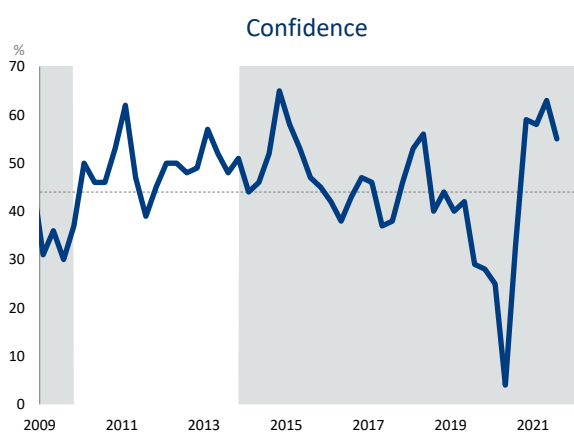
Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
<b>Gauteng</b>														
Confidence	%	22	36	50	25	16	6	41	57	30	64	<b>80</b>	16	13
Smoothed	%	25	36	47	18	16	21	35	43	50	58	<b>72</b>	14	5
Sales volumes	Net %	-46	-25	-4	-78	-74	-46	-31	9	-6	-12	<b>-4</b>	8	18
Smoothed	Net %	-43	-25	-7	-67	-66	-50	-23	-9	-3	-7	<b>-8</b>	-1	8
<b>KwaZulu-Natal</b>														
Confidence	%	20	36	53	26	16	14	42	61	53	70	<b>42</b>	-28	19
Smoothed	%	24	36	48	16	19	24	39	52	61	55	<b>56</b>	1	7
Sales volumes	Net %	-50	-28	-5	-38	-62	-3	-30	13	11	8	<b>-4</b>	-12	27
Smoothed	Net %	-44	-28	-11	-56	-34	-32	-7	-2	11	5	<b>2</b>	-3	11
<b>Western Cape</b>														
Confidence	%	32	45	57	41	25	13	34	37	34	38	<b>40</b>	2	14
Smoothed	%	36	44	53	31	26	24	28	35	36	37	<b>39</b>	2	5
Sales volumes	Net %	-35	-9	18	-7	-19	-93	-55	-13	-45	-14	<b>-45</b>	-31	26
Smoothed	Net %	-30	-9	13	-16	-40	-56	-54	-38	-24	-35	<b>-30</b>	5	10



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 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over the last 20 years  
 See Technical note for further details

## Wholesale trade: total<sup>6</sup>

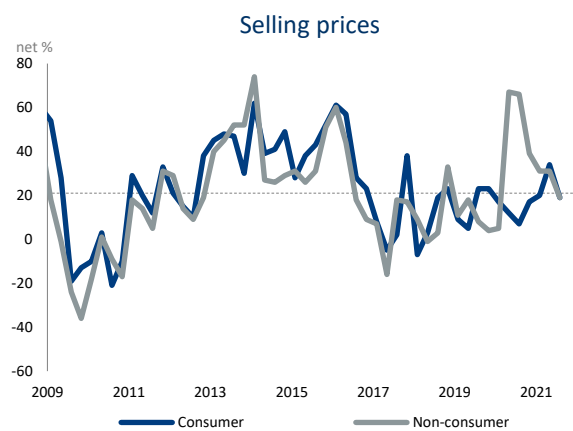
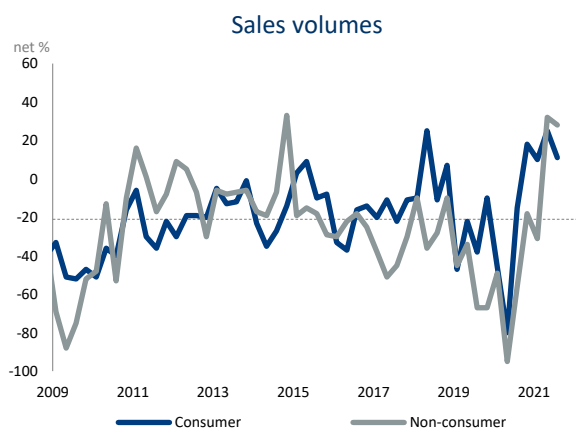
Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
Confidence	%	34	45	56	28	25	4	33	59	58	63	55	-8	9
Business conditions	Net %	-53	-31	-8	-63	-52	-96	-44	-5	-29	39	0	-39	21
Sales volumes	Net %	-44	-22	0	-39	-47	-88	-35	1	-10	29	21	-8	19
Selling prices	Net %	1	22	42	13	11	40	37	28	26	33	19	-14	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 the last 20 years  
 See Technical note for further details

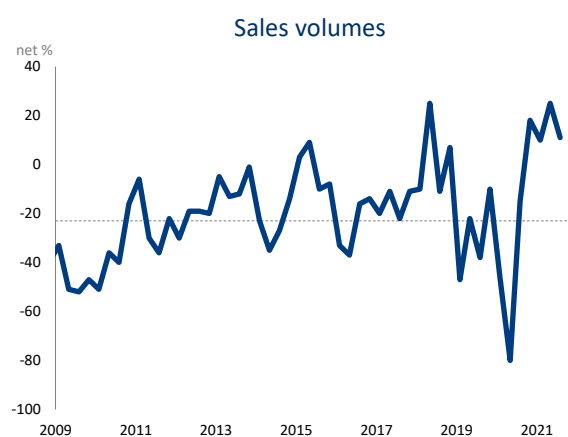
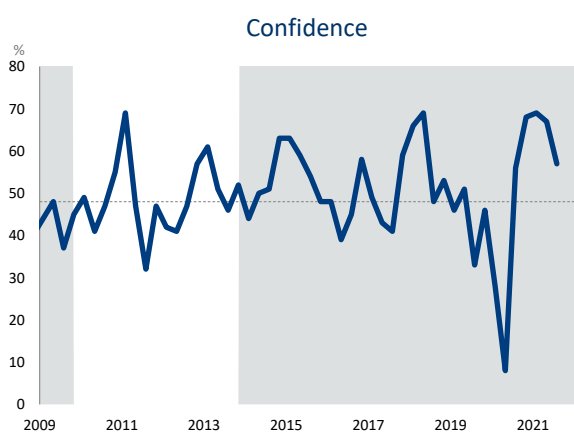
## Wholesale trade: total



$\mu$  – average  
 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
All of the above calculated over the last 20 years  
See Technical note for further details

## Wholesale trade: consumer goods<sup>7</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
Confidence	%	38	50	61	46	28	8	56	68	69	67	<b>57</b>	-10	12
Business conditions	Net %	-52	-30	-8	-50	-57	-99	-31	19	-19	39	<b>3</b>	-36	24
Sales volumes	Net %	-40	-19	2	-10	-46	-80	-15	18	10	25	<b>11</b>	-14	21
Selling prices	Net %	2	23	43	23	17	12	7	17	20	34	<b>19</b>	-15	18



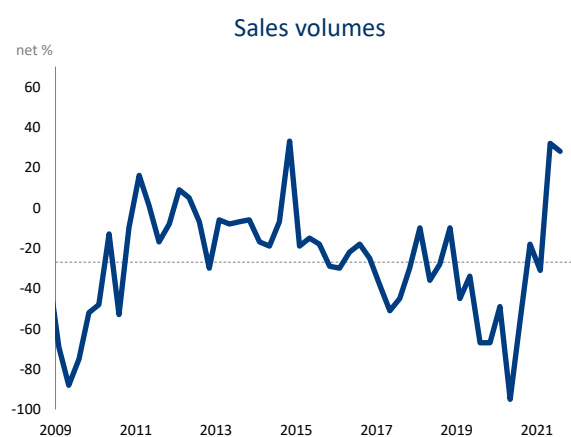
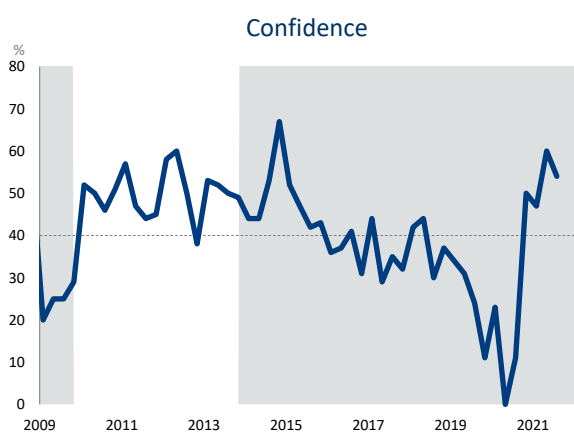
<sup>7</sup> Agricultural raw materials and livestock (SIC 6121), food, beverages and tobacco (6122), textiles, clothing and footwear (6131) and other household goods (6139).

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 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over the last 20 years  
 See Technical note for further details



## Wholesale trade: non-consumer goods<sup>8</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
Confidence	%	27	41	54	11	23	0	11	50	47	60	<b>54</b>	-6	12
Business conditions	Net %	-57	-32	-6	-75	-45	-93	-57	-32	-39	39	<b>-2</b>	-41	23
Sales volumes	Net %	-54	-26	3	-67	-49	-95	-56	-18	-31	32	<b>28</b>	-4	24
Selling prices	Net %	-3	20	44	4	5	67	66	39	31	31	<b>19</b>	-12	19

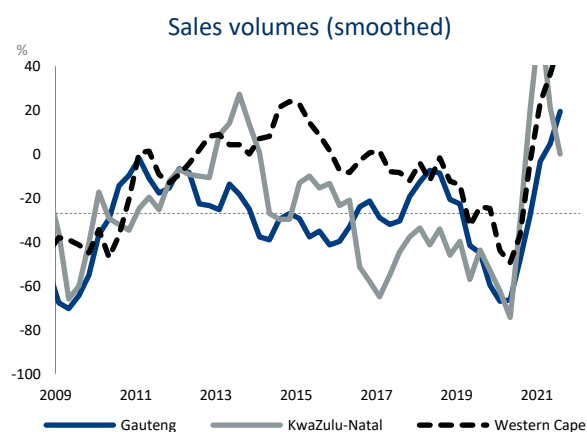
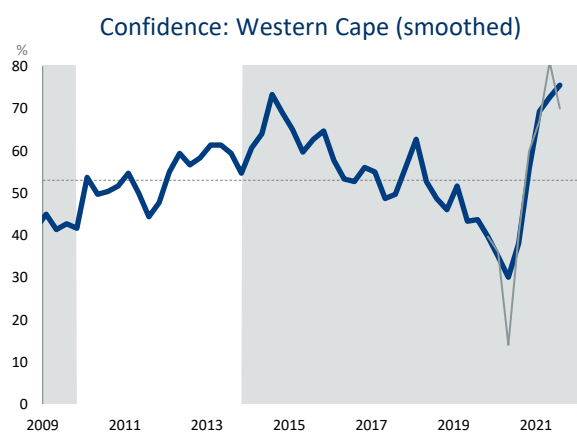
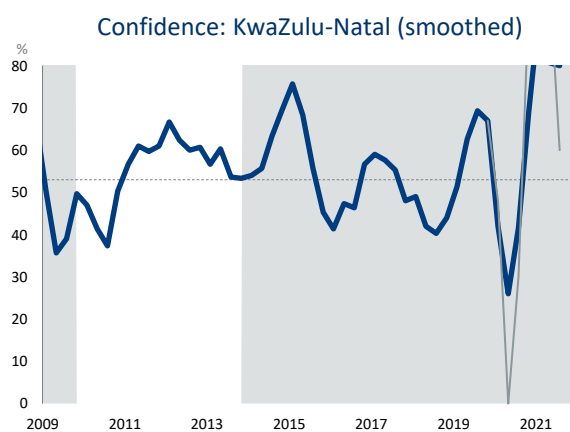
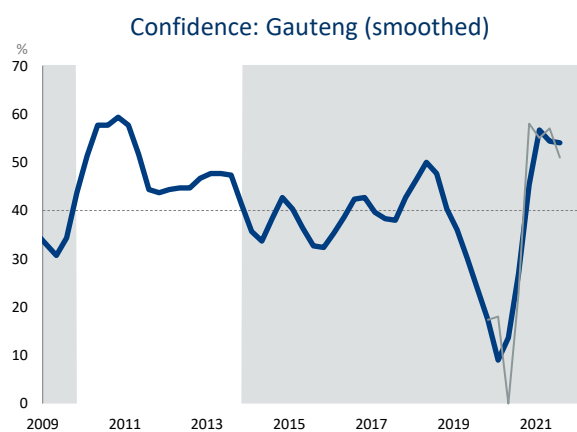


<sup>8</sup> Metals and metal ores (SIC code 6142), construction materials, hardware, plumbing and supplies (6143), other intermediate products, waste and scrap (6149) and machinery and equipment (615).

$\mu$  – average  
 $\sigma$  – standard deviation  
 $\Delta$  – change from previous period  
 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over the last 20 years  
 See Technical note for further details

## Wholesale trade: provinces

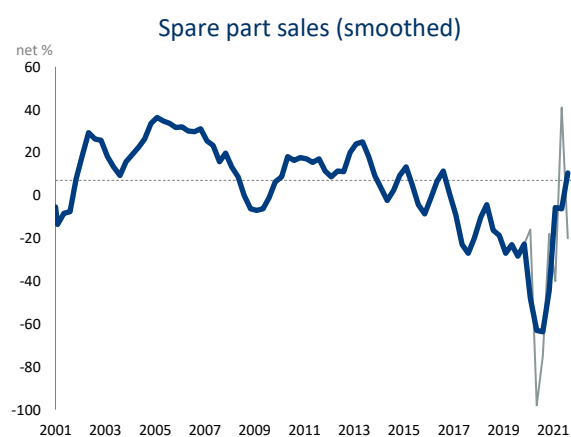
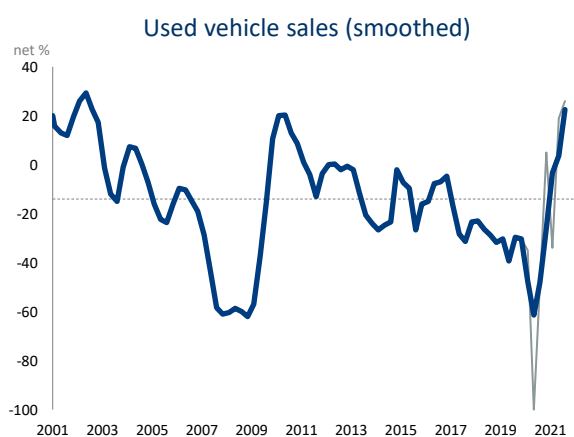
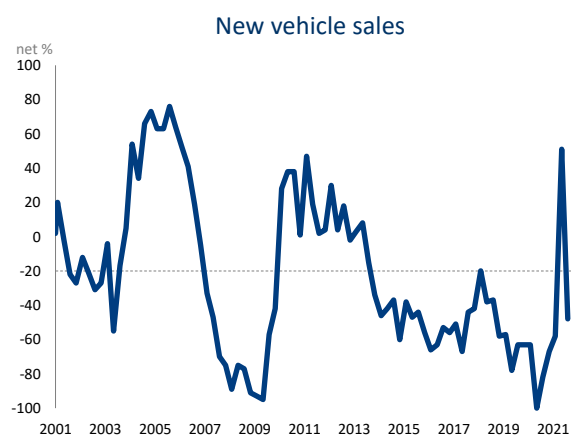
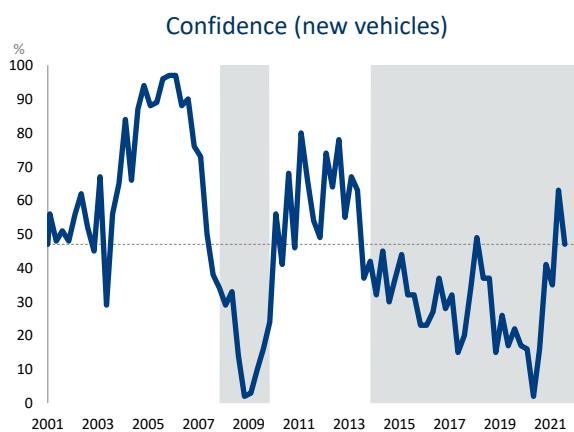
Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
<b>Gauteng</b>														
Confidence	%	28	41	54	9	18	0	23	58	55	57	<b>51</b>	-6	10
Smoothed	%	30	41	52	17	9	14	27	45	57	54	<b>54</b>	0	5
Sales volumes	Net %	-53	-29	-5	-59	-57	-85	-57	-2	-25	17	<b>22</b>	5	22
Smoothed	Net %	-48	-28	-9	-60	-67	-66	-48	-28	-3	5	<b>20</b>	15	10
<b>KwaZulu-Natal</b>														
Confidence	%	36	55	73	78	48	0	30	95	82	100	<b>60</b>	-40	22
Smoothed	%	43	55	68	67	42	26	42	69	92	81	<b>80</b>	-1	10
Sales volumes	Net %	-62	-26	10	-35	-64	-88	-71	66	64	58	<b>-58</b>	-116	39
Smoothed	Net %	-52	-25	2	-53	-62	-74	-31	20	63	21	<b>0</b>	-21	18
<b>Western Cape</b>														
Confidence	%	40	54	68	55	36	14	40	60	67	81	<b>70</b>	-11	15
Smoothed	%	44	54	64	40	35	30	38	56	69	73	<b>76</b>	3	6
Sales volumes	Net %	-35	-8	20	-5	-33	-94	-21	4	6	60	<b>43</b>	-17	27
Smoothed	Net %	-30	-8	15	-25	-44	-49	-37	-4	23	36	<b>52</b>	16	10



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 $\sigma$  – standard deviation  
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 $\sigma_{\Delta}$  – volatility (standard deviation of the changes)  
 All of the above calculated over the last 20 years  
 See Technical note for further details

## Motor trade<sup>9</sup>

Indicator	Unit	$\mu-\sigma$	$\mu$	$\mu+\sigma$	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	$\Delta$	$\sigma_{\Delta}$
<b>New vehicles</b>														
Confidence	%	21	47	72	17	16	2	16	41	35	63	<b>47</b>	-16	15
Sales volumes	Net %	-70	-23	24	-63	-63	-100	-82	-67	-58	51	<b>-48</b>	-99	26
<b>Used vehicles</b>														
Sales volumes	Net %	-42	-16	11	-8	-35	-100	-49	5	-34	19	<b>26</b>	7	22
Smoothed	Net %	-38	-16	7	-30	-48	-61	-48	-26	-3	4	<b>23</b>	19	10
<b>Spare parts</b>														
Sales volumes	Net %	-19	6	30	-30	-16	-98	-75	-18	-40	41	<b>-20</b>	-61	21
Smoothed	Net %	-16	6	27	-23	-48	-63	-64	-44	-6	-6	<b>11</b>	17	9

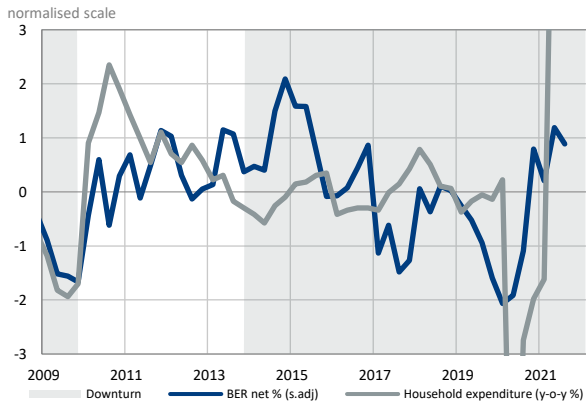


<sup>9</sup> The "motor trade" consists of the retail sales of new and used vehicles (SIC code 6312), as well as new spare parts and accessories (6331). The BER does not cover the wholesale sale of motor vehicles (6311), the maintenance and repair of motor vehicles (632), the sale of used parts and accessories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

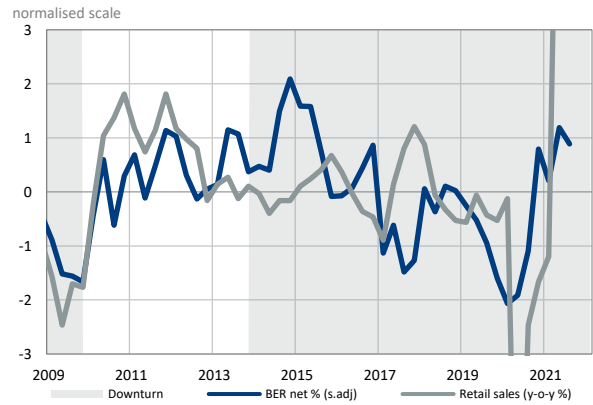
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 All of the above calculated over the last 20 years  
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# Summary

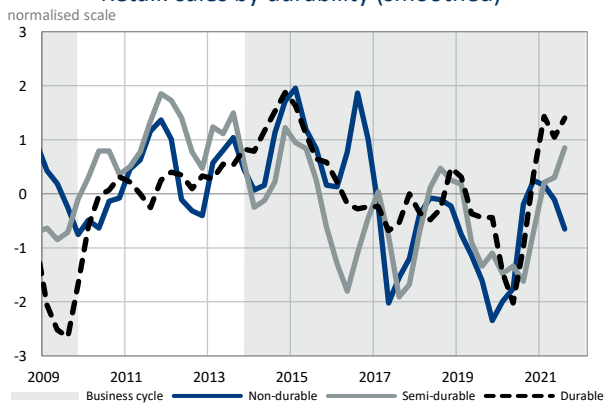
### BER retail sales & FHCE\*



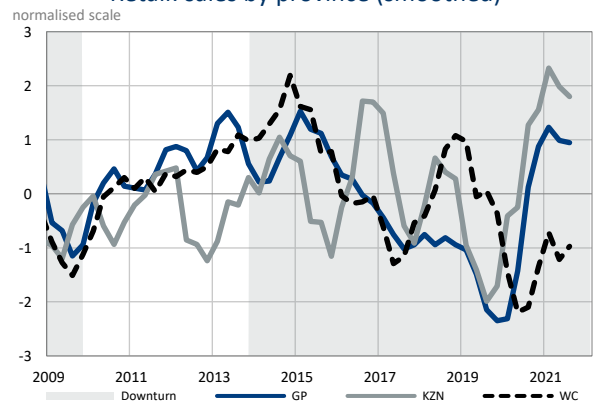
### Retail sales



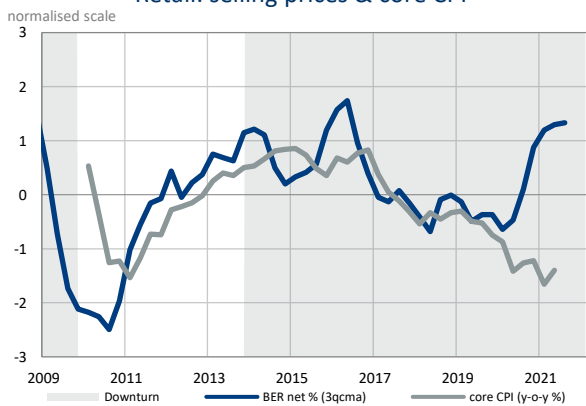
### Retail: sales by durability (smoothed)



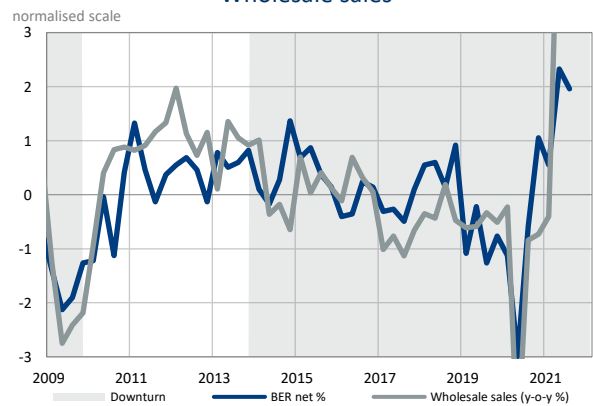
### Retail: sales by province (smoothed)



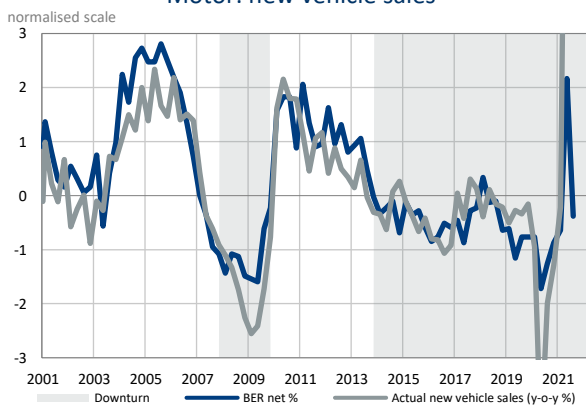
### Retail: selling prices & core CPI



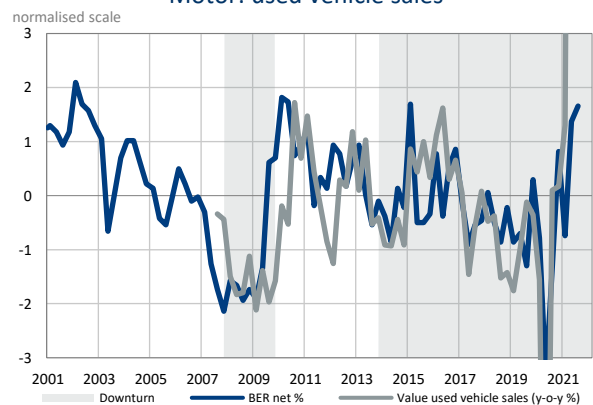
### Wholesale sales



### 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.

To provide for widely differing sizes, each firm in the manufacturing and trade sectors is allocated a weight based on its turnover. Firms in the building sector are not weighted. Participants have to complete a "participant details form" at the time of recruitment and every few years to ensure that their sector classification and turnover (optional) are correct.

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 %)

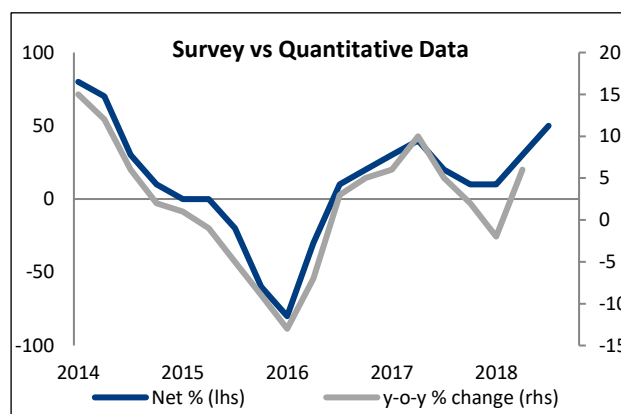
The responses related to the change in activity, prices, employment, business conditions, expected economic performance etc. are presented as a "net percentage" (also called a "net balance" or a "net majority"). If, for example, the percentages of respondents rating the volume of sales as "higher", the "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 (3qcm) 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.