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SA Time: 19 April 2011 01:01:18 PM

Cash withdrawal values hold steady

April 7 2011 at 12:08pm

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Cash withdrawal values - as measured by the Spark Cash Index - held steady in March, reinforcing views that consumer spending will continue with a gradual recovery in 2011.

The steady pattern in cash withdrawals for the first quarter of 2011 - which confirms vibrant consumer spending patterns as evident in the latest new vehicle sales figures released earlier this week - is heartening, considering March saw a large hike in fuel prices. There was also renewed talk of higher interest rates later this year.



Texture pattern for continuous updates

The average cash withdrawal value for the first quarter of 2011 was 405 rand, compared with 397 rand, which was recorded during the corresponding first quarter of 2010.

The first quarter is traditionally a weak period for cash withdrawals, following the peak Christmas spending period, which last year saw withdrawals peak at 447 rand (the highest value since the launch of the Spark Cash Index).

The latest figures in the monthly Spark Cash Index shows average withdrawals came in at 403 rand for March, compared with 404 rand in February and 407 rand in January.

Spark ATM Systems MD Marc Sternberg says the slight dip in March was largely in line with expectations.

"It's definitely a continuation of the relationship between February and March that we've seen over the past couple of years."

The Spark Cash Index is a "real-time" gauge of consumer spending, utilising Spark ATM Systems' network of more than 1,100 ATM points countrywide to reflect cash utilisation data.

Sternberg says the latest Spark Cash Index figures confirm consumer spending is still gradually recovering.

"What is interesting is that consumers in March had to contend with a large petrol price increase and the possibility of interest rate hikes later this year. If anything, we may have expected a larger dip in cash withdrawals for March."

However, Sternberg cautions that it would probably be prudent to peruse the April cash withdrawal figures before drawing any upbeat conclusions around consumer spending patterns. - I-Net Bridge

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