

## Sheer optimism as SA consumer confidence rises

The South African consumer confidence has recorded its highest rise since 2009, recording a double digit rebound of 10.8 points - from 54.7 six months ago to a current optimistic 65.5, according to figures released this morning, Thursday 28 July 2011, in Johannesburg by the MasterCard Worldwide Consumer Index.

 By Issa Sikiti da Silva: @sikitimedia 28 Jul 2011

All the five economic indicators - stock market, quality of life, regular income, employment and economy - recorded increases and are officially out of the recession, independent economist Roelof Botha said, speaking at the Crowne Plaza Hotel in Rosebank.

"The fact of the matter is that the SA economy has grown in real terms for seven successive quarters," he indicated.

"The recession, which is more dramatic and traumatic than divorce, only lasted for three quarters," Botha said, adding that it has taken a while for the SA consumer to restore confidence.

SA, which Botha described as an upper middle income country, is among the world's top 10 emerging markets (total GDP of US\$14.4 trillion) - a group that comprises Mexico, India, Turkey, Brazil and Saudi Arabia.

However, Botha said the government's 'poor' response to fiscal deficit is still a cause of concern, adding that potential threats to business (including lack of skills) constitute the most significant risk to the economy.

The MasterCard Worldwide Index of Consumer Confidence, released twice a year, is now in its seventh year and surveys 24 markets in the Middle East, Asia-Pacific and Africa regions.

"This significant rise indicates that South Africans are feeling strongly positive about the next six months," Anna Jones, MasterCard Worldwide Southern Africa area head, said.

Although in a very optimistic space, MasterCard Worldwide said SA consumer confidence level is still off its historical peak of 91.1 points from the second half of 2006, and is below the country's historical average of 73.2 since the survey was first conducted in the first half of 2004.

"It is encouraging to see that not only has consumer confidence rebounded to its highest level since 2009 but that increases were recorded across all five indicators. This has resulted in South African consumer confidence outperforming all of the non-oil producing markets in the APMEA region," concludes Jones.

Botha urged the government to focus very much on training and education, which he believes will bolster jobs creation.

He also said the return of a 'wealth effect' underpins the rise of in the MasterCard Index in the form of formal sector employment creation, low inflation stabilising purchasing power, a relatively high multiple effect on infrastructure expenditure and an increase in dividend yields.

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