

## Retail sales fall less than expected

JOHANNESBURG — South Africa's retail sales fell by a less-than-expected 3,7% year-on-year in December, data showed yesterday, still revealing weak consumer demand, however, a sign the sector may be on the mend.

Statistics South Africa said the decline in retail sales followed a drop of 6,6% the previous month, bringing the contraction for the last quarter of 2009 to 5,3%.

The retail sector has been in decline for 11 months, with households struggling under heavy debt and nearly 900 000 job losses last year when recession hit manufacturing and mining industries particularly hard.

December's fall was the smallest over that period, and less than forecasts of a 6,1% drop.

"The data indicates that retail sales are improving, but it is a fairly gradual recovery because many households are still struggling to pay down their debt," Citadel economist Salomi Odendaal said.

The data may reduce the need for another interest rate cut to accelerate the recovery from a recession that officially ended in the third quarter of last year.

"The latest evidence seems to suggest that things are picking up and that there is less need for interest rates relief," Nedbank chief economist Dennis Dykes said.

— Reuters.

