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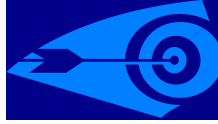
A MARGINAL INCREASE IN WHOLESALE TRADE DATA REFLECTS RELATIVELY WEAK BUSINESS AND CONSUMER CONFIDENCE CONDITIONS IN THE SOUTH AFRICAN ECONOMY, SAYS CHIEF ECONOMIST OF DCG.

JOHANNESBURG, 09th DECEMBER 2021 – The Don Consultancy Group (DCG) Chief Economist Mr Chifi Mhango says: “the marginal increase in wholesale trade data reflects the relatively weak business and consumer confidence conditions in the South African economy.”

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.”

Statistics South Africa (StatsSA) data released today shows wholesale trade sales increase of 0.2% in October 2021 compared to October 2020, to R171.5 billion in real terms. On a monthly basis, real wholesale trade sales increased by 0.1% in October 2021 from September 2021, with 7.5% increase year to date. In current terms, the data that does not exclude inflation, there is a year on year increase of 16.2% in wholesale sales, with a monthly increase of 2.2%.

DCG Chief Economist Mr Chifi Mhango said that: “within the construction and building materials wholesale sales, StatsSA data shows a year on year decline of 3.7% in current terms in October 2021 to R12.1 billion, also reflecting a monthly decline of R1.5 billion from September 2021.



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Mr Mhango concluded that: “In general, the wholesale trade sales numbers reflect the real business environment and consumer confidence conditions in the South African economy, which are relatively weak, coupled with overall economic performance at a sector level. The disruption of trading due to electricity load shedding remains a concern, with recent interest rates hikes also squeezing consumers’ affordability further.”

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