

May Beti data confirms economic stagnation

In May 2023, the BankservAfrica economic transactions index (Beti) experienced a slight decline, marking the third decrease in the last four months. This decline further solidifies the ongoing trend of stagnant growth in the economy.



Source: [Pexels](#)

“The Beti slipped to an index level of 132.3 in May compared to 132.7 in the previous month,” says Shergeran Naidoo, BankservAfrica’s head of stakeholder engagements. “On an annual basis, the Beti weakened by a notable 7.4% in May 2023 compared to the revised decline of 3.6% in April.”

The monthly decline in the Beti confirms reservations that the recovery in April would be a sustainable upward trend, while the annual adjustment was off a high base. In May 2022, one year earlier, the Beti increased by a solid 3.9% month-over-month (m/m) to reach an all-time high of 142.9 at the time, driven by a strong post-Covid recovery.

“In the past year, the Beti has moved sideways with some volatility from month to month. From June 2022 to May 2023, the Beti declined on a monthly basis in nine out of the 12 months, suggesting an economic scenario of stagnation,” comments Naidoo. She adds this confirms the economy remains in a ‘muddle-along-little-thriving’ narrative.

In May, the economic environment remained challenging. Recent statistics indicated South Africans have spent 27% of the year so far without power, compared to 9.5% in 2022. Interest rates have increased again to reach a 14-year high and the rand exchange rate fell to new lows amid policy and political uncertainties. The cost of living remains elevated and the global

economic slowdown is still prevalent.

The trends in the May Beti are similar to findings from the other nowcast indicators. The Absa Purchasing Managers' Index (PMI) slipped to 49.2 index points in May and has remained below the neutral 50-level for four consecutive months, signalling stagnation. The S&P Global South Africa Purchasing Managers' Index - a composite gauge of operating conditions in the private-sector economy – dropped to its lowest reading of 47.9 in just under two years in May.



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Harry Scherzer 8 Jun 2023



On the global front, May saw the rate of expansion in global economic activity accelerate to an 18-month high, largely driven by the continued vibrancy of the services sector. Companies reported a further upswing in new order intakes, leading to continued business optimism and solid job creation. The J.P.Morgan global composite PMI output index rose to 54.4 in May.

Meanwhile, the standardised nominal value of transactions cleared through BankservAfrica in May 2023 was R1.18tn compared to April's R1.22tn, according to Naidoo. The number of transactions increased from 135.9 million in April to 147.2 million in May 2023, partly due to more trading days in May.

Mining and manufacturing buoy the economy

In previous months, the Beti flagged the potential of a negative quarterly growth rate in Q1 2023, with the March Beti 1.9% lower than in the quarter ending December 2022. However, driven by resilience in the mining, manufacturing and finance sectors, the economy managed to grow marginally in Q1, averting a technical recession.

According to Stats SA, real GDP growth increased by 0.4% quarter on quarter (q/q) in Q1 2023 compared to a revised -1.1% q/q in Q4 2022, translating into growth of only 0.2% on an annual basis.

While eight of the 10 economic sectors recorded positive growth in Q1, growth rates could at best be described as subdued, which ties into the observed trend in the Beti. "The economy remains in a muddle-along scenario and unable to meaningfully alleviate South Africa's social and unemployment issues," ends Naidoo.

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