

Cautious consumer spending ahead of SA festive season - report

According to the Mastercard SpendingPulse October 2017 report, South African consumer spending showed a modest uptick in October this year, with total retail volumes for the month rising 2.3% year-over-year after removing the effects of inflation. The report also reflects a dip in general dealer sales volumes, but discretionary spending remains resilient.



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Including the effects of inflation, total retail sales for October 2017 grew 6.4% year-over-year, reflecting a welcome decrease in inflationary pressure. Inflation contributed only 4.1 percentage points to growth in retail sales – the lowest since December 2013.

“As we approach the festive season, we are seeing a slight uptick in consumer spending in the retail sector,” says Sarah Quinlan, senior vice president market insights for Mastercard. “However, consumers continue to exercise caution in the face of inflation, high unemployment and business uncertainty. The economy needs to be monitored closely to understand if consumer spending will continue to grow in the face of these continued headwinds.”

Pharmaceuticals, Medical Goods, Cosmetics and Toiletry sales climbed 3.4% year-over-year for the month of October, after adjusting for inflation. This continues the growth seen in September, when sales for this sector rose 3.2% year-over-year when the effects of inflation are excluded.

General Dealer sales for October 2017 declined 1.8 percent year-over-year after adjusting for inflation, the weakest month for the segment since March 2017. The segment has seen flat growth in sales volumes for the past three months, though data for late October shows some improvement.

“Consumers are compartmentalizing their spending. They are finding some money for discretionary spending, while simultaneously pulling back on some everyday consumption,” says Quinlan.

Mastercard SpendingPulse South Africa reports on national retail sales and uses aggregated and anonymous Mastercard transaction data, coupled with survey-based estimates for other payment forms including cash and cheque.

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