

## **SACCI Press Release**

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# **Weak Outlook for Trade Conditions**

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Though trade conditions improved marginally on September 2015, October 2015 still bordered on positive territory with the seasonally adjusted composite Trade Activity Index (TAI) measuring 47 compared to 46 in September 2015. In 2014, the October reading was 54.

The non-seasonally adjusted TAI improved to 49 and was eight points below the TAI of 57 in October 2014. All types of trade were under pressure although real merchandise exports lately spiked while retail trade volumes increased close to 4%. At current prices, mineral sales were 1.5% y/y while manufacturing sales increased marginally by 2.1%. Local sales volumes of new vehicles and vehicle exports declined notably in October. Rising interest rates and the volatile rand exchange rate could further constrain trade.

The sales volumes sub-index increased from 46 in September to 48 in October 2015 and new orders from 44 to 48. Supplier deliveries recovered somewhat during the month by four index points to 43 in October 2015 and the inventories sub-index continued to increase to 57 October 2015. The sales price sub-index decreased by 1 point to 55 while the input prices sub-index decreased by five points to 67 – reflecting renewed cost pressures.

Trade expectations for the next six months were dull and changed to a negative outlook for the first time since middle 2009. The seasonally adjusted Trade Expectations Index (TEI) at 50 was bordering on the negative in October 2015 while the non-adjusted TEI was 47 compared to 61 a year ago. Sales price expectations were 7 index points up while input prices eased by 1 index point to 73. Sales and new order expectations declined notably by 10 and 12 points respectively in October.

The present employment situation in the trade sector stabilised in October as the employment sub-index rose slightly by 2 index points to 52, but the sub-index on employment prospects declined by 3 points to 46.

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