

MEDIA RELEASE

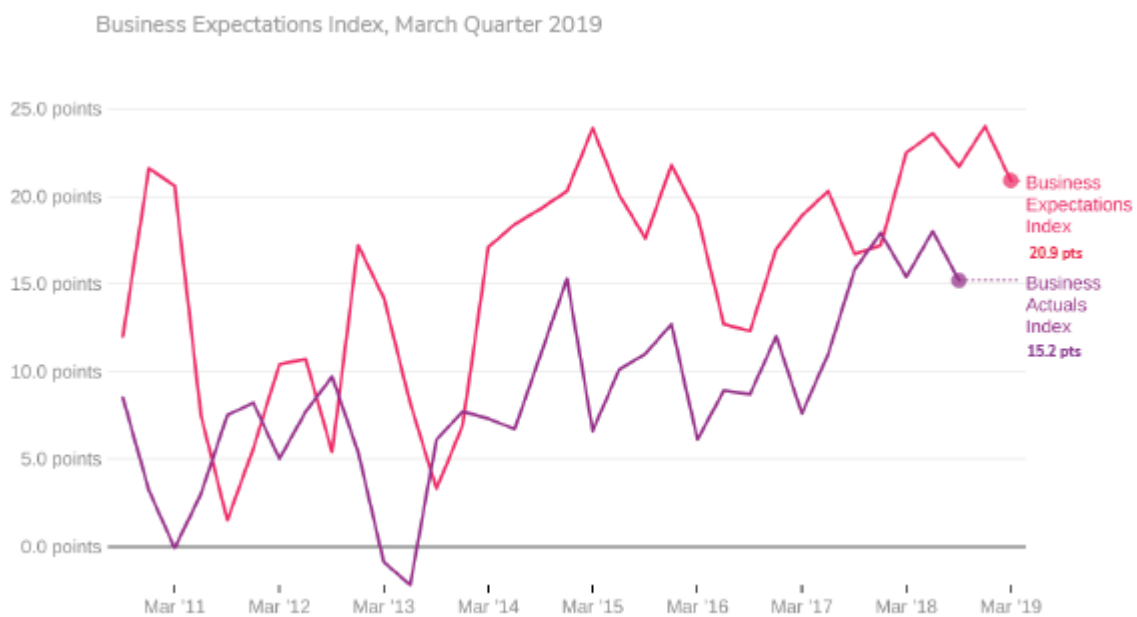
Business confidence plummets

- **Business Expectations for March Quarter 2019 down 7.1 per cent**
 - **Optimism at lowest point since August 2017**

15 January 2019 – Business confidence for the first quarter of 2019 has collapsed, according to illion’s latest Business Expectations analysis.

The Business Expectations Index for the March quarter stands at 20.9 points, down 7.1 per cent year-on-year and the lowest level since the December 2017 quarter.

The outlook for sales, profits, employment and investment all fell sharply lower compared to the prior year, while actual results were also down for the September quarter of 2018.



illion CEO Simon Bligh said the latest results suggest widespread uncertainty across the Australian business landscape, fuelled by local and global issues.

“Several factors are driving business uncertainty. In the short-term we have an approaching federal election and the final report from the Royal Commission. These could potentially start a chain reaction beginning with business regulations and the availability of credit, and ultimately impact residential house prices and consumer confidence, which are already struggling,” Mr Bligh said.

“Globally, market upheaval in the US, Europe and Asia has continued into the new year. Additional unknowns in the form of a US government shutdown, Brexit and China’s weakening economy all appear to be feeding a ‘wait and see’ approach to decision making,” he added.

The percentage of businesses with an optimistic outlook for the new year fell to its lowest level since August 2017. Manufacturers were particularly downbeat, reporting a 32.4 per cent annual decline for expected sales in the March quarter. Cash flow concerns were a key issue for businesses operating in the construction sector, with 29.3 per cent naming this as the issue most likely to impact growth in the coming year, compared to 20.3 per cent in the prior corresponding period.

illion Economic Adviser Stephen Koukoulas observed the latest results suggest a challenging start to the year, as policymakers and business owners try to navigate the fluctuating economic climate.

“It is likely that economic performance over 2019 will significantly undershoot the latest forecasts from the Reserve Bank of Australia. Any further downturn in business expectations will raise the possibility of significantly weaker economic conditions,” he said.

“The slowdown in the economy is beginning to affect business optimism. While not at levels which would signal a hard landing for the economy into 2019, the rising pessimism is pointing at a clear downside risk if the trend continues.”

-ENDS-

Media enquiries

David Kemp, Head of Communications

david.kemp@illion.com.au

03 9828 3329