

SACCI PRESS RELEASE

EMBARGO: 11:30 on Wednesday, 7 December 2016

Delicate Business Climate

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

The SACCI Business Confidence Index (BCI) improved by another 0.9 index point from October 2016 to 93.9 in November 2016. The BCI increased by 3.6 index points from the exceptionally low level of 90.3 registered in September 2016. During 2016 the BCI recovered relatively well up to July 2016 when the BCI reached 96.0 but then contracted to the 90.3 in September 2016.

The recovery of the BCI in October and November 2016 was achieved in a depressed domestic and global economy and further harmful local socio-political diversions that unfavourably influenced the business climate. Notwithstanding the volatility in the business climate, the present turnaround in the BCI could gather more momentum.

Apart from notably local and international political developments that could affect the global and South African economy, business adjusted to unpredictability of current circumstances. Business flexibility partly contributed to the slightly improved business confidence of the last two months. Business continued to show determination and agility.

Positive monthly contributions to the BCI mainly came from real value of building plans passed, new vehicle sales (seasonally adjusted) and manufacturing output. Merchandise export volumes, retail sales volumes, share prices and energy supply and costs made the largest negative month-to-month impacts on the BCI in November.

The real business conditions were slightly better in November 2016 than in November 2015. One of the seven real business sub-indices improved and one remained unchanged. The year-on-year financial climate remained positive with two of the six financial sub-indices that improved and one unchanged.

South Africa has received reprieve by no further downgrades from all three reputable rating agencies in their latest credit rating reviews. The prospects for a more induced and inclusive economic growth climate and attention being paid to notably public finance matters, counted in South Africa's favour. It is important that the negative outlook by all three rating agencies be turned around in the next six months.

The progress made by Treasury with the participation of business and labour to recognize and assist to propel the economy forward, will partially restore credibility to the economy and may contribute to the recent momentum gained in improving business and investor confidence.

For a full background to this month's **SACCI** BCI see the Economic Commentary in the BCI report on www.sacci.org.za.

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