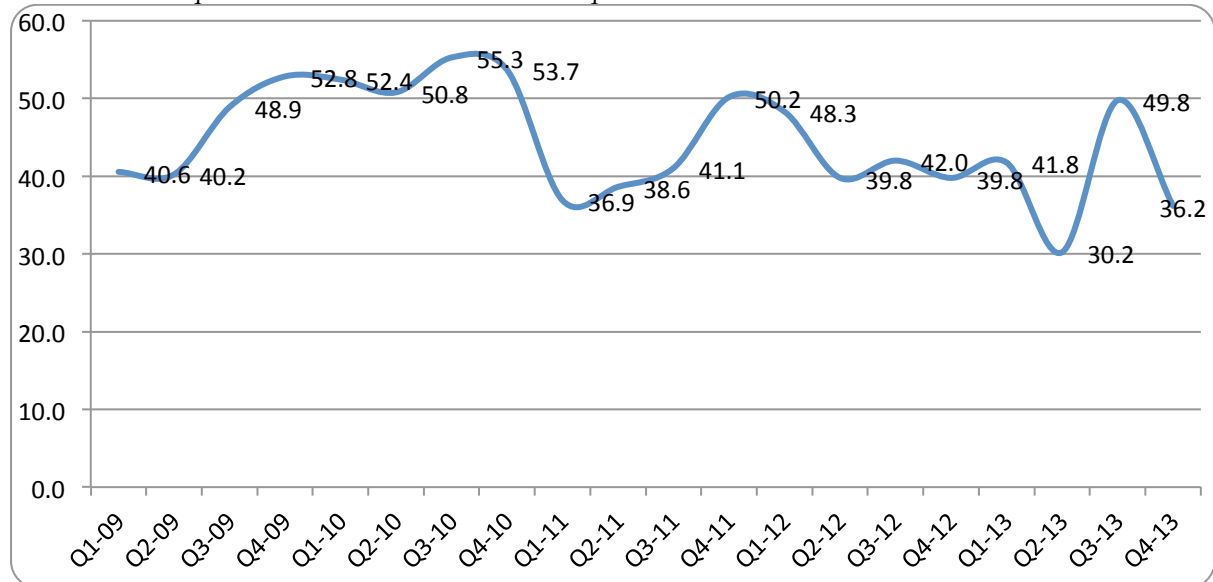


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Business Confidence in SMME sector declines in fourth quarter

Business confidence of the South African SMME sector declined during the fourth quarter of 2013. The overall business confidence index (BCI) decreased from 49.8% during the third quarter of 2013 to 36.2% in the fourth quarter. Figure 1 shows the overall trend of the Index from the first quarter of 2009 until the fourth quarter of 2013.



The declining trend can be attributed to the drop in the confidence of the SMMEs in all sectors of the economy. The worst performing sector was the trade sector which declined, on average, from 65.13% in the third quarter of 2013 to 32.64% in the fourth quarter of 2013. This represents a decrease of 49.88%. The business confidence in the services sector decreased from 52.42% in the third quarter of 2013 to 46.09% during the last quarter of 2013, representing a decrease of 12.09%. The industrial sector also witnessed a decline in confidence from 31.72% in the third quarter of 2013 to 29.81% in the fourth quarter of 2013 representing a decrease of 6.03%.

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 2013 could be attributed to global uncertainty, threads of strikes in the industrial sector, contraction of the primary sector as well as increase in unemployment rate, reduction in growth of household spending on goods and services and currency depreciation.

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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