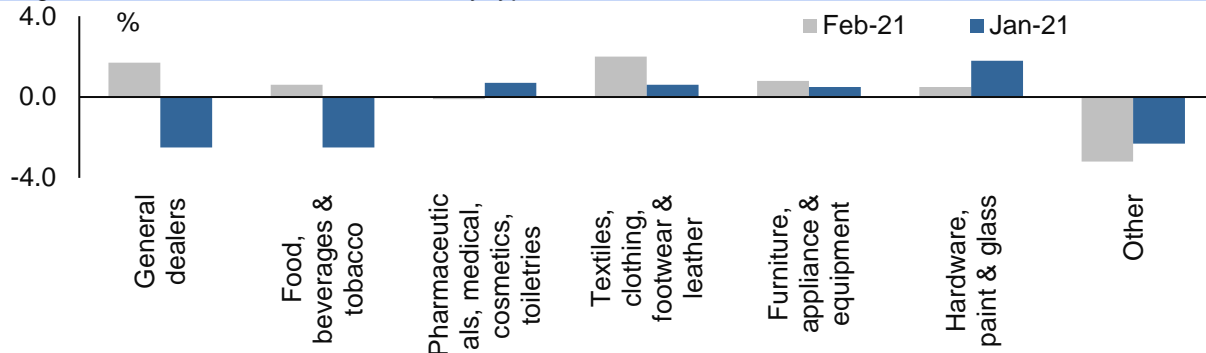




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Figure 1: Contributions to retail sales by type of retailer



Sources: Stats SA, Investec

- Retail trade sales rose by a notable 2.3% y/y in February 2021, following January's -3.7% y/y (revised) slide, buoyed by the easing of lockdown restrictions by government.
- The pick-up in activity was generally broad based, with only the pharmaceuticals and "all other" retailers' categories experiencing declines. Indeed, the catchall category, "all other retailers" saw sales plunge by a further -23.6% y/y in February, thus it detracted -3.2% points from the headline reading.
- This was however countered by robust sales in other segments. Specifically, sales of general dealers and retailers in the clothing and textile industry rose by 3.9% y/y and 12.3% y/y respectively and owing to their substantial weighting in the retail basket (61.6%), added a combined 3.7% points to the top line outcome.
- Furthermore, sales of household furniture, appliances and equipment continued to benefit from the work from home dynamic, while activity within the food, beverages and tobacco in specialised stores category climbed 8.0% y/y, following January's -32.3% y/y decline, buoyed by pent-up demand, following the easing of the country's third alcohol ban at the beginning of February.
- February's marked uptick is supported by the BankservAfrica's Take-home Pay and Economic Transactions indices for February. Specifically, it is the "(f)irst time since May 2020 that the overall total salaries paid via BankservAfrica through the National Payments System showed a positive increase," according to BankservAfrica.
- BankservAfrica's Economic Transaction Index (BETI) which tracks the volume and value of South Africa's electronic payments interbank transactions routed through BankservAfrica recorded a 2.2% m/m rise in transactions from January. "This is the highest monthly increase since 2014 and 2012," according to BankservAfrica.
- Notwithstanding February's notable improvement, retailers continue to face a myriad of operational challenges including persistent supply chain disruptions, impacting prices. Additionally, many smaller independent retailers have been forced to close their doors owing to "aggressive competition from large chain stores," according to the BER.
- Moreover, household balance sheets remain under pressure and consumer confidence is still subdued. A third wave as we head into winter remains a substantial risk, as we have seen with other countries. Accordingly, growth in household consumption expenditure, which comprises around 60% of GDP is likely to be modest in the medium term.

Figure 2: Key growth rates in retail trade sales (constant prices)

	January 2021	February 2021
Year on year %	-3.7	2.3
Month on month %, seasonally adjusted	-2.4	6.9
3-month %, seasonally adjusted	1.1	1.7

Source: Stats SA

Retail sales update: Retail sales grew by 2.3% y/y in February as lockdown restrictions were eased



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