

MEDIA RELEASE

Outlook on sales, profits muted: illion Business Expectations Survey

1 May 2018 – Australian business leaders’ expectations for sales and profits in the September quarter have stalled according to [illion’s](#) latest Business Expectations analysis. In the light of the nation’s moderate economic growth, soft inflation figures and flat-lining profit growth, the economy may be reaching a turning point.

The Business Expectations Index flat-lined at 23.5 points, following the previous quarter’s three-year high of 23.6 points.

illion CEO Simon Bligh said business confidence remains healthy but pockets of weakness are emerging after a strong start to the year.

“The banking royal commission could have far-reaching consequences for the Australian economy. We may see a tightening in the availability of credit for both business and consumers as financial institutions reassess their lending processes. This could have flow-on effects for investment planning, demand for goods and services, employment and, most significantly, the housing market.”



Stephen Koukoulas, illion Economic Adviser, said it is too early to say there is a weakening trend, but another few months of weakness would be disconcerting.

“Current sentiment may be linked to policy uncertainty, including some of the fallout from the banking royal commission. On a positive note, the analysis reveals business leaders are expecting to increase capital expenditure and create more jobs.”

Across the sectors, retail expectations have slumped to a two-year low at 8.3 points, down 10.9 per cent year-on-year. In contrast, the construction sector has seen significant improvement, with expectations rising to 27.7 points, up 141.1 per cent compared to September 2017.

Mr Koukoulas continued, “After a more upbeat view around Christmas and the new year, expectations for the retail sector have nosedived. Consumers remain cautious, with weak wages growth and the fallout from declining house prices in the main capital cities likely weighing on the retail sector.”

The illion Business Expectations Survey Prelim report for Q3 2018 is available [here](#).

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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 preliminary indexes for the latest quarter are based on approximately 407 responses obtained during April 2018.