



## BUSINESS CONFIDENCE INDEX-SUMMARY REPORT

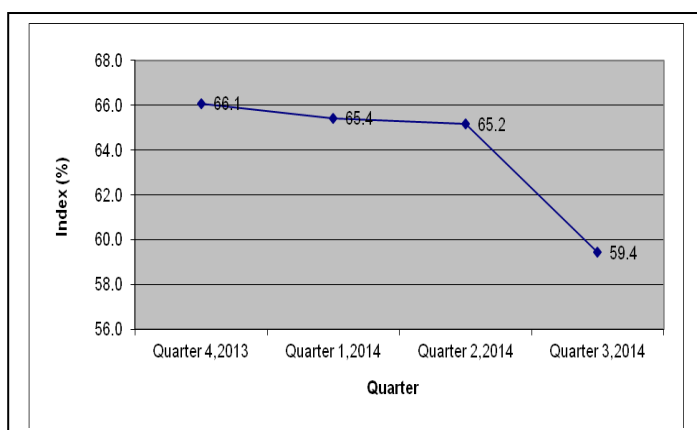
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**Business Confidence as at September 2014 was 9.4 points above normal**

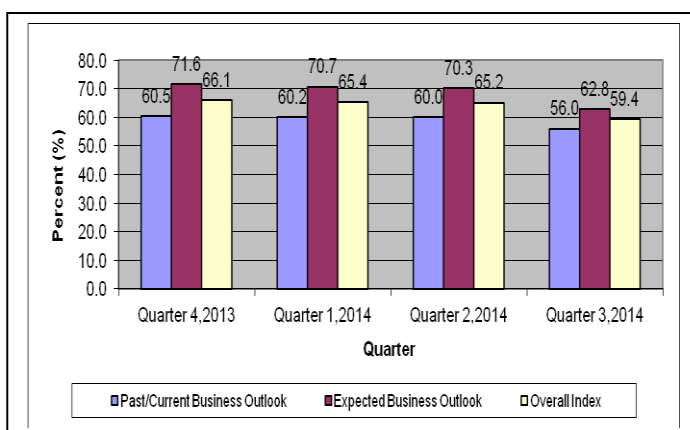
The Sierra Leone Business confidence Index for the third quarter of 2014 was 59.4 index points which was 9.4 points above normal. The overall index for the third quarter of 2014 is 5.7% point below the second quarter of 2014 estimated at 65.2%. This suggests that although the index is slightly above normal, yet there is a dip in the sentiments of business people in quarter 3, 2014, indicating a decline in the confidence of the business people to continue business in the country.

The main reason for this decline in the confidence of business executives could be attributed to the outbreak of the Ebola virus disease (EVD) in the country since May 2014. The EVD outbreak has affected the stability of the macroeconomic environment as inflation is on the rise once again and the exchange rate is increasing by the day. Economic activities have been seriously affected with the state of emergency declared in August by the President; 5 districts have been isolated and trade and other business activities restricted throughout the country. This has seriously undermined the confidence of the business community to continue doing business in the country; in fact some CEOs have temporarily left the country.

**Figure 1: Overall Business confidence**



**Figure 2: Type of Indices**



When analyzed by industry, the index shows the sentiments of business people is lower in manufacturing and construction industries (Table 1), when compared with trade and other services industries between quarter 2 and quarter 3, 2014.

### Overall Business confidence by Sector

Quarter	Construction	Manufacturing	Other services	Wholesale/Retail Trade
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
Quarter 3, 2014	55.5	54.8	59.1	63.0

More information can also be obtained from our website: [www.statistics.sl](http://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](mailto:statistics@statistics.sl)

However, manufacturing seemed to have suffered more than all the other industries. This could be a reflection of the level of impact of EVD on experienced by these industries. The EVD impact on trade seems to be less devastating when compared to manufacturing, construction and other industries

**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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