

Business confidence rebounds

Business confidence in December 2012 improved to 93 points from 91.7 points in November 2012, said the SA Chamber of Commerce and Industry (Sacci) on Wednesday, 9 January 2013.

"The BCI improved from 91.7 points in November 2012 to 93 in December 2012, but it is still not at a convincing level to investors.

"The BCI was 6.1 points below its December 2011 level but remains better than the substantial 8.5 year-to-year difference in March 2012," said Sacci.

Although the December 2012 figure improved slightly, the 4th quarter of 2012 was the poorest performing quarter of the year.

Despite the pace of decline in business confidence having moderated during the year, the level at the end of 2012 was still "unacceptably low", Sacci noted.

"Given that 2010 is the current BCI base year (at 100 points), the deterioration to an average of 94.1 for 2012, after averaging 119 in 2006, gives an indication of the extent of erosion of local business confidence in recent years," said Sacci.

Positive contributions to business confidence on both a monthly and an annual basis came from manufacturing and construction activity, while all the financial sub-indices had a positive impact with the exception of the rand exchange rate.

The rand was positive on a monthly basis but negative on an annual basis, contrasting with new vehicle sales which were negative on a monthly basis but positive on an annual basis.

Municipal services, import volumes and retail sales made negative contributions to the BCI on both a monthly and annual basis.

There were signs of a possible recovery in certain real activities towards the end of 2012. Exports volumes, real credit extension, new vehicle sales, manufacturing output and building plans passed all improved on levels of a year ago.

"The promise of improvements in confidence will only realise if the threats of continued labour protest activity, already revealed in the early days of 2013, are dealt with decisively.

"The first step towards a more conducive business environment in 2013 is for the socio-economic partnership between

government, business and labour to urgently realise a commonality of approach in responding to South Africa's current socio-economic crisis," said Sacci.

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