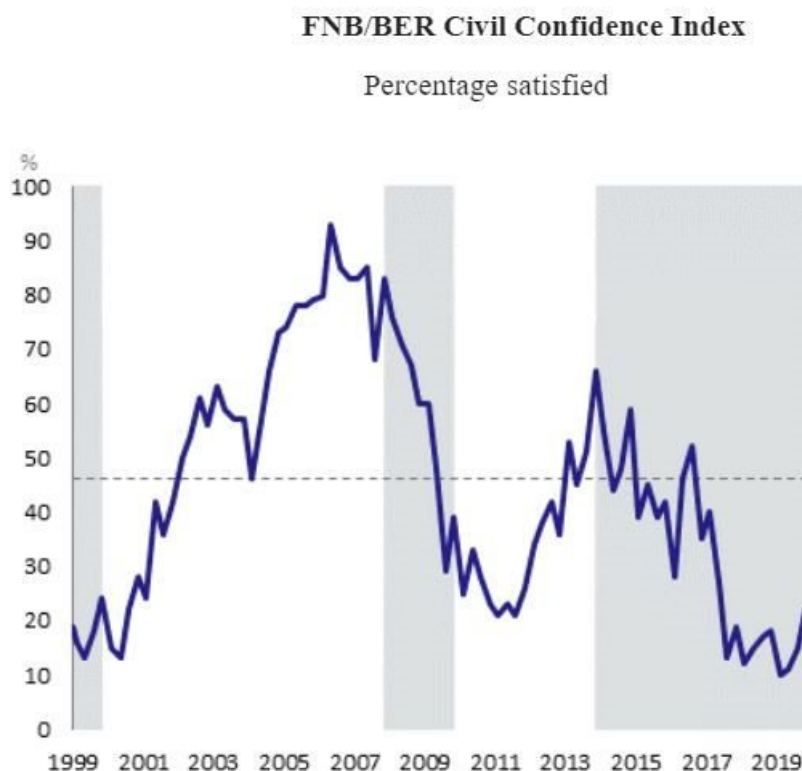


FNB/BER Civil Confidence Index 7 points up in 4Q2019

For the first time since 2Q2017, the FNB/BER Civil Confidence Index has risen above 20 points, with 22 points in 4Q2019, 7 points higher than in 3Q2019. While higher, the current index level still means that a vast majority (close to 80%) of respondents are dissatisfied with prevailing business conditions.



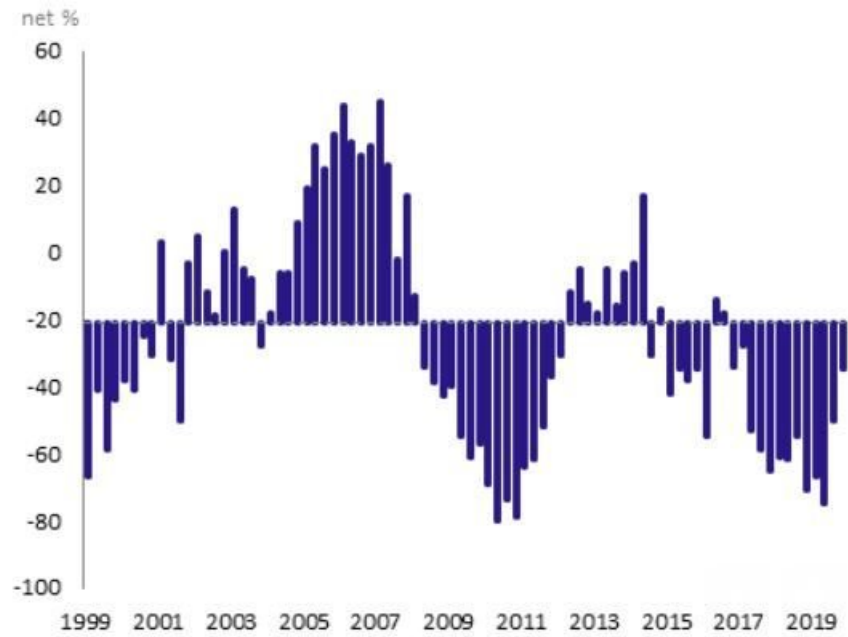
Source: BER Stellenbosch University

Confidence improved mainly due to a second consecutive uptick in activity. “Respondents already reported a noticeable increase in activity during the third quarter. A further, and also noticeable, improvement was registered this quarter. In fact, the index measuring activity is now close to its long-term average,” says Siphamandla Mkhwanazi, senior economist at FNB. According to Statistics South Africa (Stats SA), the real value of expenditure on construction works contracted by 0.4% year-on-year in 3Q2019. The survey results point toward an improvement in 4Q2019.

While activity was up, other indices - specifically those measuring tendering competition and the availability of new work - weighed on confidence. Mkhwanazi remarked that “confidence would likely have been higher were it not for the keener tendering competition and concerns regarding the availability of future work. What this implies is that the work that is currently underway is either not expected to be sustained or the growth is limited to a few firms within the sector”.

Civil construction

Growth in construction activity



Source: BER Stellenbosch University

“The results regarding the growth in activity is heartening as it suggests that there is some life within the sector. Much of this is likely in the renewable energy sector and related to the upgrading/expansion of road infrastructure. As such, it is probably not beneficial to a broad base of firms. This would explain the still tough business conditions with respect to competition and future work,” explained Mkhwanazi.

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