



January 2019 BETI report to accompany press release

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BETI: January transactional values decline again for the first time in four months

Evidence of another slowdown in the domestic economy is coming to the fore according the BankservAfrica Economic Transaction Index (BETI) January data, which reflected weakened values and volumes.

In January, the BETI declined across all measurement periods for the fourth time in the last 24 months to a reading of 127.7 points. The year-on-year change was 1.2% with a quarterly decline of 0.4%.

January 2019 was a dismal month for the economy. The previous months combined, show a slowing trend over the last four months. Other economic indicators of domestic spending such as vehicle sales and the manufacturing PMI also showed declines.

The growth trend began slowing down in December 2018 by a 0.1% drop from November. This is as November represented a slightly positive month on the back of Black Friday and Cyber Monday sales. January's slowdown seems to come partly from electronic debit transactions. These, estimated to be around 4.5% of the total economy, increased by only 1.5% before inflation. This indicates a real decline of around 3% on 2018's figures. Electronic credit transactions declined by around 2%. Real-time interbank transactions are however in a very strong growth phase. When compared against these, it is evident that cheque payments continued declining over the last decade and is now the smallest payment method – other than authenticated early debit orders.

The concern however is that the overall picture indicates that the downswing phase of the business cycle enters its 61st month in January and is now nine months longer than the previous downswing phase in the SA economy. The economy is very firmly caught in a low growth environment and drastic measures will have to be taken soon to help the economy get to a higher growth rate.

What is also becoming clearer is that the domestic economy has not improved much in real terms in five years. In January 2014, the index was 124.7, which means real-term transactional growth was just over 2.4% in the five-year period leading to January 2019's reading of 127.7.

While electronic transactions are the bulk of the SA economy, these - measured in the BETI - are a good indicator of GDP and domestic expenditure in the broadest sense as the index covers almost all key economic sectors from construction to wholesale.

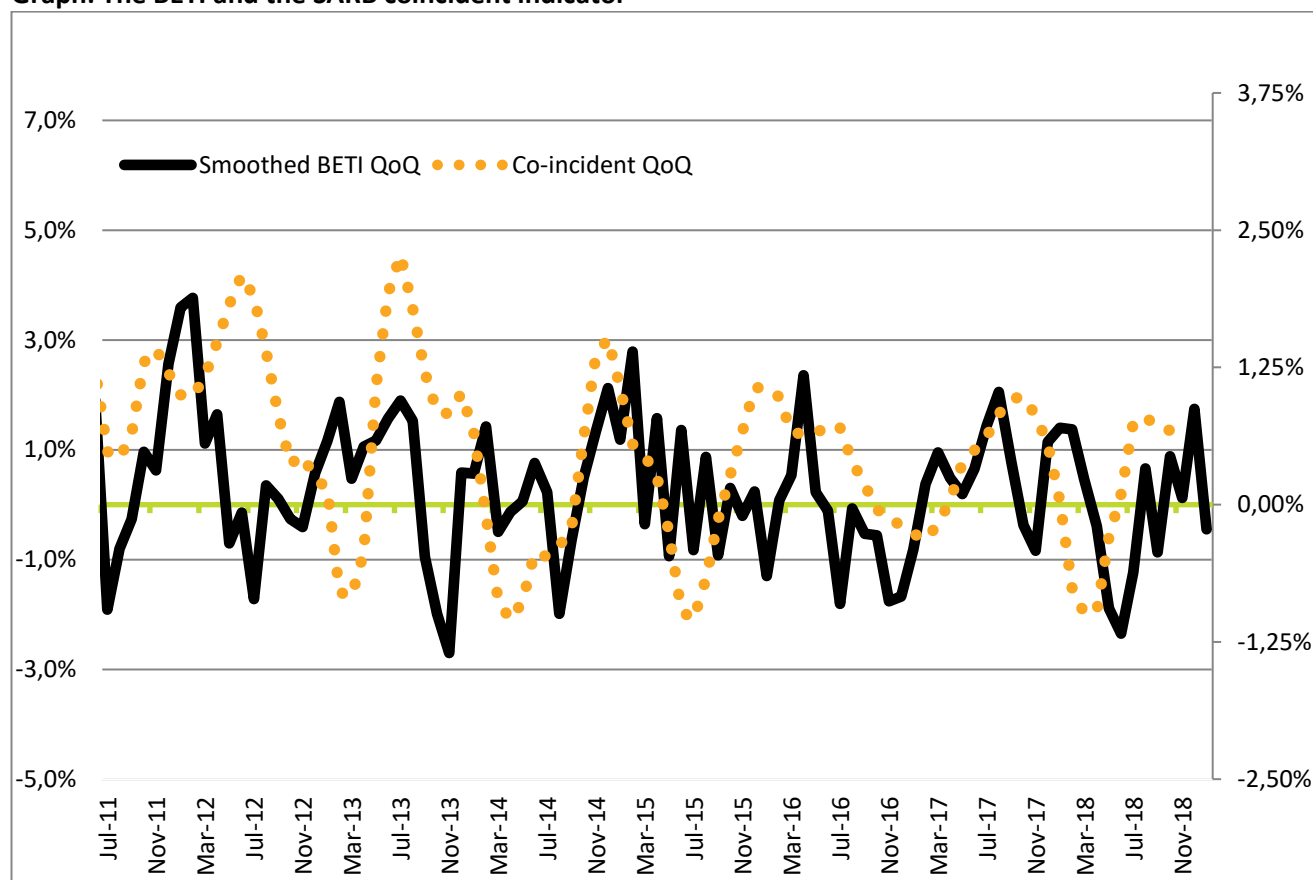
The average value of transactions: lowest in eight months in nominal terms

The average nominal value of transactions was R8 056 in January 2019. This is R4 more than the value in January 2018 and comes as the change in transactional volumes reached 3.5%, the lowest since the 2% in September 2018.

Meanwhile, the overall trend of transaction values declining in real terms continues.

The number of transactions increased to 95.5 million from 92.3 million year-on-year. January is normally a slow month for transactions but at least the volume is up, although the real value is negative if one accounts for inflation and weekdays.

Graph: The BETI and the SARB coincident indicator



Source: BankservAfrica and economistsdotcoza

Table 1: The standardised nominal BETI and the number of transactions

	The BETI Index	The Headline BETI Percentage Change	BETI Quarterly Percentage Change	BETI Monthly Percentage Change
01-Jan-17	125,5	-0,9%	-0,8%	-0,1%
01-Feb-17	126,5	-1,2%	0,4%	0,8%
01-Mar-17	126,8	-1,4%	1,0%	0,3%
01-Apr-17	126,1	-2,7%	0,5%	-0,5%
01-May-17	126,7	-1,3%	0,2%	0,5%
01-Jun-17	127,6	-0,6%	0,7%	0,7%
01-Jul-17	127,9	0,5%	1,4%	0,2%
01-Aug-17	129,3	0,8%	2,1%	1,1%
01-Sep-17	128,6	0,7%	0,8%	-0,5%
01-Oct-17	127,4	0,7%	-0,4%	-0,9%
01-Nov-17	128,2	1,8%	-0,8%	0,6%
01-Dec-17	130,1	3,6%	1,1%	1,4%
01-Jan-18	129,2	3,0%	1,4%	-0,7%
01-Feb-18	130,0	2,8%	1,4%	0,6%
01-Mar-18	130,7	3,1%	0,5%	0,5%
01-Apr-18	128,7	2,1%	-0,4%	-1,5%
01-May-18	127,5	0,6%	-1,9%	-0,9%
01-Jun-18	127,6	0,0%	-2,3%	0,1%
01-Jul-18	127,1	-0,6%	-1,2%	-0,4%
01-Aug-18	128,4	-0,7%	0,7%	1,0%
01-Sep-18	126,5	-1,6%	-0,9%	-1,5%
01-Oct-18	128,3	0,6%	0,9%	1,4%
01-Nov-18	128,5	0,2%	0,1%	0,2%
01-Dec-18	128,7	-1,1%	1,7%	0,1%
01-Jan-19	127,7	-1,2%	-0,4%	-0,8%

Source: BankservAfrica and Economists.co.za

Table 2: The standardised value of transactions and number of transactions

	Nominal Standardised Value of Transactions	Number of Transactions	Average Transaction Value	Change in Transaction Volume
01-Jan-17	679 803 008 137	82 982 205	8141	6,3%
01-Feb-17	789 665 678 698	86 431 179	8470	-0,1%
01-Mar-17	799 389 233 400	94 474 034	8651	7,9%
01-Apr-17	777 639 168 299	85 533 818	8101	-2,6%
01-May-17	786 524 201 769	93 491 414	8601	9,3%
01-Jun-17	803 845 300 033	92 410 212	8535	6,7%
01-Jul-17	789 218 276 709	92 165 459	8510	6,7%
01-Aug-17	813 781 666 332	94 942 763	8518	6,1%
01-Sep-17	817 426 001 981	94 872 157	8205	5,7%
01-Oct-17	807 833 057 405	95 687 055	8632	8,2%
01-Nov-17	855 336 396 173	98 066 520	8801	9,4%
01-Dec-17	905 623 905 154	99 941 941	8458	8,4%
01-Jan-18	726 730 883 960	92 280 969	8052	11,2%
01-Feb-18	841 617 176 332	94 620 536	8246	9,5%
01-Mar-18	859 189 812 227	101 357 947	8173	7,3%
01-Apr-18	823 290 759 077	96 958 136	7831	13,4%

01-May-18	817 451 718 897	100 457 402	8320	7,5%
01-Jun-18	841 090 684 082	101 933 422	8096	10,3%
01-Jul-18	824 307 497 167	100 991 507	8345	9,6%
01-Aug-18	849 118 158 365	104 725 600	8290	10,3%
01-Sep-18	840 461 665 180	96 769 779	8271	2,0%
01-Oct-18	871 716 946 658	107 544 327	8511	12,4%
01-Nov-18	902 985 035 534	105 512 991	8636	7,6%
01-Dec-18	924 279 748 701	104 128 959	8285	4,2%
01-Jan-19	752 358 786 621	95 486 618	8056	3,5%

Source: BankservAfrica and Economists.co.za