



BANKSERVAFRICA

March 2020 BETI report to accompany press release

Date: 15 April 2020

Coronavirus causes massive declines in the BETI

Economic transactions declined to 2008 levels

The BankservAfrica Economic Transaction Index (BETI) is the quickest and broadest monthly indicator of economic activity in the local South African economy. It is an insightful tool that captures transactions under R5 million to provide almost immediate feedback on each economic sector's performance.

The BETI's dramatic decline of 3.3% in March shows the economy is shrinking rapidly. On a seasonally adjusted basis, this decline is the sharpest drop since August 2008! It demonstrates the extent of the pandemic's impact on the economy.

Usually one would not give much weighting to the monthly change. However, this steep decline points to a sharp slowdown in the South African economy! More concerning, our other data suggests this is not the end; we could see much worse in April and in the months following.

The BETI declined by 0.4% on a year-on-year basis. The quarter-on-quarter fall of 3% is the biggest shrinkage since January 2016!

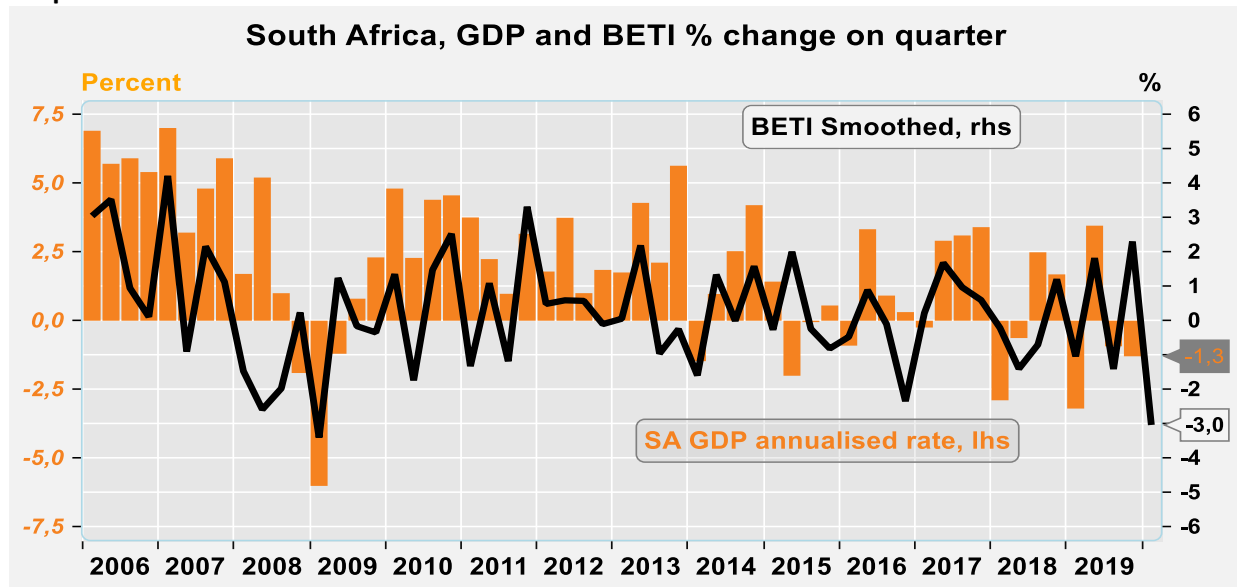
The South African government's nationwide lockdown from late March helped lift consumer spending. Transactions spiked as South Africans rushed to the shops just before it was implemented. But activity soon quietened down.

With the BETI down to January 2019 levels, the historic close correlation between the BETI and the country's GDP performance suggests that South Africa's GDP annual growth for this year will be lower than originally anticipated pre-COVID 19 breakout in South Africa. The South African Reserve Bank announced yesterday its expectation of a GDP decline of 6.1% in 2020. This compares to the -0.2% expectation just three weeks ago.

Number of transactions up but value down

What is interesting in the March data is that while the volume of transactions increased, the value per transaction declined by 1.1% in real terms. The number of transactions recorded in the BETI was 103.3 million for March. Although it was 3.3% up, the real value declined by 2.7%. This could be due to wholesalers, manufacturers and retailers, including pharmacies, making bulk stock purchases. These were in addition to the stockpiling by households. However, the value declined as consumer spending for higher priced items, such as vehicles slowed down.

Graph 1: The BETI and the SARB Coincident Index



Source: BankservAfrica and Economists.co.za

Table 1: The BankservAfrica Economic Transaction Index

	The BETI	The headline BETI % change	BETI quarterly % change	BETI monthly % change
01-Jan-19	118,8	-0,9%	-1,5%	-1,5%
01-Feb-19	120,2	-0,9%	-0,4%	1,2%
01-Mar-19	119,4	-1,9%	-1,0%	-0,6%
01-Apr-19	121,5	0,9%	2,2%	1,7%
01-May-19	121,5	1,7%	1,1%	0,0%
01-Jun-19	121,6	1,3%	1,8%	0,1%
01-Jul-19	122,7	2,3%	1,0%	0,9%
01-Aug-19	122,2	0,7%	0,5%	-0,4%
01-Sep-19	119,9	0,5%	-1,4%	-1,9%
01-Oct-19	120,1	-0,4%	-2,1%	0,2%
01-Nov-19	121,4	0,6%	-0,7%	1,0%
01-Dec-19	122,7	1,6%	2,3%	1,1%
01-Jan-20	123,4	3,8%	2,7%	0,6%
01-Feb-20	123,0	2,4%	1,4%	-0,3%
01-Mar-20	118,9	-0,4%	-3,0%	-3,3%

Source: BankservAfrica and Economists.co.za

Table 2: The standardised value and number of transactions

	Nominal standardised value of transactions	Number of transactions	Average transaction value	Change in transaction volume
01-Jan-19	752 358 786 621	95 486 618	8056	3,5%
01-Feb-19	871 083 597 460	96 912 302	8333	2,4%
01-Mar-19	875 728 911 568	99 987 336	8444	-1,4%
01-Apr-19	895 209 267 983	103 384 373	8246	6,6%
01-May-19	885 765 229 153	101 623 908	8662	1,2%
01-Jun-19	889 664 961 147	93 655 106	8761	-8,1%
01-Jul-19	886 274 974 884	104 673 384	8890	3,6%

01-Aug-19	882 317 305 978	104 325 966	8647	-0,4%
01-Sep-19	876 129 253 723	99 715 632	8621	3,0%
01-Oct-19	895 393 805 918	101 551 480	9258	-5,6%
01-Nov-19	944 390 173 867	104 794 252	8843	-0,7%
01-Dec-19	983 730 036 244	104 150 830	8816	0,0%
01-Jan-20	827 069 468 236	98 568 174	8339	3,2%
01-Feb-20	921 749 299 725	101 662 462	8522	4,9%
01-Mar-20	891 197 747 730	103 280 758	8822	3,3%

Source: *BankservAfrica and Economists.co.za*