

South African retail sales rise 1.3% in March

Stats SA reports that South African retail trade sales increased by 1.3% year-on-year in March 2022.



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The largest positive annual growth rates were recorded for: retailers in pharmaceuticals and medical goods, cosmetics and toiletries (6.2%); retailers in household furniture, appliances and equipment (5.5%); and all 'other' retailers (3.5%). The largest positive contributor to this increase was general dealers (contributing 0.9 of a percentage point).

"As per our expectations, the uptrend in Clothing and Footwear sales continues, albeit at a slower pace, as mobility continues to improve, and workers make their way back to workplaces. On the opposite end, the declining trend in Hardware material sales continues, with volumes declining by 12.4% y/y in March, in line with the waning home-improvement drive," commented Siphamandla Mkhwanazi, FNB senior economist.



South African retail racks up R516bn in annual sales

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Seasonally adjusted retail trade sales decreased by 0.3% in March 2022 compared with February 2022. This followed month-on-month changes of -2.0% in February 2022 and 2.3% in January 2022.

"This suggests that volume sales increased by 1.9% compared to 4Q21 and will therefore have a positive contribution to the 1Q22 GDP growth. Nevertheless, this reflects a moderation from the 5.7% q/q volumes growth recorded in 4Q21. The decline in volume sales in the last couple of months is consistent with swelling pressure on discretionary incomes, due to rising interest rates and a higher cost of living," said Mkhwanazi.

"We expect the momentum in volume sales to continue slowing in the coming months, as consumer headwinds intensify. These include higher inflation (especially food, transportation, and utility costs); depressed consumer sentiment; stagnant labour market; and the less supportive interest rate environment. The slight lift in credit uptake should provide marginal support but not enough to counteract these headwinds," Mkhwanazi added.

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