



Retail Sales

ECONOMICS | SOUTH AFRICA

Retail sales declined further in October

- **Real retail sales** fell by 0.6% yoy in October after contracting by 0.4% in September. The outcome was better than our forecast (-0.9%) but slightly weaker than the market forecast (-0.5%). Like previous months, poor performances from hardware, paint and glass and pharmaceuticals were the leading cause of the contraction.

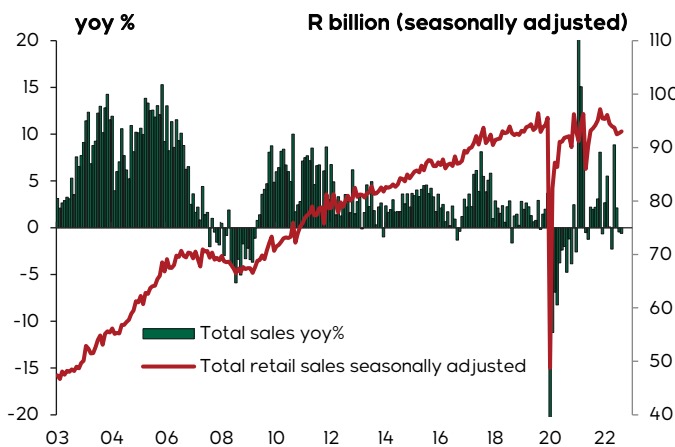
Table 1: Retail sales

| | Latest | Previous | | Forecasts | | 3 mnths | 2022 |
|------------------------|--------|----------|--------|-----------|--------|---------|------|
| | Oct-22 | Sep-22 | Oct-21 | Nedbank | Market | Aug-Oct | YTD |
| Real (yoy%) | -0.6 | -0.4 | 2.0 | -0.9 | -0.5 | 0.3 | 2.2 |
| Real (mom% or qoq% sa) | 0.4 | 0.2 | 0.5 | | | -1.4 | 2.2 |
| Nominal (yoy%) | 6.1 | 6.4 | 5.6 | | | 1.3 | 7.3 |

Source: Stats SA and Nedbank calculations

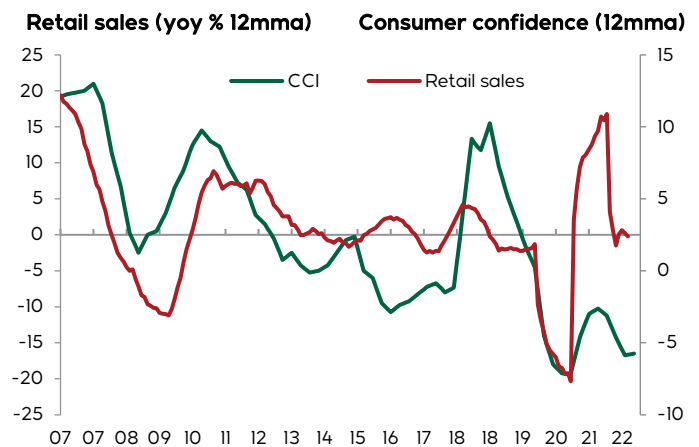
- Sales on five of the seven **sub-categories** fell, shaving a combined 1.2 percentage points (pps) off the total figure. Textiles and clothing, alongside household furniture, appliances, and equipment, held up throughout the month and continued to provide much-needed upward support to retail trade. Furniture and appliances grew by 1.5% yoy, the same as in September, while textiles and clothing eased to 3% from 4.4% in the previous month.
- On a seasonally adjusted basis, retail sales expanded by 0.4% mom, stronger than the 0.2% increase recorded in September.
- Over the **three months** to October, total sales were up by 0.3% y-o-y, driven mainly by higher contributions from general dealers, textiles and clothing; as well as furniture and appliances.
- For the **year to date**, retail sales continued to slow, moderating to a growth rate of 2.2% from 2.5% in September. All sub-categories were up except for pharmaceuticals and hardware, paint and glass.

Chart 1: Headline retail sales



Source: Stats SA and Nedbank calculations

Chart 2: Weak consumer confidence weighs on sales growth



Source: Stats SA, FNB/BER, and Nedbank calculations

- Retail sales will likely pick up slightly in the last two months of the year, following the slight uptick in the FNB/BER consumer confidence indicator in Q4. Nonetheless, underlying consumer confidence remains weak, hurt by growing strain on household incomes due to high inflation, rising interest rates, and weak job prospects. Within this context, retail sales are expected to weaken further in 2023.

Table 2: Retail sales per type of store

| | Weights | Oct-22 | | Aug-22- Oct-22 | | YTD | |
|--|--------------|------------|-------------|-------------------|------------|------------|------------|
| | % of total | mom% (sa) | yoy % | yoy% | pps contr | yoy % | pps contr |
| General dealers | 43.8 | - | -0.3 | 2.5 | 1.1 | 2.6 | 1.1 |
| Specialised food, beverages & tobacco | 8.8 | - | -2.3 | -5.3 | -0.5 | 5.0 | 0.4 |
| Pharmaceuticals, medical goods, cosmetics & toiletries | 7.8 | - | -3.4 | -3.5 | -0.3 | -0.1 | 0.0 |
| Textiles, clothing & footwear | 15.1 | - | 3.0 | 4.3 | 0.6 | 7.5 | 1.1 |
| Furniture, appliances & equipment | 4.8 | - | 1.5 | 2.0 | 0.1 | 2.5 | 0.1 |
| Hardware, paint & glass | 9.6 | - | -4.8 | -7.3 | -0.7 | -7.3 | -0.7 |
| All other | 10.2 | - | -0.7 | -0.4 | 0.0 | 0.2 | 0.0 |
| Total | 100.0 | 0.4 | -0.6 | 0.3 | 0.3 | 2.2 | 2.2 |

Source: Stats SA

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