

April 2024 BETI report to accompany press release

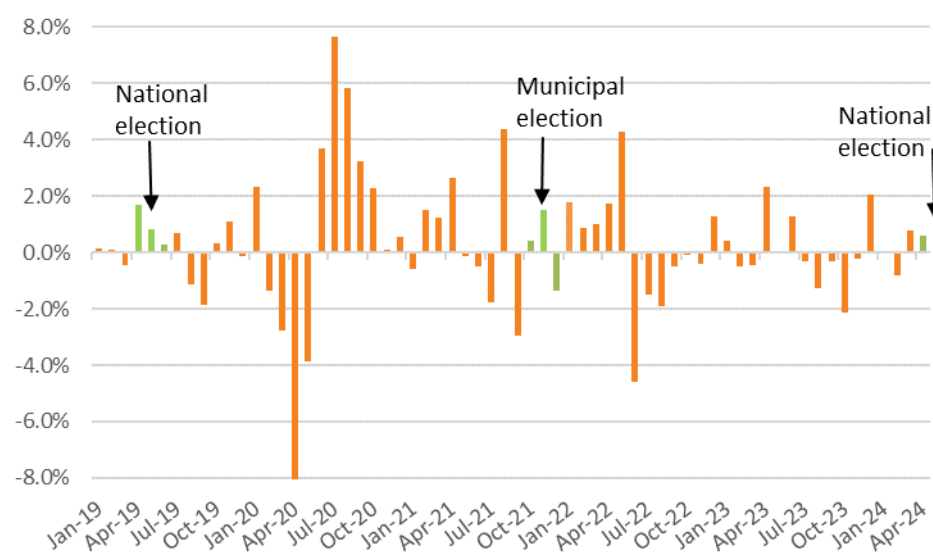
Date: 8 May 2024

## BETI recovered further in April 2024

The monthly BankservAfrica Economic Transactions Index (BETI), measuring the value of all electronic transactions cleared through BankservAfrica at seasonally adjusted real prices, recovered further in April. At 134.2 the index is now at the highest level since August 2023 (134.4) and 0.6% up on the March level.

Towards the end of March, load shedding was suspended, and South Africans have been free of power cuts since then. This has most likely had a positive impact on economic activity in April, while spending in preparation for the upcoming elections might also have played a role. According to the Independent Electoral Commission (IEC), a record number of about 27.7 million voters – the highest since the advent of democracy in South Africa – are eligible to participate in the 2024 national and provincial elections on 29 May. Additional economic activity relating to political party campaigns (printing posters, flyers, T-shirts etc) and also the IEC's preparation activities (e.g. printing of ballots, inputs to prepare voting stations). These activities are likely to be mostly reflected in additional retail spending.

**Graph 1: BankservAfrica Economic Transaction Index – monthly change**



Source: BankservAfrica

Looking back at the performance of the BETI around election dates in South Africa (Table 1) revealed that in 6 of the 9 elections under review, economic activity picked up in the month prior to the election month, while in 7 of the 8 cases (2024 not included here) the BETI increased in the election month itself. While other developments in the economy are also reflected in the performance of the BETI, election related spending could make a meaningful impact in the BETI on a monthly basis, in the period around election dates.

**Table 1: Monthly change in BankservAfrica Economic Transactions Index (%)**

Date	Type of election	Month prior	Month of election	Month after
14-Apr-04	National	1.6	-0.1	1.0
01-Mar-06	Municipal	1.1	1.0	0.0
22-Apr-09	National	-1.6	0.5	-0.2
18-May-11	Municipal	1.9	0.2	-0.6
07-May-14	National	-0.1	1.6	0.5
03-Aug-16	Municipal	-0.5	0.6	-0.7
08-May-19	National	1.7	0.8	0.3
01-Nov-21	Municipal	0.4	1.5	-1.3
29-May-24	National	0.6		

In what seems to be a synchronised uptick, other nowcast indicators also increased in April. The S&P Global South Africa Purchasing Managers' Index (PMI®) – a composite gauge designed to give a single-figure snapshot of operating conditions in the private sector economy – increased from 48.4 in March to 50.3 in April. According to the report, April was a month of stability for South African companies, with output and new orders falling only marginally as firms felt more optimistic about the future, expanding capacity through hiring and the purchasing of additional inputs. Some firms also predict a revitalisation of demand following the upcoming elections. Similarly, the Absa Purchasing Managers' Index (PMI) increased notably to 54 index points in April, recovering from a sub-50 level in March (49.2). The rebound was driven by improved business activity, while better domestic demand filtered through in higher new sales orders. Furthermore, after eight successive months of falling numbers, new-vehicle sales picked up in April. Naamsa figures for April indicated sales of 38 172 cars and commercial vehicles performed 2.2% better than in April 2023. It was the first time since July last year that monthly sales outperformed those of a year earlier.

While April can be seen as a welcome 'blip of positivity', there are still multiple challenges facing the economy. Although election-related spending and the absence of load shedding have been contributing to the positive outcome in April, there are still a lot of uncertainty around the election outcome and what that would mean for the economy. Investors seem to take a 'wait-and-see' approach, especially relating to capital expenditure plans. This has been a negative scenario for the economy's industrial sector in the first months of 2024.

Assuming an election outcome that will not lead to a major disruption in macroeconomic policies, a slight improvement in the economic scenario is still forecast towards the end of the year. Specifically, the expectation of lower international interest rates later in the year could spur a better performance in the rand exchange rate, which will likely further feed the moderation expected in consumer inflation. We still forecast December's headline inflation rate to be around 4.5% (average for the year at 5.1%) and at least 50bps in interest rate cuts by year-end. Additionally, assuming that the intensity of load shedding continues to be less than experienced in 2023, real GDP growth is forecast at 1.1% in 2024 vs 0.6% in 2023. Although still too low to make a meaningful dent in the unemployment rate, this is somewhat better than the previous year.

#### **The number of transactions increased somewhat in April 2024**

The standardised nominal value of transactions cleared through BankservAfrica in April 2024 subsided to R1.290 trillion vs R1.305 trillion in March, while the number of transactions increased to 157.0 million (156.1 million in March). Among the different payment streams captured in the BETI, in terms of the number of transactions, PayShap was the star performer during April, spiking to 6.6 million, almost double the number recorded in March.

**Table 2: The BankservAfrica Economic Transactions Index**

	The BETI Index	The headline BETI % change	BETI quarterly % change*	BETI monthly % change
Apr-22	137.4	4.9%	3.6%	1.7%
May-22	143.2	9.5%	7.1%	4.3%
Jun-22	136.7	5.0%	1.2%	-4.6%
Jul-22	134.7	5.3%	-2.0%	-1.5%
Aug-22	132.1	-1.1%	-7.8%	-1.9%
Sep-22	131.4	1.5%	-3.9%	-0.5%
Oct-22	131.3	1.0%	-2.5%	-0.1%
Nov-22	130.8	-0.9%	-1.0%	-0.4%
Dec-22	132.5	1.7%	0.8%	1.3%
Jan-23	133.0	0.3%	1.3%	0.4%
Feb-23	132.3	-1.0%	1.2%	-0.5%
Mar-23	131.7	-2.5%	-0.6%	-0.5%
Apr-23	134.8	-1.9%	1.4%	2.3%
May-23	134.8	-5.9%	1.9%	0.0%
Jun-23	136.5	-0.1%	3.7%	1.3%
Jul-23	136.1	1.1%	1.0%	-0.3%
Aug-23	134.4	1.8%	-0.3%	-1.3%
Sep-23	134.0	1.9%	-1.9%	-0.3%
Oct-23	131.1	-0.1%	-3.7%	-2.1%
Nov-23	130.8	0.0%	-2.7%	-0.2%
Dec-23	133.5	0.8%	-0.4%	2.1%
Jan-24	133.5	0.4%	1.8%	0.0%
Feb-24	132.4	0.0%	1.2%	-0.8%
Mar-24	133.4	1.3%	-0.1%	0.8%
Apr-24	134.2	-0.4%	0.5%	0.6%

Source: BankservAfrica and Carpe Diem Research

\* Quarterly change in the BETI is calculated by comparing the last month of the quarter to the preceding quarter's last month e.g. Sept 2023 vs June 2023

**Table 3: The volume and average value of transactions and the standardised BETI in nominal terms**

	Nominal standardised value of transactions	Number of transactions	Change in transaction volume y/y	Average transaction value
Apr-22	1 168 029 601 917	126 214 672	9.8%	8246
May-22	1 229 315 269 279	127 591 161	11.1%	8585
Jun-22	1 121 151 326 630	127 572 169	10.0%	8623
Jul-22	1 127 335 386 315	130 429 591	6.4%	8590
Aug-22	1 144 019 181 627	136 146 702	-2.1%	8591
Sep-22	1 156 444 235 655	136 249 384	11.3%	8565
Oct-22	1 160 148 154 981	138 022 680	9.5%	8353
Nov-22	1 202 776 795 372	139 826 464	9.9%	8680
Dec-22	1 302 643 668 412	143 643 691	11.4%	8464
Jan-23	1 043 515 523 493	129 990 886	13.0%	7978
Feb-23	1 187 992 389 462	132 983 557	12.0%	8282
Mar-23	1 209 795 085 203	149 048 353	13.6%	8299

Apr-23	1 243 366 822 402	135 952 013	7.7%	7852
May-23	1 203 765 001 367	147 332 396	15.5%	8353
Jun-23	1 232 952 993 990	145 325 431	13.9%	8325
Jul-23	1 209 610 547 849	149 410 111	14.6%	8046
Aug-23	1 206 920 948 491	152 640 851	12.1%	8084
Sep-23	1 248 310 179 307	152 187 512	11.7%	7811
Oct-23	1 216 129 939 660	156 629 955	13.5%	7938
Nov-23	1 269 875 016 336	158 476 553	13.3%	8086
Dec-23	1 392 171 173 028	163 073 133	13.5%	7695
Jan-24	1 098 891 783 068	152 088 806	17.0%	7387
Feb-24	1 249 696 143 974	155 519 833	16.9%	7779
Mar-24	1 305 019 150 536	156 132 954	4.8%	7801
Apr-24	1 289 951 156 911	156 994 714	15.5%	8062

Source: BankservAfrica and Carpe Diem Research

#### \*A note on revisions

The BETI reflects the standardised value of all economic transactions in the South Africa economy at seasonally adjusted real prices (2005=100). On an ongoing basis, there are always small differences between previously published index numbers and most recent, given the processes of deflating (to strip out the impact of inflation from the data) and seasonally adjustment (to strip out any seasonal behaviour in the data). The November 2023 BETI release has been subjected to the following adjustments that result in revised index and growth numbers:

- Inflation forecasts have been updated with actuals to March 2024
- Seasonal factors were revised and updated to April 2024

**Deflating nominal values:** The total PPI - or otherwise defined as the PPI for final manufactured goods (25% weighting) in combination with the CPI for all urban areas excluding homeowners rent (75% weighting) - are used to deflate the nominal values to reflect real values. There is a one-month lag period before the inflation data gets released for a certain month, which has the implication that the most recent BETI data point gets deflated by forecast numbers for PPI and CPI excluding homeowners rent. Then in the next month, when the actual PPI and CPI data are available, it impacts the BETI in so far as there are discrepancies between the forecasts used and the actual outcomes of the relevant inflation numbers.

**Revised seasonal factors:** Seasonal adjustment takes place monthly, with seasonal factors been adjusting slightly with each new actual data point becoming available. Revisions impact marginally on historical index values.

**PayShap:** Launched in March 2023, PayShap is South Africa's real-time, low-value, interbank digital payments solution currently offered at Absa, African Bank, Capitec, Discovery Bank, FNB, Investec, Nedbank, TymeBank, Sasfin and Standard Bank. This service is enabled by the Rapid Payment Platform infrastructure and governed by the PayShap Scheme for which BankservAfrica is the appointed Scheme Operator and Scheme Manager. For more information, please visit [www.payshap.co.za](http://www.payshap.co.za).