

Cash withdrawals fall in January

Cash withdrawals fell 9.18% month on month to R440.53 in January, according to the Spark Cash Index (SCI), released today, Thursday 7 February 2013. Marc Sternberg, MD of Spark ATM Systems, said the steep drop in the withdrawal values during January is a recurring trend, and is in keeping with recorded SCI ATM withdrawal patterns over the past five years.



"Historically, following a surge in spending over the festive season, January is the month when consumers often adopt a more conservative spending approach, especially with mandatory expenses on the horizon such as school fees and related costs.

"In addition, there is also the fact that many workers get paid early in December and are often faced with a 'long' month before they get paid again in January, during which they have to curb their spending activity," said Sternberg.

The SCI also revealed a significant year-on-year growth of 5.43% for January 2013, which according to Ronel Oberholzer, Principal Economist at IHS Global Insights, can be seen as a positive sign. "Comparing to last year's levels (2.65% year-on-year growth recorded in January 2012), consumers are currently in a better situation. However, I suspect that we will soon see a slowing in the rate of increase."

Sternberg says that although consumers will remain cautious, the current stable interest rate environment will foster consumer spending and local retailers should still enjoy a positive trading environment in 2013.

This forecast is backed up by PwC's recent South African retail and consumer products outlook 2012-2016 report which reveals that both food and non-food retail sales are expected to grow steadily through 2012 - 2016, and sales by value will grow by an average of 7.85% in nominal terms. "General food sales, which accounted for 54% of retail sales in 2011, are forecast to edge up to R576.7bn in 2012, from R542.3bn in 2011. Going forward, the report forecasts that food sales will accelerate again from 2013, rising to R787.6bn by 2016."

According to Sternberg, average monthly cash withdrawal figures will regain positive momentum in late March 2013. "This is due to the Easter holiday period occurring earlier this year, which is historically synonymous with increased retail activity nationwide."

Provincial cash withdrawal trends:

The Eastern Cape recorded the highest provincial average cash withdrawal value (R475.59) for January 2013, followed by Mpumalanga (R459.36) and KwaZulu-Natal (R451.59) provinces.

"The Eastern Cape traditionally experiences an influx of people from all over the country, visiting family members over the festive season. Many often stay well into January and this is reflected in the increase in cash withdrawal activity during this period," says Sternberg.

Site / location category cash withdrawal trends:

Petrol sites recorded the highest average cash withdrawal value (R448.11) during January 2013, followed by wholesale (R445.77) and leisure (R429.40).

"December to February is historically one of South Africa's busiest tourism periods, with many locals and international visitors travelling throughout the country. The ATM withdrawal value at petrol sites during January is reflective of this trend," says Sternberg.

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