

Business confidence down: illion Business Expectations Survey

3 July 2018 – Business confidence is faltering, particularly among leaders in retail and the construction and services sector, according to illion’s latest Business Expectations analysis.

The Business Expectations Index for the September quarter now stands at 21.7 points, down 8.3 per cent from the previous quarter, but up 29.6 per cent compared with the same period last year.

illion CEO Simon Bligh said the threat of global trade conflicts is contributing to a renewed fall in business confidence.

“Trade risks have intensified over the past few months and business leaders, particularly those with a heavy focus on export markets, are watching these developments closely. Economic data also continues to remain mixed, both in Australia and abroad, and we are seeing leaders take a cautious approach to spending and investment in these uncertain times.”

Business Expectations Index – Q3 2018



illion Economic Adviser Stephen Koukoulas said there are further signs of a cooling in the economic outlook, with the analysis pointing to a softer September quarter for the economy.

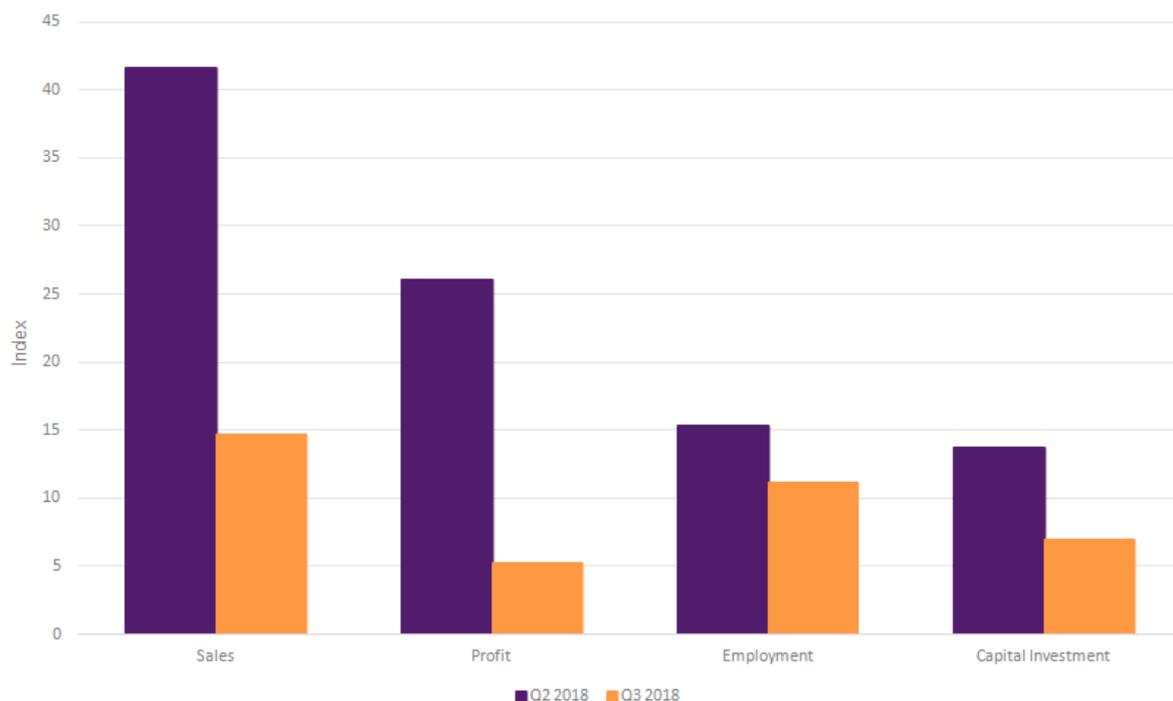
“The outlook is not yet a concern, but there has been a clear downturn in business expectations for the trifecta of sales, profits and selling prices, which are the key drivers of the macroeconomic conditions in the economy.”

Sales and profit indices saw significant declines across both expected and actual figures.

Mr Koukoulas said, “It is likely that the broadly-based decline in the housing cycle and on-going concern about household spending and weak wages growth have weighed on the outlook. This mix of news is all but certain to see the Reserve Bank hold official interest rates steady for the next few months, and if there is any further loss of momentum in coming months, the door may open for an interest rate cut. This would be especially the case if expected selling prices, inflation in other words, fall further.”

The analysis also showed the retail sector reported significant declines across all indices over the September quarter, particularly profit expectations, which plummeted 79.8 per cent on a quarter-on-quarter basis.

Retail – Expectations



Mr Koukoulas said, “The retail sector is the main area of concern with both expectations and the actual performance falling sharply. Actual sales were reported to be below zero, which is the first time it has been this low in nearly four years. The gloomy outlook for the retail sector also showed up in expected employment, which fell over 27 per cent in the last quarter.”

The illion Business Expectations Survey Final 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 final indexes for the latest quarter are based on approximately 1,200 responses obtained during April, May and June 2018.