

## Business confidence remains low

THE business confidence index extended losses to its weakest since late 2011 in the third quarter of this year, with sentiment particularly low among retailers and wholesalers, a survey showed yesterday.

The index, sponsored by Rand Merchant Bank and conducted by the Bureau for Economic Research, fell five index points to 38 in the third quarter compared with the previous three months.

The fall in retail confidence was mainly due to a further slackening in sales volumes and declining profits.

“Sales are increasingly being suppressed by moderating wage inflation, higher tax rates, rising interest rates, growing job losses and sharply lower consumer confidence,” RMB said.

The country is grappling with chronic electricity shortages and waning output in key sectors such as manufacturing. Its GDP shrank in the second quarter, the first contraction in more than a year.

A drop below 30 in the quarterly business confidence index could signal a pending recession for the economy, said

Ettienne le Roux, chief economist at RMB.

“Given how weak the economy is now, and made even more vulnerable by increased uncertainty around political, economic policy and labour developments, it wouldn’t take much of a setback to push it over the edge,” he warned.

Among the sectors affected is the mining industry, which contributes around 7% to GDP. The industry is struggling with sinking commodity prices, rising costs and labour unrest, forcing some companies into mine closures and lay-offs. – Reuters