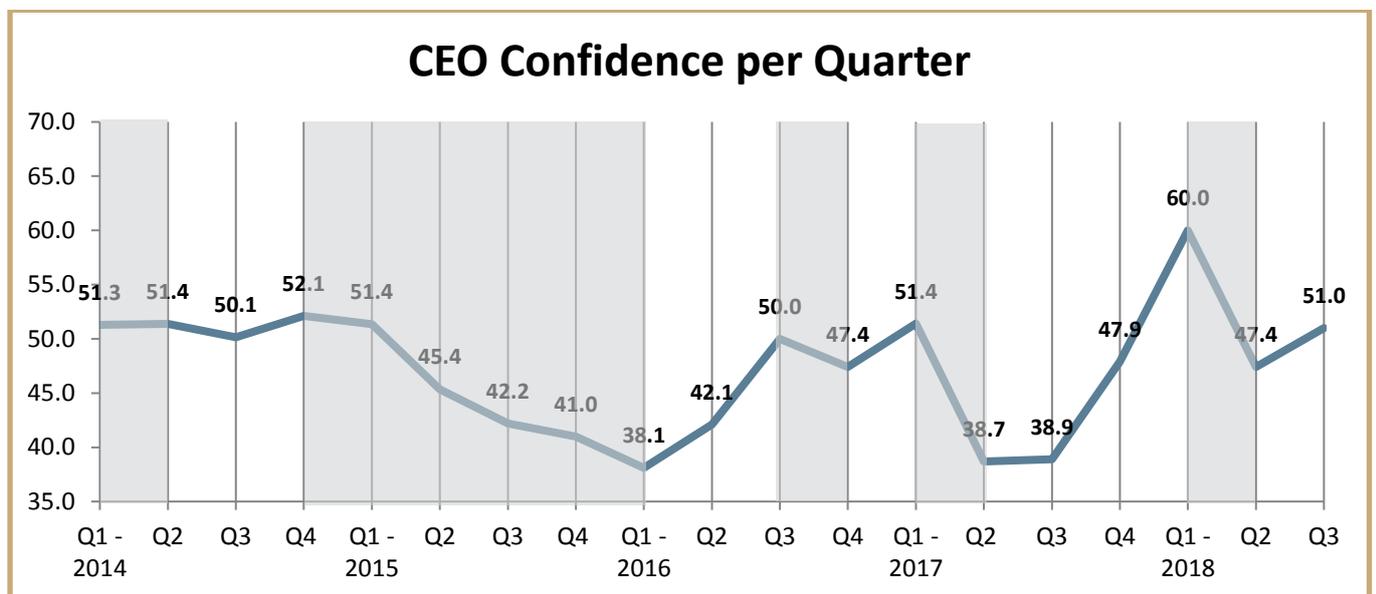


For more information please contact:  
 Sabrina Manikkam, Merchantec Capital  
 Tel: 011 325 6363  
[sabrinamanikkam@merchantec.co.za](mailto:sabrinamanikkam@merchantec.co.za)

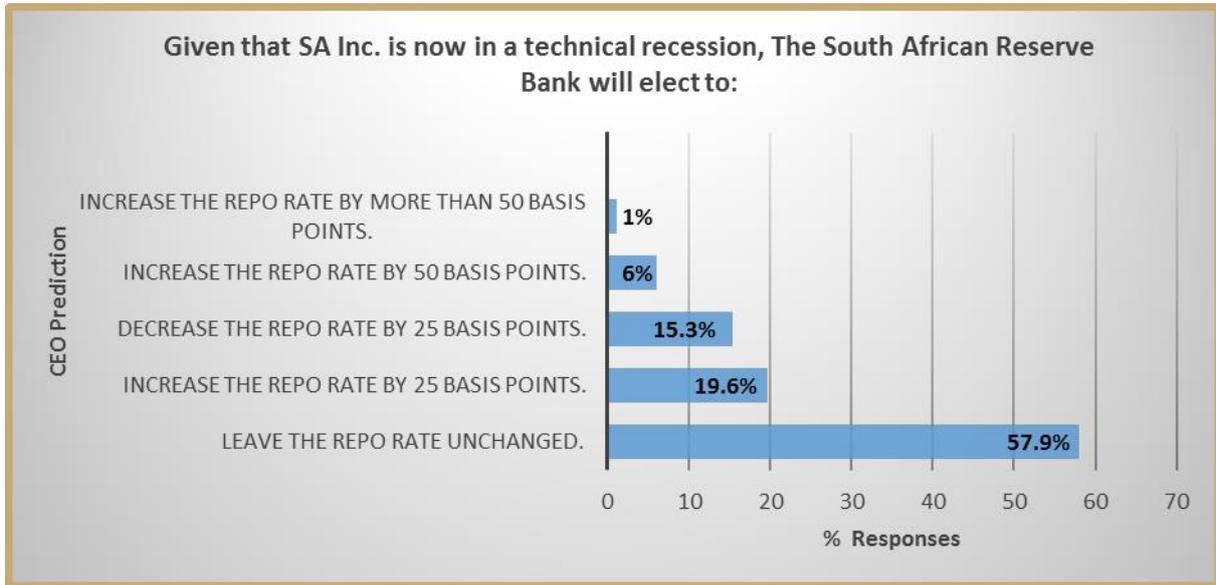
## Land Issue weighs in on CEO Confidence.

The **Merchantec CEO Confidence Index** recorded a 7.65% increase in CEO confidence between Q2 of 2018 and Q3 of 2018 to a score of 51.0 which is just above the neutral score line of 50 points. The largest contributor to this increase was renewed confidence in the Consumer goods sector. The rest of the sectors had marginal movement.

CEO confidence relating to current economic conditions, compared to six months ago, dropped by 15% in Q3. The largest decreases in confidence have been in the Industrials and Consumer Services sectors.



57.9% of CEO's accurately predicted that the South African Reserve Bank would elect to leave the repo rate unchanged. CEO's indicated that South Africa is in desperate need of an economic stimulus and that government needs to offer investment incentives. The 'Land Issue' seems to still be a major topic of conversation. The uncertainty surrounding land expropriation without compensation policy is the biggest deterrent for any current and future capital investment. Some CEO's have elected to place all investment in SA on hold until further clarity has been provided by government in respect of its proposed amendments to Section 25 of the constitution and proposed specifics in this regard. CEO's have expressed concerns over the brain drain and capital flight, further shrinking the tax base and adding to SARS deficit woes.



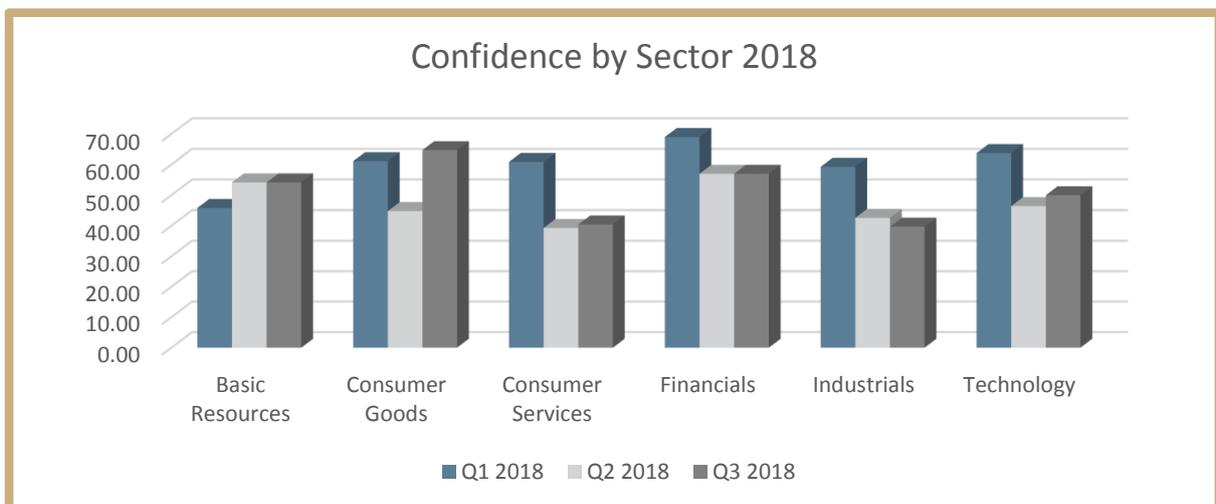
**Basic Resources** was also unchanged from Q2.

**Consumer Goods** increased by 44.4%, moving to a score of 64.72. The increase in overall confidence was primarily driven by increases in company growth expectations and planned investment expectations.

**Financials** recorded the same score as Q2.

**Industrials** decreased by 6.7%, moving to a score of 3.72. The decrease in overall confidence was primarily driven by decreases in economic conditions and planned investment expectations.

**Technology** recorded an increase of 7.7%, this was driven by company growth expectations and planned investment.



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](mailto: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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