



**BANKSERVAFRICA**

June 2020 BETI report to accompany press release

Date: 15 July 2020

## **BETI shows biggest monthly increase on record**

*But there is a long and winding road ahead to economic recovery*

The strongest one-month bounce in the BETI occurred in June 2020, which stood at 101.7 from the weakest point of 98.1 in May. This indicates the South African economy is starting up again and is supported by data on the real price increase in the value of transactions, which was 3.7% in June, compared to the -4.3% in the previous month. This sizeable increase occurred after the BETI data smoothing and represents the strongest monthly figure on record since 2002. In raw seasonally adjusted terms, the increase is even stronger but, as the data is volatile in nature under the current circumstances, this is not the only change one should look at.

The headline BETI for June was -17.1% lower on a year-on-year basis, reflecting the depth of the overall economy's decline since March 2020.

On a quarter-on-quarter basis, the BETI was -14.6%. This is an early indication that South Africa's GDP in the second quarter of 2020 could record a very large contraction, which is the consensus of many economic observers.

The BankservAfrica Economic Transaction Index (BETI) is the broadest actual economic reading and a proven leading indicator of South Africa's GDP, with a close alignment to the SARB's Co-Incident indicator. As such, it is one of the very few monthly indicators in South Africa that gives insights into the economy two weeks after 30 days of transactions having been processed by BankservAfrica. The BETI indicated that the fourth quarter of 2019 and the first quarter of 2020 were to show declines - and this duly transpired in the published GDP data.

While the economy will take time to recover, the latest data suggests recovery from the COVID-19 crisis is underway and that the stimulus from government sector via the UIF COVID-19 Temporary Employee Relief Scheme (TERS) pay-outs, extra social grant spending and tax relief, as well as the banking sector's payment holidays and a host of other measures, have helped to stabilise the economy.

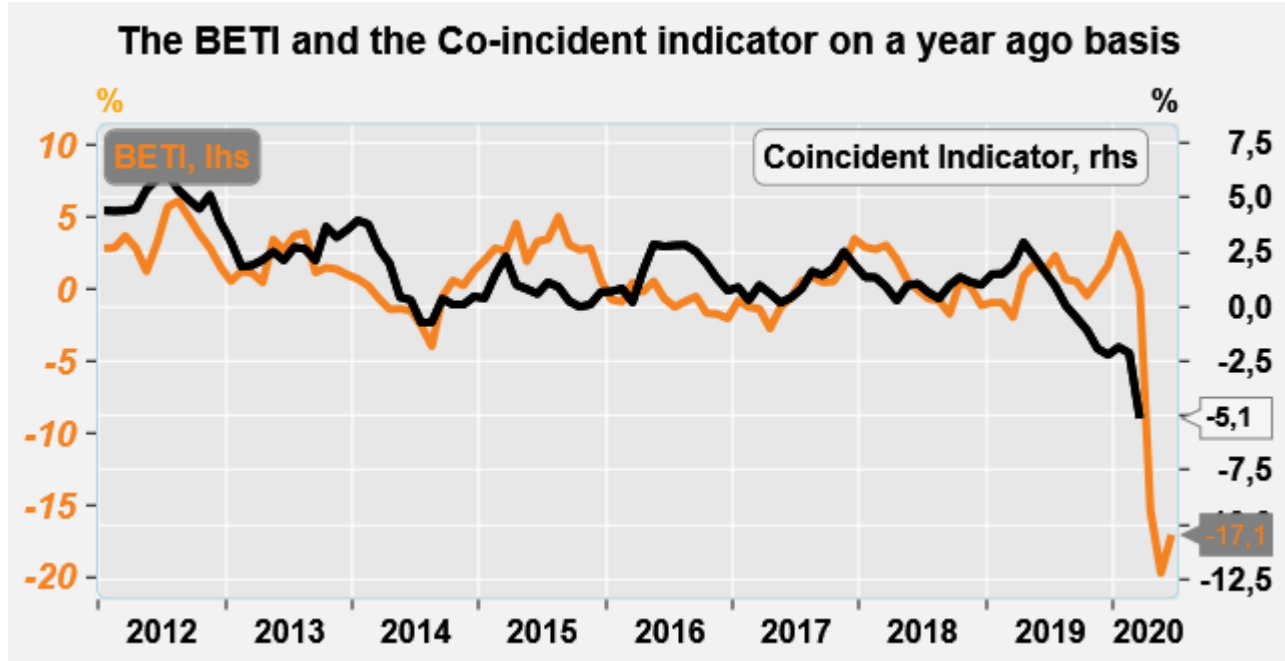
But there is a long and winding road ahead as large parts of the economy will still need to absorb the lagging shocks from the lockdown period – and face those still to come. The recovery will not be a straight path and the closer the economy gets to its normal levels, the harder it will become to record big recoveries. As is the case in other countries, there may be further regional lockdowns or outbreaks which can impact future numbers. Also, with South Africa's economy already being in a weak position before COVID-19, we need to be aware that the comeback will not be a straight line. This will also be challenged by old problems, such as the electrical power, coming to the fore. For now, it appears the recovery from COVID-19 lockdown has started with data faring better than May, April and March. More organisations and individuals are partaking in economic activity again.

This appears to be the first step towards a V-shaped recovery for the South African economy that features months of sharp declines leading to a quick recovery. The other observation is that the third quarter of 2020 is going to have a fast start off the low base in the second quarter and its strong ending. That will put the economy in a better place than three months ago.

### Double digit drop for average value per transaction

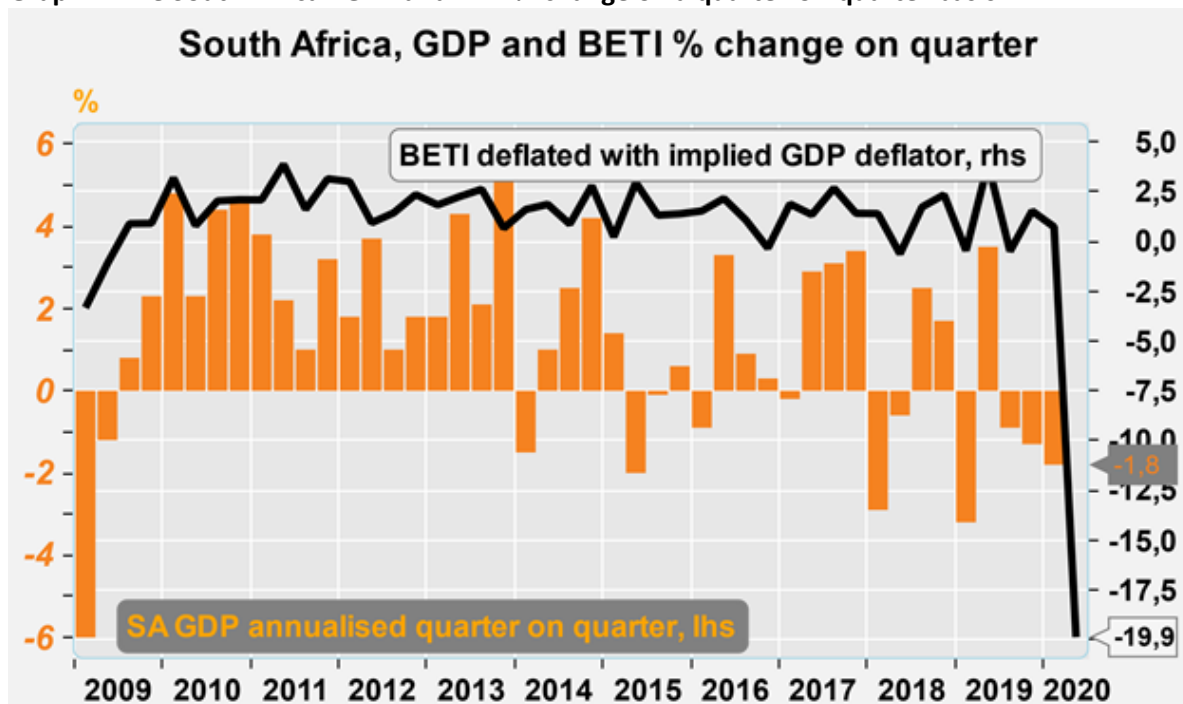
The number of transactions in June were 6.5% higher than a year ago but about 5% lower than the average. This is due to the low base in June 2019 that reflected poor performance. The average value of transactions declined by 10.7% in nominal terms. Our BETI records show this is the first double digit decline in three consecutive months and indicates economic role players are staying away from big ticket item purchases like property.

Graph 1: The BETI and Co-incident Indicator % change on a year-on-year basis



Source: BankservAfrica and Economists.co.za

Graph 2: The South African GDP and BETI % change on a quarter-on-quarter basis



Source: BankservAfrica and Economists.co.za

**Table 1: The BankservAfrica Economic Transaction Index**

	The BETI Index	The headline BETI % change	BETI quarterly % change	BETI monthly % change
01-Jan-19	118,6	-0,9%	-1,5%	-1,5%
01-Feb-19	120,0	-0,9%	-0,4%	1,2%
01-Mar-19	119,2	-1,9%	-1,0%	-0,6%
01-Apr-19	121,1	0,9%	2,1%	1,6%
01-May-19	122,2	1,7%	1,9%	0,9%
01-Jun-19	122,6	1,3%	2,9%	0,3%
01-Jul-19	123,1	2,3%	1,6%	0,4%
01-Aug-19	122,2	0,7%	-0,1%	-0,8%
01-Sep-19	119,7	0,5%	-2,4%	-2,1%
01-Oct-19	119,9	-0,4%	-2,6%	0,2%
01-Nov-19	121,1	0,6%	-0,9%	1,0%
01-Dec-19	122,4	1,6%	2,3%	1,1%
01-Jan-20	123,1	3,8%	2,7%	0,6%
01-Feb-20	122,8	2,4%	1,4%	-0,3%
01-Mar-20	119,1	-0,1%	-2,7%	-3,0%
01-Apr-20	102,5	-15,3%	-16,7%	-13,9%
01-May-20	98,1	-19,7%	-20,1%	-4,3%
01-Jun-20	101,7	-17,1%	-14,6%	3,7%

Source: BankservAfrica and Economists.co.za

**Table 2: The volume and average value of transactions and the Standardised BETI in nominal terms**

	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%
01-Apr-20	679 399 945 727	90 027 122	6960	-12,9%
01-May-20	703 813 457 711	92 353 231	7348	-9,1%
01-Jun-20	795 028 150 576	99 747 038	7821	6,5%

Source: BankservAfrica and Economists.co.za