

SACCI Press Release

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Stable Present Trade Conditions but Negative Outlook

Trade conditions remained in negative territory with the Trade Activity Index (TAI) still below 50 in May 2017. The TAI recorded 49 in May 2017 compared to 45 from in April 2017. The seasonally adjusted TAI improved by two index points between April and May 2017 to 47 in May. Since May 2016 the seasonally adjusted TAI declined by two index points.

The seasonally adjusted Trade Expectations Index (TEI) remained in negative territory and declined by a further index point to 48 in May 2017. From much improved trade expectations in February 2017 with the TEI at 63, trade expectations deteriorated to such a degree that the TEI stood at 48 in May. It appears that the recently announced recessionary conditions and junk status by reputable rating agencies are still weighing on trade conditions.

Apart from the recessionary conditions, respondents indicated that unstable and unpredictable economic policy large shifts in currency value, political instability, lack of leadership and low levels of business and consumer confidence, make business management exceedingly difficult. High unemployment and crime levels are notably worrying factors.

Recent sales volumes that are notably hard hit in April 2017, recovered as the sales volumes index improved from 44 in April 2017 to 52 in May 2017. The new orders index also improved and was nine points higher from the exceptionally low 40 in April 2017. The expectations sales volumes index remained subdued in May 2017 at 54 after reaching a high of 73 in February 2017. Expectations for new orders index also declined from 50 to 49 in May 2017.

The inventory index dropped to 42 from 47 in April 2017 due to lower sales expectations. The selling price index and the input price index remained virtually unchanged for sales prices at 61 in May from 62 in April, and 63 in May 2017 from 62 in April for inputs costs. Although still high, the price indices endorse lower consumer and producer inflation at present. Inflationary expectations indices remained high. The sales price expectations index stuck to 68 in May 2017, but expected input prices especially eased as the index declined from 76 in April 2017 to 66 in May 2017.

The employment sub-index remained reasonably stable on 49 in May 2017 and one index point higher than in April 2017. The employment outlook in the trade environment for the next 6 months weakened further and could add to unemployment as the employment expectations index declined by two index points to 41 in May 2017.

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

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