

Q4 manufacturing business confidence stable at 34

Manufacturing business confidence is stable in this quarter, but challenges remain for the sector, an index has shown.



© ndoeljindoel – 123RF.com

The Bureau for Economic Research's (BER) manufacturing business confidence index is unchanged at 34 index points in this quarter, although at this level it remains more than 10 points below the long-term average level and eight index points below the level recorded in the fourth quarter of last year.

More than six out of 10 manufacturers are unsatisfied with prevailing business conditions.

Low manufacturing business confidence implies slow growth in the sector, which, given manufacturing's large share of gross domestic product, is negative for economic growth.

Slower growth in manufacturing production volumes and the expectation of a further moderation in the first quarter of next year weighed on confidence in the sector, the BER said. Other challenges facing the sector included weak demand and low commodity prices.

"Overall, the survey suggests that the sector is unlikely to sustain its recent rebound. In fact, despite the absence of load shedding, growth could be weaker in the final quarter of the year compared to the third quarter," the BER said.

The pessimistic sentiment was broadly shared in the manufacturing sector, with manufacturers in only two out of 16 subsectors satisfied with prevailing business conditions, the BER said.

For more, visit: <https://www.bizcommunity.com>