

SACCI Press Release

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Sales Volumes under Pressure

Since October 2016 trade conditions remained in negative territory with the Trade Activity Index (TAI) below 50. In April 2017 the TAI weakened to 45 from 46 in March 2017 although the seasonal adjusted TAI improved by two index points to 45. Between April 2016 and April 2017 the TAI declined from 47 to 45.

The seasonally adjusted Trade Expectations Index (TEI) weakened further by two index points to 49 in April 2017. This is the first time since April 2016, after recovering to a level of 61 in February 2017 that the seasonally adjusted TEI moved into negative territory. It appears that peripheral matters to trade were still weighing heavily on trade conditions in April 2017.

Respondents mentioned that extraneous factors such as emigration, political uncertainty, higher unemployment and crime are impeding trade. Uncertain economic and business conditions cause staff retrenchments, less credit availability while large shifts in the currency value make it difficult to conduct international trade. Improved marketing and larger export penetration were positive counter actions.

Recent sales volumes were notably hard hit as the sales volumes index decreased from 52 in March 2017 to 44 in April 2017 while the new orders index dipped by three points to 40. The expectations for sales volumes index remained low in April 2017 at 55 after reaching 73 in February 2017 accompanied by the expectations for new orders index also declining further from 53 to 50 in April 2017.

The inventory index improved to 47 from a stalled level of 40 in March 2017. The selling price index increased slightly to 62 from 61 while the input price index declined to 62 from 63 in March. Although still high, the price indices could imply that inflation are stable at present. Inflationary expectations indices remained high but reasonably stable at 69 and 76 respectively for the selling and input price indices in April 2017.

The employment sub-index remained on 48 in April 2017 but was lower than the 50 of April 2016. The employment diagnoses in the trade environment for the next 6 months remains weak and is cause for concern as the employment expectations index stayed put at 43 in April 2017.

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

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