

SA consumer confidence plummets as spending shrinks

By [Amna Karimi](#)

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South Africa's consumer confidence plunged to minus 25 in the second quarter of 2022, the lowest in more than three decades - barring 2020 when the Covid-19 pandemic hit - as consumers tightened their purse strings, a survey has showed.



Source: ©stokkete - [123RF](#)

Factors spanning from the impact of Covid-19-related restrictions to soaring commodity prices after Russia's invasion of Ukraine, among others, have hurt sentiment and curbed spending across the globe.

The consumer confidence index (CCI), sponsored by First National Bank (FNB) and compiled by the Bureau for Economic Research, crashed from minus 13 in the prior quarter. The second quarter of 2020 had a reading of minus 33.

“ FNB/BER Consumer Confidence Index (CCI) plunged to -25 in 2022Q2. Bar the CCI reading of -33 in 2022Q2 – when the sudden outbreak of the COVID pandemic and subsequent implementation of level 5 lockdown pummelled sentiment – the current reading is the lowest in more than 3 decades pic.twitter.com/udWAYqv2LD— Bureau for Economic Research (BER) (@BERcoza) June 29, 2022 ”

Although consumer sentiment was expected to weaken further due to worsening inflation and interest-rate outlook, the extent of the drop is alarming, the survey added.

The index measuring the appropriateness of the present time to buy durable goods like cars, furniture, and electronic goods, etc. also edged down, showing that consumers did not consider it a good time to make big-ticket purchases.

High-income confidence slumps

The survey further revealed that while consumer confidence fell notably across all income groups, high-income confidence has soured more than low-income confidence since the end of 2021.

Confidence levels of high-income households slumped to minus 30 during the second quarter, merely three points away from the historic low of minus 33 recorded for this sub-index in the second quarter of 2020.



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Even though consumers are likely to tighten their purse strings, the surprisingly large fall could signify somewhat of an over-reaction and may not translate into an equally large contraction in consumer spending, the survey said.

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