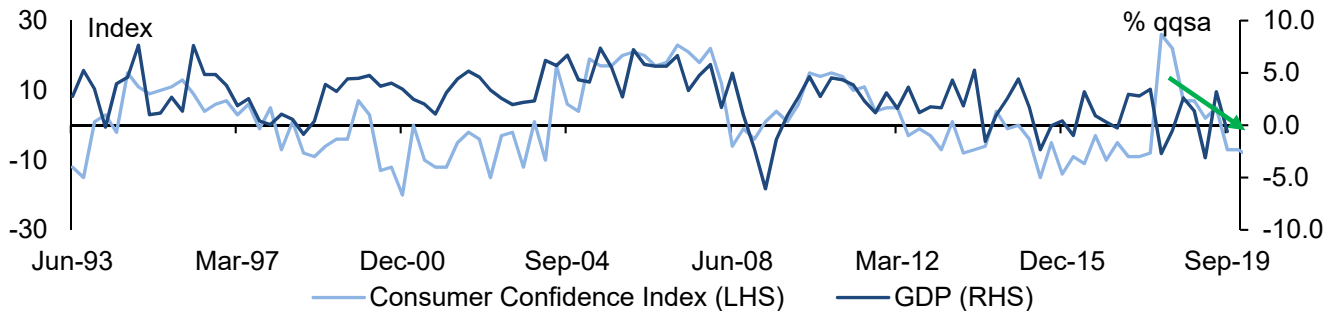




Consumer Confidence: drops to -9, two index points below the last print, and now at the average of the latter Zuma years of 2015 to 2019

Monday 16 March 2020

FNB/BER consumer confidence index



Sources: BER

- FNB/BER's consumer confidence index (CCI) dropped to -9 in Q1.20, below Q4.19's -7 outcome, with -9 the average towards the end of the Zuma presidency, 2015-2017, when the index dropped to a low of -15 in the 2010s decade. The prior lows were -20 in 2000, and -24 in 1993, both years of financial market crisis, with -36 before that in the period of SA's partial debt default (1985).
- The perceived appropriateness of the present time to buy durable goods (e.g. vehicles, furniture, household appliances and electronic goods), fell to -26 in Q1.20, which is a 33-year low.
- Unfortunately, with Covid-19 likely to spread further in SA, as it follows the trajectory in other countries, SA is likely to see a further fall in the perceived appropriateness of buying durable goods at the time of the Q2.20 survey, and so the consumer confidence index is at risk of falling further in Q2.20.
- Stockpiling of consumables could intensify over the remainder of Q1.20, and Q2.20, with some indications Covid-19 could peak towards the end of Q2.20 in SA.
- South Africa will be in partial shut down from the 18th March (schools, thirty five of the land and sea ports, travel bans from high risk countries, mandatory self testing and self-isolation for those likely to be, or who are, infected and social distancing). A further spread of the virus, which tends to accelerate dramatically until it peaks would exacerbate these measures and citizens reactions.
- The outlook for the domestic economy has worsened on the Covid-19 pandemic, we now forecast 0.1% y/y for South Africa's economic growth in 2020, which will negatively impact household finances, and so further suppress consumer confidence in 2020. We could drop our GDP forecast further, to a recession for the year of 2020, should the global and local outlook worsen.
- A worsening of global economic growth negatively impacts SA's GDP outcome, with demand for SA exports of goods and services suffering, as well as the negative impact on tourism, and income for workers in the industries. A worsening of the domestic outlook negatively impacts employment, production, incomes, profitability and the ability to service debt (for corporates as well).

FNB/BER Consumer Confidence Index

	Q4.19	Q1.20	Change
Economic Outlook Index	-14	-16	-2
Household Financial Position Index	11	14	3
Durable Goods Index	-18	-26	-8
FNB/BER Consumer Confidence Index	-7	-9	-2

Source: BER

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