

# Trade conditions off to low start in January

Trade conditions started off the year low, the South African Chamber of Commerce and Industry (Sacci) said in its *January Trade Conditions Survey*.



"After the trade environment suffered a setback in December 2011 compared to October and November 2011, the non-seasonally adjusted TAI (trade activity index) recovered to 48 in January 2012," said Sacci on Monday.

The seasonally adjusted TAI gained 8 points in December to measure 50 in January. In January 2011 the trade activity index stood at 49. The trade activity index measures the view of business on current trade activity.

According to Sacci, all the components of trade activity improved on the December 2011 numbers but for the employment index that declined by two points to 44.

In January, the sales volume index recovered but was still 13 points below the recent high in November 2011. Inventories picked up by 13 index points as re-stocking following the holiday season took place. Supplier deliveries returned to pre-holiday season levels.

## Trade expectations

Trade expectations progressed further as the Trade Expectations Index (TEI) increased to 62 after a strong 59 in December. The TEI measures business's expectations of trade conditions six months ahead.

"Trade expectations are a bit lower than the TEI of 64 in January 2011. The January 2012 six month outlook for all components of trade is better than the average for these components for the latter half of 2011," noted Sacci.

"The six month outlook for sales and input prices remained high as the indices measured 73 and 79 respectively in January 2012. With the high costs of domestic inputs and a possible stronger rand, local businesses will face tough conditions in 2012 in a slow growing economy. Nominal interest rates are likely to remain unchanged in 2012 thereby easing the cost of

financing," explained Sacci.

The current employment conditions and the six month outlook for employment in the trade environment have moderated.

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