

SACCI PRESS RELEASE - BUSINESS CONFIDENCE INDEX (BCI) FOR AUGUST 2019

EMBARGO: 11:30 on Wednesday, 11 September 2019

Difficult Business Climate

The BCI for August 2019 declined to 89.1 from 92.0 in July 2019 – a decrease of 2.9 index points. It is exactly 1 index point above the lowest ever recorded BCI level achieved in April 1985 (88.1). It is necessary to point out that in the last two years of 2017 and 2018, the BCI was at its lowest in the August months, and the trend is true so far in 2019, as the figure is the lowest it has been so far in 2019. The BCI for August 2017 and 2018 were 89.6 and 90.5 respectively.

Seven of the thirteen sub-indices used in compiling the **SACCI** BCI deteriorated between July 2019 and August 2019, four improved, and two remain unchanged. Four of the seven economic activity indicators declined on their July 2019 levels and three of the six financial pointers used for the composite BCI, deteriorated month-on-month.

On an annual basis, five of the seven economic activity indicators declined on their August 2018 levels while five of the six financial pointers were either positive or unchanged year-on-year; indicating a relative stable financial environment compared to August 2018.

Negative monthly movements occurred due to a decrease in merchandise export volumes, a weaker rand exchange rate weighted against major trading and investment currencies, and declining all-share prices on the Johannesburg Securities Exchange (JSE). Increased merchandise import volumes and the higher US dollar price of precious metals made a modest but positive contribution to the BCI in August 2019.

Although the South African economy has dodged a recession in the second quarter of 2019, having recorded an unexpected GDP growth of 3.1% compared to a decline of exactly the same number (-3.1%) in the first quarter of 2019, it is not yet time to heave a sigh of relief. This is because the GDP growth this quarter was driven by external factors and not in response to specific actions by government and business to drive growth.

Challenges responsible for the past low growth of the South African economy continue to exist and will have to be addressed urgently. The economy is in dire need of implementation of policies to achieve economic growth and job creation. The current state of fiscal deficiencies, social injustices and unemployment, necessitates an urgent adjustments in how their impact is viewed, no longer as just economic terms that must be studied and converted into action, but as the likely cause of crime violence, looting and anti-foreigner sentiments that are currently dominating news headlines locally and internationally. It is denting the status of South Africa as a favoured investment destination; and affecting lives and businesses of ordinary South Africa.

For more information, contact:

Alan Mukoki	SACCI CEO	082 551 1159
Richard Downing	SACCI Economist	082 822 5566