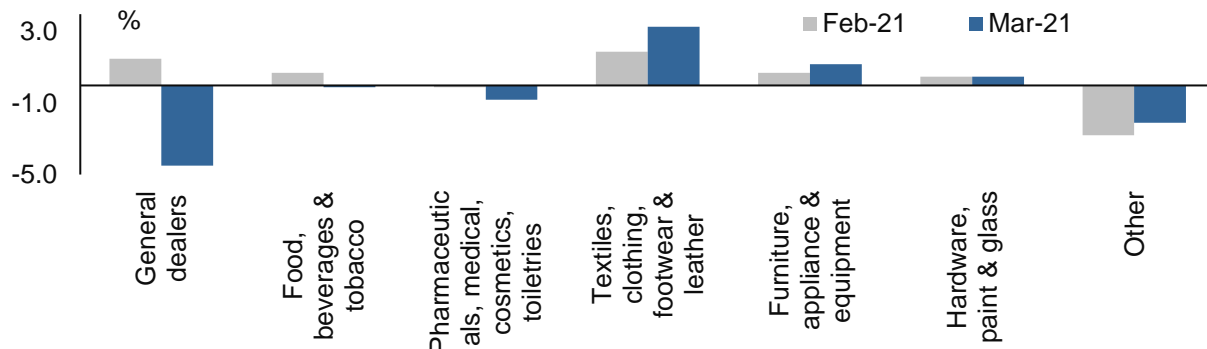




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Figure 1: Contributions to retail sales by type of retailer



Sources: Stats SA, Investec

- Retail trade sales fell by -2.5% y/y in March 2021, following February's 2.2% y/y (revised) lift. The result was markedly weaker than consensus expectations (Bloomberg) of a 2.5% y/y lift.
- Measured on a quarter-on-quarter seasonally adjusted basis (qqsa) however, sales were up 1.5% in March, therefore the trade sector should still make a positive contribution to the quarter's GDP outcome.
- A slump in activity within the general dealers' and all other retailers' categories was primarily responsible for March's disappointing reading. Specifically general dealer sales fell by -9.3% y/y in March and owing to its large 44.9% weighting in the retail basket, it detracted a marked -4.5% points from the headline number.
- Similarly, the catchall category, "all other retailers" which has been in contractionary territory now for thirteen consecutive months, plunged by a further -18.5% y/y in March, in turn slicing -2.1% points off the headline reading.
- Conversely, a robust performance by the textiles, clothing, footwear and leather goods and household furniture, appliances and equipment segments of 26.7% y/y and 30.2% y/y respectively, added a combined 4.5% points to the top line outcome, preventing a far worse year-on-year decline. Indeed, sales of household furniture, appliances and equipment continue to benefit from the work from home dynamic.
- BankservAfrica's Economic Transaction Index (BETI) which tracks the volume and value of South Africa's electronic payments interbank transactions routed through BankservAfrica rose by 6.6% y/y in March, buoyed by the pandemic induced, low base effect logged in 2020. However, quarterly readings continue to moderate. Indeed, the "quarterly growth was 0.9% in March 2021 unlike February's 1.7% and January's 2.7%," according to BankservAfrica.
- Retailers continue to face many challenges in this subdued economy. Having an online presence is essential to remain relevant. In a study conducted by World Wide Worx, results revealed that "total growth for online retail in South Africa in 2020 came to 66%, bringing the total of online retail in South Africa to R30,2-billion".
- Household balance sheets are likely to remain under pressure for some time as high unemployment persists and debt as a percentage of disposable income remains elevated. Accordingly, we expect only a modest lift in household consumption expenditure in the near-term.
- Government has said that SA is in the third wave, but the numbers are not seeing rapid escalation currently. Tighter restrictions remain a risk to economic recovery. While the second phase of the vaccination roll-out which commenced on Monday, should boost confidence somewhat its needs to be performed efficiently and swiftly.

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

	February 2021	March 2021
Year on year %	-2.2	-2.5
Month on month %, seasonally adjusted	6.9	-3.7
3-month %, seasonally adjusted	1.7	1.5

Source: Stats SA

## Retail sales update: Retail sales disappointed in March, falling by -2.5% y/y, dragged down largely by general dealer activity



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