

# Wholesale trade sales

## January 2005

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In this publication Stats SA releases the results from the January 2005 survey for wholesale trade sales. These results are based on a new sample selected in July 2004 from Statistics South Africa's further enhanced business register. The publication also includes results for the months September to December 2004 from this sample as well as from the previous sample, which had been in operation since January 2003 and was based on Stats SA's then newly introduced business register.

The earlier sample, selected in late 2002, was drawn from a sampling frame consisting of businesses with an annual turnover of at least R300 000 and required to register with the South African Revenue Service (SARS) for value added tax (VAT) purposes. The new sample was drawn from an updated sampling frame, which also included businesses too small to be required to register for VAT, or otherwise exempt from registration. These businesses, details of which were also obtained from SARS, come mainly from its list of businesses registered for income tax purposes.

Comparison of the series based on the two samples for the four months overlap shows that they ran largely in parallel and their month-to-month movements were consistent. Wholesale trade reflected a 17% growth in sales at current prices for January 2005 compared with January 2004. Comparison of estimates from the new and old samples shows a decrease of 11% in the level of sales. This decrease in level is fully compensated by the higher levels of sales from the new samples for the surveys of manufacturing, retail trade and motor trade. This shift can be mostly attributed to reclassification of businesses to other industries based on shifts in their predominant activity as well as corrections to their previously assigned industry codes, and in small part to introducing non-VAT paying units into the business register.

The series has been backcast to the start of 1998 to assist those users requiring a time series. The backcast figures have been adjusted using September 2004 as the end point of the backcast series, and creating revised levels for earlier months using the month on month movements from the earlier sample.

More information about the changes is given in the article, *Changes to the monthly current indicator surveys and their impact on the statistical series*, to be found in the body of this release.

**Table A - Key figures as at the end of January 2005**

Actual estimates	January 2005 R million	% change between January 2004 and January 2005	% change between November 2003 to January 2004 and November 2004 to January 2005
Wholesale trade sales at current prices	37 089	17,3	24,1
at constant prices	29 135	14,9	20,7

Seasonally adjusted estimates	January 2005 R million	% change between December 2004 and January 2005	% change between August to October 2004 and November 2004 to January 2005
Wholesale trade sales at current prices	41 987	-2,3	1,2
at constant prices	32 835	-2,5	1,3

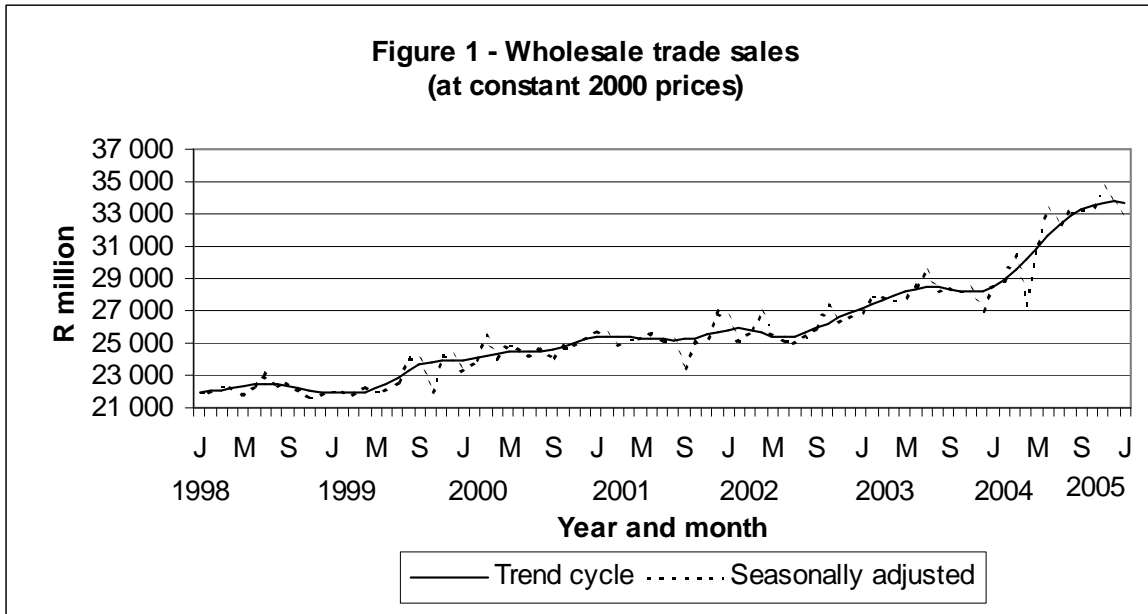
**Key findings as at the end of January 2005**

**Wholesale trade sales increase**

*As indicated in table A, wholesale trade sales, at constant (2000) prices, for three months ended January 2005 increased by 20,7% compared with three months ended January 2004. Furthermore, seasonally adjusted wholesale trade sales, at constant (2000) prices, for the three months ended January 2005 increased by 1,3% compared with the previous three months.*

Wholesale trade sales, at constant (2000) prices, for January 2005 increased by 14,9% compared with January 2004.

Figure 1 below shows the seasonally adjusted and trend patterns for wholesale trade sales at constant (2000) prices between January 1998 and January 2005. The trend cycle, after a brief decline towards the end of 2003, has resumed its upward movement.



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

February 2005

12 May 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: Changes to the monthly current indicator surveys and their impact on the statistical series

### Today's releases

Today Statistics South Africa releases results for four monthly surveys: manufacturing, wholesale trade, retail trade and motor trade. The latest results for manufacturing are for February 2005. The latest results for the other three surveys are for January 2005. These results are based on new samples selected in July 2004 from Stats SA's further enhanced business register, as discussed below.

The four monthly surveys released today cover a large proportion of South Africa's market economy. They all collect monthly sales by businesses. In addition, the manufacturing survey collects the levels of opening and closing inventories, which are used, together with the level of sales for the month, to calculate a value of production for the month which is converted to index form.

The four releases also contain results for each of the months September 2004 to December 2004 based on the samples selected in July 2004. Those samples were selected from Stats SA's business register, which had been further enhanced to include businesses too small or otherwise not required to register with the South African Revenue Service (SARS) for Value Added Tax (VAT). The business register already contained businesses with an annual turnover of R300 000 or more, which are required to register for VAT, but registered for income tax purposes.

### Previous results

The releases for these surveys also contain results from the previous samples for each of the months from September 2004. These samples were first introduced from January 2003, but selected in September 2002 from a sampling frame established in July 2001. That frame was based on the first stage of construction of Stats SA's new business register, which incorporated the businesses required to register for VAT. The results of those surveys were first released in May 2004, for the months January 2003 to April 2004, together with parallel series for those months based on samples drawn from Stats SA's old business address register.

### Comparing the results of the old and new samples

The level of sales from the four monthly surveys taken together, for the months September to December 2004, based on the samples drawn in July 2004 (hereafter referred to as the 'new' samples) from the enhanced business register, are about 0,8% higher than it was from the samples drawn in September 2002 (hereafter referred to as the 'old' samples). The movements in sales over the four months are very similar according to the old and new samples, so that the series for each of the four surveys move largely in parallel for those months in which the surveys were conducted based on both samples.

The effect of moving from the old to the new samples is illustrated in the table below, which shows sales for each of the broad industry sectors covered by the four surveys, and for the combination of these sectors, for the period September to December 2004.

<b>Total sales, old and new samples, by industry sector - September to December 2004</b>				
<b>Survey</b>	<b>New samples R million</b>	<b>Old samples R million</b>	<b>Difference R million</b>	<b>Difference %</b>
Manufacturing	281 847	274 612	7 235	2,6
Wholesale trade	180 478	203 268	-22 790	-11,2
Retail trade	132 830	121 864	10 966	9,0
Motor trade	73 608	63 787	9 821	15,4
<b>Total</b>	<b>668 763</b>	<b>663 531</b>	<b>5 232</b>	<b>0,8</b>

As can be seen, the level of sales over this period for the four surveys taken together has increased by 0,8% through the move from the samples selected in September 2002 to those selected in July 2004.

In order to understand why the level of sales for the four surveys combined from the new samples, was higher by only a relatively small percentage from the level for the old samples, it is important to understand the estimation methods used in those samples, which differ in certain important respects. Each method was used to produce the best available estimate of level based on the currency of the business register at the time the respective samples were selected.

### Changes to methods of estimation and their effect

The samples selected for these four surveys in September 2002 were based on a frame of businesses from the business register that had been created in July 2001. At that time it was logistically not possible, given the newness of the register system and of procedures for accessing businesses from information supplied by SARS, to start with a business register which was more current. In effect, the business register at that time could not contain businesses which had started between mid-2001 and end 2002, so the frame and the samples drawn from it related to businesses in existence in mid-2001. In addition, the samples drawn from the register in September 2002 could not be refreshed for new businesses coming onto the register after the samples were drawn. Refreshing had to await the next sample reselection, which occurred in July 2004 as previously indicated.

An estimation technique called a 'net new business provision' was adopted for the samples selected in September 2002 to compensate for the fact that the business register from which the sampling frame was created and samples were selected was by then already 18 months out of date in terms of births and deaths of businesses in the South African economy. This technique assumed that, taken overall, a new business had started for each business that had ceased since the register was created. The technique involved estimating a value of sales for every sampled business that had not responded, for whatever reason. Some of these businesses did not respond, of course, because they were no longer in operation. The estimation technique involved assigning to all non-responding businesses the average contribution of responding businesses in their industry by size cell.

It has been decided to use a different estimation technique for non-response in the new samples, based on the fact that the register from which the samples were selected in July 2004 is much closer to reflecting businesses actually in operation than was the case with the register from which the samples were selected in September 2002. Moreover, it will be refreshed at much more frequent intervals.

The technique now used is two-fold.

- a) No estimates are included for businesses known to have ceased, on the assumption that ceased businesses in the sample are representative of ceased businesses in the population of businesses recorded on the business register.
- b) The method of estimation for businesses which did not respond but are assumed to be still in existence has been modified: rather than assigning to all of them the average contribution of responding businesses in their industry by size cell, an attempt is now made to ascertain a recent value of sales for each of these businesses as reported by them to SARS for the purpose of estimating their liability for VAT. Wherever such a value can be obtained, it is used instead of the missing value of sales for that business in the Stats SA survey. Estimation by assigning the cell average sales to non-responding businesses is only done as a last resort.

Stats SA considers that the technique it now uses is the best currently available, provided that the business register is a reasonable proxy for businesses in operation in the South African economy. Not only has the coverage of the register been improved to the point where no further enhancements to coverage are planned, but the timeliness of its updating cycle has also been improved considerably. It will now be possible to undertake an annual reselection of samples from the register.

The estimation technique used with the old samples for the monthly surveys was highly effective in allowing for the net growth in number of businesses in the South African economy from the time the business register was created in mid-2001 to the time when the samples were reselected in July 2004. Understandably, it did not build into the estimates for the four surveys combined, the lift in level coming from access to non-VAT paying businesses, which were only given a chance of selection in July 2004. It is estimated that these enterprises, numbering approximately 400 000 in the non-agricultural market economy, contribute about 3% to total sales in the economy.

**Changes to estimates from the old samples**

Changes put through to the monthly estimates from the old samples are of two kinds:

- (a) Changes due to late or revised returns received from some businesses, mainly for the early months of 2003, which were stockpiled, in according with Stats SA's revisions policy, if received after the estimates for the following month were published. According to that policy, estimates for a reference month remained preliminary until declared final with the release of the preliminary estimates for the following month, and thereafter they were only put through to previously published estimates at the time when a new sample was introduced. The revisions policy is being reviewed with a view to keeping estimates preliminary for a longer period, allowing late or revised information received from businesses to be incorporated in estimates when it is received.
- (b) Adjustments to levels to take account of two elements: (i) the increase in coverage of the register to take account of non-VAT paying businesses; and (ii) changes of all kinds (births, deaths, mergers, acquisitions, changes in activity etc) to the in-scope business population since the register was created in July 2001.

As indicated earlier, the estimation method adopted for the old samples, whereby known ceased businesses were assigned the average values of responding businesses in their industry by size cell, took account very effectively of net growth in the business population in-scope of the four surveys (ii) above. It did not (and was not expected to) foreshadow the lift in coverage of the business register due to (i) above.

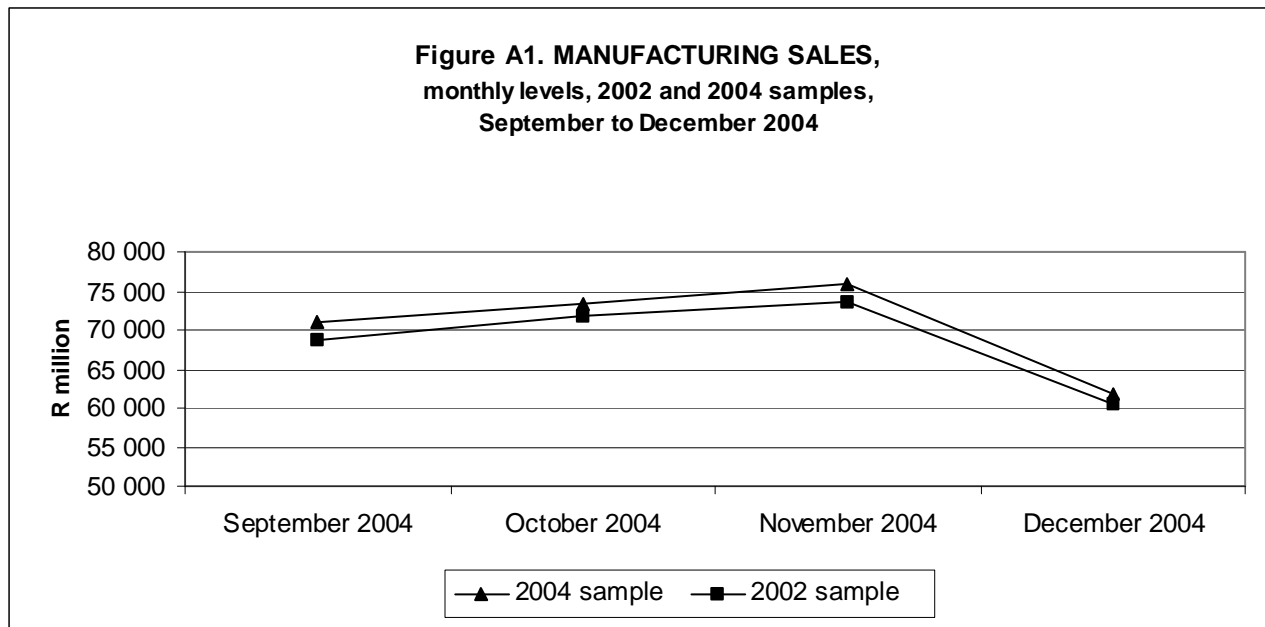
What the estimation method also could not do was reflect the changes to the recorded economic activity of businesses discerned between the time of creation of the business register and the samples from it, and the time the new samples were selected from the updated business register in July 2004. These changes, a mix of actual changes to economic activity and corrections to previously assigned industry codes based on later information about the activities of businesses, are now reflected on the business register, and as the preceding table shows, they have caused a shift in the recorded level of sales from the wholesale trade sector to the manufacturing, retail trade and motor trade sectors.



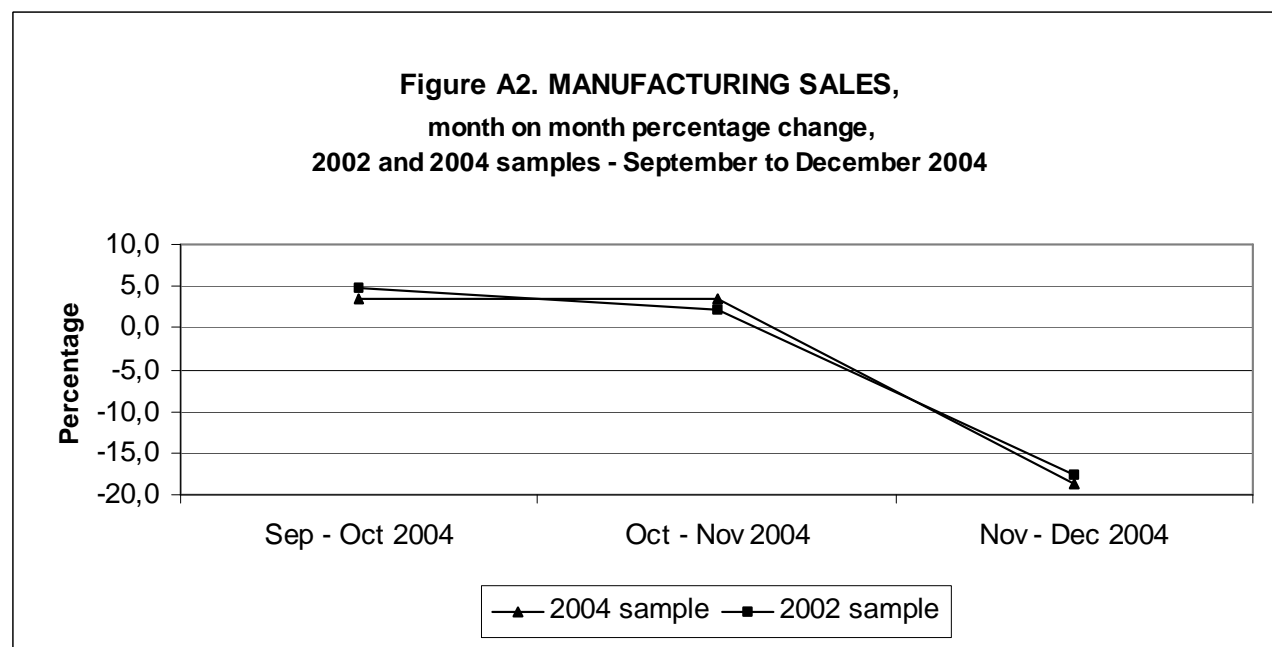
**Levels and movements by sector**

**Manufacturing**

As can be seen from Figure A1, levels for manufacturing sales for the months September 2004 to December 2004 from the new sample are approximately 3% higher than those from the old sample.

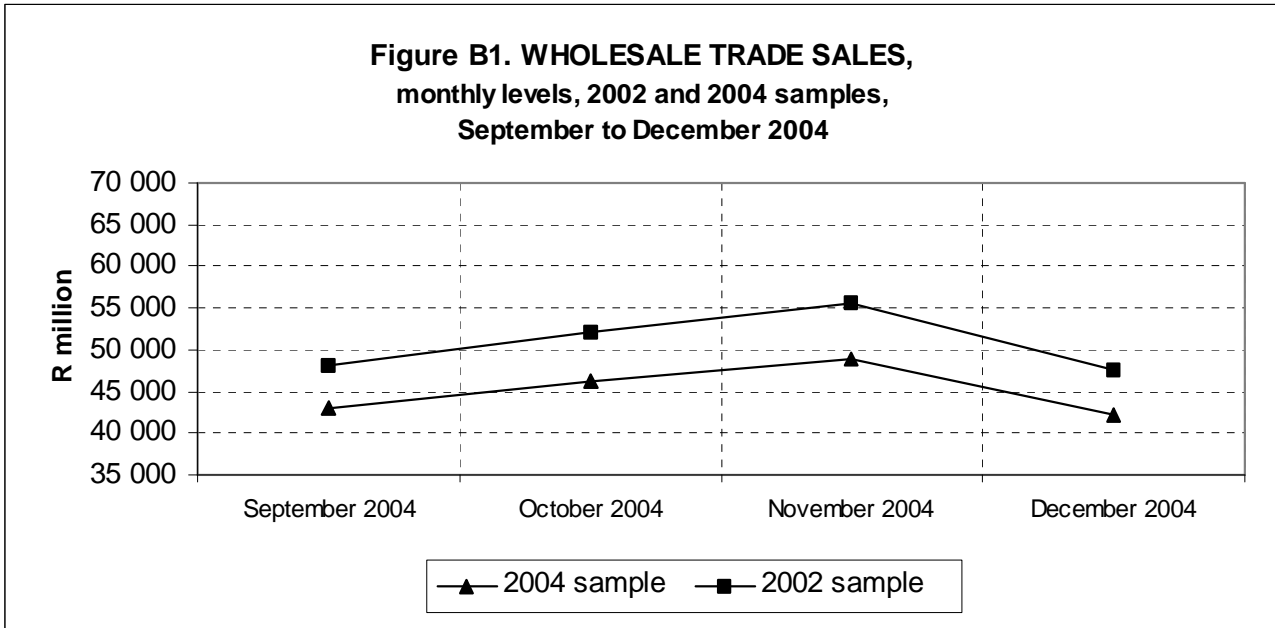


As can be seen from Figure A2, movements between months from the two samples were consistent.

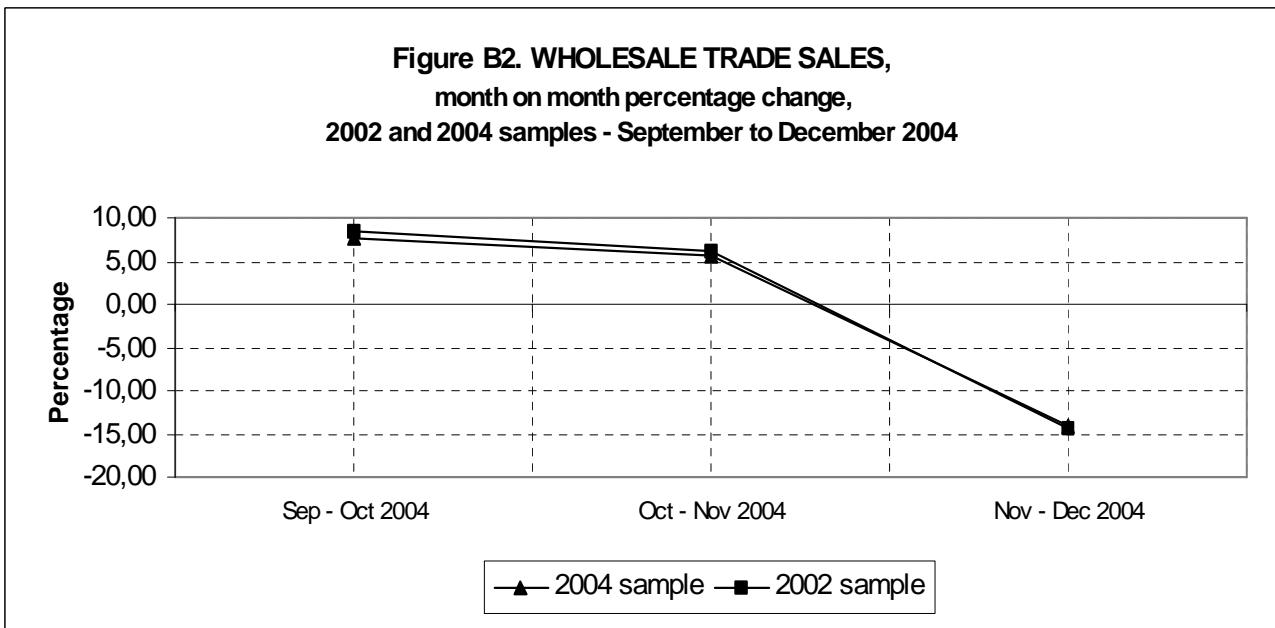


**Wholesale trade**

As can be seen from Figure B1, levels for wholesale trade sales for the months September 2004 to December 2004 from the new sample are approximately 11% lower than those from the old sample.

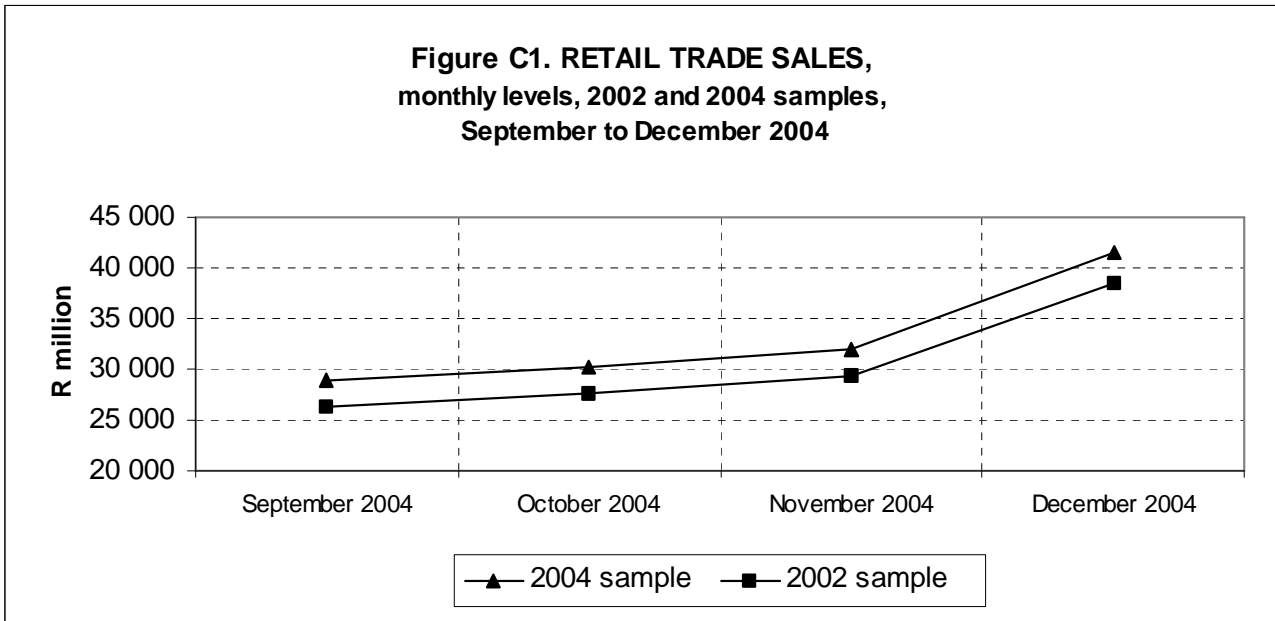


As can be seen from Figure B2, movements between months from the two samples were consistent.

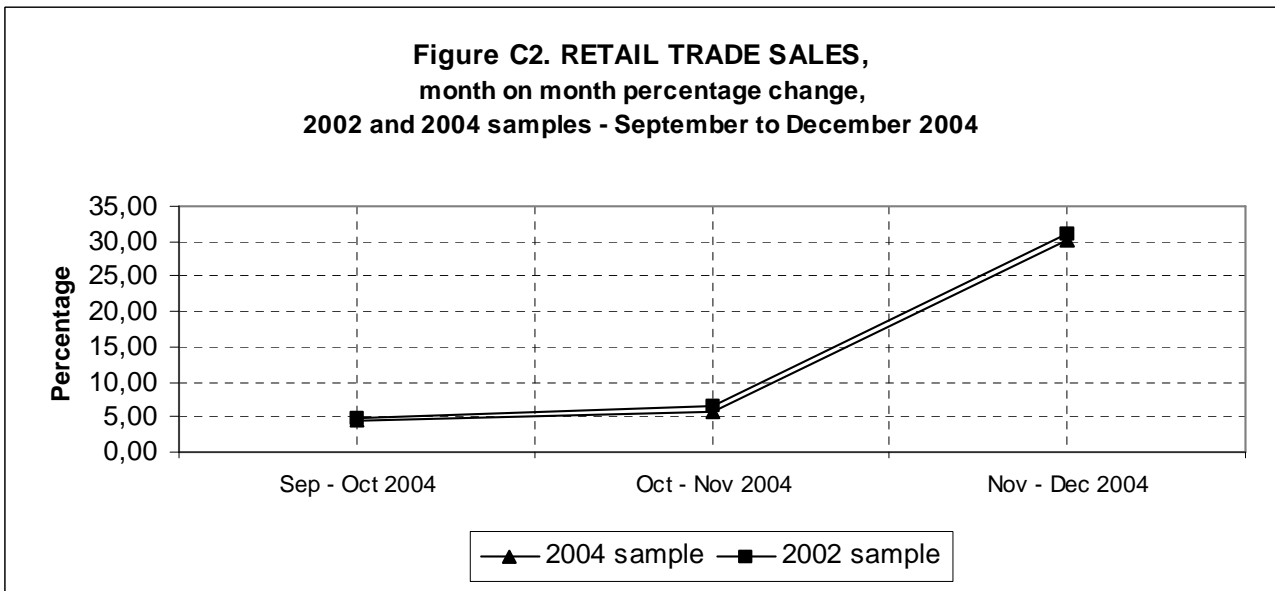


**Retail trade**

As can be seen from Figure C1, levels for retail trade sales for the months September 2004 to December 2004 from the sample selected in the new sample are approximately 9% higher than those from the old sample.

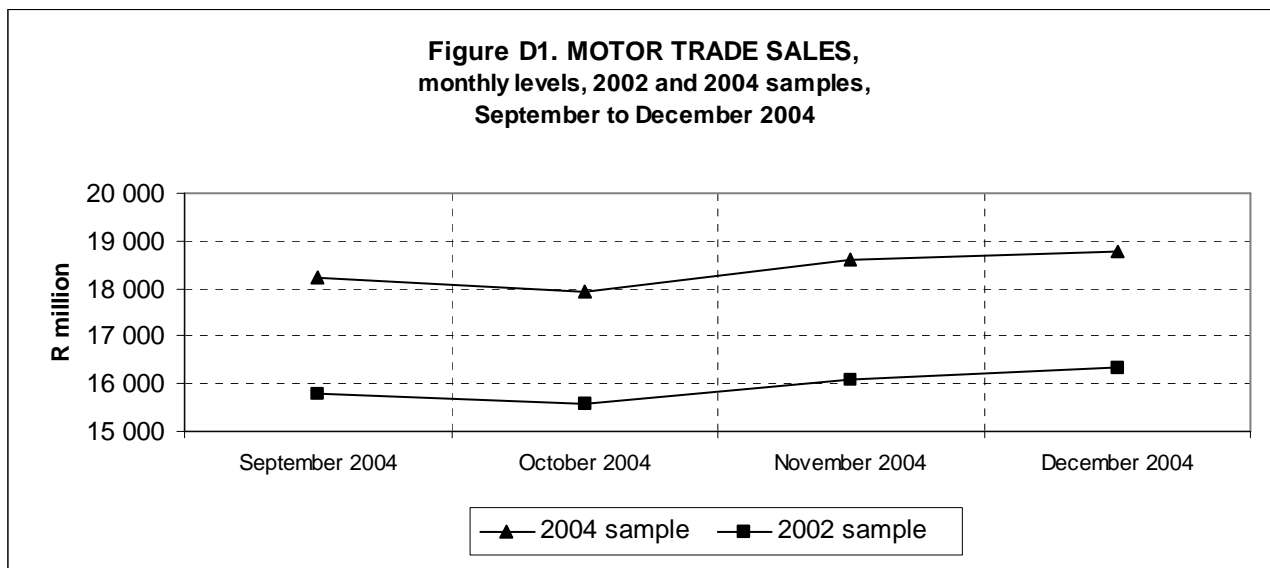


As can be seen from Figure C 2, movements between months from the two samples were consistent.

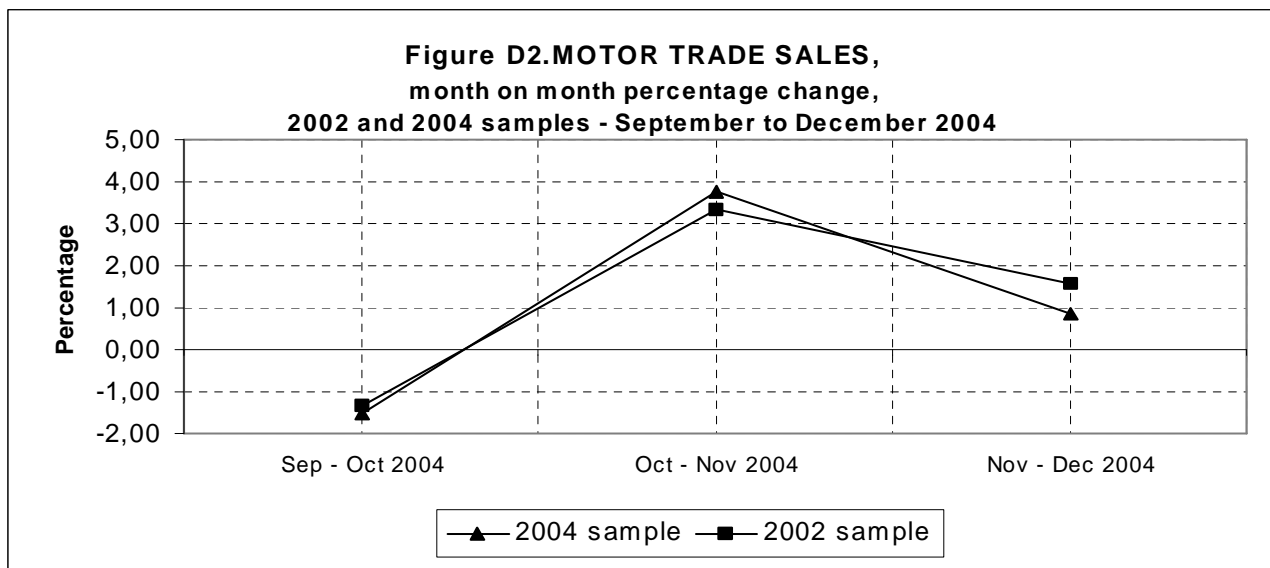


**Motor trade**

As can be seen from Figure D1, levels for motor trade sales for the months September 2004 to December 2004 from the new sample are approximately 15% higher than those from the old sample.



As can be seen from Figure D2, movements between months from the two samples were consistent.



**Backcasting**

Under ideal conditions growth in series should reflect the actual birth of new businesses, as well as the performance of existing businesses. Information about the birth of businesses was not available from SARS on a monthly basis from July 2001 when the business register was created to July 2004. As a result, it was decided that it would be more beneficial to users to adjust the levels of the series rather than attempt to adjust their month to month movements. As indicated above, while the estimation method adopted to account for non-response in the old samples largely took account of births of businesses since the register was created as well as the increase in coverage of the register to take account of non-VAT paying businesses, there is still a small lift in the level of sales for the four sectors taken together. Also, that estimation method could not take account of the shifts in recorded sales between wholesale trade and the other sectors. Accordingly, to assist users of time series the levels from the new samples for the four surveys have been adjusted back to the start of 1998, using the level for September 2004 as the end point of the backcast series. Taking the series back to then (as was done when the previous samples for these surveys were introduced from January 2003) prevents a break in series.

**Detailed results**

**Table 1 - Total wholesale trade sales according to type of dealer at current prices (R million)**

Type of dealer <sup>1</sup>	January 2005
Wholesale trade on a fee or contract basis	1 562
Wholesale trade in agricultural raw materials and livestock	2 483
Wholesale trade in food, beverages and tobacco	6 752
Wholesale trade in textiles, clothing and footwear	855
Wholesale trade in other household goods except precious stones	3 399
Wholesale trade in precious stones, jewellery and silverware	1 515
Wholesale trade in solid, liquid and gaseous fuels and related products	1 331
Wholesale trade in metals and metal ores	1 170
Wholesale trade in construction and building materials	2 870
Wholesale trade in machinery, equipment and supplies	5 652
Wholesale trade in other intermediate products, waste and scrap	4 626
Wholesale trade in other goods	4 874
<b>Total</b>	<b>37 089</b>

1/ See note 3 on page 16

Outlined below in tables 2 and 3 are details of the behaviour of wholesale trade sales at current prices over the period January 1998 to January 2005. Table 4 gives details of the behaviour of the seasonally adjusted wholesale trade sales at current prices over the same period.

**Table 2 - Total wholesale trade sales at current prices (R million)**

Month	1998	1999	2000	2001	2002	2003	2004	2005
January	16 924	17 862	20 225	24 376	27 785	30 199	31 612	1/ 37 089
February	18 350	19 457	22 672	26 243	29 278	34 546	35 705	
March	19 172	19 834	24 675	26 283	31 140	35 537	38 653	
April	18 575	19 465	22 770	25 528	31 024	32 943	32 831	
May	18 858	20 171	24 466	27 098	31 603	34 821	39 687	
June	19 330	20 295	24 533	27 576	31 049	35 973	42 907	
July	19 895	20 604	23 739	26 697	30 564	36 659	41 103	
August	20 162	22 620	25 108	27 205	31 501	35 186	41 924	
September	20 963	23 068	25 125	26 016	33 052	35 949	43 020	
October	21 341	22 203	27 133	29 796	37 089	37 858	46 353	
November	21 027	24 860	27 953	30 854	36 600	38 654	48 989	
December	19 622	23 144	26 310	30 003	33 219	33 038	42 116	
<b>Total</b>	<b>234 219</b>	<b>253 583</b>	<b>294 709</b>	<b>327 675</b>	<b>383 904</b>	<b>421 363</b>	<b>484 900</b>	

1/Preliminary

**Table 3 - Percentage change in total wholesale trade sales at current prices<sup>1/</sup>**

Month	1998	1999	2000	2001	2002	2003	2004	2005
January	-	5,5	13,2	20,5	14,0	8,7	4,7	17,3
February	-	6,0	16,5	15,8	11,6	18,0	3,4	
March	-	3,5	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	22,4	
November	-	18,2	12,4	10,4	18,6	5,6	26,7	
December	-	17,9	13,7	14,0	10,7	-0,5	27,5	
<b>Total</b>	-	<b>8,3</b>	<b>16,2</b>	<b>11,2</b>	<b>17,2</b>	<b>9,8</b>	<b>15,1</b>	

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 4 - Seasonally adjusted total wholesale trade sales as current prices (R million)**

Month	1998	1999	2000	2001	2002	2003	2004	2005
January	18 853	19 815	22 377	27 003	30 897	33 736	35 564	41 987
February	18 837	19 962	23 201	26 828	29 793	35 150	36 288	
March	19 132	19 781	24 573	26 050	30 721	34 921	37 907	
April	19 381	20 314	23 814	26 799	32 655	34 757	34 638	
May	19 022	20 291	24 522	27 052	31 454	34 618	39 435	
June	19 469	20 416	24 602	27 563	30 900	35 751	42 626	
July	20 288	21 038	24 280	27 301	31 172	37 249	41 668	
August	19 918	22 426	25 009	27 245	31 694	35 506	42 369	
September	20 333	22 431	24 537	25 573	32 621	35 542	42 510	
October	19 987	20 775	25 353	27 790	34 549	35 178	43 004	
November	19 466	23 016	25 805	28 364	33 460	35 178	44 494	
December	19 487	23 020	26 227	30 126	33 533	33 572	42 994	

Outlined below in tables 5 and 6 are details of the behaviour of wholesale trade sales at current prices over the period January 1998 to January 2005. Table 7 gives details of the behaviour of the seasonally adjusted wholesale trade sales at current prices over the same period.

**Table 5 - Total wholesale trade sales at constant prices (R million)**

Month	1998	1999	2000	2001	2002	2003	2004	2005
January	19 680	19 858	21 046	23 371	23 922	24 073	25 361	1/ 29 135
February	21 400	21 523	23 458	25 041	24 707	27 483	28 484	
March	22 333	21 783	25 425	25 019	26 048	28 271	30 860	
April	21 400	21 343	23 069	24 060	25 523	26 218	25 963	
May	21 626	21 842	24 700	25 349	25 809	28 014	31 348	
June	22 167	21 941	24 631	25 616	25 253	28 562	33 339	
July	22 481	22 119	23 704	24 662	24 599	28 922	31 974	
August	22 502	24 167	24 798	24 947	25 111	27 870	32 588	
September	23 305	24 633	24 717	23 857	26 368	28 817	33 675	
October	23 831	23 583	26 523	26 940	29 389	30 360	36 114	
November	23 454	26 238	27 034	27 573	28 910	31 110	38 139	
December	21 948	24 311	25 347	26 669	26 343	26 558	32 942	
<b>Total</b>	<b>266 127</b>	<b>273 341</b>	<b>294 452</b>	<b>303 104</b>	<b>311 982</b>	<b>336 258</b>	<b>380 787</b>	

1/Preliminary

**Table 6 - Percentage change in total wholesale trade sales at constant prices<sup>1/</sup>**

Month	1998	1999	2000	2001	2002	2003	2004	2005
January	-	0,9	6,0	11,0	2,4	0,6	5,4	14,9
February	-	0,6	9,0	6,7	-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	19,0	
November	-	11,9	3,0	2,0	4,8	7,6	22,6	
December	-	10,8	4,3	5,2	-1,2	0,8	24,0	
<b>Total</b>	-	<b>2,7</b>	<b>7,7</b>	<b>2,9</b>	<b>2,9</b>	<b>7,8</b>	<b>13,2</b>	

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 7 - Seasonally adjusted total wholesale trade sales as constant prices (R million)**

Month	1998	1999	2000	2001	2002	2003	2004	2005
January	21 913	22 022	23 269	25 857	26 542	26 812	28 421	32 835
February	21 915	22 032	23 956	25 544	25 090	27 902	28 887	
March	22 331	21 769	25 379	24 891	25 814	27 931	30 428	
April	22 346	22 283	24 128	25 248	26 852	27 641	27 364	
May	21 855	22 021	24 807	25 330	25 680	27 814	31 103	
June	22 300	22 049	24 705	25 631	25 189	28 456	33 216	
July	22 946	22 606	24 243	25 200	25 050	29 346	32 366	
August	22 313	24 043	24 788	25 079	25 374	28 263	33 114	
September	22 616	23 953	24 121	23 416	25 970	28 428	33 203	
October	22 253	21 995	24 699	25 050	27 303	28 152	33 449	
November	21 672	24 245	24 905	25 307	26 383	28 274	34 599	
December	21 783	24 186	25 305	26 829	26 660	27 041	33 671	

Outlined below in tables 8.1 and 8.2 are the percentage changes in wholesale trade sales at current prices, constant prices and seasonally adjusted estimates.

**Table 8 - Estimates and percentage changes in total wholesale trade sales.**

**Table 8.1 - Monthly and quarterly estimates with percentage changes**

<b>Estimates</b>	<b>January 2004 R million</b>	<b>January 2005 R million</b>	<b>% change between January 2004 and January 2005</b>	<b>November 2003 to January 2004 R million</b>	<b>November 2004 to January 2005 R million</b>	<b>% change between November 2003 to January 2004 and November 2004 to January 2005</b>
Wholesale trade sales at current prices	31 612	37 089	17,3	103 304	128 194	24,1
at constant (2000) prices	25 361	29 135	14,9	83 029	100 216	20,7

**Table 8.2 - Seasonally adjusted estimates with monthly and quarterly percentage changes.**

<b>Seasonally adjusted Estimates</b>	<b>December 2004 R million</b>	<b>January 2005 R million</b>	<b>% change between December 2004 and January 2005</b>	<b>August to October 2004 R million</b>	<b>November 2004 to January 2005 R million</b>	<b>% change between August to October 2004 and November 2004 to January 2005</b>
Wholesale trade sales at current prices	42 994	41 987	-2,3	127 883	129 475	1,2
at constant (2000) prices	33 671	32 835	-2,5	99 766	101 105	1,3



## 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 provides information on the behaviour in terms of level and movement of the sales series based on comparisons of the two parallel surveys run between September and December 2004, as well as estimates from the January 2005 survey. The 2004 sample is based on a sample drawn from the 2004 Business Sampling Frame (BSF) that contains businesses registered for value-added tax (VAT) and income tax. The backcast figures have been adjusted using September 2004 as the end point of the backcast series, and creating revised levels for earlier months using the month on month movements from the earlier sample. 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.
- Scope of the survey**      **3**      This survey covers wholesale enterprises according to the following types of dealer:
- Wholesale trade on a fee or contract basis (not covered in previous survey)
    - Sales by commission agents, commodity brokers, auctioneers and other wholesale trade on a fee or contract basis;
  - Wholesale trade in agricultural raw materials and livestock;
  - Wholesale trade in food, beverages and tobacco;
  - Wholesale trade in textiles, clothing and footwear;
  - Wholesale trade in other household goods except precious stones
    - Wholesale trade in household furniture, requisites and appliances, wholesale trade in books and stationery, wholesale trade in pharmaceuticals and toiletries and wholesale trade in other household goods not elsewhere classified;
  - Wholesale trade in precious stones, jewellery and silverware;
  - Wholesale trade in solid, liquid and gaseous fuels and related products;
  - Wholesale trade in metals and metal ores;
  - Wholesale trade in construction and building materials
    - Wholesale trade in construction materials, hardware, plumbing and heating equipment and supplies;
  - Wholesale trade in machinery, equipment and supplies;
  - Wholesale trade in other intermediate products, waste and scrap; and
  - Wholesale trade in other goods
    - General wholesale trade and other wholesale trade not elsewhere classified;
- The January 2005 results provide information on the type of dealer.
- Classification**      **4**      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**      **5**      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**      **6**      The survey is conducted monthly. 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.

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|---------------------------------|--|
| <b>7</b>                        | The value of sales is obtained monthly from the sample of 800 enterprises (which was drawn in September 2004 at the SIC four-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) 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.   |
| <b>Weighting methodology</b>    | <b>8</b> 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 <a href="http://www.statssa.gov.za/publications/publicationsearch.asp">http://www.statssa.gov.za/publications/publicationsearch.asp</a> .  |
| <b>Constant prices</b>          | <b>9</b> The constant prices for the 2004 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. From January 2005 onwards, only the total sales will be deflated and not the type of dealer.  |
| <b>Seasonal adjustment</b>      | <b>10</b> 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. |
| <b>Trend cycle</b>              | <b>11</b> 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.  |
| <b>Reliability of estimates</b> | <b>12</b> 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.   |
|                                 | <b>13</b> 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.   |
| <b>Revised figures</b>          | <b>14</b> 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 last 6 months are regarded as preliminary. Data are edited at the enterprise level.  |
| <b>Related publications</b>     | <b>15</b> Users may also wish to refer to the following publications available from Stats SA - <ul style="list-style-type: none"> <li>• <i>Bulletin of Statistics</i> issued quarterly.</li> <li>• <i>SA Statistics</i> issued annually.</li> </ul> These will, in due course, be revised on the basis of the backcast series.   |



## Glossary

<b>Enterprise</b>	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.
<b>Industry</b>	An industry is made up of enterprises engaged in the same or similar kinds of economic activity. Industries are defined in the <i>System of National Accounts (SNA)</i> in the same way as in the <i>Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No. 09-90-02 of January 1993 (SIC)</i> .
<b>Statistical unit</b>	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.
<b>Wholesale trade</b>	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.
<b>Wholesaler</b>	A wholesaler is an enterprise deriving 50% or more of its turnover from sales of goods to other businesses and institutions.

## General information

Stats SA publishes approximately 300 different statistical releases each year. It is not economically viable to produce them in more than one of South Africa's eleven official languages. Since the releases are used extensively, not only locally but also by international economic and social-scientific communities, Stats SA releases are published in English only.

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