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Wholesale trade sales

December 2004

**Embargoed until:
2 March 2005
13:00**

Table A - Key figures as at the end of December 2004

Actual estimates	December 2004 R million	% change between November 2004 and December 2004	% change between December 2003 and December 2004	% change between October to December 2003 and October to December 2004	% change between January to December 2003 and January to December 2004
Wholesale trade sales at current prices	47 527	-14,3	+28,7	+26,7	+15,4
at constant (2000) prices	37 174	-13,9	+25,2	+23,0	+13,6

Seasonally adjusted estimates	December 2004 R million	% change between November 2004 and December 2004	% change between July to September 2004 and October to December 2004
Wholesale trade sales at current prices	49 127	-2,6	+4,5
at constant (2000) prices	38 485	-1,8	+4,6

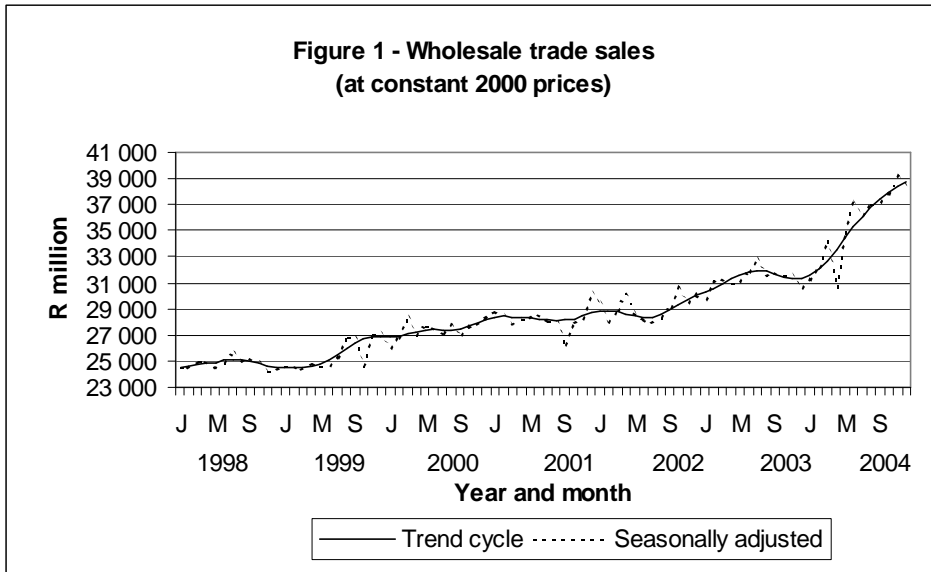
Key findings as at the end of December 2004

Wholesale trade sales increase

As indicated in table A, wholesale trade sales, at constant (2000) prices, for the fourth quarter of 2004 increased by 23,0% compared with the fourth quarter of 2003. Furthermore, seasonally adjusted wholesale trade sales, at constant (2000) prices, for the fourth quarter of 2004 increased by 4,6% compared with the third quarter of 2004.

Wholesale trade sales, at constant (2000) prices, for the year 2004 increased by 13,6% compared with the year 2003.

Figure 1 below shows the seasonally adjusted and trend patterns for wholesale trade sales at constant (2000) prices between January 1998 and December 2004. The trend cycle, after a brief decline towards the end of 2003, has resumed its upward movement.



**P J Lehohla
Statistician-General**

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Notes**Forthcoming issue****Issue****Expected release date**

January 2005

13 April 2005

Purpose of the survey

The results of the monthly wholesale trade sales survey are used to compile estimates of the Gross Domestic Product (GDP) and its components, which are used in monitoring the state of the economy and formulation of economic policy. These statistics are also used in the analysis of comparative business and industry performance.

Article: New monthly indicator series – feasibility of seasonal adjustment

As indicated in earlier discussions, since the beginning of 2003, Stats SA has been conducting its monthly indicator surveys (manufacturing, wholesale trade, retail trade, motor trade and land freight) using fresh samples of businesses drawn from its new business register, in parallel with the continued conduct of the surveys based on the established sample of businesses drawn from the old business address register. The parallel operation was designed to ensure that the new samples were well established, and that estimates could be constructed for an overlap period of one year between the old and new samples, to provide users with a comparability bridge of a reasonable number of observations on both the old and new bases.

The inadequacy of the old business register to accurately capture and represent the true business population across the economy is mainly due to the fact that the register could not be updated regularly or consistently across industry sectors. This has been rectified through access to information about VAT registrations from the South African Revenue Services. This source has been used to construct Stats SA's new business register.

Manufacturing was the most frequently updated sector in the old business address register, through special efforts to build up coverage for reasonably regular censuses of the sector, which in turn provided information for updating the business population for the sector, particularly for ceased businesses and changes in activity. Accordingly the industry structure of the sector was relatively well captured by the old business register, even though it under covered the number of businesses involved, mainly smaller businesses. The movements of the new manufacturing series track that of the old series very closely for 2003, and seasonal adjustment of the new series, including its backcast component, was found to be feasible using the seasonal factors from the old manufacturing series carried over to the new one.

The **wholesale** and **motor** industries remained relatively stable in structure in the old and new registers, and activities were dominated by the large enterprises, even though the old register under covered smaller enterprises. Again, the movements of the new series tracked that of the old series very closely for 2003, and seasonal adjustment of the new series using the seasonal factors from the old series, including their backcast components, produced seasonally adjusted series which were reasonably consistent with the pattern of the seasonally adjusted series from the old surveys. The addition of wholesale on a commission or fee basis in the wholesale survey and the expansion of coverage to wholesale activities in the motor trade survey, contributed to some of the differences noted in the monthly movements.

The situation for **retail trade** was found to be more complicated. It is the sector where, on the one hand, the structure changed most frequently in terms of business starts, cessations, mergers and acquisitions, so that frequent updating of the business register to reflect these changes was the most important. On the other hand, the inadequacies of the old business register were greatest in this sector, and the sample drawn from it for the monthly retail trade survey was accordingly the most deficient for capturing both the level and movements in activity. While the movements of the new series track that of the old series reasonably well over most months of 2003, the growth shown from November to December 2003 differs quite significantly between the old and new series (the old series showed a current price growth of 40,7% whilst the new series shows a growth of 30,4%). It is the view of Stats SA that the growth from the new survey is more reliable.

Retail trade is more strongly characterised by strong seasonal fluctuations than other industry sectors. The seasonal factors from the old survey were built up over many years for that survey based on the performance of that series, which in turn was influenced by the long-standing inadequacies in the old business frame and sample. When those seasonal factors were applied to the new series, including its backcast component, it was found that the resulting seasonally adjusted series did not behave plausibly.

Stats SA has concluded that there is no option for retail trade but to stop publishing a seasonally adjusted series until enough data points are available to derive seasonal adjustment factors informed by the behaviour of the new series. At least 36 data points are needed, and currently only data points from January 2003 are available. However, Stats SA will show an estimated trend line through the original series.

(2 June 2004)

Detailed results

Outlined below in tables 1 and 2 are details of the behaviour of wholesale trade sales at current prices over the period January 1998 to December 2004. Table 3 gives details of the behaviour of the seasonally adjusted wholesale trade sales at current prices over the same period.

Table 1 - Total wholesale trade sales at current prices (R million)

Month	1998	1999	2000	2001	2002	2003	2004
January	18 919	19 967	22 609	27 249	31 060	33 758	35 338
February	20 513	21 750	25 344	29 336	32 728	38 617	39 913
March	21 432	22 171	27 583	29 380	34 810	39 725	43 208
April	20 764	21 759	25 453	28 536	34 680	36 825	36 700
May	21 080	22 548	27 349	30 292	35 327	38 925	44 364
June	21 608	22 687	27 424	30 826	34 708	40 213	47 964
July	22 240	23 032	26 537	29 843	34 166	40 979	45 947
August	22 538	25 286	28 067	30 411	35 214	39 333	46 865
September	23 433	25 787	28 086	29 082	36 947	40 186	48 090
October	23 856	24 820	30 331	33 307	41 460	42 320	52 184
November	23 505	27 790	31 247	34 490	40 913	43 210	55 455
December	21 934	25 872	29 411	33 539	37 134	36 932	47 527
Total	261 822	283 469	329 441	366 291	429 147	471 023	543 555

1/ Preliminary

Table 2 - Percentage change in total wholesale trade sales at current prices ^{1/}

Month	1998	1999	2000	2001	2002	2003	2004
January	-	5,5	13,2	20,5	14,0	8,7	4,7
February	-	6,0	16,5	15,8	11,6	18,0	3,4
March	-	3,4	24,4	6,5	18,5	14,1	8,8
April	-	4,8	17,0	12,1	21,5	6,2	-0,3
May	-	7,0	21,3	10,8	16,6	10,2	14,0
June	-	5,0	20,9	12,4	12,6	15,9	19,3
July	-	3,6	15,2	12,5	14,5	19,9	12,1
August	-	12,2	11,0	8,4	15,8	11,7	19,1
September	-	10,0	8,9	3,5	27,0	8,8	19,7
October	-	4,0	22,2	9,8	24,5	2,1	23,3
November	-	18,2	12,4	10,4	18,6	5,6	28,3
December	-	18,0	13,7	14,0	10,7	-0,5	28,7
Total	-	8,3	16,2	11,2	17,2	9,8	15,4

1/ The percentage change is the change in wholesale trade sales of the relevant year compared with wholesale trade sales of the previous year expressed as a percentage

Table 3 - Seasonally adjusted total wholesale trade sales at current prices (R million)

Month	1998	1999	2000	2001	2002	2003	2004
January	21 057	22 131	24 995	30 150	34 332	37 358	39 077
February	21 058	22 315	25 933	29 976	33 273	39 225	40 491
March	21 306	22 037	27 386	29 046	34 298	39 028	42 413
April	21 669	22 712	26 626	29 966	36 517	38 863	38 739
May	21 268	22 686	27 416	30 244	35 171	38 703	44 101
June	21 768	22 825	27 507	30 815	34 554	39 976	47 684
July	22 684	23 521	27 137	30 509	34 829	41 625	46 592
August	22 292	25 093	27 978	30 476	35 448	39 719	47 417
September	22 738	25 082	27 432	28 599	36 489	39 782	47 602
October	22 355	23 240	28 357	31 091	38 649	39 375	48 503
November	21 766	25 733	28 838	31 702	37 398	39 347	50 418
December	21 807	25 764	29 394	33 848	37 794	37 939	49 127

Outlined below in tables 4 and 5 are details of the behaviour of wholesale trade sales at current prices over the period January 1998 to December 2004. Table 6 gives details of the behaviour of the seasonally adjusted wholesale trade sales at current prices over the same period.

Table 4 - Total wholesale trade sales at constant 2000 prices (R million)

Month	1998	1999	2000	2001	2002	2003	2004
January	21 999	22 197	23 526	26 125	26 741	26 910	28 350
February	23 922	24 060	26 222	27 993	27 618	30 721	31 841
March	24 964	24 350	28 421	27 967	29 118	31 603	34 497
April	23 922	23 858	25 788	26 895	28 531	29 307	29 023
May	24 174	24 416	27 611	28 336	28 850	31 315	35 042
June	24 779	24 526	27 534	28 636	28 230	31 927	37 268
July	25 130	24 726	26 497	27 568	27 498	32 331	35 743
August	25 154	27 015	27 721	27 887	28 070	31 155	36 429
September	26 052	27 536	27 630	26 668	29 475	32 214	37 644
October	26 640	26 362	29 649	30 115	32 852	33 938	40 657
November	26 218	29 329	30 220	30 823	32 317	34 777	43 172
December	24 534	27 176	28 334	29 813	29 448	29 688	37 174
Total	297 488	305 551	329 153	338 826	348 748	375 886	426 840

1/ Preliminary

Table 5 - Percentage change in total wholesale trade sales at constant 2000 prices ^{1/}

Month	1998	1999	2000	2001	2002	2003	2004
January	-	0,9	6,0	11,0	2,4	0,6	5,4
February	-	0,6	9,0	6,8	-1,3	11,2	3,6
March	-	-2,5	16,7	-1,6	4,1	8,5	9,2
April	-	-0,3	8,1	4,3	6,1	2,7	-1,0
May	-	1,0	13,1	2,6	1,8	8,5	11,9
June	-	-1,0	12,3	4,0	-1,4	13,1	16,7
July	-	-1,6	7,2	4,0	-0,3	17,6	10,6
August	-	7,4	2,6	0,6	0,7	11,0	16,9
September	-	5,7	0,3	-3,5	10,5	9,3	16,9
October	-	-1,0	12,5	1,6	9,1	3,3	19,8
November	-	11,9	3,0	2,0	4,8	7,6	24,1
December	-	10,8	4,3	5,2	-1,2	0,8	25,2
Total	-	2,7	7,7	2,9	2,9	7,8	13,6

1/ The percentage change is the change in wholesale trade sales of the relevant year compared with wholesale trade sales of the previous year expressed as a percentage

Table 6 - Seasonally adjusted total wholesale trade sales at constant 2000 prices (R million)

Month	1998	1999	2000	2001	2002	2003	2004
January	24 497	24 614	26 005	28 879	29 502	29 701	31 254
February	24 500	24 625	26 768	28 521	27 998	31 106	32 202
March	24 946	24 317	28 349	27 822	28 890	31 296	34 120
April	24 980	24 922	27 000	28 265	30 066	30 951	30 656
May	24 429	24 612	27 725	28 304	28 698	31 073	34 757
June	24 924	24 642	27 610	28 641	28 154	31 804	37 140
July	25 645	25 262	27 080	28 139	27 962	32 756	36 145
August	24 931	26 862	27 693	28 024	28 355	31 595	37 032
September	25 281	26 773	26 956	26 175	29 035	31 802	37 159
October	24 870	24 589	27 612	28 019	30 537	31 508	37 724
November	24 222	27 093	27 818	28 273	29 473	31 609	39 186
December	24 397	27 097	28 395	30 175	30 079	30 579	38 485

Outlined below in tables 7.1, 7.2 and 7.3 are the percentage changes in wholesale trade sales at current prices, constant prices and seasonally adjusted estimates.

Table 7 - Estimates and percentage changes in total wholesale trade sales.

Table 7.1 - Monthly estimates with percentage changes

Estimates	November 2004 (R million)	December 2004 (R million)	% change between November 2004 and December 2004	December 2003 (R million)	December 2004 (R million)	% change between December 2003 and December 2004
Wholesale trade sales at current prices	55 455	47 527	-14,3	36 932	47 527	28,7
at constant (2000) prices	43 172	37 174	-13,9	29 688	37 174	25,2

Table 7.2 - Quarterly and cumulative estimates with percentage changes

Quarterly and cumulative estimates	October to December 2003 (R million)	October to December 2004 (R million)	% change between October 2003 to December 2003 and October 2004 to December 2004	January to December 2003 (R million)	January to December 2004 (R million)	% change between January 2003 to December 2003 and January 2004 to December 2004
Wholesale trade sales at current prices	122 462	155 166	26,7	471 023	543 555	15,4
at constant (2000) prices	98 403	121 003	23,0	375 886	426 840	13,6

Table 7.3 - Seasonally adjusted estimates with monthly and quarterly percentage changes.

Seasonally adjusted estimates	November 2004 (R million)	December 2004 (R million)	% change between November 2004 and December 2004	July to September 2004 (R million)	October to December 2004 (R million)	% change between July to September 2004 and October to December 2004
Wholesale trade sales at current prices	50 418	49 127	-2,6	141 611	148 048	4,5
at constant (2000) prices	39 186	38 485	-1,8	110 336	115 395	4,6

Explanatory notes

- Introduction**
- 1 Statistics South Africa (Stats SA) conducts a monthly survey of the wholesale trade industry, covering wholesale enterprises (see 4 below). This statistical release contains the results of a sample drawn from the new business register, with a significantly enhanced coverage of South African businesses. The release shows the monthly value of wholesale trade sales. Wholesale trade sales exclude value-added tax (VAT).
 - 2 As is usual, information for the latest month has had to be estimated for respondents who have not reported by the cut-off date for production of results. These estimates will be revised in future statistical releases when their reported information becomes available.
 - 3 As indicated earlier, Stats SA developed a new business register, based on the VAT database obtained from the South African Revenue Service (SARS), which replaced the previous business register. All enterprises are legally bound to register for VAT when their turnover for a period of twelve months equals or exceeds R300 000. Enterprises that conform to these criteria are included on the new business register, and hence were given a chance of selection in the new sample for the survey.
- Scope of the survey**
- 4 This survey covers wholesale enterprises, i.e.
 - wholesale trade on a fee or contract basis;
 - foodstuff, beverages and tobacco;
 - livestock and farm produce;
 - textiles, clothing and footwear;
 - furniture and household requisites;
 - office and shop equipment, books and stationery;
 - diamonds, jewellery and silverware;
 - pharmaceutical and chemical products;
 - construction and building materials;
 - machinery and equipment; and
 - miscellaneous.
- Classification**
- The 1993 edition of the *Standard Industrial Classification of all Economic Activities (SIC)*, Fifth Edition, Report No. 09-90-02, was used to classify the statistical units in the survey. The SIC is based on the 1990 *International Standard Industrial Classification of all Economic Activities (ISIC)* with suitable adaptations for local conditions. Statistics in this publication are presented at SIC division (two digit) level. Each enterprise is classified to the industry which reflects its predominant activity.
- Statistical unit**
- 6 The statistical unit for which information is compiled and published is the enterprise, defined as a legal unit or a combination of legal units that includes and directly controls all functions necessary to carry out its sales activities.
- Survey methodology and design**
- 7 The survey is conducted by mail on a monthly basis. Questionnaires are sent to a sample of about 800 enterprises from a population of about 19 000 enterprises. Completed questionnaires are required to be returned to Stats SA within 10 days after the end of the reference month. Fax and telephone reminders are used to follow up non-respondents.
 - 8 The value of sales is obtained monthly from the sample of 800 enterprises (which was drawn in January 2003 at the SIC three-digit level) from a population then of about 19 000 wholesale enterprises. The wholesale industry is divided into four size groups. All large enterprises (size group one), which comprise about 60 percent of the enterprises in the current sample, are completely enumerated. Simple random sampling is applied to size groups two (medium sized), three and four (small) enterprises. The total value of sales of the large enterprises (size group one) is added to the weighted

totals of size groups two, three and four to reflect the total value of sales.

Weighting methodology	9	For those strata not completely enumerated, the weights to produce estimates are the inverse ratio of the sampling fraction, modified to take account of non-response in the survey. Stratum estimates are calculated and then aggregated with the completely enumerated stratum to form division estimates. These procedures, which are in line with international best practice, are described in more detail on the Stats SA website at http://www.statssa.gov.za/publications/publicationsearch.asp .														
Constant prices	10	The constant prices for the new series are calculated using a combination of the production price indices for consumption in South Africa and total output of South African industry groups from the Production Price Index (PPI) to deflate the current prices.														
Seasonal adjustment	11	Seasonally adjusted estimates are generated each month, using the X-11 Seasonal Adjustment Program developed by the US Bureau of the Census, 1968. Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation from the series so that the effects of other influences on the series can be more clearly recognised. Seasonal adjustment does not aim to remove irregular or non-seasonal influences which may be present in any particular month. Influences that are volatile or unsystematic can still make it difficult to interpret the movement of the series even after adjustment for seasonal variations. Therefore the month-to-month movements of seasonally adjusted estimates may not be reliable indicators of trend behaviour.														
Trend cycle	12	The trend is the long-term pattern or movement of a time series. The X-11 Seasonal Adjustment Program is used for smoothing seasonally adjusted estimates to estimates of the underlying trend cycle.														
Reliability of estimates	13	Data presented in this publication are based on information obtained from a sample and are, therefore, subject to sampling variability; that is, they may differ from the figures that would have been produced if the data had been obtained from all enterprises in the wholesale industry in South Africa. Estimates are subject to sampling and non-sampling errors. Figures for the latest month are preliminary.														
	14	Inaccuracies may occur because of imperfections in reporting by enterprises and errors made in the collection and processing of the data. Inaccuracies of this kind are referred to as non-sampling errors. Every effort is made to minimise non-sampling errors by careful design of questionnaires, testing them in pilot studies, editing reported data and implementing efficient operating procedures. Fluctuations may occur in consecutive months as a result of seasonal and economic factors.														
Revised figures	15	Revised figures are due to respondents reporting revisions or corrections to their figures and late submission of their data to Stats SA. Figures for the latest month are preliminary. Data are edited at the enterprise level.														
Related publications	16	Users may also wish to refer to the following publications available from Stats SA - <ul style="list-style-type: none"> • <i>Bulletin of Statistics</i> issued quarterly. • <i>SA Statistics</i> issued annually. These will, in due course, be revised on the basis of the backcast series.														
Rounding of figures	17	The figures in the tables have, where necessary, been rounded to the nearest digit shown.														
Symbols and abbreviations	18	<table border="0" style="width: 100%;"> <tr> <td style="width: 150px;">GDP</td> <td>Gross Domestic Product</td> </tr> <tr> <td>ISIC</td> <td>International Standard Industrial Classification</td> </tr> <tr> <td>SIC</td> <td>Standard Industrial Classification of all Economic Activities</td> </tr> <tr> <td>SARS</td> <td>South African Revenue Service</td> </tr> <tr> <td>Stats SA</td> <td>Statistics South Africa</td> </tr> <tr> <td>VAT</td> <td>Value-added tax</td> </tr> <tr> <td>-</td> <td>Figures not available</td> </tr> </table>	GDP	Gross Domestic Product	ISIC	International Standard Industrial Classification	SIC	Standard Industrial Classification of all Economic Activities	SARS	South African Revenue Service	Stats SA	Statistics South Africa	VAT	Value-added tax	-	Figures not available
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Stats SA	Statistics South Africa															
VAT	Value-added tax															
-	Figures not available															

- Comparability with previously published information**
- 19** The levels of wholesale trade sales based on the new sample are about 17% higher than the levels based on the old sample. The first results of the new sample were published on 2 June 2004.
- 20** The higher values of sales from the new sample can mainly be attributed to the following:
- The greater currency of the frame now being used compared to the frame drawn from the previous business register;
 - The improved coverage particularly for smaller enterprises as a result of access to VAT registrations to update the new business register; and
 - The additional scope of the new series, which also includes wholesale trade on a fee or contract basis (SIC 611).

Glossary

- Enterprise** The enterprise is a legal entity or a combination of legal units that includes and directly controls all functions necessary to carry out its sales activities.
- Industry** An industry is made up of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the *System of National Accounts (SNA)* in the same way as in the *Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02 of January 1993 (SIC)*.
- Statistical unit** A statistical unit is a unit about which statistics are tabulated, compiled or published. The statistical units are derived from and linked to the South African Revenue Service (SARS) administrative data.
- Wholesale trade** Wholesale trade includes the resale (sale without transformation) of new and used goods and products to other wholesalers, retailers, agricultural, industrial, commercial, institutional and professional users either directly or through agents on a fee or contract basis.
- Wholesaler** A wholesaler is an enterprise deriving 50% or more of its turnover from sales of goods to other businesses and institutions.

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