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ECONOMIC TRENDS

Spark ATM Systems* | 06 June 2011 13:23

SA cash withdrawal values drop from April to May

Consistent with previous years, says Marc Sternberg.

Cash withdrawal values across South Africa – as measured by the Spark Cash Index (SCI) – showed an expected sharp drop from April to May this year. They were however marginally up on February and March's values.

The average cash withdrawal for May this year was R406, much lower than April's average value of R423. Historically, there is always a decrease in withdrawal values from April to May as with December to January, with people returning to work with emptier-than-normal pockets after their holiday spending. This drop in May is consistent with previous years, but much more pronounced this year. This was anticipated, points out Marc Sternberg, Managing Director of Spark ATM Systems: "The increase in cash withdrawals in April this year was extraordinarily high in comparison with previous years' Easter holiday spike due mostly to the combined Easter and Workers Day holidays this year", says Sternberg. "In fact, April's withdrawals were the third highest measured since we launched the SCI in September 2007, so it follows logically that this would be balanced by a larger-than-usual drop in withdrawals in May."

While April this year's withdrawal figures were 4.78% up on April 2010, May's withdrawal average was only 1.00% up on May of last year. This is consistent with the January to May trend in withdrawal values, as established over the last few years. What is positive is that these figures are up on last year, albeit only slightly, consolidating the general positive month-on-month trend in the SCI.

More heartening is that May's withdrawal average of R 406 is 8.55% up on May 2009's average of R374. January to April's averages were also up by similar percentages over these months in 2009. With the SCI increases well above current inflation levels, it is clear that consumers are withdrawing more cash in real terms which augers well for the economy as a whole. This trend definitely confirms an increase in consumer spending and positive consumer outlook, and is backed by the strong economic growth rate of 4.80% in the first quarter of 2011.

A new feature this month in the SCI is the comparison of the average cash withdrawals against Stats SA's Retail Sales Figures. The correlation is extremely close and therefore very significant. Stats SA's report is released two months in arrears whereas the SCI values are almost immediate, being released within the first week of each new month. Says Sternberg, "With the close correlation and the fact that the SCI data is available two months ahead of Stats SA's report, one may therefore use the SCI as an indication of the trend that the Retail Sales figures will likely follow. Given this, we expect Retail Sales to mirror the SCI values with a spike in April and then a strong dip in May 2011."

The Spark Cash Index is a useful 'real-time' gauge of consumer spending, utilising Spark ATM Systems' network of over 1, 200 ATM points countrywide to reflect accurate, broad and timely cash utilisation data. Spark's ATMs are typically located in convenience stores, petroleum stations, specialist retail nodes and leisure & hospitality venues.

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