

MEDIA RELEASE

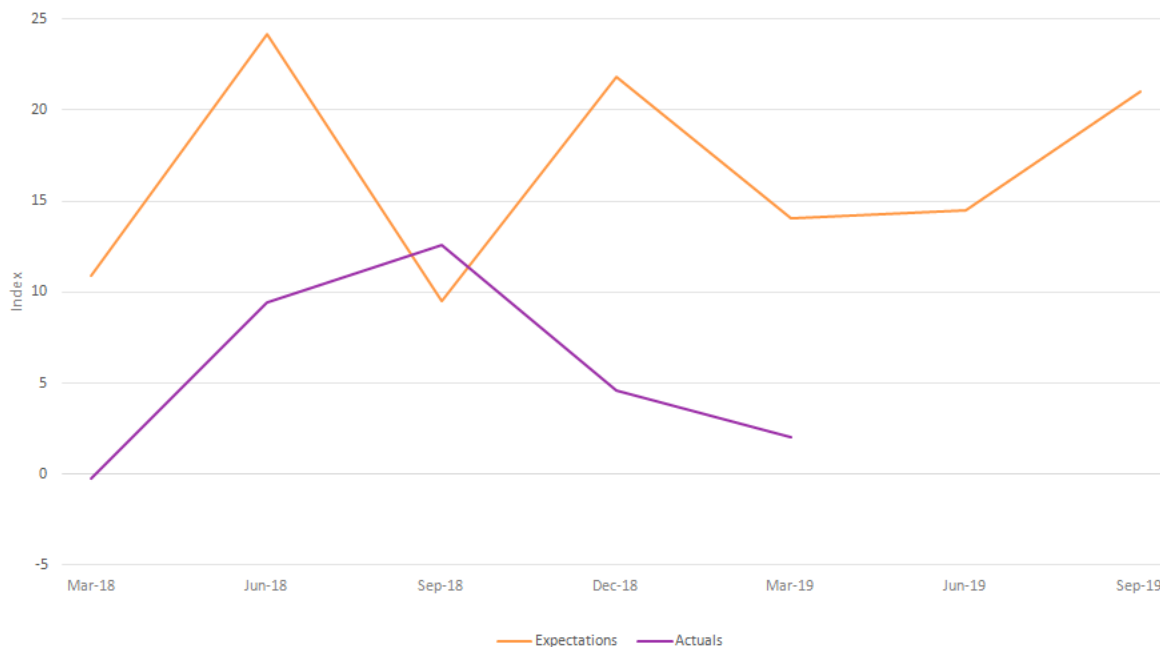
Retail sector a ray of sunshine amidst the gloom

6 August 2019: The latest illion Business Expectations report has revealed the retail sector is more upbeat about trading conditions than any other sector.

illion’s survey of more than 1,200 business owners and executives found retailers bucked wider negative trends across the overall business sector, with Australian retail businesses 120% more positive than this time last year, and almost 50% more positive than last quarter.

“In recent years, retailers have been hit hard by cautious consumers, weak wage growth, high debt and low savings. It looks like the sector is now bouncing back, driven by record interest rate cuts, a bottoming in the housing price market and a pick up in real wage growth,” said illion CEO Simon Bligh.

Retail – Expected and Actual performance



“The retail sector – which employs nearly 1.3 million Australians¹ – is a lead indicator for overall economic performance, and if these expectations solidify into actual performance, we could be looking at the beginnings of a very real improvement in economic conditions in the third or fourth quarter of 2019,” said Mr Bligh.

¹ Department of Employment, Skills, Small and Family Business

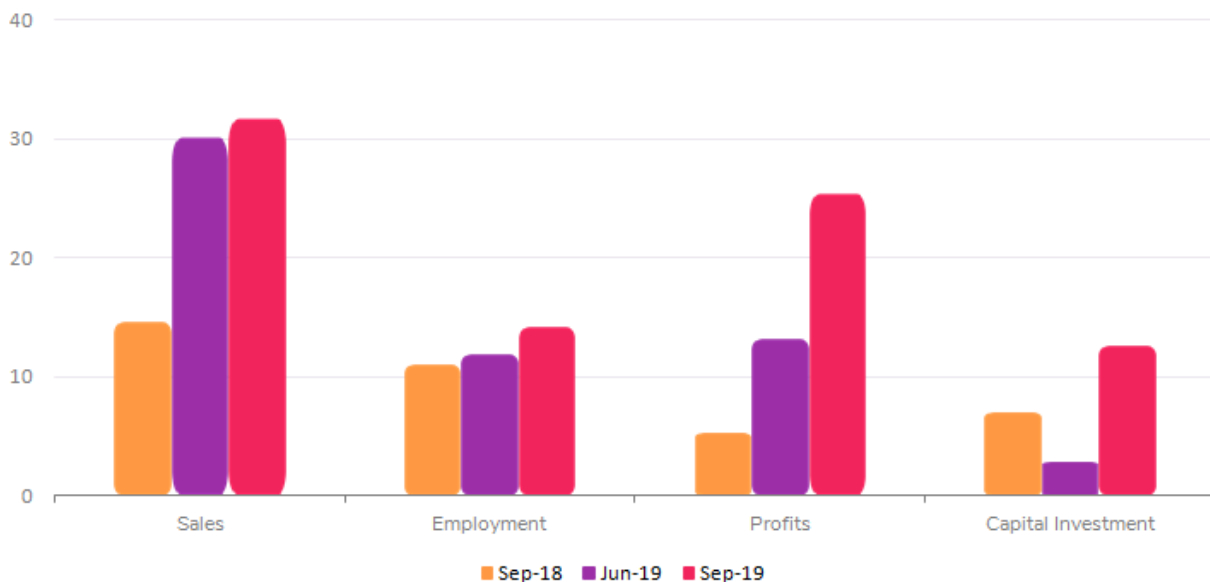


illion economic advisor Stephen Koukoulas believes the sharp improvement in retail expectations, particularly in sales and profits, could certainly set a more positive tone for the overall economy.

“The improved retail forecast supports the RBA’s own expectations of a pick-up in consumer spending and the overall economy in late 2019 and over 2020.

“The imposition of GST on online retailers overseas could have improved the outlook from local retailers, as consumers switch back to local suppliers. It is noteworthy too that online retail sales are continuing to grow, and in May 2019 made up 6.2 per cent of all transactions, up from 5.6 per cent a year earlier,” said Mr Koukoulas.

Retail expectations – quarterly and year-on-year comparisons



In contrast to retail, other business sectors are reporting a grim outlook for the remainder of 2019. illion’s latest Business Expectations index now stands at 19.7 points, down 4 per cent from the previous quarter and 9.3 per cent compared with the year-earlier period, marking its lowest point since December 2017. The Actuals index was hit even harder, with declines of more than 50 per cent on both a quarterly and year-earlier basis.

“The Liberal victory in the May Federal Election produced no tangible change in the final month of the September quarter survey. The uptick that was forecast in the case of a Liberal win may have been offset by increasing concern over the Australian dollar, which is now at a ten-year low, while uncertain conditions in the global economy will also continue to be a factor for Australian businesses throughout 2019,” concluded Mr Bligh.



Key highlights from the report

- Retail expectations for the September 2019 quarter up 120% year-on-year, and nearly 50% from the previous quarter
- All economic indicators in the retail sector – sale, employment, profits and investment – are up significantly on both a quarterly and annual basis
- The overall Expectations index – which represents the combined outlook across all business sectors – is down slightly compared with the prior quarter and the year-earlier period, while the Actuals index has plummeted
- Employment and capital investment are areas of concern for Australian businesses, with significant declines across both measures
- Businesses across all sectors are growing increasingly worried about the weakening Australian dollar

illion's quarterly Business Expectations report shows forecasts to the September 2019 quarter. It is one of the most respected indicators of sentiment and forecasts across the country, and helps leading organisations plan for economic trends.

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 indices for the latest quarter are based on approximately 1,200 responses obtained during April, May and June 2019.

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About illion:

illion is the leading independent provider of trusted data and analytics products and services in Australia, with the company's consumer and commercial registries representing a core element of Australia's financial infrastructure.

We leverage consumer and commercial credit registries, which comprise data on over 24 million individuals and over 2 million commercial entities, to provide end-to-end customer management solutions to clients in the financial services, telecommunications, utilities and government sectors.