

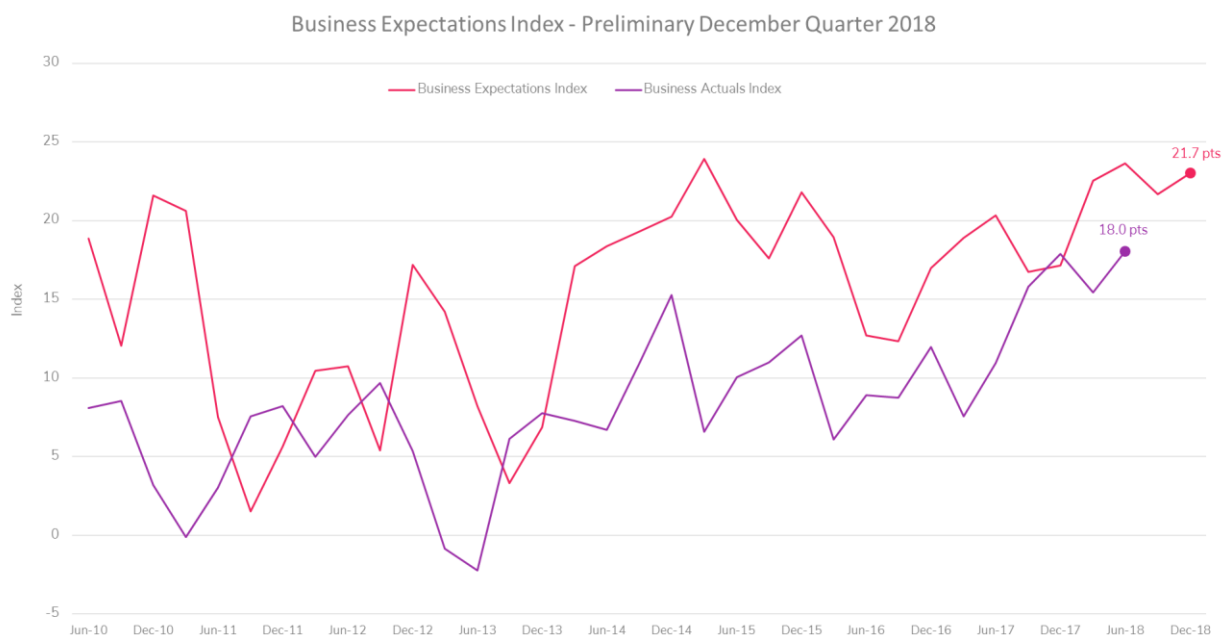
MEDIA RELEASE

Business Reports 16.9% Rise in Actual Results

Monthly BEX Update: Preliminary results, December Quarter 2018

- **Business Expectations Index for December Quarter up 6.2 per cent QoQ**
- **Business Actuals Index for June Quarter up 16.9 per cent QoQ**

7 August 2018 – Australian business had a strong first quarter of 2018, according to illion’s latest Business Expectations analysis. The Business Expectations Index – measuring the outlook for sales, profit, employment and capital investment – also rose between quarters.



illion Economic Adviser Stephen Koukoulas said the confident outlook painted a picture of solid expansion in the economy into the second half of 2018, noting the results for actual activity were also positive.

“The June quarter results suggest the official GDP data for that period, which are due in September, will register solid growth. The upbeat view of business expectations was broad-based, with expected sales and profits both rising and the outlook for employment also positive. This fits with the run of recent official labour force data that surprised many market forecasters with a strong rise,” Mr Koukoulas said.

Mr Koukoulas added that selling prices offered a note of caution, having picked up in the most recent quarter to the highest level since 2015.

“While the official data on inflation shows price pressures are well contained, businesses are expecting selling prices to increase over the second half of 2018. The RBA has given a strong view that the next move in official interest rates is more likely to be up than down, and it appears to be waiting for wages and inflation pressures to pick up before acting on this bias. The next official inflation data will be closely watched for any evidence of rising inflation pressures.

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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 400 responses obtained during July 2018.