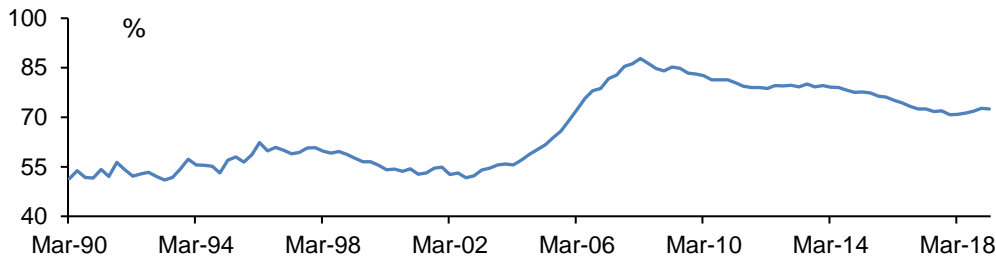




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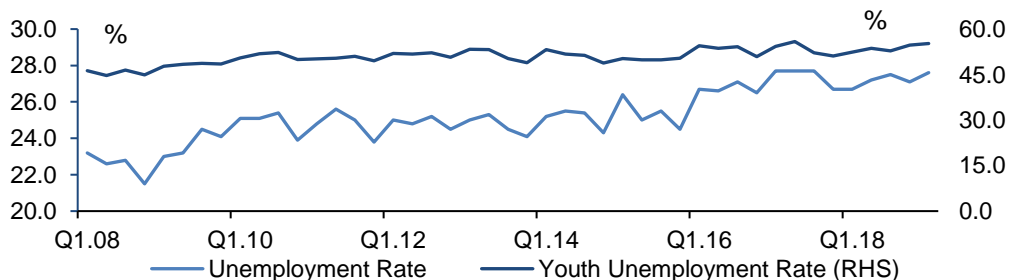
Figure 1: Household debt to disposable income



Source: SARB

- The SARB's Quarterly Bulletin provides additional insight into the state of the household sector, in elaboration of the earlier release of the Q1.19 GDP figures by Stats SA.
- Real final consumption expenditure by households contracted for the first time in three years, dipping by -0.8% on a quarter on quarter seasonally adjusted annualised basis (qqsa) in Q1.19, versus Q4.18's notable 3.2% qqsa lift. This against a backdrop of sluggish economic growth, following the largest quarterly GDP contraction in a decade in Q1.19 and muted confidence.
- The slide was predominantly underpinned by a "(n)otable decline in spending on durable and semi-durable goods", according to the SARB as "(g)rowth in the real disposable income of households was weighed down by lacklustre employment growth, an increased tax burden and slower wage growth". Household's net wealth did however rise over the quarter, with an increase in assets, "(u)nderpinned by gains in equity portfolios", supported by a 7.1% increase in the JSE All-Share Index.
- Furthermore, the measure of household indebtedness moderated marginally in Q1.19, with the ratio of household debt to disposable income at 72.5% versus 72.7% in Q4.18, "(a)s the quarter-to-quarter increase in nominal disposable income exceeded the increase in household debt". However, the "(c)ost of servicing debt as a percentage of nominal disposable income remained at 9.3% ... as lending rates remained unchanged".
- In terms of fixed investment, gross fixed capital formation continued to slow, falling for the fifth consecutive quarter, by 4.5% qqsa in Q1.19, from -2.5% qqsa in Q4.18, weighed down by a marked decline in real fixed capital outlays by private business enterprises. That is private sector fixed investment, which comprises nearly two-thirds of total fixed investment, fell by 9.8% qqsa as "Private sector capital spending on transport equipment contracted", while "(c)apital investments in independent power producer (IPP) projects decreased in the first quarter of 2019".
- Hopefully, positive, definitive measures outlined by the President in his recent State of the Nation address, will bolster policy certainty and to some degree, consumer and business confidence, which is required to drive fixed investment and therefore growth and employment.

Figure 2: Unemployment levels



Source: SARB

## SARB QB update: The SARB's Quarterly Bulletin provides some further insight into the state of the household sector in Q1.19



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## SARB QB update: The SARB's Quarterly Bulletin provides some further insight into the state of the household sector in Q1.19



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