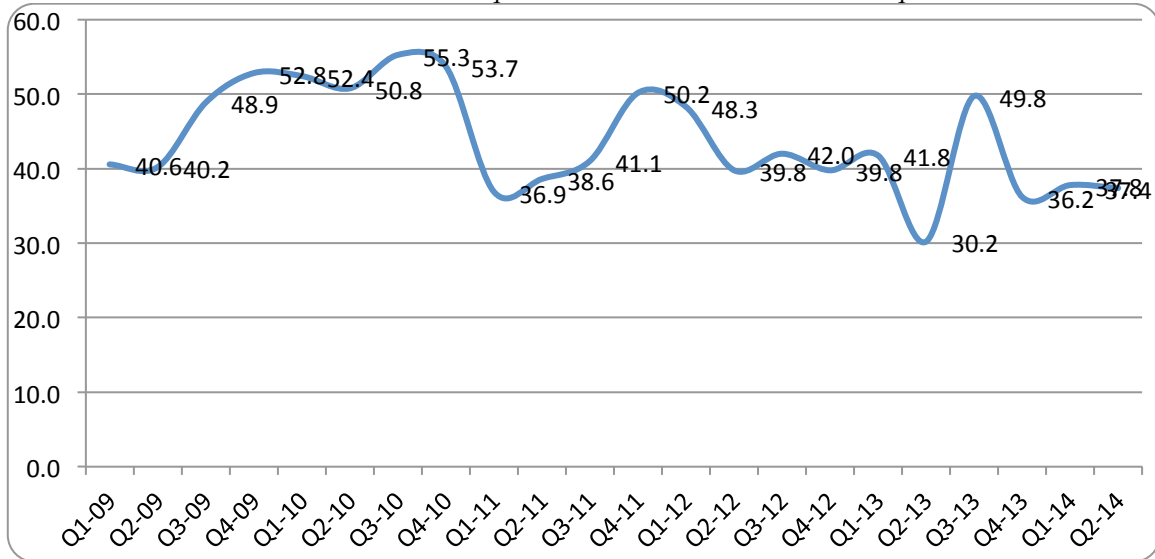


# PRESS RELEASE JULY, 2014

## Business Confidence in SMME declines marginally in second quarter of 2014.

Business confidence of the South African SMME sector decreased marginally during the second quarter of 2014. The overall business confidence index (BCI) declined from 37.8% during the first quarter of 2014 to 37.4% in the second quarter of 2014. Figure 1 shows the overall trend of the Index from the first quarter of 2009 until the second quarter of 2014.



The marginal decline in trend can be attributed to the slight decline in the confidence of the SMMEs in the trade and service sectors of the economy. The best performing sector was the industrial sector which improved from 39.9% in the first quarter of 2014 to 40.57% in the second quarter of 2014. This represents an increase of 1.67%. The business confidence in the trade sector, however, declined from 36.14% in the first quarter of 2014 to 35.46% during the second quarter of 2014, representing a decrease of 1.88%. The services sector witnessed the biggest decline in confidence from 37% in the first quarter of 2014 to 36.15% in the second quarter of 2014 representing a decrease of 2.29%.

Most of the businesses surveyed cited a number of inhibiting factors impacting negatively on their businesses. These include high employee costs, high operating costs and high government taxes.

The overall decrease in the business confidence index for the second quarter of 2014 could be attributed to labour unrest, decline of household spending on goods and services, rising inflation as well as a weak Rand position. The worst performing sector during the period under review was the services sector.

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*The South African SMME Index is constructed by Africagrowth Institute.*

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