

Take-home pay falls by 6.7% in May

South Africa's salaries reflected one of the biggest annual falls on record in May 2022, according to the latest BankservAfrica Take-home Pay Index (BTPI).



Source: [Fxabay](#)

This is as a result of the upward-trending consumer inflation that has started to erode South Africans' disposable income.

"The average real monthly salary was R14,696 in May and plummeted by 6.7% on a year-on-year basis," says Shergeran Naidoo, BankservAfrica's head of stakeholder engagements.

In nominal terms, the total take-home pay declined by 1.0% compared to a year ago. The average nominal salary was R14,817 in May, which was the lowest since July 2021.

"While the BTPI does suggest that consumers' average earnings are under pressure, it hides the fact that more people have been receiving salaries compared to a year ago," says independent economist Elize Kruger.

After adjusting for weekly workers, the BankservAfrica data indicates that almost 98,738 more salaries were paid in May 2022 compared to April 2022, and also a notable 10.6% more than one year earlier.

The gradual relaxation of Covid-19 restrictions on gatherings have benefited the sporting, cultural and entertainment

industries, offering more employment opportunities for seasonal and temporary workers.

The final removal of all remaining lockdown restrictions, which came into effect from 23 June, should further reinforce this trend, especially now that all venues are allowed to return to full capacity.



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“In general, the removal of the last restrictions should provide welcome support to the local economy and foster a further recovery in employment opportunities,” says Kruger.

The BTPI data for May 2022 suggests that the bulk of new employment opportunities were created in the lower-income brackets, up to R5,000 per month, suggesting the ongoing return of casual and weekly workers. The most vulnerable sectors in the Covid-19 pandemic, such as tourism and entertainment, are making a comeback, which is encouraging.

Overall, the total number of people paid by means of BankservAfrica has exceeded the 2020 numbers and is basically on par with August 2019 levels, which was the highest monthly number in 2019.

With ever-increasing claims on the disposable income of households, consumers are likely to feel the strain in coming months. The sources of higher inflation, specifically higher food and fuel prices, are still in a relentless upward trend (driven to a large extent by the impact of the conflict between Russia and Ukraine) and unlikely to abate in the short term, while the risk of second-round effects on the consumer basket is on the rise.

“Consumers will have to brace themselves for an average headline CPI of around 7% in the second half of 2022, which will further erode purchasing power. As such, more declines in average real salaries can be expected in coming months,” ends Kruger.

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