

# Healthy growth in retail spending for January as inflation trends downwards

South African consumer spending for January 2018 climbed 3.8% year-on-year after removing the effects of inflation, marking the same pace of growth the retail industry saw during the December peak season. This is according to the [Mastercard SpendingPulse](#) January 2018 report, which provides a macroeconomic analysis of retail spending trends in South Africa.



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Including the effects of inflation, retail sales for January 2018 grew 7.3% year-on-year. Inflation contributed just 3.5 percentage points to overall sales growth, the lowest levels seen since SpendingPulse started tracking South Africa in 2013.

“January retail sales show an improvement in consumer discretionary spending, with South Africans benefiting from a moderation in inflation, a stronger rand, and some recovery in industries such as agriculture as production recovers from the severe drought,” says Sarah Quinlan, senior vice president and group head of market insights for Mastercard.

“With 2017’s GDP growth exceeding expectations at 1.3% and improved business confidence, we are seeing a healthier economic outlook with a possibility of stronger wage and employment growth in the months to come.”



Significant growth in festive retail spending driven by stronger rand and lower inflation

9 Feb 2018



## Key findings

Key findings of the Mastercard SpendingPulse South Africa January 2018 report include:

- January 2018 recorded more sales volume than each of the five prior January periods.
- Pharmaceuticals, medical goods, cosmetics and toiletry retailers modestly underperformed in January with inflation-adjusted sales rising 3.5% year-on-year – a substantial deceleration from the 6% year-on-year surge seen in December 2017.
- The general dealer sector – which includes food and other day-to-day essentials – continues to underperform for a 13th consecutive month, with inflation-adjusted sales declining by 1.2% year-on-year. Including the effects of inflation, general dealer sales climbed 5.6% year-on-year.

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