

# Joint Press Release



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## iLembe Business Confidence Index (iBCI) – 2015 Q4

Enterprise iLembe in partnership with the iLembe Chamber of Commerce, Industry & Tourism collaborate to produce the iLembe Business Confidence Index (iBCI) aimed at providing a quarterly picture of business confidence in the iLembe District, as well as an overall business outlook.

### Highlights and key findings

- Despite the deteriorating and gloomy economic sentiment nationally, overall business confidence in the iLembe District recovered slightly from the pessimism recorded in Q3 2015, with the combined hybrid iBCI (survey and activity indices) gaining 1.4 index points in the 4<sup>th</sup> quarter of 2015.
- The Q4 2015 iBCI was recorded at 49 index points, a level in line with the sentiments recorded in Q2 2015, but still remaining in negative territory.
- The survey component of the iBCI, which was conducted between the mid and end of January 2016, and which records subjective business sentiment, was recorded at 49.7, 4 points up from the previous quarters lowest level recorded since the introduction of the iBCI.
- Local business sentiment was boosted by positive outlooks around sales volumes (56.1) and order books (52.7). Sentiments around individual business' order books were recorded at its most positive levels since the introduction of the iBCI.

- The local business outlook for the 6 month period January to June 2016, gained slightly (.5) against the previous quarter but remains negative at 49.9. This 6 month business expectation is also significantly lower than the high of 57.9 index points recorded in Q2 2015.
- In addition to the ongoing negative sentiment around employment levels, 66% of respondents expected input prices to increase and significantly impact on the overall business expectations for our district.
- The 6 months outlook around sales volumes, order book, sales prices and the ability to supply on-time were all in positive territory.
- The iLembe Business Confidence Index (iBCI) is produced by Enterprise iLembe in partnership with the iLembe Chamber of Commerce, Industry & Tourism and is aimed at providing a quarterly picture of business confidence in the iLembe District as well as an overall business outlook.
- The iBCI is a hybrid index derived from, firstly, a quarterly business survey conducted in the iLembe district and secondly, with a weighted index of financial and economic variables.

### SACCI BCI

- The SACCI BCI measured 80.8 in the 4<sup>th</sup> quarter of 2015, a loss of 9.5 index points since the 1<sup>st</sup> quarter of 2015 and 4.0 index points from the 3<sup>rd</sup> quarter of 2015.
- Business confidence worsened notably since February 2015 and was at its worst level in 23 years in December 2015.

### In summary

Despite the overall business confidence in the iLembe District recovering slightly in the 4th quarter of 2015 (1.4 index points) from the pessimism recorded in Q3 2015, the 6 month outlook for the period January to June 2016 remains negative at 49.9.

It is especially the negative sentiment around employment levels that is of concern.

Nationally the SACCI Business Confidence Index (BCI) measured 80.8 in the 4th quarter of 2015 and lost 9.5 index points since the 1st quarter of 2015 and 4.0 index points between the 3rd and the 4th quarters of 2015.

Business confidence worsened notably since February 2015 and was at its worst level in 23 years in December 2015.

## **Release of 2016 Q1 & Q2 iBCI**

End July 2016

### **Attachments**

- iLembe Business Confidence Index Review 2015 Q4
- 2015 Q4 iBCI Infographic

### **Why measure business confidence?**

The measurement of business confidence is considered significant since it indicates the current and expected state of a region's economy. It is widely recognised that business leader's subjective, individual expectations play a key role in economic developments. It also considered as a very good leading indicator of the overall business cycle in South Africa and its regions.

### **What is the iBCI?**

The iBCI is a quarterly index that reflects on the business climate in the iLembe District. The index considers economic and market-related aspects that have a bearing on the business mood, amongst businesses, in the iLembe District of KZN.

It is likely that a region's business mood will be influenced both positively and negatively by various developments in markets and the economy as a whole and the iBCI seeks to reflect the net results of these influences.

**End**