

SA retail trade sales rise 7.7% in January

Stats SA reports that South Africa's retail trade sales increased by 7.7% year-on-year in January 2022.



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The main positive contributors were retailers in: food, beverages and tobacco products in specialised stores (70.9% and contributing 3.5 percentage points); and textiles, clothing, footwear and leather goods (17.4% and contributing 3.0 percentage points).

Weighing in on the Stats SA announcement, FNB senior economist Siphamandla Mkhwanazi said, "Besides the spike in the base effects-induced food, beverages and tobacco volumes growth (70.9% y/y), the lift in volume sales was once gain spearheaded by growth in clothing and footwear, which increased by 17.4% y/y, following a 16.4% increase in December (revised up from 15.2%). January volumes were likely supported by back-to-school-related shopping.

"We expect the uptrend in clothing and footwear sales to keep up, albeit at a slower pace, as mobility continues to improve, and workers slowly make their way back to workplaces. On the opposite end of the spectrum, hardware material continued a declining trend, recording -10.6% y/y in January, in line with the waning home-improvement drive."



South African retail sales up 3.1% in December

17 Feb 2022



Seasonally adjusted retail trade sales increased by 1.5% in January 2022 compared with December 2021. This followed month-on-month changes of 1.7% in December 2021 and 1.7% in November 2021.

"Factors such as increased consumer mobility, improved credit uptake, the extension of government support grants, and the relatively strong recovery in disposable income have remained broadly supportive of volumes sales in recent months. However, we are concerned about the swelling consumer headwinds," the economist commented.

Intensifying consumer headwinds

Mkhwanazi added, "Notwithstanding the partial support on households spending afforded by the extension of government income grant to lower income households, and the slightly improved consumption credit uptake (credit cards and general loans) by higher-income segments, we are concerned about the intensifying consumer headwinds.

"These include higher inflation (especially food, transportation, and utility costs); depressed consumer sentiment; stagnant labour market; and the less supportive interest rate environment. These are accentuated by the escalated geo-political tensions and exert downward pressure on consumer spending."

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