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One third of CEO’s plan to invest in Africa in the medium term while confidence in South Africa remains around all-time lows.

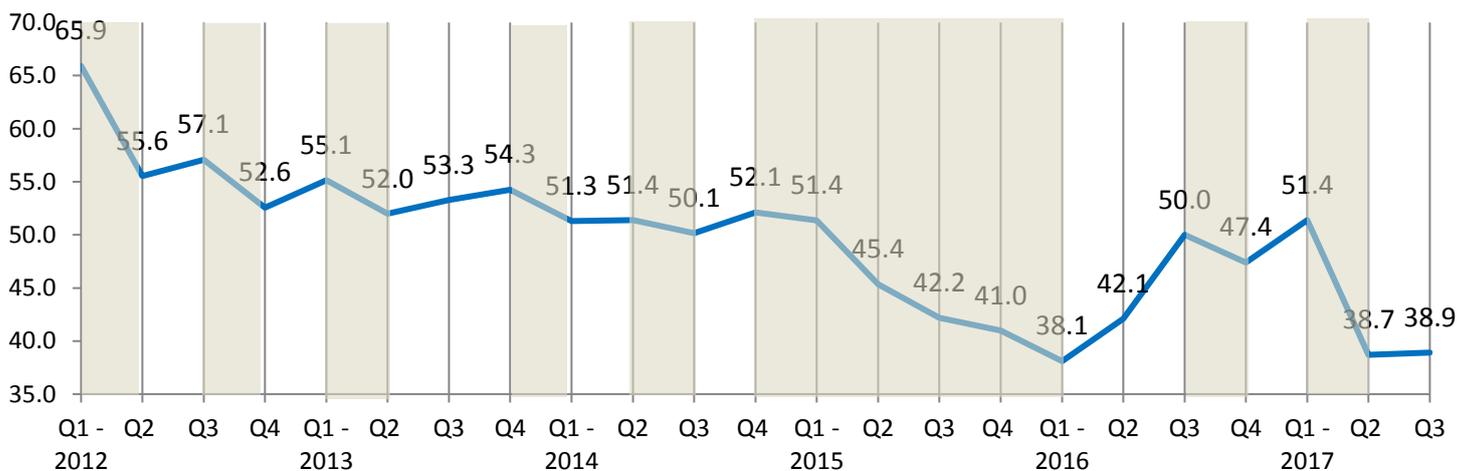
The **Merchantec CEO Confidence Index** recorded a 0.40% increase in CEO confidence between Q2 of 2017 and Q3 of 2017 to a score of 38.9 persisting at a score below the neutral score line of 50 points. Survey feedback indicates that most CEOs feel the economy is stagnant. Decisions are on hold because of uncertainty of where policy is headed and concern over the lack of leadership in the current government. One CEO remarked “We are mostly experiencing longer decision cycles and cautious investment decisions”.

CEO’s don’t see an end to this weak cycle in the near future, as whenever one sector starts to pick up, another slows down. Most CEO’s are pinning their hopes on the ANC election in December, until then they expect more of the same.

A significant part of the rating comes from the fact that many CEOs don’t see the economy improving until a new regime takes office. “We need a leadership who will bring jobs, negotiate properly and inspire business owners to re-build their businesses” said a CEO.

This quarter we asked CEO’s where their medium term investment strategy lies. 54% of the CEO’s who participated in the survey said they are investing in South Africa, 34% said rest of Africa, 11.2% said Europe, followed by 9.5% who said the UK would be their investment destination of choice.

CEO Confidence per Quarter



Basic Materials recorded the largest increase in confidence of 59.3%, moving to a score of 50.45. The increase in overall confidence was primarily driven by increases in confidence in planned levels of investment up (104.5%) and in economic conditions up (94.3%).

Consumer Goods Increased by 5.8%. Sentiment was primarily driven by a 10.9% increase in confidence relating to the ability to secure debt and equity capital and a 6.8% increase in confidence in economic conditions.

Financials recorded a decrease in confidence of 2.3% in Q3 2017. This fall in confidence can be attributed to a 17.6% decrease in confidence relating to the ability to secure debt and equity capital, and an 8.1% decrease in company growth expectations.

ENDS

For a copy of the third quarter 2017 Merchantec CEO Confidence Index Report or for previous quarterly reports, please email Sabrina Manikkam at sabrinamanikkam@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.

About Merchantec Capital

Merchantec Capital is one of the largest independent Equity & Debt Sponsor, Research and Corporate Finance Advisory companies in South Africa, with offices in Johannesburg, Cape Town and Windhoek, Namibia.

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