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MEDIA RELEASE



January 24, 2012

ACCI SURVEY OF INVESTOR CONFIDENCE

FLAGGING BUSINESS CONFIDENCE

The January 2012 *ACCI Survey of Investor Confidence* shows that most actual and expected business indicators remained relatively unchanged, if not lower, over the December 2011 quarter, amidst concerns about European sovereign debt crisis, the slowdown in the Chinese economy and the underlying weakness in Australian non-mining industries. With the exception of *Expected Unemployment Rate*, all indicators have fallen below their five year averages over the quarter.

The current indexes of *Own Business Conditions*, *Sales* and *Profitability* stabilised around their historic low levels over the December quarter, while the reading of expectations indicates that businesses remain pessimistic about their own trading conditions and business performance over the first quarter of 2012.

While the actual indicators for *National Economic Conditions* and *Climate for Investment* remained relatively unchanged, their expectation indicators have edged lower over the December quarter indicating businesses are expecting a further slowdown in the domestic economy which will further dampen business investment plans.

Business Taxes and Government Charges remained the largest constraint on business investment for the 14th successive quarter. Soft domestic demand and

weak business sentiment have caused *Insufficient Demand* to increase from the fifth to the second largest constraint on investment, and *Local Competition* to rise from the seventh to the fourth position.

Mr. Greg Evans, Director of Economics and Industry Policy at ACCI commented:

“This Survey highlights that business expectations for 2012 continue to decline. It is alarming that business hiring intentions for the first half of 2012 has fallen to its lowest level in the Survey's 14 year history.

“Mainstream business including the manufacturing sector are being impacted by the strong domestic currency and weaker demand circumstances. In these circumstances reducing cost pressures is becoming more critical with this survey showing business taxes and government charges are the number one constraint on investment.

“Lowering the overall tax burden, including abandoning the carbon tax needs to be on the agenda.

The Survey covered the three months to December 2011 and had 773 respondents. A full copy of the Survey is available [here](#) or on the ACCI website at: <http://www.acci.asn.au>

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