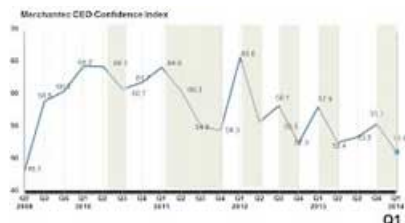


CEO's confidence high on financials, low on basic materials

The Merchantec CEO confidence index rose 1.4% on a quarterly basis to 51.7 points in the second quarter just slightly higher than the 51 points in the first.



CEO's have expressed confidence in several sectors of South Africa's economy but expect a large correction on the JSE in the medium-term

Image: [PRWeb](#)

The survey, conducted among CEO's of companies and prepared by Merchantec Capital, indicated that confidence in the basic materials sector dropped significantly, showing a 16.6% decrease to 45.4 points.

"This not surprising, given the protracted labour disputes among platinum producers," Merchantec said.

The survey provides an indication of how business leaders perceive local market conditions and the economy.

Confidence in the technology sector also experienced a decrease of 3.2% to 52.8 points, but was offset by a 10.4% increase in overall confidence in the consumer services sector, which was higher at 55.4 points.

All-share index over-valued?

Confidence in the financial sector increased by 6.7% to 55.1 points, with consumer goods showing an increase of 3% to 49.1 points. Industrials increased 2.6% to 50.6 points.

Many CEO's expressed the view that the JSE may be over-valued at present levels and expected the all share index to undergo a major correction in the near future.

The labour unrest in the basic materials sector had placed a major drain on the economy as a whole and CEO's said they expected to feel the effects of the ongoing strike for months to come.

Confidence in the financial sector, however, remains strong. Financials recorded the second largest increase in confidence. CEO's are confident in their ability to secure debt/equity capital for their business activities, which increased by 4.1% from the previous quarter.

Confidence relating to industry growth increased by 2.5%, mainly driven by increases in the consumer goods sector, which climbed 29.5% and the consumer services sector, which was up by 19.9%. These were largely offset by the decrease in confidence in the basic materials sector, which dropped 21.3%.

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