

SACCI press release

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Trade conditions slip

The January 2019 trade conditions survey by **SACCI's** depicts a defensive mode with 70% of the respondents negative about trade conditions. The Trade Activity Index (TAI), at 30 in January 2019, was at its lowest level since inception of the Survey in 2000. The previous lowest level for the TAI was 32 in April 2009, i.e. after the Great Recession of 2007/08. The seasonally adjusted Trade Activity Index (TAI) slipped by not less than 17 index points between January 2019 and December 2018. It appears that a notable change occurred in the seasonal patterns of trade conditions due to the Black Friday phenomenon in November. The TAI was nonetheless 14 points down on January 2018.

Trade expectations for the next six months remained negative although not as depressed as present conditions with the seasonally adjusted Trade Expectations Index (TEI) down by 4 index points on the December 2018 level of 45. The TEI was nevertheless 18 points below the January 2018 level of 60 – partly due to high expectations in January 2018 after new leadership was elected by the ruling party.

Although 2019 is more promising, it still points to the reality of continuing political uncertainty, high unemployment, loadshedding, land reform, a subdued local and world economy, compliance cost of the regulatory environment, strikes, and wage demands that exceed inflation and stifle the trade environment. The sales sub-index declined by 8 index points to 35 in January 2019 while the new orders index dropped by 1 index point to 32. The sales outlook also deteriorated as the index declined by 4 index points to 46. Expected new orders slipped by 3 index points.

The weak trade conditions caused the sales price index to drop by 10 index points – suggesting defensive reaction to improve sales volumes while input prices also dropped with the January 2019 index 14 points lower. Sales and input prices are expected to drop by 5 and 6 index points respectively over the next six months implying muted inflationary pressures in the trade environment. A stronger rand and lower fuel prices could further contribute thereto.

The employment sub-index declined substantially by 15 points to 24 in January 2019 while the six-month employment-outlook also deteriorated moderately albeit with the index declining by 3 index points to 38.

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

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