

The Spark Cash Index

Release version: March 2011

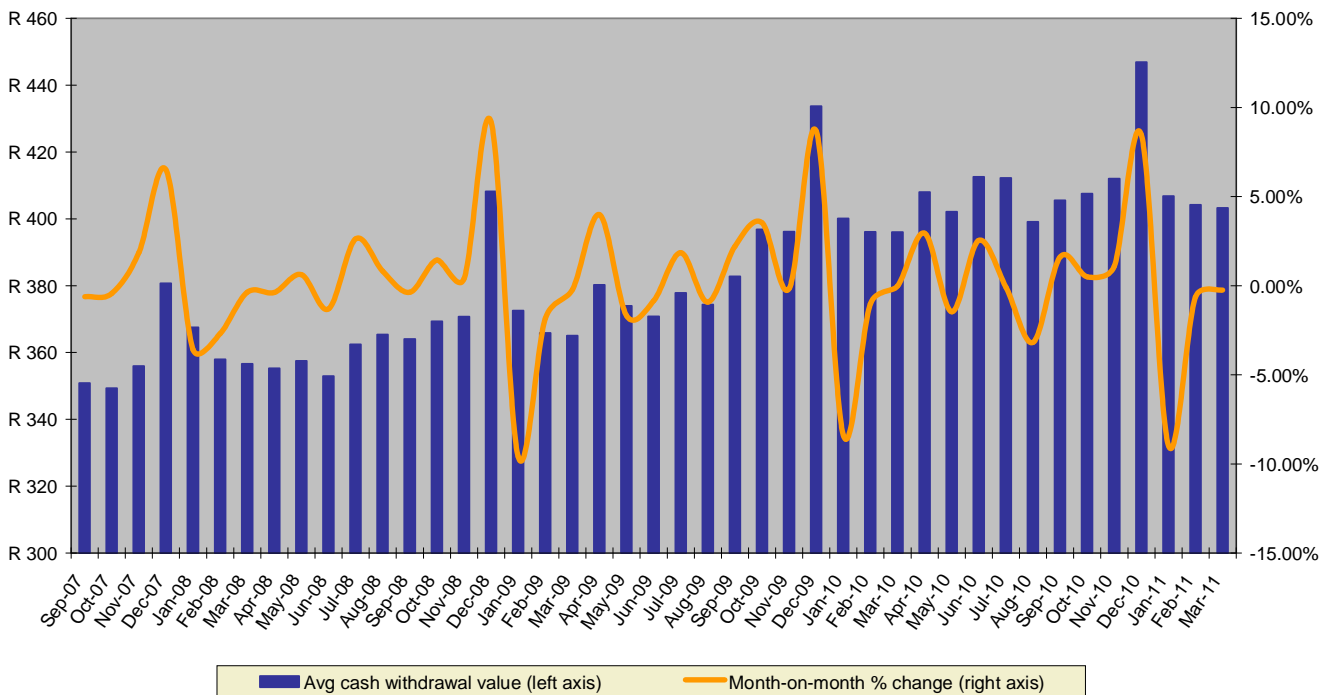
About Spark ATM Systems

Spark ATM Systems is South Africa's leading independent ATM provider, deploying convenience Automated Teller Machines ('ATMs') in retail, convenience and hospitality locations across South Africa.

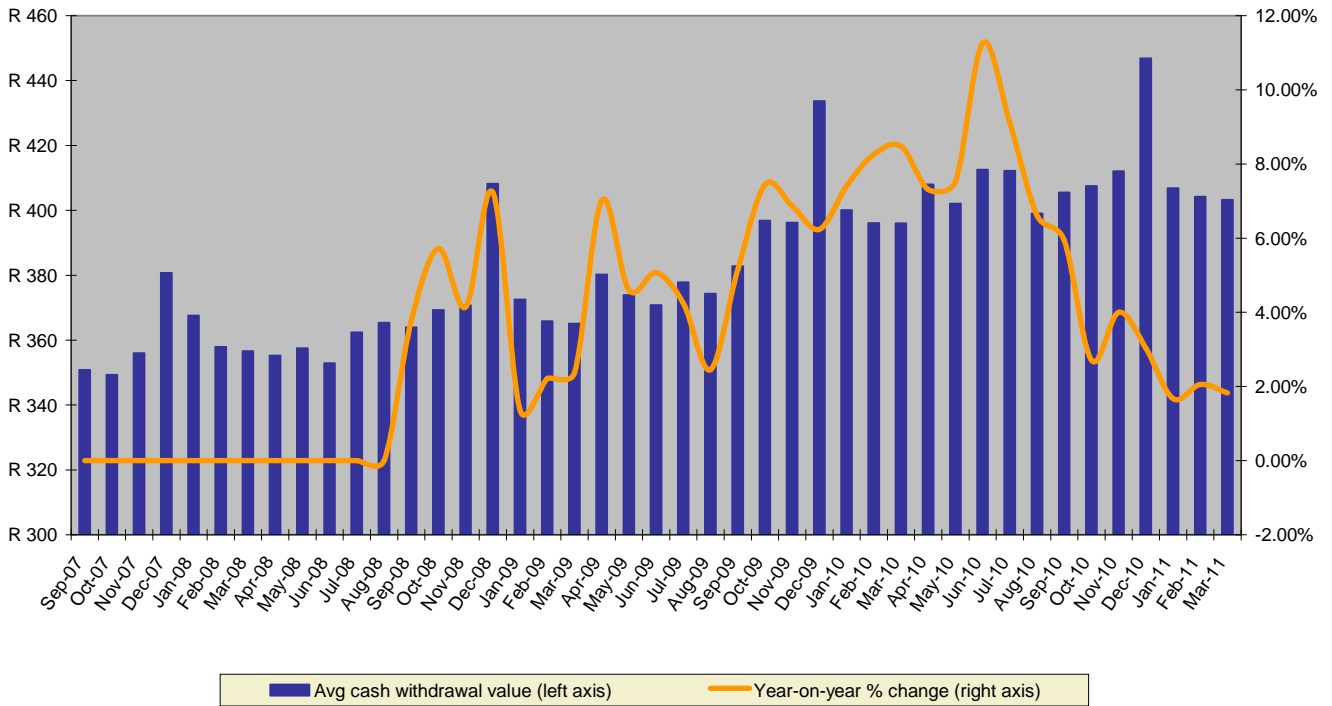
Introduction to the Spark Cash Index

The amount of cash withdrawn at ATMs is a real-time indicator of cash availability and consumer spending in the economy. From our records we have noticed that over time the average amount of cash withdrawn at our network of ATMs corresponds with general economic conditions in the country. We have also seen that consumers vary the amount of cash they withdraw based on prevailing economic conditions, particularly variations in the prime interest rate.

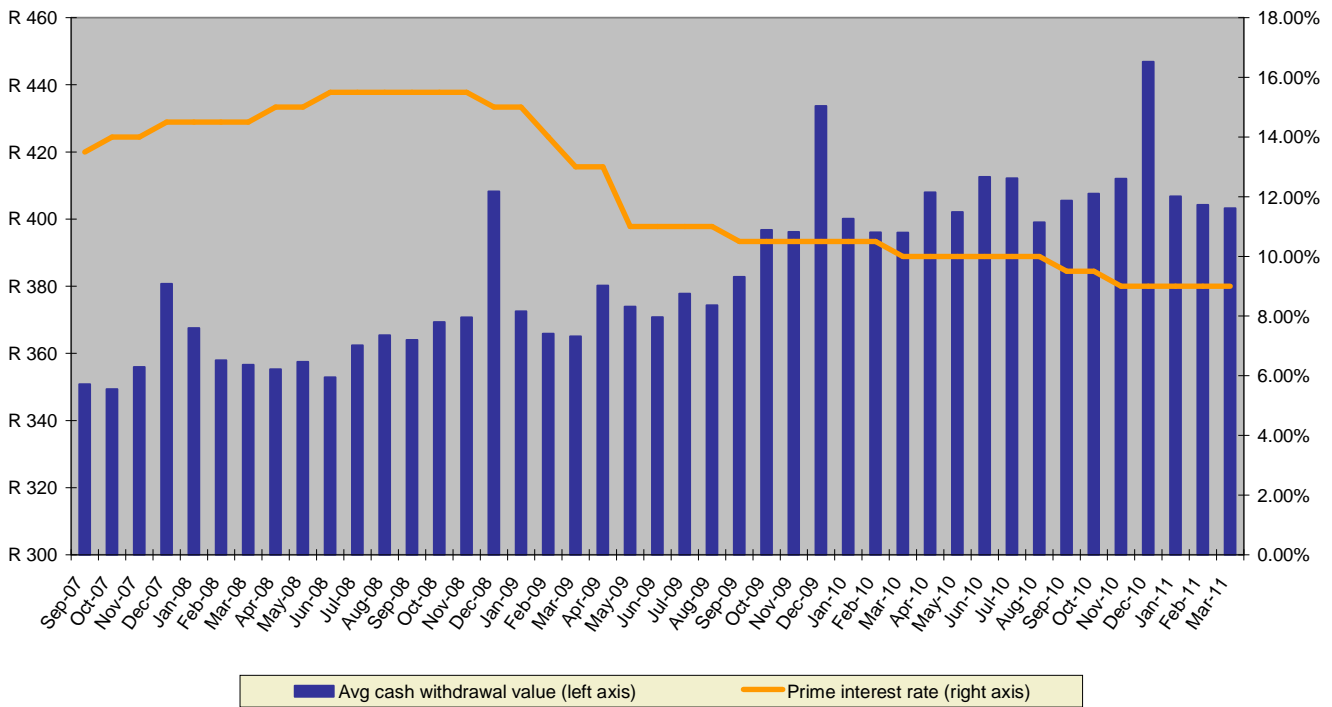
Graph A
Average cash withdrawal value



Graph B
Average cash withdrawal change year-on-year



Graph C
Avg cash withdrawal value vs Prime interest rate



Data Table

Month	Avg Cash Withdrawal	Month on Month Change	Year on Year Change	Prime Interest Rate
Sep-07	R 351	-0.62%	N/A	13.50%
Oct-07	R 349	-0.43%	N/A	14.00%
Nov-07	R 356	1.86%	N/A	14.00%
Dec-07	R 381	6.49%	N/A	14.50%
Jan-08	R 368	-3.58%	N/A	14.50%
Feb-08	R 358	-2.69%	N/A	14.50%
Mar-08	R 357	-0.37%	N/A	14.50%
Apr-08	R 355	-0.38%	N/A	15.00%
May-08	R 357	0.62%	N/A	15.00%
Jun-08	R 353	-1.30%	N/A	15.50%
Jul-08	R 362	2.63%	N/A	15.50%
Aug-08	R 365	0.81%	N/A	15.50%
Sep-08	R 364	-0.37%	3.76%	15.50%
Oct-08	R 369	1.43%	5.72%	15.50%
Nov-08	R 371	0.38%	4.15%	15.50%
Dec-08	R 408	9.19%	7.23%	15.00%
Jan-09	R 373	-9.58%	1.36%	15.00%
Feb-09	R 366	-1.83%	2.22%	14.00%
Mar-09	R 365	-0.22%	2.37%	13.00%
Apr-09	R 380	3.98%	7.02%	13.00%
May-09	R 374	-1.68%	4.60%	11.00%
Jun-09	R 371	-0.84%	5.07%	11.00%
Jul-09	R 378	1.85%	4.24%	11.00%
Aug-09	R 374	-0.92%	2.45%	11.00%
Sep-09	R 383	2.21%	5.16%	10.50%
Oct-09	R 397	3.53%	7.44%	10.50%
Nov-09	R 396	-0.16%	6.87%	10.50%
Dec-09	R 434	8.65%	6.24%	10.50%
Jan-10	R 400	-8.40%	7.40%	10.50%
Feb-10	R 396	-1.02%	8.26%	10.50%
Mar-10	R 396	0.02%	8.47%	10.00%
Apr-10	R 408	2.94%	7.31%	10.00%
May-10	R 402	-1.47%	7.53%	10.00%
Jun-10	R 413	2.54%	11.26%	10.00%
July-10	R 412	-0.09%	9.10%	10.00%
Aug-10	R 399	-3.18%	6.61%	10.00%
Sept-10	R 406	1.62%	5.94%	9.50%
Oct-10	R 408	0.50%	2.71%	9.50%
Nov-10	R 412	1.10%	4.00%	9.00%
Dec-10	R 447	8.45%	3.03%	9.00%
Jan-11	R 407	-8.97%	1.67%	9.00%
Feb-11	R 404	-0.63%	2.06%	9.00%
Mar-11	R 403	-0.24%	1.83%	9.00%

Commentary

CASH WITHDRAWAL VALUES HOLD STEADY IN MARCH

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 evidenced 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. The average cash withdrawal value for the first quarter of 2011 was R405 compared with R397 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 R447 (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 R403 for March compared with R404 in February and R407 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 last couple of years.”

The Spark Cash Index is a useful ‘real-time’ gauge of consumer spending, utilising Spark ATM Systems’ network of over 1,100 ATM points countrywide to reflect accurate, broad and timely cash utilization data. Spark’s ATMs are typically located in convenience stores, petroleum stations, specialist retail nodes and leisure & hospitality venues. Spark ATM Systems’ growing footprint of ATMs allows the Spark Cash Index to keep a finger on the pulse of the consumer. As the sample size is very large, the data provides a very accurate ‘real-time’ picture of how consumers are reacting to current events.

Over the longer term the Spark Cash Index, launched in September 2007, has shown a fascinating correlation between withdrawals and economic events (particularly interest rates as indicated in Graph C.) 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 the Spark Cash Index is a leading indicator and that it would probably be prudent to peruse the April cash withdrawal figures before drawing any upbeat conclusions around consumer spending patterns. “We traditionally see a mini-spike in cash withdrawals in April. With quite a number of public holidays coming up as well as the Easter period, it is possible that consumers held back somewhat in March ahead of an anticipated splurge over the upcoming long weekends.”

Explanatory Notes

The value for the Spark Cash Index value is obtained using the following formula: Cash dispensed for the month divided by the number of cash withdrawals for the month across a selection of Spark ATM’s network of ATMs. The sample size is hundreds of thousands of transactions in both urban and rural areas across all nine provinces of South Africa, therefore representing a very good cross section of South African consumers.

The data presented is raw data and has not been adjusted for seasonality or for the effects of inflation.

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