SACCI Press Release
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Passive Trade Conditions Continue

In SACCI's latest Trade Conditions Survey the Trade Activity Index (TAI) for November 2017 declined slightly by one index point to 45 and remained in negative territory. Some important elements of trade contracted in November except for new orders that increased and thus supported expectations. The seasonally adjusted TAI was down by 2 index points in November 2017 and emulate the sluggish economy. The seasonally adjusted TAI was 7 index points lower in November 2017 than a year ago.

The tougher trade conditions since September 2017 suggest a further decline in the value added by the trade sector as well as lower import volumes. The value added of the trade sector declined by 1% year-on-year in the first three quarters of 2017. New vehicle sales and export trade volumes performed better than general trade conditions indicate.

The seasonally adjusted Trade Expectations Index (TEI) improve notably to 59 in November 2017 – well above the borderline level of 50 where the TEI persisted since March 2017. The seasonally adjusted TEI improved by 8 points in November 2017. The significant volatility of the rand against currencies of major trading partners, higher real interest rates and high 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 decreased in November with the sales volume index down from 56 to 49. The new orders index however improved to 45 from 41 in October 2017 with expected sales volumes and expected new orders improving substantially into positive territory at 63 and 58 respectively in November 2017. The inventory index increased slightly.

The sales price index dipped noticeably by 10 points to 50 and the input price index by 6 points to 66. The decline in especially sales prices reflects the tough trade conditions and a 'buyers' market'. Being relatively high, the price indices contain less demand inflationary pressures. Price expectations, however, remain high with both the sales and input price indices increasing by 3 index points. 81% of the respondents experience higher input costs. The rising crude oil price, higher electricity tariffs and a volatile and weaker rand are fuelling inflationary expectations.

The employment sub-index remained flat at 43 in November 2017, while the employment outlook index for the next 6 months unexpectedly lifted by 8 points in November 2017 from 41 in October 2017.

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

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