

## ***CONFIDENCE DIPS AS ECONOMY FACES UNCERTAIN TIMES***

*Prague, 13 October 2015 – Challenges including fears of a Eurozone Grexit; an escalating refugee crisis; and disappointing growth in China have dented confidence in the latest Deloitte CE Private Equity Confidence Survey. Crucially, despite a dip, deal-doers remain bullish on deal-doing.*

A drop in confidence sees the index at its lowest level for three years. Uncertainty regarding the economic climate is largely behind this dip, with the index and economic expectations long linked in the Survey's 13-year history. It is therefore encouraging that deal-doers remain upbeat about new deals in the coming months, and testament to private equity's ability to invest across all cycles.

Europe's economic and political backdrop have brought the index down, with a third of respondents expecting conditions to worsen – in stark contrast to the spring, when nearly the same percentage expected an improvement. Despite this, deal-doers are upbeat about new deals, with 50% intending to buy more than they sell in the coming months – more than double last survey's figure. Garret Byrne, Deloitte Partner and Private Equity Leader, says that "The CE PE market now has a solid two decades of experience behind it. This means it graduated from emerging status long ago, with seasoned deal-doers now extremely capable of spotting counter-cyclical opportunities in a down market."

This confidence may be down to increased expectations of liquidity, with 53% of professionals expecting leverage to be more available over the coming months, the highest level since 2006. "This is very encouraging news and a large uptick on the 33% in the last survey. Finance is indeed available for the right companies, and the types available are increasingly sophisticated, whether from banks or funds."

There is also renewed optimism in the start-up scene, with a tenth of respondents expecting start-ups to be the most competitive assets. "This represents the highest figure ever recorded by our survey. It is not entirely surprising, given a handful of venture funds announcing closes in the last two years. CE has spawned a number of first-class start-ups, many of which have grown to world leaders under the tutelage of private equity backing. We look forward to working with such businesses in the future."

*For full survey results, please click [here](#).*