



# Illawarra Regional Information Service

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## Businesses Increasingly Optimistic About Future

The September quarter edition of the *Illawarra Business Survey* revealed that although some Illawarra businesses continue to struggle, improvements in the business environment can be seen.

Local businesses felt that trading conditions were slowly recovering during the three months to September 2009. The proportion of businesses reporting slower trade activity fell from net 17.5% to a net 9.1%. Expectations for the December quarter are quite positive, with a net 8.0% of businesses predicting improved trading conditions.

While still in deep negative territory, the Profitability Index has also shown considerable improvement. A net 18.1% of local businesses recorded decreased profitability in the September quarter, which is notably better than the poor June result of net 27.1%

The *Employment Index* continued to strengthen, with a net 9.5% of local firms reported reducing staff members. This is down on the net 14.2% reported in June. Only a net 1.1% of businesses forecast further job shedding in the upcoming December quarter.

The proportion of Illawarra businesses engaging in 'at least some' capital expenditure has remained on par with the relatively strong June performance. 25.3% of businesses continued to invest, despite the challenges on the current economic climate.

The improvement in the business indicators measured in this survey coincided with a small rise in the level of overtime available to workers. 22.5% of local firms offered some overtime in the three months to September, which is 1.5% pts higher than the June quarter figure.

16.5% of businesses believe that the local economy has already started to improve, while only 15.6% of businesses believe the recovery will not start for at least another twelve months.

### Further comment:

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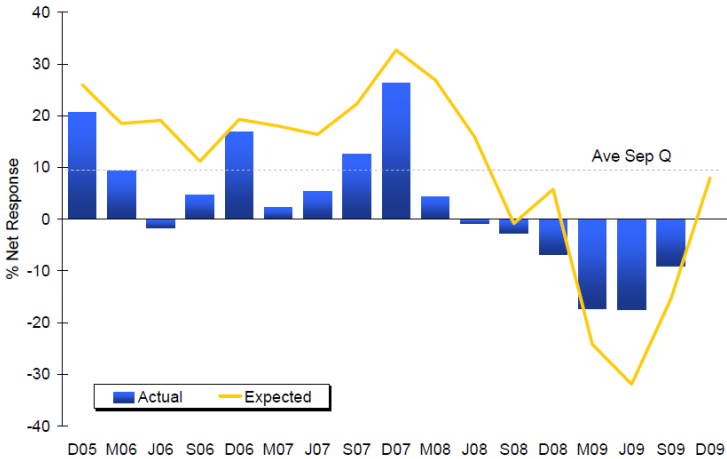
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**Note:** the graphs below can be provided electronically or in full page hard copy for scanning.

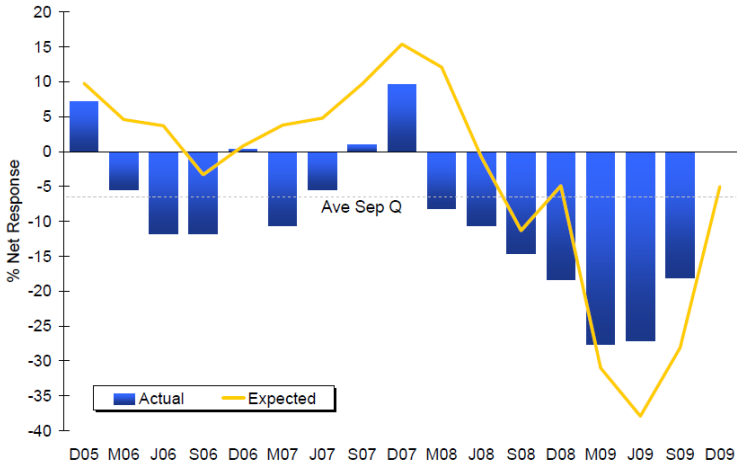
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**TRADING CONDITIONS**



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