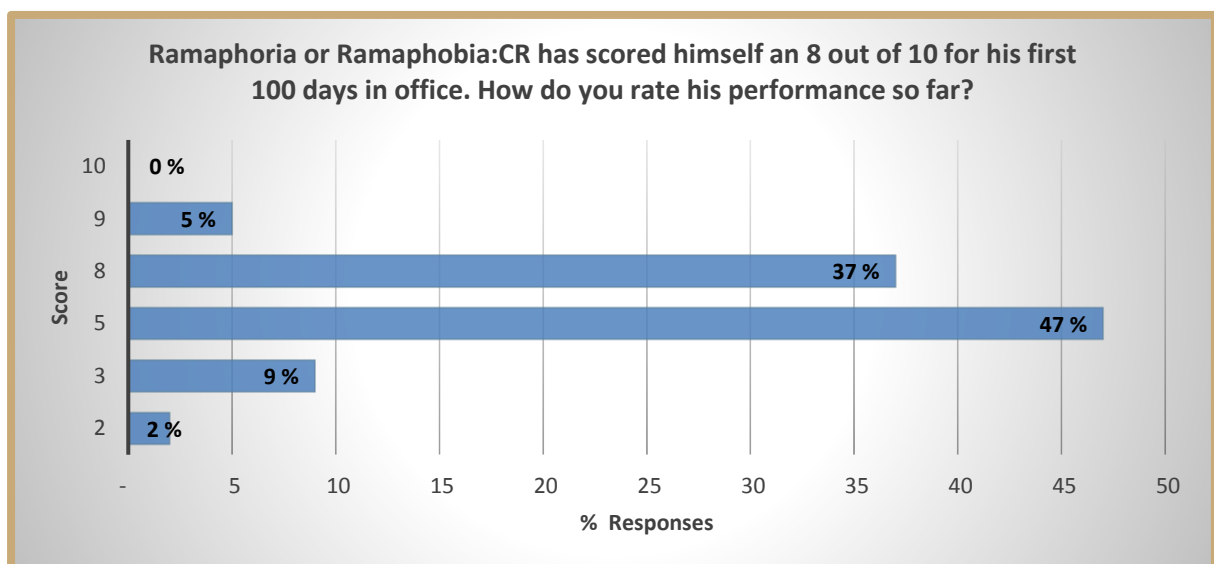


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Are SA CEO's running out of optimism in their fuel tanks?

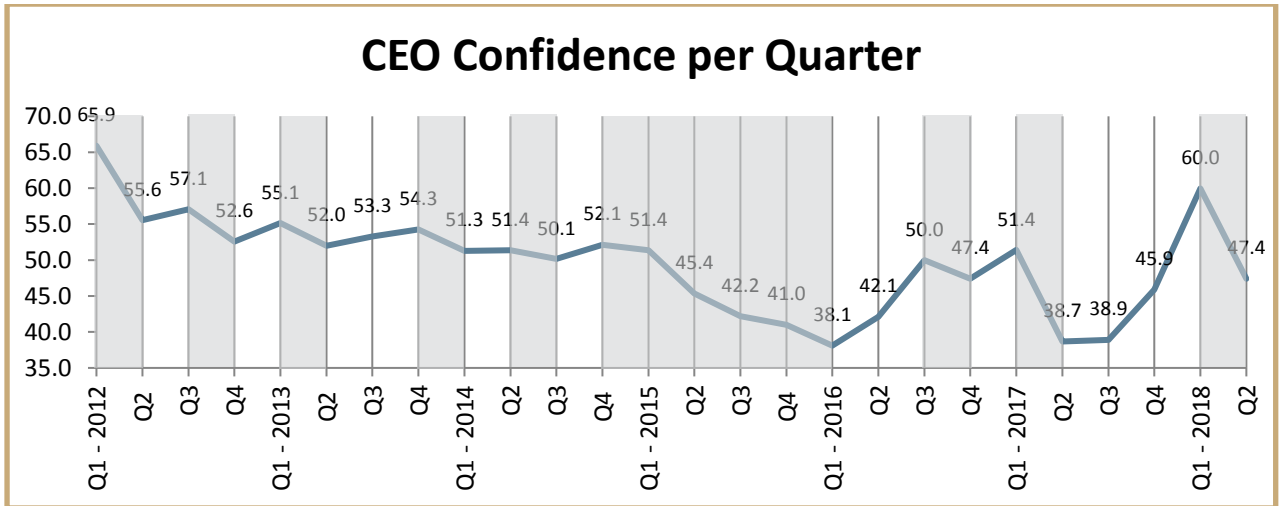
The **Merchantec CEO Confidence Index** recorded a 20.9% decrease in CEO confidence between Q1 of 2018 and Q2 of 2018 to a score of 47.4, a downward spike following the optimism of last quarters increase in sentiment. Most CEO's hoped that the election of President Ramaphosa would bring drastic cabinet reshuffles as well as radical economic policy changes that would potentially create an upturn in business confidence but the anticipated effect has not translated in this quarter's results of the survey. A little less than half of the CEO's scored President Ramaphosa a 5 when asked to rate his first 100 days in the bonus question of the survey, which indicates that the jury is still out on assessment of the Presidents performance.



A few CEO's said that it was unreasonable to expect a huge shift in the economy in such a short time and believe that it will take far more than 100 days to turn the economy around, but the prevailing attitude is one of scepticism. CEO's cited that there are 5 major contributors to their change in disposition, The "Zuma Hangover", uncertainties surrounding expropriation of land without compensation, the VAT increase, the fuel price hikes and the rand/dollar exchange rate volatility.

Overall, confidence is averaged by CEO responses from the following sectors: Basic resources, Industrials, Financials, Information and Communication Technology, Consumer Goods and Consumer Services. CEO's across all 6 industry sectors believe that current economic conditions in South Africa compared to 8 months are significantly better.

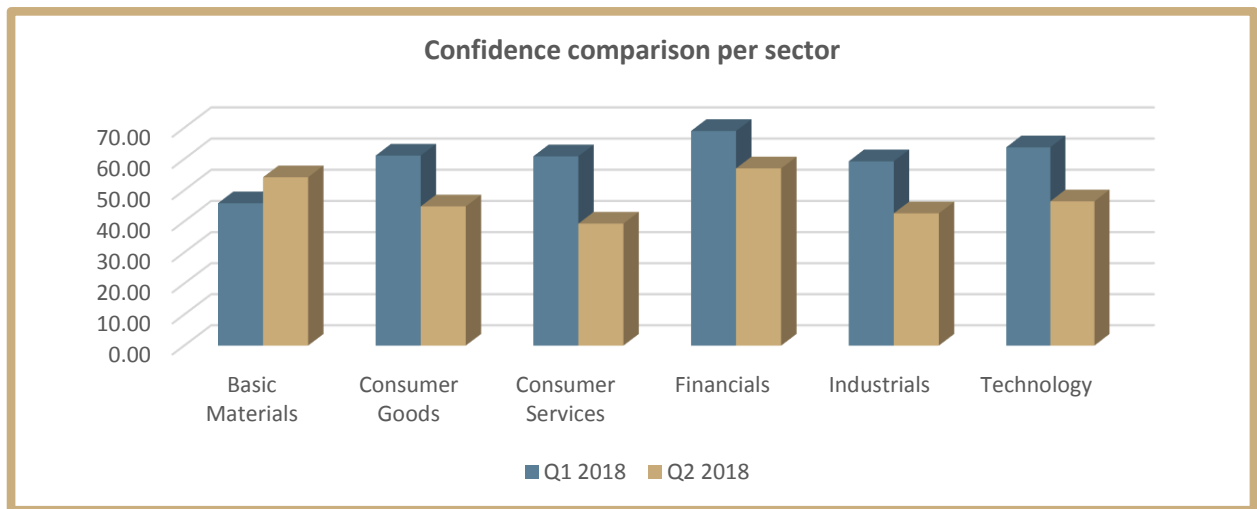
Basic Materials/Resources showed a marginal increase in confidence on the back of increased commodity prices and the weaker rand. While all other sectors showed a marked decrease, with Consumer Services depicting the largest decrease in CEO confidence, citing the lack of company growth prospects as the reason, brought on by reduced consumer spending accredited to the increased cost of living in SA.



Industrials decreased by 28.1%, moving to a score of 42.59. The decrease in overall confidence was primarily driven by decreases in economic conditions and planned investment expectations.

Financials recorded a decrease in confidence of 17.4% in Q2 2018. This sentiment was attributed to a drop in industry growth expectations and ability to secure debt.

Consumer Services recorded the largest decrease, this was driven by a 48.3% decrease in confidence relating to economic conditions and 41.5% decrease in industry growth expectations.



For a copy of the first quarter 2018 Merchantec CEO Confidence Index Report or for previous quarterly reports, please email Sabrina Manikkam at sabrinamanikkam@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, from the listed and non-listed environment.

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