

# Retail trade growth seen at 7.5%

By [Ntsakisi Maswanganyi](#)

12 Mar 2012

Growth in SA's retail trade sales at constant (2008) prices for January is expected to ring in at 7.5% year on year (y/y), from a y/y growth of 8.7% in December, according to a survey of leading economists by I-Net Bridge.

Forecasts among the nine economists ranged from 4.5% to 9.2%.

Retail sales' importance lay in the fact that its trend moved closely with that of household consumption, which constituted about 65% of SA's GDP, Ilke van Zyl, economist at Investec Group said.

Investec expected January y/y retail trade growth at 7.8%.

Even though the 7.8% y/y was a bit lower than December's 8.7%, it was almost entirely due to base effects and not suggestive of a slower trend, Van Zyl said.

Record low interest rates and looser bank lending conditions had underpinned a ramp up in private sector credit extended lately, supporting strong retail sales over the past few months, she said.

Brait economist Colen Garrow said figures such as the ratio of household debt to disposable income, which remained high, indicated the immense pressure under which consumers found themselves.

"Further, with the labour market not recovering quick enough to recoup the 1.002 million jobs it lost in the 2009 recession, banks are extending credit cautiously," he said.

The most vulnerable were cash consumers found in lower income brackets, Garrow added.

Retail trade sales growth was expected to moderate in 2012, according to Econometrix economists.

The next few months could see growth in retail sales coming off significantly on the back of increased inflation, especially of food and petrol, which was likely to erode disposable income, they said.

The January retail trade sales data will be released by Statistics SA at 1pm on Wednesday, 14 March 2012.

Thabi Leoka, research analyst at Standard Bank, said in the absence of runaway domestic demand, they did not expect the South African Reserve Bank (SARB) to hike interest rates before the second half of 2013.

For more, visit: <https://www.bizcommunity.com>