

# News Release

JUNE 2019

## KASI CONSUMER CONFIDENCE INDEX

GHANA, CAMEROON, IVORY COAST, KENYA, TANZANIA, SOUTH AFRICA & NIGERIA

### South Africa records worst quarterly contraction in first quarter of 2019

#### KEY FINDINGS

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**KASI CCI up 6 points**

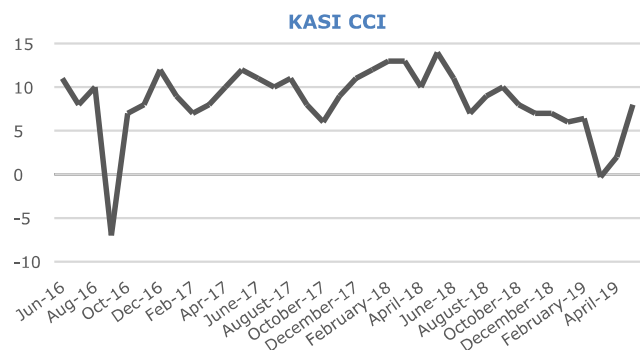
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**Consumer confidence in current economic conditions improves significantly by 9 points**

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**Economic expectations continues to improve, reaching a CCI score of +14**

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Optimistic trends continue as individual index scores improve in all countries tracked by KASI. Ghana's CCI experienced the largest improvement, moving up 27 points, from a CCI score of -37 in April to -10 in May. Ghana's improvement in CCI performance spurred the overall CCI score up from +2 in April to +8 in May. This is the largest increase in the overall CCI score since October 2016.

#### **Consumer confidence in current economic conditions improves significantly by 9 points**

After falling 5 points from February to April, consumers' confidence in current economic conditions improved by 9 points to a CCI score of -7 in May. Although still negative, the job prospects sub-index has gone up 6 points, from -28 to -22, after declining for four consecutive months this year (January to April). Likewise, confidence in making large purchases has improved to +8 in May (up 12 points) after slowly declining between February and April.

#### **Economic expectations continues to improve, reaching a CCI score of +14**

Consumers' economic expectations continued to improve in May (up 5 points) after improving by 4 points last month. Similar to April, May recorded growth in all sub-indices measuring consumers' long-term outlook on the economy.

#### **South Africa records severe contraction in the first quarter of 2019**

Quarterly GDP growth (annualized) in the first quarter of 2019 for South Africa reached -3.2%; the steepest quarterly contraction in a decade. In accordance, South Africa did not record a positive CCI score in the past two quarters and averaged a score of -1 in Q4 2018 and -2 in Q1 2019.

The nearly bankrupt government-owned electricity company, Eskom Holdings SOC Ltd., supplies 95% of the nation's electricity. Due to the company's precarious financial state, local businesses and consumers faced the worst rolling power cuts in years in the first quarter of 2019. This, and other factors, contributed to major contractions across key industries in South Africa and negative CCI trends.

### **President Ramaphosa and the future of Eskom**

After winning elections in 2019 and remaining president of South Africa, President Ramaphosa needs to respond wisely to the nation's power outages crises in order to fulfill campaign promises of boosting economic growth. The president proposes investor-friendly policies; and is seeking to expand the mandate of the South African Reserve Bank (SARB) to include growth and employment in hopes of ushering in quantitative easing policies. However, a potential government bailout of Eskom's 420 billion rand debt is looming, yet frankly; the government cannot afford this bailout. President Ramaphosa will reveal measures to address the Eskom crisis on June 20 in his state-of-the-nation address to parliament. Following monthly releases of KASI CCI will reveal if proposed measures are enough to restore South Africa's economy.

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## Methodology

KASI Consumer Confidence Score (KASI CCI) is a composite index compiled from a seven-question survey that runs monthly via our consumer polls in the countries covered. The data output is based on a fresh, randomly selected representative sample of city dwellers aged 18-64.

Released the first week of every month, KASI CCI provides a focused view on consumer perceptions in seven African urban centers (Ghana, Nigeria, Kenya, South Africa, Cameroon, Ivory Coast, Tanzania) where most spending in the continent is concentrated.

For each question, the final metric will be a 'balance measure' of the percentage of positive responses minus the percentage of negative responses. The overall metric will be an average across all the questions.

June 2019 data were collected 05/18 to 06/06, 2019.

For further information on the KASI CCI survey methodology, please contact [info@kasiinsight.com](mailto:info@kasiinsight.com)

## About KASI Insight

KASI Insight is an award-winning consumer and market intelligence firm that provides reliable data and actionable insights on the largest economies in Africa to the global business community.

Turn the best of the African consumer into a competitive advantage. We engage, question, learn from consumers and market participants in over 10 markets in Africa to uncover what success means to them in order to help your company take a leadership position in these markets.

With our consumer indices, we provide greater visibilities into the economic realities of Africa.

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