

Don Consultancy Group (DCG)

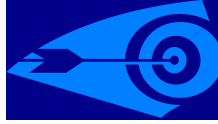
ENCOURAGING POSITIVE MOVEMENT IN WHOLESALE TRADE SALES, THOUGH REFLECTIVE OF A WEAK ECONOMIC ENVIRONMENT, SAYS CHIEF ECONOMIST OF DCG.

JOHANNESBURG, 14th OCTOBER 2021 – The Don Consultancy Group (DCG) Chief Economist Mr Chifi Mhango says that it is encouraging to see a positive movement in South Africa wholesale trade sales in August 2021 in a relatively weak economic environment.

Mr Mhango highlighted that: “wholesale trade sales data gives investors a closer look at the consumer economy, as wholesalers' sales and inventory numbers can be a leading indicator of consumer trends. By looking at the ratio of sales to inventories, investors can see whether or not production may grow or slow in the future. Wholesale trade data reflects output sales from key sectors such as manufacturing, agriculture, mining, publishing, and some other information industries sales to retailers, industrial, commercial, or institutional users such as governments and other businesses.”

Data released by Statistics South Africa (StatsSA) today reflects wholesale trade sales increase of 4.3% in August 2021 compared to August 2020, to reach R162 billion in real terms. On a monthly basis, wholesale trade sales increased by 2.7% in August 2021 from July 2021, with a 9.6%% increase year to date. The largest increase year on year wholesale trade sales were registered in Solid, liquid and gaseous fuels and related products, Metals and metal ores and Precious stones, jewellery and silverware categories.

The key categories such as Food, beverages and tobacco, Solid, liquid and gaseous fuels and related products and Machinery, equipment and supplies which account for a combined total weight of 50.4% of wholesale trade sales, experienced an average increase of 14% in August 2021 year on year, with total sales of R114 billion in current terms.



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In another category of economic significance, which is construction and building materials wholesale sales, StatsSA data reflects a decline in August 2021, to R11.1 billion from R11.5 billion in July 2021, despite year on year increase of 1.9%, which is also the lowest monthly increase in 2021, if we exclude July 2021, which was due to the unrest activities.

Mr Mhango said that: “The construction and building materials wholesale trade sales monthly sales declines is indicative of weak activity in the construction sector, with increases in construction material prices discouraging residential home improvements, also being reflected in latest Retail Sales data category of hardware, paint and glass, with yearly decline of 7.4% in real terms”.

The DCG Chief Economist Chifi Mhango concluded that: “In overall, the total wholesale sales numbers are in line with the manufacturing production and sales data of August 2021, and also supported by the Manufacturing PMI recent trend. The seasonally adjusted Absa Purchasing Managers’ Index improved to 57.9 in August from 43.5 in July, representing an expansion. The data reflects an improvement in business conditions in the manufacturing sector, after disruptive July 2021 unrest in parts of Gauteng and KwaZulu-Natal provinces and less strict lockdown restrictions as well as a rise in export sales.”

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Issued by:

Joyce Masi

Director: Corporate Affairs and Communication

Tel: 083 450 9467

Email: media@doncg.co.za

Web: www.DonConsultancyGroup.com