

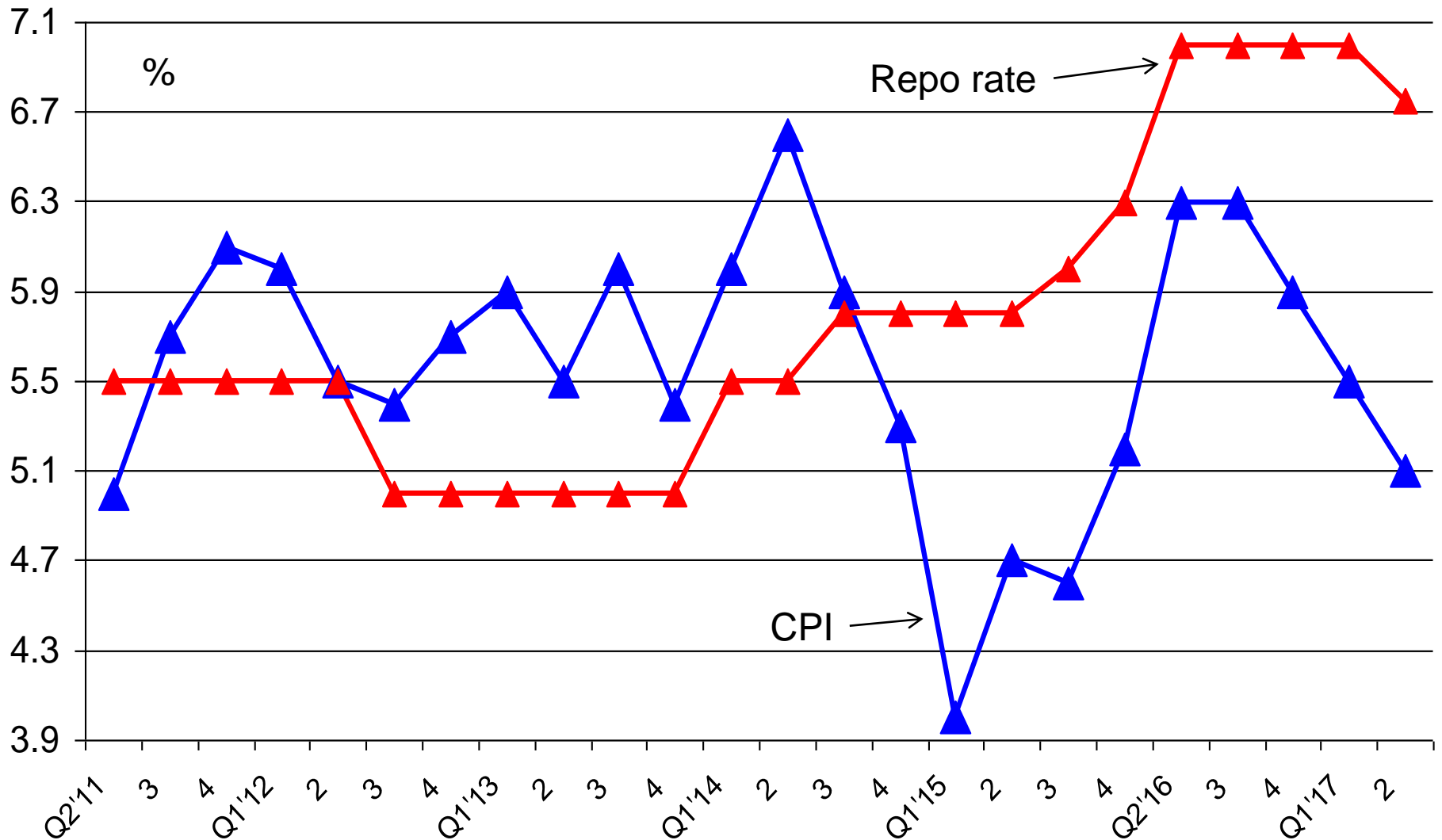


Introduction –  
some good news

Dr Roelof Botha

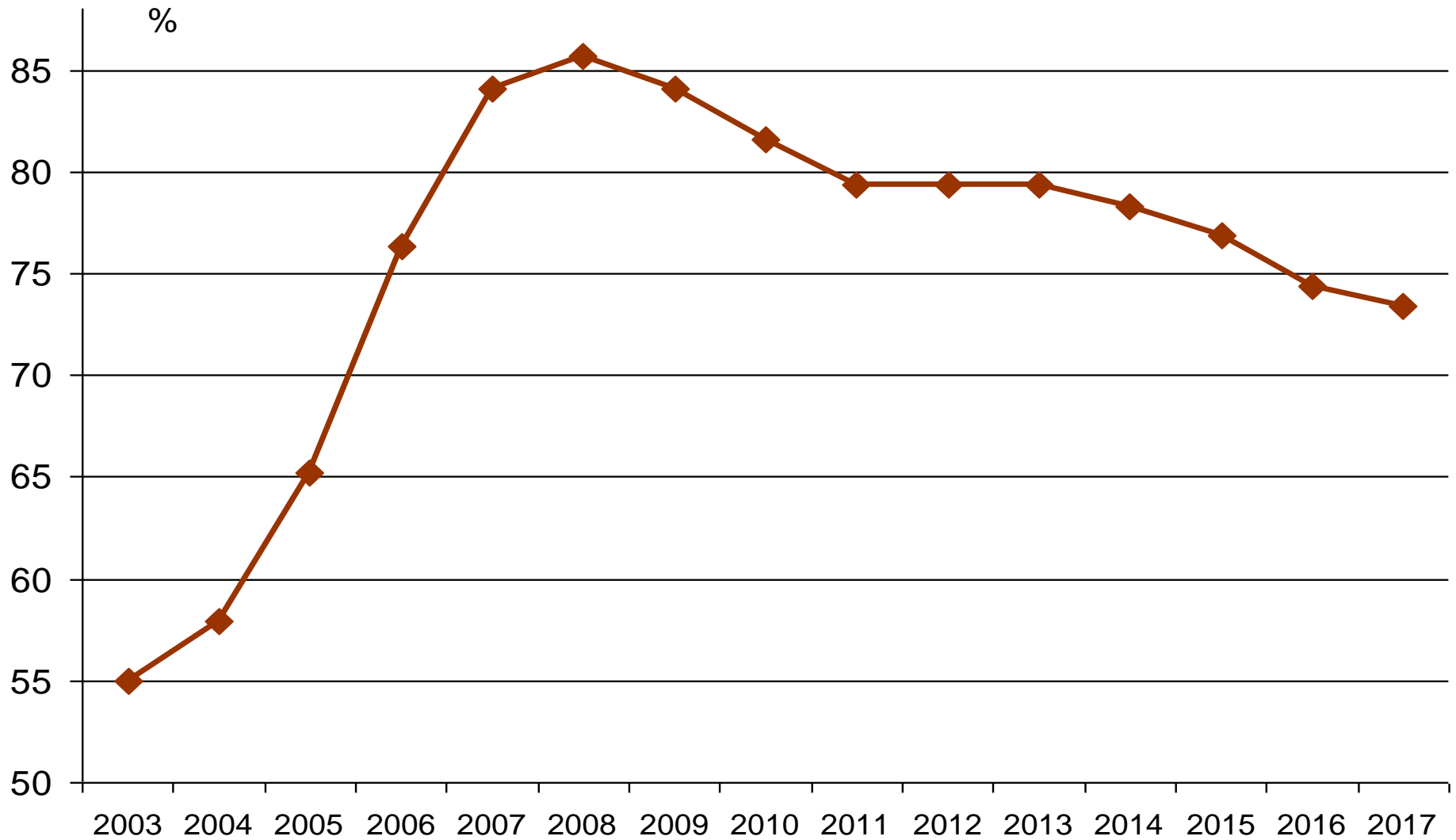
# The Reserve Bank comes to its senses – at last

(Sources: Stats SA; SARB)



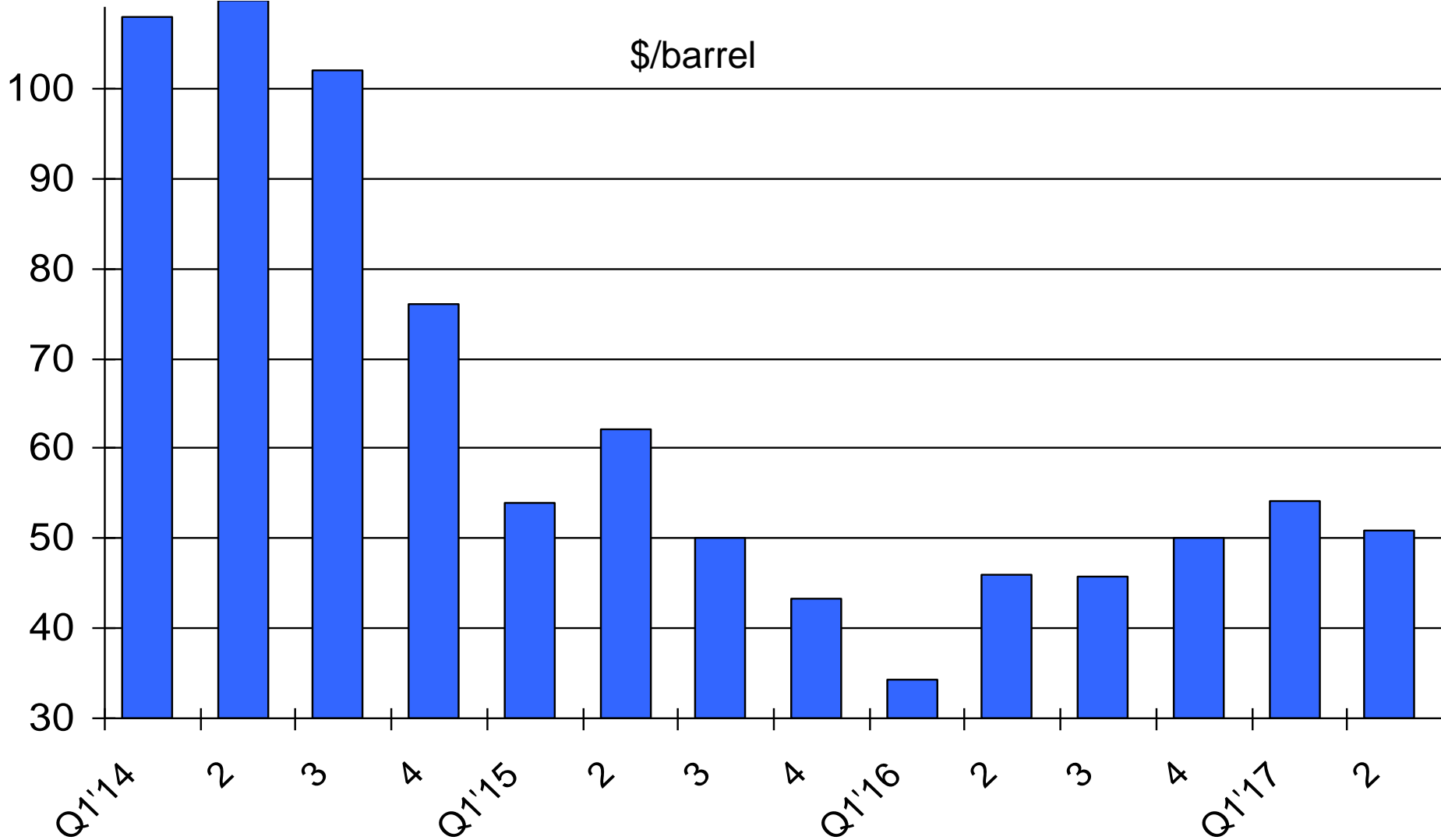
# Ratio between household debt & disposable income

*(Source: SARB)*



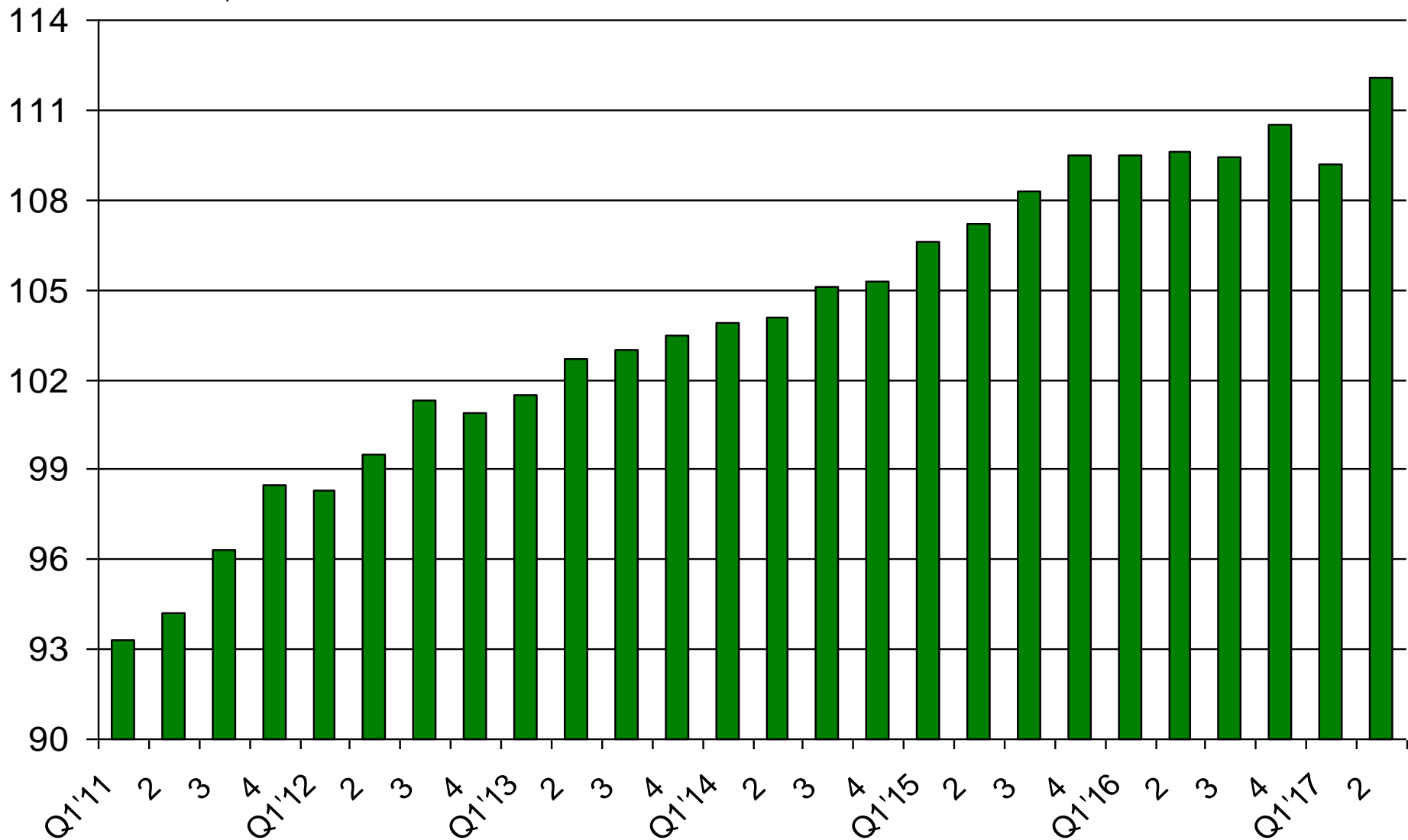
# Brent crude oil price remains flat

*(Source: World Bank)*



# Real retail sales recover – heading for the R1 trillion-mark

Index, 2012=100



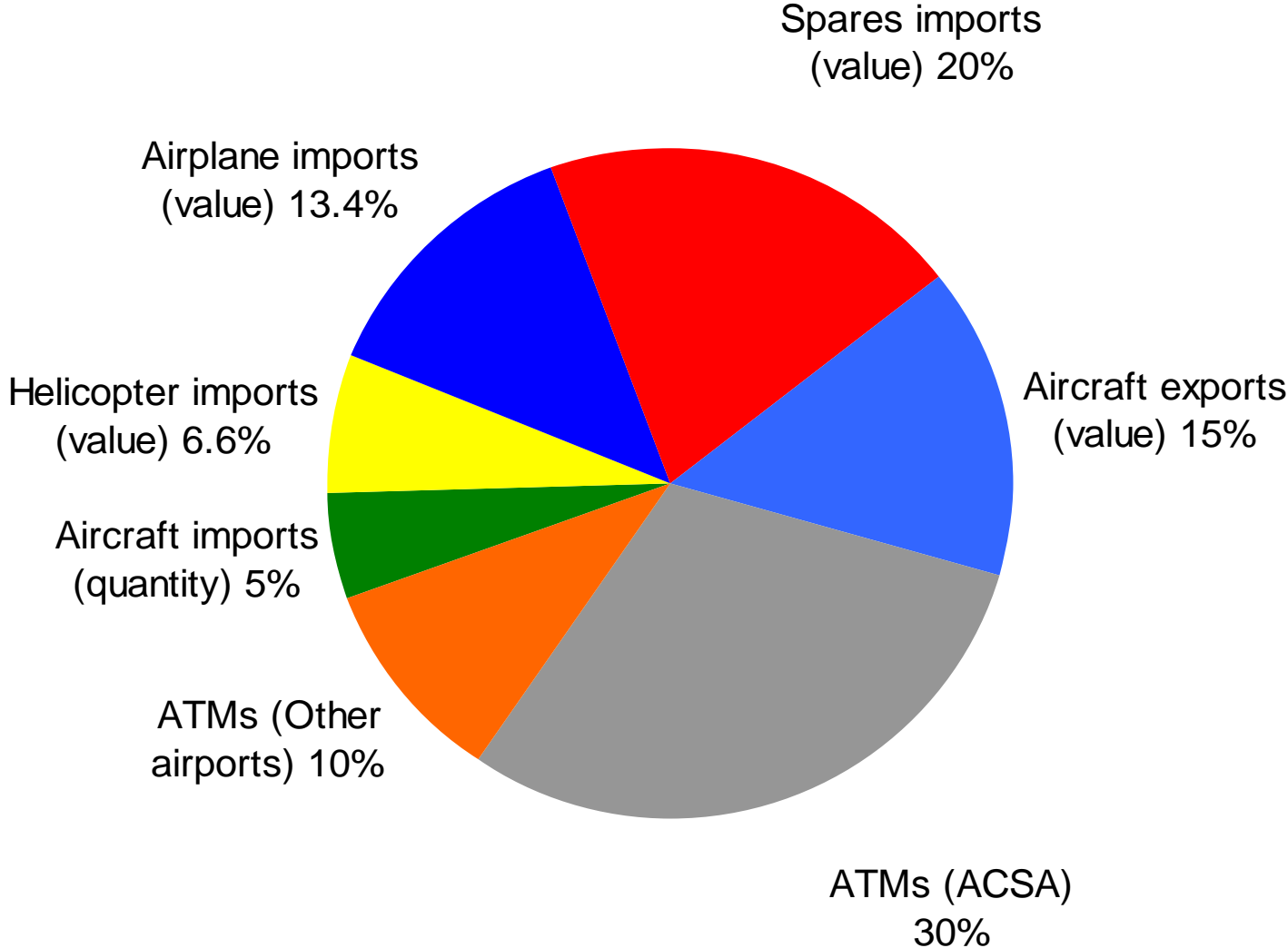


The CAASA  
Aviation Activity Index  
(CAAI)  
2nd quarter 2017

# Methodology employed for the design of the Aviation Activity Index (AAI)

- The AAI is based on composite indexation technique, whereby a group of indicators representing different units is forged into a single value
- The different indicators are each assigned a weighting in terms of their perceived contribution to the trend that the index wishes to illustrate, namely the current & historical level of activity in the commercial aviation industry
- Changes over time in the different indicators are measured and then also expressed as changes to the weighted index
- A total of 25 different indicators comprise the AAI, emanating from the following seven groups:
  - (i) Value of imports of helicopters
  - (ii) Value of imports of aeroplanes (of a mass less than 15t)
  - (iii) Physical quantity of imported aircraft
  - (iv) Value of imports of aircraft spares
  - (v) Value of exports of aircraft (of a mass less than 15t)
  - (vi) Air traffic movements at ACSA airports
  - (vii) Air traffic movements at key non-ACSA airports
- Combined in an appropriately weighted index, these indicators provide an objective & balanced measure of economic activity in various spheres of the commercial aviation industry

# Composition of the groups of indicators included in the CAAI



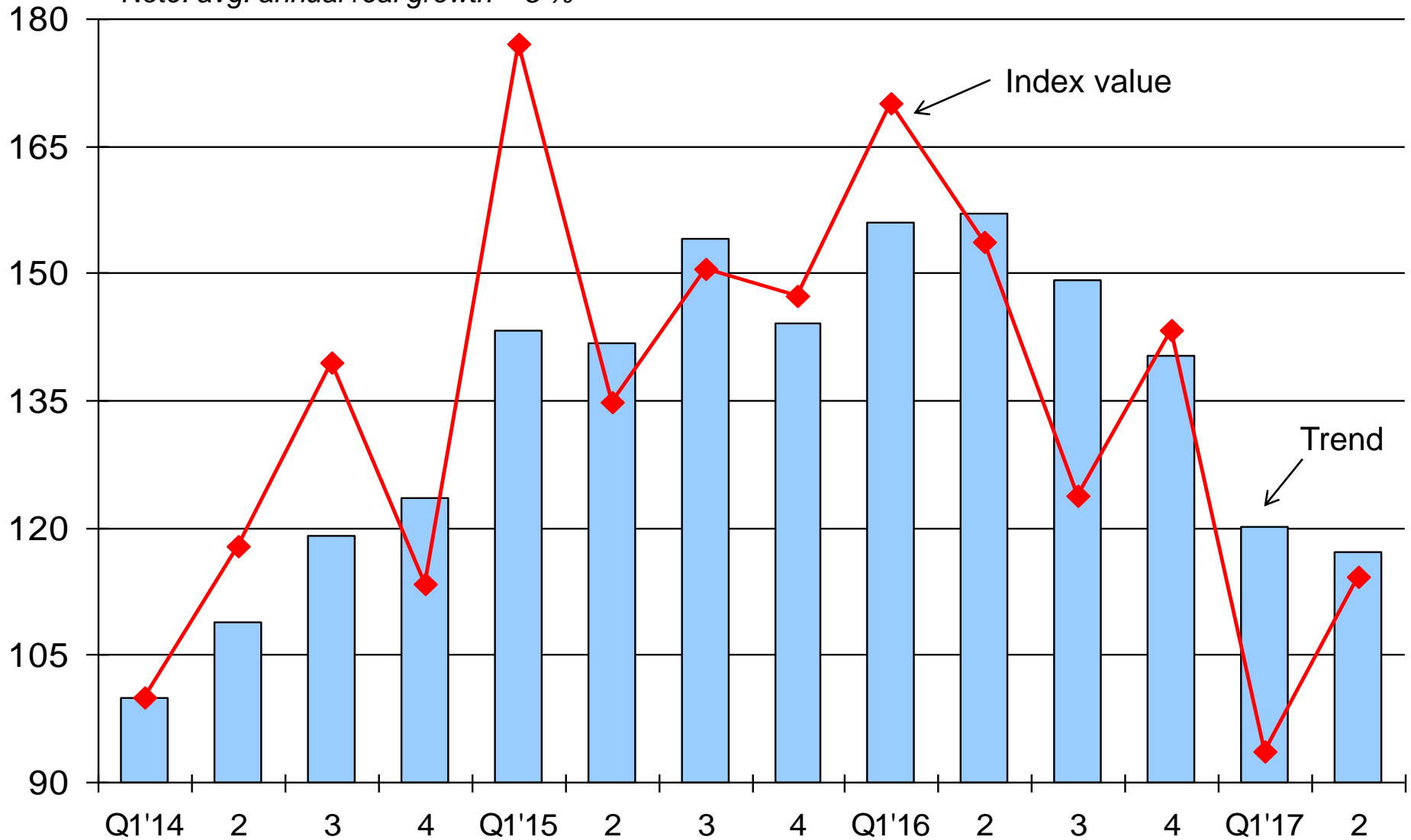


# CAASA Aviation Activity Index (CAAI) for South Africa

*(Trend = 3-quarter moving average)*

Index; Q1 2014=100

*Note: avg. annual real growth = 5 %*



# Notes on the latest trend (Q2 2017) in the CAASA Aviation Activity Index (CAAI)

After a disappointing first quarter, the majority of indicators comprising the CAAI recovered in the 2nd quarter of 2017, with the following increases having been recorded from the **average quarterly values** since Q1 2014:

- Value of imports of larger helicopters: 43%
- Quantity of imported aeroplanes between 2t and 15t: 3.7%
- Imports of spares: 5.3%
- ATMs at Durban airport: 5%
- ATMs at Cape Town airport: 2.9%
- ATMs at Pietermaritzburg airport: 25%
- ATMs at Rand airport: 20%
- ATMs at Grand Central airport: 8.3%
- ATMs at Lanseria airport: 6.4%

Reasons for the drop in the CAAI since the start of 2017 include the following:

- i. Lethargic economic growth, with several key sectors of the economy having contracted in Q1 (on an annualised basis)
- ii. Declining levels of business confidence, as also reflected in a variety of surveys, including the Absa PMI
- iii. Relatively high domestic interest rates, which have eroded the competitiveness of the aviation industry via the high cost of capital

# Some trivia questions

1. Which of the following airports had the most ATMs in Q2 2017:

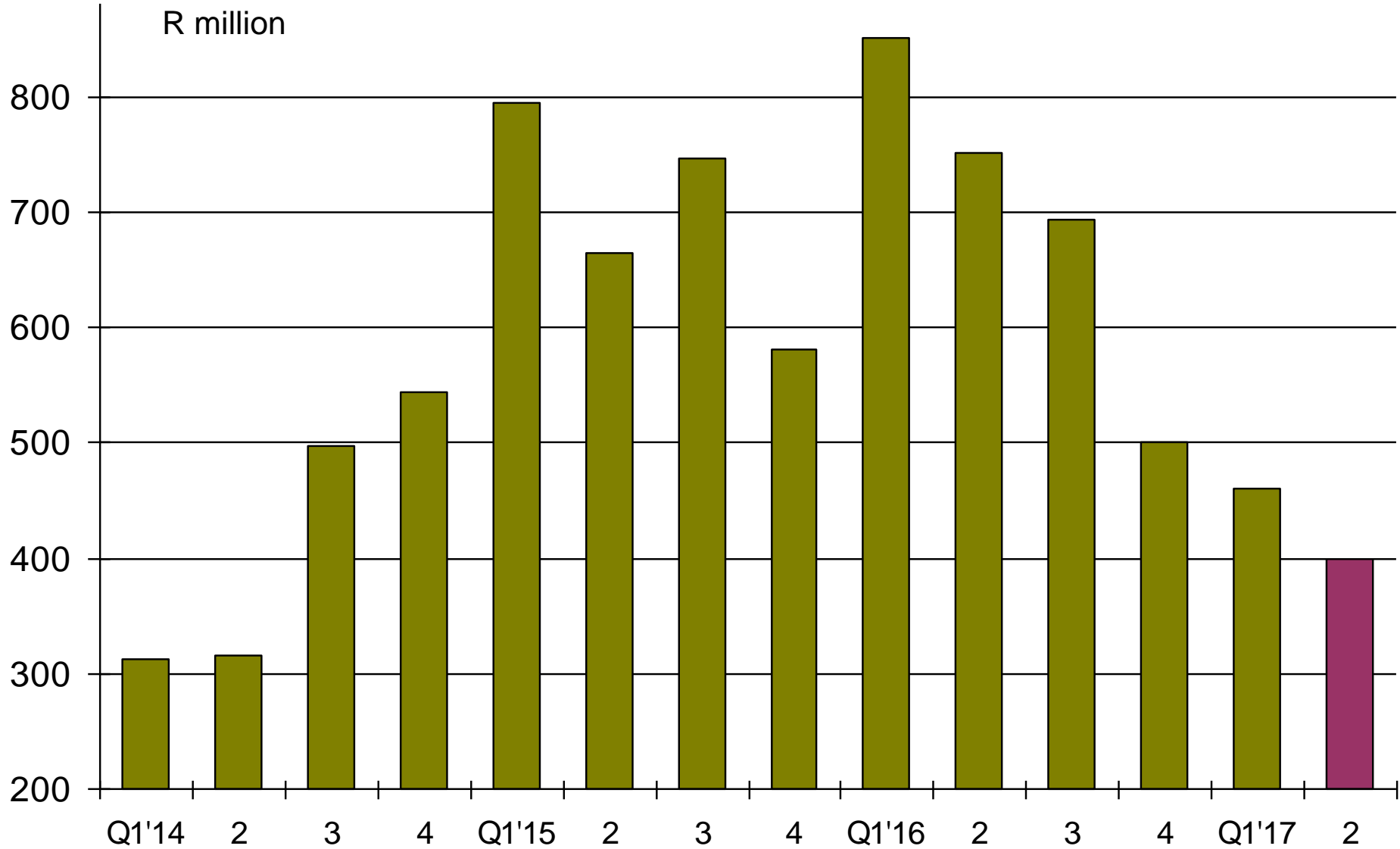
- Port Elizabeth or Durban?
- Rand or Cape Town?
- George or Virginia?
- Grand Central or Durban?

2. Which of the following had the highest import value in Q2 2017:

- Propellers or undercarriages?

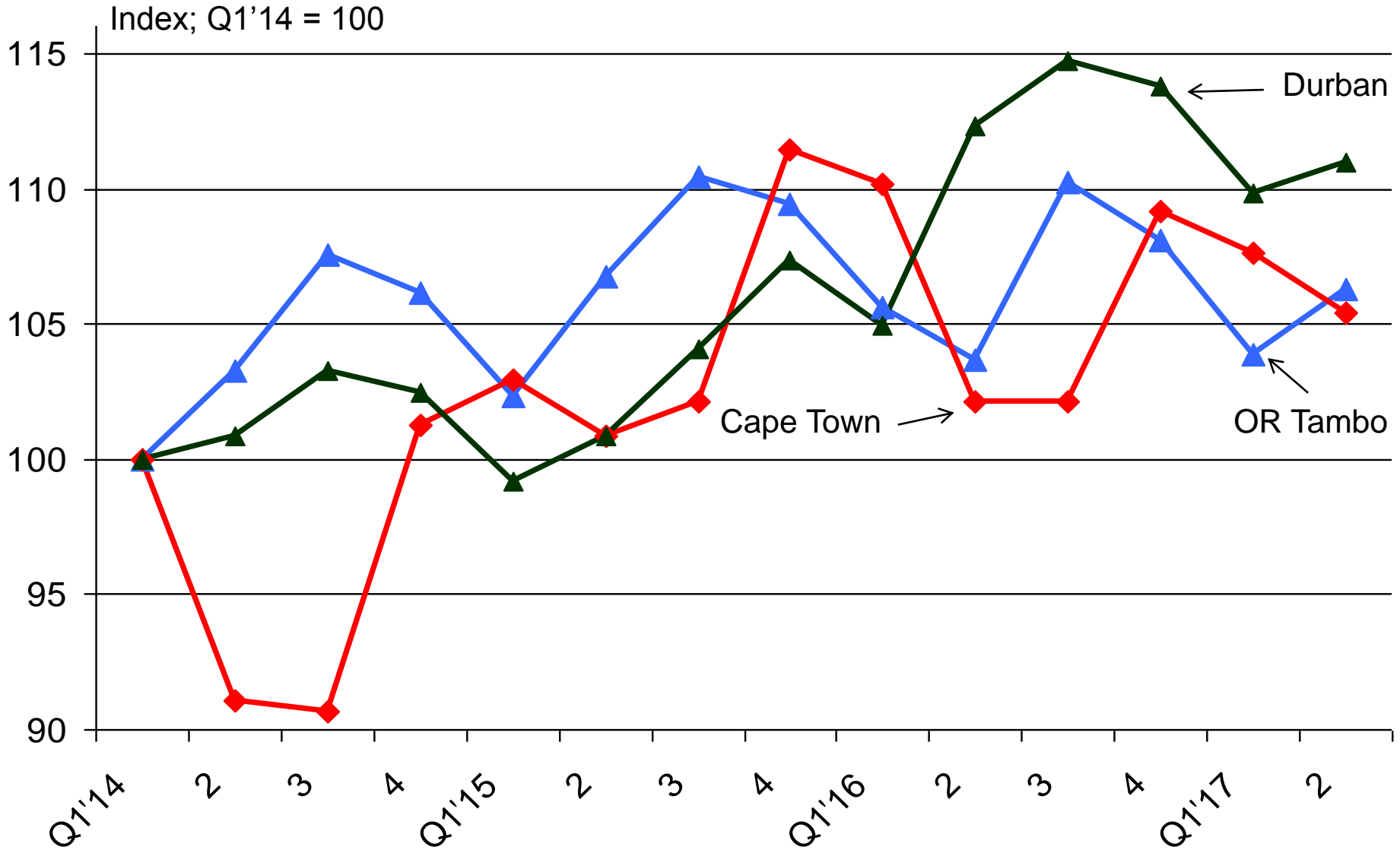
# Value of aircraft exports (below 15t) *(3-quarter moving average)*

R million



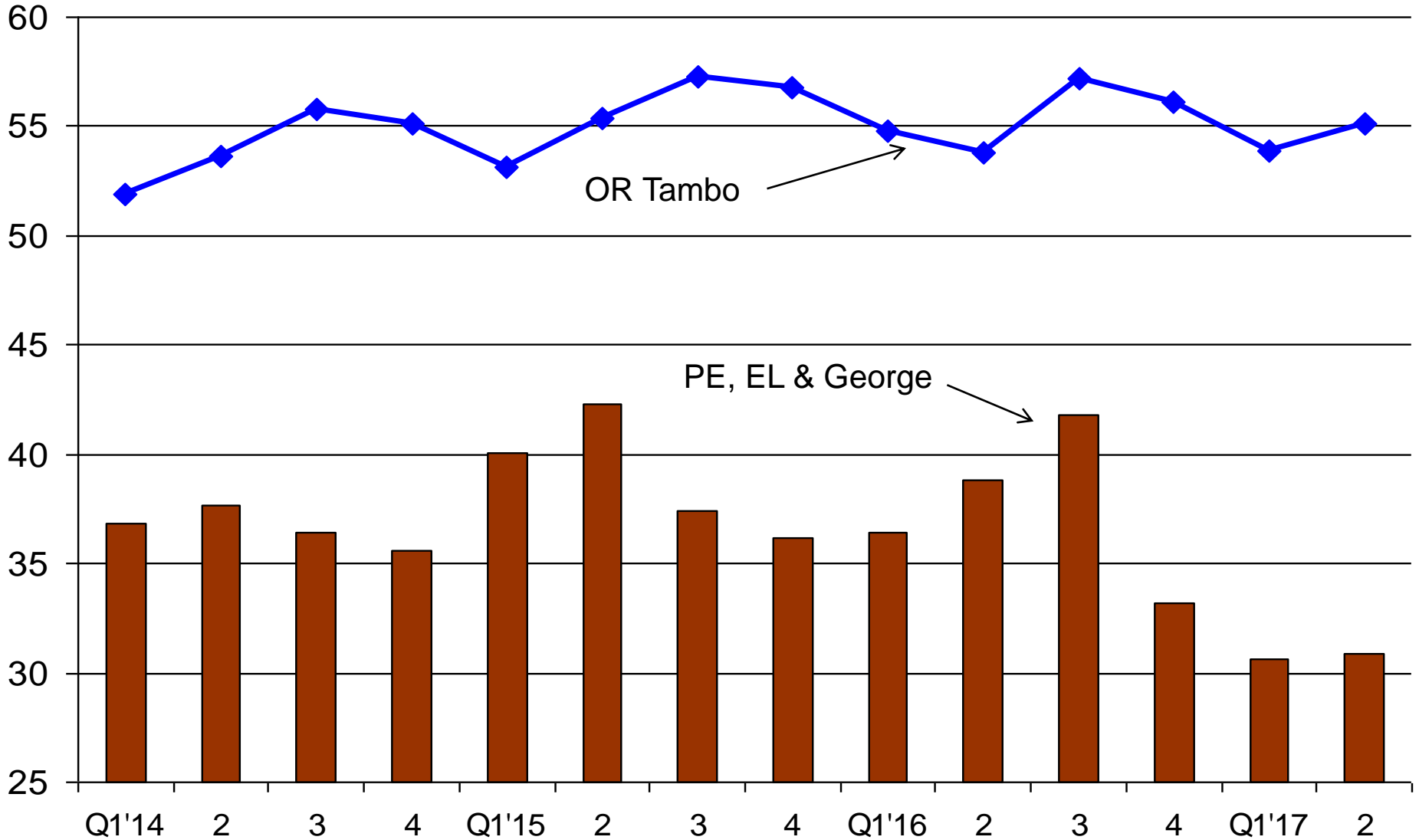
# CAAI sub-index for air traffic movements at major international airports (ACSA)

(Source: ACSA)



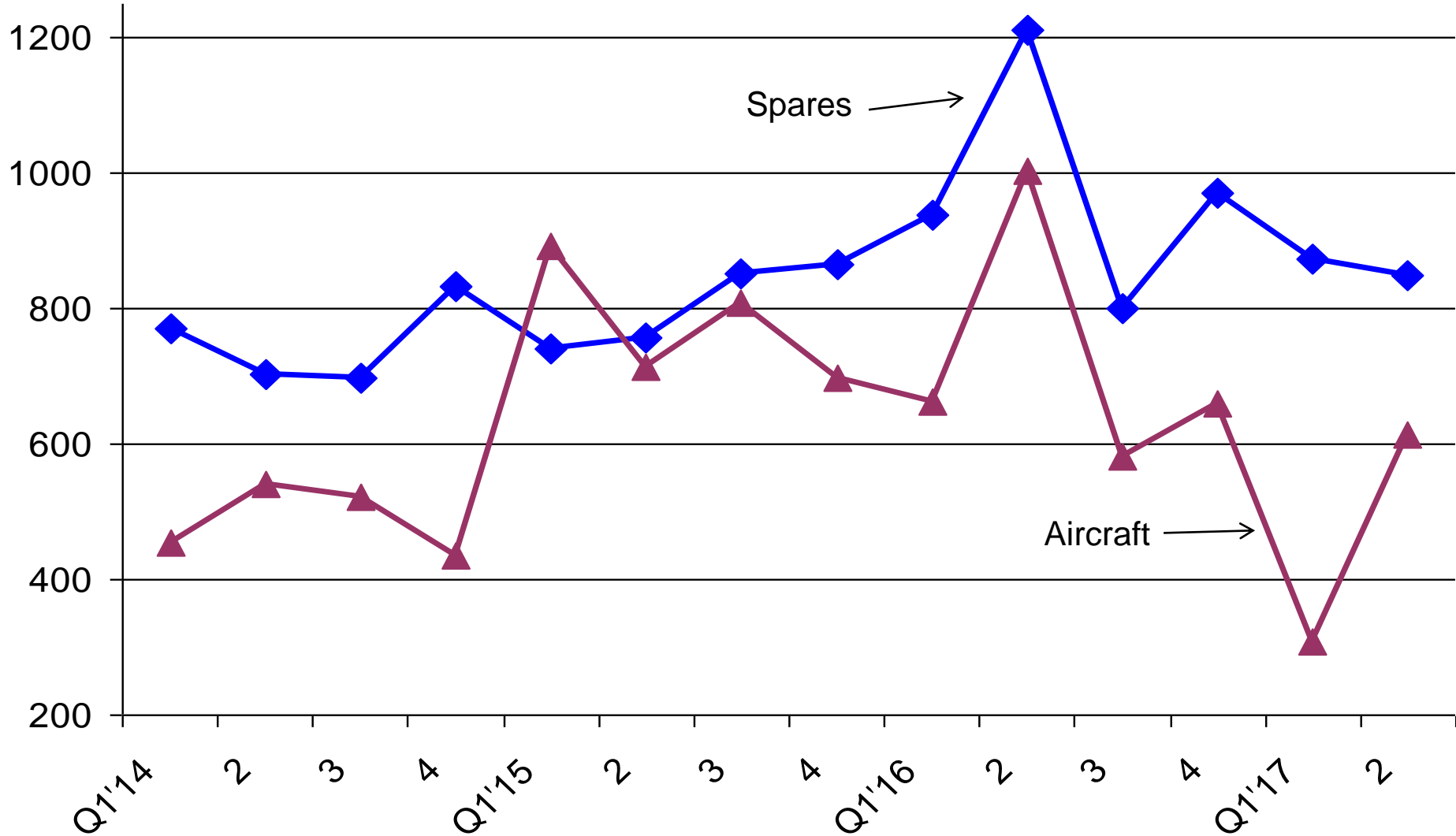
# Number of air traffic movements (ATMs) at selected ACSA airports

'000



# Value of imports of aircraft & spares

R million



# Average quarterly value of imports of helicopters and aeroplanes (under 15t)

(Sources: SARS: own calculations)

