

Under embargo until 1.00am, Tuesday 17 April 2018

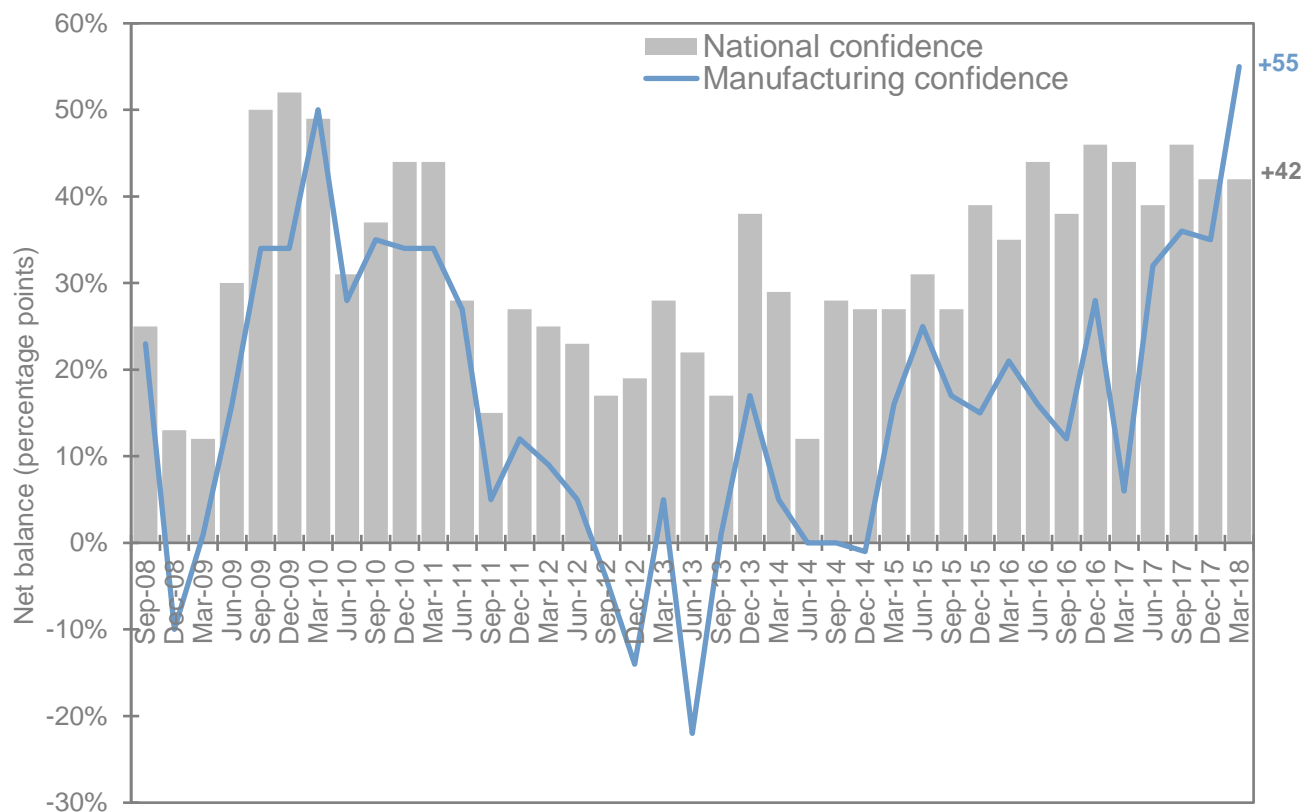
Business confidence in the manufacturing industry highest in a decade

17 April 2018: Small and medium businesses' (SMBs) confidence in the manufacturing industry rose 20 points in the previous quarter, to a net score of +55 – the highest confidence level recorded since 2008. This is according to the latest Sensis Business Index (SBI) survey.

Manufacturing was also the most likely industry to say the economy is in a growth phase (34% of manufacturers versus 30% across the sample size). Manufacturers listed an increasingly favourable business environment and healthy sales as the key drivers of their business confidence.

Sensis CEO, John All said: “The upturn in business confidence in the manufacturing industry is quite remarkable, with confidence in the sector now the highest since the GFC in 2008 – and since our available records. It is also only the second time in 10 years that manufacturing confidence has outpaced wider business confidence, and the first time we have recorded such a commanding lead. At 23 points above wider business confidence, these are levels we simply haven’t seen before.”

Australian Industry Group, National Director – Manufacturing, Mark Goodsell said: “The confidence in the manufacturing industry is being driven by at least three key factors; first, the Australian dollar coming back under 80 US cents has encouraged manufacturing exporters and those competing with imports; second, we are seeing strong demand in Asia for Australian food, beverages, health and related agribusiness products – a sector which now accounts for one third of all manufacturing in Australia; and third, manufacturers are taking advantage of numerous domestic infrastructure and construction projects especially in NSW and Victoria.”



Business confidence across all sectors remains the same as last quarter with a net balance of +42 – the equal third highest confidence level since March 2011.

“Small business confidence has held steady from the last quarter, and is still one of the highest recorded in the past 7 years. However, we are seeing some evidence in the data that Aussie businesses may be worried about the challenges from international competitors entering the domestic market. Increased competition jumped two percentage points to 8% as a key concern, whereas finding and keeping staff has steadily risen over the last three surveys from 6% to 9% to 11%,” said Mr Allan.

Perceptions of the current state of the economy rose 3 points to +17. This is the highest score since December 2010 when it was +23.

Looking ahead, optimism around the economy remains firm, with 27% of small and medium businesses thinking the economy will be better off in 12 months’ time, compared to 15% who believe it will worsen. While the proportion of businesses that think the economy will be better off is down 6 points from last quarter, optimism scores are among the highest since December 2013.

The Sensis Business Index, which reflects the views of 1,000 small and medium businesses from across Australia, also showed SMBs are increasingly positive about Federal Government policies - particularly businesses within the Cultural, Recreational and Personal Services, and Finance and Insurance sectors.

The number of SMBs overall that believe Government policies are supportive increased (17% to 22%), while those who say policies work against small business fell 1% (from 20% to 19%).

“Tax cuts and tax incentives were key reasons for the favourable assessment of Federal Government,” said Mr Allan.

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Video grabs featuring John Allan from Sensis analysing the results available for download here:
https://sensis.digitalpigeon.com/shr/BIDcYD63Eeil0gYtQsGbAw/o8ireB_MTg6Hdnl3icC_9A

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