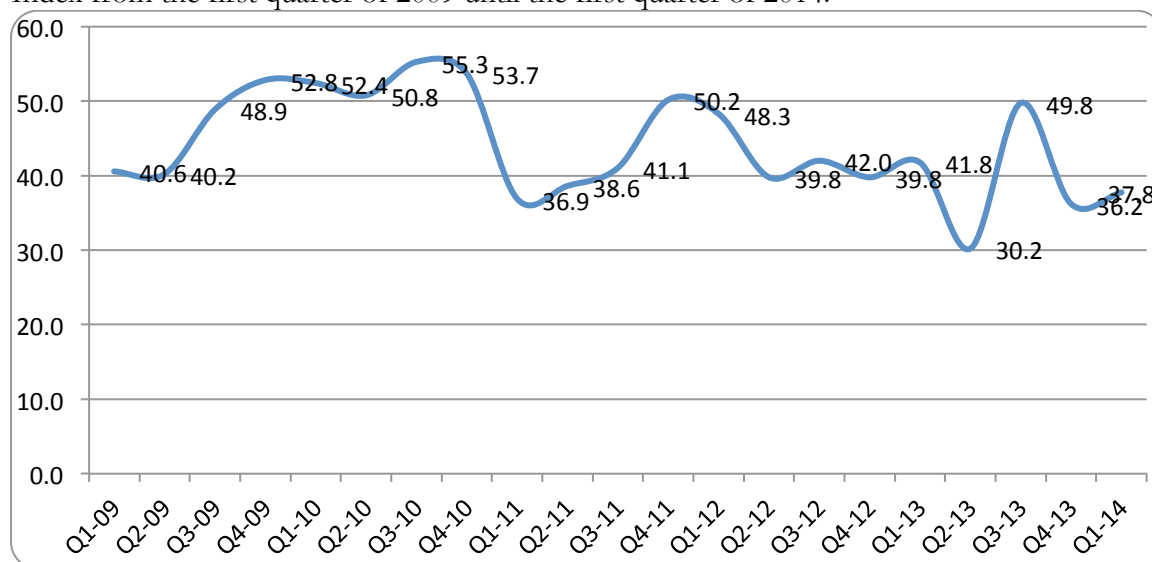


## PRESS RELEASE APRIL, 2014

### Business Confidence in SMME sector bounces back in first quarter of 2014.

Business confidence of the South African SMME sector increased during the first quarter of 2014. The overall business confidence index (BCI) increased from 36.2% during the fourth quarter of 2013 to 37.8% in the first quarter of 2014. Figure 1 shows the overall trend of the Index from the first quarter of 2009 until the first quarter of 2014.



The increasing trend can be attributed to the improvement in the confidence of the SMMEs in two sectors of the economy. The business confidence in the services sector improved, on average, from 29.5% in the fourth quarter of 2013 to 39.9% in the first quarter of 2014. This represents an increase of 35.52%. The business confidence in the trade sector also increased from 35.5% in the last quarter of 2013 to 36.14% during the first quarter of 2014, representing an increase of 11.2%. This is a reflection of the better than expected trade deficit for the first quarter of 2014 which was reported in March by the Reserve Bank. The worst performing sector was the services sector which declined, on average, from 46% in the fourth quarter of 2013 to 37% in the first quarter of 2014 representing a decrease of 19.5%.

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

The overall increase in the business confidence index for the first quarter of 2014 could be improvement in the industrial sector, expansion in the primary sector as well as growth of household spending on goods and services and currency appreciation.

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*The South African SMME Index is constructed by Africagrowth Institute. The Founding Sponsors for the Index are the Industrial Development Corporation (IDC) and WK Kellogg Foundation*

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