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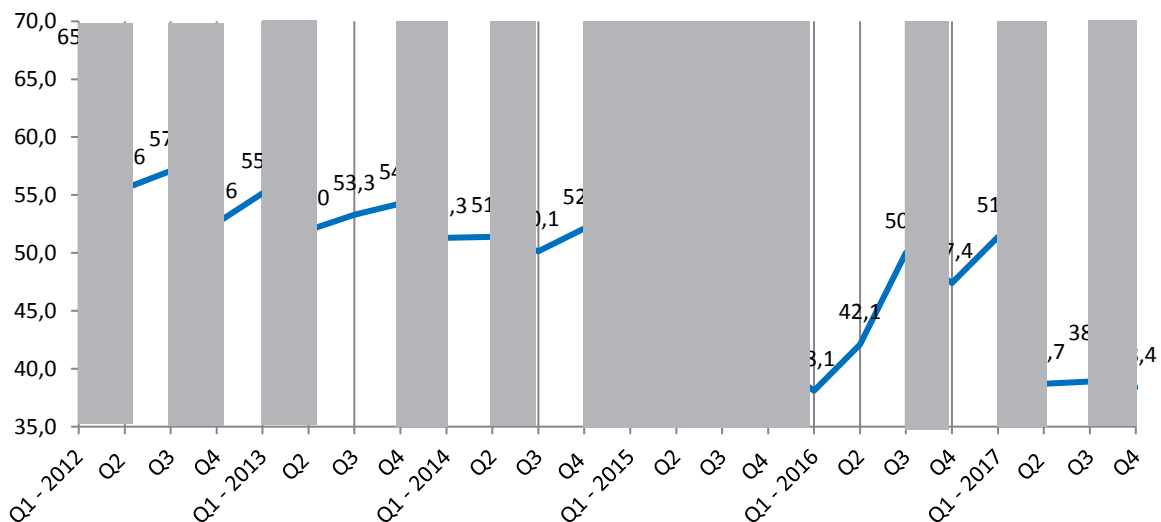
All eyes on the ANC National Conference outcome.

The **Merchantec CEO Confidence Index** recorded a 0.5% decrease in CEO confidence between Q3 of 2017 and Q4 of 2017 to a score of 38.4 persisting at a score below the neutral score line of 50 points. CEO confidence ratings in future business conditions have been flat since Q2, feedback from the current survey indicates that 60% of CEOs feel that the only way that this holding pattern will be broken is if we have a change of guard in the ANC pending the outcome of the National Conference. The other 40% don't believe that there will be a change in the foreseeable future and are making contingency plans cross border. The election of NDZ is viewed as negative by CEO's however the election of CR could give South Africa a much needed boost in investor confidence according to the majority of the CEO's.

Reflecting on the year, the following aspects have had the most significant effect on the CEO confidence index; uncertain political environment, sparked by *inter alia* cabinet reshuffles and litigation against key political figures. The low economic growth rate, high unemployment figures in conjunction with the political uncertainty, led to the downgrades of our credit rating by the various credit rating agencies. CEO's also expressed concerns over the tax hikes especially dividend tax.

The technology sector recorded the largest decrease in confidence this year while consumer services was a close second. This is attributed to low levels of consumer spending and the inability to secure debt which often has a knock on effect on the economy.

CEO Confidence per Quarter



Basic Materials recorded the largest increase in confidence of 30.8%, moving to a score of 66. The increase in overall confidence was primarily driven by increases in confidence in economic conditions (50.5%) and the ability to secure debt capital (46.7%).

Consumer Services Deceased by 8.7%. This was primarily driven by a 36.5% decrease in industry growth expectations and 29.9% decrease in company growth expectations.

Financials recorded an increase in confidence of 6.1% in Q4 2017. Sentiment was attributed to a 28.8% increase in confidence relating to economic conditions, which was offset by a 3.4% decrease in planned levels of investment.

ENDS

For a copy of the fourth quarter 2017 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, 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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