

Weak base raised economic activity in January 2022

Ahead of today's #Budget2022, here are data insights on the state of SA's economic activity courtesy of BankservAfrica Economic Transactions' Index (BETI):



Source: [Pexels](#)

South Africa's economic transactions during January 2022 climbed by 6.2%, according to the data tracked in the monthly BankservAfrica Economic Transactions Index (BETI). But this does not necessarily translate into economic growth for South Africa as the latest BETI continues to reflect the weakness in the underlying economy.

"The BETI increased by 6.2% year-on-year in January 2022," says Shergeran Naidoo, BankservAfrica's head of Stakeholder Engagements. "Although this is a good, strong start to the economic year, this growth must be considered against the low base in January 2021 when the BETI experienced its worst decline of -1.2%."

In December 2020 and January 2021, when the country was placed under stricter lockdown levels during the Covid-19 second wave, non-essential establishments - including restaurants and entertainment places - closed earlier under the strict curfew. Alcohol sales were prohibited at shops and bars while borders were closed, restricting movement and travel. Load shedding in January 2021 also impacted the base for which the January 2022 BETI is measured.

"On a monthly basis, the BETI declined by 0.2% and reflected a flattish quarter-on-quarter change of 0.1%," says Naidoo. "Supporting these is the BETI Index of 126 points, which was the lowest in three months."



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The total amount of transactions recorded for January was 114 988 683 – the lowest since May 2021. The standardised nominal value of transactions was R960.8 bn, which was 15.7% higher than January 2021 due to the higher inflation.

January's BETI numbers were held back by the lack of foreign tourism. As a result, the monthly figures contrast the robust increases reported for local tourism and car sales.

Factoring in power cuts

"Moreover, the electricity interruption has somewhat slowed the economy. South Africa is not getting the full benefit of high commodity prices, and the infrastructure cable theft has meant that coal and iron ore are not exporting to their potential," says Mike Schüssler, chief economist at Economists.co.za.

The BETI, which boasts a close correlation to the South African economy's GDP figures, suggests South Africa's Q1 2022 growth to be somewhat lower. More imminently, the Q4 2021 growth could also be far lower than the first two quarters of 2021.

"The low growth recorded in the Q4 2021 GDP has resulted in a slower start for 2022 than 2021 had," explains Schüssler. Growth of about 2% for 2022 is more likely than 3% or more.

Hope is on the horizon with South Africa now being in lockdown level 1, creating the possibility of the economy re-opening further.

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