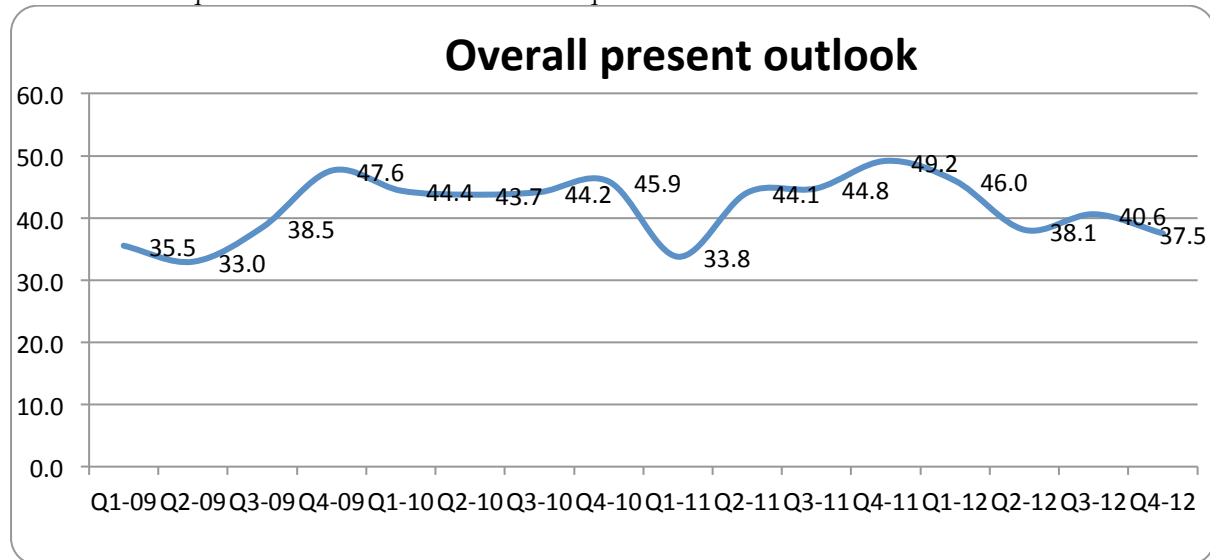


## PRESS RELEASE JANUARY, 2013

### Business Confidence in SMME sector declines in fourth quarter

Business confidence of the South African SMME sector declined during the fourth quarter of 2012. The overall business confidence index (BCI) decreased from 40.6% during the third quarter of 2012 to 37.5% in the fourth quarter. Figure 1 shows the overall trend of the Index from the first quarter of 2009 until the fourth quarter of 2012.



The decreasing trend in the overall BCI can be attributed to the decline in the confidence of all three main sectors of the economy- i.e. services, trade and industrial sectors. The poorest performing sector was the trade sector which declined from 47% in the third quarter of 2012 to 36.47% in the fourth quarter. This represents a decrease of 22.4%. Confidence in the industrial sector decreased from 37.06% in the third quarter of 2012 to 34.72% during the fourth quarter, representing a decrease of 6.30%. The services sector also witnessed a slight decrease in confidence from 42.47% in the third quarter of 2012 to 41.33% in the fourth quarter, representing a decrease of 1.58%.

Most of the businesses surveyed cited a number of inhibiting factors impacting negatively on their businesses. These include high employee costs, high operating costs, high government taxes and regulations, limited access to bank credits and insufficient demand.

Figures from the South African Reserve Bank indicated a general slowdown in economic activities throughout most of 2012 which probably contributed to the poor business confidence for the year.

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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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