Consumer confidence increases

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The FNB/BER consumer confidence index (CCI) increased to +11 in 2Q2011 from +9 in 1Q2011.

Despite this rise, consumer confidence remained slightly below the level of about +14 registered in 2010. The current level of +11 is still relatively high given that the FNB/BER CCI averaged +6 during the previous cyclical upturn (2000-2007). A reading of +11 indicates that a comfortable majority of consumers are satisfied with current conditions and expect these to persist over the next 12 months.

Consumers became more optimistic about the prospects for the South African economy over the next 12 months compared to the previous survey. The "expected economic performance" index increased by 4 index points from +13 to +17.

Consumers remained very optimistic that their own financial position would improve over the next 12 months. "This might indicate that consumers continue to expect high income growth, based mainly on increases in wages and social grants" says Cees Bruggemans, chief economist of FNB.

Although the expected household financial position index increased only marginally (from +20 to +22) in 2Q2011, the level of this index remained the highest of the three sub-indices.

The gulf between consumers' expectations about the economy and their own finances remained. More consumers expect an improvement in their own finances (+22) than an improvement in South Africa's economic performance (+17).

The "time to buy durable goods" was the only index that declined in 2Q2011. A reading of -5 (-4 previously)

indicates that slightly more consumers continued to rate the present time as unsuitable for buying durable goods compared to the percentage rating it as the right time. The percentage of respondents rating it as appropriate is nevertheless higher compared to the long-term (since 1982) average of -9. It is also higher compared to the -18 registered during the second half of 2008 and the whole of 2009.

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