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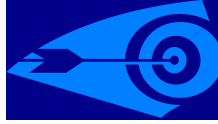
DECLINE IN WHOLESALE TRADE IN REAL TERMS IS REFLECTIVE OF THE BUMPY RIDE THE SOUTH AFRICAN ECONOMY IS FACING TOWARDS A RECOVERY, SAYS CHIEF ECONOMIST OF DCG.

JOHANNESBURG, 18th NOVEMBER 2021 – The Don Consultancy Group (DCG) Chief Economist Mr Chifi Mhango says: “the wholesale trade data declines in real terms, is reflective of the bumpy ride the South African economy is facing towards recovery, as demand conditions remain weak.”

Mr Mhango continues to emphasize 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 decline of 0.3% in September 2021 compared to September 2020, to R163.4 billion in real terms. On a monthly basis, wholesale trade sales declined by 1.3% in September 2021 from August 2021, with 8.4% increase year to date. In current terms, thus the data that does not exclude inflation, there is a year on year increase of 10.1% in wholesale sales, but still a monthly decline of 0.3% is reflected.

DCG Chief Economist Mr Chifi Mhango said that: “In another category of economic significance, which is construction and building materials wholesale sales, StatsSA data reflects a year on year decline of 2.9% in current terms in September 2021, although on a positive side, a month on month improvement to R13.6 billion from R11.2 billion in August 2021.



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“The overall wholesale trade sales declines in real terms should be observed in the context of the entire economic performance, as the products feed in into the various sectors of the South African economy. Its reflective that demand patterns continue to be bumpy and not sustaining a positive movement. This is clearly being seen in GDP numbers, in which economic activity is also weak across key sectors of the economy.” Mr Mhango said.

In conclusion Mr Mhango said: “In overall, the total wholesale sales numbers are in line with the business environment conditions and consumer patterns. Business confidence remains weak, with latest figures indicating 43 index level, with consumer confidence in negative territory of -10. Hence we wait anxiously on what move the South African Reserve Bank will make around interest rates, as wholesale trade sales in some categories is credit driven, and interest rates have a significant bearing on lending patterns.”

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