

SA trade in negative territory

South Africa's trade conditions declined to 42 index points in December, reflecting a normal seasonal phenomenon, the South African Chamber of Commerce and Industry (Sacci) said on Thursday, 14 January 2010.

According to Sacci's monthly Trade Activity Index (TAI), which reflects current trade conditions, conditions declined to 42 index points in December 2009 from 51 index points in November 2009.

"This is the first time since September 2009 that the TAI has been in negative territory, or below 50. The decline in the TAI between November and December is a normal seasonal phenomenon as non-retail trade reaches its annual peak in November," said the chamber.

It added that the decline was greater than in 2008 but less than in 2007.

The TAI, which dipped to a low of 32 in April 2009, may nonetheless be sustained into 2010 given the high trade expectations for the next six months, said SACCI.

The sub-index on sales volumes dipped by 14 index points to 45 in December 2009 while the new orders index decreased by 11 points to 39 in December 2009.

The supplier deliveries index declined to 26 in December 2009 from 31 in November 2009.

"These occurrences are also due to the seasonal (December/January) slowdown in overall trade activity. The decrease in the inventory index to 39 in December 2009 confirms low business-to-business trade activity in December," it explained.

When coming to the index on selling prices, this remained at 49 for the third consecutive month following the 50 of September 2009. The input price index decreased marginally by one point to 52 in December 2009.

"Inflationary pressures appear to be contained for the moment," said Sacci.

"In looking six months ahead, respondents remain highly optimistic as the Trade Expectations Index (TEI) improved by a further five points to 68 in December 2009. While the October 2009 TEI was a correction of an overly optimistic outlook in September 2009, the November and December 2009 surge in the TEI supports a more optimistic outlook as the 2010 World Cup Soccer event draws closer," says the chamber.

Expectations for sales gained six points in December last year after a 10 point surge from October to November 2009.

“In contrast to the positive outlook for future trade conditions, the expectations for higher inflation for the next six months did not change in December 2009 after rising markedly in November 2009,” it said.

On the other hand employment conditions in the trade environment improved marginally in December due to temporary, seasonal workers taking up employment in the retail trade environment.

The employment prospects index improved further to 55 from 52 in November 2009 and is in positive territory for the second time since August 2008.

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