

Retail Trade

Quarterly analysis of activity in retail, wholesale
and motor trade

First quarter 2022
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Executive summary

Official data shows that **retail sales** volumes bounced back nicely in 2021Q4, but the BER's latest survey results point to a slight deceleration in volume growth in 2022Q1.

Semi-durable goods and durable furniture sales volumes improved, but non-durable goods and durable hardware sales deteriorated markedly.

While overall volume growth eased, rapidly rising selling prices buoyed profitability and underpinned retailer confidence (at 49 index points).

Semi-durable retailer confidence (53) stood out at its highest level since 2015Q3.

Looking ahead, clothing sales should continue to recover, but high fuel and food prices and increased spending on restaurant food will weigh on grocery sales at the retail level.

An uptick in non-consumer goods sales volumes saw **wholesaler confidence** increase by 4 index points to 57 in the first quarter of 2022.

Consumer goods wholesale sales declined in line with weaker demand at the retail level.

Like retailers, wholesalers across the board hiked their selling prices noticeably.

Notwithstanding, wholesalers' profitability still came under significant pressure in 2022Q1.

Motor trade confidence improved on the back of strong new and used vehicle sales growth, but insufficient stock remains a major hurdle.

Renewed supply chain disruptions and inflationary pressures amid the war in Ukraine hold downside risk for the trade sector in the second quarter.

This report was completed on 23 March 2022.

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

Contents

| | |
|--|----|
| Summary of the 2022Q1 trade sector survey results | 2 |
| Retailers continue to stage a recovery | 2 |
| Higher wholesaler confidence bolstered by non-consumer goods | 4 |
| Motor trade confidence improved, but insufficient stock remains a major hurdle | 5 |
| Survey results..... | 7 |
| Retail trade: total..... | 7 |
| Retail trade: non-durables | 9 |
| Retail trade: semi-durables | 10 |
| Retail trade: durables..... | 11 |
| Retail trade: provinces | 12 |
| Wholesale trade: total | 13 |
| Wholesale trade: consumer goods | 15 |
| Wholesale trade: non-consumer goods..... | 16 |
| Wholesale trade: provinces | 17 |
| Motor trade | 18 |
| Summary..... | 19 |
| Technical note..... | 20 |
| The retail, wholesale and motor trade survey method | 20 |
| The unique units of measurement of qualitative surveys | 21 |
| Descriptive statistics in the tables | 22 |
| Conventions and aids provided in the charts | 23 |

Summary of the 2022Q1 trade sector survey results

Retailers continue to stage a recovery

The volume of retail sales bounced back in 2021Q4

According to the latest Stats SA data, the growth in the **volume of retail sales** increased by 2.6% y-o-y in 2021Q4, bouncing back from its unrest-induced slump of -0.2% y-o-y in 2021Q3 (see Table 1). Semi-durable goods were the largest contributor to the recovery in the sector, showing strong growth in all three months making up the last quarter of the year, and matching our expectations that the sector would benefit from more people returning to work and spending more money on office wear and summer clothing.

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

| y-o-y % change | 2020 | 2021Q1 | 2021Q2 | 2021Q3 | 2021Q4 | 2021 |
|---------------------------------|--------|--------|--------|--------|--------|-------|
| Non-durable goods ¹ | -1.3% | -3.8% | 12.6% | -0.5% | 1.3% | 2.1% |
| Semi-durable goods ² | -12.0% | 13.3% | 57.1% | 7.1% | 11.3% | 19.2% |
| Durable goods ³ | -1.7% | 14.7% | 52.3% | -5.0% | -1.6% | 10.5% |
| Total | -7.1% | -1.4% | 30.3% | -0.2% | 2.6% | 6.4% |

Source: Statistics South Africa, Retail Sales Statistics

¹ Non-durable goods retailers include general dealers, retailers in specialised food, beverages and tobacco, and retailers in pharmaceutical and medical goods, cosmetics and toiletries

² Durable goods retailers include retailers in household furniture, appliances and equipment, and retailers in hardware, paint and glass

³ Semi-durable goods retailers include retailers in textiles, clothing, footwear and leather goods

Higher profitability buoying retailer confidence

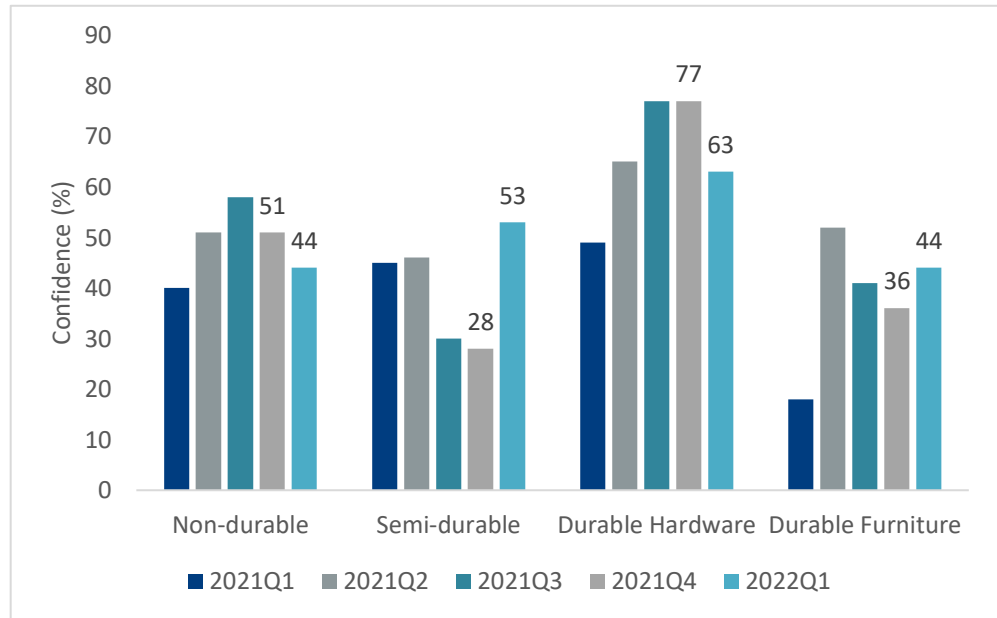
Retailer confidence declined marginally from 52 to 49 in the first quarter of 2022. However, the BER's survey¹ shows that retailer confidence remains 10 index points above its long-term average. In general, lower sales volumes are met with higher profitability, despite input cost pressures.

Semi-durable retailer confidence stood out at its highest level since 2015Q3

In the first quarter, **semi-durable retailer confidence** stood out at its highest level since 2015Q3 (see Figure 1). Semi-durable retailers, like most retailers, have been facing higher purchasing prices throughout 2021 (e.g. soaring shipping costs and high cotton prices), and may continue to face price pressures given geopolitical and supply chain risks. That said, they now appear to be passing higher input costs onto the consumer which, together with higher sales volumes, has seen profitability improve. Semi-durable retailers remain quite optimistic about future business conditions and sales volumes, while we expect continued robust demand for semi-durable goods.

¹ The fieldwork for the 2022Q1 survey was conducted between 9 and 28 February 2022.

Figure 1: Semi-durable retailer confidence stands out in 2022Q1



Source: BER

Higher profitability for **durable (furniture) retailers** on the back of higher sales volumes also saw their confidence improve in 2022Q1. Business conditions in this sector are expected to continue to improve, but a number of risk factors may prevent these optimistic expectations from materialising. These include cost pressures, rising interest rates and a slowdown in home-improvement spending as people start to spend less and less time at home.

The dip in non-durable retailer confidence is matched by a deterioration in their sales volume indices

The dip in non-durable and durable hardware confidence is matched by a deterioration in their sales volume indices. Business conditions for **non-durable retailers** deteriorated to its lowest level since the onset of the pandemic in 2020Q2, while downward pressure on sales volumes intensified. The Stats SA data shows that pharmaceutical and cosmetic sales still performed well at the end of 2021, so the deterioration likely stems from the food and beverages category where soaring food prices and a recovery in restaurant spending have started to weigh on grocery sales. Overall, lower sales volumes have knocked profitability, while current geopolitical and socioeconomic risks may see non-durable retailers continue to struggle.

Durable (hardware) volumes deteriorated markedly in 2022Q1

Although **durable (hardware)** volumes deteriorated markedly in 2022Q1, it could possibly be interpreted as a “normalisation” of the sub-sector, as more people have returned to work and are no longer carrying out home improvements or DIY projects, with volumes also coming off a high base. Interestingly, this is the only sub-sector to show a slight moderation in selling

prices (although still above its long-term average). However, profitability headed back into negative territory (-14 from +14) owing to lower sales volumes.

The survey results highlight two narratives around the consumer in general:

Looking ahead, we are likely to continue seeing diverging patterns in retailers

1. We are still in the post-pandemic recovery phase as consumers continue to demand semi-durable and durable goods (although from a low base), as well as more services (e.g., restaurants, hairdressers) at the expense of non-durable goods.
2. A larger divide is being highlighted between high-income consumers who may, overall, not have been as negatively impacted by the pandemic, and lower income consumers. The slow recovery in employment may disproportionately impact lower income households, while the food and fuel price pressures may exacerbate the strain on these households and non-durable retailers by extension.

Looking ahead, with fuel price increases leaving low-income households with less disposable income, coupled with higher grain and administered prices going forward, non-durable volumes will likely be hindered further. Meanwhile the continued normalisation in the economy, with a large proportion of workers still returning to their physical offices and demanding more services, should continue to buoy sales volumes in sectors such as clothing and footwear retail and hospitality services.

Higher wholesaler confidence bolstered by non-consumer goods

Year-end data for the rest of the domestic trade sector also ended 2021 on a high note. Stats SA reported that the value of **wholesale trade sales** increased by 14.4% y-o-y in 2021Q4 from 10.8% y-o-y in 2021Q3, led by positive contributions in fuels and related products as well as other intermediate products.

Wholesaler confidence increased by 4 index points to 57 in the first quarter

Wholesaler confidence increased by 4 index points to 57 in the first quarter. However, underlying data in the BER's survey point to a mixed bag in wholesale confidence. The improvement in confidence and business conditions stems mostly from non-consumer goods (e.g. machinery, metal ores, building materials and chemicals), while consumer goods confidence (e.g. food, beverages, agricultural products, clothing and other household goods) remained largely unchanged (despite a deterioration in sales volumes). The results most likely reflect the constrained conditions that non-durable retailers are facing, with the strong performance of semi-durable retailers not feeding through to wholesalers

given their smaller weight in the overall wholesale trade. That said, looking ahead, wholesalers are expecting better volumes in the second quarter.

Wholesaler
profitability
under significant
pressure in Q1

Overall profitability came under significant pressure in 2022Q1, with consumer goods suffering a sharper fall in profitability than non-consumer goods. This comes despite an increase in overall selling prices to its highest level since 2016Q1. Similar to semi-durable retailers, wholesalers have been faced with continuous input cost pressures and only recently started passing the higher costs on – although perhaps not fully. This, together with lower sales volumes, has had a negative impact on profitability.

Risks likely to
weigh on
confidence

Looking ahead, the sector faces similar risks as the retail sector, including, but not limited to, geopolitical risks, supply chain issues leading to higher input costs and soaring fuel prices. These are likely to weigh on performance in the wholesale sector.

Motor trade confidence improved, but insufficient stock remains a major hurdle

According to Stats SA data, the value of **motor trade sales** grew by 11.4% y-o-y in 2021Q4 (from 7.1% y-o-y in 2021Q3), partly due to base effects, with both new and used cars contributing positively to growth. The large improvement in the BER's new vehicle sales volumes index from -10 to 23 in 2022Q1 supports the robust vehicle sales data released so far in January and February and suggests that economic activity started 2022 on a solid footing.

New vehicle trader confidence improved, increasing from 41 in 2021Q4 to 54 in 2022Q1, hovering around its long-term average. Underlying data also shows a similar improvement in other indices for new vehicle traders. Business conditions improved, with the new vehicle sales volumes index shooting up by 33 index points to 23. However, insufficient stocks relative to demand are a major hurdle in the sector – largely unchanged from near record low levels.

Used vehicle confidence also increased on the back of improving sales volumes and business conditions. Similar to new vehicle traders, insufficient stock remains a constraint.

Normalisation in
motor trade
industry facing
renewed supply
chain disruption
risks

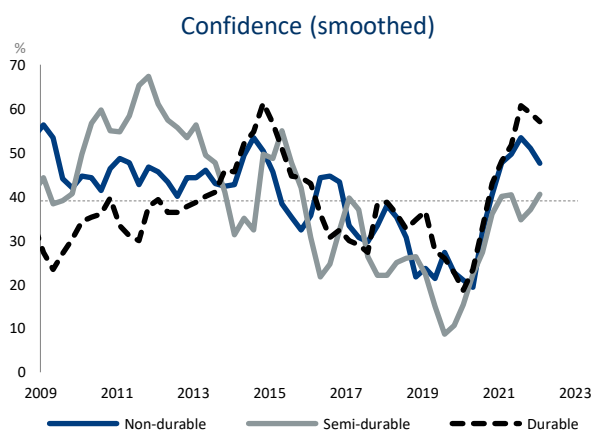
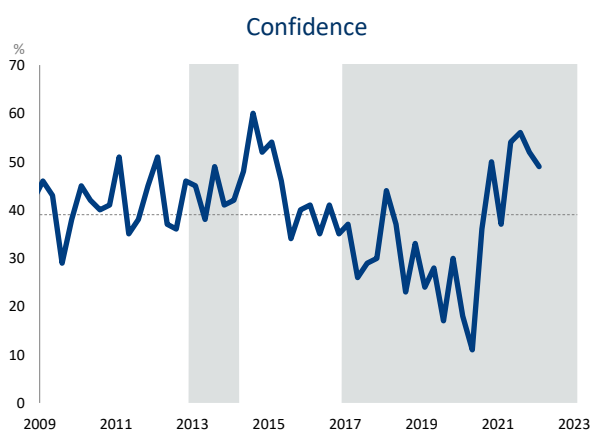
We expect to see continued normalising conditions and confidence in the motor trade industry, especially driven by higher income consumers. Vehicle traders expect some improvement in 2022Q2 in both sales volumes and business conditions, but stock shortages are not conducive to the sector's performance. As indicated in the February 2022 NAAMSA press release: "the renewed disruptions in the operations of global supply chains amid an escalation of the Ukrainian conflict will not only have cost implications for the domestic economy

but could also negatively impact sentiment.” Rising interest rates will eventually also start to bite.

Survey results

Retail trade: total²

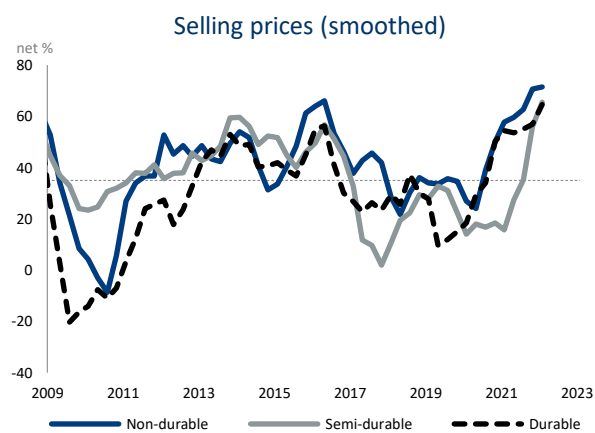
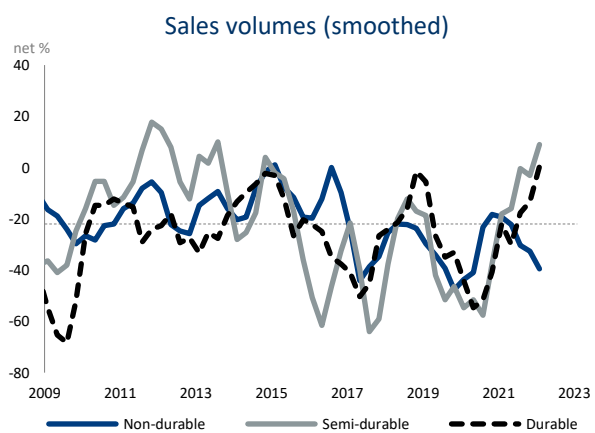
| Indicator | Unit | $\mu-\sigma$ | μ | $\mu+\sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|---------------------|-------|--------------|-------|--------------|------|------|------|------|------|------|------|------------|----------|-------------------|
| Confidence | % | 29 | 39 | 50 | 11 | 36 | 50 | 37 | 54 | 56 | 52 | 49 | -3 | 9 |
| Business conditions | Net % | -47 | -31 | -15 | -74 | -47 | -20 | -35 | -3 | -13 | -8 | -19 | -11 | 15 |
| Sales volumes | Net % | -37 | -22 | -7 | -57 | -42 | -1 | -16 | -13 | -14 | -10 | -22 | -12 | 13 |
| Seasonally adjusted | Net % | -36 | -22 | -8 | -49 | -38 | -11 | -18 | -5 | -10 | -21 | -24 | -3 | 10 |
| Smoothed | Net % | -34 | -22 | -9 | -49 | -33 | -20 | -10 | -14 | -12 | -15 | -16 | -1 | 6 |
| Selling prices | Net % | 16 | 35 | 54 | 16 | 40 | 49 | 53 | 55 | 54 | 60 | 75 | 15 | 14 |



² 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 the last 20 years
 See Technical note for further details

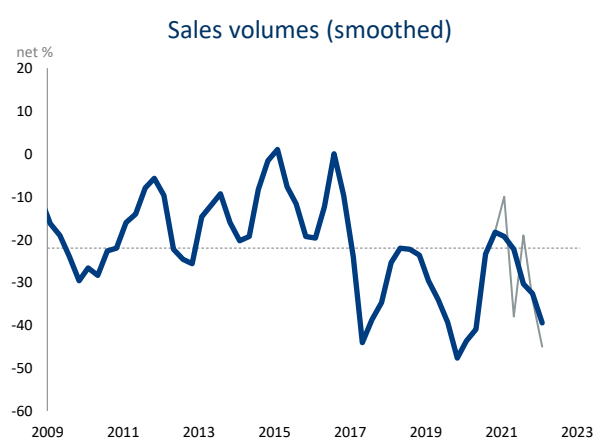
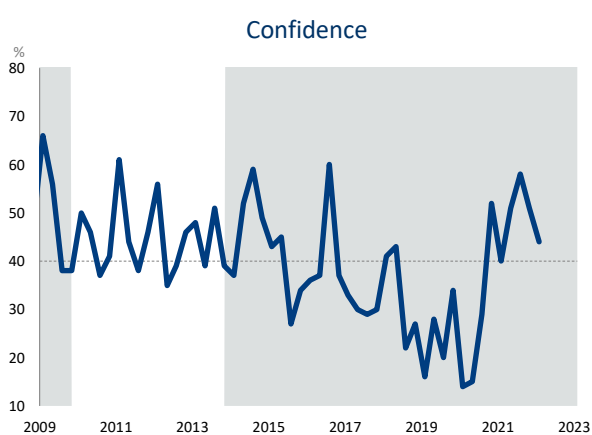
Retail trade: total



μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – 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-durables³

| Indicator | Unit | $\mu-\sigma$ | μ | $\mu+\sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|---------------------|-------|--------------|-------|--------------|------|------|------|------|------|------|------|------------|----------|-------------------|
| Confidence | % | 28 | 40 | 52 | 15 | 29 | 52 | 40 | 51 | 58 | 51 | 44 | -7 | 12 |
| Business conditions | Net % | -50 | -33 | -16 | -51 | -38 | -35 | -28 | -16 | -13 | -20 | -40 | -20 | 19 |
| Sales volumes | Net % | -37 | -22 | -7 | -25 | -35 | -10 | -10 | -38 | -19 | -34 | -45 | -11 | 16 |
| Seasonally adjusted | Net % | -37 | -22 | -6 | -17 | -31 | -20 | -12 | -30 | -15 | -45 | -47 | -2 | 16 |
| Smoothed | Net % | -33 | -22 | -10 | -41 | -23 | -18 | -19 | -22 | -30 | -33 | -40 | -7 | 7 |
| Selling prices | Net % | 18 | 40 | 61 | 20 | 34 | 63 | 53 | 57 | 69 | 62 | 81 | 19 | 19 |

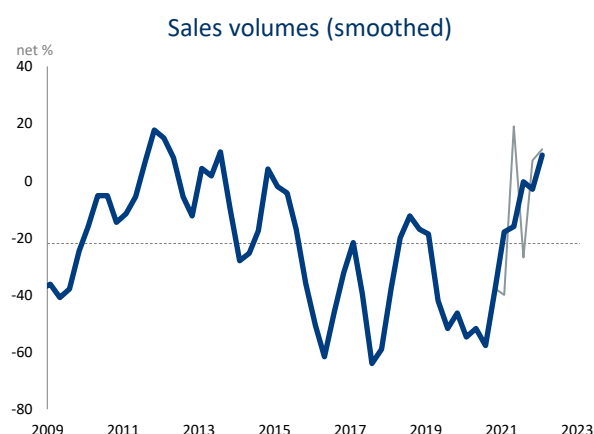
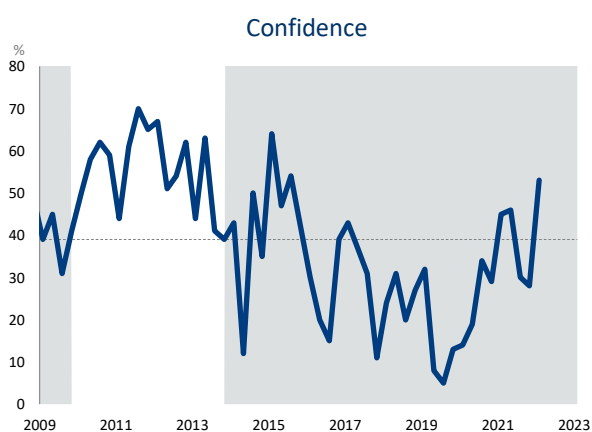


³ Food, inedible groceries, tobacco (SIC code 621), beverages (622), pharmaceutical & medical goods, cosmetic & toiletry articles (6231), reading matter, stationery, office supplies (62391), other non-durable goods (62399)

μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See Technical note for further details

Retail trade: semi-durables⁴

| Indicator | Unit | $\mu-\sigma$ | μ | $\mu+\sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|---------------------|-------|--------------|-------|--------------|------|------|------|------|------|------|------|-----------|----------|-------------------|
| Confidence | % | 22 | 39 | 56 | 19 | 34 | 29 | 45 | 46 | 30 | 28 | 53 | 25 | 14 |
| Business conditions | Net % | -65 | -37 | -8 | -100 | -52 | -38 | -46 | 37 | -36 | -17 | 9 | 26 | 31 |
| Sales volumes | Net % | -51 | -22 | 8 | -100 | -40 | -33 | -40 | 19 | -27 | 7 | 11 | 4 | 33 |
| Smoothed | Net % | -43 | -22 | 0 | -52 | -58 | -38 | -18 | -16 | 0 | -3 | 9 | 12 | 12 |
| Selling prices | Net % | 16 | 35 | 54 | 10 | 38 | 2 | 15 | 30 | 37 | 39 | 92 | 53 | 19 |

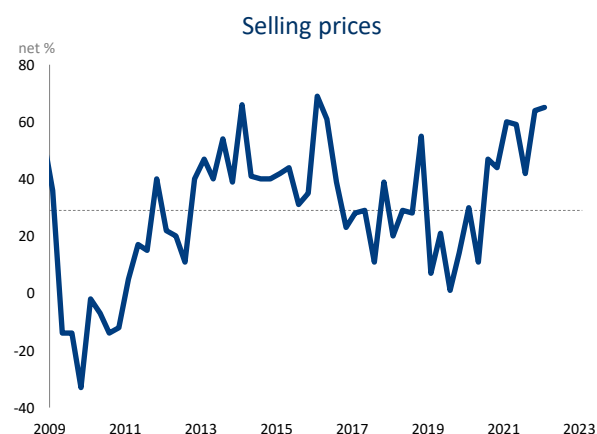
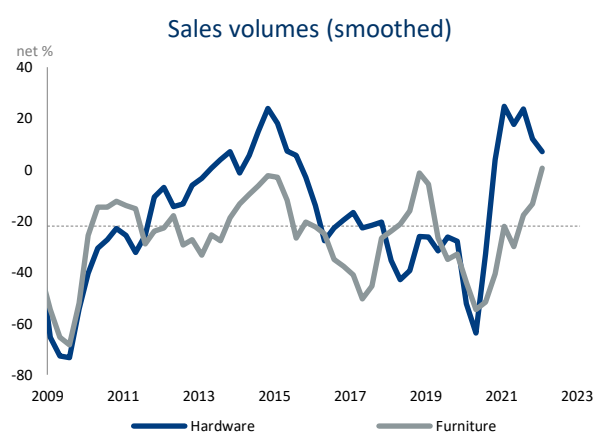
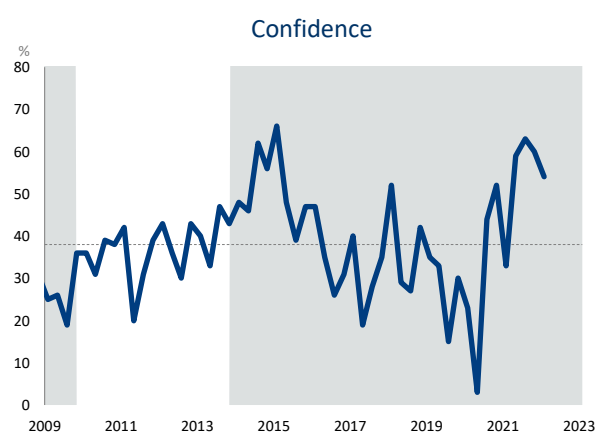


⁴ Textiles, clothing, footwear & leather goods (SIC code 6232), sports goods & entertainment requisites (62393), other semi-durable goods (62399)

μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See Technical note for further details

Retail trade: durables⁵

| Indicator | Unit | $\mu-\sigma$ | μ | $\mu+\sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|----------------------|-------|--------------|-------|--------------|------|------|------|------|------|------|------|------------|----------|-------------------|
| Confidence | % | 25 | 38 | 51 | 3 | 44 | 52 | 33 | 59 | 63 | 60 | 54 | -6 | 13 |
| Business conditions | Net % | -51 | -29 | -6 | -95 | -56 | 0 | -40 | 5 | -6 | 10 | 0 | -10 | 22 |
| Sales volumes | | | | | | | | | | | | | | |
| Total | Net % | -45 | -22 | 1 | -91 | -49 | 17 | -17 | 9 | -4 | 13 | -2 | -15 | 22 |
| Hardware | Net % | -48 | -18 | 12 | -97 | -45 | 43 | 14 | 17 | 22 | 32 | -18 | -50 | 27 |
| Furniture | Net % | -49 | -26 | -4 | -83 | -55 | -17 | -50 | 1 | -41 | -13 | 14 | 27 | 26 |
| Selling prices | Net % | 5 | 29 | 52 | 11 | 47 | 44 | 60 | 59 | 42 | 64 | 65 | 1 | 19 |

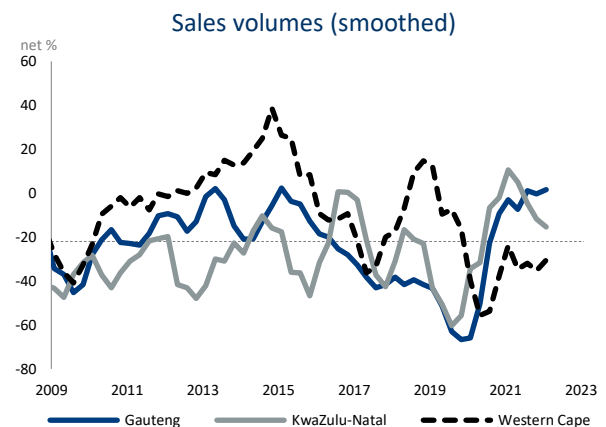
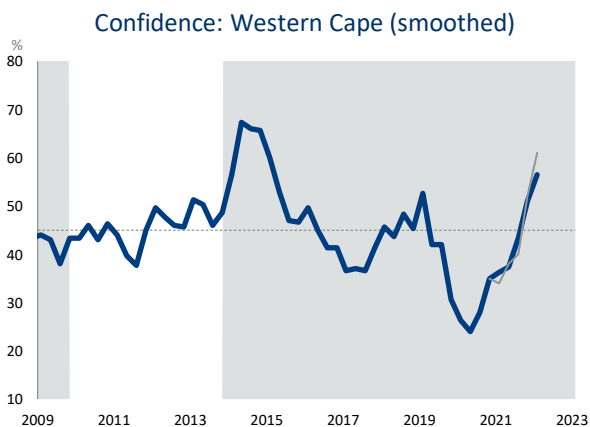
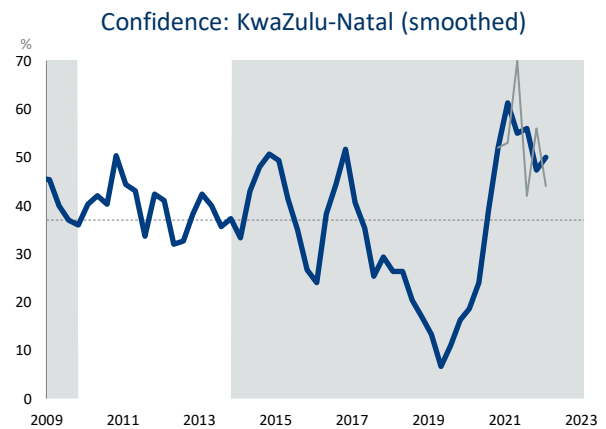
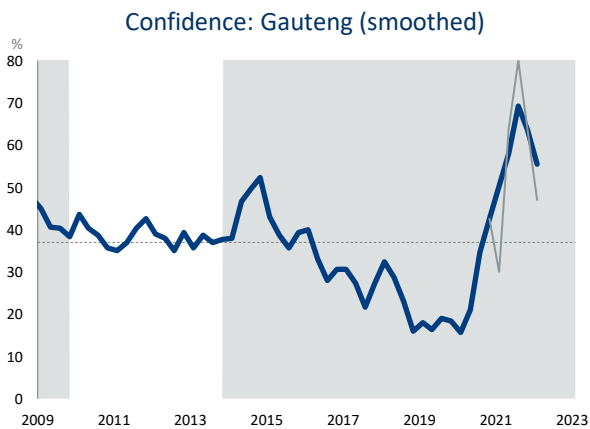


⁵ "Retail trade durables" consists of "hardware" and "furniture". "Hardware" includes hardware, paint and glass (SIC code 6234). "Furniture" consists of household furniture, appliances, articles and equipment (6233), jewellery and related items (62392) and other durable goods (62399)

μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See Technical note for further details

Retail trade: provinces

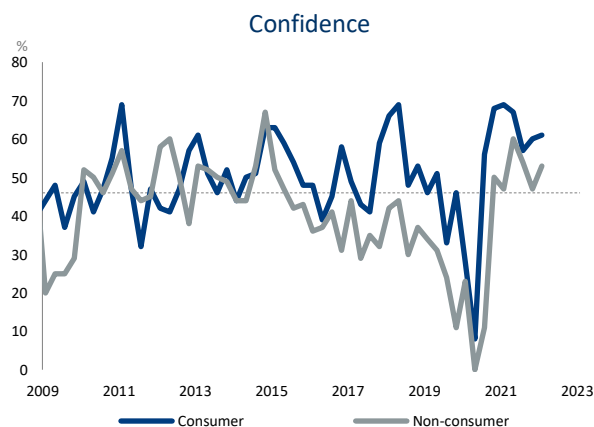
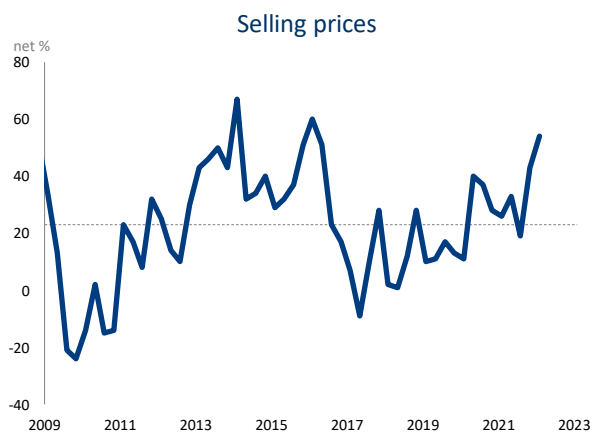
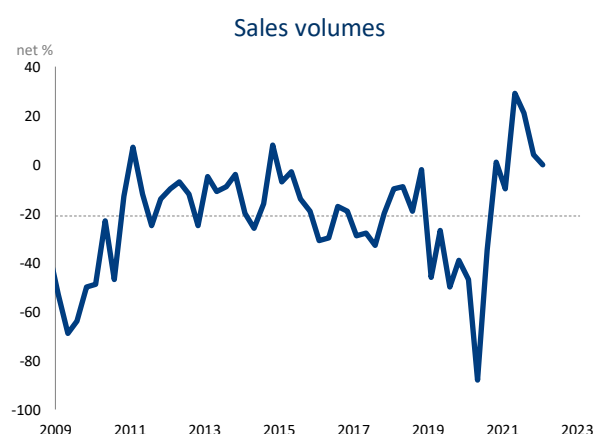
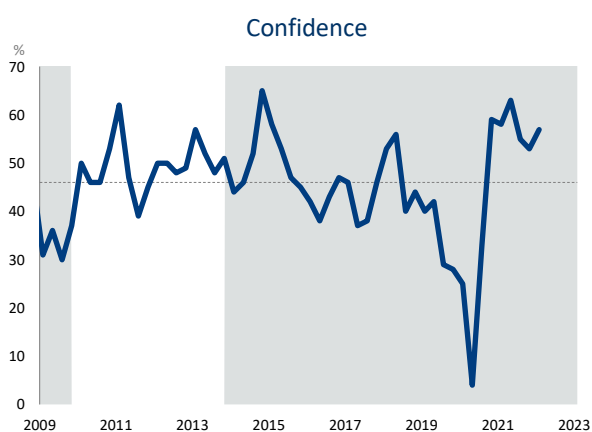
| Indicator | Unit | $\mu-\sigma$ | μ | $\mu+\sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|----------------------|-------|--------------|-------|--------------|------|------|------|------|------|------|------|------------|----------|-------------------|
| Gauteng | | | | | | | | | | | | | | |
| Confidence | % | 22 | 37 | 51 | 6 | 41 | 57 | 30 | 64 | 80 | 64 | 47 | -17 | 14 |
| Smoothed | % | 25 | 37 | 48 | 21 | 35 | 43 | 50 | 58 | 69 | 64 | 56 | -8 | 5 |
| Sales volumes | Net % | -45 | -24 | -2 | -46 | -31 | 9 | -6 | -12 | -4 | 19 | -16 | -35 | 19 |
| Smoothed | Net % | -42 | -24 | -5 | -50 | -23 | -9 | -3 | -7 | 1 | 0 | 2 | 2 | 8 |
| KwaZulu-Natal | | | | | | | | | | | | | | |
| Confidence | % | 21 | 37 | 53 | 14 | 42 | 61 | 53 | 70 | 42 | 56 | 44 | -12 | 18 |
| Smoothed | % | 25 | 37 | 49 | 24 | 39 | 52 | 61 | 55 | 56 | 47 | 50 | 3 | 7 |
| Sales volumes | Net % | -50 | -27 | -5 | -3 | -30 | 13 | 11 | 8 | -4 | -18 | -13 | 5 | 26 |
| Smoothed | Net % | -43 | -27 | -11 | -32 | -7 | -2 | 11 | 5 | -5 | -12 | -16 | -4 | 10 |
| Western Cape | | | | | | | | | | | | | | |
| Confidence | % | 33 | 45 | 57 | 13 | 34 | 37 | 34 | 38 | 40 | 52 | 61 | 9 | 14 |
| Smoothed | % | 36 | 45 | 54 | 24 | 28 | 35 | 36 | 37 | 43 | 51 | 57 | 6 | 5 |
| Sales volumes | Net % | -36 | -9 | 17 | -93 | -55 | -13 | -45 | -14 | -45 | -37 | -24 | 13 | 26 |
| Smoothed | Net % | -31 | -9 | 12 | -56 | -54 | -38 | -24 | -35 | -32 | -35 | -31 | 4 | 10 |



μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See Technical note for further details

Wholesale trade: total⁶

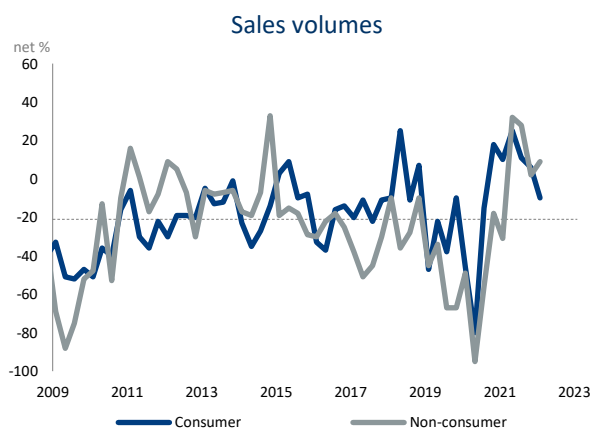
| Indicator | Unit | $\mu-\sigma$ | μ | $\mu+\sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|---------------------|-------|--------------|-------|--------------|------|------|------|------|------|------|------|-----------|----------|-------------------|
| Confidence | % | 35 | 46 | 56 | 4 | 33 | 59 | 58 | 63 | 55 | 53 | 57 | 4 | 9 |
| Business conditions | Net % | -52 | -30 | -7 | -96 | -44 | -5 | -29 | 39 | 0 | -4 | 6 | 10 | 21 |
| Sales volumes | Net % | -43 | -21 | 1 | -88 | -35 | 1 | -10 | 29 | 21 | 4 | 0 | -4 | 19 |
| Selling prices | Net % | 2 | 23 | 43 | 40 | 37 | 28 | 26 | 33 | 19 | 43 | 54 | 11 | 16 |



⁶ 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 the last 20 years
 See Technical note for further details

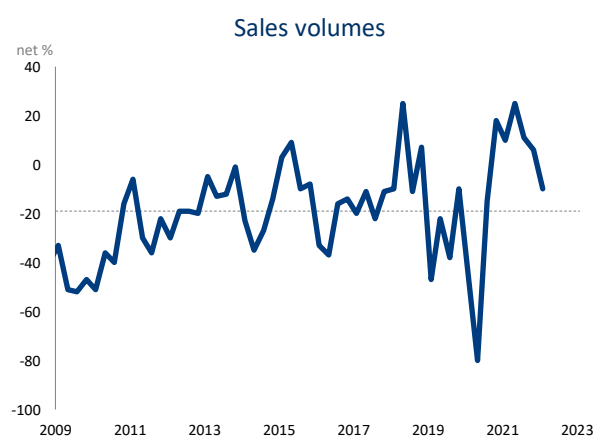
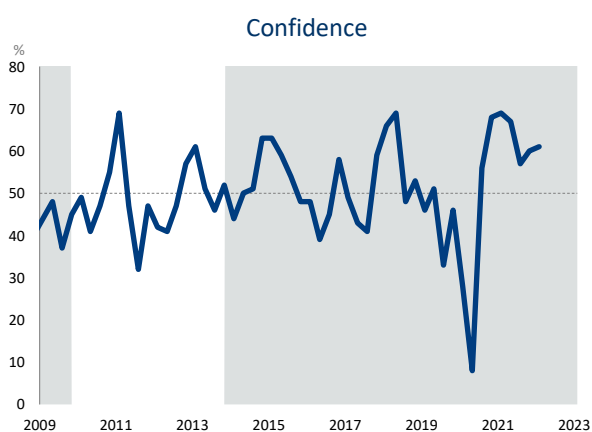
Wholesale trade: total



μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – 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 goods⁷

| Indicator | Unit | $\mu-\sigma$ | μ | $\mu+\sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|---------------------|-------|--------------|-------|--------------|------|------|------|------|------|------|------|------------|----------|-------------------|
| Confidence | % | 39 | 50 | 62 | 8 | 56 | 68 | 69 | 67 | 57 | 60 | 61 | 1 | 12 |
| Business conditions | Net % | -52 | -29 | -6 | -99 | -31 | 19 | -19 | 39 | 3 | -1 | 4 | 5 | 23 |
| Sales volumes | Net % | -40 | -19 | 2 | -80 | -15 | 18 | 10 | 25 | 11 | 6 | -10 | -16 | 20 |
| Selling prices | Net % | 2 | 23 | 44 | 12 | 7 | 17 | 20 | 34 | 19 | 39 | 52 | 13 | 18 |

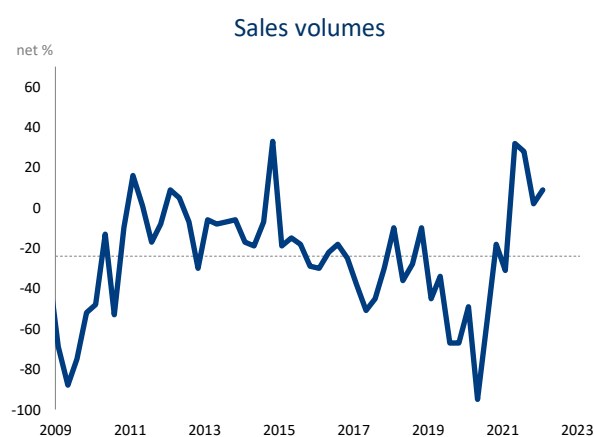
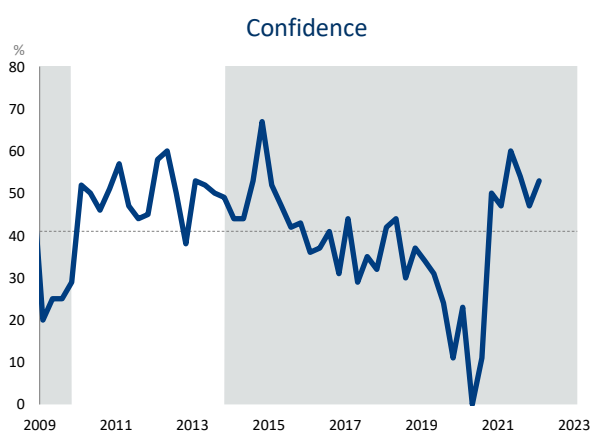


⁷ Agricultural raw materials and livestock (SIC 6121), food, beverages and tobacco (6122), textiles, clothing and footwear (6131) and other household goods (6139).

μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See Technical note for further details

Wholesale trade: non-consumer goods⁸

| Indicator | Unit | $\mu-\sigma$ | μ | $\mu+\sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|---------------------|-------|--------------|-------|--------------|------|------|------|------|------|------|------|-----------|----------|-------------------|
| Confidence | % | 28 | 41 | 55 | 0 | 11 | 50 | 47 | 60 | 54 | 47 | 53 | 6 | 11 |
| Business conditions | Net % | -57 | -30 | -4 | -93 | -57 | -32 | -39 | 39 | -2 | -7 | 8 | 15 | 23 |
| Sales volumes | Net % | -53 | -24 | 4 | -95 | -56 | -18 | -31 | 32 | 28 | 2 | 9 | 7 | 24 |
| Selling prices | Net % | -2 | 22 | 45 | 67 | 66 | 39 | 31 | 31 | 19 | 47 | 56 | 9 | 19 |

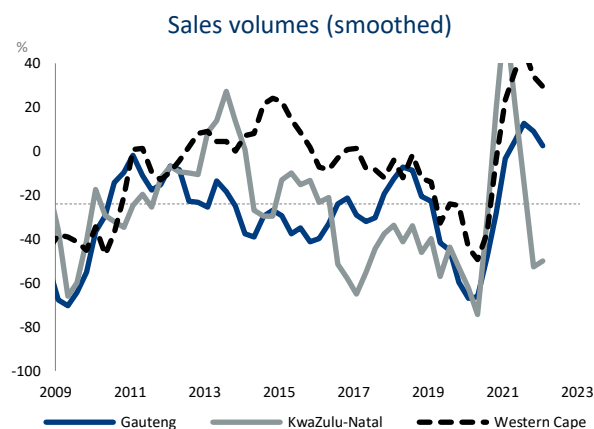
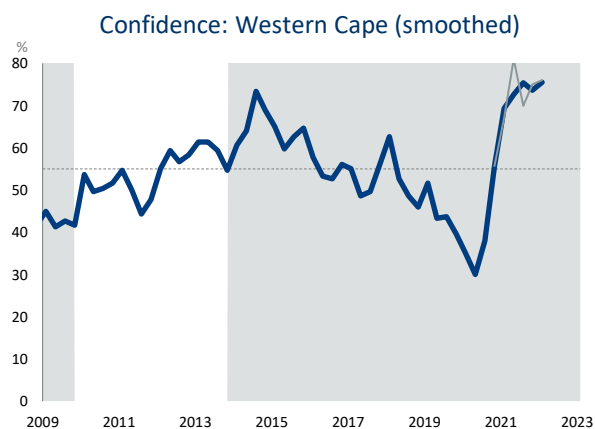
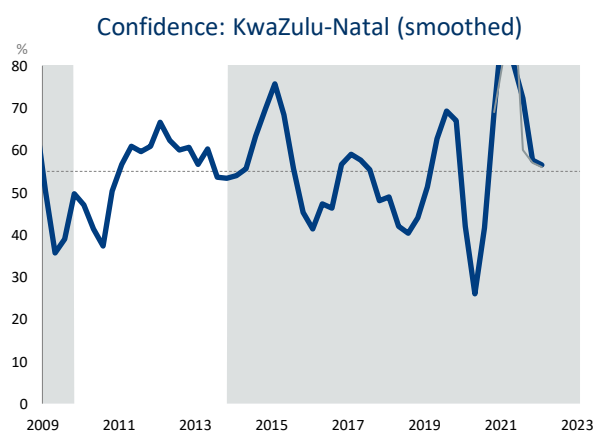
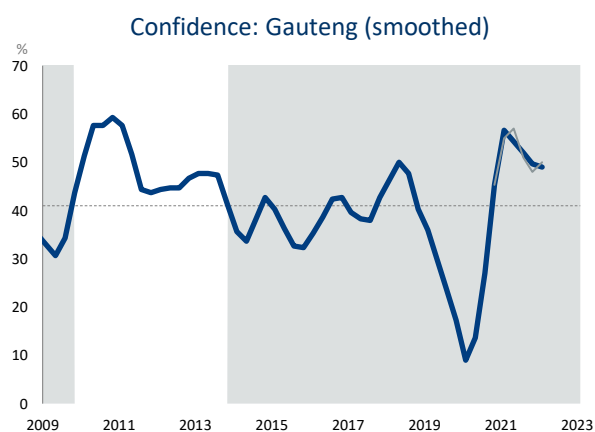


⁸ Metals and metal ores (SIC code 6142), construction materials, hardware, plumbing and supplies (6143), other intermediate products, waste and scrap (6149) and machinery and equipment (615).

μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See Technical note for further details

Wholesale trade: provinces

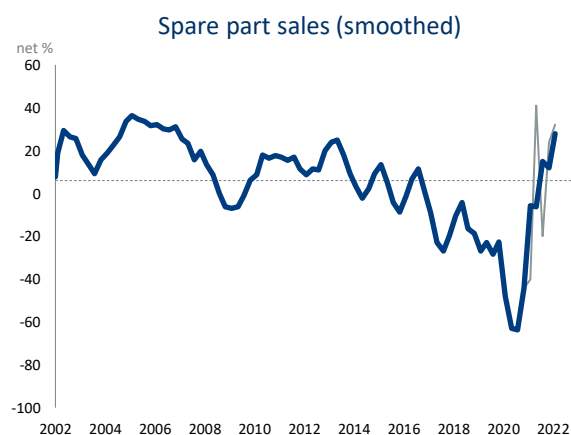
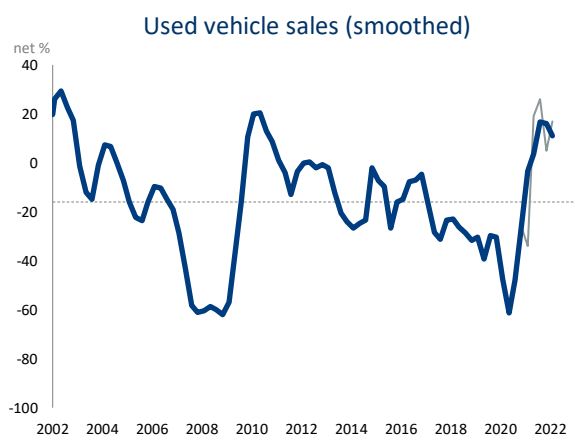
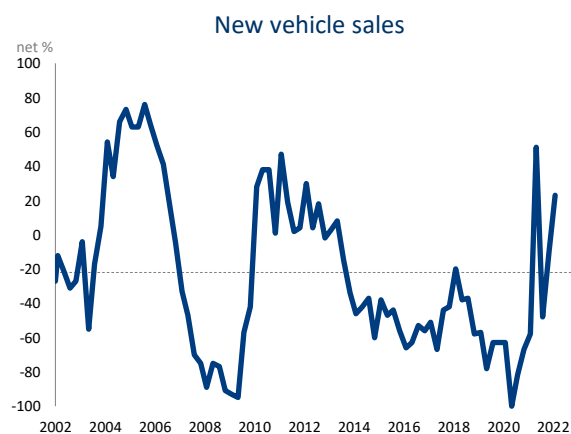
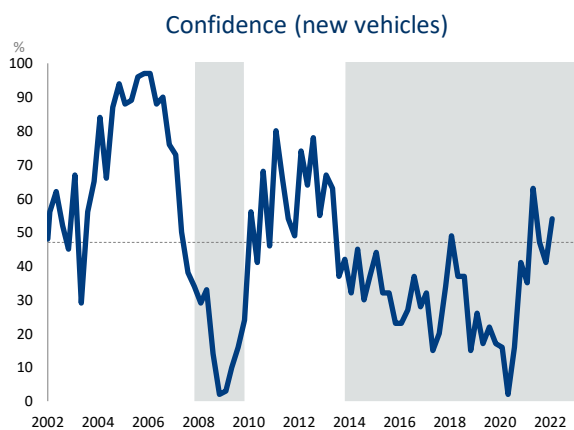
| Indicator | Unit | $\mu - \sigma$ | μ | $\mu + \sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|----------------------|-------|----------------|-------|----------------|------|------|------|------|------|------|------|------------|----------|-------------------|
| Gauteng | | | | | | | | | | | | | | |
| Confidence | % | 29 | 41 | 54 | 0 | 23 | 58 | 55 | 57 | 51 | 48 | 50 | 2 | 10 |
| Smoothed | % | 31 | 41 | 52 | 14 | 27 | 45 | 57 | 54 | 52 | 50 | 49 | -1 | 5 |
| Sales volumes | Net % | -52 | -27 | -3 | -85 | -57 | -2 | -25 | 17 | 22 | -1 | 6 | 7 | 22 |
| Smoothed | Net % | -47 | -27 | -7 | -66 | -48 | -28 | -3 | 5 | 13 | 9 | 3 | -6 | 9 |
| KwaZulu-Natal | | | | | | | | | | | | | | |
| Confidence | % | 37 | 55 | 73 | 0 | 30 | 95 | 82 | 100 | 60 | 57 | 56 | -1 | 22 |
| Smoothed | % | 43 | 55 | 67 | 26 | 42 | 69 | 92 | 81 | 72 | 58 | 57 | -1 | 10 |
| Sales volumes | Net % | -63 | -27 | 9 | -88 | -71 | 66 | 64 | 58 | -58 | -43 | -57 | -14 | 39 |
| Smoothed | Net % | -53 | -26 | 1 | -74 | -31 | 20 | 63 | 21 | -14 | -53 | -50 | 3 | 19 |
| Western Cape | | | | | | | | | | | | | | |
| Confidence | % | 41 | 55 | 69 | 14 | 40 | 60 | 67 | 81 | 70 | 75 | 76 | 1 | 15 |
| Smoothed | % | 44 | 55 | 65 | 30 | 38 | 56 | 69 | 73 | 75 | 74 | 76 | 2 | 6 |
| Sales volumes | Net % | -34 | -6 | 21 | -94 | -21 | 4 | 6 | 60 | 43 | 36 | 23 | -13 | 26 |
| Smoothed | Net % | -29 | -6 | 17 | -49 | -37 | -4 | 23 | 36 | 46 | 34 | 30 | -4 | 10 |



μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See Technical note for further details

Motor trade⁹

| Indicator | Unit | $\mu-\sigma$ | μ | $\mu+\sigma$ | 20Q2 | 20Q3 | 20Q4 | 21Q1 | 21Q2 | 21Q3 | 21Q4 | 22Q1 | Δ | σ_{Δ} |
|----------------------|-------|--------------|-------|--------------|------|------|------|------|------|------|------|-----------|----------|-------------------|
| New vehicles | | | | | | | | | | | | | | |
| Confidence | % | 21 | 47 | 72 | 2 | 16 | 41 | 35 | 63 | 47 | 41 | 54 | 13 | 15 |
| Sales volumes | Net % | -69 | -22 | 25 | -100 | -82 | -67 | -58 | 51 | -48 | -10 | 23 | 33 | 27 |
| Used vehicles | | | | | | | | | | | | | | |
| Sales volumes | Net % | -42 | -16 | 10 | -100 | -49 | 5 | -34 | 19 | 26 | 5 | 17 | 12 | 22 |
| Smoothed | Net % | -38 | -16 | 6 | -61 | -48 | -26 | -3 | 4 | 17 | 16 | 11 | -5 | 10 |
| Spare parts | | | | | | | | | | | | | | |
| Sales volumes | Net % | -19 | 6 | 31 | -98 | -75 | -18 | -40 | 41 | -20 | 24 | 32 | 8 | 21 |
| Smoothed | Net % | -16 | 6 | 28 | -63 | -64 | -44 | -6 | -6 | 15 | 12 | 28 | 16 | 9 |

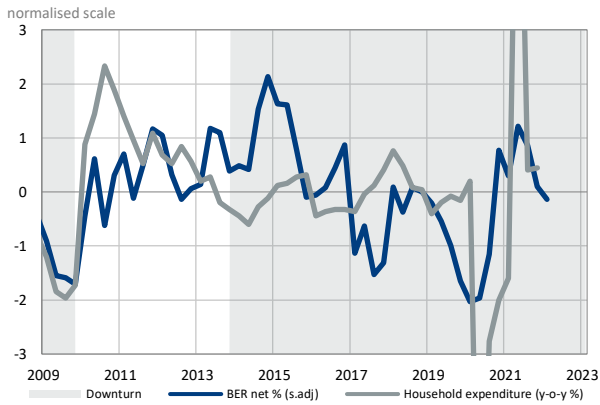


⁹ The "motor trade" consists of the retail sales of new and used vehicles (SIC code 6312), as well as new spare parts and accessories (6331). The BER does not cover the wholesale sale of motor vehicles (6311), the maintenance and repair of motor vehicles (632), the sale of used parts and accessories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

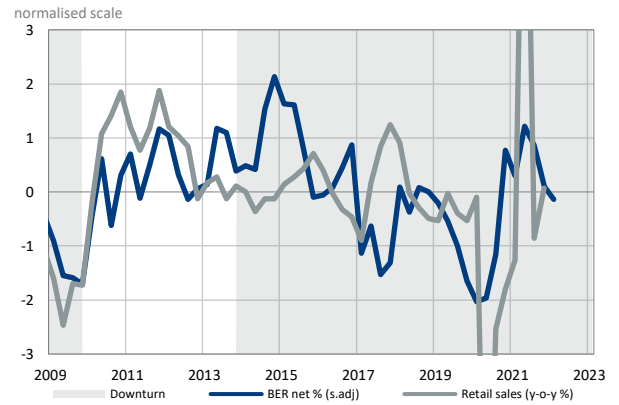
μ – average
 σ – standard deviation
 Δ – change from previous period
 σ_{Δ} – volatility (standard deviation of the changes)
 All of the above calculated over the last 20 years
 See Technical note for further details

Summary

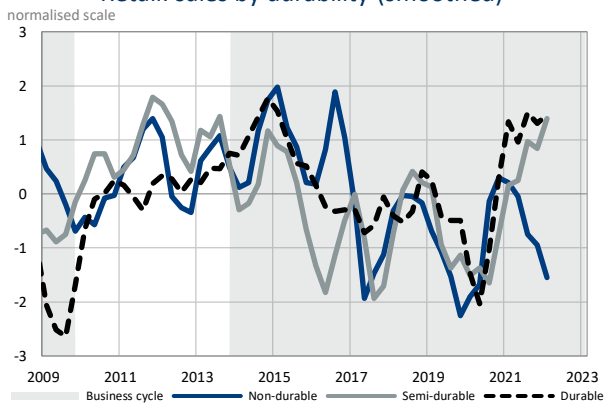
BER retail sales & FHCE*



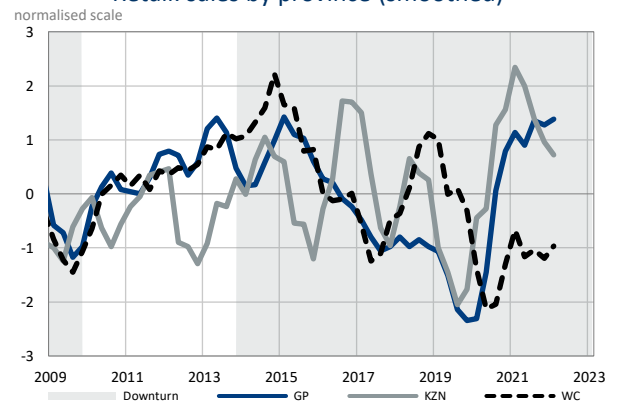
Retail sales



Retail: sales by durability (smoothed)



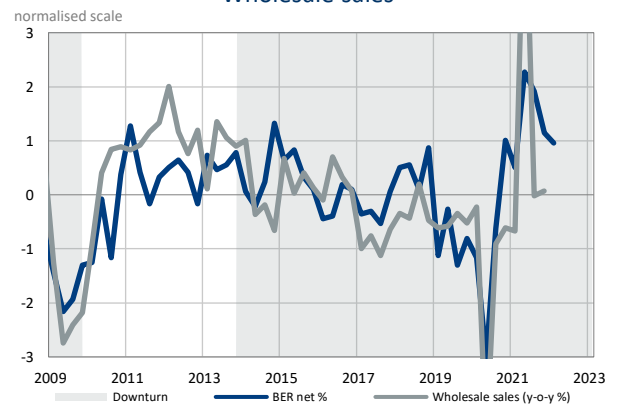
Retail: sales by province (smoothed)



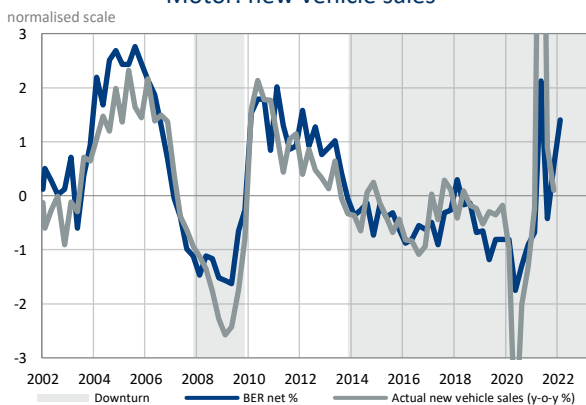
Retail: selling prices & core CPI



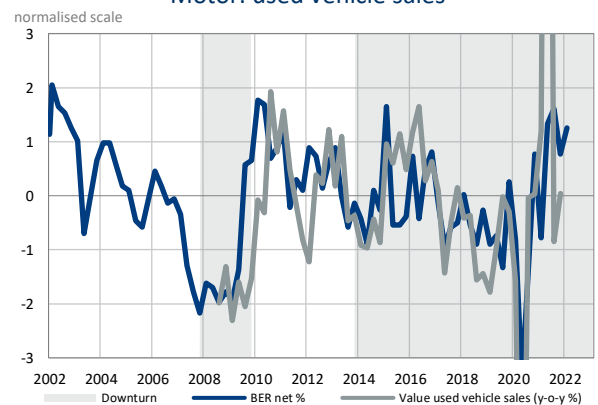
Wholesale sales



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.

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) for more information about the business tendency survey method.

The unique units of measurement of qualitative surveys

Net percentage (net %)

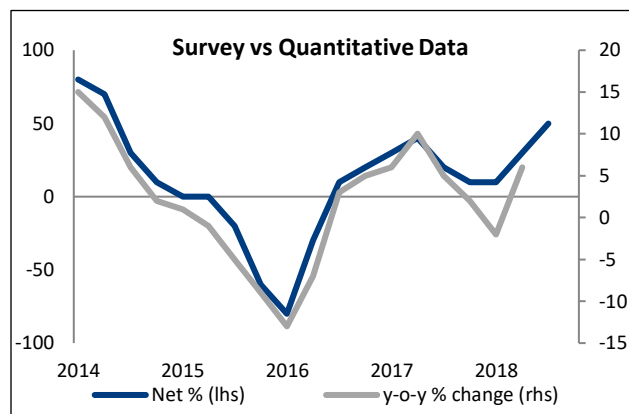
The responses related to the change in activity, prices, employment, business conditions, expected economic performance etc. are presented as a "net percentage" (also called a "net balance" or a "net majority"). If, for example, the percentages of respondents rating the volume of sales as "higher", the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

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.