

# Joint Press Release



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## iLembe Business Confidence Index (iBCI) – 2015 Q3

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

- The tough economic conditions had a significant impact on business confidence in the iLembe District with the combined hybrid iBCI (survey and activity indices) shedding 1.9 index points in the 3rd quarter of 2015.
- The optimism recorded in Q2 was nearly all wiped out with the Q3 2015 iBCI being recorded at 47.6 index points, entrenching itself firmly in the negative.
- The survey component of the iBCI, which was conducted between the end of September and early October 2015 and which records subjective business sentiment, fell to its lowest level since the introduction of the iBCI in Q1 2015 and was recorded at 45.7.
- The business outlook for the 6 month period ahead, including the “golden” period over the December/January peak holiday season, was recorded at its lowest level and has for the first time ventured into negative territory (49.4). This is 8.5 index points lower than Q2 2015.

- It is especially the negative sentiment around employment levels that significantly impacted on the overall business outlook. The 6 months outlook around sales volumes, order book and sales prices were, marginally, in positive territory.
- The most negative sectors in terms of sales volumes were the Financial & Business Services (0.48) and Manufacturing, Assembly (.45), with suggestions that the businesses services sector might have been hit by the new labour broking regulations. The sales volumes outlook for Manufacturing, Assembly remains negative for the next 6 month period.
- 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 lost a further 2.5 index points between the 2nd and the 3rd quarters of 2015 and is also 4.1 index points lower than in the 3rd quarter of 2014.
- National business confidence worsened notably since February 2015 and was at its worst level in 22 years in September 2015.

### In summary

Business confidence worsened notably since February 2015 and was at its worst level in 22 years in September 2015. The overall economic situation accordingly also deteriorated and the rand exchange rate, merchandise export volumes, the number of new vehicle sales and all-share prices on the JSE were amongst the larger contributors to the slide in the SACCI BCI from a year ago.

These tough economic conditions had a significant impact on business confidence in the iLembe District with the combined hybrid iBCI (survey and activity indices) shedding 1.9 index points, with the Q3 2015 iBCI being recorded at 47.6 index points, entrenching itself firmly in the negative.

### Release of 2015 Q4 iBCI

End February 2016

## **Attachments**

- iLembe Business Confidence Index Review 2015 Q3
- 2015 Q3 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**