

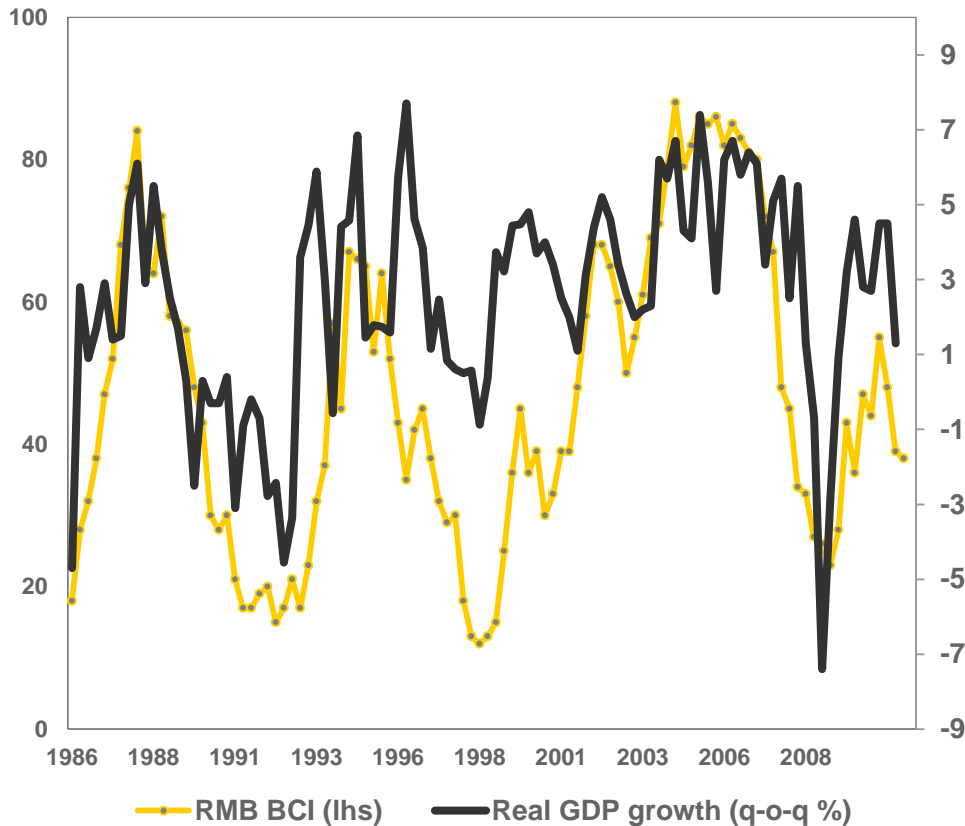
Festive Season Retail Trends - November 2011



2011Q4 Festive Season Survey



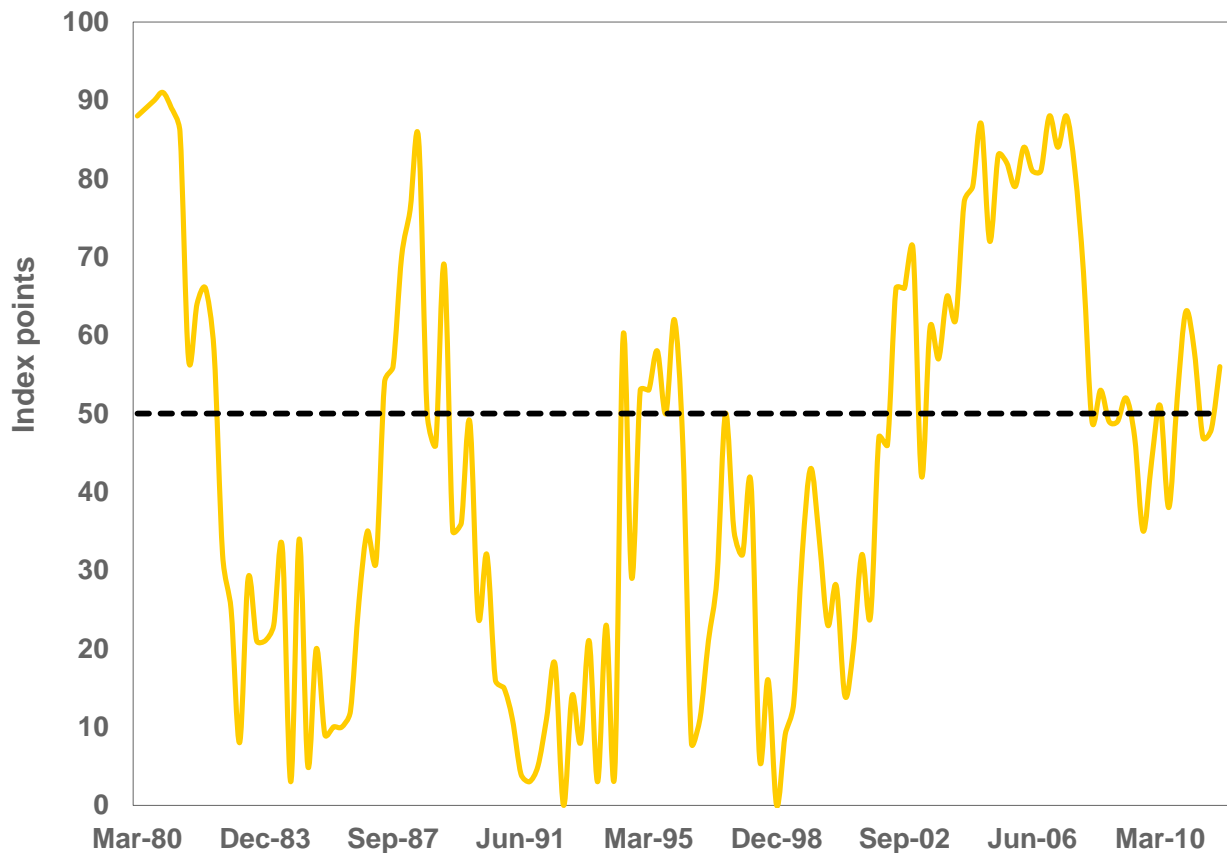
Overall RMB business confidence declined marginally during 2011Q4, but retail improved and most confident of sectors surveyed



Business confidence fell from 39 in Q3 to 38 during 11Q4

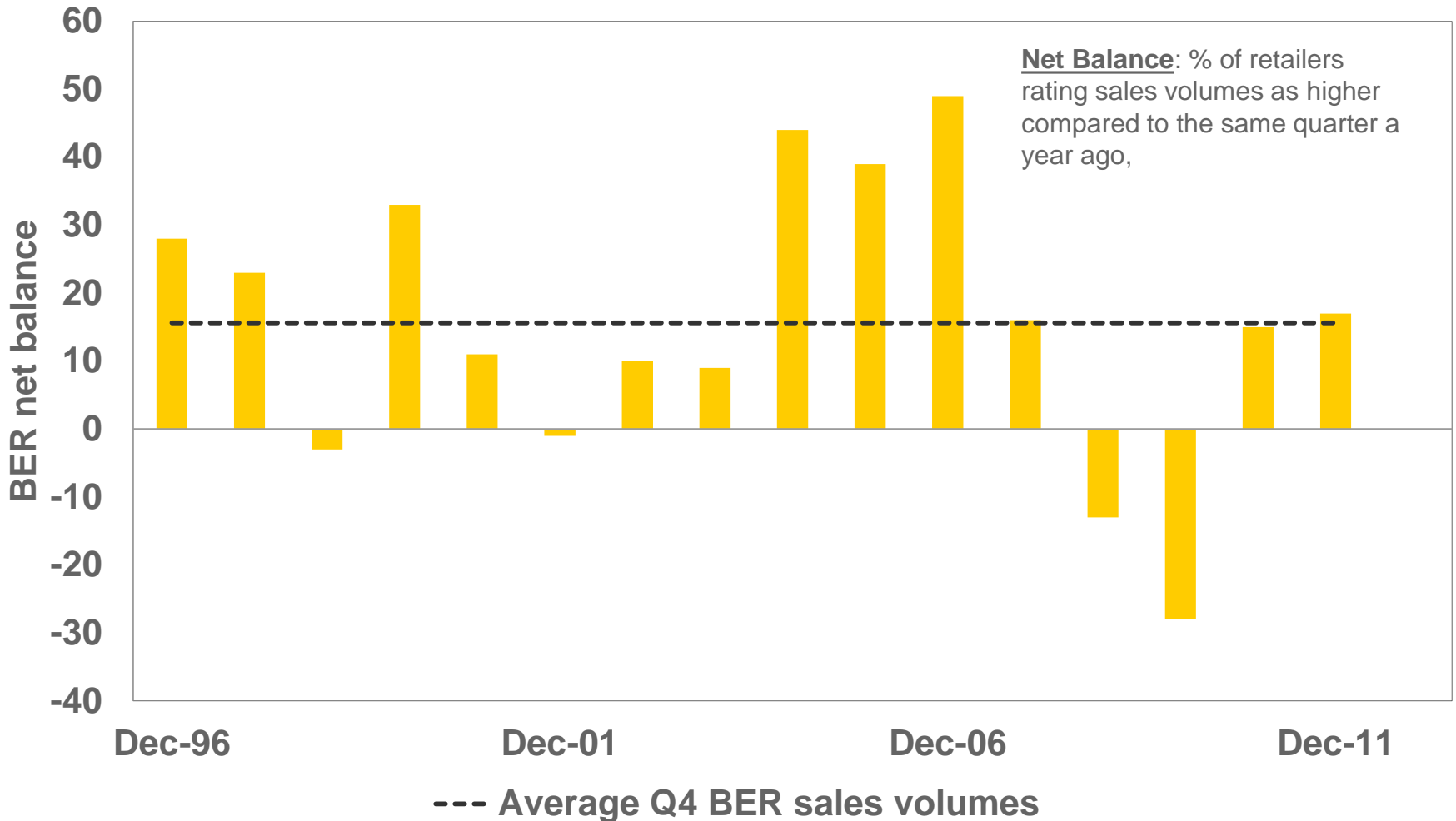
Retail	48 → 56
Wholesale	31 → 38
Manufacturing	36 → 35
Building	20 → 19
New vehicles	58 → 44

Retailer business confidence up by 8 points in Q4, semi-durable retailers remain most optimistic



- Confidence increased to 56 during 2011Q4 from 48 in Q3 (63 = 2010Q4)
- Non-durable 47 → 55 (65)
- Semi-durable 89 → 73 (90)
- Durable 35 → 49 (48)

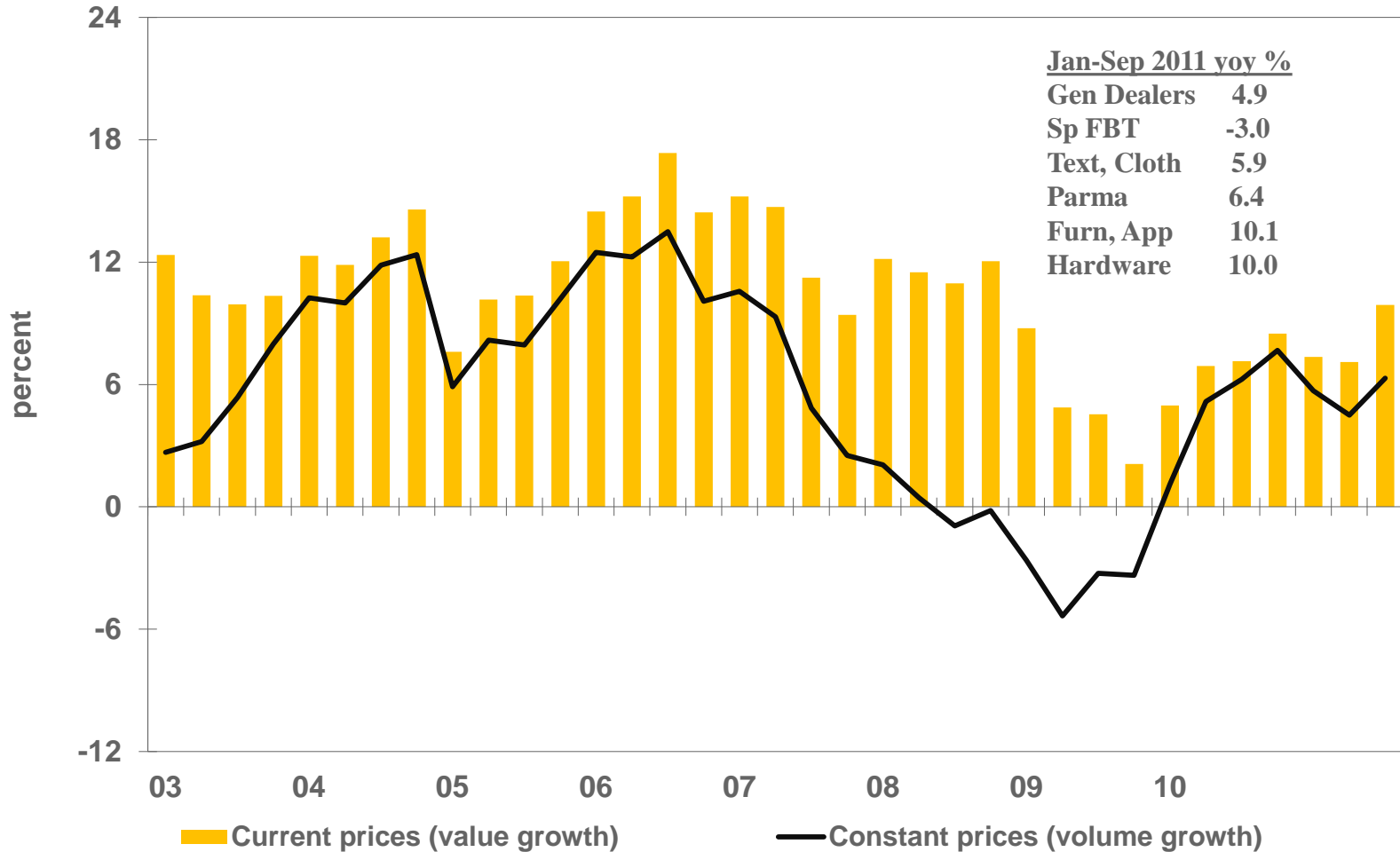
On top of robust 2010 festive season retail sales, Ernst & Young/BER survey point to another satisfactory performance



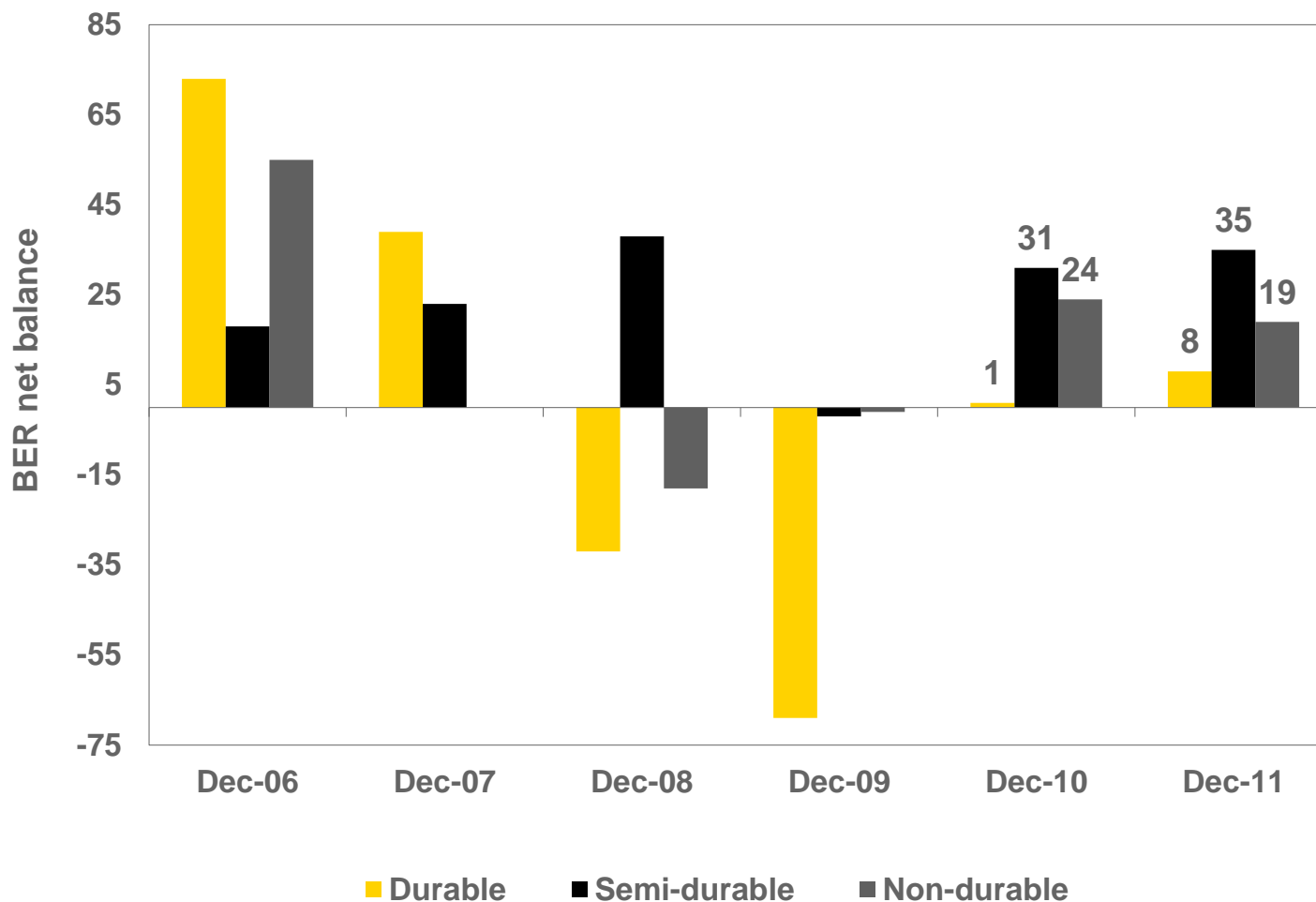
Q4 BER sales volumes suggest Stats SA retail



Stats SA retail sales recovering after mid-2011 slump (actual data up to 2011Q3)



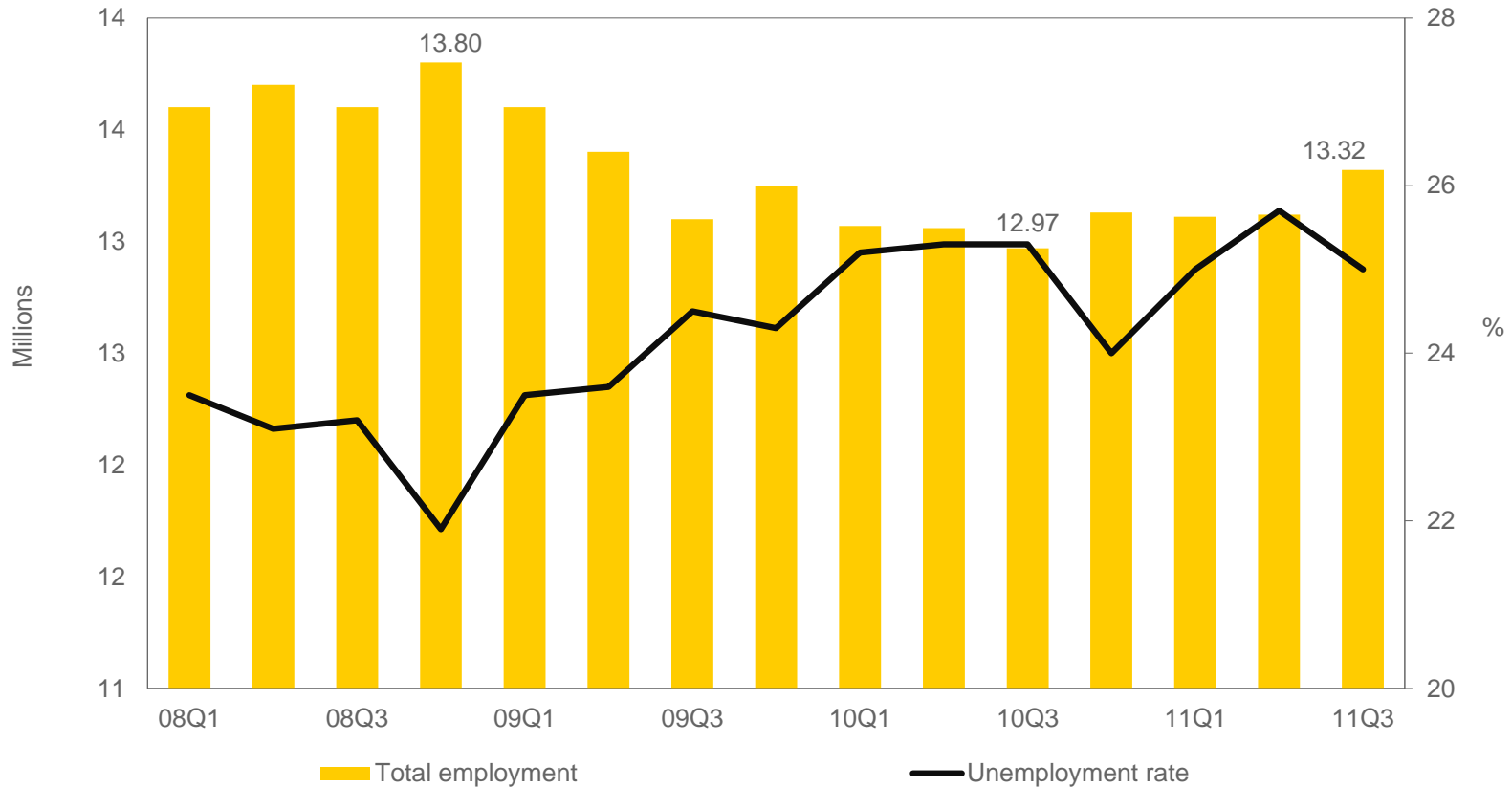
Q4 sales volumes for different spending categories – semi-durable goods set for strongest growth



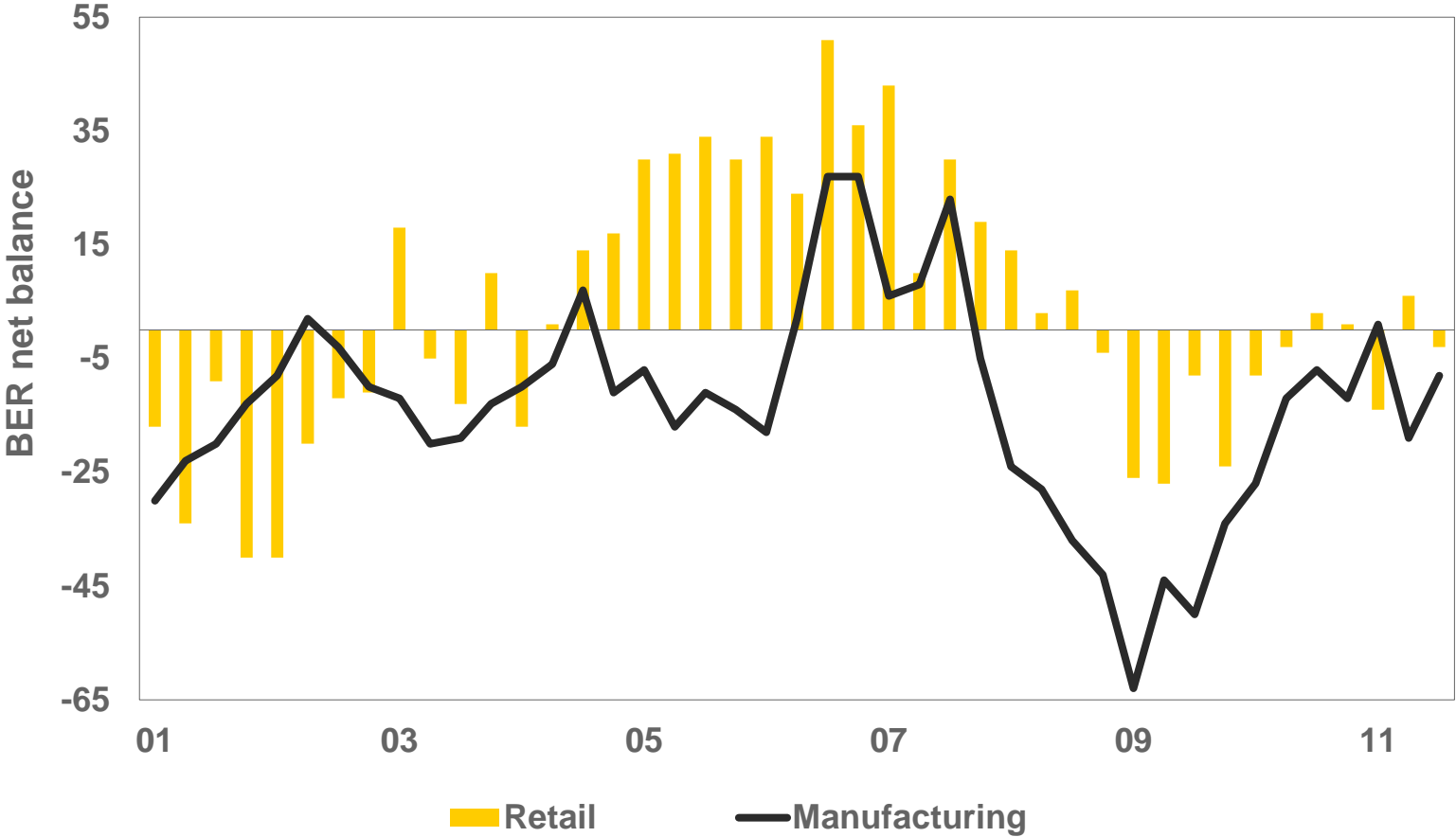
Drivers of consumer spending



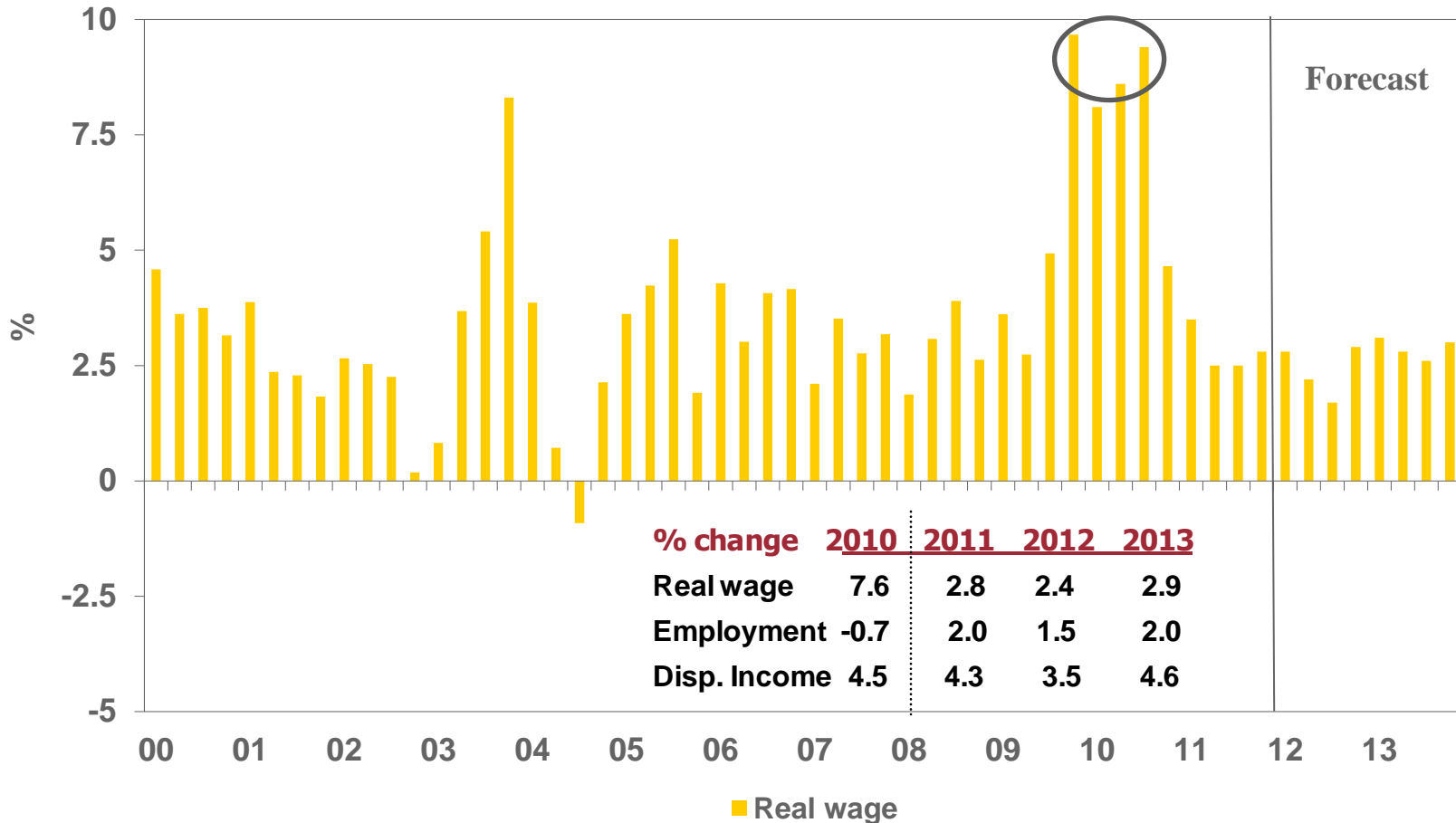
870,000 jobs lost between 2008Q4 and 2010Q3 – employment up 343,000 over past year



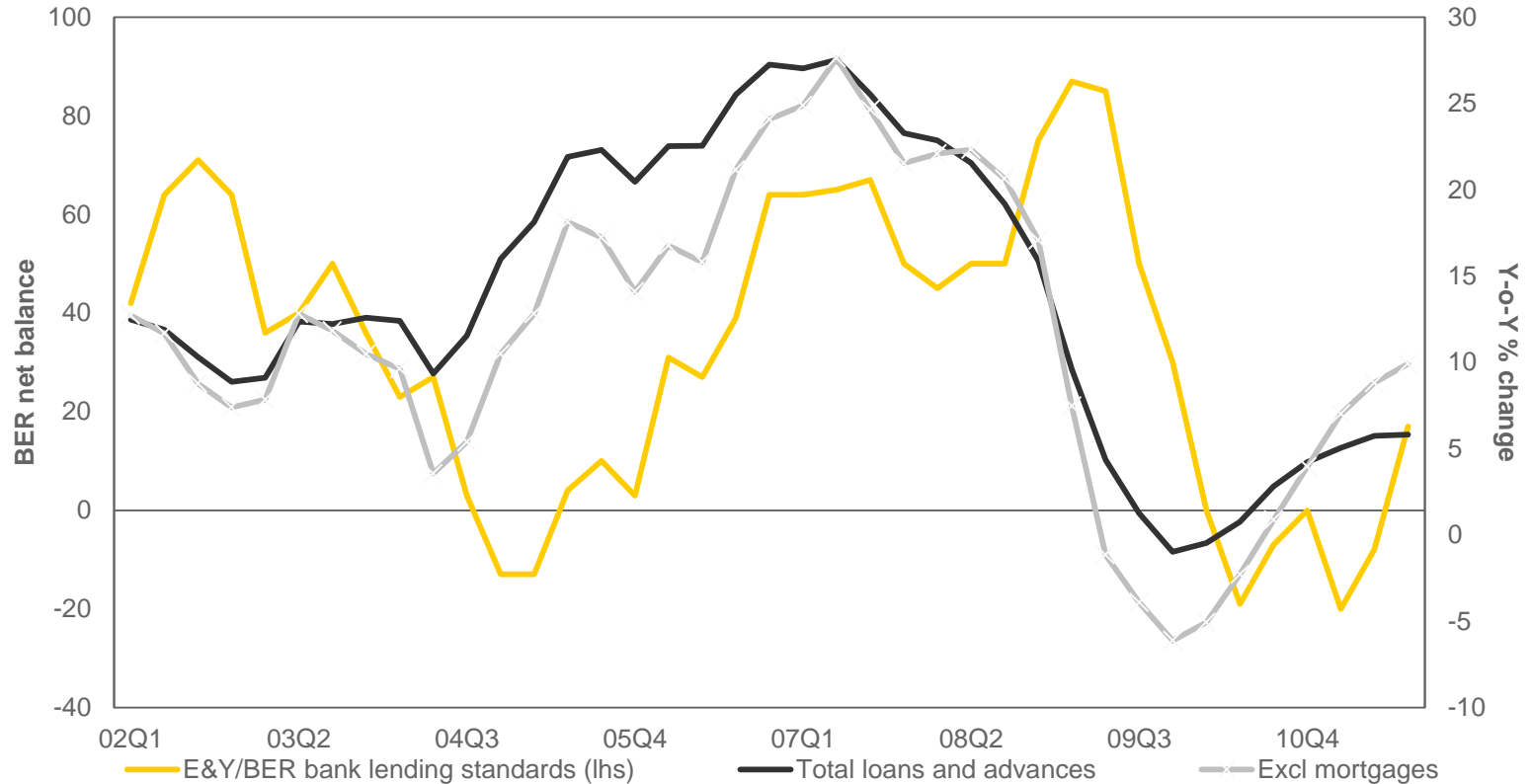
Survey data suggest downbeat employment prospects for 2011Q4



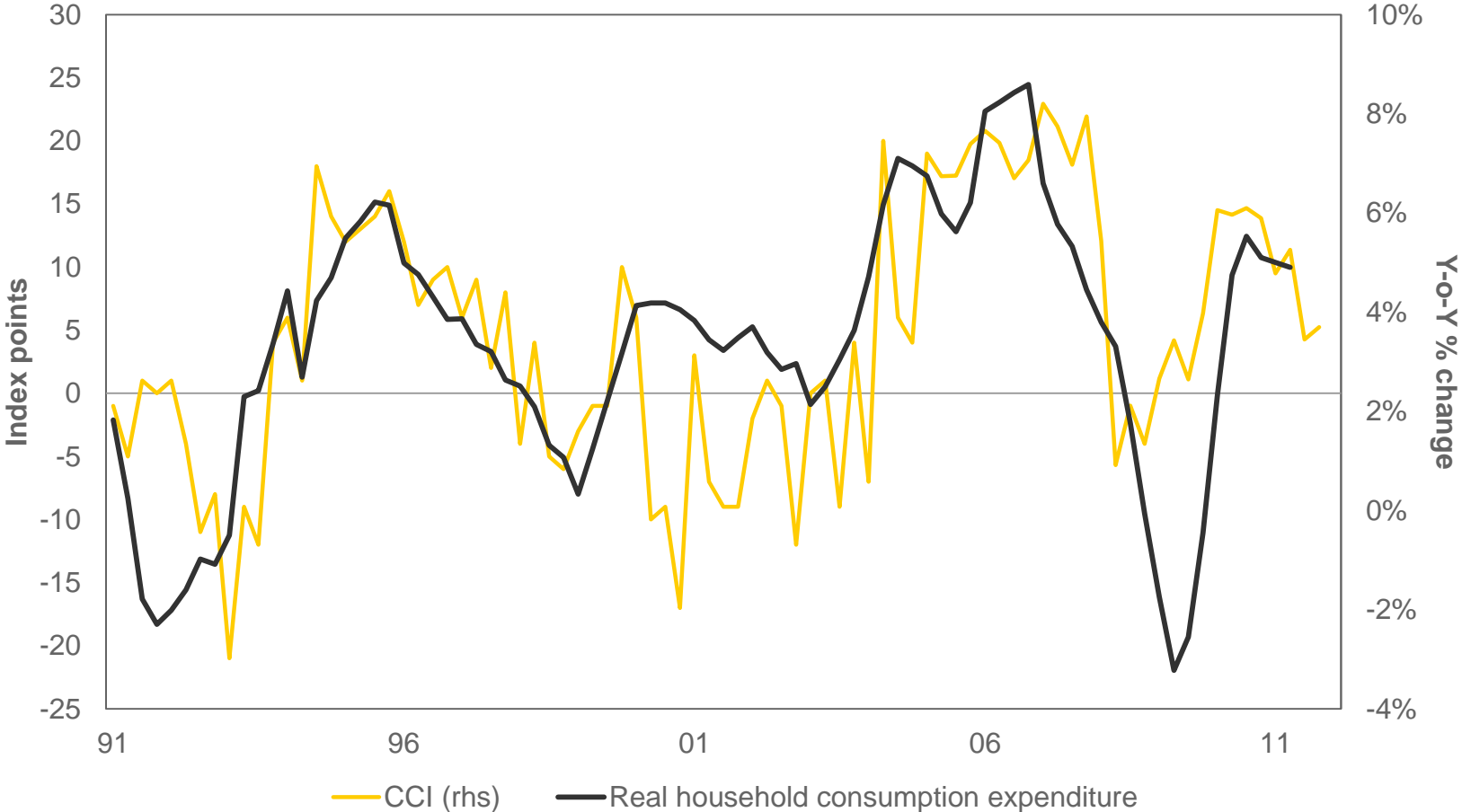
Very high real wage growth boosted disposable income in recent years



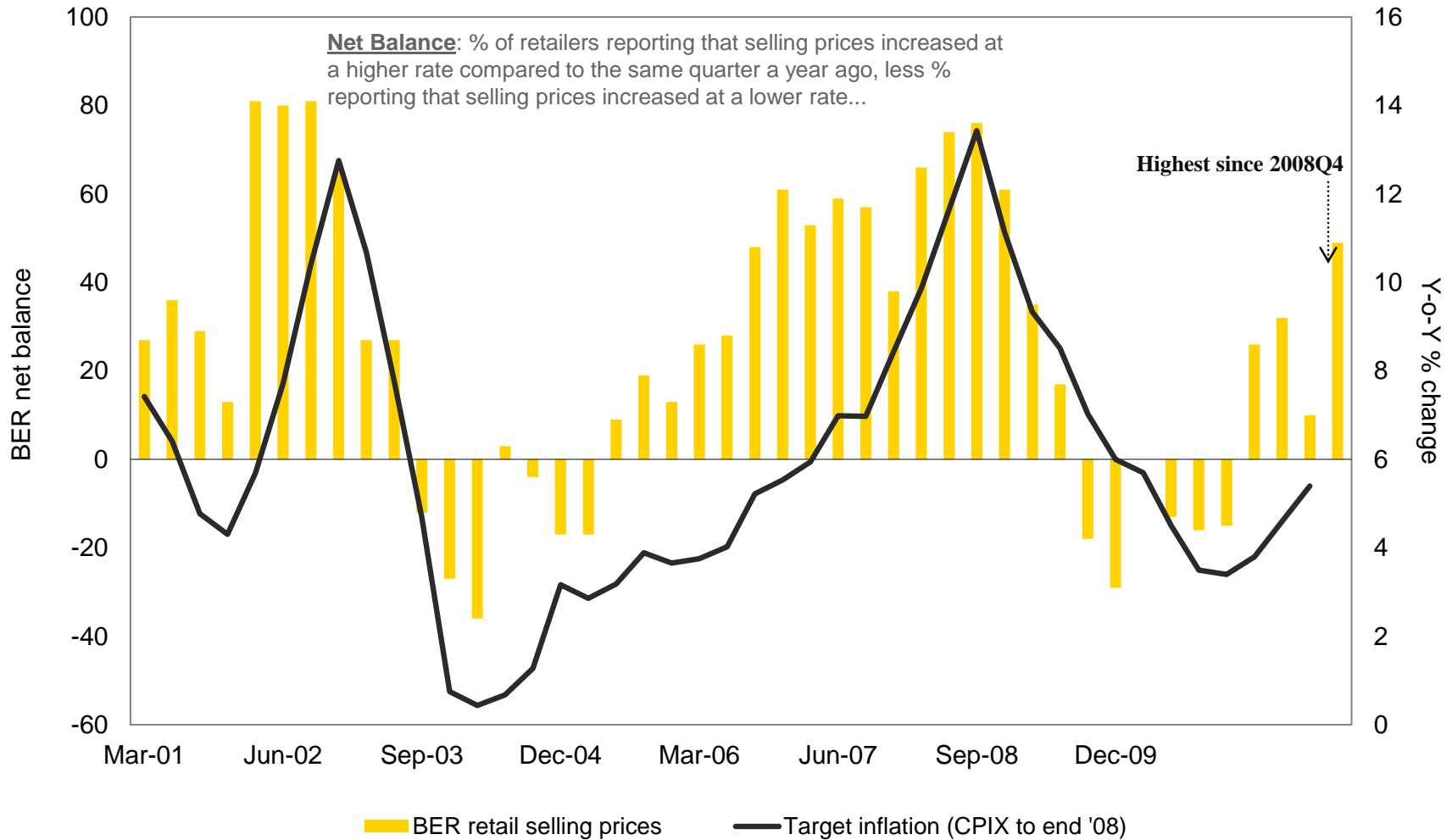
Credit growth remains muted



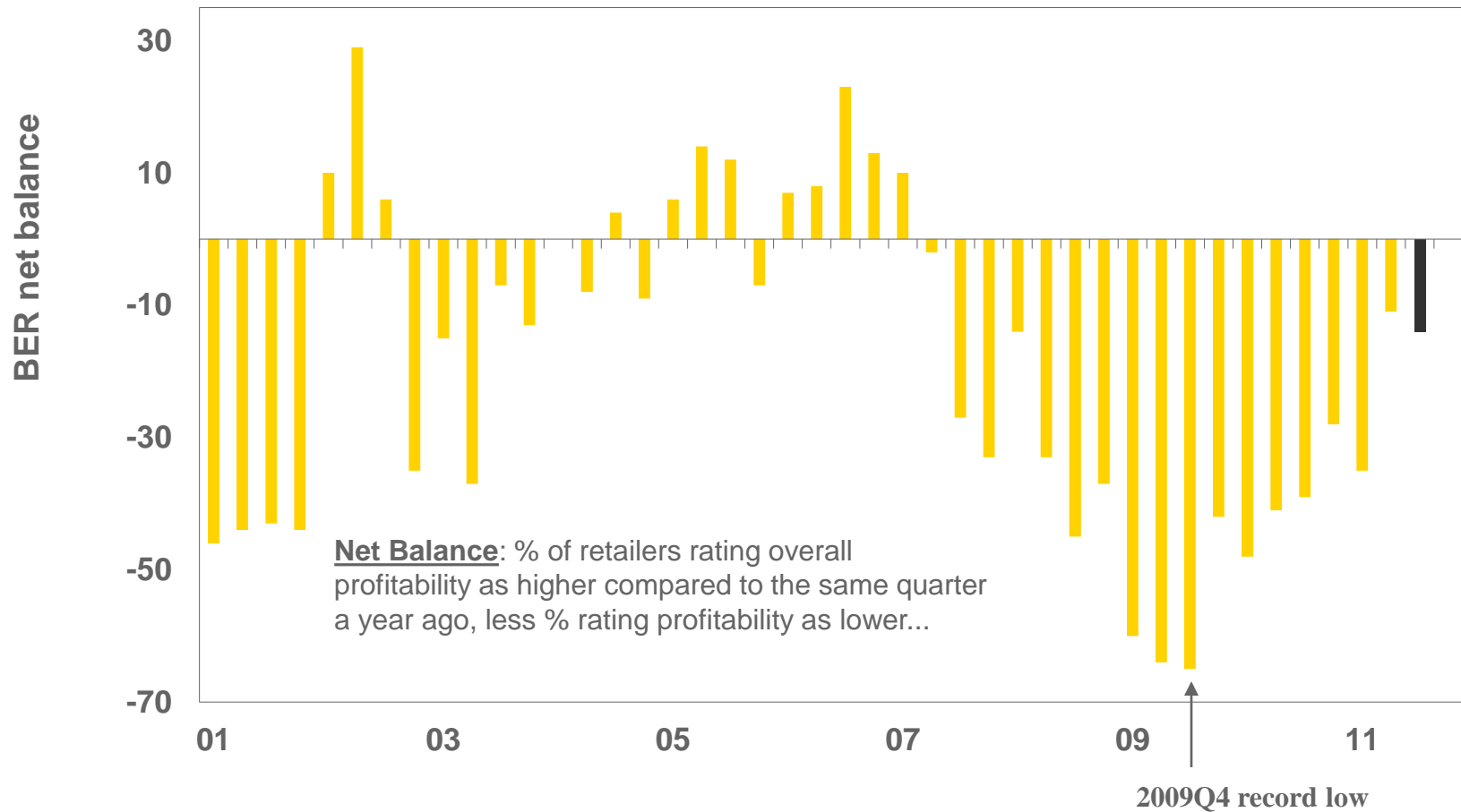
FNB/BER consumer confidence stabilised in Q4 after falling to two-year low of +4 index during Q3 – lower confidence suggests consumer spending moderation



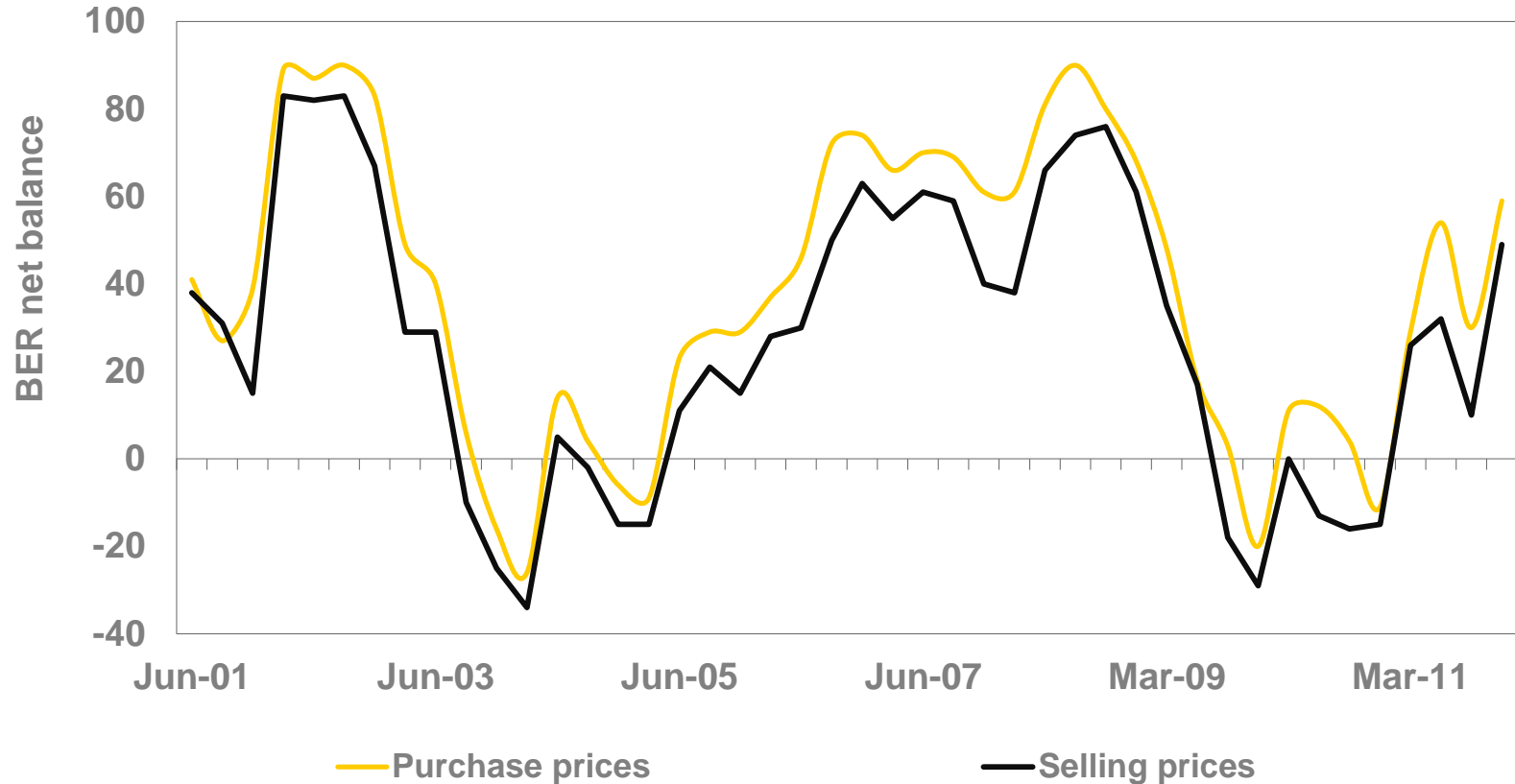
Retailers expect to sharply hike prices in 2011Q4



Solid sales volumes and improved pricing helping profitability, albeit still expected to decline compared to year ago



Purchase and selling prices moving closer (less margin pressure)



In a nutshell: Ernst & Young/BER survey results suggest robust festive season retail sales

- Growth in retail sales volumes accelerated from 4.5% y-o-y in 2011Q2 to 6.3% during 2011Q3. Ernst & Young/BER retail survey suggest that volume growth remained robust during 2011Q4.
- Survey results also show an acceleration in retail selling price increases. Improved sales volumes and higher prices resulted in a smaller decline in retailer profitability.
- Outlook for consumer spending in 2012: Expectation for slower growth in real wages and weak employment outlook amid global and domestic uncertainties mean real disposable income growth should moderate. Softer income growth set to translate in more moderate consumer spending, i.e. growing at closer to 3% than 4%
- However, with inflation on the rise, retailer turnover growth should remain sturdy in 2012.

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