

News Release

KASI CONSUMER CONFIDENCE INDEX

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

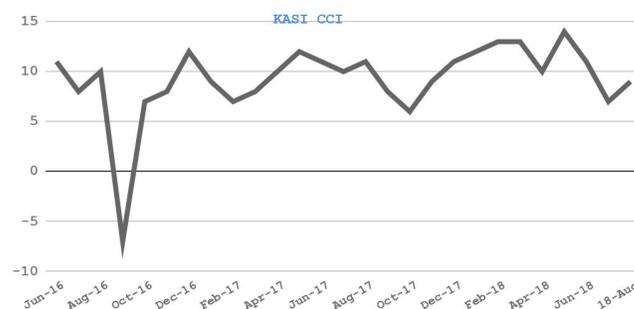
Consumer confidence rose slightly in August

KEY FINDINGS

KASI CCI rose 2 percent in August

Spending and job security dampen outlook

Low inflation drives positive expectations



The month of August saw a +2 point increase in the consumer confidence index score from its July value of +7. Across the 7 countries that participated in the survey, 6 of these showed positive growth in consumer sentiment, with Tanzanian having the highest recording. This may not be too surprising in light of the recent cuts in the discount rate made by Tanzania's central bank from 9 to 7 percent, accompanied by an annual inflation rate that has remained stagnant at 3.3 percent, the lowest rate achieved since 1999. On the other hand, despite the 3 point drop from the subsequent month, consumers in Nigeria maintain a positive index score (+17).

Spending and job security dampens short-term outlook

Consumers' evaluation of current economic conditions remained constant at -13 while expectations rose by 2 points to +18. A closer look into survey results shows that, though Ghana has the highest percentage of individuals with expectations of an improvement of the current economic disposition, the number of individuals anticipating this improvement has been diminishing continuously over the past 3

months. Though Ghana's current disposition may not be described as a crisis, the hiking crude oil prices together with a depreciating currency have had the effect of dampening a positive outlook.

A 1 percent increase to 18 percent was recorded of individuals intending to make large purchases such as furniture or electrical appliances for the month's survey. The evaluation of job prospects revealed a percentage reduction to 37 percent of individuals that claim greater difficulty of acquiring a job, while only 7 percent claimed that it will be easier to find a job. It is worthwhile noting the significant drop from 77 percent recorded in July to 50 percent in August, of individuals who claimed difficulty in acquiring a job in Tanzania. This observation is coherent with Tanzania's recent economic policy changes described above.

Personal finance remains stable

Consumers' appraisal of household income improved by 4 points to +26. In fact, 36 percent of consumers expect an increase in their household income over the next 6 months. Despite these expectations, consumers' appraisal of their personal finance declined by 1 percent to

24 percent as lesser individuals anticipate their ability to meet their regular expenses.

Low inflation drives positive expectation

As per our expectation, lower inflation continues to drive positive outlook in countries such as Tanzania (3.3 percent in August) while higher inflation may drive negative outlook in countries such as Ghana (9.9 percent in August).

Table A: Country Summary Statistics

| Country | Sep 2018 | MoM (%) | YTD (%) | Trend |
|----------------|----------|----------|-----------|----------|
| Cameroon | 13 | 6 | 6 | V |
| Ghana | 29 | 3 | -7 | ^ |
| Ivory Coast | 16 | 0 | -4 | V |
| Kenya | 6 | 2 | 3 | V |
| Nigeria | 17 | -3 | -4 | V |
| South Africa | -1 | 0 | -5 | V |
| Tanzania | -2 | 7 | 0 | ^ |
| Overall | 9 | 2 | -4 | ^ |

A closer look at countries:

Kenya's recorded GDP growth level that exceeded estimates made by their central bank (recorded 6.3 percent with estimates at 6.1 percent) during the last quarter. Despite this favorability, the volatility of consumer confidence index in the previous and current quarter may be suggestive of some degree of uncertainty about future prospects. This may be explained by the observation that while some sectors such as the Agricultural and Manufacturing sectors have achieved notable growth, others e.g. the Financial Services and Construction sectors, have experienced the mishap of a decelerating growth.

The decision to cut interest rates may not only have acted to stimulate credit to **Tanzania's** private sector and thereby spur economic growth, but also positively influenced consumers

expectations. This can be observed by an increasing consumer confidence index in the current quarter.

Nigeria has recorded a decreasing consumer confidence index since the month of April. The recent nationwide strikes as workers demand a minimum wage increase, signal a falling consumer confidence as consumers expect a deterioration of general standards of living if their wages are to remain unchanged. Despite this, Nigeria maintains a positive consumer confidence index.

Despite the rise in inflation from 9.6 in July to 9.9 recorded in August, the **Ghana** consumer confidence index rose by 3 points in the month of August. This may be a reflection that consumers still anticipate stability of inflation or perhaps have not fully responded to the inflation shock. If however an upward inflation trend persists, this is likely to dampen Ghana's consumer confidence index.

Ivory Coast has maintained a relatively stable consumer confidence index since the month of April.

South Africa continues in the negative region of the consumer confidence index. This result is expected in view of the recent recession announcement which led to the depreciation the South African Rand. Analysts posit that this poor economic performance can be blamed on factors such as falling investor confidence, an escalating government debt ratio, corruption in the public sector amongst various other reasons, all fused with the contentious debate on land redistribution.

Fluctuating levels of the **Cameroon** consumer confidence index may be a result of the political/civil unrest that the country has been facing. Though the month of August saw an increase in the index by 5 points, this rise may be short-lived if these conditions persist. - END

COMMENT

Esther Bosha, Junior Economist at KASI Insight, which compiles the KASI CCI survey, commented: "Inflation is becoming a concern for countries such as Ghana and is driving consumer confidence down while low inflation is helping consumers purchase power as it is the case in Tanzania "

CONTACT

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Methodology

KASI Consumer Confidence Score (KASI CCI) is a composite index compiled from a seven-questions survey that runs monthly via our consumer polls in the countries covered. The data output is based on 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.

September 2018 data were collected 08/11 to 09/06, 2018.

For further information on the KASI CCI survey methodology, please contact 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 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 leadership position in these markets.

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

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