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South African Household Wealth Index
Q4 2022

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Some good news for South Africa's economic tormented households

SUMMARY

Some consolation for South Africa's economic tormented households is the strong recovery in the value of their wealth in the fourth quarter of 2022 (Q4 2022). Momentum-Unisa estimated the value of household wealth to have increased by R1.4 trillion in Q4 2022, ending the year at R16.9 trillion.

However, households may perceive the recovery in their wealth in Q4 2022 as little solace given that their income got battered by rising food and fuel prices, fast increasing interest rates, "below inflation" salary increases and the effect of continuous power outages.

Nevertheless, the strong recovery of R1.4 trillion in Q4 2022, and the increase of R315.7 billion in Q1 2022, exceeded the cumulative decrease of R1.5 trillion in Q2 and Q3 of 2022. Household wealth therefore ended 2022 R157.2 billion higher compared to the end of 2021.

However, households will only really be richer if their wealth grows by more than the consumer price inflation (CPI) rate. When expressed in 2015 (constant) prices – to establish whether household wealth increased by more or less than CPI, analysis shows mixed results. Measured on a quarterly basis, the value of household wealth in Q4 2022 increased by R849.7 billion. But the strong recovery in Q4 2022 was not enough to erase the decline of R1.5 trillion which occurred in Q2 and Q3 of 2022. Consequently, household wealth ended 2022 an estimated R631.7 billion lower compared to the end of 2021. As the value of household wealth ended 2022 higher in current prices but lower in constant prices, it means CPI – and not real value – was the main driver of household wealth in 2022.

The growth in the value of household wealth in 2022 was caused by an increase in the value of household assets exceeding that in household liabilities. The value of household assets expressed in current prices is estimated to have increased by R371.9 billion in 2022 (end of 2022) compared to a year before – to R19.6 trillion. Non-financial assets such as residential property and durable goods were responsible for 76.6% of the increase.

However, when analysing the quarterly performance (Q4 2022) the best performing asset category is estimated to have been household investments (such as unit trusts). The value of household investments increased by an estimated 23.3% in Q4 2022, while that of the next best performer, household pension assets, was 9.5% higher.

At R2.8 trillion, household debt ended 2022 an estimated 8.4% or R214.7 billion higher compared to the end of 2021. This increase was driven by the other debt category (up 9.5% year on year), which includes personal loans, credit cards, vehicle loans and other liabilities. Outstanding mortgages ended 2022 an estimated 7.1% higher compared to a year before.

Household Wealth

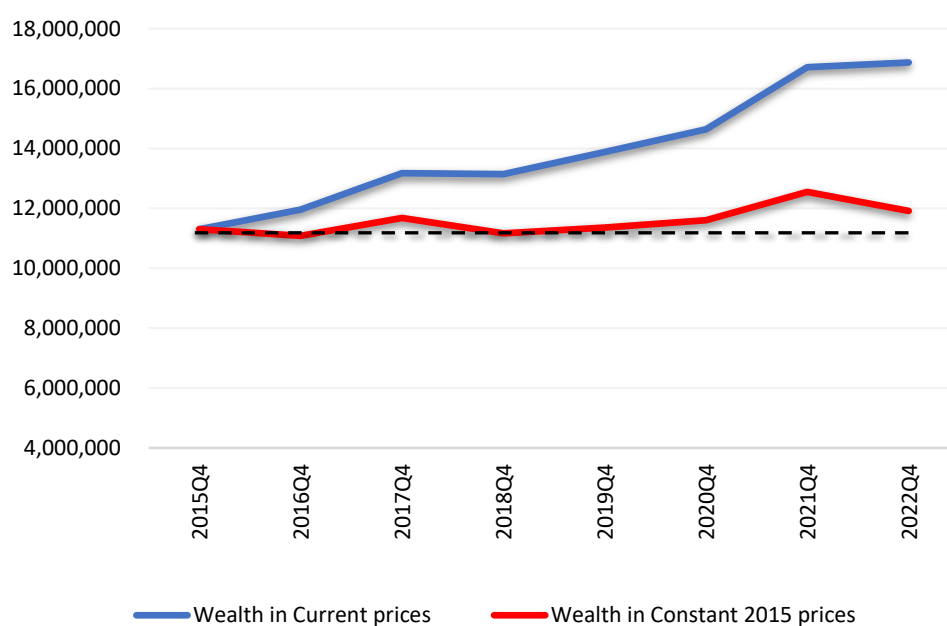
Momentum-Unisa estimated the value of South African households' wealth – expressed in current prices – at R16.9 trillion at the end of 2022 (see table 2 in the Appendix). This is R157.2 billion higher than at the end of 2021.

This increase was however not linear. Following two consecutive quarters of huge decreases in Q2 and Q3 of 2022 totalling R1.5 trillion, the value of household wealth recovered sharply by an estimated R1.4 trillion or 8.8% (in current prices) in Q4 2022. This increase, coupled with the increase of R315.7 billion in Q1 2022, exceeded the decline in the middle two quarters of 2022 to end the year 0.9% higher compared to the end of 2021.

However, for households to really be richer, their wealth must increase by more than CPI which was 7.2% at the end of Q4 2022. When expressed in constant 2015 prices – to establish whether household wealth increased by more or less than CPI – analysis shows mixed results. Household wealth increased by R849.7 billion in Q4 2022 from Q3 2022. However, compared to a year before (the end of 2021), the value of household wealth was an estimated R631.7 billion lower – meaning household wealth increased by less than CPI.

Although household wealth in constant 2015 prices declined in 2022 compared to 2021, it was an estimated 5.4% above its level in 2015 (see chart 1). This is mainly due to the increase in household assets, especially financial assets, which exceeded the increase in household liabilities (mostly household credit). This will be discussed in the next sections.

Chart 1: Household wealth increased in current prices, but decreased in constant prices



Source: Momentum-Unisa

Household Assets

The value of South African household assets in current prices is estimated to have increased by R371.9 billion in 2022 to end the year at R19.6 trillion. However, as table 1 shows, the increase occurred in a volatile way:

- In Q1 the value of household assets increased by R385.9 billion.
- In Q2 it declined by R1.2 trillion, and by a further R205.1 billion in Q3.
- In Q4 it increased by R1.4 trillion, to end the year 1.9% higher.

The annual increase in the value of household assets was mainly driven by the non-financial assets category. Non-financial assets such as residential property and durable goods were responsible for an estimated 76.6% of the increase of R371.9 billion.

However, an estimated 95.3% of the quarterly increase of R1.4 trillion (in Q4 2022) accrued from the more volatile financial assets category. The volatility in the financial assets category stems from the roller coaster movements in the global and domestic stock and bond markets – as the bulk of households’ investments and pension funds are invested in these markets.

In Q4 2022 households benefitted from sharp increases in shares and bonds. The JSE All Share Index (ALSI) ended Q4 2022 14.6% higher compared to the end of Q3 2022. Similarly, the All Bond Index (ALBI) was 5.7% higher, among others due to a decline of 3.9% in the yield on the 10-year bond (from 11.28% to 10.84%). The improvements in the ALSI and ALBI can be ascribed to expectations of lower CPI and declining global interest rates in the latter part of 2022. This contrasts with Q2 2022 when higher CPI and interest rates were expected, which contributed to decreases in the value of financial assets.

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
Q4 2022	3 211.4	2 506.4	1 105.9	6 823.7	1 757.2	7 352.7	3 709.6	12 819.6	19 643.3

Numbers may not add up due to rounding.

Source: Momentum-Unisa.

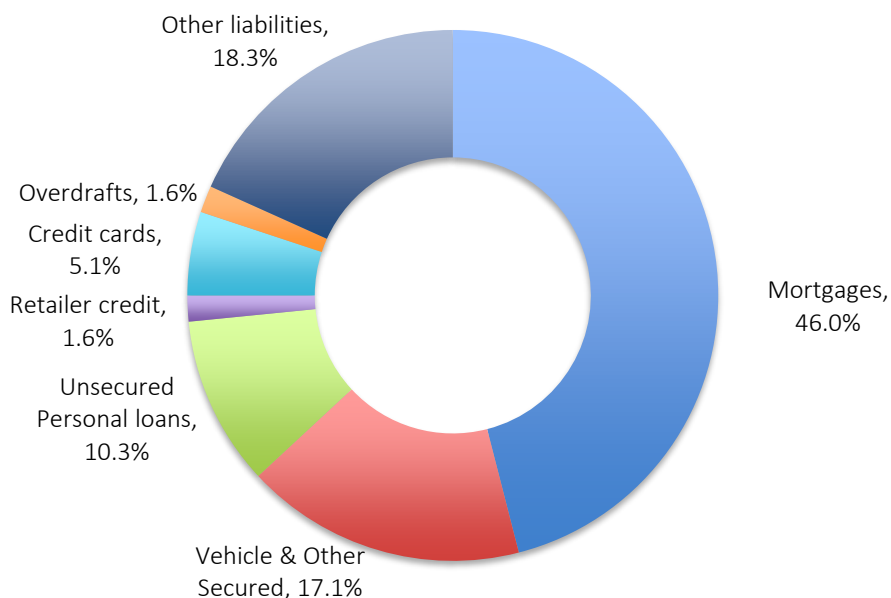
However, when calculated in constant 2015 prices, the value of household assets decreased by R610.5 billion in 2022 to end the year at R13.8 trillion. Almost R580 billion, or 94.3% of the annual decrease can be ascribed to the declining real value of household financial assets.

Household Liabilities

The value of households' outstanding liabilities (mostly credit) increased by an estimated R214.7 billion in 2022 (8.4%) to end the year at R2.8 trillion. An estimated 39.4% of the increase accrued from the growth in outstanding household mortgages, while the remaining 60.6% emanated from higher outstanding vehicle, personal loan, and credit card debt, as well as an increase in the other liabilities component, which includes outstanding municipal accounts.

Outstanding mortgages is estimated to have increased by 7.1% at the end of 2022 compared to a year before. However, unsecured debt (personal loans, retailer credit, credit cards and overdrafts) increased by 9.3% and the other liabilities component by 11.7%. Consequently, the share of mortgages as percentage of total liabilities declined compared to a year before, while that of the other liability components increased. Chart 2 shows the estimated composition of outstanding household liabilities in Q4 2022.

Chart 2: Composition of household liabilities (percentage of total liabilities) in Q4 2022



Source: Momentum-Unisa.

As the unsecured and other liabilities components increased by more than CPI, it is an indication of households struggling to make ends meet. It may indicate households are borrowing to finance consumption expenses, as well as to repay debt.

Outlook for Q1 2023

Preliminary data indicates that household wealth may increase marginally in Q1 2023 – despite South Africa being “Grey listed” and deteriorating loadshedding. Should it happen, it can be attributed to the forward-looking nature of financial markets – namely pricing in future interest rate reductions, looking beyond a possible economic recession in many countries, and judging when a domestic and world economic upswing 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
2022 Q4	3 211.4	2 506.4	1 105.9	1 757.2	7 352.7	3 709.6	19 643.3	1 275.8	1 497.8	2 773.5	16 869.8

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
2022 Q4	2 437.1	1 739.6	767.5	1 219.6	5 103.0	2 574.6	13 841.3	885.4	1 039.5	1 924.9	11 916.4

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 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 the Bureau of Market Research at Unisa. It aims to provide South Africans with information to assist with their journey to financial success.

Compiled by:

Mr. Johann van Tonder, Researcher & Economist, Group Strategy, Momentum, 081 041 9699

Ms. Jacolize Meiring, Bureau of Market Research, Unisa, 082 354 5777

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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.