

Festive season retail sales could grow 3%

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Christmas period retail sales could grow by slightly more than 3% in real terms provided there is no resurgence in strike activity that disrupts both production and workers' earnings, Credit Guarantee Insurance Corporation senior economist Luke Doig said.



Spending on credit likely to rise. Image: [Naypong / freedigitalphotos.net](#)

He said in a research note on Thursday (17 October) that retailers would need to "offer incentives" to hard-pressed consumers to make them spend more. Offering incentives would help retailers garner a share of the additional R5.8bn in sales expected in December.

Retail sales grew 3% year-on-year in August, figures released on Wednesday (16 October) showed, supported by textiles retailers and general dealers.

Consumer spending is being negatively affected by higher electricity, fuel and other administered costs.

Credit Guarantee forecast improved volumes across food wholesalers and restaurants and fast-food chains in the run-up to the festive season.

PC and tablet sales likely to rise

On the information technology front, Doig said tablets and smart phone demand showed "no sign of slacking".

A large portion of durable and semi-durable goods were imported and the weak exchange rate could affect retailers' pricing in the months ahead, Doig cautioned.

Retail trade sales figures on Wednesday (16 October) also showed that spending on durable goods such as household

furniture, appliances and equipment continued to contract, reflecting less consumer appetite for big-ticket items.

Doig said, however, that demand for these items could pick up slightly over the festive season.

"There is also invariably a pick-up in this segment at year-end. We are currently experiencing strong growth in demand for (insurance) cover in the household appliances, cellular and electronics sectors," he said.

Doig said that although there appeared to be a higher degree of advance ordering of goods in the current period, compared with last year, any dramatic improvement was unlikely in the near term given high levels of uncertainty and lack-lustre confidence.

He also suggested that many more consumers could use credit over the festive season, including store credit or that provided by traditional financial institutions.

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