

Trade conditions improve, says SACCI

Trade conditions in South Africa are set on a path of recovery, according to a survey by the South African Chamber of Commerce and Industry (SACCI).

The August Trade Conditions Survey found that the Trade Activity Index improved to 44 points in August 2009. This index, which reflects current trade conditions, was at 42 in July.

“Although trade conditions remained in negative territory... below 50 index points, it is the highest level this year and the highest since the 46 of October 2008,” said the survey.

It said the steady recovery in the index from a low of 32 in April 2009 appears to be sustained.

The sales and new orders sub-components of trade activity displayed mixed performance when compared to the June and July levels. The sub-index on sales volumes dipped slightly to 45 in August from 47 in July 2009, longer term sales volumes trend is toward recovery.

Meanwhile, the new orders sub-index that had gained eight index points in July, increased further by three points in August to reach 47, the best level this year.

Supplier deliveries also improved to 42 in August from the 39 recorded in July, confirming its path to recovery.

“The increase in the inventory index to 45 from 40 in July 2009 is further evidence of improving trade conditions.”

Selling prices increased marginally from 51 in July to 53 in August. However, the input price index decreased by one to 58 points in August.

“Inflationary pressures therefore appear to be contained for the moment.”

In looking ahead to the next six months, SACCI said that in the Trade Expectations Index (TEI), respondents continued to be optimistic. The TEI remained high in August at 55 from the 56 registered in July.

“The TEI has been on the incline since March and the August and July 2009 figures were the highest TEI levels for 2009,” said the chamber.

Sales expectations for August of 64 consolidated the improved July reading of 65 while expectations for new orders were on 58, the same figure recorded in July.

The index on supplier delivery prospects also stabilised on 54. Prospects for trade activity were all positive except when coming to employment prospects.

“Current employment conditions in the trade environment improved marginally and the employment index rose by one point to 42 in August 2009. Employment prospects slipped somewhat to 44 from 46 in July 2009.

"The implication of these movements is that even when employment recovers, the recovery will not be a consistently smooth path but a path that is reflective of an arduous economic recovery.”

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