



BUSINESS CONFIDENCE INDEX-SUMMARY REPORT

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Business Confidence as at June 2014 was 15.2 points above normal

The Sierra Leone Business confidence Index for the second quarter of 2014 was 65.2 index points which was 15.2 points above normal. The overall index for the second quarter of 2014 is 0.2% point below the first quarter of 2014 estimated at 65.4%. This suggests that although there is a slight decline and a continuous decline of the index since the fourth quarter of 2013, yet the sentiments of business people are stable over the period, indicating sustained confidence of the business people to continue business in the country.

The main reason for stable sentiments of business executives could be attributed to stable macroeconomic environment that currently prevails in the country- robust economic growth, declining trend of inflation, stable tax regime, and there are signs of declining interest rate in the country. This decline in interest rates, if sustained in the coming months and years, could lead to expansion in economic activities in the country as entrepreneurs may now have a more secure source of finance at a cheaper cost.

However, the recent foreign exchange control measures enforced by the Bank of Sierra Leone seemed to have contributed to a slight depreciation of the exchange rate, which could have in turn contributed to the continuous decline in the sentiment (since fourth quarter 2013) of the business executives in the country.

Figure 1: Overall Business confidence

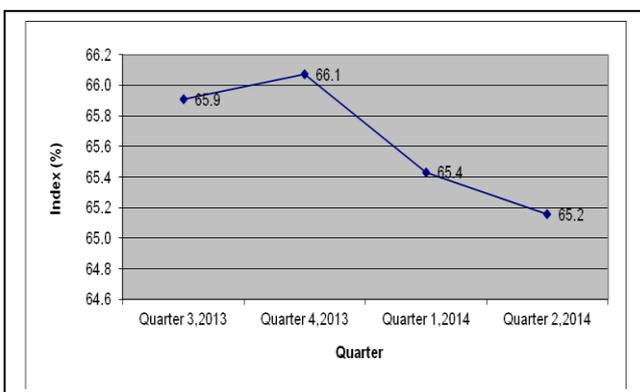
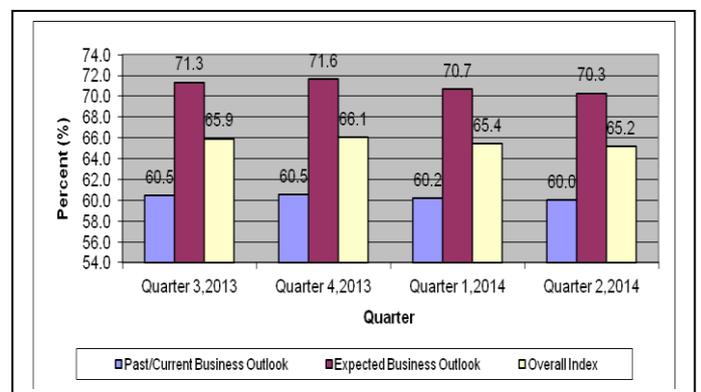


Figure 2: Type of Indices



When analyzed by industry, the index shows stable sentiments for sectors of the economy in quarter 2, 2014, when compared with quarter 1, 2014.

More information can also be obtained from our website: www.statistics.sl

For More Detailed Information: Subscribe to the Detailed CPI Report. Please Contact: The Statistician General, Statistics Sierra Leone P. O. Box 595, Tower Hill, Freetown, SIERRA LEONE Telephone: (232) 22- 223287 Call: (232) 76 – 610004 Facsimile: (232) 22- 223897 E-Mail: statistics@statistics.sl

Overall Business confidence by Sector

Quarter	Construction	Manufacturing	Other Services	Wholesale/Retail Trade
Quarter 3,2013	62.1	60.2	67.6	67.9
Quarter 4,2013	61.7	58.7	68.2	68.7
Quarter 1,2014	61.7	58.7	67.6	67.4
Quarter 2,2014	61.3	58.4	67.8	66.7

However, other services seemed to have improved slightly, while construction and manufacturing and wholesale/retail trade sentiments have slightly declined between the two quarters.

Appendix 2: Methodology Notes: The Sierra Leone Business Confidence Index measures the perception of Business Executives, Managers, and Business Owners' on current and expected developments regarding business and general economic performance. The sample size comprises of 160 kind of activity establishments divided equally among four sectors, Construction, Industry(manufacturing, mining and quarrying), Other Services(Banking, Tourism, Transport and Communication) and Whole sale and Retail Establishments and grouped by size into small scale (<10 employees) medium scale(10-49 employees) and large scale establishments(50+ employees). In each sector, the top ten establishments were purposively selected and the remaining 30 were selected using ordered probability proportional to size sampling technique. Two approaches were used to compile the indices; the balances approach(Net-Balances) and the Diffusion Indices approach. In using the Balance Approach, the positive(1), neutral(0) and Negative(-1) responses were first converted into percentages. The net balance was calculated by subtracting the negative percentages from the positive percentages. The net balances were then converted into diffusion indices. The index is measured on a scale of 0 to 100 where 0 indicates total lack of confidence and 100 indicates extreme confidence. Additionally an index of 50 means business sentiment remains stable, an index above 50 means business confidence has improved and an index below 50 means business confidence has worsened. For each sector and for each size measure, two type of indices are computed; the current outlook and the expected outlook indices. The Business Confidence Index is computed as a simple average of the current/past performance index and the business expectations index. Sector weights representing the gross value added of each sector are introduced only at the final aggregation stage.

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