

SACCI PRESS RELEASE

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Business in Anticipation

SACCI today released the February 2017 **SACCI** Business Confidence Index (BCI) at its Offices in Rosebank, Johannesburg.

The **SACCI** Business Confidence Index (BCI) declined by 2.2 index points from 97.7 in January 2017 to 95.5 in February 2017. The index nevertheless improved by 2.8 points on the February 2016 level of 92.7 and it is the third successive month that the BCI improved on the year ago.

The improvement of the BCI over the last five months points towards the stabilisation of the business climate in South Africa caused by changing local and global economic and political circumstances. Although no ideal growth enhancing Budget, the Minister of Finance succeeded, under difficult circumstances, to remain within the expected framework. More progress in the management of public finance matters in particular, should enhance economic prospects and widen the prospects for an improved business mood.

The year-on-year movements in the sub-indices show that the business climate tightened slightly between January 2017 and February 2017, but was less troubled than before the fourth quarter of 2016. The stronger rand exchange rate again made the largest positive year-on-year contribution to the BCI followed by lower inflation and higher gold and platinum prices. Substantially less merchandise import volumes than a year ago made a particular negative contribution. Higher real finance costs, increased energy costs (crude oil and electricity), and lower share prices on the JSE, further weighed on business confidence.

Important incidents that occurred during the month of February 2017 could have a bearing on the economy over the medium and longer-term. Amongst the important developments is the announcement of the national minimum wage, Budget 2017, increasing commodity prices including crude oil, a stronger rand exchange rate, and the persevering of an internationally acclaimed financial system.

On an annual basis, the business climate has improved slightly in February 2017 in anticipation that the positive developments would eventually outpace negative instances in the economy and business in general. All indications are that economic growth will pick up as the implementation and prudent authority takes hold. The business climate could further be improved if the constructive present economic developments could be augmented. Business and investor confidence depend on whether this window of opportunity will be seized and the more positive sentiment be supported by responsible governance and accountability.

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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