

News release

Australian business optimistic while global confidence on a knife edge heading into 2012

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Global business confidence is balancing on a knife edge heading into 2012, but Australian business owners remain largely optimistic, according to new figures from Grant Thornton's International Business Report (IBR).

The latest research shows that Australian business optimism in the fourth quarter of 2011 stands at net 24%, while global optimism and pessimism are finely balanced at 0%.

Bill Shew, Partner of Privately Held Business at Grant Thornton Australia said, "Australian entrepreneurs are hard-wired to be optimists. They are pushing forward and looking for business growth despite uncertain economic conditions overseas."

A shortage of skilled workers continues to be the most common constraint on Australian business expansion. According to Bill Shew, "Employers are still looking to entice good people to join their businesses and retain high performing employees with salary increases. 82% of business owners expect to increase salaries in the coming year, while 25% expect this increase to be greater than inflation."

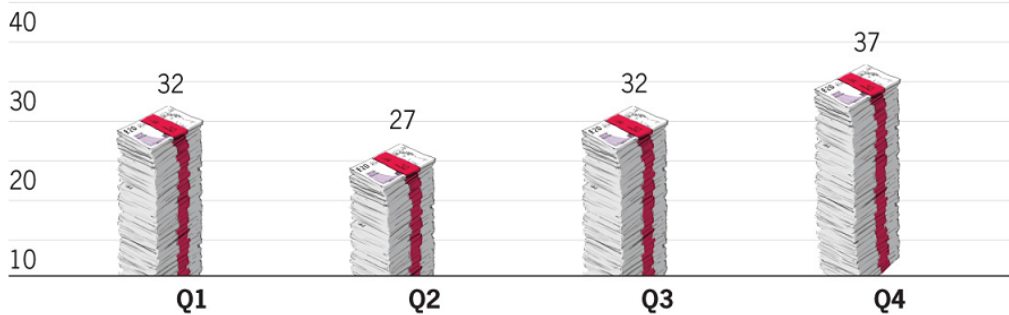
The global economic outlook is dominated by the crisis in the eurozone. While the optimism of Australian business owners has declined slightly during the last quarter they remain more positive about the future than their counterparts in many other parts of the world.

The regional picture is nuanced. Business owners in the Asia Pacific continue to become more pessimistic than they have been in previous quarters (-9% down from -7% in the previous quarter). North America, however, (up from 3% to 6%) has shown significant improvement over the last quarter. At the global level, this has been offset by a large drop in Europe where optimism fell from 0% to -17% in Q4. In the eurozone optimism fell from 2% to -16%.

The research also suggests global trade is suffering. Having risen by 10 percentage points in Q3, the proportion of businesses citing a shortage of orders in Q4 remained steady in Australia, but rose again by five percentage points to 37% globally. This result was largely driven by an increase of nine percentage points across the eurozone, but businesses in North America (up seven) and the BRICs (up four) are also suffering. Australian businesses are expecting to see a decrease in exports over the coming year (down seven percentage points on the prior quarter to just 9%).

Global trade slowing

Percentage of businesses citing shortage of orders/reduced demand as a constraint on growth



Source: Grant Thornton IBR 2012

Bill Shew added, "Policymakers in Europe have some job on their hands in 2012. The concern for businesses is that a focus on austerity rather than economic growth is damaging their own growth prospects, as well as those of their trading partners in Australia and around the world. Certainly, the resolution of the crisis and securing the future of the euro is top of their New Year's wish list."

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Notes to editors

The Grant Thornton International Business Report (IBR) provides insight into the views and expectations of over 11,500 businesses per year across 40 economies. This unique survey draws upon 20 years of trend data for most European participants and nine years for many non-European economies. For more information, please visit:

www.internationalbusinessreport.com.

Data collection

The research is carried out primarily by telephone interview lasting approximately 15 minutes with the exception of Japan (postal), Philippines and Armenia (face to face), mainland China and India (mixture of face-to-face and telephone) where cultural differences dictate a tailored approach. Telephone interviews enable Grant Thornton International to conduct the exact number of recommended interviews and to be certain that the most appropriate individuals are interviewed in an organisation which meets the profile criteria.

Data collection is managed by Grant Thornton International's core research partner - Experian. Questionnaires are translated into local languages with each participating country having the option to ask a small number of country specific questions in addition to the core questionnaire. From 2011, fieldwork takes place on a quarterly basis every quarter with fieldwork lasting approximately one month and a half.

Sample

IBR is a survey of both listed and privately held businesses. The data for this release are drawn from interviews with 2,800 businesses across the globe conducted in November/December 2011.

The target respondents are chief executive officers, managing directors, chairmen or other senior executives (title dependent on what is most appropriate for the individual country) from 40 economies primarily across five sectors: manufacturing (25 per cent), services (25 per cent), retail (15 per cent) and construction (10 per cent) with the remaining 25 per cent spread across all sectors.

Locally, the sample tends to cover the sectors mentioned previously, with some countries being able to have local valid data for specific sectors or regions when the sample size is large enough.

Group/region	Economies included in IBR
Asia-Pacific (APAC)	Australia, Hong Kong, India, Japan, China (mainland), Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam
Association of Southeast Asian Nations (ASEAN)	Malaysia, Philippines, Singapore, Thailand, Vietnam
BRIC	Brazil, Russia, India, China (mainland)
European Union (EU)	Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Spain, Sweden, United Kingdom
G7	Canada, France, Germany, Italy, Japan, United Kingdom, United States of America
Latin America	Argentina, Brazil, Chile, Mexico, Peru
Nordic	Denmark, Finland, Sweden
North America	Canada, United States of America
Other	Armenia, Botswana, Georgia, South Africa, Switzerland, Turkey, United Arab Emirates

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