

Business confidence index falls further in second quarter - survey

By [Radhika Anilkumar](#) and [Sinchita Mitra](#)

8 Jun 2023

South Africa's business confidence fell in the second quarter of 2023 to the lowest in three years, dragged down by persistent power outages, rising interest rates and cost pressures weighing on profitability, a survey published on Wednesday, showed.



Source: Reuters.

The survey by the Rand Merchant Bank (RMB) and compiled by the Bureau for Economic Research showed the business confidence index dropped 27 points in the second quarter from 36 points in the previous quarter.

The survey of 1,050 senior executives added that roughly a quarter of respondents were satisfied with the current business conditions.

The manufacturing sector remained the most downbeat, with confidence at 17 points, while retail confidence declined by 14 points to 20 reflecting pressures on profitability and worsening of business conditions.

Retailers have seen their margins squeezed as they deal with price inflation that has led to consumers tightening their purse strings, with high interest rates leading to a rise in the cost of debts and local power cuts that have increased costs due to

the need to rely on back-up generators.

"It remains unclear as to what will meaningfully lift confidence over the short term, especially as load shedding could get worse over the winter months," RMB chief economist Isaah Mhlanga said in a statement.

"Some of the drivers of negative sentiment such as strained geo-diplomacy could be resolved in the coming months, while current constraints on business conditions such as load-shedding could look somewhat better in 2024 and may support an improvement in confidence over time."

While Africa's most industrialised economy has been grappling with daily power cuts lasting up to 10 hours a day, state-owned utility Eskom has warned that increased demand during the winter months might force it to implement a 16-hour power cut in a 32-hour cycle in June and July.

For more, visit: <https://www.bizcommunity.com>