

**MEDIA RELEASE**

## Businesses shrug off political uncertainty, expectations surge to a 15-year high

### Monthly BEX update: Interim results, December Quarter 2018

**11 September 2018** – Favourable employment figures, an upturn in retail spending and on-going record low interest rates have led to a 15-year high in [illion’s](#) Business Expectations Index, released today.

The analysis, which measures the outlook for sales, profit, employment and capital investment, showed a positive increase across all components.

illion Economic Adviser, Stephen Koukoulas, said despite the positive outlook, there is a risk the buoyant business mood could be undermined by continued political and policy uncertainty.

“Historically, illion’s survey suggests that elections, particularly where there is a likely change of government, hurt business confidence. The next survey of business will be closely watched for any evidence of downside.”



The analysis showed the actual level of business conditions also rose to a 14-year high, which is important as it is a precursor to gross domestic product data over the next two quarters.

Mr Koukoulas continued, “Most encouraging is a further rise in expected employment and a strong increase in expected capital expenditure. We expect further gains in employment are likely in the coming months.

“The slump in private sector business investment has been an area of economic weakness in recent times. There is some evidence of a turning point in investment since late 2017, and the business expectations data suggests there should be a further lift in capital expenditure over the remainder of 2018.

“As has been the case for the past year, and an issue important for the RBA and interest rate risks, expected selling prices continued to increase. If these expectations for higher selling prices show up in higher official inflation in coming quarters, the RBA expectation for an interest rate hike will gain credence.”

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**Media enquiries**

[publicrelations@illion.com.au](mailto:publicrelations@illion.com.au)

**About the illion Australian Business Expectations Survey**

Each month, illion asks a sample of executives if they expect an increase, decrease or no change in their quarter-ahead sales, profits, employees, capital investment and selling prices compared with the same quarter a year ago. The executives are also asked for actual changes over the twelve months to the latest completed quarter. In this issue, the final indexes for the latest quarter are based on approximately 800 responses obtained during July and August 2018.