



## EMPLOYMENT INTENTIONS HOLD

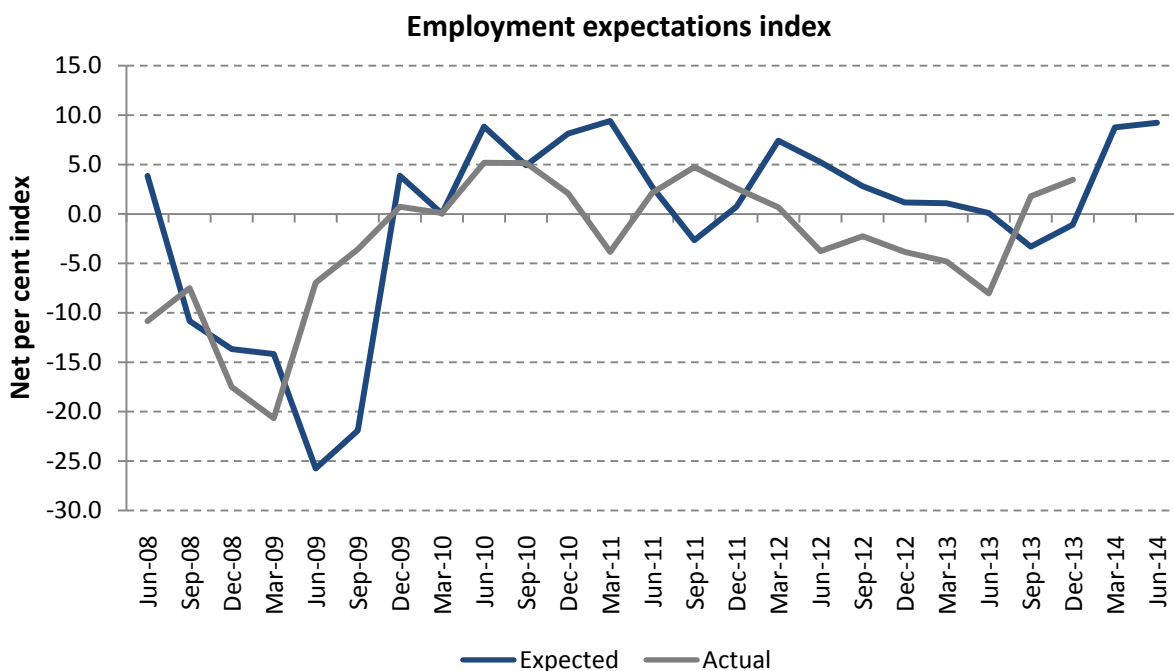
*More businesses plan to hire staff in next three months*

The number of businesses indicating they will hire staff in the months ahead has increased for a third consecutive quarter, supporting a view that underlying economic conditions are stable and that confidence is sound in spite of recent high-profile company and industry announcements on job cuts.

According to Dun & Bradstreet’s latest *Business Expectations Survey*, 22 per cent of businesses plan to employ new staff during Q2 2014, compared to 12 per cent which expect to reduce numbers. The response from businesses has lifted the employment expectations index to 9.2 points, up from 0.1 points a year earlier and to its highest level since the first quarter of 2011.

The encouraging employment outlook follows estimations by the Bureau of Statistics that the economy added 47,300 jobs in February, and its upward revision of January employment numbers from the loss of 3,700 jobs lost, to a gain of 18,000.

Additionally, D&B’s actual employment index, as reported by businesses for the last quarter of 2013, has continued to lift out of the negative territory it occupied across the majority of the past 24 months.



The view on hiring plans suggests that businesses are preparing for increased activity in the year ahead. According to D&B’s analysis of trade expectations, 46 per cent of businesses anticipate increased sales during Q2 2014. This strong sentiment has lifted the sales index to 33.6 points; up from 13.5 points a year earlier and to its highest reading for 10 years.

Confidence levels also remain steady, with D&B finding that 66 per cent of businesses expect stronger growth during the year compared to 2013, while the capital investment index has strengthened for a second consecutive quarter to 10.0 points, up from 5.0 points a year ago.

Additionally, eighteen per cent of businesses have indicated they will seek new finance or credit to grow their operations in the quarter ahead.



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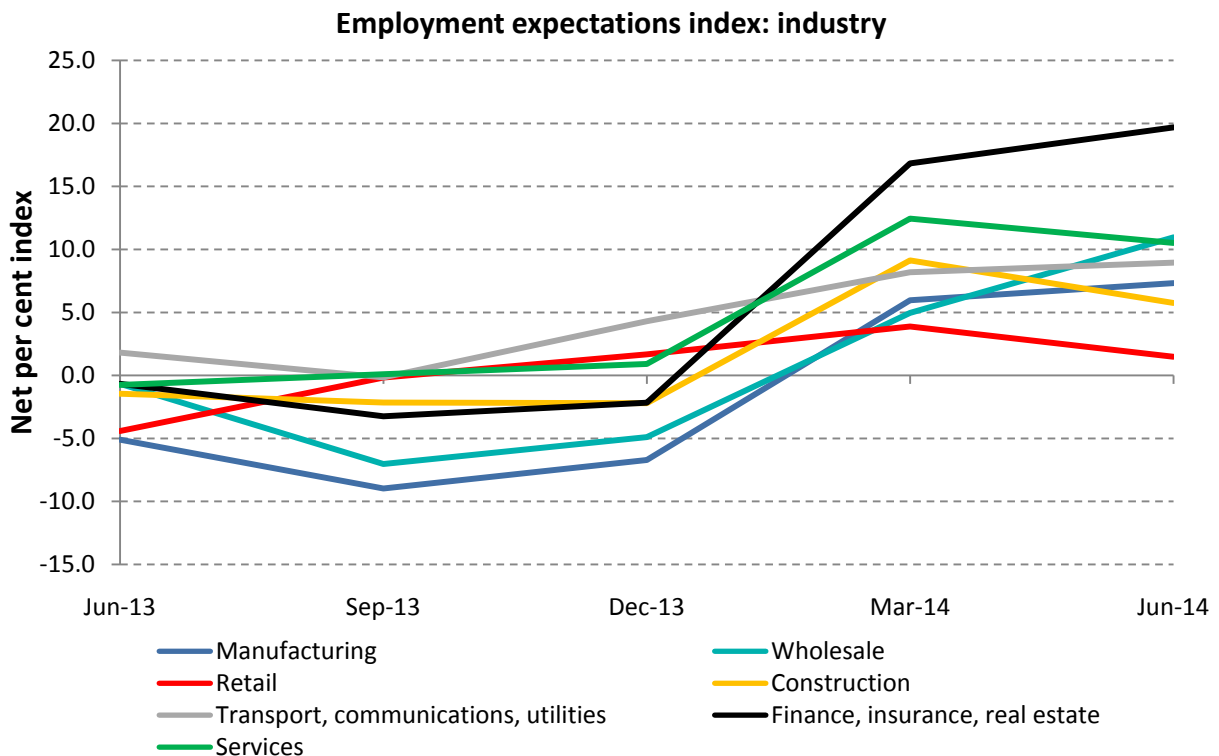
“After seeing a steady pick-up in the outlook for sales, selling prices and profits from late last year, we’re now seeing employment intentions improve,” said Gareth Jones, CEO of Dun & Bradstreet Australia and New Zealand.

“While the official rate sits at six per cent, and we've seen negative headline news on jobs, the outlook from businesses reveals a resilient optimism.

"Last year's soft conditions forced businesses to manage their costs closely and become more efficient in their operations. With confidence returning, interest rates remaining low and global conditions recovering, businesses now appear ready to focus on growth," Mr Jones added.

Following a difficult previous year, the manufacturing industry has recorded a strong increase in its business outlook. Fifty-two per cent of manufacturers anticipate increased sales in the next quarter, and 40 per cent expect higher profits. The sector has also seen its employment index lift for a second consecutive quarter, after 16 per cent reported an intention to hire new staff in the months ahead.

The outlook from the finance, insurance and real estate sector has also improved strongly, with 50 per cent of respondents anticipating greater sales activity, 38 per cent expecting higher profits, and 27 per cent forecasting new jobs.



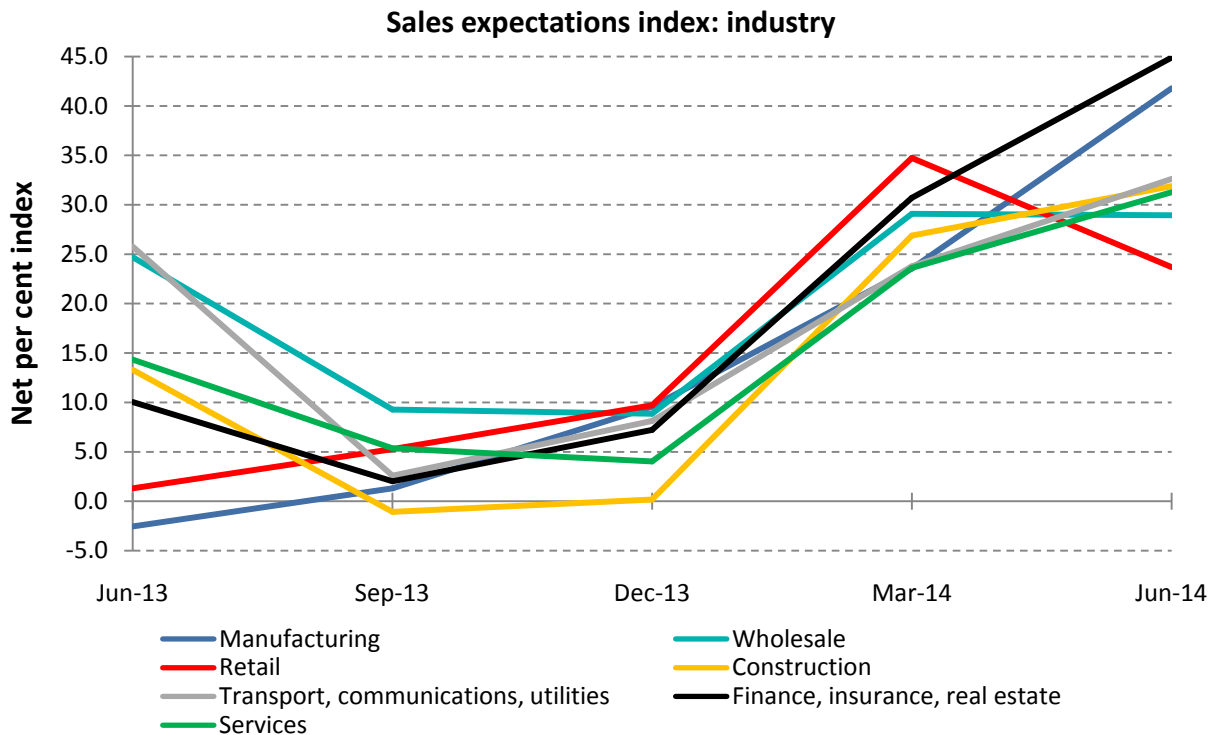
Following solid December quarter trade, the general outlook from retailers has declined. The sector's sales, employment, profit and investment indices have all fallen from the previous quarter, although still remain higher than the same time last year.

At 60 per cent, retailers’ optimism about the year’s trade is six per cent lower than the national average. A slow growth in demand for products (28 per cent) and online selling by competitors (14 per cent) have been flagged as barriers to growth during the year.

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“The clear lift in economic activity continues to unfold,” said Stephen Koukoulas, Economic Advisor to Dun & Bradstreet.

“Expected sales have risen strongly since the middle of 2013 and are almost three times the 10-year average, suggesting that economic growth is poised to rise to an above trend pace when the official data for the first half of 2014 is released,” he said.

“Encouragingly, the recent gains in expected employment have consolidated at a more favourable level, and the capital investment outlook has maintained its improvement.

“The only slightly disappointing note is a marginal pull-back in expected profits, but it should be noted this tick lower is from a high base,” Mr Koukoulas noted.

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## The latest D&B *National Business Expectations Survey* shows:

### *Expectations index for the June quarter 2014*

- The employment expectations index has lifted slightly to 9.2 points, up from 8.8 points in the previous quarter, and 0.1 points a year ago.
- The sales index has risen strongly to 33.6 points, up from 27.5 points in the previous quarter and 13.5 points from a year earlier.
- Profit expectations for the quarter ahead have flattened out, with the index easing from 25 points last quarter to 20.7 points, while up from 14.2 points last year.
- Plans for capital investment have increased for a second consecutive quarter, lifting from 7.2 points to 10 points.
- The selling prices index has jumped to 24.2 points, up from 19.5 points last quarter and from 2.5 points a year earlier.

### *Issues expected to influence operations in the June quarter 2014*

- 66 per cent of businesses are more optimistic about growth in 2014 compared to 2013, while 29 per cent are less optimistic. Six per cent is undecided.
- Cash flow is identified as the issue most likely to influence business operations in the next quarter (31 per cent), followed by the level of the dollar (17 per cent), and interest rates and fuel prices (10 per cent each).
- 36 per cent of businesses had customers or suppliers that became insolvent, or were otherwise unable to pay them, during 2013.
- 47 per cent of businesses would choose to miss payments to suppliers if unable to pay all their bills on time, followed by a business credit card (21 per cent) and utilities (11 per cent).
- 50 per cent of businesses expect no impact from the current level of the dollar, while 17 per cent expect a positive impact and 27 per cent a negative impact. Six per cent is undecided.
- 18 per cent of businesses intend to seek finance or new credit in the quarter ahead to help their business grow, while 79 per cent will not. Three per cent is undecided.

### *Actual results for the December quarter 2013*

- Actual employment levels increased from 1.8 points to 3.5 points, keeping the index in positive territory for a second consecutive quarter.
- Reported sales activity improved for the second consecutive quarter to reach 17.6 points, up from 7.5 points in the previous quarter.
- The profits index eased in to 3.9 points, down from 9.9 points in the previous quarter.
- Capital investment activity consolidated, lifting from 5.3 points in the quarter previous to 6.0 points.
- Selling prices were flat, moving from 15.3 points to 15 points, quarter-on-quarter.

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#### **About Dun & Bradstreet**

Established in 1887, Dun & Bradstreet is Australia and New Zealand's longest established credit information bureau. Backed by its extensive financial database, D&B helps businesses to make informed credit decisions, and consumers to access personal credit information.

D&B works across the entire credit lifecycle to deliver data-driven solutions in sales and marketing, credit reporting and debt management.

Through analysis of financial and behavioural information, D&B also provides current and predictive assessments of the economy, business conditions and credit activity.

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## About the Survey

Each month business owners and senior executives representing the manufacturing; wholesale; retail; construction; transport, communications and utilities; finance, insurance and real estate; and services sectors across Australia are asked if they expect increases, decreases or no changes in their upcoming quarterly sales, profits, employment, capital investment and selling prices. Since its introduction in Australia in 1988, the survey has proven to be a highly reliable measure of economic performance.

The index figures used in the survey represent the net percentage of survey respondents expecting higher sales, profits, etc., compared with the same quarter of the previous year. The indices are calculated by subtracting the percentage of respondents expecting decreases from the percentage expecting increases.

## Methodology

Each month D&B asks a sample of executives if they expect an increase, decrease or no change in their quarter-ahead sales, profits, employees, capital investment and selling prices compared with the same quarter a year ago.

The executives are also asked for actual changes over the twelve months to the latest completed quarter.

The Australian survey began in March 1988 obtaining some 900 responses in the third month of each quarter. Since the middle of 1999, the survey has been conducted monthly, initially with about 300 responses each month. From September 2000, responses have been obtained from 400 executives each month.

From July 2005, to simplify the interpretation of the survey data, the results have been presented as a sequence of preliminary, interim and final indexes. The 400 responses from the first month of each quarter give preliminary estimates of the quarter-ahead expectations and the quarter behind actual indexes. The 400 responses from the second month of the quarter are combined with those from the first month as interim estimates of the indexes based on 800 responses. The 400 responses from the third month are combined with those from the first two months to give the final expectations and actual indexes based on all 1,200 responses obtained during each quarter.

In this issue, the initial indexes for the latest quarters are based on 1,240 responses obtained during January-March 2014.

## Charts and tables

It is common practice to present the results of business expectations surveys as indexes showing the net balance of the positive and negative responses. However, this method of aggregating responses loses relevant information about the relative proportions and rates of change of the two (positive and negative) groups.

Accordingly, the detailed charts at the top of pages five to nine in the *D&B National Business Expectations Survey* show separately the positive and negative components of each of the various indexes. These charts help provide a better insight into the expectations and performance of Australian business than that shown by movements in the simple aggregation of the positive and negative responses.

The aggregate net balance indexes are shown in the charts at the bottom of pages 5 to 9.

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## Sales outlook

*(Quarterly Net Index) (Up from 27.5 to 33.6)*

The positive and negative components of the D&B net indexes are shown in the adjacent chart.

### Expectations

The March quarter 2014 sales expectations index is 33.6 points, up from 27.5 points in the previous quarter.

The index is now above its 10-year average of 12 points.

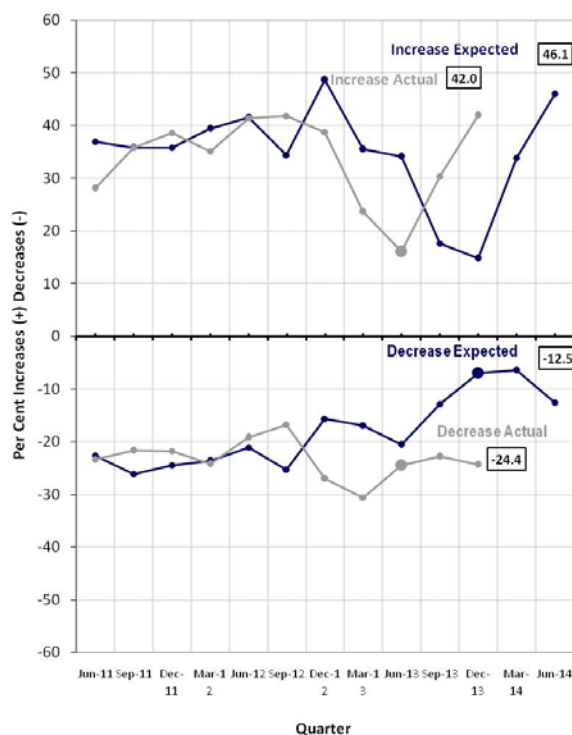
46.1 per cent of businesses expect an increase in their sales, while 12.5 per cent forecast a decrease, compared to the previous time last year.

### Actual performance

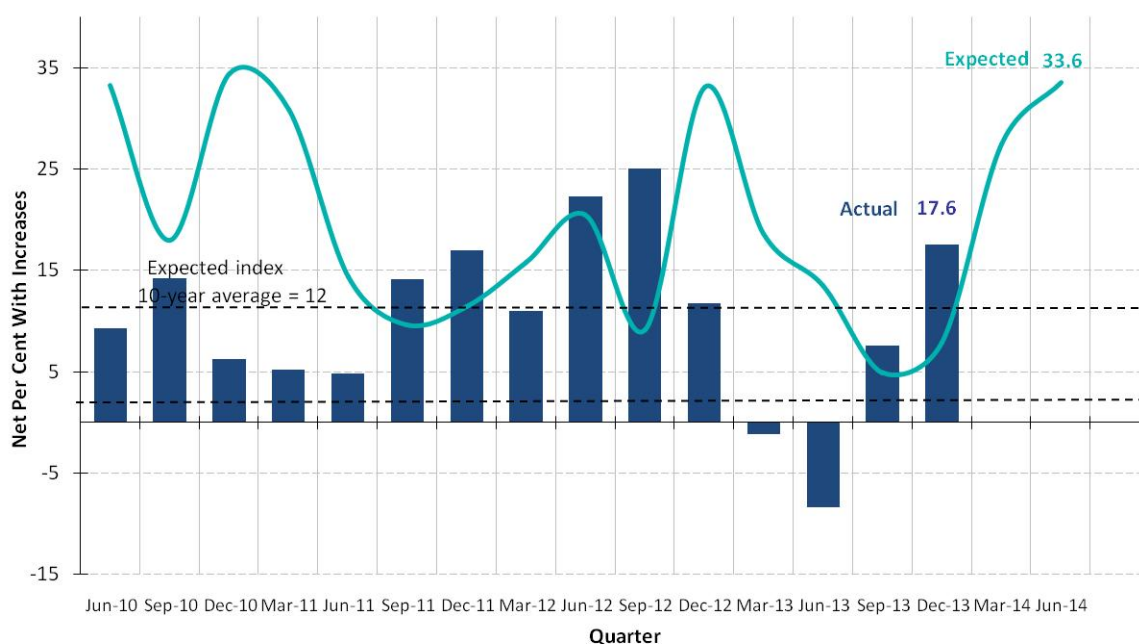
The actual sales index for the December quarter is 17.6 points, an increase from 7.5 points in the previous quarter.

42 per cent of firms increased their sales in the December quarter and 24.4 per cent had decreased sales compared to the previous year.

Sales: D&B Indexes  
Component Responses



Sales: D&B Index Jun Qtr 2010 to Jun Qtr 2014





## Profits outlook

*(Quarterly Net Index) (Down from 25.0 to 20.7)*

The positive and negative components of the D&B net indexes are shown in the adjacent chart.

### Expectations

The outlook for profits in the June 2014 quarter is an index of 20.7 points, a decline from 25.0 points in the previous quarter. The outlook for profits is 14.7 points above the 10-year average index of 6.

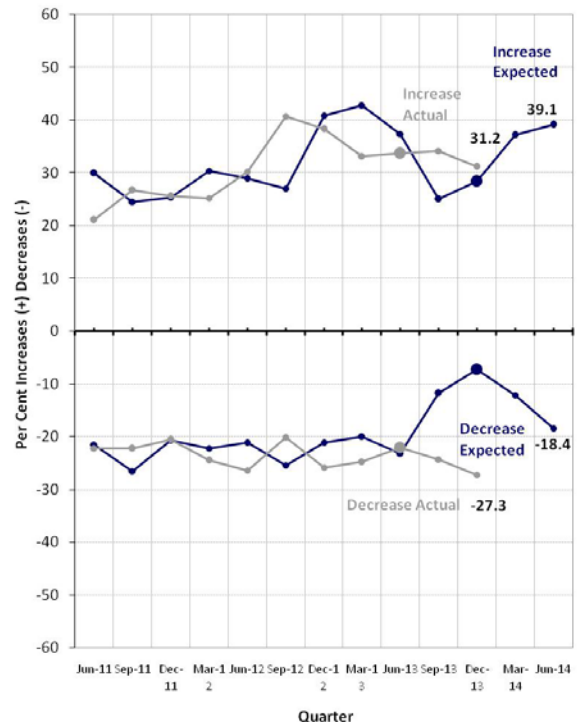
39.1 per cent of businesses expect an increase in their profits during the June quarter, while 18.4 per cent forecast a decrease, compared to last year.

### Actual performance

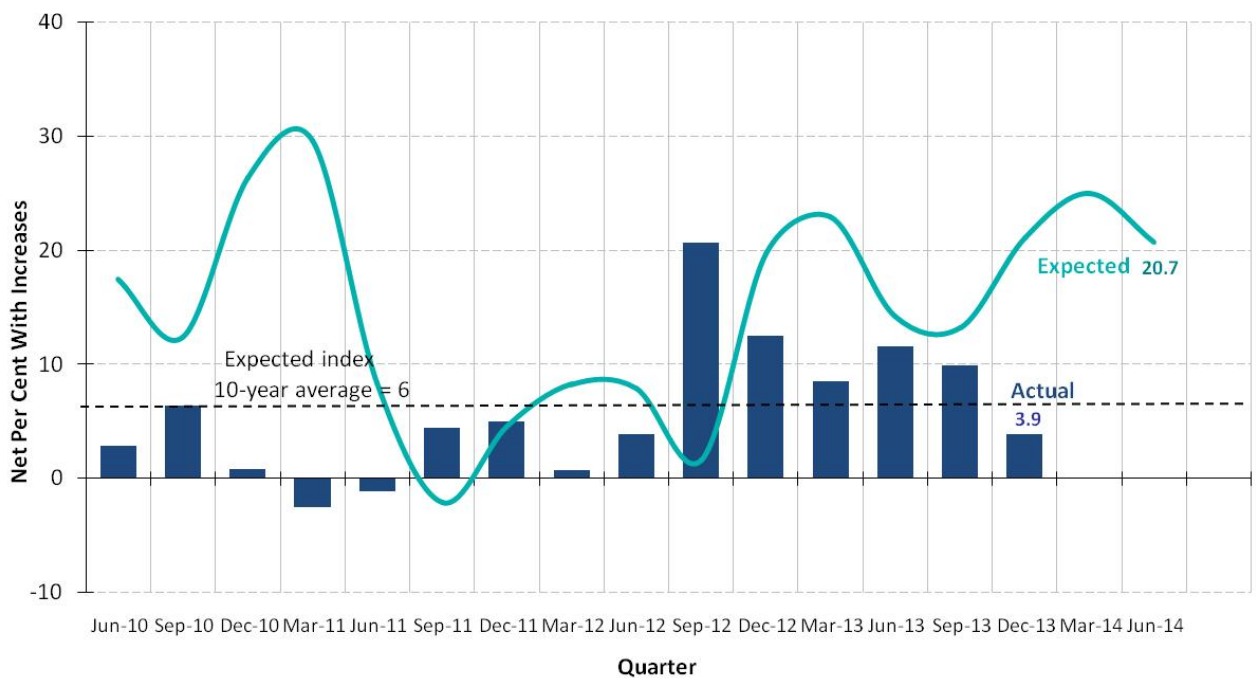
The actual net profits index for the December 2013 quarter is 3.9 points, down from 9.9 in the previous quarter.

31.2 per cent of businesses increased their profits, while 27.3 per cent experienced a decrease.

Profits: D&B Indexes  
Component Responses



Profits: D&B Index June Qtr 2010 to Jun Qtr 2014







## Employment outlook

*(Quarterly Net Index) (Up from 8.8 to 9.2)*

The positive and negative components of the D&B net indexes are shown in the adjacent chart.

### Expectations

The employment outlook for the June quarter 2014 has risen to 9.2 points, from 8.8 points in the previous quarter.

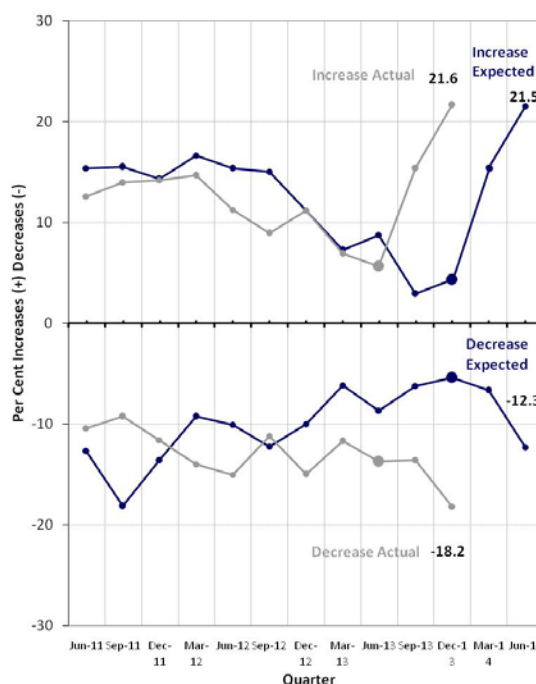
21.5 per cent of executives expect to employ more staff than compared to year ago, while 12.3 per cent expect to decrease their staff numbers.

### Actual performance

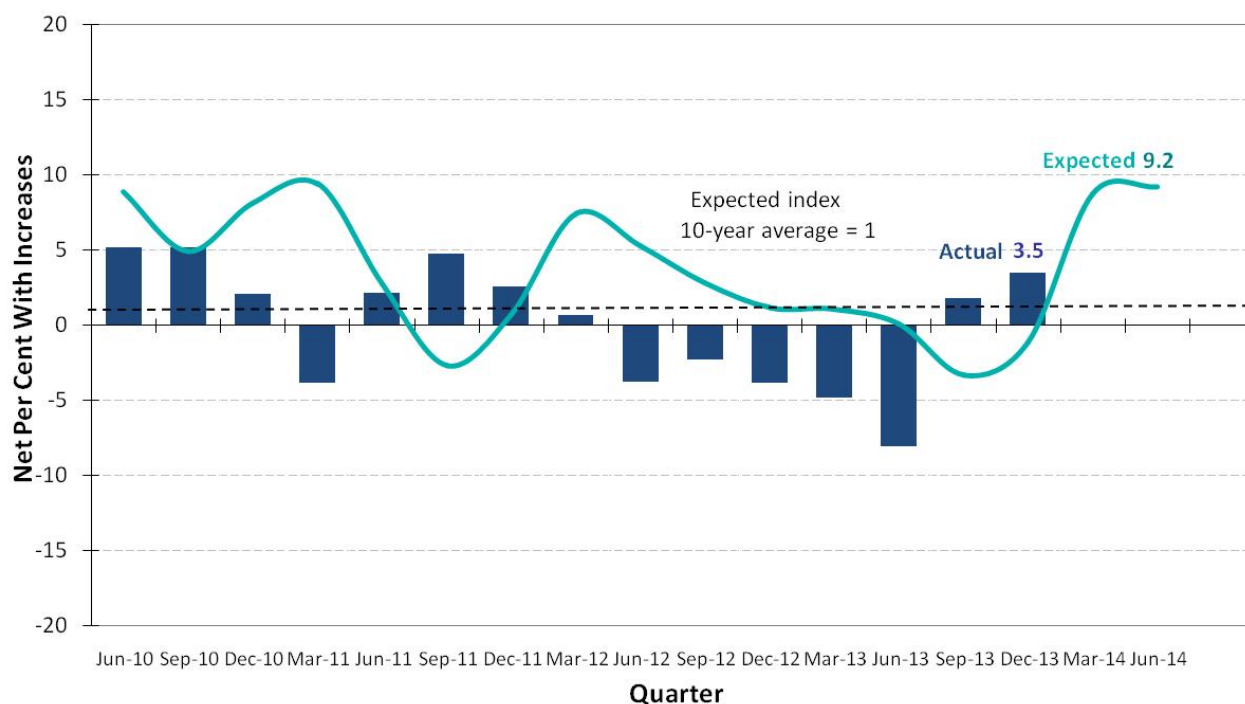
In the December quarter, 21.6 per cent of businesses hired new staff, compared to the 18.2 per cent that reduced their employment levels.

At 3.5 points, the actual index increased from 1.8 points in the previous quarter.

Employees: D&B Indexes  
Component Responses



Employment: D&B index Jun Qtr 2010 to Jun Qtr 2014







## Capital Investment outlook

*(Quarterly Net Index)(Up from 7.2 to 10.0)*

The positive and negative components of the D&B indexes are shown in the adjacent chart.

### Expectations

The capital investment outlook for the June quarter 2014 is up from 7.2 points to 10.0 points.

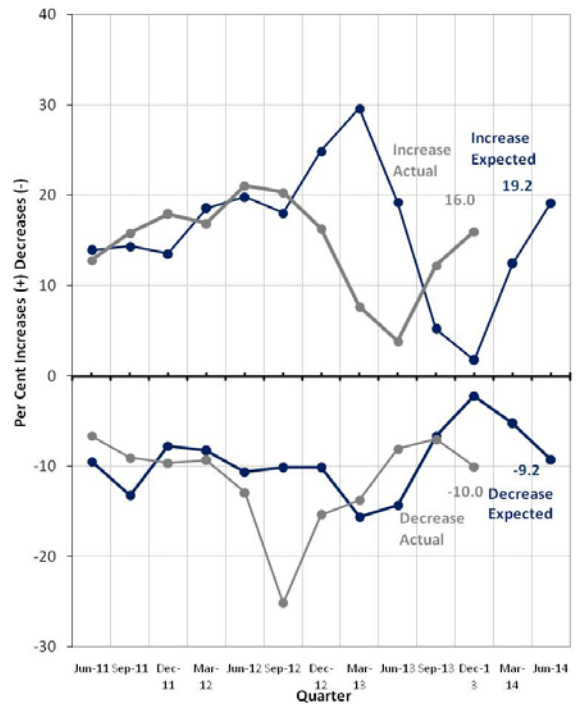
19.2 per cent of businesses expect an increase in their investment level, while 9.2 per cent forecast a decrease compared with a year earlier.

### Actual performance

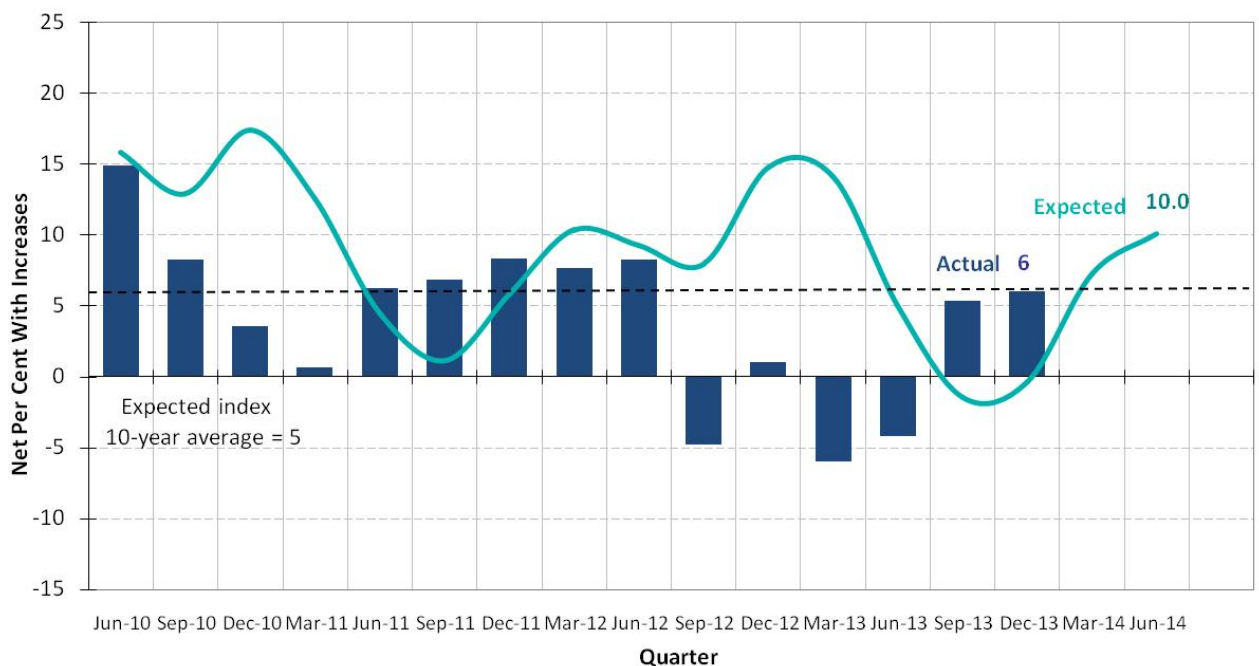
For the December quarter 2013, the actual index for investment is 6.0 points.

16 per cent of firms increased their capital investment in the December quarter while 10 per cent decreased capital spending.

Capital Investment: D&B Indexes  
Component Responses



Capital Investment: D&B Index Jun Qtr 2010 to Jun Qtr 2014





## Selling Prices outlook

*(Quarterly Net Index) (Up from 19.5 to 24.2)*

The positive and negative components of the D&B net indexes are shown in the adjacent chart.

### Expectations

The selling prices expectations index for the June quarter 2014 is 24.2 points, up from a level of 19.5 in the previous quarter.

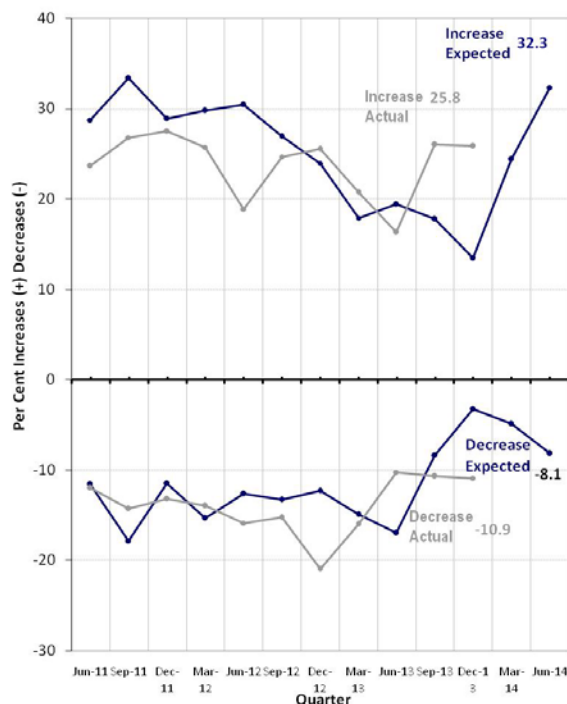
The proportion of firms expecting to have higher selling prices in the March quarter 2014 is 32.3 per cent, with 8.1 per cent expecting to have lower prices.

### Actual performance

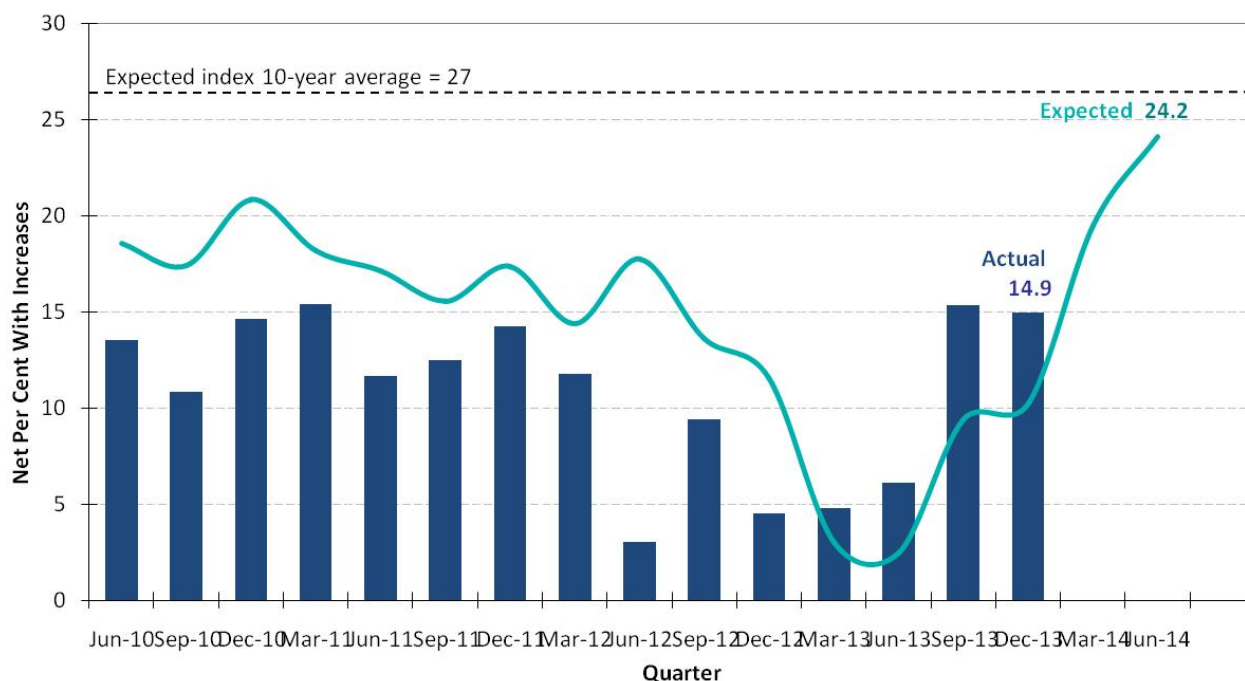
At 14.9 points, the actual prices index for the December 2013 quarter is down marginally from 15.3 points in the previous quarter.

25.8 per cent of businesses increased the level of their selling prices, while 10.9 per cent had decreased, compared to the same time the previous year.

Selling Prices: D&B Indexes  
Component Responses



Selling Prices: D&B Index Jun Qtr 2010 to Jun Qtr 2014





## D&B Survey Quarterly Indexes

### Expected: Quarter Ahead: Net per cent with increases

QUARTER	Dec 2012	Mar 2012	Jun 2012	Sep 2012	Dec 2013	Mar 2014	Jun 2014
<b>Sales</b>	33	19	13	4.9	7.9	27.5	33.6
<b>Profits</b>	20	23	14	13.2	21.1	25.0	20.7
<b>Employees</b>	1	1	0	-3.3	-1.1	8.8	9.2
<b>Capital Investment</b>	15	14	5	-1.5	-0.4	7.2	10.0
<b>Selling Prices</b>	12	3	3	9.4	10.2	19.5	24.1

### Actual: Quarter Behind: Net per cent with increases

QUARTER	Jun 2012	Sep 2012	Dec 2012	Mar 2013	June 2013	Sep 2013	Dec 2013
<b>Sales</b>	22	25	12	-1.1	-8.3	7.5	17.6
<b>Profits</b>	4	21	12	8.5	11.6	9.9	3.9
<b>Employees</b>	- 4	- 2	- 4	-4.8	-8	1.8	3.5
<b>Capital Investment</b>	8	- 5	1	-6.0	-4.2	5.3	6.0
<b>Selling Prices</b>	3	9	5	4.8	6.1	15.3	14.9

R Revised

Survey Months	July-Oct 2012	Nov-Dec 2012	Jan-Mar 2013	Apr-Jun 2013	Jul-Sep 2013	Oct-Dec 2013	Jan-Feb 2014
<b>Number of Responses</b>	1,200	1,200	1,200	1230	1228	1261	1240

**Quarterly Indexes:** Each batch of monthly responses is given an equal weight in the calculation of the new quarterly indexes.

**Final indexes:** June quarter 2014 (Expected) and December quarter 2013 (Actual) are now issued based on the 1,240 responses obtained during January, February and March 2014.



**Expected: Quarter Ahead: Net per cent with increases**

QUARTER	Dec 2012	Mar 2013	Jun 2013	Sep 2013	Dec 2013	Mar 2014	Jun 2014
<b>Sales Expectations</b>							
<b>Manufacturers:</b>	33	16	12	-3.1	9.6	23.5	41.8
<b>Wholesalers:</b>	28	24	25	9.3	8.8	29.1	28.9
<b>Retailers:</b>	39	19	6	-6.8	9.7	34.7	23.7
<b>Construction:</b>				6.8	0.2	26.9	31.9
<b>Transport, Communication, Utilities:</b>				20.2	8.1	23.8	32.6
<b>Finance, Insurance, Real Estate:</b>				4.2	7.2	30.7	44.9
<b>Services:</b>				9.0	4.0	23.6	31.3
<b>All Industries</b>	<b>33</b>	<b>19</b>	<b>13</b>	<b>4.9</b>	<b>7.9</b>	<b>27.5</b>	<b>33.6</b>
<b>Profits Expectations</b>							
<b>Manufacturers:</b>	22	27	14	1.0	15.8	21.2	21.3
<b>Wholesalers:</b>	28	29	22	19.1	13.9	21.4	12.9
<b>Retailers:</b>	7	10	7	3.6	8.7	21.0	7.7
<b>Construction:</b>				7.2	24.0	30.1	13.0
<b>Transport, Communication, Utilities:</b>				32.2	35.6	23.7	30.7
<b>Finance, Insurance, Real Estate:</b>				22.5	21.5	27.6	37.9
<b>Services:</b>				13.7	27.0	30.0	21.2
<b>All Industries</b>	<b>20</b>	<b>23</b>	<b>14</b>	<b>13.6</b>	<b>21.1</b>	<b>25.0</b>	<b>20.7</b>
<b>Employees Expectations</b>							
<b>Manufacturers:</b>	1	1	1	-6.4	-6.7	6.0	7.3
<b>Wholesalers:</b>	-1	2	-1	-7.0	-4.9	5.0	11.0
<b>Retailers:</b>	3	1	-2	-6.8	1.7	3.9	1.5
<b>Construction:</b>				-3.9	-2.2	9.1	5.7
<b>Transport, Communication, Utilities:</b>				1.2	4.3	8.2	9.0
<b>Finance, Insurance, Real Estate:</b>				-1.3	-2.2	16.8	19.7
<b>Services:</b>				-1.4	0.6	12.4	10.5
<b>All Industries</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>-3.3</b>	<b>-1.1</b>	<b>8.8</b>	<b>9.2</b>



**Expected: Quarter Ahead: Net per cent with increases**

QUARTER	Dec 2012	Mar 2013	Jun 2013	Sep 2013	Dec 2013	Mar 2014	Jun 2014
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**Capital Investment Expectations**

<b>Manufacturers</b>	14	20	3	-10.0	1.2	8.2	11.4
<b>Wholesalers</b>	23	19	19	-6.0	-2.3	9.5	11.7
<b>Retailers</b>	9	1	- 5	-9.8	1.1	1.5	-1.2
<b>Construction</b>				0.3	-2.3	4.8	7.8
<b>Transport, Communication, Utilities</b>				2.7	-0.3	6.8	17.0
<b>Finance, Insurance, Real Estate</b>				6.3	-2.4	11.4	17.1
<b>Services</b>				0.9	1.9	8.4	6.5
<b>All Industries</b>	<b>15</b>	<b>14</b>	<b>13</b>	<b>-1.5</b>	<b>-0.4</b>	<b>7.2</b>	<b>10.0</b>

**Selling Prices Expectations**

<b>Manufacturers</b>	17	10	11	9.3	14.9	17.5	27.6
<b>Wholesalers</b>	10	9	10	9.7	10.3	25.1	23.5
<b>Retailers</b>	3	- 15	- 22	-9.9	-3.1	11.9	27.4
<b>Construction</b>				14.2	20.1	23.5	26.5
<b>Transport, Communication, Utilities</b>				16.2	12.3	17.3	19.9
<b>Finance, Insurance, Real Estate</b>				16.5	13.1	20.8	23.7
<b>Services</b>				8.0	6.6	20.3	20.4
<b>All Industries</b>	<b>12</b>	<b>3</b>	<b>2</b>	<b>9.4</b>	<b>10.2</b>	<b>19.5</b>	<b>24.1</b>



**Actual: Quarter Behind: Net per cent with increases**

QUARTER	Jun 2012	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013	Dec 2013
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**Sales Actual**

<b>Manufacturers</b>	19	20	9	-15.0	-20.1	-2.4	9.6
<b>Wholesalers</b>	24	28	18	4.6	-16.3	19.0	12.2
<b>Retailers</b>	28	33	11	-18.2	-11.3	5.0	15.7
<b>Construction</b>				-17.5	-12.4	0.8	18.8
<b>Transport, Communication, Utilities</b>				12.1	-6.8	12.5	26.4
<b>Finance, Insurance, Real Estate</b>				-8.5	5.1	18.3	37.1
<b>Services</b>				0.4	-4.0	-0.5	3.3
<b>All Industries</b>	<b>22</b>	<b>25</b>	<b>12</b>	<b>-7.0</b>	<b>-8.3</b>	<b>7.5</b>	<b>17.6</b>

**Profits Actual**

<b>Manufacturers</b>	5	21	7	5.2	-0.8	3.6	-1.8
<b>Wholesalers</b>	12	25	26	29.3	2.3	12.3	-6.4
<b>Retailers</b>	-6	17	10	8.8	8.7	4.3	4.7
<b>Construction</b>				-10.4	4.6	13.7	-2.4
<b>Transport, Communication, Utilities</b>				22.2	27.2	14.9	11.7
<b>Finance, Insurance, Real Estate</b>				13.3	17.8	15.9	22.5
<b>Services</b>				12.5	15.2	4.3	-0.8
<b>All Industries</b>	<b>4</b>	<b>21</b>	<b>12</b>	<b>8.5</b>	<b>11.6</b>	<b>9.9</b>	<b>3.9</b>

**Employees Actual**

<b>Manufacturers</b>	-5	-2	-3	-11.5	-13.2	-5.2	-8.5
<b>Wholesalers</b>	-5	-2	-3	4.5	-3.3	-0.5	6.1
<b>Retailers</b>	-2	-5	-6	-8	-5.9	-4.2	3.5
<b>Construction</b>				-10.3	-16.4	-2.2	-0.8
<b>Transport, Communication, Utilities</b>				-0.1	-1.7	7.2	9.7
<b>Finance, Insurance, Real Estate</b>				-0.8	-3.1	12.0	10.1
<b>Services</b>				-1.2	-11.3	5.5	4.3
<b>All Industries</b>	<b>-4</b>	<b>-2</b>	<b>-4</b>	<b>-4.8</b>	<b>-8</b>	<b>1.8</b>	<b>3.5</b>



**Actual: Quarter Behind: Net per cent with increases**

QUARTER	Jun 2012	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013	Dec 2013
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**Capital Investment Actual**

<b>Manufacturers</b>	9	- 2	2	-11.7	-5.5	5.2	3.4
<b>Wholesalers</b>	16	- 4	8	-1.6	-5.7	8.9	3.7
<b>Retailers</b>	0	-12	-8	-21.9	-5.4	0.6	3.9
<b>Construction</b>				-8.4	0.2	6.4	7.2
<b>Transport, Communication, Utilities</b>				4.1	-2.1	5.5	12.8
<b>Finance, Insurance, Real Estate</b>				-2.1	-3.1	5.2	9.7
<b>Services</b>				-5.0	-8.4	5.4	1.4
<b>All Industries</b>	<b>8</b>	<b>- 5</b>	<b>1</b>	<b>-6.0</b>	<b>-4.2</b>	<b>5.3</b>	<b>6.0</b>

**Selling Prices Actual**

<b>Manufacturers</b>	7	20	11	12.7	10	18.1	12.2
<b>Wholesalers</b>	2	16	8	-0.7	13.2	15.7	11.5
<b>Retailers</b>	- 2	-14	-12	-21.4	-20.6	3.5	19.3
<b>Construction</b>				4.7	10.2	25.9	11.8
<b>Transport, Communication, Utilities</b>				19.1	7.5	17.6	15.5
<b>Finance, Insurance, Real Estate</b>				-1.1	14.5	19.2	21.5
<b>Services</b>				16.1	12.5	7.4	12.9
<b>All Industries</b>	<b>3</b>	<b>9</b>	<b>5</b>	<b>4.8</b>	<b>6.1</b>	<b>15.3</b>	<b>14.9</b>