



**BER** BUREAU for  
ECONOMIC  
RESEARCH

## Enquiries:

Enquiries: Mamello Matikinca-Ngwenya, Chief Economist FNB

Email: Mamello.Matikinca-Ngwenya@fnb.co.za

Media enquiries: Lekha Gosai

Cell: 082 614 9110

Email: lgosai@fnb.co.za

Philisiwe Kobeli

Cell: 071 235 5975

Email: Philisiwe.Kobeli@fnb.co.za

## PRESS RELEASE

### FNB/BER CONSUMER CONFIDENCE INDEX

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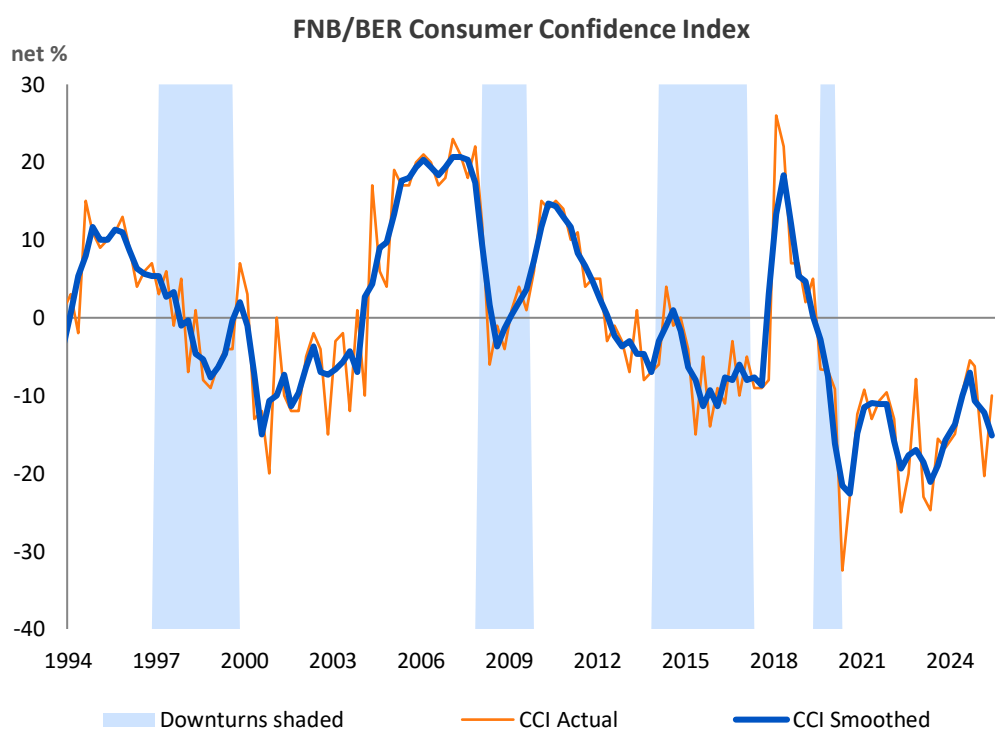
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10:00

# 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.<sup>1</sup>

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.



Source: BER, SARB

<sup>1</sup> The second quarter CCI survey was conducted by means of a telephone call survey between 2 and 13 June 2025.

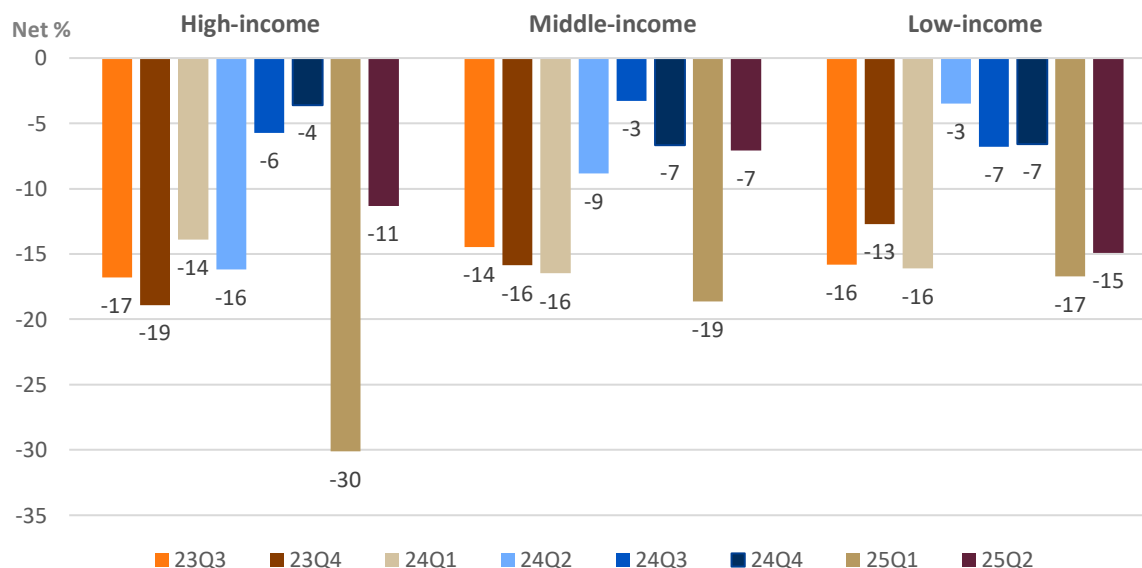
## Details

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.

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2
<b>Composite FNB/BER CCI</b>	<b>-23</b>	<b>-25</b>	<b>-16</b>	<b>-17</b>	<b>-15</b>	<b>-10</b>	<b>-5</b>	<b>-6</b>	<b>-20</b>	<b>-10</b>
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

## 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. FNB Chief Economist Mamello Matikinca-Ngwenya said, “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. Matikinca-Ngwenya noted that “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. Matikinca-Ngwenya said, “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.

## 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 is 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 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. The opposite applies when the level of consumer confidence declines.