

SA consumers benefit from lower inflation in February as rand strengthens

The latest Mastercard SpendingPulse report shows moderate growth in consumer spending, but general dealer sales continue to underperform.



©Dzmitry Kliapitski via [123RF](#)

Total South African retail sales for February 2018 increased 3.5% year-on-year, after removing the effects of inflation. Compared to each of the five previous months of February, sales volumes were 4.6% higher on average. This is according to the Mastercard SpendingPulse February 2018 report, which provides a macroeconomic analysis of retail spending trends in South Africa.

With the effects of inflation included, retail sales for February 2018 grew 6.8% year-on-year. The gap between retail sales with inflation included and inflation excluded fell to just 3.3 percentage points, down from 3.5% in January 2018, which is the smallest difference since SpendingPulse started tracking South African consumer trends in 2013.

“The strengthening of South Africa’s currency, which ended February 10.6% above its prior-year level vs. the US Dollar, has helped to alleviate inflation pressures. Food prices rose in line with the consumer price index (CPI), after climbing faster than CPI for each of the past 28 months,” says Sarah Quinlan, senior vice president and group head of market insights for Mastercard.

“For March and April, we will be keeping an eye on how policy changes such as a one percentage point increase in VAT will impact the consumer, as the government seeks to trim an expected R48.2 billion budget deficit. The anticipated VAT hike may have boosted consumer spending in March, but could add to inflationary pressures in the months to follow.”



Consumer spending leads economic recovery

Danette Breitenbach 21 Sep 2017



Key findings

Key findings of the Mastercard SpendingPulse South Africa February 2018 report include:

- Total retail sales for the three months (December 2017, January and February 2018) grew at an average rate of 3.7% year-over-year (removing the effects of inflation), compared to a 3.3% growth rate in the fourth quarter of 2017.
- Pharmaceuticals, medical goods, cosmetics and toiletry retail sales, excluding the effects of inflation, accelerated 3.6% year-on-year. With inflation included, sales were up 9.7% over 2017. The price gap remains elevated in this sector, as year-on-year consumer prices for health and personal care rose 5.7% and 8% respectively in February.
- The general dealer sector, which includes food and other daily essentials, underperformed for a 16th consecutive month, with inflation-adjusted sales growing only by 0.2% year-on-year. This marked a turnaround, however, from a 1.2% decline in year-on-year sales in January 2018. Including the effects of inflation, general dealer sales in February climbed 6.6% year-on-year.

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