

SACCI Press Release

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Moderate and Stable Trade Conditions

The Trade Activity Index (TAI) of the **SACCI** Trade Conditions Survey for August 2017 was up to 48 from 47 for July 2017. Although slightly in negative territory, the seasonally adjusted TAI was edging towards the positive and remained approximately stable on 50. The TAI was one index point lower in August 2017 at 48 than the 49 in August 2016.

The seasonally adjusted Trade Expectations Index (TEI) remained stable since March 2017 around the moderate level of 50. The seasonally adjusted Trade Expectations Index (TEI) like the TAI also remained undecided on 50 in August 2017 – similar to July 2017. The moderate trade conditions emulate the decline (-1.1% y/y in first half of 2017) in value added by the wholesale and retail trade, hotels and restaurants as well as lower import and export volumes. New vehicle sales however, lately showed improvement.

The stronger rand and lower nominal interest rates helped to augment moderate trade conditions. It is expected that interest rates could further be lowered and thus decrease the real cost of finance. It however depends whether the balance of payments situation is conducive to such a move.

Sales volumes improved moderately in August as the sales volumes index increased by one point to 55. The new orders index however improved notably to 49 from 43 in July – supporting improved trade expectations. Expected sales volumes improved substantially as the index rose by 8 index points to 62 in August 2017. Expectations for new orders also rose to 53 from 50 in July 2017 implying improving trade conditions ahead.

The inventory index decreased somewhat from 51 to 46 in August 2017 after lower stock levels were recorded in May and June 2017. The selling price index remained on 55 with the input price index decreasing to 62 from 64. Although still high, the price indices endorse lower inflationary pressures with the sales price expectations index down to 61 from 64 points in July 2017 and input prices expected to fall as the index declined to 65 from 73 in July 2017.

The employment sub-index remained passive at 43 in August 2017 – 11 index points lower than in August 2016, and the employment outlook for the next 6 months suggests jobs will remain under pressure as the employment expectations index also kept to 43 in August 2017.

Released by the South African Chamber of Commerce and Industry at the SACCI offices in Rosebank, Johannesburg

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

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