

SACCI Press Release

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Restrained Trade Conditions Persist

According to SACCI's Trade Conditions Survey for June 2017 conditions stayed in negative territory with the Trade Activity Index (TAI) still below 50 at 48. The seasonally adjusted TAI, however, improved by a further two index points between June and May 2017 to 49. Since April 2017, the seasonally adjusted TAI increased by 6 index points after the index reached a low of 43 in March 2017. The TAI was at about the same level in June 2017 as in June 2016.

The seasonally adjusted Trade Expectations Index (TEI) in June also remained in negative territory at 48 - with the TEI at some 60 during January and February 2017. Last year in June trade expectations were positive at 54. The recently announced recessionary conditions and junk status by reputable rating agencies are still affecting subdued trade conditions.

Apart from the prevailing depressed economic conditions, respondents this month cited currency volatility, official red tape, instances of corruption, political uncertainty, lack of fixed investment and unpredictable economic policy as impediments to trade

Sales volumes recovered with the sales volumes index improving to 55 in June 2017. The new orders index however declined to 46 - confirming deteriorating trade expectations. Expected sales volumes slowed with the index declining by 2 index points to 52 in June 2017. Expectations for new orders also decreased to 47 from 49 in May 2017.

The inventory index increased marginally to 43 from 42 in May 2017 due to continuing restrained trade conditions. The selling price index and the input price index remained virtually unchanged for sales prices (60) and for inputs costs (63). Although still high, the price indices concede lower inflationary expectations with the sales price expectations index 4 points lower at 64 in June 2017, but with expected input prices ticking up as the index increased to 71 after declining from 76 in April 2017 to 66 in May 2017.

The employment sub-index decreased to 47 in June 2017 – 2 index points lower than in May 2017, but the employment outlook for the next 6 months improved as the employment expectations index increased by 5 index points to 46 in June 2017.

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

Alan Mukoki
SACCI CEO

Cell: 082 551 1159

Richard Downing
Economist for SACCI

Cell: 082 822 5566