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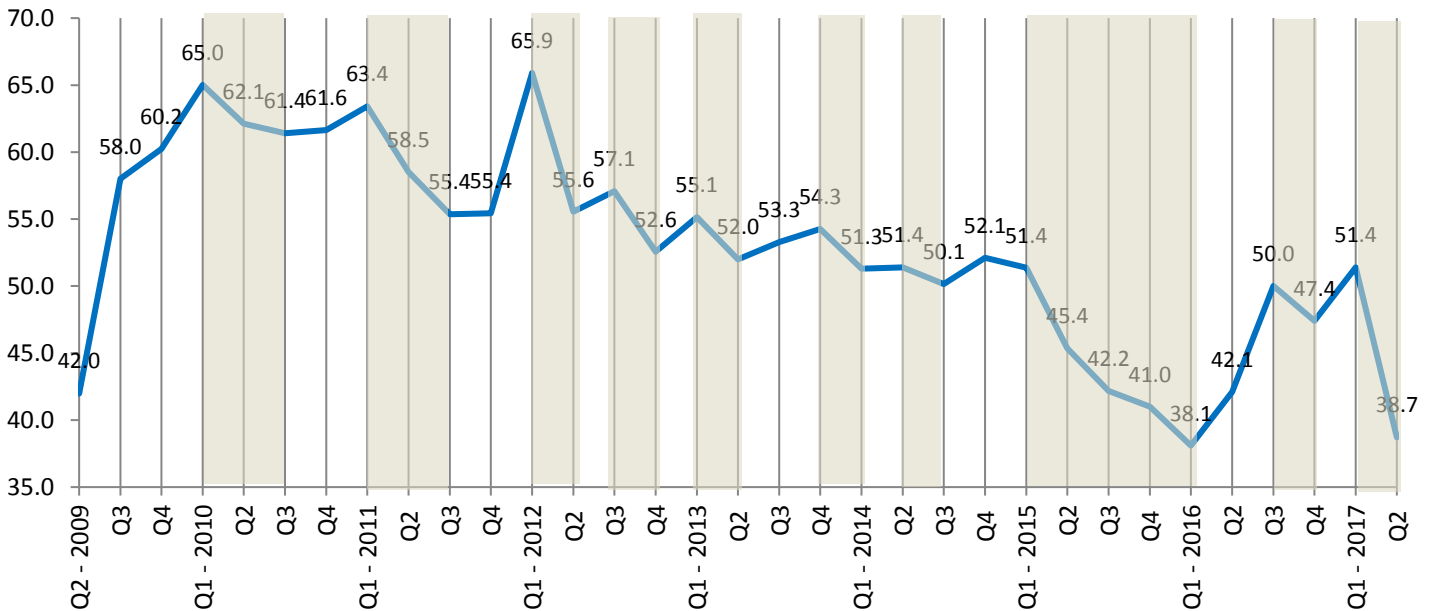
Confidence Crisis in Q2!!!

The **Merchantec CEO Confidence Index** recorded a 24.75% decrease in CEO confidence between Q1 of 2017 and Q2 of 2017 to a score of 38.7% persisting at a score below the neutral score line of 50 points. Survey feedback indicates, that most CEOs believe that political instability, the ratings downgrade, ineffective BB-BBEE policies and the tax increases will hinder growth prospects for the rest of 2017.

A number of CEO’s have adopted the wait and see approach and are in “survival mode”, they feel the IMF forecast of a 1% growth is a bit bold considering the current economic climate. CEO’s in the consumer goods sector have noted a marked decrease in consumer spending, while our basic resource sector seems to be the worst hit.

CEOs across all six industry sectors believe current economic conditions in South Africa compared to six months ago are on the downturn with the worst being recorded in the basic materials sector which is at an all-time low going down by 41.8% from the last quarter. Overall, growth expectations in economic conditions decreased by a staggering 40.4%, followed by a decrease in industry growth expectations by 25.7%, and the ability to secure debt or equity by 23.3%.

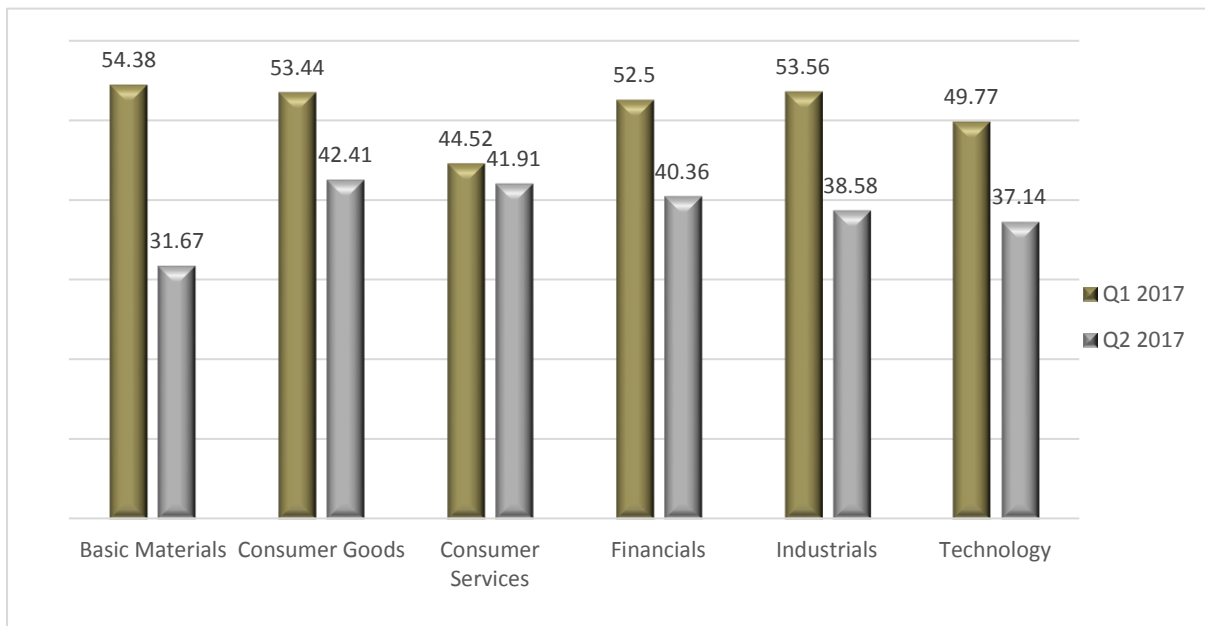
CEO Confidence per Quarter



Basic Materials recorded the largest decrease in confidence at 41.8%, moving to a score of 31.67. The decrease in overall confidence was driven by decreases in contributing individual components of the index, mainly 53.2% decrease in planned levels of investment and 52.6% decrease in economic conditions.

Consumer Goods decreased by 20.6%. Sentiment was primarily driven by a 31.2% decrease in confidence relating to economic conditions and a 23.8% decrease in the confidence relating to the ability to secure debt and equity capital.

Financials recorded a decrease in confidence of 23.1 in Q2 2017. This fall in confidence can be attributed to a 42.9% decrease in confidence relating to economic conditions, and a 35.4% decrease in industry growth expectations.



ENDS

For a copy of the first quarter 2017 Merchantec CEO Confidence Index Report or for previous quarterly reports, please email Kira Harrison at kira@merchantec.co.za or visit [Merchantec CEO Confidence Index](#) for past results.

More about the Merchantec CEO Confidence Index

The Merchantec CEO Confidence Index, which consists of five components, 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 copyright report prepared quarterly by Merchantec Capital. The survey collates responses from over 1 000 top CEOs, primarily from the listed environment.

About Merchantec Capital

Merchantec Capital is one of the largest independent Equity & Debt Sponsor, Research and Corporate Finance Advisory companies in South Africa, with offices in Johannesburg, Cape Town and Windhoek, Namibia.

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