



PROFESSIONALS EXPRESS INCREASED CONCERN OVER ECONOMY - SURVEY

Results from the latest PPS Graduate Professionals Confidence Index, which tracks the confidence levels of nearly 3 000 of South Africa's graduate professionals, has shown a sharp decline in confidence in the local economic situation.

The survey, which is conducted on a quarterly basis, tracks confidence levels on a variety of issues such as the economy, emigration, crime, healthcare and opportunities available in their chosen professions.

According to Gerhard Joubert, Head of Group Marketing and Stakeholder Relations at PPS, the results demonstrate that the state of the economy is one of the most pressing issues for graduate professionals currently. "Inflation remains high, putting pressure on people's finances, whilst at the same time the economic recovery appears to be tapering off with official statistics showing economic growth slowed to a two-year low of 1.3% in the second quarter."

Graduate professional's confidence in the economic outlook for South Africa over the next 12 months fell to 56% in the third quarter, from 64% in the previous three months. Also down sharply was the outlook on the local equity market, with a confidence level of 56% in the third quarter, compared to 64% in the previous three months. 59% of respondents further said they do not expect the Rand to strengthen against other major market currencies over the next 12 months.

"Professionals are less certain on the outlook of equities over the next 12 months than they were a quarter ago, and the majority felt it likely that the Rand would depreciate against other major currencies over the next 12 months," says Nick Battersby, CEO at PPS Investments. "This is despite a considerable sell-off of equities over the quarter, and the depreciation of the Rand against most major currencies."

Confidence that South Africa has seen the worst of the economic turmoil was also low at just 45%, while 71% of respondents said they expect to see a double dip recession.

"This is a considerably worse prediction than most experts, including the International Monetary Fund (IMF) which released its World Economic Outlook Report in September. While adjusting its global growth forecast downwards, the IMF still expects the global economy to grow at 4% in 2012," says Battersby.

Joubert says confidence in the government's ability to improve levels of unemployment over the next five years was the worst result of all in this period, with a confidence level of just 29%, down 13% from the 42% recorded in the second quarter.

"This is a huge drop in confidence and it likely also stems from the fact that the outlook for both the local and global economies appears to be worsening. Stats SA also revealed recently that employment contracted by 2.9% last year – equivalent to losing 395 000 jobs. This is a serious concern as the government has targeted job creation as a main priority going forward."

On the future of the health care system in South Africa over the next five years, a confidence level of 46% was recorded, unchanged from last time. But on whether the National Health Insurance (NHI) will have a positive impact on South Africa has improved to 46% from 44% last time.

"PPS has held a series of consultation sessions with our graduate professional members on NHI and they have raised some serious concerns about the lack of consultation involved in the process. Another serious concern we have picked up on is that the current issues that exist in the health care system and the proposed policy intervention have little relation to each other," says Joubert.

"Overall confidence levels arising from the survey remained unchanged at 57% in the third quarter from the second; however, it is clear from these results that professionals have some very real concerns about their own and the wider financial situation; this will most likely be an overriding issue for the remainder of the year and well into 2012."

Other results from the survey:

- Confidence of remaining in South Africa was unchanged at 81% in the second quarter
- Confidence in crime rates improving over the next five years increase to 45% from 43% in the second quarter
- Confidence in the standard of education in South Africa improving over the next five years rose to 48% from 47
- 89% of respondents said they were concerned about the rising cost of education compared with 84% previously
- Confidence about the opportunities available to practitioners working within their specific profession over the next 12 months declined to 73% from 74%
- Confidence in the protection that the Consumer Protection Act (CPA) offers their clients fell to 68% from 69% previously
- Confidence in the value that the CPA would add to their profession fell to 57% in the third quarter, from 60% in the second quarter