

SACCI Press Release

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Strained Trade Conditions

In a statement issued today the CEO of SACCI, Mr. Alan Mukoki, said:

According to **SACCI's** Trade Conditions Survey of January 2016, trade conditions remained strained and closely resembled conditions following on the recession of 2007/08. The seasonally adjusted composite Trade Activity Index (TAI) for January 2016 was 39 – similar to December 2015. This is 20 index points below the TAI for January 2015.

The non-seasonally adjusted TAI, however, increased to 39 compared to 33 in December 2015. The sales volumes sub-index improved to 42 in January 2016 from 30 in December 2015 while the new orders index increased from 26 to 35. Supplier deliveries also improved to 32 from 29 in December 2015 while the inventories sub-index rose from 43 to 46 in January. The sales price sub-index declined by 2 points to 58 while the input prices sub-index rose to 74 – reflecting rising cost pressures in January 2016.

Trade expectations for the next six months remain uncertain and imply elusive expectations for the first half of 2016. The seasonally adjusted Trade Expectations Index (TEI) of 49 in November 2015 moved further into negative territory measuring 41 in January 2016 against 42 in December 2015. Sales and new order expectations declined by 1 point each in January 2016 from 43 and 38 in December 2016, respectively. Sales price expectations were marginally lower at 75 while input price expectations increased by a further 2 index points to 80. The present drought conditions and the weak rand will contribute to higher prices in the next six months.

The employment situation in the trade sector worsened as the sub-index declined to 43 in January 2016 from 47 in December 2015 while the sub-index on employment prospects for the next six months remained on 47.

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