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SA consumers turn to wholesalers

THE continuous rise in the cost of living has spurred more South Africans to source most of their goods from wholesalers where they can buy in bulk and reduce their daily expenses, a study has shown.

The Spark Cash Index (SCI) for May published by automated teller machine (ATM) installer Spark ATM Systems shows that wholesale locations recorded the highest year-on-year growth figure of 14.96 percent because a growing number of consumers were buying items from wholesale outlets.

Wholesale locations recorded

the highest volumes of business for the third month running with the average value of cash withdrawals at R439.65.

Petrol stations came second with an average withdrawal value of R434.65 and retail outlets averaged R419.45 a transaction.

Retail sites include supermarkets, convenience stores, fast-food outlets, pharmacies, hardware stores, liquor stores and butcheries.

The increase in transactions at wholesale locations comes on

the back of a drop in consumer spending and trading conditions in May, after a spike in withdrawals during the holiday month of April.

But while the month-on-month withdrawal value fell by 2.18 percent in May to R425.94 per transaction, the year-on-year withdrawal activity increased by 4.81 percent — the highest year-on-year increase so far this year.

The highest month-on-month growth was 6.37 percent recorded by farming locations which

also enjoyed a year-on-year increase of 3.24 percent.

IHS Global Insight principal economist Ronel Oberholzer says the SCI drop in May was largely a correction of the distortion experienced in April which had several holidays.

Consumers spent most of their free time shopping, resulting in them spending more money.

"The May figures can thus be seen as a correction from the previous month," Oberholzer said.

"Looking forward, growth in

the SCI should stay in the lower single digits for the rest of 2012, reflecting a slowdown in domestic demand.

"Factors inhibiting consumer spending in 2012 include high consumer debt levels along with the banks' strict lending rules, lower real wage increases, employment concerns, increased taxes and elevated energy and services costs."

The SCI measures the average value of cash withdrawals across more than 1 500 Spark ATM Systems ATMs through-

out the country.

The data is derived from every region in South Africa and ranges from rural areas to city centres, therefore providing a comprehensive perspective on cash withdrawal trends in the country and a real-time indicator of cash availability and consumer spending in the economy.

A comparison of transactions at regional level shows that of the nine regions Gauteng experienced the largest month-on-month withdrawal growth of 1.14 percent while the Free

State experienced a 3.79 percent decline.

The Gauteng region also recorded the highest year-on-year increase of 9.02 percent, indicating that the demand for convenient access to cash in the province is growing significantly.

"The province's withdrawal growth is being fuelled by increased trade activity in petrol, retail and wholesale sites," the SCI report notes.

Mpumalanga reported the biggest provincial average cash withdrawal value of R454.08 for May, followed closely by Limpopo's R448.81 and the Eastern Cape's R445.90.

The Free State was a distant seventh at R411.90.