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MERCHANTEC (PROPRIETARY) LIMITED

CEOs' CONFIDENCE INDICATES CONTINUED SIGNS OF LOCAL RECOVERY

07 April 2010: The Merchantec CEO Confidence Index continued to rise by 4 points to **64.18** in the first quarter of 2010, recording its third consecutive quarterly gain from the 2009 second quarter low of 48.13. "Coming off a low base, it is not surprising that CEOs have a more positive outlook this year, compared to the difficult start experienced last year, as a result of the power supply crisis and the global financial crisis," said Russell Loubser, CEO of JSE Limited.

"The South African financial services sector didn't aggravate the economic crisis as was the case with the rest of the world, as a result of a strong banking sector coupled with stringent stock market regulations," Loubser commented. This is reflected strongly in the confidence of financial services CEOs receiving one of the highest scores in the index of 68.

There was a noticeable improvement in the confidence of CEOs in the industrials sector, which includes construction companies, with an 11% jump to a score of 63. However, Loubser cautioned that "90% of the growth in USA GDP is as a result of stimulus packages put in place by government expenditure, and there are concerns that Government cannot continue stimulating the economy with tax revenues."

Loubser believes that the optimistic sentiment shown by CEOs is riding heavily on the upcoming FIFA World Cup. However, Loubser notes that "the World Cup will come and go, but the fundamental problems that resulted in the economic crisis will continue to exist." These fundamental problems include, amongst others, difficulties companies are experiencing in raising capital and this is reflected by CEOs' confidence in obtaining debt/equity capital which has not improved quarter-on-quarter, staying constant at 61.

Looking ahead CEOs are confident in both their industries growth and their individual company's growth as global and local demand for goods and services appears to be increasing. "This is as a result of a manufacturing slowdown in 2009 and the depletion of stock levels to a point where stock production has been resuscitated in order to meet demand," says Craig Margolius, Corporate Finance Manager from Merchantec Capital.

Most noticeably, more than half of the CEOs surveyed indicated that they would be increasing the planned level of investments in their companies. "This increased level of investment could be an indication of companies increasing order books in the coming months" says Margolius. A stumbling block to CEOs optimistic sentiment is their ability to raise capital with only 50% of CEOs responding favorably.

“Even though banks have relaxed lending criteria, the cost of accessing this capital has dampened CEOs lending capacity and enthusiasm.”

The basic materials sector showed the largest increase in confidence with a 29% increase in the sector’s overall score which can be attributed to large shifts in industry growth. This is further confirmed by resource companies indicating that they plan on investing further by increasing their capacity in the form of capital expenditure.

The consumer goods sector showed a rebound scoring 66, which represent a 17% improvement on the prior quarter. This has been echoed by an increase of 3.2% in GDP of the back of an improving manufacturing sector.

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

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More about the Merchantec CEO Confidence Index

The CEO Confidence Index 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 copyrighted report prepared quarterly by Merchantec Capital. The survey collates responses from over 100 top CEOs, primarily from the listed environment.

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