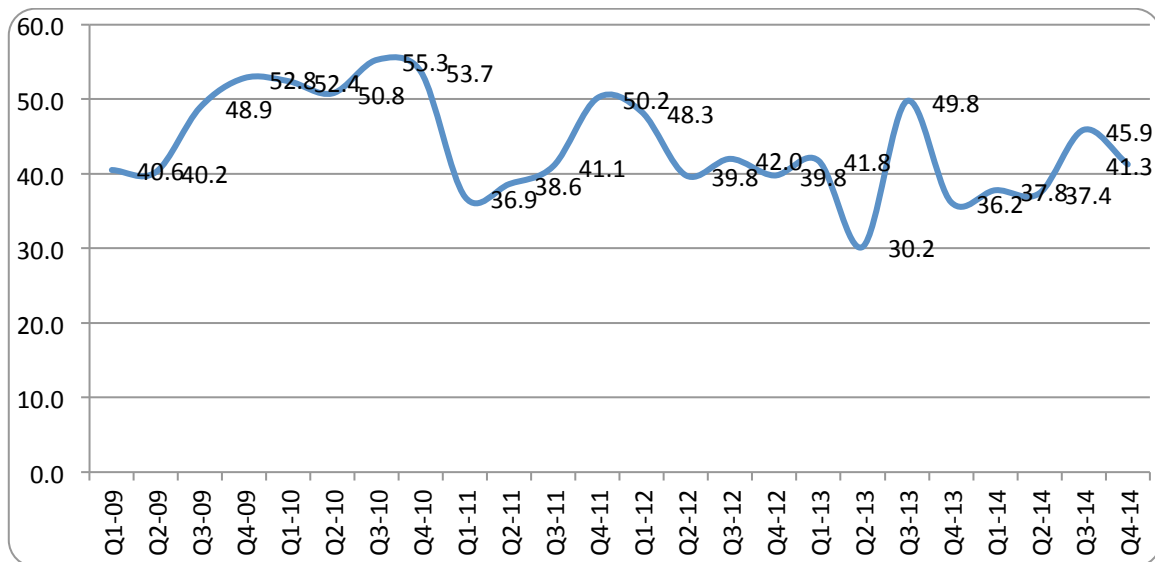


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Unstable Business Confidence Index declines in fourth quarter of 2014.

Business confidence of the South African SMME sector decreased during the fourth quarter of 2014. The overall business confidence index (BCI) declined from 45.9% during the third quarter of 2014 to 41.3% in the fourth quarter of 2014. Figure 1 shows the overall trend of the Index from the first quarter of 2009 until the last quarter of 2014.



The decrease in trend can be attributed to the decline in the confidence of the SMMEs in the trade and industrial sectors of the economy. The best performing sector was the services which improved, on average, from 49.55% in the third quarter of 2014 to 59.62% in the fourth quarter of 2014. This represents an increase of 20.33%. The business confidence in the trade sector however decreased from 51% in the third quarter of 2014 to 38.6% during the fourth quarter of 2014, representing a decrease of 24.33%. The industrial sector, however, witnessed the biggest decline in confidence from 37.15% in the third quarter of 2014 to 25.59% in the fourth quarter of 2014 representing a decrease of 31.11%.

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 fourth quarter of 2014 could be attributed to a decline in household spending on goods and services, power shortages as well as an unstable Rand position relative to a strong US Dollar position. The worst 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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