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iLembe Business Confidence Index (iBCI) – 2024 Mid-Year

The iLembe Chamber of Commerce, Industry & Tourism, in partnership with Enterprise iLembe, collaborate to produce the iLembe Business Confidence Index (iBCI), aimed at providing a biannual 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 biannual business survey conducted in the iLembe District and secondly, a weighted index of financial and economic activity variables.

The iBCI 2024 Mid-Year was shaped by several macro and regional factors. During the survey period, South Africa celebrated 100 days without load shedding, the first such prolonged reprieve since December 2020.

The Government of National Unity (GNU) and in KZN a Government of Provincial Unity (GPU),

brought renewed optimism from the private sector about improved collaboration with business, also at local government level.

At a regional and local level, the North Coast benefitted from a hugely successful Ballito Pro, although subdued trade during Easter 2024 was a damper.

The April 2024 announcement by Ernie Els that his brand will be linked to IFA Hotels & Resorts' Zimballi Lakes development, once again put the spotlight on the investment appeal of the North Coast.

- The relatively upbeat trading environment have not filtered through and the **combined hybrid iBCI** (i.e. the Survey and Economic Activity Indices) slipped marginally into negative territory (i.e. below the neutral level of 50 index points). The iBCI 2024 Mid-Year was recorded at **49.9 index points**, a decrease of 1.4 index points compared to the 2nd half of 2023, and a 1.6 index point improvement Y/Y.
- The **iBCI Economic Activity** Index element was recorded at **55.8 index points**, an improvement of .3 index points on the previous period and the seventh successive period of positive economic activity for the iLembe District.
- The **iBCI Survey Index** component, in which regional businesses leaders and investors indicate their sentiment about the region's economic and business performance, remained

entrenched in negative territory at **44.0 index points**, 3.2 index points lower than the previous period (2nd half of 2023), and 3.4 index points higher than the same period a year earlier.

- All the **business indicators** included in the iBCI Survey Index remained in the negative, with all indicators, except *Inventory Levels*, declining from the levels recorded in the previous survey period.

Sales Volumes (42.8;<5.3), as a measure of business performance, return on sales efforts and trading location, and *Order Book* (43.1;<4.3), as a leading indicator of market depth and liquidity, showed the strongest decline. *Sales Volumes* was the worst performing indicator.

Levels of Employment (46.7;<2.2) persistently remains in the negative. Sentiments around job retention and creation are symptomatic of the challenging economic conditions nationally, and in the region.

- With regards to business sentiment per **economic sector**, four sectors recorded neutral or positive business confidence, i.e. the neutral level of 50 index points, or above.

Business sentiment in critical regional economic sectors remained in the negative, i.e. *Wholesale, Retail, Vehicle Trade* (34.1;<5.9), *Manufacturing, Assembly* sector (38.8;<3.9), *Construction, Property Development, Property Sales* sector (43.4;>0.3) *Tourism, Catering, Accommodation, Property Management* sector (44.4;>6.5).

- The iBCI Survey component also reflects on **business expectations and business outlook** over the next six months.

Business expectations for the 2nd half of 2024 are refreshingly positive, recorded at an all-time high of 59.6 index points, 9.7 index points more positive than the current sentiment.

- The two market related indicators of *Market size, and the economic decline*, and *Competitiveness and adaptability*, were indicated by 73% of responding businesses as primary **constraints to conducting business** in the iLembe District. The public sector indicators of *Service delivery & infrastructure provision* (24%), *Regulations and compliance* (24%), and *Property rates and taxes* (20%) were selected by 68% of business respondents as primary business constraints.

Attachment

iLembe Business Confidence Index Review 2024 Mid-Year.

Release of iBCI 2024 Year-End

End February 2025

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 biannual 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.

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