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ST.GEORGE - ACCI BUSINESS EXPECTATIONS SURVEY

Business Conditions Upbeat - Highest In Eight Years

The St.George-ACCI Business Expectations Survey for August 2007 has found that general business conditions have risen to their highest level in eight years, with investment in plant and equipment also at record highs. Wages growth eased along with employment growth however both are well above their five-year average. Sales revenue is up from the March quarter, and is expected to rise further. Expectations for General Business Conditions over the next quarter indicate even stronger growth.

Mr Peter Hendy, Chief Executive, Australian Chamber of Commerce and Industry, commented:

“The survey data showed continuing strengths in the Australian economy and tightness in the labour market with employment growth remaining high. In addition, overtime also rose significantly, indicating businesses are likely to be operating understaffed. In order to allow continuing growth in the Australian economy, ACCI is in support of the skilled migration program, however that should not detract from a long term, well funded education and training program aimed at increasing the skills and participation of the Australian workforce. As yet we do not think a case has been made for an increase in interest rates in the near term.”

Mr Steve Ryan, Chief Economist, St George commented:

“The bounce in business confidence in the June quarter is very encouraging. Best of all, this seems to be occurring without undue inflationary pressure. The survey also showed that business investment should remain solid in the months ahead, which will help keep inflationary pressures down. The outlook for export growth was steady but the recent fall in the Australian dollar may well see exports improve slightly.”

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