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South African Household Wealth Index  
Q3 2022

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## **Rising interest rates contribute to households being R253 billion poorer in Q3 2022**

### **SUMMARY**

The value of South African households' wealth (expressed in current prices) decreased by an estimated R1.528 trillion (R1 528 billion) in the half-year since the first quarter of 2022 (Q1 2022) to R15.5 trillion. An estimated decrease of R253 billion in Q3 2022 followed the decline of R1.275 trillion in Q2 2022.

This decline also means the value of household wealth (in current prices) was R9.3 billion or 0.1% lower compared to a year ago (Q3 2021), meaning the initial gains in the next six months to Q1 2022 were more than erased in the six months to Q3 2022.

For households to become richer, their wealth must at least increase by more than the consumer price inflation (CPI) rate. When expressed in constant prices – to establish whether household wealth increased by more or less than the consumer price inflation (CPI) rate – analysis shows it was actually 6.2% lower than a year ago. Put differently, households were essentially an estimated R977.5 billion poorer compared to Q3 2021 – and at similar levels as in Q1 2015.

The decline in the value of household wealth was caused by a decrease in the value of household assets, specifically financial assets. Several factors contributed to the declining value of household assets over the past six months. The most prominent of these factors are fast and large increases in interest rates all over the world in an attempt to combat high CPI rates, and an expectation of a world economic recession. Consequently, share prices declined and bond yields increased, negatively affecting the value of households' pension funds and investments.

The value of households' pension funds and other interests in long-term insurance declined by an estimated R630.3 billion (in current prices) in the six months since Q1 2022, while that of investments (in risky assets such as some unit trusts) decreased by R1.061 trillion. Combined these two asset categories declined by R1.691 trillion. This decline was marginally offset by an increase of R250.1 billion in the value of other assets such as residential buildings, durable goods, and deposits, leading to the value of total assets decreasing by an estimated R1.441 trillion.

In addition, outstanding household liabilities increased by an estimated R86.9 billion in the six months to Q3 2022, with equal increases in outstanding mortgages and other debt.

The combined effect of increasing outstanding liabilities and declining asset values contributed to the decline in household wealth. However, at this stage, the outlook is for household wealth to have reached a bottom, and for a revival in household assets to drive a recovery in household wealth.

## Household Wealth

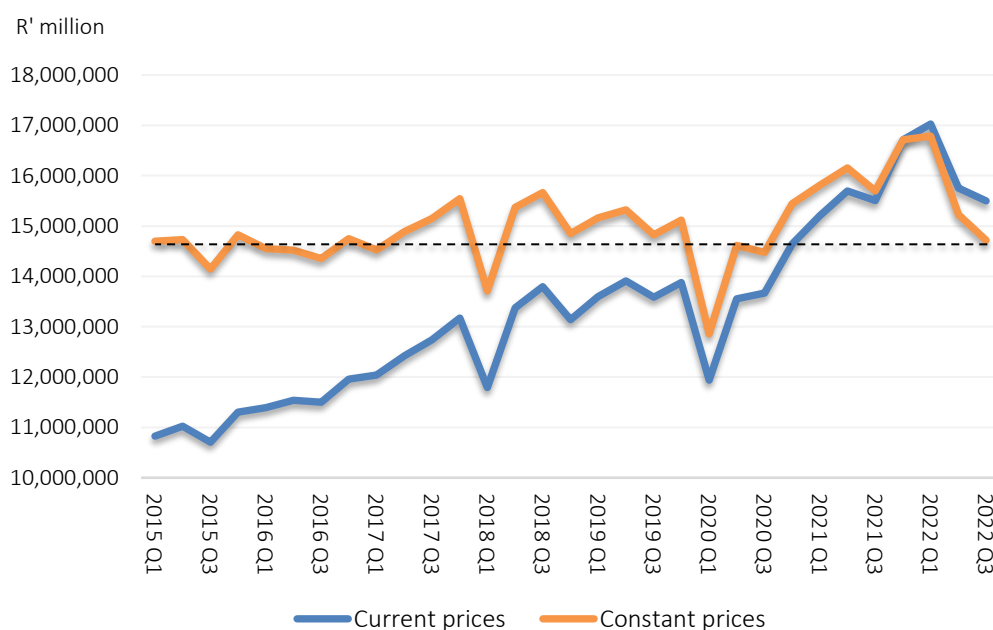
Momentum-Unisa estimated the value of South African households' wealth – expressed in current prices – at R15.499 trillion in Q3 2022. This constituted household assets of R18.216 trillion, reduced by household liabilities of R2.716 trillion.

Household wealth is estimated to have decreased by R253.1 billion in Q3 2022, which followed a decline of R1.275 trillion in Q2 2022, contributing to a total decline of R1.528 trillion in the six months since Q1 2022. This decline also means the value of household wealth (in current prices) was R9.3 billion or 0.1% lower compared to a year ago (Q3 2021). This means the initial gains in the six months from Q4 2021 to Q1 2022 were more than erased in the next six months. However, it still was 43.2% higher than in Q1 2015.

For households to become richer, though, their wealth must at least increase by more than the consumer price inflation (CPI) rate. When expressed in constant prices – to establish whether household wealth increased by more or less than the CPI rate – analysis shows it was actually 6.2% lower than a year ago. Put differently, households were essentially an estimated R977.5 billion poorer compared to Q3 2021.

Moreover, their wealth was at a similar level as in Q1 2015. The 43.2% increase in current prices (since Q1 2015) can therefore solely be attributed to rising CPI. This means households were (in Q3 2022) not richer compared to Q1 2015, but only as rich as they were in Q1 2015 (see chart 1).

**Chart 1: Household wealth decreased further in current and constant prices in Q3 2022**



Source: Momentum-Unisa  
 Constant prices: 2021 Q4 prices

### Household Assets

Household assets declined by R205.1 billion in Q3 2022 to an estimated R18.216 trillion.

The decline occurred in two components of the financial assets category, namely household pensions, and household investments. The value of the third component, deposits, increased.

Combined, total financial assets declined by R303.8 billion in Q3 2022:

- The value of household pensions is estimated to have decreased by R76.6 billion;
- The value of household investments in riskier products such as unit trusts declined by an estimated R284.3 billion; while
- The value of household deposits increased by R57.1 billion.

This decrease in the value of financial assets was “softened” by an increase in the value of tangible assets such as residential buildings and durable goods. These non-financial assets increased by an estimated R98.6 billion in Q3 2022 to result in the decline of R205.1 billion in total household assets.

However, when compared to Q1 2022, the value of household assets experienced a decrease of R1.528 trillion – as the decrease in Q3 2022 followed a decline of R1.275 trillion in Q2 2022. The bulk of this decline was also caused by decreasing values in household pension funds and investments (refer to table 1 and table 2 in the appendix).

**Table 1: Estimated value of household assets from Q1 2021 to Q3 2022**

R' billion	Residential Buildings	Other Non-Financial Assets	Durable Goods	Total Non-Financial Assets	Deposits	Pension Funds & LT Insurance	Other Investments	Total Financial Assets	Total Assets
Q1 2021	2 959.9	2 283.5	1 033.8	6 277.1	1 530.3	6 580.4	3 306.1	11 416.8	17 693.9
Q2 2021	2 997.5	2 317.8	1 044.9	6 360.2	1 567.6	6 641.3	3 624.3	11 833.2	18 193.4
Q3 2021	3 046.2	2 363.9	1 059.8	6 469.9	1 621.4	6 592.2	3 351.9	11 565.5	18 035.5
Q4 2021	3 078.2	2 391.7	1 068.8	6 538.7	1 648.5	7 230.3	3 854.0	12 732.7	19 271.4
Q1 2022	3 109.3	2 410.4	1 074.8	6 594.6	1 646.8	7 347.0	4 068.6	13 062.3	19 656.9
Q2 2022	3 138.0	2 437.2	1 083.5	6 658.7	1 677.1	6 793.3	3 291.7	11 762.1	18 420.7
Q3 2022	3 179.9	2 480.1	1 097.4	6 757.3	1 734.2	6 716.7	3 007.4	11 458.3	18 215.6

Numbers may not add up due to rounding.

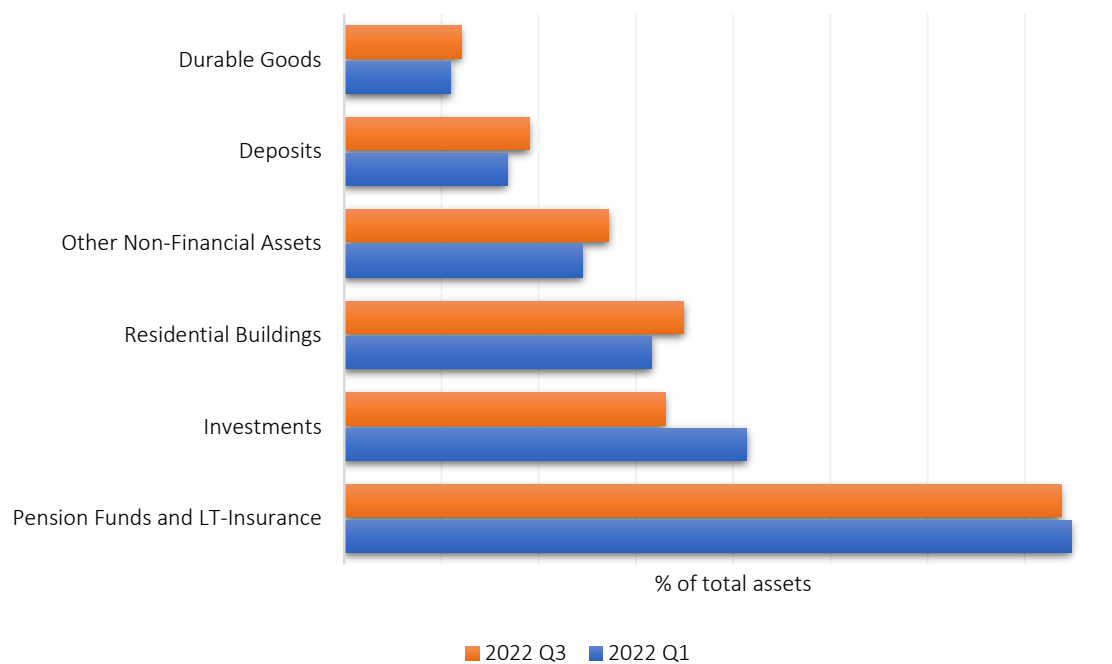
Source: Momentum-Unisa.

The decline in especially the value of households' financial assets was mainly caused by sharp rising interest rates all over the world – including South Africa – to reduce CPI, which was mainly caused by supply chain disruptions. In South Africa the repo rate was increased from 4.25% in March 2022 to 6.25% in September 2022, while CPI increased from 5.9% in March 2022 to 7.8% in July 2022 before receding to 7.5% in September 2022.

Such fast and large increases in both CPI and interest rates caused an expectation of an economic recession in major world regions, leading to declining share prices and rising bond yields. The JSE All Share Index lost 15.6% from Q1 2022 to Q3 2022, while the All Bond Index was 3.1% lower. This contributed to most of the decline in the values of household pension funds and some of their investments in unit trusts.

These events and fluctuations contributed to changes in the composition of household assets. Chart 2 shows a decline in the share of especially investments in the value of household assets. Whereas investments comprised about 21% of household assets in Q1 2022, this declined to just more than 16.5% in Q3 2022.

**Chart 2: Composition of household assets (percentage of total assets) in Q1 2022 and Q3 2022**



Source: Momentum-Unisa.

### Household Liabilities

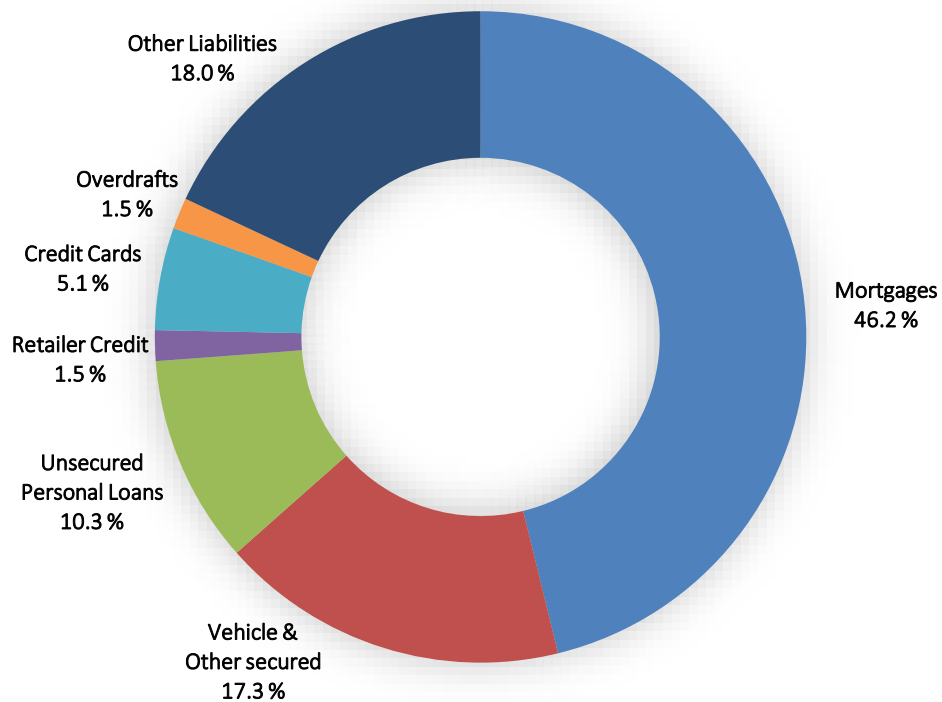
The value of households’ outstanding liabilities (mostly credit) increased by an estimated R47.9 billion in Q3 2022 to R2.716 trillion.

The surge in Q3 2022, which exceeded the increase of R38.9 billion in Q2 2022, was driven in almost equal terms by residential mortgages and other liabilities. Mortgages is estimated to have increased by R24 billion in Q3 2022 and other liabilities by R23.9 billion. Mortgages comprised about 46.2% of household liabilities and other debt 53.8% in Q3 2022 (see chart 3).

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 Q3 2022. However, the share of mortgages had been on an upward trend since the start of COVID-19 in Q1 2020, when it comprised 44.9% of all liabilities compared to the current 46.2%.

Although vehicle and other secured debt had always been the second largest component of household liabilities, it had been surpassed by “other liabilities” category (consisting of outstanding municipal debt and other accounts not identified in chart 3).

**Chart 3: Composition of household liabilities (percentage of total liabilities) in Q3 2022**



### **Outlook for Q4 2022**

Preliminary data indicates that household wealth may recover somewhat in Q4 2022. It should be mentioned, though, that household wealth was on a recovery track in Q3 2022 until the end of August, whereafter financial markets declined sharply. Should the recovery happen in Q4 2022, it can be attributed to the forward-looking nature of financial markets – namely gauging when interest rates may peak, looking beyond an expected economic recession, assessing when interest rates may start to decline and when the domestic and world economic recovery may start.

## Appendix

Table 2: Household balance sheet estimates in current prices

R' billion	Residential buildings	Other non-financial assets	Durable goods	Deposits	Pension funds	Other investments	Total assets	Mortgages	Other debt	Total Liabilities	Wealth
2014 Q1	1 927.7	1 456.4	766.5	777.8	4 266.9	2 616.4	11 811.7	866.2	935.5	1 801.6	10 010.0
2014 Q2	1 959.9	1 480.4	774.2	797.2	4 620.9	2 830.5	12 463.2	872.5	941.5	1 814.1	10 649.1
2014 Q3	1 989.8	1 502.3	781.3	821.2	4 388.8	2 686.8	12 170.3	875.0	948.5	1 823.4	10 346.8
2014 Q4	2 027.2	1 530.0	790.3	850.4	4 363.8	2 678.1	12 239.7	879.2	968.1	1 847.3	10 392.4
2015 Q1	2 056.4	1 551.8	797.3	866.6	4 596.6	2 827.0	12 695.6	889.3	982.4	1 871.7	10 823.9
2015 Q2	2 131.2	1 608.1	815.5	899.7	4 637.2	2 815.2	12 907.0	896.9	985.0	1 881.9	11 025.1
2015 Q3	2 144.5	1 617.1	818.4	927.4	4 427.5	2 675.2	12 610.0	908.4	995.6	1 904.0	10 706.0
2015 Q4	2 216.1	1 670.7	835.8	966.3	4 750.7	2 792.1	13 231.7	917.5	1 013.2	1 930.6	11 301.1
2016 Q1	2 301.0	1 711.9	849.1	978.0	4 737.5	2 865.0	13 442.5	929.1	1 118.2	2 047.3	11 395.2
2016 Q2	2 373.0	1 765.8	866.5	1 009.7	4 703.6	2 818.0	13 536.5	934.0	1 061.7	1 995.7	11 540.8
2016 Q3	2 361.0	1 766.6	866.7	1 037.1	4 690.0	2 777.6	13 499.1	941.7	1 056.7	1 998.5	11 500.6
2016 Q4	2 428.4	1 815.9	882.7	1 063.0	4 949.8	2 837.4	13 977.2	946.5	1 070.9	2 017.3	11 959.9
2017 Q1	2 502.1	1 865.3	898.7	1 076.1	4 901.0	2 842.8	14 086.0	957.3	1 087.9	2 045.2	12 040.8
2017 Q2	2 548.4	1 902.7	910.7	1 105.5	5 108.4	2 900.4	14 476.1	963.2	1 089.4	2 052.6	12 423.6
2017 Q3	2 537.1	1 905.2	911.6	1 137.3	5 255.3	3 057.7	14 804.2	970.4	1 096.6	2 067.0	12 737.2
2017 Q4	2 534.1	1 911.9	913.7	1 166.1	5 487.7	3 256.9	15 270.4	980.0	1 116.8	2 096.8	13 173.6
2018 Q1	2 650.6	1 987.1	938.0	1 177.0	4 508.5	2 664.2	13 925.3	987.1	1 143.9	2 131.0	11 794.4
2018 Q2	2 682.0	2 015.5	947.2	1 207.1	5 507.1	3 170.9	15 529.8	997.5	1 153.2	2 150.7	13 379.1
2018 Q3	2 704.7	2 040.0	955.1	1 242.4	5 807.6	3 222.9	15 972.8	1 008.0	1 171.5	2 179.5	13 793.3
2018 Q4	2 724.5	2 055.8	960.2	1 254.2	5 429.1	2 944.6	15 368.4	1 019.0	1 207.7	2 226.6	13 141.8
2019 Q1	2 748.7	2 074.1	966.1	1 265.7	5 559.3	3 258.0	15 871.9	1 027.8	1 242.0	2 269.9	13 602.0
2019 Q2	2 787.0	2 110.3	977.8	1 307.7	5 732.3	3 299.7	16 214.8	1 044.4	1 258.8	2 303.2	13 911.6
2019 Q3	2 816.7	2 139.0	987.1	1 342.5	5 570.4	3 067.0	15 922.8	1 058.5	1 278.1	2 336.7	13 586.1
2019 Q4	2 825.5	2 150.8	990.9	1 363.9	5 746.4	3 182.0	16 259.5	1 072.5	1 306.0	2 378.5	13 881.0
2020 Q1	2 825.5	2 158.8	993.5	1 390.6	4 966.2	2 020.0	14 354.8	1 085.2	1 327.8	2 412.9	11 941.8
2020 Q2	2 847.5	2 192.3	1 004.3	1 457.3	5 703.8	2 726.8	15 932.1	1 076.1	1 299.6	2 375.7	13 556.4
2020 Q3	2 907.1	2 241.3	1 020.2	1 498.2	5 758.0	2 652.7	16 077.4	1 091.9	1 319.3	2 411.2	13 666.2
2020 Q4	2 939.1	2 266.9	1 028.4	1 517.6	6 128.3	3 209.6	17 089.9	1 114.5	1 334.7	2 449.3	14 640.6
2021 Q1	2 959.9	2 283.5	1 033.8	1 530.3	6 580.4	3 306.1	17 693.9	1 133.3	1 350.7	2 484.0	15 209.9
2021 Q2	2 997.5	2 317.8	1 044.9	1 567.6	6 641.3	3 624.3	18 193.4	1 150.6	1 347.5	2 498.1	15 695.3
2021 Q3	3 046.2	2 363.9	1 059.8	1 621.4	6 592.2	3 351.9	18 035.5	1 173.2	1 353.3	2 526.5	15 509.0
2021 Q4	3 078.2	2 391.7	1 068.8	1 648.5	7 230.3	3 854.0	19 271.4	1 191.2	1 367.6	2 558.8	16 712.6
2022 Q1	3 109.3	2 410.4	1 074.8	1 646.8	7 347.0	4 068.6	19 656.9	1 210.8	1 418.1	2 629.0	17 028.0
2022 Q2	3 138.0	2 437.2	1 083.5	1 677.1	6 793.3	3 291.7	18 420.7	1 230.1	1 437.9	2 667.9	15 752.8
2022 Q3	3 179.9	2 480.1	1 097.4	1 734.2	6 716.7	3 007.4	18 215.6	1 254.1	1 461.8	2 715.9	15 499.7



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

R' billion	Residential buildings	Other non-financial assets	Durable goods	Deposits	Pension funds	Other investments	Total assets	Mortgages	Other debt	Total Liabilities	Wealth
2014 Q1	2 090.1	1 543.5	812.3	824.3	4 522.2	2 773.0	12 565.4	918.0	991.4	1 909.4	10 656.0
2014 Q2	2 095.2	1 553.5	812.5	836.6	4 849.0	2 970.3	13 117.0	915.6	988.0	1 903.6	11 213.4
2014 Q3	2 102.0	1 558.9	810.7	852.1	4 554.1	2 788.0	12 665.9	907.9	984.2	1 892.1	10 773.8
2014 Q4	2 109.6	1 587.6	820.0	882.4	4 528.1	2 778.9	12 706.6	912.3	1 004.5	1 916.8	10 789.7
2015 Q1	2 099.8	1 581.5	812.6	883.2	4 684.7	2 881.2	12 943.1	906.3	1 001.3	1 907.6	11 035.5
2015 Q2	2 143.9	1 612.5	817.7	902.1	4 649.7	2 822.8	12 948.7	899.3	987.7	1 887.0	11 061.7
2015 Q3	2 133.2	1 604.1	811.9	920.0	4 392.0	2 653.8	12 515.0	901.1	987.6	1 888.8	10 626.3
2015 Q4	2 170.7	1 648.6	824.7	953.5	4 687.7	2 755.0	13 040.2	905.3	999.7	1 905.0	11 135.2
2016 Q1	2 212.2	1 641.3	814.1	937.6	4 542.1	2 746.9	12 894.3	890.8	1 072.1	1 962.9	10 931.4
2016 Q2	2 255.0	1 667.2	818.1	953.3	4 440.9	2 660.6	12 795.2	881.9	1 002.4	1 884.3	10 910.9
2016 Q3	2 232.7	1 653.3	811.1	970.6	4 389.1	2 599.4	12 656.3	881.3	988.9	1 870.3	10 786.0
2016 Q4	2 271.7	1 678.3	815.8	982.4	4 574.8	2 622.4	12 945.4	874.7	989.7	1 864.5	11 081.0
2017 Q1	2 303.3	1 684.2	811.4	971.7	4 425.2	2 566.8	12 762.6	864.4	982.3	1 846.6	10 916.0
2017 Q2	2 324.3	1 707.6	817.4	992.2	4 584.6	2 603.0	13 029.0	864.4	977.7	1 842.1	11 186.9
2017 Q3	2 303.9	1 695.6	811.2	1 012.2	4 677.0	2 721.2	13 221.1	863.6	975.9	1 839.5	11 381.5
2017 Q4	2 285.0	1 687.4	806.4	1 029.1	4 843.2	2 874.4	13 525.6	864.9	985.6	1 850.5	11 675.1
2018 Q1	2 358.7	1 729.1	816.2	1 024.2	3 923.1	2 318.3	12 169.7	858.9	995.4	1 854.3	10 315.3
2018 Q2	2 357.1	1 731.5	813.7	1 037.0	4 731.3	2 724.2	13 394.9	856.9	990.8	1 847.7	11 547.2
2018 Q3	2 359.5	1 730.6	810.3	1 054.0	4 926.9	2 734.1	13 615.4	855.1	993.9	1 849.0	11 766.5
2018 Q4	2 363.5	1 736.1	810.9	1 059.2	4 584.8	2 486.7	13 041.2	860.5	1 019.9	1 880.4	11 160.8
2019 Q1	2 363.3	1 726.1	804.0	1 053.3	4 626.5	2 711.3	13 284.7	855.4	1 033.6	1 889.0	11 395.7
2019 Q2	2 365.8	1 734.9	803.9	1 075.0	4 712.5	2 712.7	13 404.8	858.6	1 034.9	1 893.5	11 511.3
2019 Q3	2 369.1	1 743.1	804.4	1 094.0	4 539.3	2 499.3	13 049.2	862.6	1 041.5	1 904.1	11 145.1
2019 Q4	2 380.8	1 747.0	804.9	1 107.8	4 667.4	2 584.5	13 292.3	871.1	1 060.8	1 931.9	11 360.4
2020 Q1	2 394.8	1 725.2	794.0	1 111.3	3 968.7	1 614.3	11 608.3	867.2	1 061.1	1 928.3	9 680.0
2020 Q2	2 375.6	1 763.3	807.8	1 172.1	4 587.7	2 193.2	12 899.9	865.6	1 045.3	1 910.8	10 989.0
2020 Q3	2 368.4	1 774.0	807.5	1 185.8	4 557.4	2 099.6	12 792.6	864.2	1 044.2	1 908.4	10 884.2
2020 Q4	2 379.6	1 786.6	810.5	1 196.0	4 829.9	2 529.6	13 532.3	878.4	1 052.0	1 930.4	11 602.0
2021 Q1	2 391.1	1 767.8	800.4	1 184.7	5 094.5	2 559.6	13 798.1	877.4	1 045.7	1 923.1	11 875.0
2021 Q2	2 394.2	1 777.8	801.4	1 202.3	5 094.0	2 779.9	14 049.6	882.5	1 033.5	1 916.0	12 133.5
2021 Q3	2 398.2	1 781.9	798.9	1 222.2	4 969.2	2 526.7	13 697.1	884.3	1 020.1	1 904.5	11 792.6
2021 Q4	2 404.0	1 779.5	795.2	1 226.4	5 379.3	2 867.4	14 451.8	886.2	1 017.5	1 903.7	12 548.1
2022 Q1	2 411.8	1 765.1	787.1	1 205.9	5 380.1	2 979.4	14 529.4	886.7	1 038.5	1 925.2	12 604.2
2022 Q2	2 420.0	1 743.5	775.1	1 199.8	4 859.8	2 354.8	13 353.1	880.0	1 028.6	1 908.6	11 444.5
2022 Q3	2 427.8	1 739.1	769.5	1 216.0	4 709.9	2 108.9	12 971.2	879.4	1 025.1	1 904.5	11 066.8

## Calculating Household Wealth

The value of household 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 goods<sup>1</sup> 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 the Bureau of Market Research at Unisa. It aims to provide South Africans with information to assist with their journey to financial success.

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<sup>1</sup> 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.