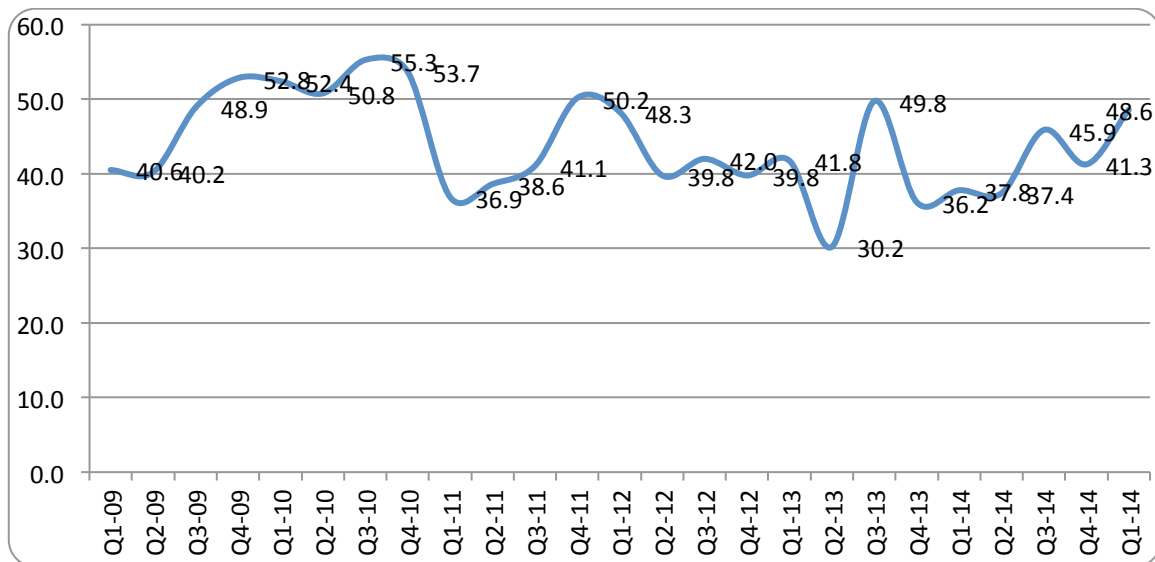


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Business Confidence Index bounces back in first quarter of 2015.

Business confidence of the South African SMME sector increased during the first quarter of 2015. The overall business confidence index (BCI) increased from 41.3% during the fourth quarter of 2014 to 48.6% in the first quarter of 2015. Figure 1 shows the overall trend of the Index from the first quarter of 2009 until the first quarter of 2015.



The overall increase in trend can be attributed to the improvement in the confidence of the SMMEs in the industrial and trade sectors of the economy. The best performing sector was the industrial which improved, on average, from 25.59% in the fourth quarter of 2014 to 53.10% in the first quarter of 2015. This represents an increase of 107.49%. The business confidence in the trade sector also increased from 38.6% in the fourth quarter of 2014 to 51.86% during the first quarter of 2015, representing an increase of 34.37%. The services sector however witnessed the biggest decline in confidence from 59.62% in the fourth quarter of 2014 to 40.82% in the first quarter of 2015 representing a decrease of 31.54%.

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 increase in the business confidence index for the fourth quarter of 2014 could be attributed to an increase in household spending on goods as well as a marked improvement in the mining sector that has boosted earnings for the industrial sector. The best performing sector during the period under review was the industrial sector.

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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