

#### SHOPPING WITH LESS INCOME: WE STILL LOVE DOING IT

Redefine, one of South Africa's property giants, noted what might be considered as a "normal weekend" of shopping at some of the malls they own throughout the country. Even though only between 40% and 70% of the shops are open (various entertainment retailers and restaurants are still closed), South Africans seem to be doing what they love doing: shopping! Redefine also explained that the retail sector in South Africa is showing a better recovery than markets like China, where shoppers are still staying away from shopping malls. However, this might only be because of the limited penetration of online shopping in South Africa. Here, online shopping only represents 2% of retail shopping, unlike the online culture in China where roughly 30% of shopping is done online. Like us, Redefine also believes that the COVID-19 outbreak will fundamentally change how consumers behave, and by implication, consume. Although, no one yet knows exactly how this will happen and what exactly will change. For now, stronger than expected retail sales will be a welcome relief to economic forecasts.

Absa recently released information about its payment relief programme for consumers and companies. It noted that consumers from across the income spectrum, whether they earned R10 000 or R100 000, applied for the three-month payment relief option. The company went on to explain that most account holders needed relief for credit cards and personal loans. In total Absa will be providing R5.8 billion in payment relief between April and June. The number of account holders that applied for repayment relief at five selected banks:

- + Absa reported a number of 376 000;
- + Nedbank reported a number of 130 000;
- + Standard Bank reported a number of 150 000;
- + FNB reported a number of 400 000; and
- + Capitec reported a number of 80 000.

It is interesting that at Capitec only 80 000 of the 1.2 million eligible clients have opted for the payment break. Adding these numbers together, almost 1.14 million South Africans have applied for payment relief. Although it can be assumed that many applied simply as a preventative measure, in which case some adjustment must be made, here we keep it simple and the figure still provides interesting insights. In total, those customers who have applied for relief represent roughly 8.1% of the 14 million income-earning South Africans. The number will, of course, be larger if we include other banks like Investec, Sasfin, and Discovery Bank, to name but a few, but we're keeping it simple and know that the big-5 banks we considered represent the bulk of South Africans' bank accounts. Although it might be too soon to infer too much from the 8.1% figure, which we also expect to increase in coming months, it seems to be under control and in line with expectations. The figure hasn't spiralled out of control, even though we've been locked up for more than a month and it seems to be in line with what we expect from economic activity: a -7% contraction.

