

## May 2023 sees decline in salaries amid economic woes

According to the most recent BankservAfrica take-home pay (BTPI) and private pensions (BPPI) indices, salaries experienced a decline in May 2023 due to ongoing economic challenges, rising inflation, and diminished confidence levels. In contrast, average private pensions remained resilient during the same period.



Source: [Pexels](#)

“The average nominal take-home pay slipped marginally in May to R14,457, remaining 2.7% below the level recorded a year ago,” says Shergeran Naidoo, BankservAfrica’s head of stakeholder engagements.

Amid the dismal economic environment, evidence of resilience has been coming to the fore with better-than-expected economic data releases from the mining and manufacturing sectors.

Both surprised to the upside despite the heavy load shedding in April, suggesting these industries have become more resilient. However, confidence levels in the economy remain at shockingly low levels, hampering the possibility of an economic recovery.

The RMB/Ber Business Confidence Index (BCI) declined for a fifth consecutive quarter to reach the lowest confidence level since 2020. Similarly, the Absa/Ber quarterly manufacturing survey shows manufacturing business confidence remained unchanged, suggesting more than 80% of respondents are unsatisfied with business conditions.

“An environment of such low confidence is not conducive for job creation or comfortable wage increases, as confirmed by the BTPI in May,” says Elize Kruger, independent economist.

## **Real take-home pay hits record low**

With inflation remaining at elevated levels, the purchasing power of the average salaried worker has flattened. Real take-home pay fell to R13,416 per month in May 2023, or 8.8% lower on a year-on-year basis and the lowest level on record.

While the consumer price inflation cycle most likely reached an upper turning point at 7.8% year-on-year in July 2022, the downward trend has been disappointingly slow. However, April’s headline inflation figure surprised at 6.8% year-on-year and the next few months should see more moderation at a faster pace.

Private pension payments measured in the BankservAfrica Private Pensions Index (BPPI) remained resilient despite the impact of inflation.

“In nominal terms, the average private pension ticked up to R10,247 in May, 6.7% higher than a year ago and the highest monthly payment so far in 2023,” says Naidoo.

## **Pensioners' purchasing power preserved**

In real terms, the average private pension in May 2023 came to R9,574, marginally higher compared to a year earlier, signalling that the purchasing power of pensioners has largely been preserved amid the high inflation environment.

The job market remains uninspiring. BankservAfrica’s data - adjusted for weekly payments - suggests that an uptick in the number of salaries paid into South Africans’ bank accounts in February and March largely reversed in April and May, leaving the job market essentially flat.

“With little indication of a different economic environment, but rather even lower economic growth forecasted for 2023 compared to 2022, the job market and salary adjustments are likely to remain lacklustre for the remainder of the year, a scenario that could only exacerbate the unemployment crisis,” ends Kruger.

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