

## **SACCI PRESS RELEASE**

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### ***Business Confidence Muddling Through***

**SACCI** today released the **SACCI** Business Confidence Index (BCI) for September 2016 at its Offices in Rosebank, Johannesburg.

The **SACCI** Business Confidence Index (BCI) lost 2.6 index points in September 2016 to measure 90.3 compared to 92.9 in August 2016. This figure for the BCI is 4.1 points below September 2015.

The BCI average of 93.1 in the 1<sup>st</sup> quarter of 2016 was followed in the 2<sup>nd</sup> quarter of 2016 by an increase of one index point to 94.1, and then in the 3<sup>rd</sup> quarter of 2016, the BCI average returned to 93.1. The business climate had a notably uneven course towards and since the end of 2015. This unpredictable and turbulent period had a significant negative impact on business confidence and the business mood. The consequence is that the BCI averaged a lower 93.4 for the first three quarters of 2016 – down by 7.7 index points from the average of 101.1 for BCI in the first three quarters of 2015.

The real business environment improved somewhat in September 2016 compared to August 2016 when four of the seven sub-indices improved against only two in August. The month-to-month financial climate, however, deteriorated as none of the six financial sub-indices improved on their August 2016 levels. Inflation and real financing cost, however, remained unchanged between August 2016 and September 2016.

Positive monthly contributions to the BCI mainly came from merchandise import and export volumes, energy and more new vehicles sold. The largest negative monthly impact on the BCI came from the real value of building plans passed, the US dollar price of platinum and gold, manufacturing output, and share prices.

The annual BCI comparison between September 2016 and September 2015 implies a similar tight but weaker business climate as the majority of sub-indices (11 of 13), were having negative year-on-year effects. In September 2016, the largest negative year-on-year contributions to the BCI came from merchandise import and export volumes, real financing costs followed by new vehicles sold. Weak but positive year-on-year impacts on the business climate compared to September 2015 came from the US dollar prices of gold and platinum, and manufacturing output – similar to last month.

The economy and South Africa in general are faced by multi-facet challenges and uncertainties. There is a notable interaction and reiteration between aspects such as the performance of the domestic economy, the social climate, politics, weather, the world economy, etc. The general overview of the demand side of the economy suggests a tight economic situation for all subjects of the economy, including consumers, investors and the public sector.

The most pressing of the present stance is the lack of confidence by notably investors. Productive investment remains the panacea for future economic growth and job creation. It is therefore imperative that all facets of South Africa should aim to advance the wellbeing of the economic and business environment. Business confidence and trust remains key variables to improved economic performance.

For a full background to this month's **SACCI** BCI see the Economic Commentary in the BCI report on [www.sacci.org.za](http://www.sacci.org.za).

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