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## **PROFESSIONALS MORE UPBEAT ON THE STATE OF THE ECONOMY – SURVEY**

Confidence among graduate professionals\* improved in the final quarter of 2011, according to the latest results from the PPS Graduate Professionals Confidence Index, with an overall confidence level of 58%, the highest level recorded since the first quarter of last year.

The quarterly survey, which now tracks the confidence levels of nearly 6 000 of South Africa's graduate professionals, showed a marked increase across a number of areas but particularly on economic and financial matters. Confidence about the economic outlook for South Africa improved to 63% in the fourth quarter compared with 56% in the previous three months.

Confidence on the outlook for local equity markets over the next 12 months increased sharply, up to 65% in the fourth quarter from 56% previously. Also higher, was confidence that South Africa has seen the worst of the economic turmoil, up to 52% in the fourth quarter from 45% in the previous three months.

According to Gerhard Joubert, Head of Group Marketing and Stakeholder Relations at PPS, this was to be expected given the sharp volatility in equities and global economic uncertainty that occurred last year. "Confidence is still relatively subdued in these areas, probably as a result of mixed economic indicators recently, but it is pleasing to note that we are heading in the right direction."

Latest official statistics showed that inflation was unchanged at 6.1% in December, exceeding the Reserve Bank's target of 6% for a second month. However, in a sign that the

economy is picking up, borrowing by households and businesses rose 6.2% year-on-year in November, the fastest pace since April 2009.

The Reserve Bank also cut its economic growth forecast for the current year to 2.8% from 3.3%, previously, while the forecast for 2013 was revised downwards to 3.8% from 4.2%. Joubert notes the government has said the economy needs to expand at 7% in order to meet its goal of creating 5 million new jobs by 2020. "Given the current economic uncertainty globally, it is unsurprising that economic growth remains relatively slow, but this is worrying given the necessity of faster growth in order to fuel job creation.

The survey results show that among professionals, confidence of an improvement in unemployment over the next five years increased significantly to 44% in the fourth quarter from 29% previously. Joubert says this is very positive news but notes that the figure is still low, in line with previous results. "Professionals were particularly pessimistic during the third quarter of 2011, so while it is encouraging to see confidence levels increasing, we must also bear in mind that this comes from a low base and is more in line with levels recorded earlier in 2011."

"Slower growth and rising inflation is a concern but much of the economic confidence in a local context is also dependent on what is happening globally. Once there is more clarity on certain issues, such as the debt crises in the eurozone – a major trading partner of South Africa – we are likely to see these confidence levels continue to increase."

Graduate professionals' confidence about remaining in South Africa for the foreseeable future also increased to 83% from 81% previously.

Joubert says this is particularly important as it is crucial for South Africa to retain skilled professionals in key occupations such as dentistry, accountancy, engineering, medicine and law, many of which have a skills shortage.

“Overall confidence levels are increasing among graduate professionals. However, there remains a very clear split between professional’s confidence in the economy and their own circumstances compared with their confidence on wider issues such as education, healthcare and crime, which continue to remain major concerns.”

**Other results from the survey (Q4 2011 versus Q3 2011):**

- Confidence about the opportunities available to practitioners working within their specific profession over the next 12 months rose to 75% from 73%.
- Confidence that the Consumer Protection Act will protect the interest of their clients rose to 70% from 68%.
- Confidence in the value that the CPA would add to their profession rose to 61% from 57%
- Confidence in crime rates improving over the next five years increased to 46% from 45%
- Confidence in the standard of education in South Africa improving over the next five years remained unchanged at 48%
- 90% of respondents said they were concerned about the rising cost of education compared with 89% previously

**\*Total respondents via profession:**

Profession	qty	%
Accountants	576	10
Engineers	827	14
Legal	571	10
Medical	1616	28
Other	2190	38
	5780	100