

**MEDIA RELEASE  
MERCHANTEC (PROPRIETARY) LIMITED**

**CEOs CONFIDENCE SURGES UPWARDS, AS MARKETS STABILISE**

*08 October 2009:* The Merchantec CEO Confidence Index increased 22 percent to a score of 59 in the third quarter of 2009, indicative of increased optimism amongst CEOs towards the overall economic environment for the next six months.

“CEO confidence appears surprisingly high considering the prevailing poor economic conditions in 2009,” says Craig Margolius from Merchantec Capital. However, the increased positive sentiment is in line with the increase in the All Share Index for the six months ending 30 September 2009, “indicating that the economy has reached a turning point and is showing early signs of recovery.”

There is a noticeable correlation between CEO’s optimism over current economic conditions and their confidence in obtaining debt and equity for capital expenditure and employment purposes. Close to 39 percent of CEOs are confident in their ability to raise debt or equity in current market conditions, up from 23 percent in the last quarter. “It seems as if interest rate cuts and global liquidity easing have had a positive effect on CEO confidence in obtaining finance to fuel their businesses growth,” says Margolius.

Close to 50 percent of the CEOs planned on increasing the level of investment in their companies, compared to 41 percent in the second quarter. Margolius notes that, “CEOs are cautiously optimistic and may be looking abroad for true signs of a global recovery before they commit more funds.”

Looking ahead six months, CEOs sentiment is improved regarding their own industry’s growth with 46 percent responding that that conditions will be moderately to substantially better in the next six months, compared to 27 percent in the last quarter.

**Sector Specific Results:**

The financial services sector leads the charge with a 67% leap in sentiment towards economic conditions compared to six months ago. The recovery in the finance sector is slowly feeding through to the consumer goods and services sectors, as the five basis point reduction in interest rates appears to be filtering through to consumers.

CEOs in the basic materials sector showed the most significant turnaround in optimistic sentiment over their company’s expected growth possibly as a result of increasing global demand for exports.

A new trend has been identified; sentiment towards investment activities have stagnated in the basic materials and consumer goods and services sectors, possibly as a result of Rand strength affecting exports and the pressures from continued strikes and salary increases in recent months. “This could be as a result of excessive capacity built up during the last financial boom which is yet to be utilised,” says Margolius.

For more information on accessing the detailed report, please contact Merchantec at 011-325-6363.

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**More about the Merchantec CEO Confidence Index**

The Merchantec CEO Confidence Index is a copyrighted report prepared quarterly by Merchantec. The survey collates responses from over 100 CEOs.

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