



BER BUREAU *for*
ECONOMIC
RESEARCH

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PRESS RELEASE

FNB/BER CONSUMER CONFIDENCE INDEX

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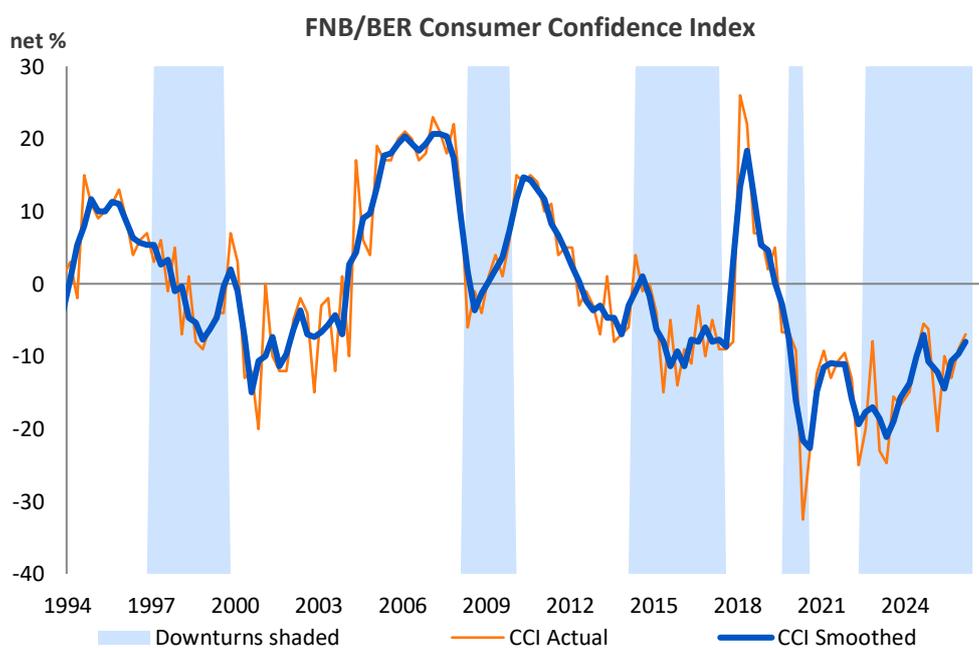
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Rebound in high-income confidence boosts consumer sentiment further, but geopolitical risks from the Iran conflict loom

Having rallied from -13 to -9 index points in the fourth quarter of 2025, the FNB/BER Consumer Confidence Index (CCI) extended its gains to reach -7 in the first quarter of 2026.¹

The latest CCI reading is the highest since the fourth quarter of 2024, when the two-pot retirement savings system kicked in and allowed households to withdraw approximately R40bn from their pension fund savings. The two-point increase in the overall CCI can mainly be ascribed to a jump in the confidence levels of high-income consumers, where sentiment improved from -12 to -4. Affluent households benefitted not only from two-pot pension fund withdrawals, but also from declining interest rates, soaring stock prices and a stronger rand exchange rate. Most of the first-quarter CCI survey fieldwork had been completed by the time of the Minister of Finance’s Budget Speech on 25 February, which was generally well received and should further support consumer sentiment (especially among affluent consumers). However, importantly, the fieldwork was completed before the US launched its military operation against Iran on 28 February. The fallout from this development, including skyrocketing oil prices, plunging stock exchanges and travel disruptions, may well knock consumer confidence in the coming months. This introduces a clear downside risk to what had been a broadly improving consumer confidence trajectory.



Source: BER, SARB

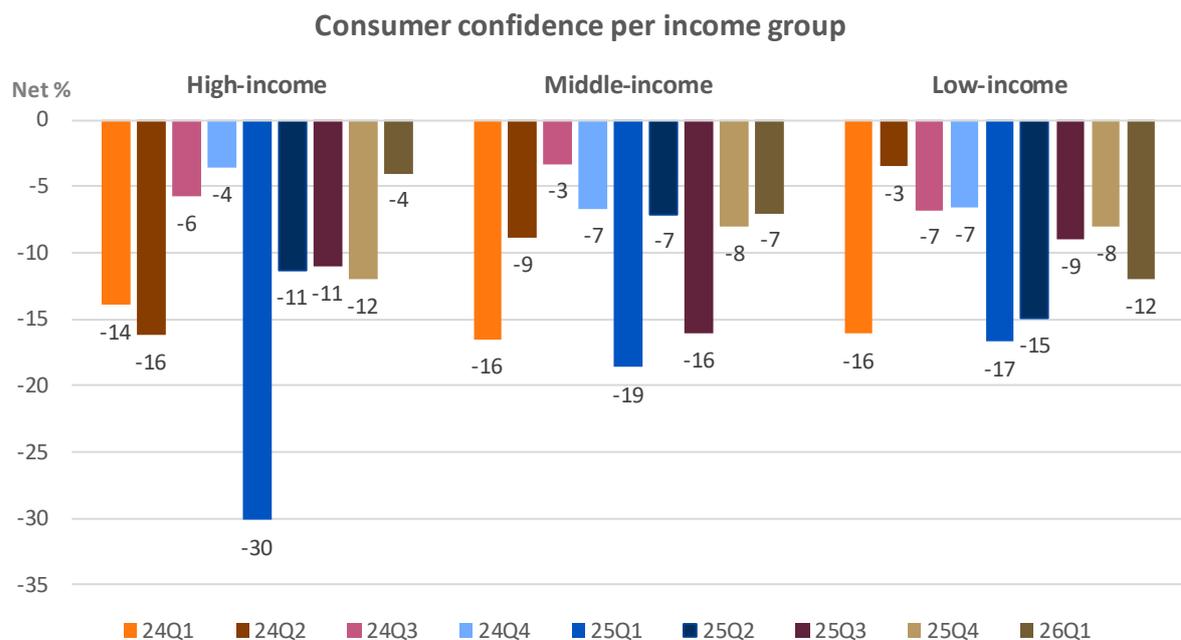
¹ The first quarter CCI survey was conducted by means of a telephone call survey between 16 and 27 February 2026.

Details

The slight improvement in the CCI during the first quarter can be ascribed to further upticks in the economic outlook and household finances sub-indices of the CCI. The economic outlook sub-index increased from -19 to -14 in 2026Q1, while the household finances sub-index jumped from 5 to 12 index points. However, the sub-index measuring the appropriateness of the present time to buy durable goods (e.g., vehicles, furniture, household appliances and electronic goods) reversed its fourth-quarter gains, falling from -14 to -21. The level of -14 reached in 2025Q4 was the highest level for the time-to-buy durables index since 2019Q2, but the index has now dropped back to its mid-2025 level. The fact that the SA Reserve Bank (SARB) held off on cutting interest rates during its January 2026 meeting may have weighed on the time-to-buy durable goods index. This suggests that consumers remain highly sensitive to borrowing costs, particularly for discretionary spending.

	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1
Composite FNB/BER CCI	-17	-15	-10	-5	-6	-20	-10	-13	-9	-7
Economic outlook	-28	-22	-9	-7	-9	-32	-18	-22	-19	-14
Household financial outlook	3	8	8	14	11	-1	9	3	5	12
Suitability of the present time to buy durable goods	-25	-30	-28	-23	-21	-28	-21	-20	-14	-21

Source: BER



Source: BER

A breakdown of the CCI by household income group shows divergent confidence trends across income groups. The confidence levels of high-income households (those earning more than R20 000 per month) rebounded from -12 to -4 index points during 2026Q1, with improvements in all three sub-indices for high-income consumers. The substantial improvement (from 4 to 14) in high-income consumers' rating of the outlook for their household finances is particularly encouraging, with this sub-index now at the highest level (14) since 2019Q2 (16). High-income consumers are also the only income group that registered an improvement in their rating of the present time to buy durable goods.

The confidence levels of middle-income households (those earning between R5 000 and R20 000 per month) edged up by one index point, from -8 to -7. Like the high-income group, a larger net percentage of middle-income households (up from 5 to 13) now expect their household finances to improve over the next twelve months. In contrast, the confidence levels of low-income consumers (those earning less than R5 000 per month) deteriorated from -8 to -12.

FNB Chief Economist Mamello Matikinca-Ngwenya said, "Disappointing employment growth towards the end of 2025 and tighter compliance measures in the social grant system in all likelihood punctured the confidence levels of low-income households."

According to Statistics South Africa, only 44 000 jobs were created in the fourth quarter of 2025, constituting year-on-year growth of a mere 0.1% (well below the real GDP growth rate of 0.8% y-o-y in 2025Q4). Additionally, the 2026 Budget Review presented by the National Treasury shows that nearly 35 000 social grants were cancelled and another 8 600 grants were adjusted, leading to savings for the fiscus, but lower social grants payments of more than R200 million in 2025/26.

Furthermore, following years of above-inflation adjustments to social grants expenditure, the National Treasury hiked the monetary values of most grants by roughly the inflation rate in the 2026 Budget, while the value of the social relief of distress grant remained unchanged at R370 per month.

"Job creation would need to accelerate significantly to counter the adverse impacts of slower growth in social grants payments and, especially, the projected fuel price shock on low-income households," said Matikinca-Ngwenya.

Estimates from the Central Energy Fund show that petrol and paraffin prices could surge by about R5 and R10 per litre, respectively, in April on the back of oil supply constraints due to Iran's shipping blockade of the Strait of Hormuz. This combination of weaker income support and rising fuel costs is likely to place further strain on the budgets of less-affluent households.

Matikinca-Ngwenya noted that prior to the US's strikes on Iran, a whole range of positive developments bolstered the confidence levels of high-income consumers, including lower fuel prices, a stronger rand exchange rate, declining interest rates, soaring stock prices on the JSE and a gradual improvement in South

Africa's economic prospects. While most of the fieldwork of the CCI survey had been completed by the time of Minister of Finance's budget speech, the full fiscal-drag relief on the personal income tax front and other positive tax changes for individuals and small businesses would likely have propelled the confidence levels of affluent households even higher.

"Unfortunately, the ripple effects from the Iranian war may well see a U-turn in high- and middle-income confidence during the second quarter," said Matikinca-Ngwenya. "Apart from the 10% fall in the JSE, the weaker rand exchange rate, travel disruptions and projected jump in fuel prices, the likelihood of further interest rate cuts during the second quarter has now all but evaporated."

Bottom line

The latest GDP data release showed that real consumer spending powered ahead during the fourth quarter of 2025, with y-o-y growth of 4.1% (and an impressive 3.6% for 2025 as a whole). The slight further improvement in consumer sentiment during the first quarter of 2026 suggests that households' appetite to spend remained strong at the start of the year. The notable increase in consumer confidence among high-income households is particularly good news for South African retailers, as this group has the highest spending power in the economy.

However, the conflict in the Middle East over the last three weeks has certainly clouded the outlook. Should the war and the fuel price shock prove to be short-lived, the second-round effects on inflation will be limited and the SARB may just delay (rather than scrap) further interest rate cuts in 2026/27.

In such a scenario, consumers' willingness (confidence) and ability to spend (real disposable income and access to credit) may take a temporary hit in the second quarter but recover in the second half of the year. Still, there is a real chance that the geopolitical conflict and oil price disruption will last longer, leading to a more pronounced slowdown in consumer spending, especially relative to the robust growth recorded last year. As a result, the near-term outlook for consumer confidence has shifted from cautiously optimistic to increasingly uncertain.

Background

Consumer confidence surveys 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 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 appropriateness 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 are based on telephone call surveys.

Consumer confidence is expressed as a net balance. The net balance is derived as the percentage of respondents expecting an improvement / good time to buy durable goods less the percentage expecting a deterioration / bad time to buy durable goods.

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 purchases 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. The opposite applies when the level of consumer confidence declines.