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SUMMARY

South African Household Wealth Index

Q1 2022

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Rising household wealth supported economic growth in Q1 2022

SUMMARY

South African households' wealth increased by an estimated R526.5 billion in the first quarter of 2022 (Q1 2022) according to the latest Momentum-Unisa Household Wealth Index. This positive wealth effect supported economic growth in Q1 2022 (as wealth is a factor that affects household consumption expenditure). Stats SA announced the economy grew by 1.9% in Q1 2022 compared to Q4 2022 (up from 1.5% achieved in Q4 2021).

The increase in household wealth in Q1 2022 follows an impressive rise of R1.1 trillion in Q4 2021, culminating in an estimated total increase of R1.6 trillion in the six months from the end of Q3 2021 to the end of Q1 2022.

The growth in household wealth in Q1 2022 was brought about by the increase in the value of household assets, exceeding the increase in the value of their liabilities.

In Q1 2022 the value of household assets increased by an estimated R596.5 billion. This was driven by household investments (such as unit trusts) which increased by an estimated R335.8 billion, as well as the value of their pension funds and long-term insurance, which expanded by an estimated R236.7 billion. The estimated value of households' residential property increased by R14.9 billion in Q1 2022.

Total household liabilities increased by an estimated R70 billion in Q1 2022. The estimated value of households' outstanding mortgages increased by R19.6 billion in Q1 2022 and that of other debt by R50.4 billion.

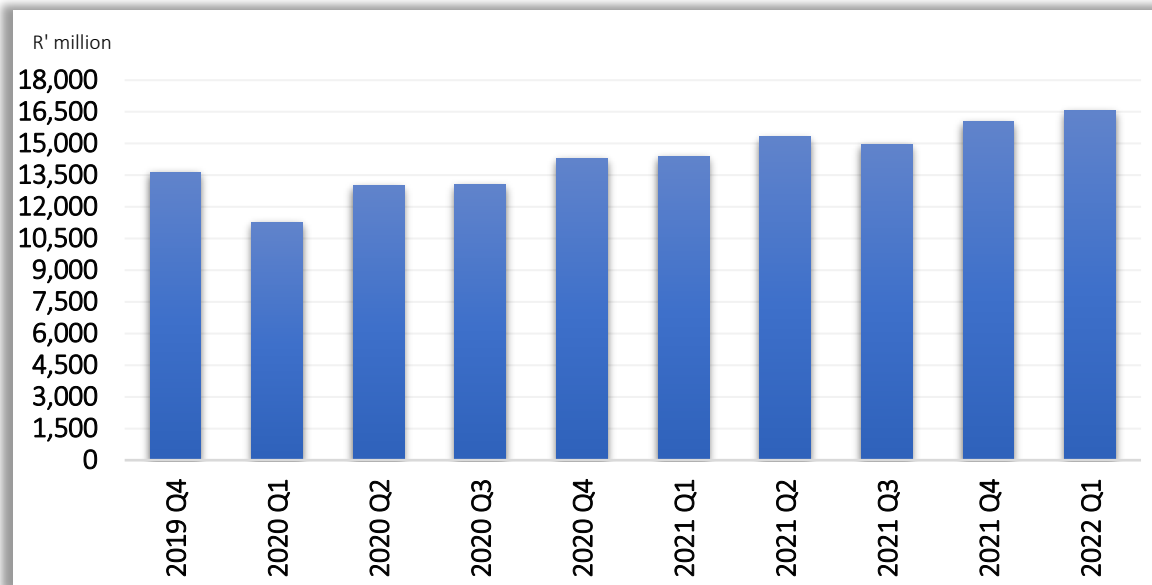
However, current indications are that the recent gains in household wealth were eroded in Q2 2022 by, among others, fears of a worldwide economic recession. Sharp increases in interest rates instituted by many central banks all over the world caused rising financial markets to plummet, which in turn contributed to a decline in the value of household investments and pension funds.

Household Net Wealth

Momentum-Unisa estimates South African households' wealth increased to R16.6 trillion in Q1 2022 (see chart 1).

An estimated increase of R526.5 billion in Q1 2022 accrued from the value of household assets rising more than the increase in household liabilities. The value of household assets is estimated to have risen by R596.5 billion in Q1 2022, while household liabilities increased by R70 billion.

Chart 1: Household wealth increased further in Q1 2022



Source: Momentum-Unisa.

Compared to a year ago (Q1 2021), household wealth was about 15%, or R2.2 trillion, higher. Since the introduction of lockdown (at the end of Q1 2020), the value of household wealth is estimated to have increased by R5.3 trillion, or 47%.

Household Assets

Momentum-Unisa estimates the value of household assets increased to R19.2 trillion in Q1 2022. This represents an increase of R596.5 billion from Q4 2021. Compared to a year ago (Q1 2021), the value of household assets is estimated to have increased by R2.3 trillion.

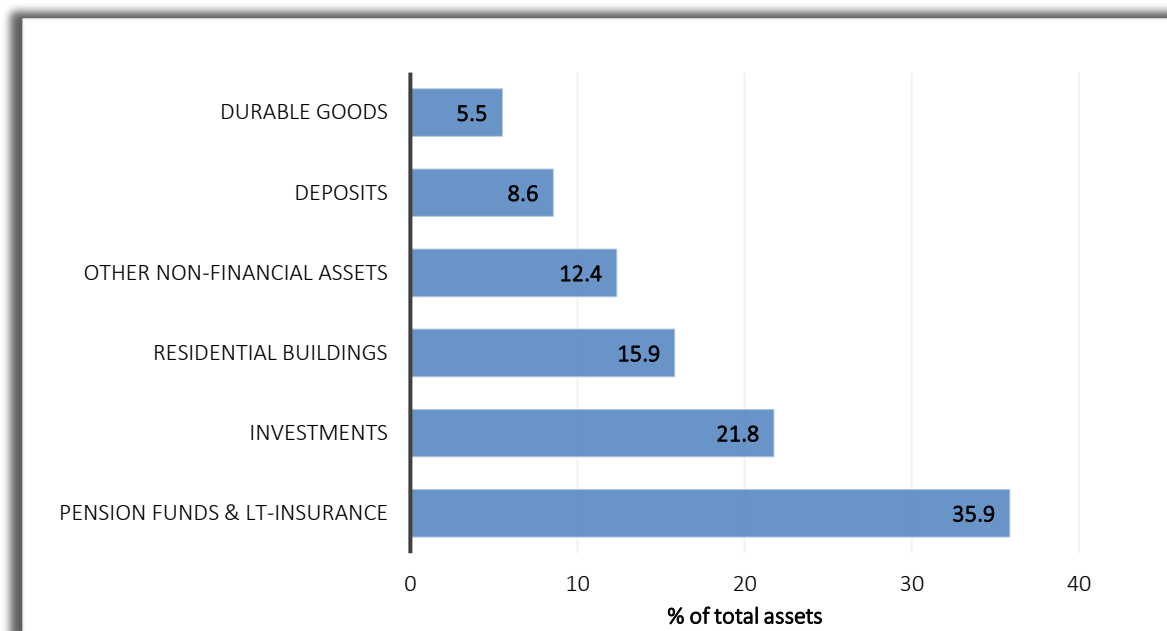
Total household assets can be divided into financial and non-financial assets. Financial assets comprise an estimated 66.2% of total assets and non-financial assets 33.8%.

Households' investments in pension funds and long-term insurance constitute 35.9% of total assets, followed by other financial investments (such as in unit trusts, shares, and bonds) with 21.8%. The value of residential buildings comprises 15.9% of total assets (see chart 2).

In Q1 2022 financial assets increased by R570.5 billion, driven by the increasing value of shares and bonds, which supported households' interest in pension funds and long-term insurance and their other investments (see table 1). The JSE All Share Index (ALSI) was up 2.4% in the quarter and the All Bond Index (ALBI) 1.9%. Strong global economic demand (especially in the United States of America), high consumer price inflation and commodity prices supported share prices – notwithstanding the negative impact of the war between Russia and the Ukraine, and rising interest rates.

The value of residential buildings received support (up 4.7% in Q1 2022) from increasing house prices and demand (interest rates are still low despite being on the rise). The FNB House Price Index was up 2% in Q1 2022, while Stats SA announced residential buildings in large municipalities to the value of R7.6 billion were completed in Q1 2022.

Chart 2: Composition of household assets (percentage of total assets) in Q1 2022



Source: Momentum-Unisa.

Table 1: Estimated value of household assets in Q1 2022

R' billion	Residential Buildings	Other Non-Financial Assets	Durable Goods	Total non-Financial Assets	Deposits	Pension Funds & Insurance	Other Investments	Total Financial Assets	Total Assets
2021 Q1	2 915.6	2 261.3	1 027.1	6 204.0	1 530.3	5 862.5	3 286.4	10 679.2	16 883.2
2021 Q2	2 951.2	2 294.7	1 037.5	6 283.3	1 567.6	6 338.1	3 616.3	11 521.9	17 805.3
2021 Q3	2 997.1	2 339.7	1 051.5	6 388.3	1 621.4	6 131.0	3 340.0	11 092.4	17 480.7
2021 Q4	3 025.5	2 365.5	1 059.6	6 450.7	1 648.5	6 646.9	3 840.0	12 135.4	18 586.1
2022 Q1	3 040.5	2 374.0	1 062.3	6 476.7	1 646.4	6 883.6	4 175.9	12 705.9	19 182.6

Numbers may not add up due to rounding.

Source: Momentum-Unisa.

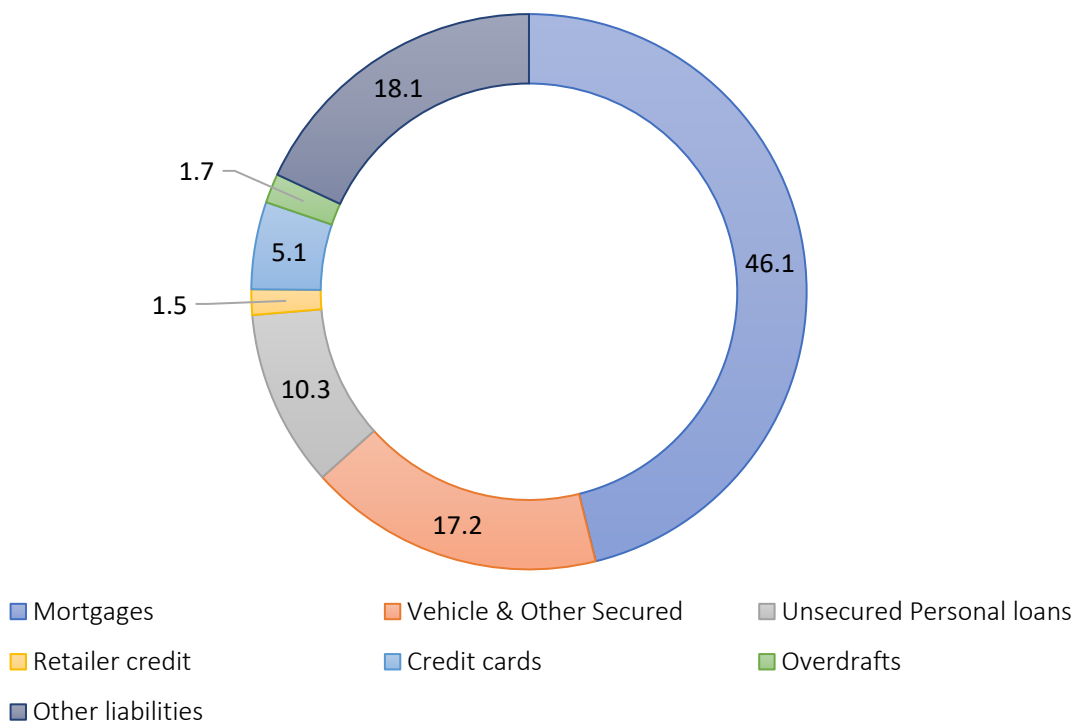
Household Liabilities

Households' outstanding liabilities (mostly credit) increased by an estimated R70 billion in Q1 2022 to R2.6 trillion.

All the main liability categories – mortgages; vehicle and other secured loans; unsecured loans and credit facilities; and other liabilities such as municipal debt and other accounts in arrears increased in Q1 2022.

Momentum-Unisa estimated outstanding mortgages increased by R19 billion in Q1 2022; vehicle and other secured debt by R11.7 billion; unsecured loans and credit facilities by R15.1 billion and other liabilities by R23.5 billion.

Chart 3: Composition of household liabilities (percentage of total liabilities) in Q1 2022



Outlook for Q2 2022

Preliminary data indicates that household wealth will decline sharply in Q2 2022 from a high point achieved in Q1 2022. The ongoing war between Russia and the Ukraine; high consumer price inflation and steeper and faster interest rate increases in the United States of America and other developed countries; an increase in the margin by which interest rates are raised in South Africa; and more load shedding had a very negative effect on economic growth and the value of financial assets in Q2 2022.

Appendix

Table 2: Household balance sheet estimates in current prices

R' billion	Residential buildings	Durable goods	Other non-financial assets	Deposits	Pension funds	Other investments	Total assets	Mortgages	Other debt	Total Liabilities	Net wealth
2012 Q1	1 623.1	1 227.1	633.0	637.8	3 252.8	1 922.2	9 296.1	825.0	702.7	1 527.7	7 768.4
2012 Q2	1 649.9	1 246.6	645.1	663.2	3 368.2	1 898.1	9 471.0	830.0	734.4	1 564.4	7 906.6
2012 Q3	1 681.6	1 270.3	659.7	682.9	3 536.2	1 967.5	9 798.2	835.1	769.6	1 604.6	8 193.6
2012 Q4	1 714.2	1 295.1	675.0	691.5	3 696.4	2 143.0	10 215.2	839.6	827.9	1 667.5	8 547.7
2013 Q1	1 746.4	1 319.6	690.0	701.6	3 741.8	2 189.7	10 389.0	846.4	860.4	1 706.8	8 682.3
2013 Q2	1 777.0	1 342.3	704.1	721.6	3 696.6	2 287.7	10 529.3	852.2	876.4	1 728.6	8 800.7
2013 Q3	1 817.1	1 372.7	722.8	735.9	3 885.2	2 322.5	10 856.2	857.2	889.7	1 746.9	9 109.3
2013 Q4	1 877.2	1 418.4	751.0	754.2	4 071.0	2 495.1	11 366.9	859.6	914.2	1 773.8	9 593.1
2014 Q1	1 927.7	1 456.4	775.9	777.8	4 236.4	2 603.6	11 777.9	866.1	933.4	1 799.6	9 978.3
2014 Q2	1 959.9	1 480.5	783.4	797.2	4 560.4	2 824.0	12 405.5	872.5	939.5	1 812.0	10 593.5
2014 Q3	1 989.8	1 502.4	790.3	821.2	4 361.5	2 670.9	12 136.0	874.9	946.4	1 821.3	10 314.7
2014 Q4	2 027.2	1 530.1	798.9	850.4	4 364.0	2 656.1	12 226.6	879.2	966.0	1 845.1	10 381.5
2015 Q1	2 066.1	1 559.4	808.1	866.6	4 591.4	2 807.6	12 699.2	889.2	980.3	1 869.5	10 829.7
2015 Q2	2 133.1	1 609.7	823.8	899.7	4 587.8	2 796.2	12 850.3	896.9	982.9	1 879.7	10 970.6
2015 Q3	2 148.3	1 620.2	827.0	927.4	4 395.3	2 648.0	12 566.2	908.4	993.4	1 901.8	10 664.5
2015 Q4	2 213.1	1 668.6	842.1	966.3	4 579.9	2 777.1	13 047.1	917.5	1 010.9	1 928.4	11 118.7
2016 Q1	2 290.0	1 705.6	853.7	978.0	4 594.9	2 854.5	13 276.7	929.1	1 114.6	2 043.6	11 233.1
2016 Q2	2 353.7	1 754.4	868.9	1 009.7	4 551.6	2 815.1	13 353.5	934.0	1 058.2	1 992.3	11 361.2
2016 Q3	2 345.9	1 758.3	870.1	1 037.1	4 530.0	2 780.1	13 321.7	941.7	1 053.3	1 995.0	11 326.7
2016 Q4	2 405.6	1 802.9	884.0	1 063.0	4 786.9	2 827.3	13 769.6	946.4	1 067.4	2 013.8	11 755.8
2017 Q1	2 472.6	1 848.0	898.1	1 076.1	4 734.4	2 840.2	13 869.5	957.3	1 084.3	2 041.6	11 827.9
2017 Q2	2 514.5	1 882.8	909.0	1 105.5	4 937.4	2 890.4	14 239.6	963.2	1 085.8	2 049.0	12 190.6
2017 Q3	2 507.2	1 888.3	910.7	1 137.3	5 081.1	3 051.6	14 576.1	970.3	1 093.0	2 063.4	12 512.7
2017 Q4	2 507.7	1 897.7	913.6	1 166.1	5 312.7	3 249.0	15 046.8	979.9	1 113.2	2 093.1	12 953.7
2018 Q1	2 625.6	1 973.1	937.1	1 177.0	4 990.1	2 708.6	14 411.5	987.1	1 140.1	2 127.2	12 284.3
2018 Q2	2 657.4	2 002.0	946.2	1 207.1	5 319.9	3 166.3	15 298.8	997.4	1 149.4	2 146.9	13 151.9
2018 Q3	2 678.8	2 026.1	953.7	1 242.4	5 615.2	3 204.0	15 720.2	1 007.9	1 167.7	2 175.6	13 544.6
2018 Q4	2 696.6	2 040.7	958.2	1 254.2	5 224.1	2 944.9	15 118.7	1 018.9	1 203.7	2 222.7	12 896.0
2019 Q1	2 720.6	2 058.9	963.9	1 265.7	5 482.7	3 255.8	15 747.6	1 027.8	1 238.0	2 265.8	13 481.8
2019 Q2	2 757.4	2 094.6	975.1	1 307.7	5 583.2	3 295.5	16 013.5	1 044.4	1 254.7	2 299.1	13 714.4
2019 Q3	2 785.1	2 122.5	983.8	1 342.5	5 415.6	3 063.2	15 712.7	1 058.5	1 273.9	2 332.5	13 380.2
2019 Q4	2 788.1	2 131.1	986.5	1 363.9	5 560.6	3 177.2	16 007.4	1 072.5	1 301.7	2 374.2	13 633.2
2020 Q1	2 781.5	2 135.5	987.8	1 390.6	4 370.3	2 005.5	13 671.3	1 085.1	1 323.4	2 408.6	11 262.7
2020 Q2	2 812.4	2 175.3	1 000.2	1 457.3	5 210.9	2 714.3	15 370.4	1 076.1	1 295.3	2 371.4	12 999.0
2020 Q3	2 874.8	2 226.3	1 016.1	1 498.2	5 196.1	2 638.5	15 450.1	1 091.9	1 315.0	2 406.8	13 043.2
2020 Q4	2 900.9	2 248.3	1 023.0	1 517.6	5 843.1	3 202.6	16 735.5	1 114.5	1 330.4	2 444.9	14 290.6
2021 Q1	2 915.6	2 261.3	1 027.1	1 530.3	5 862.5	3 286.4	16 883.2	1 133.3	1 346.3	2 479.5	14 403.7
2021 Q2	2 951.2	2 294.7	1 037.5	1 567.6	6 338.1	3 616.3	17 805.3	1 150.6	1 343.1	2 493.6	15 311.7
2021 Q3	2 997.1	2 339.7	1 051.5	1 621.4	6 131.0	3 340.0	17 480.7	1 173.1	1 348.9	2 522.0	14 958.6
2021 Q4	3 025.5	2 365.5	1 059.6	1 648.5	6 646.9	3 840.0	18 586.1	1 191.2	1 363.1	2 554.3	16 031.8
2022 Q1	3 040.5	2 374.0	1 062.3	1 646.4	6 883.6	4 175.9	19 182.6	1 210.8	1 413.5	2 624.3	16 558.3

Table 3: Household balance sheet estimates in constant prices (2015 prices)

R' billion	Residential buildings	Durable goods	Other non-financial assets	Deposits	Pension funds	Other investments	Total assets	Mortgages	Other debt	Total Liabilities	Net wealth
2012 Q1	2 019.8	1 460.8	753.6	759.2	3 872.1	2 288.2	11 153.6	982.1	836.4	1 818.5	9 335.1
2012 Q2	2 025.8	1 472.2	761.8	783.3	3 977.6	2 241.5	11 262.3	980.1	867.3	1 847.5	9 414.8
2012 Q3	2 033.4	1 481.3	769.3	796.4	4 123.8	2 294.4	11 498.5	973.8	897.4	1 871.2	9 627.3
2012 Q4	2 041.4	1 491.6	777.4	796.4	4 257.1	2 468.1	11 832.0	966.9	953.5	1 920.5	9 911.5
2013 Q1	2 047.4	1 483.0	775.5	788.5	4 205.3	2 460.9	11 760.6	951.2	967.0	1 918.2	9 842.4
2013 Q2	2 053.5	1 504.0	788.9	808.5	4 142.0	2 563.3	11 860.3	954.8	982.0	1 936.8	9 923.5
2013 Q3	2 062.8	1 510.8	795.5	810.0	4 276.0	2 556.2	12 011.2	943.5	979.2	1 922.7	10 088.5
2013 Q4	2 079.5	1 551.9	821.7	825.2	4 454.2	2 729.9	12 462.4	940.5	1 000.2	1 940.8	10 521.6
2014 Q1	2 090.1	1 543.6	822.3	824.3	4 489.9	2 759.4	12 529.6	918.0	989.3	1 907.2	10 622.4
2014 Q2	2 095.2	1 553.5	822.1	836.6	4 785.5	2 963.4	13 056.5	915.6	985.8	1 901.4	11 155.0
2014 Q3	2 102.0	1 559.0	820.0	852.1	4 525.7	2 771.4	12 630.3	907.9	982.0	1 889.9	10 740.4
2014 Q4	2 109.6	1 587.7	829.0	882.4	4 528.3	2 756.1	12 693.1	912.3	1 002.3	1 914.6	10 778.4
2015 Q1	2 109.7	1 589.3	823.6	883.2	4 679.4	2 861.5	12 946.7	906.3	999.1	1 905.4	11 041.4
2015 Q2	2 145.8	1 614.1	826.0	902.1	4 600.1	2 803.8	12 891.9	899.3	985.5	1 884.8	11 007.1
2015 Q3	2 137.1	1 607.3	820.4	920.0	4 360.1	2 626.8	12 471.7	901.1	985.5	1 886.6	10 585.1
2015 Q4	2 167.7	1 646.4	831.0	953.5	4 519.2	2 740.2	12 858.0	905.3	997.5	1 902.8	10 955.2
2016 Q1	2 201.7	1 635.3	818.5	937.6	4 405.5	2 736.8	12 735.3	890.8	1 068.6	1 959.4	10 775.9
2016 Q2	2 236.7	1 656.5	820.4	953.3	4 297.4	2 657.9	12 622.3	881.9	999.2	1 881.0	10 741.3
2016 Q3	2 218.4	1 645.5	814.3	970.6	4 239.4	2 601.8	12 490.1	881.3	985.7	1 867.0	10 623.1
2016 Q4	2 250.4	1 666.3	817.0	982.4	4 424.1	2 613.0	12 753.3	874.7	986.5	1 861.2	10 892.1
2017 Q1	2 276.2	1 668.5	810.9	971.7	4 274.8	2 564.5	12 566.6	864.3	979.1	1 843.4	10 723.2
2017 Q2	2 293.4	1 689.7	815.8	992.2	4 431.1	2 594.1	12 816.2	864.4	974.5	1 838.9	10 977.3
2017 Q3	2 276.7	1 680.5	810.5	1 012.2	4 521.9	2 715.8	13 017.5	863.6	972.8	1 836.3	11 181.2
2017 Q4	2 261.3	1 674.8	806.3	1 029.1	4 688.8	2 867.4	13 327.8	864.9	982.4	1 847.3	11 480.5
2018 Q1	2 336.4	1 716.9	815.5	1 024.2	4 342.3	2 357.0	12 592.2	858.9	992.1	1 851.0	10 741.2
2018 Q2	2 335.5	1 719.9	812.9	1 037.0	4 570.4	2 720.2	13 196.0	856.9	987.5	1 844.4	11 351.6
2018 Q3	2 336.9	1 718.9	809.1	1 054.0	4 763.6	2 718.1	13 400.6	855.1	990.6	1 845.7	11 554.9
2018 Q4	2 339.3	1 723.3	809.2	1 059.2	4 411.7	2 487.0	12 829.7	860.5	1 016.5	1 877.0	10 952.6
2019 Q1	2 339.2	1 713.5	802.2	1 053.3	4 562.8	2 709.5	13 180.4	855.4	1 030.3	1 885.6	11 294.8
2019 Q2	2 340.6	1 722.0	801.6	1 075.0	4 590.0	2 709.2	13 238.4	858.6	1 031.5	1 890.1	11 348.3
2019 Q3	2 342.5	1 729.6	801.7	1 094.0	4 413.1	2 496.2	12 877.2	862.6	1 038.1	1 900.7	10 976.5
2019 Q4	2 349.4	1 730.9	801.2	1 107.8	4 516.5	2 580.6	13 086.4	871.1	1 057.3	1 928.4	11 158.1
2020 Q1	2 357.5	1 706.6	789.4	1 111.3	3 492.5	1 602.7	11 060.0	867.2	1 057.6	1 924.8	9 135.2
2020 Q2	2 346.4	1 749.6	804.5	1 172.1	4 191.2	2 183.2	12 447.1	865.5	1 041.9	1 907.4	10 539.7
2020 Q3	2 342.2	1 762.1	804.3	1 185.8	4 112.7	2 088.4	12 295.4	864.2	1 040.8	1 905.0	10 390.4
2020 Q4	2 348.7	1 772.0	806.3	1 196.0	4 605.1	2 524.1	13 252.2	878.4	1 048.5	1 926.9	11 325.3
2021 Q1	2 355.4	1 750.7	795.2	1 184.7	4 538.7	2 544.3	13 169.0	877.4	1 042.3	1 919.6	11 249.3
2021 Q2	2 357.2	1 760.1	795.8	1 202.3	4 861.4	2 773.7	13 750.4	882.5	1 030.1	1 912.6	11 837.8
2021 Q3	2 359.5	1 763.6	792.6	1 222.2	4 621.5	2 517.7	13 277.2	884.3	1 016.8	1 901.1	11 376.1
2021 Q4	2 362.9	1 760.0	788.3	1 226.4	4 945.3	2 857.0	13 940.0	886.2	1 014.2	1 900.4	12 039.6
2022 Q1	2 369.8	1 735.0	776.3	1 203.3	5 030.9	3 051.9	14 167.2	884.9	1 033.1	1 918.0	12 249.2

Calculating Household Net Wealth

The value of households' net wealth is calculated by subtracting the value of their outstanding liabilities (debt) from the value of their assets. It is not to be confused with the difference between their income and expenditure.

From the earliest of times households gathered assets. For good reason too, as more assets normally translate to a higher wealth, enabling them to, among other things, live better-quality lives. Household assets consist of non-financial (tangible) and financial assets:

- Financial assets comprise the largest portion of household assets – consisting of the combined values of their cash balances; savings in pension and retirement instruments; and other financial investments in for instance shares, bonds and unit trusts.
- Non-financial assets constitute residential buildings, durable goods¹ and other non-financial assets. Durable goods include the value of vehicles and household content, while small-scale holdings, livestock and orchards form part of other non-financial assets.

Household liabilities consist of outstanding credit (including housing-, vehicle- and personal loans, as well as credit and store card debt) and other debts (such as outstanding municipal accounts).

About the Index

As part of Momentum's Science of Success campaign, the Household Wealth Index is produced in partnership with Unisa. It aims to provide South Africans with information to assist with their journey to financial success.

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¹ The estimates of this research differ somewhat from official estimates. An estimated value of household durable goods is included in the value of household assets. It forms part of the non-financial-assets category.