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Consumer confidence

Quarterly analysis of consumer expectations

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Please refer to the glossary on the BER's **website** for explanations of technical terms.

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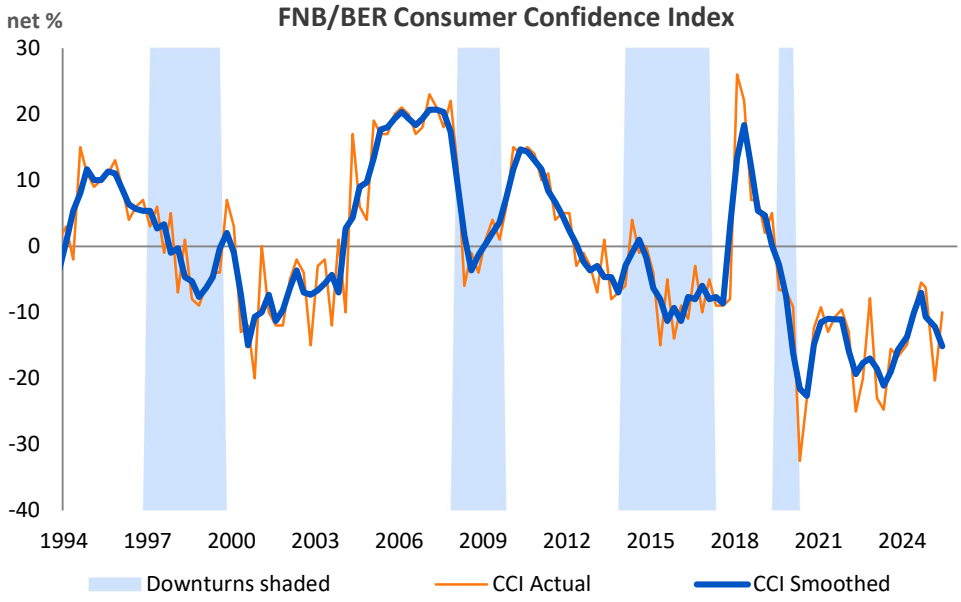
Consumer confidence recovers some lost ground.

After plunging from -6 to -20 index points during the first quarter of 2025, the FNB/BER Consumer Confidence Index (CCI) rebounded to -10 in the second quarter.[1]

A number of adverse shocks knocked consumer sentiment during the first quarter of 2025, including the Finance Minister's (aborted) proposal to hike VAT by two percentage points (%pts); the fallout between the ANC and the DA about the budget; a brief return to stage 6 load-shedding; souring diplomatic relations between South Africa (SA) and the United States (US); and US president Trump's alarming import tariff proposals. The second quarter saw a partial recovery in consumer confidence to -10, from -20 in the first quarter. The second quarter reading is on par with the CCI at the same time last year (-10 in 2024Q2), but remains below the more positive readings recorded during the second half of 2024. Consumer confidence is also still well below the average CCI reading of -1 since 1994, signalling that consumers remain relatively pessimistic about the outlook for the economy and their household finances over the next twelve months.

Figure 1: FNB/BER Consumer Confidence Index (CCI)



Source: BER, SARB

DETAILS

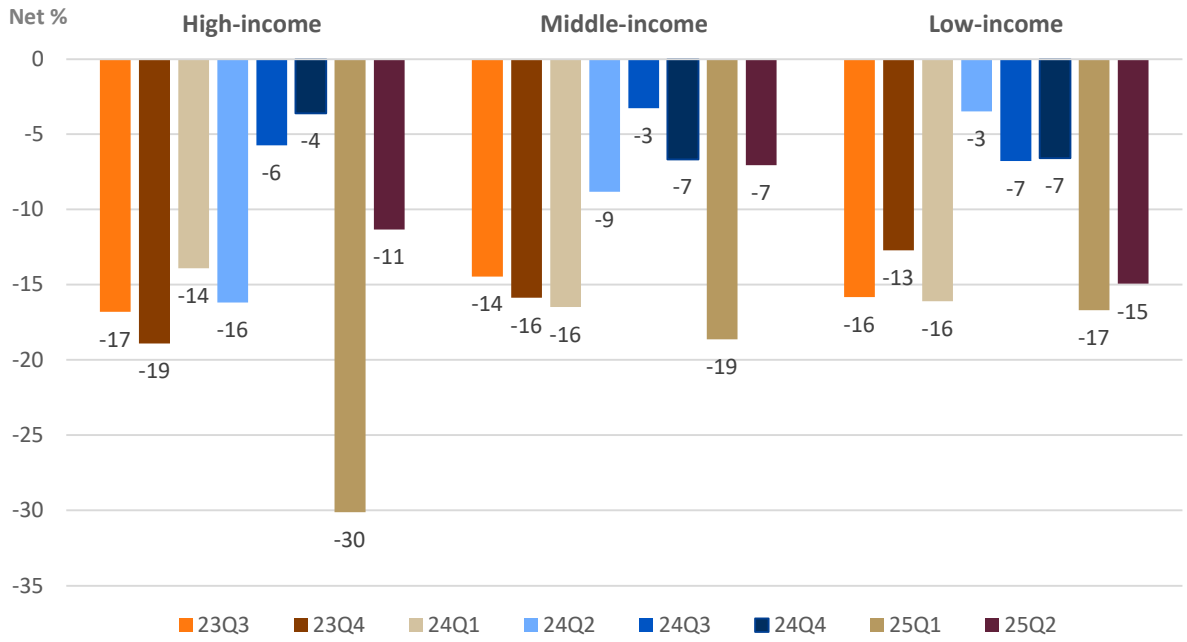
All three sub-indices of the CCI recovered some lost ground during the second quarter. The economic outlook sub-index of the CCI rebounded from -32 to -18 index points, but consumers remain notably more pessimistic about SA's economic prospects compared to their expectations (-9) at the end of last year. The household finances sub-index of the CCI improved from -1 to 9, while the sub-index measuring the appropriateness of the present time to buy durable goods (e.g., vehicles, furniture, household appliances and electronic goods) rebounded from -28 to -21. Supported by another interest rate cut and sustained low durable goods inflation, the time-to-buy-durables index is the only sub-index of the CCI that reverted to its 2024Q4 level.

[1] The second quarter CCI survey was conducted by means of a telephone call survey between 2 and 13 June 2025.

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2
Composite FNB/BER CCI	**-23**	**-25**	**-16**	**-17**	**-15**	**-10**	**-5**	**-6**	**-20**	**-10**
Economic outlook	-34	-37	-22	-28	-22	-9	-7	-9	-32	-18
Household financial outlook	-1	-2	-1	3	8	8	14	11	-1	9
Suitability of the present time to buy durable goods	-34	-35	-26	-25	-30	-28	-23	-21	-28	-21

Source: BER

Figure 1: Consumer confidence per income group



Source: BER

A breakdown of the CCI per household income group shows that sentiment improved notably among high- and middle-income consumers, but not by much among low-income households. After plunging from -4 to -30 index points during the first quarter, the confidence levels of high-income households (earning more than R20 000 per month) rebounded to -11 in the second quarter. Despite the rebound, confidence remains below levels seen in the second half of last year. Given the deterioration in both the global and domestic economic outlook in recent months, coupled with the fact that Budget 3.0 made no inflationary adjustments to income tax brackets and medical aid tax credits, it is not surprising that high-income confidence settled at a lower level compared to their sentiment during the second half of 2024.

The confidence levels of middle-income households (earning between R5 000 and R20 000 per month) reverted to -7, on par with their sentiment level at the end of 2024. Middle-income confidence is currently significantly higher compared to high- and low-income confidence. Additional two-pot pension fund withdrawals at the start of the new financial year in March and another 25-basis point cut in the prime interest rate at the end of May are supporting highly indebted middle-income households in particular. Low-income earners are less likely to have pension funds, while the R30 000 annual cap on two-pot withdrawals implies that these withdrawals will deliver a relatively smaller boost to the disposable income of high-income households compared to that of middle-income households. Lower fuel prices and the increased availability of more affordable new vehicles are also benefitting middle-income households.

The confidence levels of low-income households (earning less than R5 000 per month) only edged up by 2 index points to -15, after falling by 10 points to -17 during the first quarter. Lower fuel prices and above-inflation adjustments to social grants are bolstering the spending power of low-income households. However, most low-income households do not have access to formal sector credit or pension funds and therefore do not benefit from interest rate cuts or two-pot withdrawals. Furthermore, food inflation has increased from 1.5% y-o-y in January to 4.4% in May and is projected to tick up further, which will disproportionately affect low-income households. The devastating floods that swept through the Eastern Cape, as well as the alarming increase in the unemployment rate during the first quarter, may also be weighing down the confidence levels of less affluent consumers.

BOTTOM LINE

The partial recovery in consumer sentiment, following the sharp first quarter fall, was in line with our expectations and points to some resilience in consumer spending during the second quarter. Indeed, robust retail volume growth in April (5.1% y-o-y) and (still) surging new vehicle sales volumes during May (30% y-o-y) suggest that growth in real consumer spending remained well supported during 2025Q2. However, annual growth is likely to slow from the impressive 3.1% y-o-y growth rate recorded during 2025Q1. With inflation heading north and two-pot withdrawals expected to peter out, the growth in real consumer spending is forecast to moderate towards 2026. A projected further interest rate cut in July should partially shield middle- and high-income consumers from the impacts of increasing inflation and higher personal income taxes, but rising food prices will hurt the spending power of low-income households.

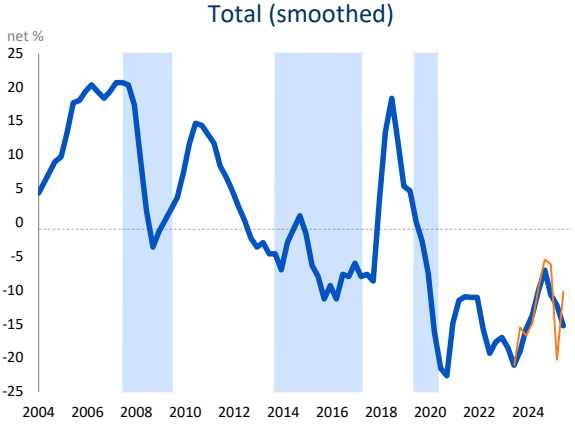
Survey results

CONSUMER CONFIDENCE

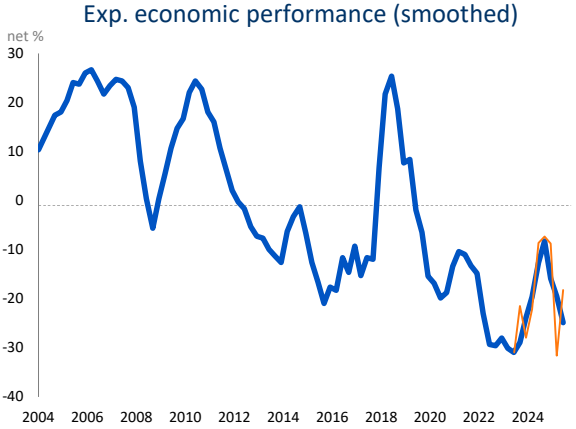
Indicator	Unit	μ-σ	μ	μ+σ	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Δ	σ_Δ
Composite														
Total	Net %	-15	-1	12	-16	-17	-15	-10	-5	-6	-20	**-10**	10	8
Expected economic performance	Net %	-21	-3	16	-22	-28	-22	-9	-7	-9	-32	**-18**	14	11
Expected household finances	Net %	3	12	21	1	3	8	8	14	11	-1	**9**	10	8
Time to buy durables	Net %	-28	-13	1	-26	-25	-30	-28	-23	-21	-28	**-21**	7	9
Per income group														
High	Net %	-16	0	16	-17	-19	-14	-16	-6	-4	-30	**-11**	19	10
Middle	Net %	-14	-3	8	-14	-16	-16	-9	-3	-7	-19	**-7**	12	8
Low	Net %	-16	-7	3	-16	-13	-16	-3	-7	-7	-17	**-15**	2	11
Per age group														
Age 16-24	Net %	-5	9	23	-2	-6	-4	2	3	4	-6	**1**	7	9
Age 25-34	Net %	-10	4	18	-8	-12	-10	-7	3	-3	-12	**2**	14	8
Age 35-49	Net %	-18	-4	11	-20	-21	-18	-11	-11	-12	-27	**-13**	14	9
Age 50+	Net %	-32	-17	-2	-30	-31	-27	-22	-16	-13	-35	**-30**	5	9

CONSUMER CONFIDENCE

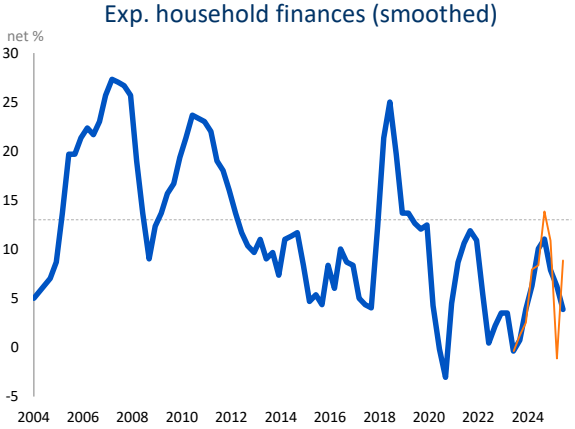
Total (smoothed)



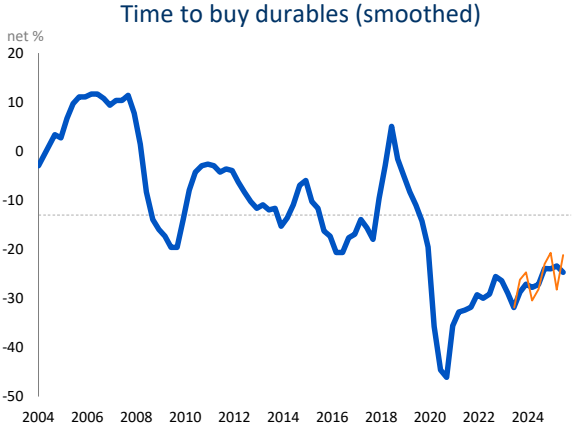
Exp. economic performance (smoothed)



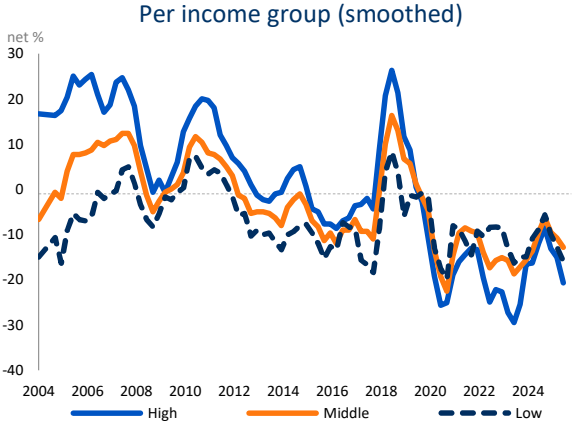
Exp. household finances (smoothed)



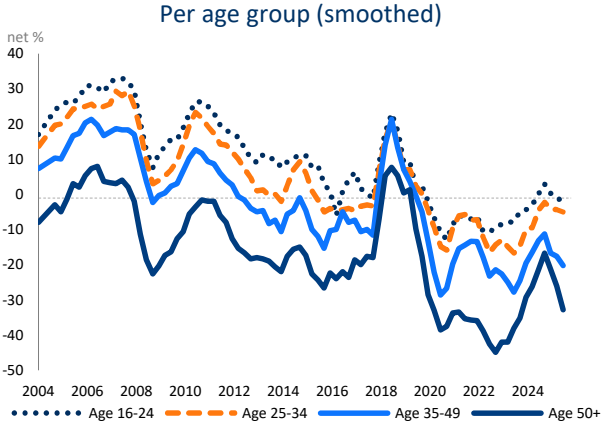
Time to buy durables (smoothed)



Per income group (smoothed)



Per age group (smoothed)



Technical note

THE CONSUMER CONFIDENCE SURVEY METHOD

Consumer opinion surveys (COS) provide regular assessments of consumer attitudes and expectations and are used to evaluate economic trends and prospects. The surveys are designed to explore why changes in consumer expectations occur and how these changes influence consumer spending and saving decisions.

The FNB/BER consumer confidence index (CCI) combines the results of three questions posed to adults in South Africa, namely the expected performance of the economy, the expected financial position of households and the rating of the suitability of the present time to buy durable goods, such as furniture, appliances and electronic equipment.

Until the second quarter of 2019, the FNB/BER CCI was based on face-to-face interviews of between 2 000 and 2 500 urban adults. The BER switched to telephone call surveys in the third quarter of 2019. The 500 respondents are representative of the racial and household income composition of the urban adult population of South Africa. Internationally, the majority of CCIs is based on telephone call surveys. The results per home language, LSM group and province are no longer produced.

Consumer confidence is expressed as a net balance. The net balance is derived as the weighted percentage of respondents expecting a considerable or slight improvement / good time to buy durable goods less the percentage expecting a considerable or slight deterioration / bad time to buy durable goods. The percentage replying “remain the same” or “neither a good nor a bad time” is ignored.

A low level of confidence indicates that consumers are concerned about the future. They may be worried about job security, pay raises and bonuses. With such a frame of mind, consumers tend to cut spending to basic necessities (e.g. food and services) to free up income for debt repayment. If confidence is high, consumers tend to incur debt (or reduce savings) and increase spending on discretionary items, such as furniture, household equipment, motor vehicles, clothing and footwear. Some of these items are often financed on credit. Spending on these items declines when confidence is low, as households can generally delay their purchase without experiencing an immediate deterioration in living conditions.

A rise in consumer confidence reflects an increased willingness of consumers to spend. However, this willingness only translates into actual sales if consumers’ ability to spend improves. Their ability to spend depends on their inflation adjusted after-tax income and the availability of credit. A rise in consumer confidence could therefore result in an upturn in household consumption spending in general and retail and motor vehicle sales in particular if their ability to spend improve and/or credit extension rise in step. The opposite applies when the level of consumer confidence declines.

Consult the BER web page (**www.ber.ac.za**) for more information about the consumer opinion survey method.

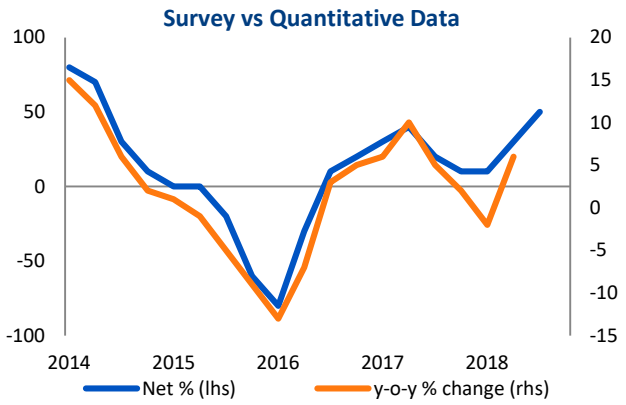
THE UNIQUE UNITS OF MEASUREMENT OF QUALITATIVE SURVEYS

Net percentage (net %)

The responses related to the change in activity, prices, employment, business conditions, expected economic performance etc. are presented as a "net percentage" (also called a "net balance" or a "net majority"). If, for example, the percentages of respondents rating the volume of sales as "higher", the "same" or "lower" compared to a year ago are 70%, 10% and 20% respectively, then one can conclude that the majority of participants experienced higher sales. The net percentage is calculated as the percentage of respondents rating "sales" as higher less the percentage rating it as "lower". The percentage rating it as the "same" is ignored. The net percentage in this example is therefore 50%, being the difference between the 70% "higher" and the 20% "lower". A net percentage of –10%, for instance, would indicate a decline in sales compared to a year ago. Take note that this does not mean a year-on-year contraction of 10%. It only means that the activity of a majority of 10% of the respondents was lower compared to a year ago.

The net percentage, or net balance statistic, can theoretically vary between a minimum of -100 (when all participants replied "lower") and a maximum of +100 (when all respondents replied "higher"). Theoretically a value of zero, therefore, indicates no change, between 0 and 100 reflects a rise (or improvement) and between 0 and –100 a decline (or deterioration) compared to the same quarter a year ago. The net balance statistic is a diffusion index, i.e. it indicates the degree to which the indicated change is "diffused" (spread) throughout the sample population. It indicates both the direction and size of the change.

Given that it reflects respondents' estimation of the change in the phenomenon/variable in the current quarter relative to the same quarter a year ago, the net percentage corresponds to a year-on-year percentage change/growth rate in the corresponding/equivalent official data series (see the figure on the right).



Percentage (%)

The responses relating to business confidence are presented as percentages.

In the case of business confidence, respondents have to rate prevailing business conditions as either "satisfactory" or "unsatisfactory". The percentage of respondents rating prevailing business conditions as satisfactory is taken as an indicator (proxy) for business confidence. A reading of 10 for business confidence, for instance, means that only 10% of the respondents indicated that they were satisfied. In this example, 90% were, therefore, unsatisfied.

Theoretically, the confidence series can vary between a minimum of zero and a maximum of 100. A value of zero would reflect an extreme lack of confidence and 100 extreme confidence. These results reflect respondents' evaluation of the phenomenon/the survey variable in respect to that specific survey quarter, i.e. not relative to some period in the past or future.

DESCRIPTIVE STATISTICS IN THE TABLES

Smoothed

Some series show erratic/volatile movements, i.e. data jumps around quite a bit between consecutive quarters. In such cases, it is necessary to smooth these movements over a longer period to obtain a general trend.

Another case where we added moving averages is when the correlation between the survey results and the corresponding reference series is low or non-existent.

Three-quarter centred moving averages (3qcma) were selected in order to not disturb turning points too much, e.g. the moving average of 17Q4 is calculated as the average of 17Q3, 17Q4 and 18Q1, that of 18Q1 is calculated as the average of 17Q4, 18Q1 and 18Q2 etc. In order for the smoothed series to run up to the last unsmoothed data point, the last smoothed data point is only the average of two quarters, namely the previous and current quarter.

When a smoothed series is added, it is prudent not to attach too much value to the unsmoothed results of a particular quarter, but rather to evaluate it in its historical context.

Seasonal adjustment (SA)

In theory, the time series ought to display no seasonal patterns because respondents are instructed to compare the current quarter with the same one of a year ago (e.g. they have to compare the current Festive Season or wet/dry winter period with the same time a year ago). However, in practice, some series nevertheless reveal seasonal patterns, probably because some respondents incorrectly compare the survey quarter with the one directly preceding it. In such cases, a seasonally adjusted series (i.e. where such seasonal variation is eliminated with X12 ARIMA) is added.

Average (μ)

The neutral level of the time series for the two measurement types, net percentage and percentage, is 50 or zero respectively. The long-term average (mean) is often not equivalent to this neutral level. In such cases, it is more useful to evaluate the current results relative to such a long-term average than the neutral level.

One standard deviation below (μ-σ) and above (μ+σ) the average

The standard deviation indicates the common variation in or dispersion of the values. Data points falling between one standard deviation below and above the average could be regarded as common. Any data point falling outside these ranges, therefore, displays statistically significant variation.

Change (Delta: Δ)

This statistic indicates the change in the results of the latest quarter relative to the preceding quarter.

Volatility (standard deviation of the deltas: Δσ)

This statistic indicates the volatility of the quarter-on-quarter change. If the size (regardless if it is an increase or decline) of the change is greater than the standard deviation of the deltas, then it displays a statistically significant variation.

CONVENTIONS AND AIDS PROVIDED IN THE CHARTS

Shaded areas

Indicates cyclical downturns as demarcated by the South African Reserve Bank. Users need to take note that the business cycle could have already reversed course towards the end of the period covered in the chart, but usually we wait until the bank determines a turning point before changing the shaded areas.

Solid vs. dotted horizontal (X) axes:

A solid line indicates the theoretical mid-points of 50 or zero respectively, while a dotted line indicates the long-term average (mean). Also see the section on the "average" above.

Normalised scale

Time series data is normalised (standardised) when one wishes to observe the co-movement among indicators with different units of measurement, say for instance, between a diffusion index (confidence) and the growth rate in a volume index (GDP growth). Normalisation converts both series to the same scale (unit) by subtracting the long-term average from each series and dividing it by its standard deviation. This ensures that one compares "apples" with "apples" when making a visual inspection and not mistakenly identify co-movements or deviations that different scales could produce.