



# March retail trade growth seen at 6.8%

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Growth in SA's retail trade sales at constant (2008) prices for March 2012 is expected to increase by 6.8% year-on-year (y/y), from a y/y growth of 7.2% in February, according to a survey of leading economists by I-Net Bridge.

Forecasts among the ten economists ranged from 4.30% to 7.93%.

Kevin Lings, economist with Stanlib, said February's y/y jump was not "telling the real underlying story" as most of it was on the back of base effects.

The 2.2% month-on-month (m/m) decline in retail sales in February painted a much better picture, Lings said.

The significant m/m declines in January and February painted an overall trend which suggested that consumers were under pressure on the back of "all the different rising costs in the last while", Lings noted.

The price increases of transport, water, electricity, and food were those consumers could not avoid, Lings said.

"Consumers have less money available for general retailing such as clothing and furniture. In part the consumer is starting to compensate for that through credit," Lings noted.

Although the m/m movements were generally volatile, they did suggest a general trend toward softening of retail spending this year.

Thabi Leoka, research strategist at Standard Bank Research, said they expected y/y retail sales to increase by 7.93% on the back of supportive interest rates, and lower inflation, among other factors.

"We are also seeing an increase in credit uptake. A lot of consumers are using credit to support their behaviour," Leoka said.

Standard Bank forecast some slowdown in retail trade going forward mainly due to expected above-target inflation, higher fuel costs, and somewhat capped wage increases.

The March retail trade sales data will be released by Statistics SA at 1pm on Wednesday, 16 May.

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