

BETI REPORT

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South Africa's economic transactions contract further in October

The weak South African economy featured again in October 2016 where economic transactions shrank from a year ago in real terms, according to BankservAfrica's latest Economic Transaction Index (BETI).

The month also reflected the most negative quarterly comparison for the BETI, declining by 1% on the quarter to July. The quarterly comparison has been in decline for six consecutive months.

The monthly decline was 0.9% between September and October - the same as the difference between September and August 2016.

While these do not necessarily confirm that the overall economy is in a state of decline, the BETI is known for indicating growth trends within the economy. The latest BETI results, if any, reflect the economy's continuing downward movement. That said, it is also still too early to state that the overall economy is shrinking.

However, the signs are certainly leaning towards a further decline in the South African economy more than before. If economic activity levels decline again, it will be the second quarter this year in which the South African economy contracts.

It is concerning as the fourth quarter is usually a forecast of the likely performance in the next year - going by October's BETI results, weaker growth can be expected in 2017. This is in line with the latest manufacturing Purchasing Managers' Index, which indicates the manufacturing sector is in a state of decline. The latest take-home salary levels are under severe pressure, having a direct impact on subdued retail sales. Along with new car sales and real estate transactions, all signs seem to indicate the South African domestic economy is very subdued.

Although it is still too early to say that GDP growth in Q4 will be negative – it is evident that Q3 will be weaker than that experienced in Q2. This is clear from the BETI data as well as other sources of economic data.

The standardised transactions and volumes data

The standardised transactions fell to R764.7 billion in October from R774 billion in September. The number of transactions in the BETI was just over R88.4 million in October, lower than the previous month and that experienced a year ago.

Overall transaction volumes have also been in three months of total of decline in 2016. This alone reflects the South African economy's weakness.

Graph 1: Changes in wholesale and retail sales compared against the BETI

Source: BankservAfrica and Economists dotcoza

Table 1: The BETI numbers

	The BETI Index	The headline BETI Percentage change	BETI Quarterly Percentage Change	BETI Monthly Percentage change
1-Jan-15	126.0	1.8%	1.2%	-0.2%
1-Feb-15	128.6	2.2%	3.8%	2.1%
1-Mar-15	127.9	1.9%	1.3%	-0.6%
1-Apr-15	128.9	2.5%	2.3%	0.7%
1-May-15	126.2	0.7%	-1.9%	-2.0%
1-Jun-15	127.4	1.5%	-0.4%	0.9%
1-Jul-15	127.2	2.1%	-1.3%	-0.2%
1-Aug-15	125.9	2.4%	-0.2%	-1.0%
1-Sep-15	125.0	0.9%	-1.9%	-0.7%
1-Oct-15	126.4	1.5%	-0.6%	1.1%
1-Nov-15	126.7	2.3%	0.6%	0.3%
1-Dec-15	126.7	0.3%	1.3%	-0.1%
1-Jan-16	125.6	-0.3%	-0.6%	-0.8%
1-Feb-16	128.4	-0.2%	1.3%	2.2%
1-Mar-16	129.5	1.2%	2.2%	0.8%
1-Apr-16	130.8	1.5%	4.1%	1.0%
1-May-16	128.1	1.4%	-0.3%	-2.1%
1-Jun-16	128.3	0.7%	-0.9%	0.2%
1-Jul-16	126.9	-0.2%	-3.0%	-1.1%
1-Aug-16	127.9	1.6%	-0.1%	0.8%
1-Sep-16	126.8	1.4%	-1.2%	-0.9%
1-Oct-16	125.6	-0.6%	-1.0%	-0.9%

Source: BankservAfrica and Economists dotcoza

Table 2: The nominal standardised Value and number of transactions

	Nominal Standardised value of transactions	Number of transactions	Average Transaction Value	Change in Transaction Volume
1-Jan-15	606,485,312,097	81,583,864	7388	1.1%
1-Feb-15	701,582,723,728	82,079,927	7924	1.6%
1-Mar-15	705,279,972,718	84,382,453	8545	0.5%
1-Apr-15	709,245,992,627	83,742,759	7939	-1.1%

1-May-15	696,149,282,981	80,209,758	8368	-5.8%
1-Jun-15	718,140,815,331	84,258,085	8459	3.8%
1-Jul-15	710,336,735,991	87,433,616	8530	2.2%
1-Aug-15	703,231,231,154	82,454,137	8426	-0.1%
1-Sep-15	719,134,496,142	84,030,258	8494	-2.8%
1-Oct-15	737,299,558,706	88,904,988	8479	-0.5%
1-Nov-15	758,098,470,728	83,415,409	8918	1.0%
1-Dec-15	784,636,300,242	89,140,008	8748	-0.7%
1-Jan-16	640,855,340,453	78,028,496	7919	-4.4%
1-Feb-16	755,261,169,476	86,496,888	8453	5.4%
1-Mar-16	766,889,033,877	87,518,825	8448	3.7%
1-Apr-16	765,797,114,091	87,805,156	8305	4.9%
1-May-16	748,341,264,195	85,530,289	8695	6.6%
1-Jun-16	766,075,026,877	86,648,034	8675	2.8%
1-Jul-16	749,020,989,085	86,371,498	8618	-1.2%
1-Aug-16	769,948,043,140	89,511,993	8548	8.6%
1-Sep-16	773,997,669,694	89,745,875	8703	6.8%
1-Oct-16	764,716,021,909	88,420,908	8595	-0.5%

Source: BankservAfrica and Economists dotcoza