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CEO confidence at a five year low

CEO confidence recorded its lowest level since the inception of the [Merchantec Capital CEO Confidence Index](#) in Q2 2009, decreasing 7.8% to an overall score of 51.0. Confidence in the Industrials and Financials sectors dropped sharply, experiencing 12.7% and 12.4% decreases to scores of 49.3 and 51.7 respectively.

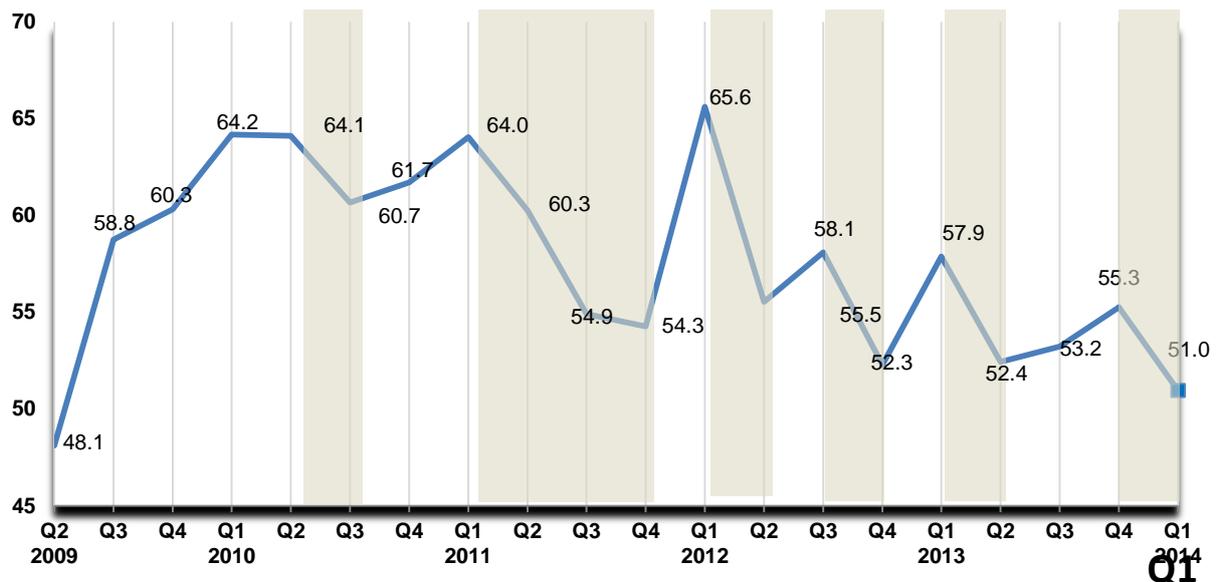
These decreases were further exacerbated by decreases in the Consumer Services sector of 5.4% and the Technology sector of 4.2%. The Consumer Goods sector dipped slightly with a 2.7% decrease to a score of 48.95.

The Basic Materials sector demonstrated the only rise in confidence with a 6.4% increase to a score of 54.5 points.

The upcoming elections in South Africa are weighing heavily on CEO's confidence with the negative impact that uncertainty surrounding the elections has had on private spending being highlighted.

Almost 70% of CEOs expect a negative effect on their company should the Rand remain at current levels. While CEOs of export manufacturing companies are pleased with the weakening Rand in the short term, many CEOs have expressed their concern over rising input costs, higher inflation and upward pressure on interest rate levels resulting from a weak Rand. The volatility of the Rand was also cited as problematic as the volatility hinders management's ability to forward plan.

Merchantec CEO Confidence Index



Industrials demonstrated the largest decrease in confidence dropping by 12.7% from 56.5 to 49.3 points, one of two sectors that recorded a score below the neutral score of 50. The fall in sentiment was primarily driven by a 22.4% decrease in confidence with regards to economic conditions and a 16.0% decrease in confidence relating to industry growth expectations.

Technology recorded a decrease in confidence for the first quarter of 2014, down 4.2% from 56.9 to 54.5 points. The drop in sentiment was primarily driven by a 12.2% decrease in confidence relating to economic conditions and a 7.3% decrease in confidence relating to their ability to secure debt/equity capital for business activities.

Basic Materials was the only sector to record an increase in confidence for the first quarter of 2014, up by 6.4% from 51.2 to 54.5 points. The rise in sentiment was primarily driven by a 13.4% increase in confidence relating to current economic conditions and an 11.1% increase in confidence relating to their expectations of industry growth.

ENDS

For a copy of the first quarter 2014 Merchantec CEO Confidence Index Report or for previous quarterly reports, please email Grace Heyns at grace@merchantec.co.za or visit [Merchantec CEO Confidence Index](#) for past results.

More about the Merchantec CEO Confidence Index

The Merchantec CEO Confidence Index, which consists of five components, collates views from CEOs of top South African companies and therefore provides a leading indicator into how business leaders perceive local market conditions and the economy going forward.

The Merchantec CEO Confidence Index is a copyright report prepared quarterly by Merchantec Capital. The survey collates responses from over 1 000 top CEOs, primarily from the listed environment.

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