



Illawarra Regional Information Service

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Business conditions on the mend

The December quarter edition of the *Illawarra Business Survey* reveals that the local business environment is recuperating, and the outlook for the future is optimistic. Trading conditions, profitability and employment levels have improved and are expected to see further increases in the coming March 2010 quarter.

The *Trading Conditions Index* has re-entered positive territory after six consecutive challenging quarters. The index showed that a net 8.9% of businesses experienced an improvement in trading activity during December quarter. This represents an increase of 18.0% pts since the September quarter. Expectations for the future are also positive, with a net 14.2% of Illawarra businesses foreseeing further recovery for the March quarter.

When local businesses were asked when they thought the Illawarra economy would start to improve, 28.0% responded that recovery had already begun. Additionally, 67.2% believe that the economy will bounce back from the global financial crisis within the next year.

While still in negative territory, the *Profitability Index* has also shown further progress. A net 3.5% of local businesses recorded decreased profitability in the December quarter, which is a notable upgrade compared to the September 2009 result of net 18.1%.

The Employment Index has continued to improve from the record low of March 2009. A net 1.6% of local firms have reduced employment levels, down 7.9% on the September quarter result. Local businesses are continuing to offer overtime to their workers, with 25.8% of firms offering 'at least some' overtime. This result maintains the recovery from the low of 21.0% reported in June, however it is still well below the December quarter average of 40.5%.

Further comment:

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

Media Release

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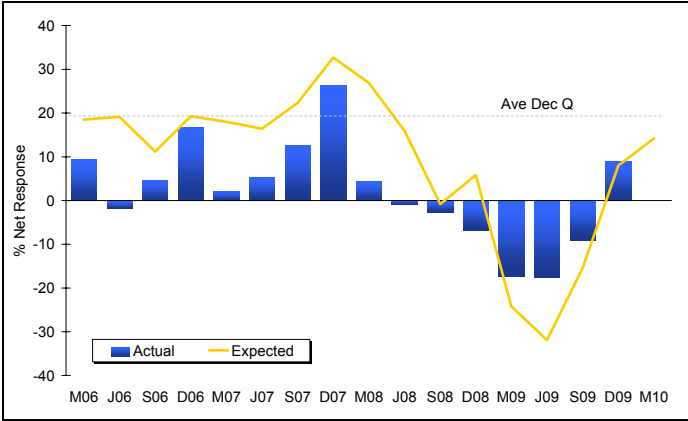
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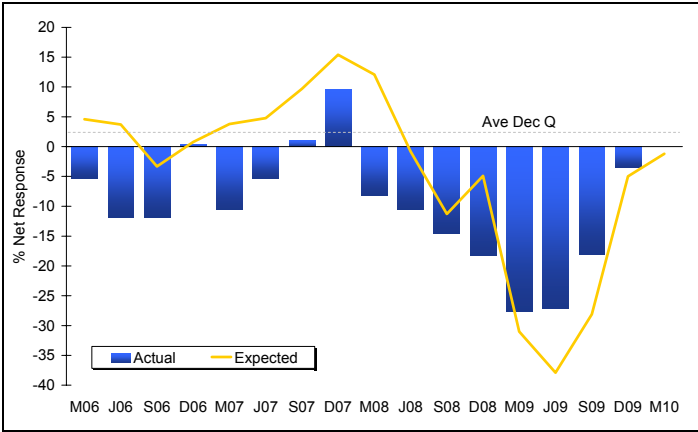
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TRADING CONDITIONS



PROFITABILITY



EMPLOYMENT

