

SACCI Press Release

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Trade Conditions Remain Constrained

The Trade Activity Index (TAI) of SACCI's Trade Conditions Survey for October 2017 remained in negative territory at 46 in October 2017. All elements of trade activity improved on September except for prices that increased and jobs remaining unchanged. The seasonally adjusted TAI was down by 2 index points in October 2017 – confirming real trade constraints. The TAI in October 2017 was 5 index points lower than in October 2016 confirming tougher overall trade conditions.

The tough trade conditions in September and October 2017 suggest a decline in the value added by the wholesale and retail trade, hotels and restaurants as well as lower import and export volumes. New vehicle sales and foreign trade, however, performed better than general trade conditions indicate.

The seasonally adjusted Trade Expectations Index (TEI) remained around the borderline level of 50 since March 2017 after being at around 60 for the period up to February 2017. The seasonally adjusted Trade Expectations Index (TEI improved by 1 point to 51 in October 2017. The markedly weaker rand against currencies of major trading partners, higher real interest rates and increased unemployment have fed negative trade prospects. It is expected that nominal interest rates will remain unchanged and thus leave the real cost of finance relatively high.

Sale volumes moved up in October with the sales volume index on 56. The new orders index improved to 41 from 38 in August. Expected sales volumes dipped and new orders remained virtually unchanged on 56 and 50 respectively in October 2017 -

The inventory index increased from 43 to 45 in October 2017 after lower stock levels were also recorded in August and September 2017. The selling price index rose to 60 with the input price index rising to 72 from 65. Being already high, the price indices remain in line for higher inflationary pressures with the sales price expectations index increasing from the present 67 points and input prices expected to rally from the present index of 78 in October 2017.

The employment sub-index remained depressed at 43 in October 2017 – the same as in September 2017, while the employment outlook for the next 6 months remains lower at 41 in October 2017 compared to 43 in August 2017.

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

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