

## Sluggish October SCI results

The average cash withdrawal figure for October 2013 was R468.20, as measured by the Spark Cash Index (SCI). There was a month-on-month increase of 0.03%.



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Marc Sternberg, MD of Spark ATM Systems says that the slight national increase was affected by a mixed bag of withdrawal activity and tight spending in certain sectors. "October's data almost mirrors September's withdrawal activity. Farming and leisure sites increased month-on-month, while retail, wholesale and petrol sites again recorded decreases in month-on-month activity. However, comparing regional activity, we note that the Western Cape recorded the highest month-on-month increase, possibly brought on by the seasonal change and a subsequent uptick in tourism, driven by a weaker rand."

### Economist's view

Ronel Oberholzer, principal economist at IHS Global Insights, says, "October is historically an 'in-between' month, falling in the middle of 3rd quarter holidays and the end of year holidays, making it prone to reflect lower cash withdrawal values."

She says that although October's SCI data reflects slow growth, she expects this to pick up in anticipation of the festive season. "The global economy is looking up, interests rates are still low, higher wages are being paid, lower petrol prices are expected and summer is almost upon us, so people will be more prone to spending."

Sternberg adds that SCI data for the second half of the year has illustrated some restraint in unnecessary spending, but he expects this to turn as consumers purchase goods early, in an attempt to circumvent festive season price increases.

"High living costs and the high level of debt have forced consumers to be more conservative and strategic with their cash withdrawal and spending habits. However, according to the latest BankservAfrica Disposable Salary Index (BDSI), those in formal employment have more cash in their pockets and disposable salaries increased nominally by 7.6% for the year up to

September 2013.

"Quarterly employment data also reveals an increase in formal employment, so the build-up to the festive season, and an incoming stream of tourists, should start to positively affect the SCI data."

Although the fundamental micro and macro-economic realities haven't abated there is optimism for the remainder of the year. "Labour turmoil is fading and schools and universities are starting to wrap up early this year. These factors should stimulate increased cash withdrawal activity."

## **Provincial cash withdrawal trends**

The Western Cape Province recorded the highest month-on-month increase of 1.65%. Oberholzer says that overall optimism in the Western Cape is higher than in the rest of the country being one of the few provinces seeing 'better management'. "Also, Cape Town was recently named as the world's 3rd best country to visit by the Lonely Planet and tourism has been good especially with the weak rand," adds Sternberg.

The Northern Cape Province recorded the highest average cash withdrawal value of R499.95, the highest year-on-year of 11.84%, and third highest month-on-month increase of 0.27%. An increase in meat prices and grape harvest in this region is attributed to the increase in withdrawal activity.

Mpumalanga posted the second highest month-on-month of 0.80% and second highest cash withdrawal value of R487.55, a slight turnaround from the previous months figure following the strikes tapering off. "This is also a big grain area, although harvest came in June/July, it could be that grain is now exported and money is coming in," says Oberholzer.

## **Site category trends**

Farm sites recorded the highest cash withdrawal value of R492.99, the highest month-on-month increase of 5.23% and highest year-on-year increase of 8.43%. This are largely attributed to the various grain and grape harvests and higher meat prices in Mpumalanga and the Northern Cape.

Leisure sites recorded the second highest month-on-month increase of 2.03% and is largely attributed to the school 3rd quarter holidays stretching into October. Petrol, wholesale and retail sites decreased 0.18%, 0.33% and 0.34% respectively.

"Retail sites should begin to see an increase due to pre-festive season buying. Also with Walmart in the market we see some stiff competition especially in electronics, such as TV, Computers, Phones, and gadgets driving prices lower," concludes Oberholzer.

The SCI is a useful 'real-time' gauge of consumer spending, utilising the company's ATM systems' network of over 2000 ATMs located countrywide to reflect accurate, broad and timely cash demand and utilisation data. These ATMs are typically located in convenience stores, petroleum stations, specialist retail nodes and leisure & hospitality venues.

For more information, go to [www.sparkatm.co.za](http://www.sparkatm.co.za).