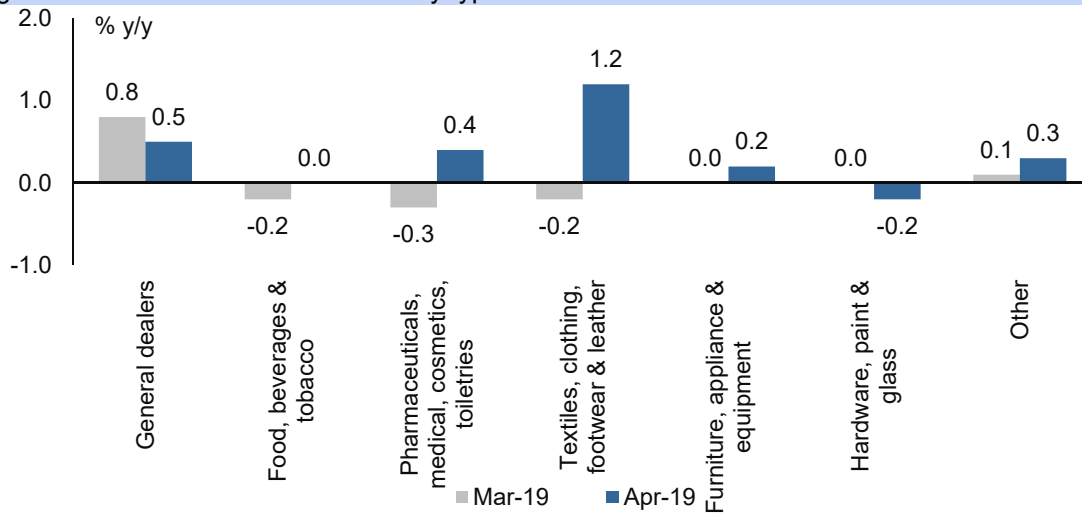


## Retail sales update: Retail trade sales lift by 2.4% y/y in April, buoyed largely by the textiles segment

12<sup>th</sup> June 2019



Figure 1: Contributions to retail sales by type of retailer



Sources: Stats SA, Investec

- Retail trade sales growth accelerated somewhat in April to 2.4% y/y, this following March's marginal 0.1% y/y (revised) lift and was ahead of consensus expectations of a modest 1.2% y/y increase.
- The improved momentum was broad based, with five of the seven retailer categories experiencing growth. The textiles, clothing, footwear and leather goods segment made the largest positive contribution, adding 1.2% to the top line result, on the back of growth of 6.4% y/y. Additionally, the general dealers category, with its dominant weighting in the index at 43%, added a modest 0.5% to the headline reading.
- However, the BER's latest consumer confidence release for Q2.19, (which although edged up moderately by 3 index points), revealed that the "(m)ajority of consumers still rate the present time as inappropriate to purchase big-ticket items", suggesting "(t)hat consumers remain cautious".
- Furthermore, retail inflation fell to 2.0% y/y in April from 2.6% y/y in March, markedly below consumer price inflation. This provides further evidence of a constrained consumer-spending environment, which continues to impede retailers' ability to pass on price increases, prompting them to continuously look for innovative cost reduction strategies, in order to compete.
- High unemployment, which is sitting at 27.6%, coupled with rising living costs continues to weigh on household balance sheets, this amid softening economic growth prospects.
- A meaningful lift in consumer and business confidence is required to drive private sector fixed investment and therefore growth and employment before we see any significant pick-up in consumer spending.
- Key policies need to be continuously reviewed, successfully implemented and transparently laid out, in order to foster policy certainty amongst South Africans and propel a lift in sentiment.

Figure 2: Retail trade sales by type of retailer (at constant prices)

	March 2019			April 2019	
	Weight	% y/y	Contribution	% y/y	Contribution
General dealers	43.0	1.8	0.8	1.2	0.5
Food, beverages and tobacco in specialised stores	7.5	-2.4	-0.2	0.0	0.0
Pharmaceutical and medical goods, cosmetics and toiletries	7.7	-4.5	-0.3	5.3	0.4
Textiles, clothing, footwear and leather goods	16.3	-1.6	-0.2	6.4	1.2
Household furniture, appliances and equipment	4.6	-0.3	0.0	4.6	0.2
Hardware, paint and glass	8.0	-0.3	0.0	-2.3	-0.2
Other retailers (jewellery, sports and entertainment)	13.0	0.7	0.1	2.3	0.3

Source: Stats SA, Investec

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