

SACCI Press Release

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Fragile Trade Conditions

The seasonal adjusted Trade Activity Index (TAI) declined from 53 in December 2016 to 46 in January 2017 – reflecting weaker trade conditions. The non-seasonally adjusted TAI was up to 45 from 44 in December 2016 and indicates the strong seasonal factor present in trade conditions – especially year-end.

The seasonally adjusted TAI of January 2017 was up by 6 index points from the dismal TAI of 40 of January 2016. The solid improvements in trade conditions sighted in December 2016 and January 2017 were due to the surprising and unfortunate economic developments that impacted negatively on trade conditions at the end of 2015 and beginning 2016.

Respondents to the January 2017 Survey indicated political uncertainty, community protests, unemployment, shortage in disposable income, slow economic growth and difficult export markets due to stronger rand, as the most amongst important matters negatively affecting trade.

The sub-indices on new orders, sales volumes, supplier deliveries and the backlog on received orders improved in January 2017. The sales volumes index increased from 45 in December 2016 to 48 in January 2017 while new orders remained on 43. The inventory index declined from 48 to 44.

The sales and input price indices both eased slightly in January 2017. Inflationary expectations remained unchanged but high at 67 and 74 respectively for sales and input prices.

The Trade Expectations Index (TEI), on 59 index points in January 2017, remained in positive terrain. Although expectations do not have a strong seasonal factor, the seasonally adjusted Trade Expectations Index improved from 55 in December 2016 to 59 in January 2017. Expectations on sales, new orders, supplies and inventories all were in positive territory and at 55 index points or higher.

The employment sub-index declined further to 44 from 45 in December 2016. The six-month employment prospects, however, improved slightly from 48 to 49, but remained in negative territory. The national minimum wage did not appear to affect the January 2017 results.

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

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