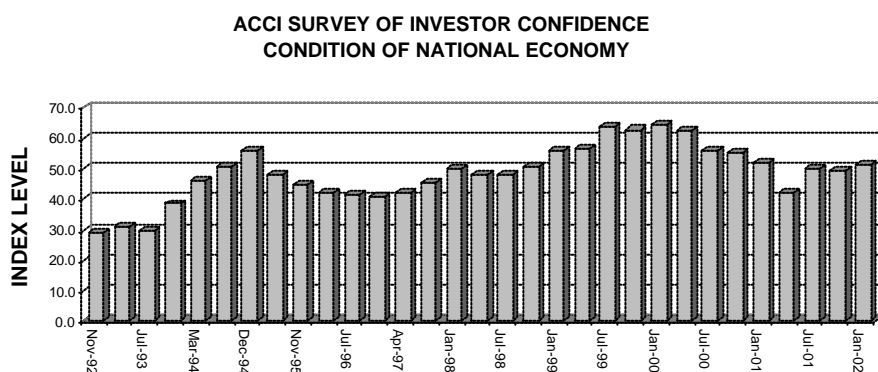


**AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY  
SURVEY OF INVESTOR CONFIDENCE  
January 2002**

**ECONOMY IN HOLDING PATTERN**

The results of the January 2002 *Survey of Investor Confidence* were mixed. Business conditions and confidence improved to some extent but the data show that conditions were relatively flat in the latest survey. The relatively unchanged result in overall conditions was emphasised by the low levels of investment over the quarter. The January survey results are consistent with a cautiously optimistic upward trend in domestic economic conditions.

One of the unique features of this survey is that it asks respondents to discuss in depth both their views of the national economy and the condition of their own enterprises. The data on business expectations for the national economy improved, with business expecting the economy to expand modestly but at a level that will not contribute to falling unemployment. It is interesting to point out that, the data on interest rates show that there is a high degree of uncertainty amongst businesses on the direction of monetary policy. The data on respondents' own firms tends towards a degree of optimism with businesses indicating a positive position for both actual and expected business conditions.



The Index of Economic Activity (depicted in the above chart) rose in the January 2002 survey. The index is now at 51.3, up on the 49.2 recorded in the previous survey but slightly below the 51.8 for the same quarter a year ago. The chart shows that despite the improvement in the index, activity remains well below the peak from the January 2000 survey.

The average index level of impediments to investment increased during the January survey, with Business Taxes and Charges again the largest constraint. Labour related constraints were also considered major impediments to investment.

## **Overall Economic Conditions**

Operating conditions for business were, on average, only satisfactory during the period, however, the index on Overall Business Conditions became positive for the first time since January of 2001. Moreover, the latest survey data indicate that business confidence for the period ahead has improved, with the index on the Trend in Overall Business Conditions also increasing to positive levels.

However, of particular concern, is that the improvement in overall business sentiment was not matched by the data on the climate for investment. The index on the climate for investment remained negative, as did the index on the trend in investor confidence. Critically, the majority of respondents indicated that they expected investment within their own firms to remain at about the same level as their current levels. Given the poor levels of reported investment it is imperative that monetary policy be directed towards increasing business investment.

On a more encouraging note, current business conditions within respondents' own firms [Table 13] improved. It should, however, be noted that although the index remained positive, it was slightly lower than the previous quarter. The index on trend in national business conditions within respondents' own firms also improved during the period.

In regard to conditions within their own firms, respondents indicated that on average their hiring intentions were flat. Nearly two thirds of respondents indicated that the number of full-time employees is expected to be unchanged over the next six months.

## **Climate for Investment**

The climate for investment was seen as generally poor during the survey period despite the reductions in interest rates over the last year. Moreover, the trend in investor confidence was virtually unchanged.

The index on Investor Confidence, which shows the climate for investing in the national economy, was 46.6 in January 2002, up only slightly from the 46.0 recorded in the previous period, but below the 47.0 recorded one year ago. The index for the trend in investor confidence [Table 4], although rising over the quarter, remains at a less than satisfactory level.

## **The National Economy**

The Index of Business Confidence [Table 1] rose slightly to 51.3 in January, up on the 49.2 recorded in the previous survey but marginally lower than the index level of 51.8 recorded during the corresponding quarter of last year.

### **(i) GDP [Table 5]**

The index on the Growth in Output improved in the most recent period with the index recorded at 49.6 well up on the 40.5 recorded in the October 2001 survey and on the 39.3 recorded one year ago. Despite the rise of the index, the level near fifty implies that respondents believe that the growth in GDP will be unchanged over the next twelve months.

### **(ii) Business Investment [Table 6]**

The index on Business Investment improved marginally during the most recent survey. The index was recorded at 46.0 up on the 41.6 recorded in the previous survey and up on the 42.1 recorded in the corresponding quarter of last year. Business investment remains weak and has now been recorded at unsatisfactory levels since the July survey of 2000. There were 28.5 percent of respondents who indicated that growth in business investment would be lower or much lower during the period while only 16.4 percent who expected investment to be higher.

### **(iii) Prices [Table 7]**

Expectations are that the price level will remain relatively flat during the period ahead with the index on the Movement in Prices falling to 53.0 from the 59.2 recorded in the previous survey. The index on the price level during the latest period is also lower than that from the corresponding period of last year, when an index level of 57.0 was recorded.

### **(iv) Unemployment [Table 8]**

The latest survey shows a continued expectation for further increases in the rate of unemployment in the period ahead despite the fall in the index level. The index fell to 63.2 in January 2002, down on the 66.3 recorded in the October 2001 survey. However, the index on the Unemployment Rate during the most recent period was up on the 60.9 recorded one year ago.

**(v) Earnings Growth [Table 9]**

The index on Earnings Growth, as measured by respondents' expectations of growth in Average Weekly Earnings (AWE), indicates that earnings growth is expected to be flat in the period ahead. The index was recorded at 49.0 in the current survey quarter up on the 46.9 recorded during the previous survey. The index on weekly earnings remains below the 54.9 recorded one year ago.

**(vi) Interest Rates [Table 10]**

The January 2002 survey indicates considerable uncertainty on the likely direction of interest rates with 40.4 percent of respondents indicating that the next move in interest rates will be up while 35.6 percent of respondents believed that the next movement would be downwards. The index on Interest Rates increased to 51.3 from the 47.9 recorded one quarter ago and is higher than the 41.7 recorded during the corresponding quarter one-year before.

**(vii) Exchange Rate [Table 11]**

The survey data suggest that business expects an improvement in the value of the Australian dollar over the next twelve months, with the index recorded at 59.2, up on the 55.6 recorded last survey but well below the 70.9 recorded in the same period last year. The rise in the index suggests that the Australian dollar is expected to improve on the low levels of last year.

**(viii) Current Account Deficit [Table 12]**

Expectations are that there will be a small increase in the current account deficit, with the index recorded at 53.7 up marginally on the 52.5 recorded in October 2001. The index on the current account deficit is below the 54.3 recorded in the corresponding quarter of last year.

## **Own Business**

The data on conditions within respondents' own firms is slightly more positive than the data on the condition of the national economy. However, conditions within respondents' own firms improved only modestly in January 2002. The index on Current Business Conditions decreased to 56.0 during the period down on the 57.1 recorded in October 2001 [Table 13]. The fact that the index is above fifty means more respondents were optimistic about conditions within their own firms than were pessimistic.

The January 2002 survey also indicated that, on average, profitability within own firms had become poor with the index falling to 48.6 from the 49.9 level recorded in the October survey [see Table 17]. The poor profitability results indicate just how difficult business conditions have become.

### **(i) Sales [Table 15]**

The index on the Level of Sales declined in the January survey with the index decreasing from 55.5 to 53.7. The level of sales was also below the level recorded in January of last year when the index stood at 57.2. The fall in the index from the previous quarter as well as a fall over the same period of last year is a worrying result given the importance attached by many traders to strong December sales.

### **(ii) Profitability [Table 17]**

Profitability within respondents' own firms declined during the most recent survey period. The index of profitability decreased to 48.6 in January 2002, down on the 49.9 recorded during the previous period and below the 52.8 recorded during the same period last year.

### **(iii) Level of Activity [Table 19]**

Respondents indicated that activity within their own firms could be expected to increase over the next six months, with the index increasing to 59.1, from the 50.5 recorded one quarter ago. Importantly, 43.5 percent of all respondents indicated that their level of activity would be higher over the near term.

### **(iv) Investment [Table 20]**

Expectations are that the level of investment within respondents' own firms will remain poor over the next six months, with the index for investment intentions at 43.5, down on the 46.2 recorded in the previous period, and down on the 45.9 recorded in the same period of last year.

**(v) Full-Time Employees [Table 21]**

The latest survey data indicate that there will be a continued weakness in labour market conditions with the index on the Expected Number of Full-Time Employees only increasing marginally to 50.9 from the 47.9 recorded in the previous survey. The latest reading of the index on full time employees was also up on the 46.3 recorded in the January survey of last year. Despite the rise in the index level respondents indicated that hiring will be flat over the next six months.

**(vi) Capacity Utilisation [Table 22]**

The level of capacity utilisation was relatively unchanged during the January survey period with the index recorded at 57.1 down insignificantly on the 57.2 recorded in the previous survey.

**Summing Up**

Australian business conditions have not improved significantly over the previous survey and there remains some apprehension as to what may lie ahead. Moreover, there remains a risk that the major slowdown in the US economy will not reverse itself as quickly as many have hoped and this may yet spill over into domestic markets. Furthermore, the chronic lack of private investment growth that has characterised the Australian economy over the last year must begin to reverse itself before there can be significant improvements in the domestic economy.

To provide further indication of the momentum within the economy there are two questions that ask respondents to compare their current levels of sales and profits with those expected six months before. The results indicate that actual sales and profitability have remained well below expectations. The indices for sales and profits declined to 40.0 and 40.6 respectively in January, down from the 42.7 and 42.4 recorded in October.

**Actual Sales and Profitability  
in Comparison with the Level Expected Six Months Ago**

	Sales		Profits	
	Oct 01	Jan 02	Oct 01	Jan 02
Much higher	1.2	4.2	1.6	3.3
Somewhat higher	17.0	14.7	14.9	19.2
About the same	43.4	24.9	45.5	22.9
Somewhat lower	28.0	49.1	27.3	45.9
Much lower	10.4	7.1	10.7	8.6
Index	42.7	40.0	42.4	40.6

## **Constraints on Investment**

ACCI's *Survey of Investor Confidence* seeks information from respondents on the importance of a list of twenty factors as constraints on the level of investment. The overall average index level increased in the current quarter with the average index now at 34.8, up on the 33.8 recorded in the last quarter. Of major significance is the continued importance of non-wage labour costs, wage costs and the availability of suitably qualified employees as constraints on investment. These labour related constraints were ranked in second, fourth and seventh positions respectively.

The table below shows the ten most important constraints on business investment as recorded in January 2002. The composition of the top ten rankings has not changed dramatically, although the importance of some constraints has increased, in particular financial constraints, with the appearance of insufficient retained earnings in the top ten just behind current debt levels.

### **TOP TEN CONSTRAINTS ON INVESTMENT January 2002**

- 1. Business Taxes and Government Charges (1)**
- 2. Non-Wage Labour Costs (3)**
- 3. Insufficient Demand (2)**
- 4. Wage Costs (5)**
- 5. State Government Regulations (8)**
- 6. Local Competition (4)**
- 7. Availability of Suitably Qualified Employees (7)**
- 8. Federal Government Regulations (6)**
- 9. Current Levels of Debt (9)**
- 10. Insufficient Retained Earnings (11)**

The figures in brackets show the ranking in October 2001

The January survey indicates a continuation of labour market related constraints. With the subdued level of economic growth and the potential for significant increases in award wages later this year, employment levels may continue to suffer.

Federal and State Government regulations continued to pose a burden on business with State Government regulations rising to fifth position and although Federal Government regulations declined to eighth position it is persistently ranked amongst the top ten constraints.

It is also highly significant that both insufficient demand and local competition rank as high as they do. These are generally important indicators that trading conditions remain subdued.

# **SURVEY OF INVESTOR CONFIDENCE**

## **NATIONAL ECONOMY**

Table 1 Overall Business Conditions

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
Overall business conditions are . . .	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Excellent	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Very Good	8.3	11.6	10.0	0.1	2.9	4.0	11.7
Good	32.2	28.2	16.9	9.8	23.1	19.7	12.3
Satisfactory	46.4	43.3	48.7	40.9	46.7	50.5	49.5
Poor	11.6	13.6	22.2	42.0	24.6	20.9	25.1
Very Poor	1.5	3.2	2.3	5.5	2.7	2.8	0.7
Deeply Depressed	0.0	0.0	0.0	1.8	0.0	2.1	0.6
Index of Business Confidence	55.7	55.2	51.8	42.0	49.8	49.2	51.3

Table 2 Trend in Overall Business Conditions

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	Overall business conditions are . . .	(%)	(%)	(%)	(%)	(%)	(%)
Improving rapidly	0.0	2.6	0.0	0.0	0.0	0.0	0.1
Improving slowly	22.6	21.7	17.8	9.8	52.8	24.9	37.3
No change	39.2	41.8	39.8	23.3	23.4	33.1	38.6
Deteriorating slowly	35.2	30.4	39.6	57.6	22.8	37.9	23.9
Deteriorating rapidly	3.1	3.5	2.8	9.2	1.0	4.0	0.1
Index	45.3	47.3	43.2	33.4	57.0	44.7	53.4

Table 3 Climate for Investment

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
The climate for investment is . . .	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Excellent	0.0	0.0	0.0	0.0	0.2	0.1	0.3
Very Good	1.5	6.5	5.2	1.1	4.4	4.9	2.3
Good	14.9	16.5	12.3	7.2	17.1	19.1	14.9
Satisfactory	53.6	48.1	46.9	33.5	40.9	31.0	51.1
Poor	26.5	17.6	30.7	46.2	30.4	37.7	22.3
Very Poor	3.6	9.0	4.9	10.9	6.5	5.9	8.9
Deeply Depressed	0.0	2.2	0.0	1.1	0.5	1.2	0.1
Index of Investor Confidence	47.4	47.9	47.0	39.7	46.9	46.0	46.6

Table 4 Trend in Investor Confidence

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	The climate for investment is . . .	(%)	(%)	(%)	(%)	(%)	(%)
Improving rapidly	0.1	0.6	0.0	0.0	0.0	1.4	0.0
Improving slowly	23.3	17.4	13.7	7.6	31.2	13.8	20.9
No change	34.5	48.9	57.5	48.3	55.6	49.5	57.8
Deteriorating slowly	38.4	26.7	26.6	36.5	12.6	33.4	19.4
Deteriorating rapidly	3.8	6.4	2.2	7.5	0.6	1.9	1.9
Index	44.4	44.8	45.7	39.0	54.4	44.9	49.4

Table 5 Expected Growth in Output

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
GDP growth is expected to be . . .	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	0.0	0.0	2.3	0.0	0.0	0.0	0.2
Somewhat Higher	19.8	24.1	16.5	7.4	29.2	13.8	26.4
About the Same	33.4	46.9	22.4	38.0	58.1	40.0	45.7
Somewhat Lower	43.5	25.8	53.8	49.6	12.5	40.6	27.1
Much Lower	3.4	3.2	5.1	5.0	0.1	5.5	0.6
Index	42.4	48.0	39.3	37.0	54.1	40.5	49.6

Table 6 Business Investment

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	Investment growth is expected to be. . .	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	0.0	0.0	0.1	0.0	0.2	1.6	0.2
Somewhat Higher	19.4	7.5	17.3	4.9	23.7	14.3	16.2
About the Same	66.4	50.5	38.2	43.8	51.5	39.7	55.0
Somewhat Lower	12.8	34.1	39.7	40.9	22.6	37.6	24.4
Much Lower	1.6	8.0	4.7	10.3	2.0	6.7	4.1
Index	51.0	39.4	42.1	35.8	49.4	41.6	46.0

Table 7 Movement in Prices

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
The inflation rate is expected to be...	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	19.4	6.9	2.8	2.4	1.0	1.4	2.0
Somewhat Higher	66.4	72.3	37.4	29.9	32.7	45.0	24.8
About the Same	12.8	15.1	44.5	44.6	59.5	44.2	56.5
Somewhat Lower	1.6	5.8	15.4	22.0	6.8	7.9	16.7
Much Lower	0.0	0.0	0.0	1.0	0.0	1.5	0.0
Index	76.0	70.1	57.0	52.6	57.0	59.2	53.0

Table 8 Unemployment Rate

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	Unemployment is expected to be:	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	0.7	2.6	0.2	8.5	1.3	7.9	2.7
Somewhat Higher	36.0	35.2	57.3	69.2	55.6	60.3	51.6
About the Same	49.4	48.6	30.8	15.7	35.9	23.3	41.5
Somewhat Lower	13.9	11.6	9.4	5.6	7.3	6.0	4.2
Much Lower	0.0	2.1	2.3	1.0	0.0	2.6	0.0
Index	55.9	56.2	60.9	69.7	62.8	66.3	63.2

Table 9 Growth in Earnings

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
Earnings growth is expected to be:	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	4.4	3.1	0.0	1.8	0.1	0.1	1.3
Somewhat Higher	46.6	27.7	35.0	12.3	18.7	4.2	12.0
About the Same	47.1	61.7	49.8	77.4	76.5	80.2	69.1
Somewhat Lower	2.1	5.1	15.1	8.2	3.7	14.2	16.7
Much Lower	0.0	2.5	0.1	0.3	0.9	1.2	0.9
Index	63.4	56.0	54.9	51.8	53.3	46.9	49.0

Table 10 Interest Rates

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	Interest rates are expected to be:	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	5.2	11.8	0.1	0.0	0.7	0.7	0.3
Somewhat Higher	76.4	76.5	18.2	11.4	40.2	28.7	40.1
About the Same	13.8	8.3	30.1	18.0	43.1	33.5	24.0
Somewhat Lower	4.6	3.6	51.7	70.0	16.0	35.8	35.6
Much Lower	0.0	0.0	0.0	0.7	0.0	1.3	0.0
Index	70.6	74.1	41.7	35.1	56.4	47.9	51.3

Table 11 Exchange Rate

	Poportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
The exchange rate is expected to be:	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	0.0	1.3	3.2	0.5	1.4	4.2	1.8
Somewhat Higher	42.0	45.5	77.6	24.8	53.1	35.8	42.2
About the Same	33.1	26.5	18.6	32.3	38.1	40.3	47.2
Somewhat Lower	21.0	19.2	0.6	35.0	7.4	17.7	8.7
Much Lower	3.8	7.5	0.1	7.3	0.0	1.9	0.0
Index	53.3	53.5	70.9	44.0	62.1	55.6	59.2

Table 12 Current Account Deficit

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	The C/A deficit is expected to be:	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	1.1	9.2	6.8	7.3	1.6	7.1	1.3
Somewhat Higher	54.8	45.6	26.1	39.2	36.7	23.9	29.3
About the Same	33.6	33.8	45.0	31.6	44.8	41.9	52.3
Somewhat Lower	10.5	11.5	21.8	21.7	16.9	25.9	16.9
Much Lower	0.0	0.0	0.3	0.2	0.0	1.3	0.1
Index	61.7	63.1	54.3	57.9	55.8	52.5	53.7

## **SURVEY OF INVESTOR CONFIDENCE**

### **OWN BUSINESS**

Table 13 Current Business Conditions

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
Overall conditions within business are...	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Excellent	4.2	4.2	2.4	0.6	2.0	6.0	3.5
Very Good	18.3	17.7	13.8	5.2	8.5	10.1	17.0
Good	29.5	29.1	40.5	28.8	27.2	29.2	15.0
Satisfactory	34.7	34.0	26.9	42.8	43.7	33.8	41.8
Poor	11.8	10.0	11.9	18.4	15.9	16.9	21.8
Very Poor	1.5	4.6	4.3	3.7	2.1	3.8	0.7
Deeply Depressed	0.2	0.2	0.2	0.5	0.7	0.1	0.1
Index	60.6	59.5	59.0	52.3	54.7	57.1	56.0

Table 14 Trend in Own Business Conditions

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Conditions in firm are ...							
Improving rapidly	8.8	5.7	2.6	0.9	4.8	7.6	4.3
Improving slowly	46.6	49.3	51.8	50.6	61.8	48.3	54.2
No change	30.3	22.9	33.8	31.0	22.7	24.9	30.6
Deteriorating slowly	13.3	21.9	10.7	14.5	9.7	18.1	10.9
Deteriorating rapidly	1.0	0.4	1.1	3.0	1.0	1.0	0.0
Index	62.2	59.6	61.0	58.0	64.9	60.8	63.0

Table 15 Level of Sales

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
The level of sales is ...	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Excellent	0.4	4.5	3.5	1.5	0.8	4.6	3.4
Very Good	19.1	16.4	11.0	3.8	12.3	13.5	8.4
Good	28.2	28.2	35.4	26.7	33.5	23.7	27.5
Satisfactory	32.1	31.9	26.7	38.2	32.4	33.2	32.3
Poor	18.8	14.3	22.0	24.6	17.1	20.0	25.3
Very Poor	1.4	4.6	1.3	3.5	3.4	3.7	2.4
Deeply Depressed	0.0	0.1	0.2	1.7	0.5	1.2	0.8
Sales Index	57.7	58.5	57.2	50.4	55.9	55.5	53.7

Table 16 Trend in Sales

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	The level of sales is ...	(%)	(%)	(%)	(%)	(%)	(%)
Improving rapidly	8.5	5.8	0.2	1.1	4.9	7.8	1.3
Improving slowly	39.9	43.2	55.7	30.9	55.7	42.4	51.1
No change	34.8	32.8	34.4	38.1	31.2	29.4	38.3
Deteriorating slowly	16.5	17.2	8.7	24.6	7.3	20.1	9.0
Deteriorating rapidly	0.4	1.0	1.0	5.3	1.0	0.3	0.3
Index	60.0	58.9	61.4	49.5	64.1	59.3	61.0

Table 17 Level of Profits

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
The level of profits is...	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Excellent	5.0	3.5	2.7	0.8	3.2	5.5	1.2
Very Good	11.8	14.8	6.1	7.5	10.3	3.2	13.5
Good	17.5	24.0	30.2	13.1	18.5	21.9	10.4
Satisfactory	48.5	33.7	35.6	42.7	39.3	32.9	34.7
Poor	15.7	19.3	19.9	25.9	20.1	29.0	33.7
Very Poor	1.9	2.4	2.7	6.5	8.1	6.3	4.0
Deeply Depressed	0.0	2.4	2.8	3.5	0.7	1.3	2.5
Index of Profitability	56.2	55.5	52.8	46.9	51.8	49.9	48.6

Table 18 Trend in Profits

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Level of profitability is ...							
Improving rapidly	4.8	5.0	1.0	0.2	1.6	6.1	5.4
Improving slowly	26.7	36.1	51.1	30.1	41.4	32.1	47.0
No change	48.9	41.1	25.4	33.5	37.7	41.0	36.8
Deteriorating slowly	17.7	17.2	21.3	31.1	18.8	18.0	10.3
Deteriorating rapidly	2.0	0.7	1.2	5.0	0.5	2.7	0.5
Index	53.7	56.9	57.4	47.3	56.2	55.2	61.6

Table 19 Expected Level of Activity

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
Activity is expected to be ...	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	1.8	5.0	0.0	1.0	4.1	2.7	1.5
Somewhat Higher	49.7	27.8	43.7	20.2	52.0	23.1	42.0
About the Same	36.2	48.6	49.6	58.1	35.0	49.4	48.4
Somewhat Lower	10.6	13.3	5.3	16.1	7.4	23.0	7.6
Much Lower	1.8	5.5	1.3	4.6	1.5	1.7	0.4
Index	59.8	53.4	58.9	49.2	62.5	50.5	59.1

Table 20 Expected Level of Investment

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
	Investment is expected to be...	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	4.2	2.3	4.3	3.4	2.2	1.6	0.2
Somewhat Higher	8.3	19.7	17.4	26.0	18.4	17.2	17.3
About the Same	49.7	47.1	45.2	38.5	52.7	54.0	45.4
Somewhat Lower	25.8	17.1	23.6	20.1	22.0	18.9	30.4
Much Lower	12.2	13.8	9.5	12.0	4.7	8.2	6.6
Index of Investment Intentions	41.7	44.9	45.9	47.2	47.9	46.2	43.5

Table 21 Expected Number of Full Time Employees

	Proportion of Respondents						
	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
Number of F/T Employees is expected to be...	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Much Higher	0.0	0.2	0.0	0.6	0.9	0.9	0.0
Somewhat Higher	26.7	21.5	9.0	13.4	16.9	13.4	20.2
About the Same	50.6	52.1	67.0	58.7	65.3	63.8	63.8
Somewhat Lower	20.6	19.8	24.0	18.6	14.8	20.3	15.5
Much Lower	2.1	6.4	0.0	8.7	2.1	1.6	0.5
Index of Expected Employment	50.5	47.3	46.3	44.7	49.9	47.9	50.9

Table 22 Capacity in Relation to Demand

	Jul 2000	Oct 2000	Jan 2001	Apr 2001	Jul 2001	Oct 2001	Jan 2002
Level of capacity is expected to be...	(%)	(%)	(%)	(%)	(%)	(%)	(%)
More than Adequate	35.6	27.8	35.0	35.6	26.4	26.6	23.6
Adequate	51.0	59.2	60.7	54.5	63.2	61.1	67.0
Less than Adequate	13.5	13.1	4.3	9.8	10.4	12.3	9.5
Index of Capacity Utilisation	61.0	57.4	65.4	62.9	58.0	57.2	57.1

# **SURVEY OF INVESTOR CONFIDENCE**

## **CHARTS**

Chart 1

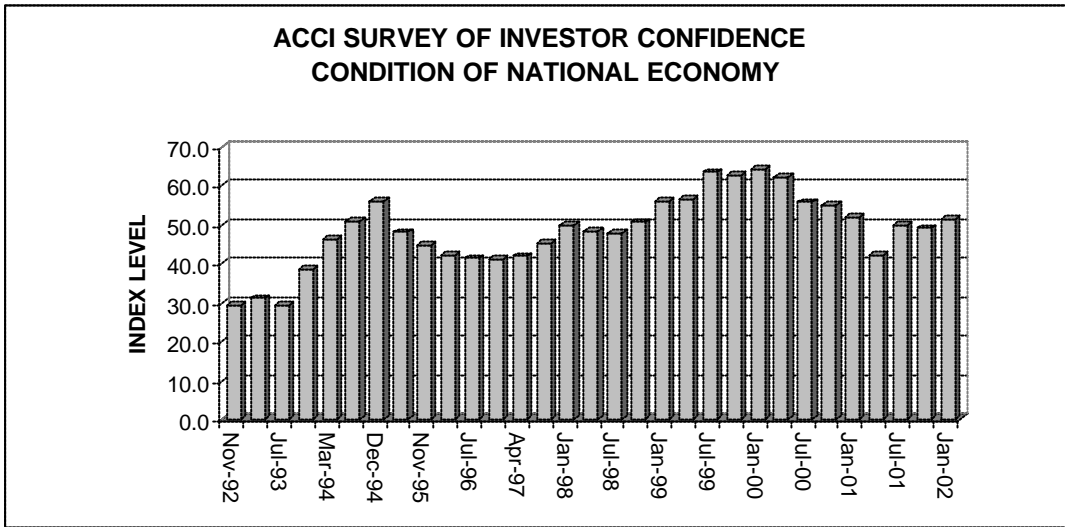
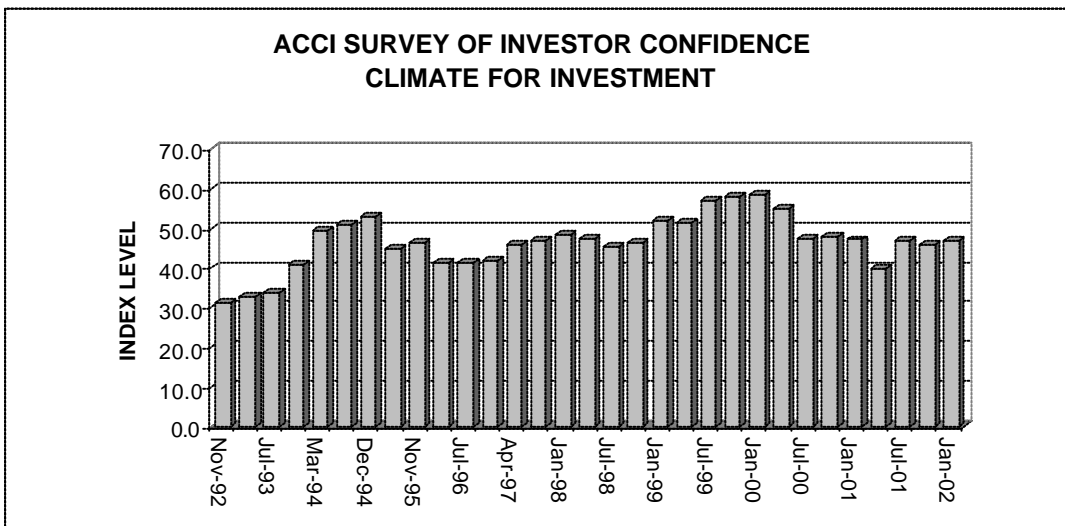
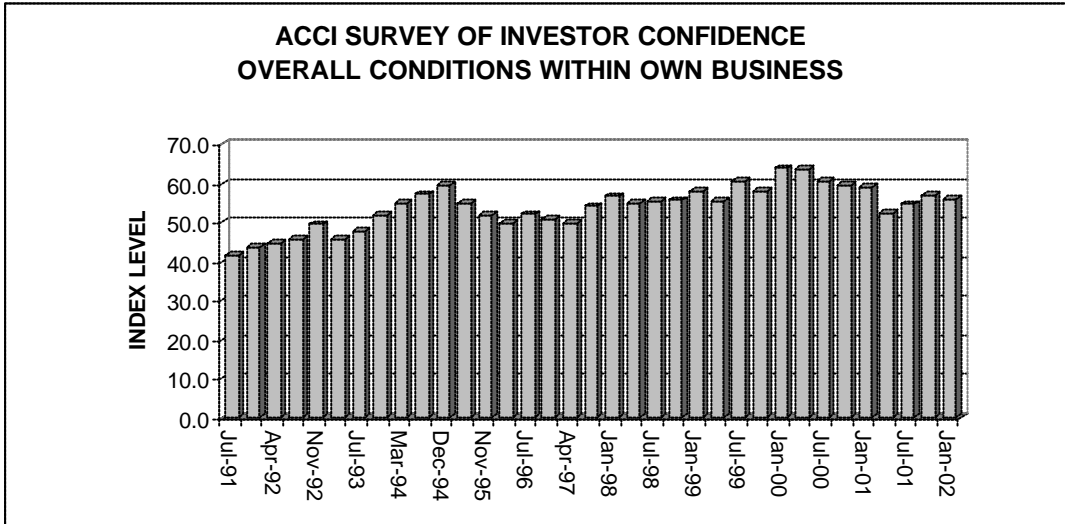


Chart 2



**Chart 3**



**Chart 4**

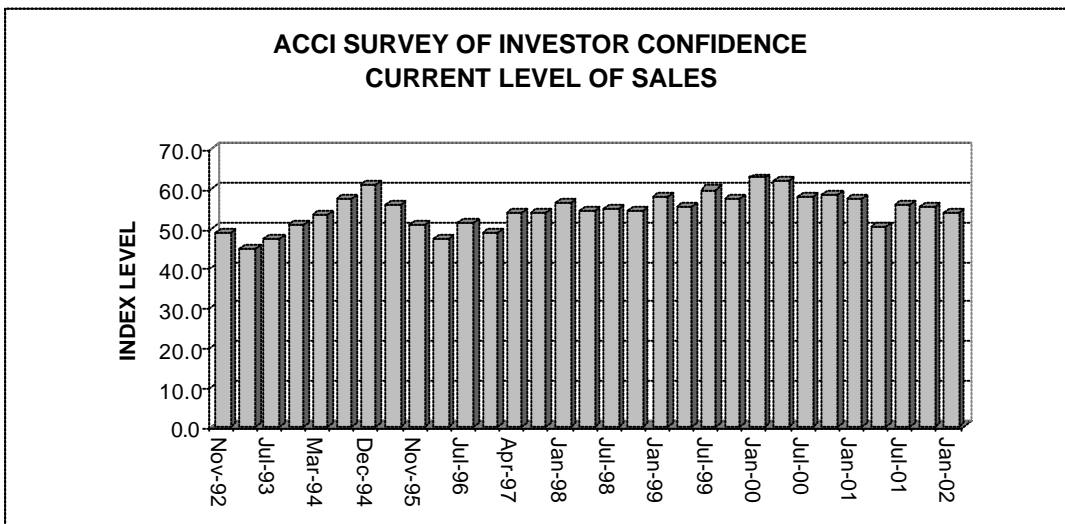


Chart 5

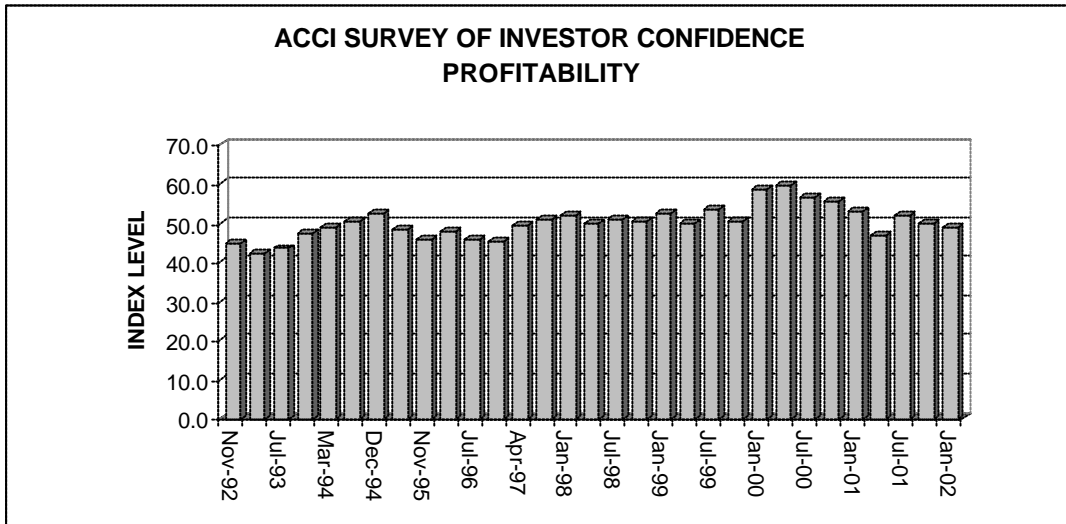
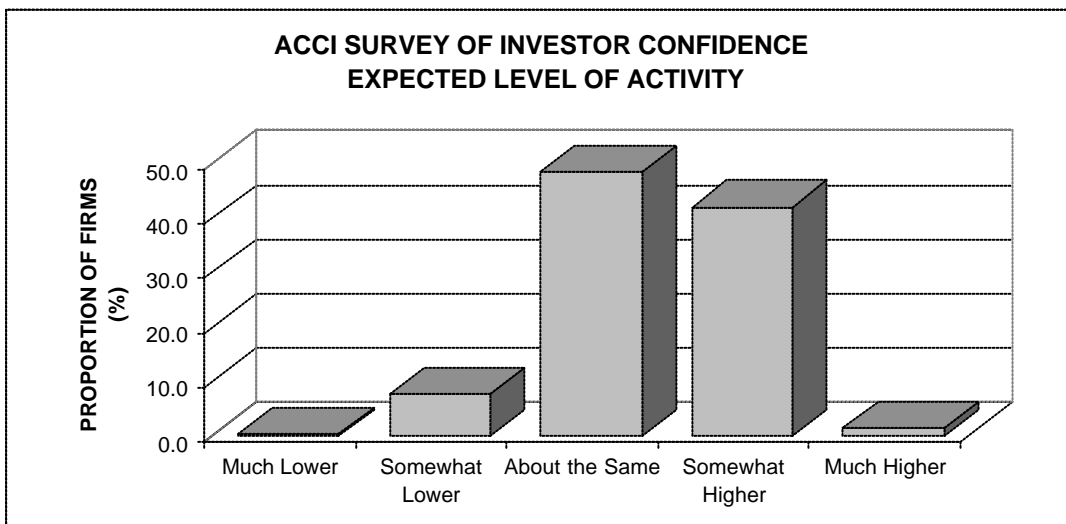
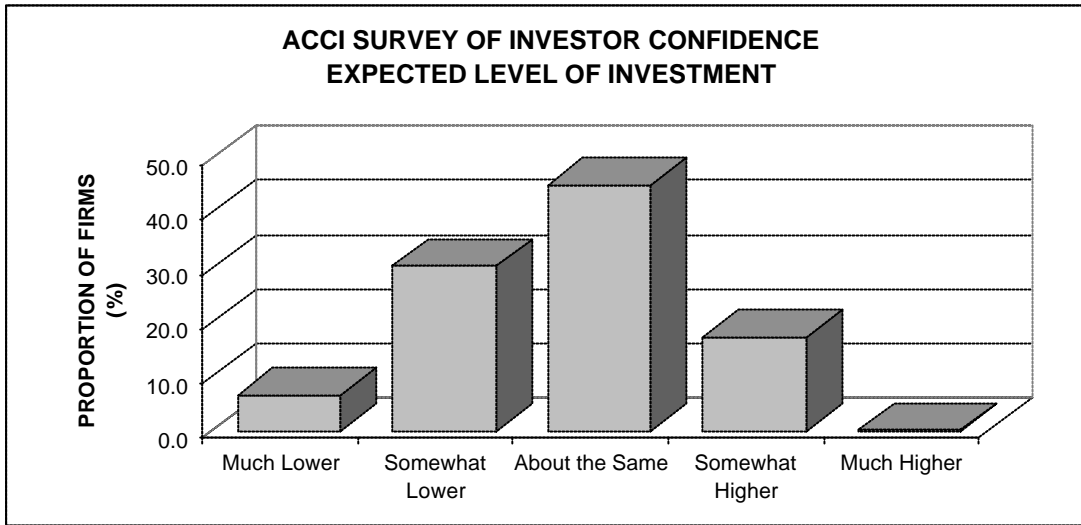


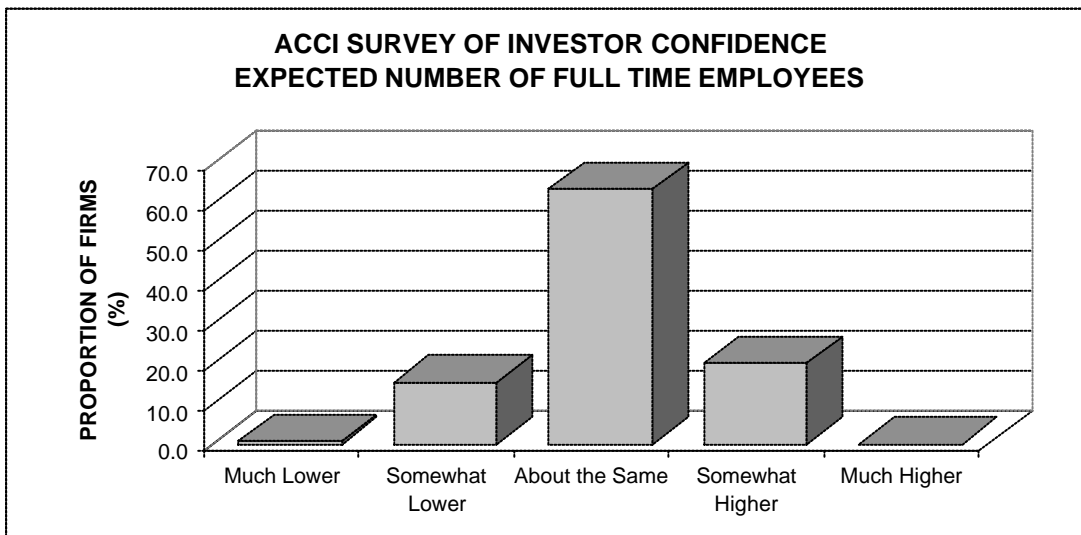
Chart 6



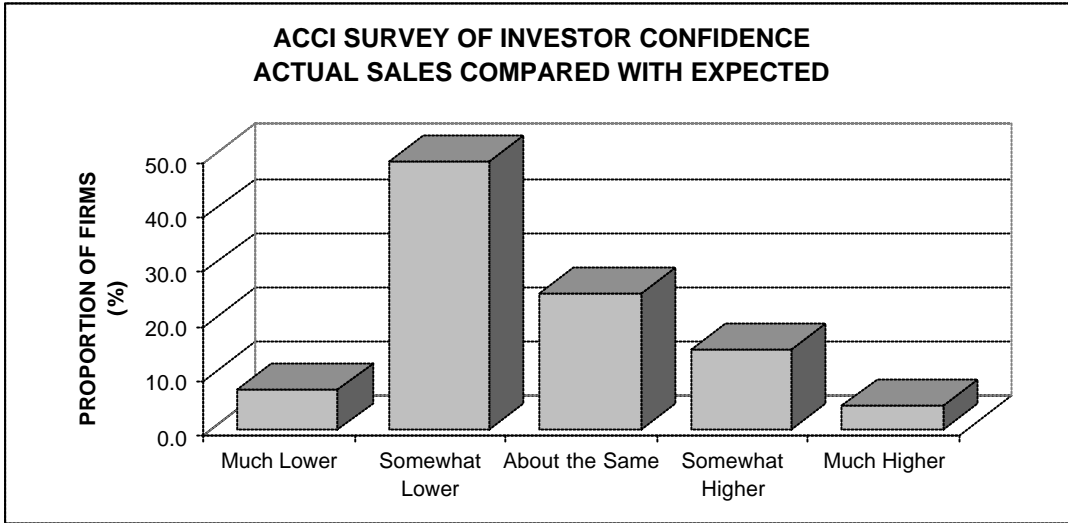
**Chart 7**



**Chart 8**



**Chart 9**



**Chart 10**

