



FOR PROFESSIONALS

SINCE 1941



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## **Graduate professionals still want to remain in the country - survey**

### **Despite confidence in economy being down**

*09 September 2015:* South African graduate professionals are still confident about remaining in the country despite a drop in confidence in the economy, according to the second quarter 2015 PPS Professional Confidence Index (PCI).

The survey, which received nearly 3 500 responses, revealed a confidence level of 74% when respondents were asked how confident they were about remaining in the country, up two percentage points from the previous quarter. However, respondents' confidence in the outlook for the economy dropped five percentage points over the past quarter to 46%.

Macy Seperepere, Manager: Professional Associations at PPS, says it is encouraging that professionals' confidence about remaining in the country is on the rise again. "The findings of the PPS PCI survey are in line with a recent report by the business-oriented social media networking service LinkedIn, which found that South Africa comes 6<sup>th</sup> in the world when it comes to the number of professionals that return to the country exceeding the number of professionals leaving the same country. The data is based on the movements of LinkedIn's 300 million professional members during 2014."

When it comes to the economy, graduate professionals are just as concerned as the rest of the population about current investment market fluctuations, she says. "However, they should realise that all emerging markets are suffering under the current global economic conditions. South Africa is actually one of the better countries, with Moody's stating it is unlikely that the country will slip into a recession in 2015."

Nick Battersby of PPS Investments says that respondents' low confidence in the outlook of the economy is not surprising as the currency has been under pressure. "In US dollar terms South Africans are 25% poorer compared to a year ago and most leading indicators (new vehicle sales, short-term insurance claims) are pointing to a consumer who is feeling the pinch."

The PCI also revealed a drop in confidence levels in the outlook for equities over the next twelve months, from 58% in the first quarter of 2015 to 51% in the second quarter. Battersby says that although the recent retraction of equity markets will undoubtedly disappoint investors, it is a much-needed reality-check in that expectations are now more realistic after the recent multi-year bull market. "Equity markets have performed particularly strongly over the past five years as asset valuations have become stretched on the back of record-low interest rates, which have equally seen bond yields driven to increasingly low levels, both locally and abroad."

Battersby says it is critical that investors remain focused on their long-term goals, look past any short-term volatility and ensure they receive sound financial advice. “Volatility causes varied signals over short periods of time, sometimes within the same day even, so at these times it is especially important to stick to a long-term plan, to sensibly diversify portfolios across different asset classes in order to achieve protection should equity and bond markets re-price. In fact, diversifying across complementary asset managers with different management styles offers an additional layer of diversification.”

On the topic of unemployment improving over the next five years, the PCI recorded a confidence level of 36%, down two percentage points from the first quarter of 2015.

Seperepere states that while overall unemployment is in a dire situation at 25%, graduate professionals are the most likely to find a job as a result of their education. This is backed by the Quarterly Labour Force Survey from Stats SA, which shows that the employment absorption rate for men and women who are graduates stands at 87.7% and 82.2% respectively in the second quarter of 2015. In addition, men and women with ‘Other Tertiary’ education have an absorption rate of 77.0% and 66.8% respectively.

“While the overall confidence level of the survey was down two percentage points quarter-on-quarter to 52%, the survey does show that the majority of respondents are not planning to move abroad. It is essential that skilled professionals not only remain in the country, but that they return as well to provide essential skills,” concludes Seperepere.