

## June uptake on SCI hits record high

The average cash withdrawal values across South Africa for June 2012, was R437.71, a 6.77% year-on-year increase, the highest year-on-year increase in 2012 to date, as measured by the Spark Cash Index (SCI). There was a month-on-month increase of 2.76%, suggesting improved consumer spending and retail trading conditions nationally.



According to Marc Sternberg, MD of Spark ATM Systems, the increase in cash withdrawals was registered at all sites in the retail, wholesale and hospitality sectors. "These increases are in line with the start of the mid-year school holiday season that kicked off towards the end of June when parents typically take their children away for holidays trips. This is traditionally followed by increased spending on food, petrol and other holiday activities," he says.

### Statistics SA confirm trend

Sternberg says because the SCI has proven a reliable leading indicator for Stats SA Retail Trade Sales (RTS) figures it is likely that June RTS figures will also show a strong uptick in month-on-month and year-on-year values. "Retailers should use the current school holiday season to their advantage with sales or other store specials to increase consumer spending."

He adds that relief in the form of the recent petrol price decrease should also help provide more disposable income for consumers in the second half of 2012. "In addition, the prospect of an interest rate reduction will be positive for cash withdrawal activity. Lower interest rates mean that consumers spend less on interest costs leaving them with more income to spend on goods and services."

Ronel Oberholzer, principal economist Sub-Saharan economics at IHS Global Insight, says, "The increase in cash withdrawals at petrol stations in June 2012 already suggests a positive start to the mid-year holiday season where people frequent these outlets more for fuel. Convenience stores at these outlets also often record increased sales during the holiday season due to increased foot traffic and 'after-hour shopping' services."

### Provincial cash withdrawal trends

The Mpumalanga province recorded the highest provincial average cash withdrawal value of R457.16 in June 2012 - maintaining its pole position achieved over the past six months. "This suggests that tourism in the region is steady and Nelspruit is receiving increasing recognition as a growing business hub," says Sternberg.

The North West, KwaZulu-Natal and Eastern Cape provinces recorded the three highest month-on-month average cash withdrawal increases of 2.36%, 2.34% and 2.33% respectively, while Gauteng recorded the highest year-on-year growth of 11.18% for the second month in a row this year.

"All provinces recorded an increase in month-on-month and year-on-year withdrawal values, with the exception of Limpopo which showed a 0.88% decline year-on-year, suggesting that June 2012 overall was a fruitful month for businesses reliant on consumer spending," says Sternberg.

### **Site category trends**

Sternberg says that the latest SCI also reveals a huge increase in consumer spending activity at wholesale locations. "We recorded a 25.29% year-on-year increase in cash withdrawal activity at wholesale locations as well as the highest average cash withdrawal value for a location in June at R446.41.

"These figures are significant and indicate that consumers are trying to stretch their Rands by buying at wholesale outlets, which is increasingly becoming a more popular option as consumers try to save money in tough economic conditions."

Oberholzer agrees and says the fact that consumer debt levels remain stubbornly high is fuelling a more savings-orientated approach to spending, which may include shopping in bulk at wholesale locations.

Petrol sites came in second highest with an average withdrawal value of R442.79 and retail locations were third with R428.95 for June 2012.

Farming locations recorded the highest month-on-month growth of 11.48% for the second month in a row. "This indicates that access to cash in rural locations is becoming increasingly important as costs associated with travelling to banks or ATMs located in urban locations is perceived as an additional and unwanted cost for farm dwellers," says Sternberg.

The SCI is a useful 'real-time' gauge of consumer spending, utilising the company's ATM systems' network of over 1400 ATMs located countrywide to reflect accurate, broad and timely cash demand and utilisation data. These ATMs are typically located in convenience stores, petroleum stations, specialist retail nodes and leisure & hospitality venues.