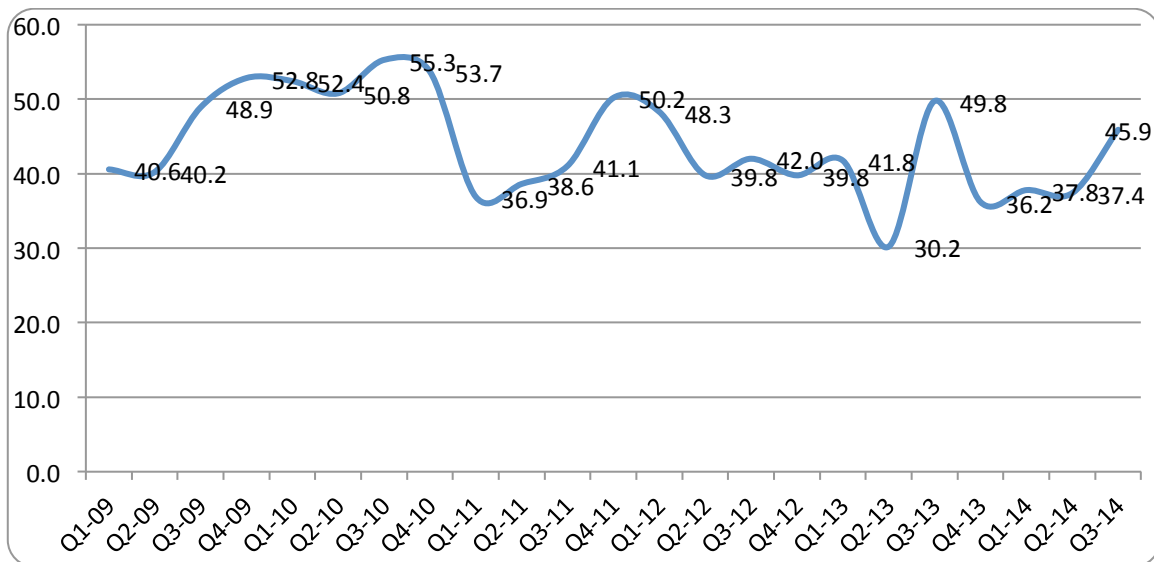


## PRESS RELEASE OCTOBER, 2014

### Business Confidence in SMME improves considerably in third quarter of 2014.

Business confidence of the South African SMME sector increased considerably during the third quarter of 2014. The overall business confidence index (BCI) increased from 37.4% during the second quarter of 2014 to 45.9% in the third quarter of 2014. Figure 1 shows the overall trend of the Index from the first quarter of 2009 until the third quarter of 2014.



The increase in trend can be attributed to the improvement in the confidence of the SMMEs in the trade and service sectors of the economy. The best performing sector was the trade which improved, on average, from 35.46% in the second quarter of 2014 to 51% in the third quarter of 2014. This represents an increase of 43.84%. The business confidence in the services sector also improved from 36.15% in the second quarter of 2014 to 49.55% during the third quarter of 2014, representing an increase of 37.07%. The industrial sector however witnessed the biggest decline in confidence from 40.57% in the second quarter of 2014 to 37.15% in the third quarter of 2014 representing a decrease of 8.43%.

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 third quarter of 2014 could be attributed to an improvement in household spending on goods and services, decline in inflation as well as a stable Rand position. The worst performing sector during the period under review was the industrial sector.

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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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