



Illawarra Regional Information Service

Wednesday, 14th April 2010

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Rocky start for local firms

The March quarter edition of the *Illawarra Business Survey* suggests that local businesses had a difficult start to the year. Trading conditions, profitability and capital expenditure all recorded declines, however employment is on the rise.

After a brief recovery last quarter, the *Trading Conditions Index* dipped with a net 3.5% of businesses reporting slower trade activity. This represents a 12.1% pt turnaround on the long term March quarter average. Despite this, the outlook for the June quarter is positive, with a net 8.2% of Illawarra businesses expecting improved trading conditions.

The survey measure of profitability experienced a substantial decline during the March 2010 quarter. Decreased profitability was recorded for a net 21.3% of local businesses, which is considerably worse than the net 1.2% of businesses who predicted a March decline in the December quarter survey.

Meanwhile, the *Employment Index* re-entered positive territory for the first time since March 2008. A net 1.4% of local firms have increased employment levels, up 3.0% pts on the December quarter result. Higher levels of local businesses have offered overtime to their workers, with 28.7% of firms offering 'at least some' overtime. This represents a rise of 2.9% pts on the December quarter result of 25.8%.

The *Producer Price Index*, which is a measure of the changes in prices of goods at a wholesale or producer level, showed its first annual decrease since the series began in 1999. It was 1.5% lower in the December 2009 quarter, when compared to the December 2008 result.

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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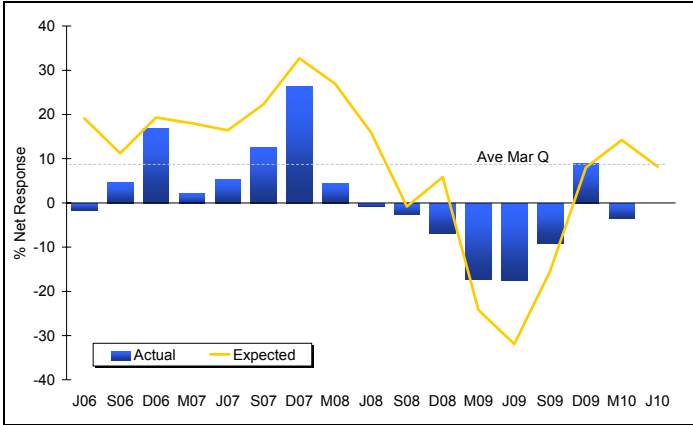
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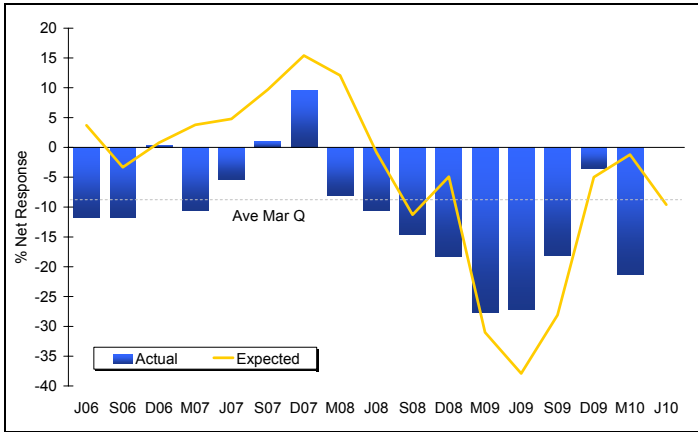
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TRADING CONDITIONS



PROFITABILITY



EMPLOYMENT

