

## SACCI Press Release

11 February 2010

### **Trade Conditions Recovering**

The results of SACCI's monthly Trade Conditions Survey for January 2010 were released today.

The Trade Activity Index (TAI), which reflects current trade conditions, improved to 44 in January 2010 after declining sharply to 42 in December 2009 from 51 in November 2009. Although the TAI remained in negative territory, it is 5 points above the level of 39 of January 2009. The steady recovery in the TAI from a low of 32 in April 2009 into positive territory from September 2009 to November 2009 may be supported later in 2010 given the high trade expectations for the next six months (scope of the survey).

The sub-index on sales volumes increased by one index point after declining by 14 index points to 45 in December 2009. The new orders index improved by 8 points to 47 in January 2010 and the supplier deliveries index improved to 42 in January 2010 from 36 in December 2009. These trends suggest a healthier trade environment in the months to come. The increase in the inventory index to 46 in January 2010 from 39 in December 2009 confirms re-stocking in anticipation of improved trade conditions in the next six months.

The index on selling prices ticked up to 51 from 49 in December 2009. The input price index increased notably by six points to 58 in January 2010 indicating that inflationary pressures may be growing especially from the cost structures of business.

In looking six months ahead, respondents remain optimistic as the Trade Expectations Index (TEI) remained on a high level of 67 in January 2010 after measuring 68 points in December 2009. It appears that the increase in expectations that emerged in September 2009, when the TEI measured 59, is strongly supported by the December 2009 and January 2010 index figures. This trend factors in the 2010 World Cup Soccer event as well as the anticipated stronger economic recovery later in 2010.

Sales expectations lost four points in January 2010 from the high level of 80 in December 2009 but nonetheless reflect a strong recovery from the cautious 64 in October 2009. Expectations for new orders registered 72 – up from 71 in December 2009. The index on six month prospects for supplier deliveries maintained a high of 64.

The indices on expected selling and input prices for January 2010 suggest that the expectations for higher inflation remain. The input price expectations index rose by another two index points to 72 after also increasing by two points in December 2009. The selling price expectations index rose marginally to 68 in January 2010 from 67 in December 2009.

Current employment conditions in the trade environment deteriorated in January 2010 as temporary seasonal jobs were not filled in particularly the retail trade, catering and accommodation environment. However, the employment prospects index remained at 55 in January 2010 and in positive territory for the third time since August 2008. This trend may also be supported by employment expectations related to the 2010 Soccer Event as well as relating to an anticipated economic recovery.

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For more information, see the SACCI website, [www.sacci.org.za](http://www.sacci.org.za) or contact:

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