

## Black Friday windfall for retail sales

Black Friday helped provide a surprise boost to November retail sales, which grew an unexpected 3.8% year on year.

By Asha Speckman 19 Jan 2017



Picture: [The Times](#)

The marketing gimmick helped lift retail sales by 3.5% from October to November. Economists had predicted a 0.4% contraction.

First National Bank senior economic analyst Jason Muscat said on Wednesday: "The contraction in October followed by a bumper print in November suggests consumers delayed purchases in the first month of the [fourth] quarter in order to take advantage of Black Friday deals in November.

"The likelihood of this being the ... driver of the revival is given credence by the 3.5% ... jump from October."

Positive contributors were general dealers, which recorded a 4.7% rise in sales and hardware, and pharmaceutical retailers expanded, documenting sales growth of 5.4% and 4.9% respectively. However, food and beverage sales moderated to 2.7%, from 5.1% in October.

Constrained spending by consumers saw furniture sales contracting 0.8% year on year.

Clothing retailers were unable to lift sales in the period, citing a tighter credit climate.

Muscat said further fiscal tightening by the Treasury and tax increases would erode consumers' spending power.

"There is unlikely to be any interest rate relief for consumers given the sticky inflation numbers," he said.

Economists expect the positive November retail sales to bring some recovery to the fourth-quarter GDP.

Investec economist Kamilla Kaplan said high unemployment, weak real disposable income growth and

depressed consumer confidence had put a damper on spending.

She said December sales were expected to be muted.

Kaplan said a retail survey by the Bureau for Economic Research showed that "retail volume growth will likely measure below 1.5% during the fourth quarter. Survey respondents expected little improvement heading into 2017."

Stanlib chief economist Kevin Lings said the retail sector had shown resilience compared to manufacturing and mining.

This was because household income growth had outpaced inflation because of above-inflation wage increases in key sectors of the economy.

However, inflation, which has remained outside the Reserve Bank's 3%-6% target band, had eroded growth in real disposable income, Lings said.

Meanwhile, the South African Chamber of Commerce and Industry (Sacci) recorded an improvement in trade conditions during December.

Sacci's seasonally adjusted trade activity index lifted four index points to 53 in December. However, the nonseasonally adjusted trade activity index dipped to 44 in December, which was down from 53 in November. Business cited politics, and dwindling household buying power as having a negative effect on the trading environment. Seasonally adjusted trade expectations remained above the neutral, 50 points mark at 57 in December.

However, the seasonally adjusted trade expectations index decreased to 55 in December, from 59 in November. Despite this, business remained optimistic in December about sales and expectations for new orders.

Sacci's employment index fell further to 45 points, from 48 points in November.

"It appears fewer temporary staff than usual were hired over the holiday period," Sacci said.

**Source:** Business Day