

Business confidence declines marginally in November

PRETORIA: The November Business Confidence declined marginally due to an unfavourable domestic and world economic climate, the South African Chamber of Commerce and Industry (Sacci) said on Thursday, 6 December 2012.



"Business confidence remained gloomy in November 2012, taking its cue from an unfavourable domestic and world economic climate. The BCI declined marginally from 92 points in October 2012 to 91.7 in November 2012.

"The BCI was 5.7 points below the November level of last year," said Sacci as it released its monthly Business Confidence Index (BCI).

Negative contributions to business confidence on both a monthly and an annual basis were evident in manufacturing, retail and construction activity.

According to Sacci, new vehicle sales, real financing costs as well as stock markets made positive contributions to the business climate on both a monthly and an annual basis.

"With the majority of the sub-indices being either negative or undecided between its monthly and annual performance, the BCI remains under pressure and biased towards the negative.

"The business environment remains constrained by uncertain local and global economic performance, an in-conducive labour and policy environment and the consequent reservations in investor confidence."

Last week, Statistics South Africa (Stats SA) announced that gross domestic product (GDP) eased to 1.2%, in the last quarter, the lowest since the second quarter of 2009.

The index said that the numbers of the performance of the country's economy were "disappointingly" lower than expected.

"Economic prospects remain uncertain and there appears to be lost growth momentum in most sectors, with the growth prospects for the short to medium-term having dwindled to about 2.5%. The primary sectors are currently the worst performers in the economy, with output lower than a year ago.

"It concerns Sacci that the primary sectors, which are the largest employers of lower skilled workers, were also recently the targets of widespread militant strikes that led to damage to property and loss of production capacity."

Sacci also expressed concern over the large dependency on imports for investment and consumption, saying it would exert additional inflationary pressure on the domestic economy in the context of a weaker rand.

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