

SACCI Press Release

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Seasonal Impact on Trade Conditions

Although the seasonal adjusted Trade Activity Index (TAI) improved from 49 in November 2016 to 53 in December 2016, the non-seasonally adjusted TAI was down to 44 in December 2016 from 53 in November 2016. The seasonally adjusted TAI of December 2016 was up from the adjusted TAI of 39 of December 2015. Therefore, although December is usually a tight month for trade conditions due to less business-to-business trade (except for retail trade), December 2016 was a noticeable better month than December 2015.

Respondents to the December 2016 Survey referred to political matters, maintenance of equipment, lack of household buying power, the weak economy, and a less business efficient empowerment strategy as amongst the issues that negatively affected trade conditions.

New orders, sales volumes, supplier deliveries and employment indices were down in December. Sales volumes decreased from 59 in November to 45 in December 2016 (30 in December 2015) while new orders also slumped from 56 to 43 (26 in December 2015) due to the strong seasonal factors.

Sales prices increased slightly while input prices eased marginally in December 2016. Inflationary expectations for the next six months eased as both the sales and input price indices declined by 5 and 6 index points respectively.

Trade expectations (TEI) remained in positive terrain on 57 index points in December compared to 55 in November 2016. The seasonally adjusted Trade Expectations Index however dipped to 55 from 59 in November 2016. Sales and new order expectations both remained optimistic at 63 and 61 in December 2016.

The employment sub-index declined further to 45 from 48 in November 2016. The six-month employment prospects, however, improved from 45 to 48 but remained in negative territory. Tight profit margins and general weak trade conditions force businesses to be more circumspect on input costs. It appears that less temporary staff than usual was hired over the holiday period.

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For more information and infographic, see the SACCI website - www.sacci.org.za or contact:

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