

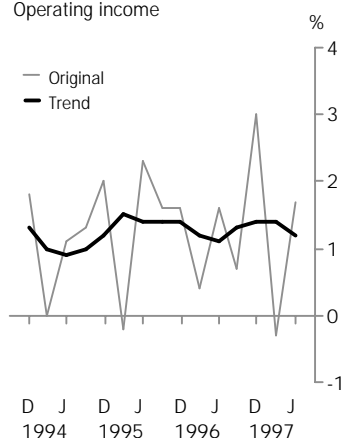
AUSTRALIAN BUSINESS EXPECTATIONS

JUNE QTR 1998 & MARCH QTR 1999

EMBARGO: 11:30AM (CANBERRA TIME) FRI 27 MAR 1998

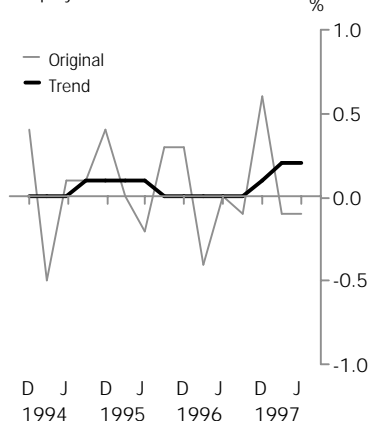
Short term

Operating income



Short term

Employment



KEY FIGURES

ORIGINAL ESTIMATES

	Short-term Jun Qtr 1998 % change	Medium-term Mar Qtr 1999 % change
Operating income	1.7	2.6
Selling prices	0.3	0.8
Profit	8.4	13.1
Employment	-0.1	0.1

TREND ESTIMATES

	Short-term Jun Qtr 1998 % change	Medium-term Mar Qtr 1999 % change
Operating income	1.2	2.7
Selling prices	0.2	0.8
Profit	5.7	13.2
Employment	0.2	0.0

KEY POINTS

SHORT-TERM

- A rise of 1.7%, in original terms, is expected in operating income in the June Quarter 1998 over the March Quarter 1998. All industries expect an increase but the lowest is the Accommodation, Cafes and Restaurants industry (0.1%).
- Full time equivalent employment, in original terms, is expected to fall by 0.1% in the short term. All industries except Wholesale and Property and Business Services expect a fall.

MEDIUM-TERM

- Operating Income in the medium term (March quarter 1999) is expected to increase by 2.6% compared to the March quarter 1998. The lowest expected increase is in the Electricity, Gas and Water industry (0.4%).

TREND

- Trend estimates have been released for the first time in this publication. The ABS has also examined the possibility of releasing seasonally adjusted estimates but analysis has shown that the time series is still not long enough to provide reliable seasonal factors.
- The graphs on the left side of this page compare original and trend series. Some of the difference between these series will be due to seasonal factors.

- For further information about these and related statistics, contact Bruce Jamieson on 02 6252 6094, or any ABS Office.

NOTES

FORTHCOMING ISSUES

ISSUE (Quarter)

RELEASE DATE

September 1998

26 June 1998

December 1998

25 September 1998



CHANGES IN THIS ISSUE

This issue of Australian Business Expectations is significantly different from previous releases. Changes include:

- the first release of trend estimates,
- more detailed industry data in the form of time series, and,
- more detailed State data for a number of indicator items.

The term 'Operating Income' replaces the previous term 'Sales of Goods and services'. The data collected for this item has not changed from previous issues. The change was implemented to improve understanding by data providers to the survey.

The release of international trade data has been omitted from this issue. This data is available on request, free of charge.

The collection of international trade data will cease with this issue as there were quality concerns with the data and a review showed there was not strong interest in these particular data items.



W. McLennan
Australian Statistician

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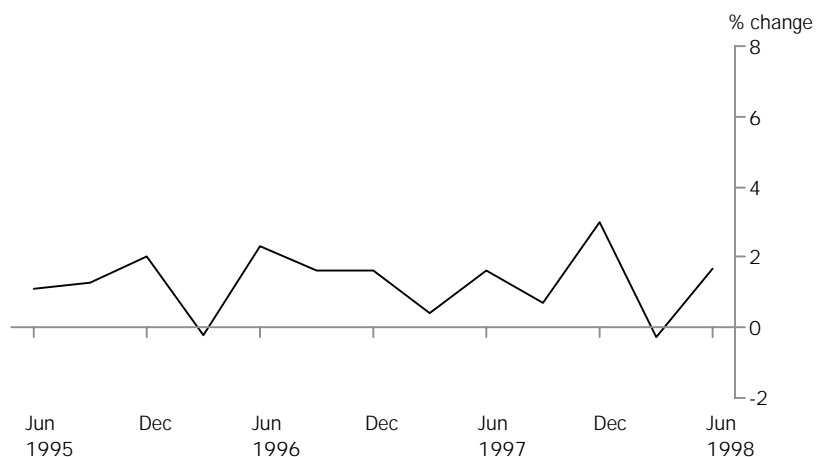
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SUMMARY OF RESULTS: Short-term Outlook

OPERATING INCOME

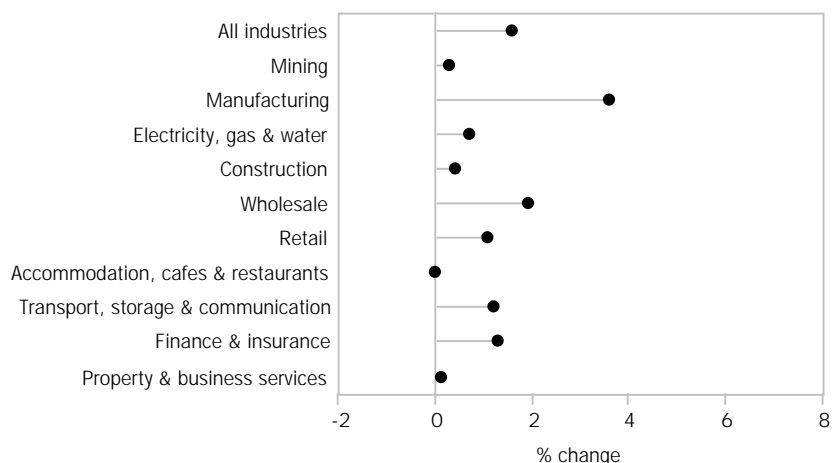
TIME SERIES

The expected rise in Operating Income of 1.7% is the second lowest expected rise in a June quarter since the survey began in the December quarter 1993. Contributing to this rise are large sized businesses which expect a rise of 3.3%, medium sized businesses 2.1% and small businesses 0.3%.



MAIN INDUSTRY COMPARISON

All industries expect Operating Income to increase with the largest rise being 3.7% in the Manufacturing industry. Other notable rises are 2.0% in Wholesale, and, 1.4% in Finance and Insurance. For the Manufacturing industry, expected changes by size of business are, 5.4% for large businesses, 4.7% for medium sized businesses and 1.1% for small businesses. The lowest expected increase is 0.1% in the Accommodation, Cafes and Restaurants industry. Small businesses expect an increase of 0.7%, medium sized businesses expect an increase of 0.3%, while large sized businesses expect a fall of 0.7%.

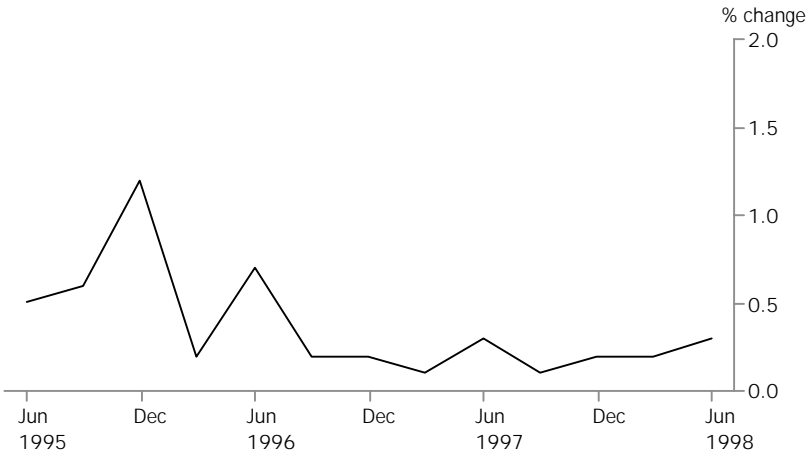


SUMMARY OF RESULTS: Short-term Outlook *continued*

SELLING PRICES

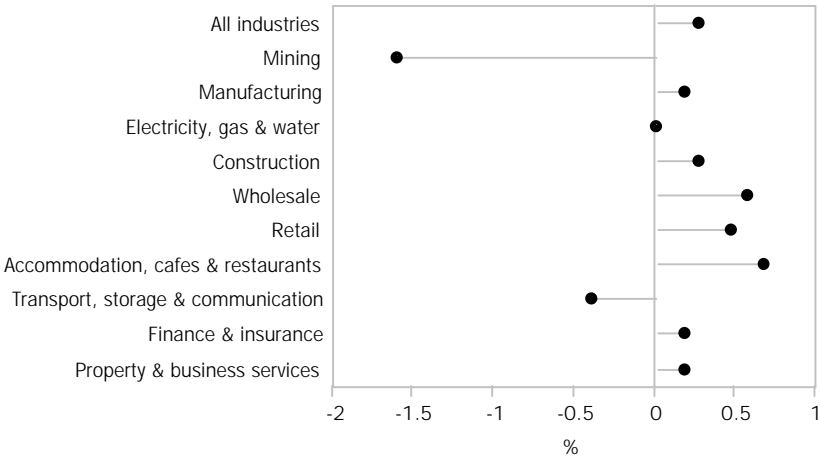
TIME SERIES

The expected rise of 0.3% in Selling Prices in the June Quarter 1998 continues the series of low inflation expectations over the past two years. Businesses of all sizes expect Selling Prices to increase with medium sized businesses expecting an increase of 0.5%, small businesses expecting a 0.3% rise and large businesses expecting a rise of 0.2%.



MAIN INDUSTRY COMPARISON

Businesses in all industries except the Mining and Transport, Storage and Communications industries expect Selling Prices to increase in the short term. The fall in Selling Prices in the Mining industry (-1.6%) is comprised of a 2.0% expected fall by large businesses, a 0.5% fall expected by medium sized businesses and no change expected by small businesses.

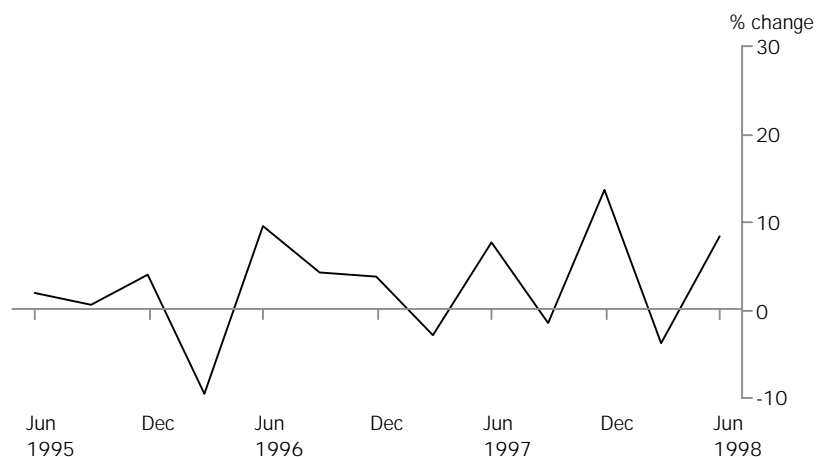


SUMMARY OF RESULTS: Short-term Outlook *continued*

PROFITS

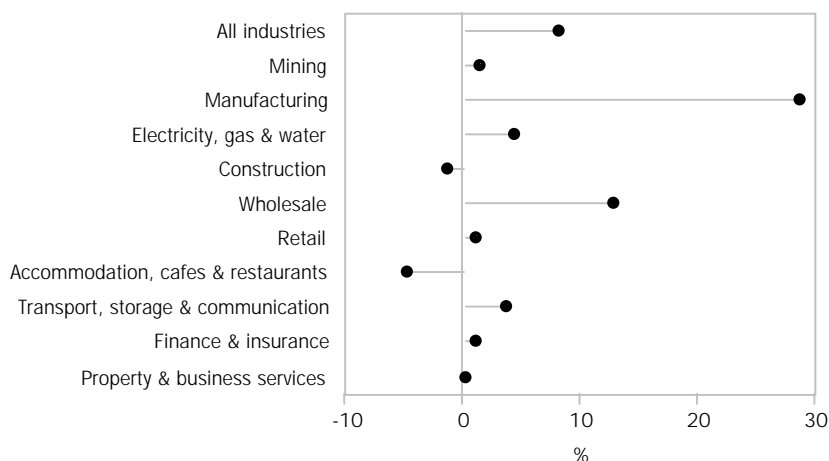
TIME SERIES

The expected rise in Profits of 8.4% is the second largest expected increase in a June quarter since the survey began. This rise comprises an expected increase of 24.8% by large businesses, an increase of 14.4% by medium sized businesses and a 2.5% fall in expected Profits by small businesses.



MAIN INDUSTRY COMPARISON

Manufacturing businesses expect the largest increase in Profits in the short term, with large businesses expecting an increase of 50.4%, medium sized businesses 41.4% and small businesses 3.0%. The fall in Profits expected in the Accommodation, Cafes and Restaurants industry (-4.6%) is comprised of an expected fall in large sized businesses of 6.2%, small and medium sized businesses both expect a fall of 3.4%. The only other industry to expect a fall in Profits in the short term is the Construction industry (-1.4%).

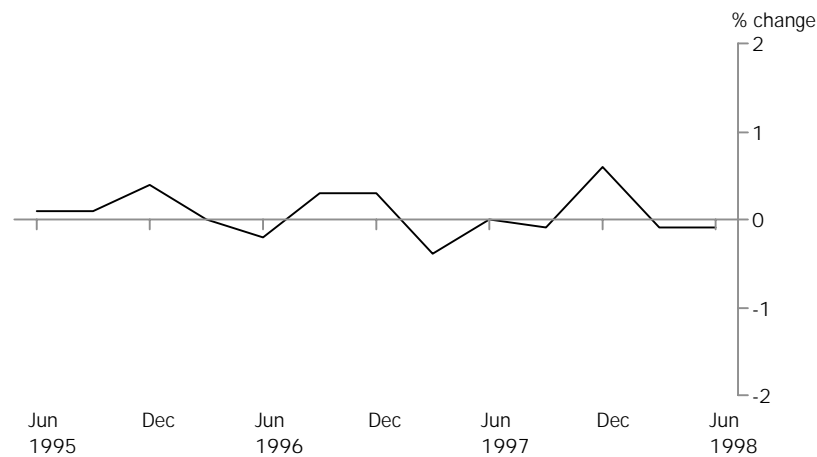


SUMMARY OF RESULTS: Short-term Outlook *continued*

EMPLOYMENT

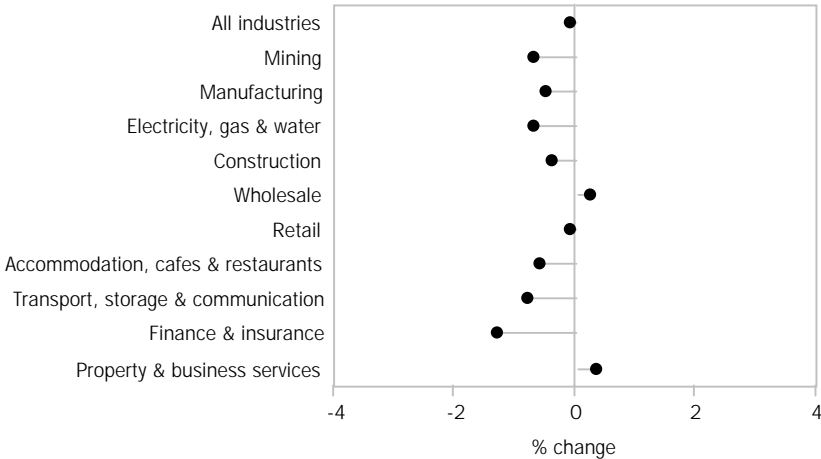
TIME SERIES

Employment (full time equivalent) is expected to fall by 0.1%. Falls have been expected in five of the past six quarters. Small businesses expect a rise of 0.1% while medium sized businesses expect a fall of 0.2% and large business expect a fall of 0.3%.



MAIN INDUSTRY COMPARISON

The fall expected in full time equivalent Employment in the June quarter 1998 is 0.1%. The largest fall is in the Finance and Insurance industry, with large businesses expecting a fall of 1.5%, small businesses expect a fall of 0.5% and medium sized businesses a fall of 0.4%. The banking sector is contained within this industry. Businesses of all sizes in the Wholesale industry expect to increase employment levels in the short term with large businesses expecting the largest increase of 0.7%. Large businesses in the Property and Business Services industry expect Employment to increase by 1.1% in the short term.

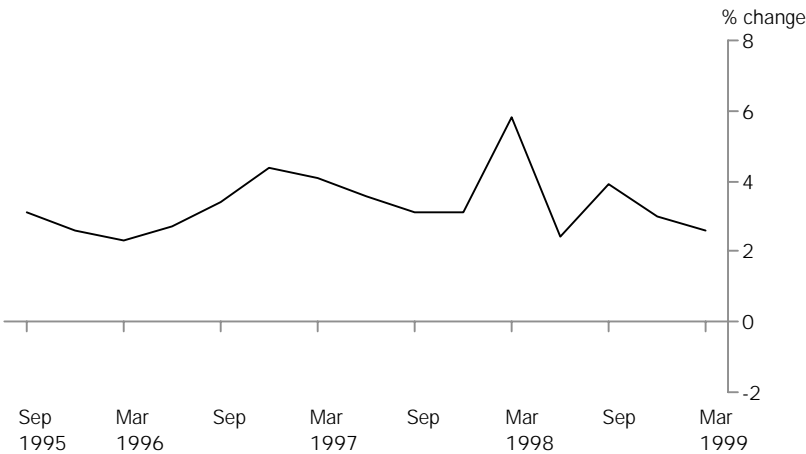


SUMMARY OF RESULTS: Medium-term Outlook

OPERATING INCOME

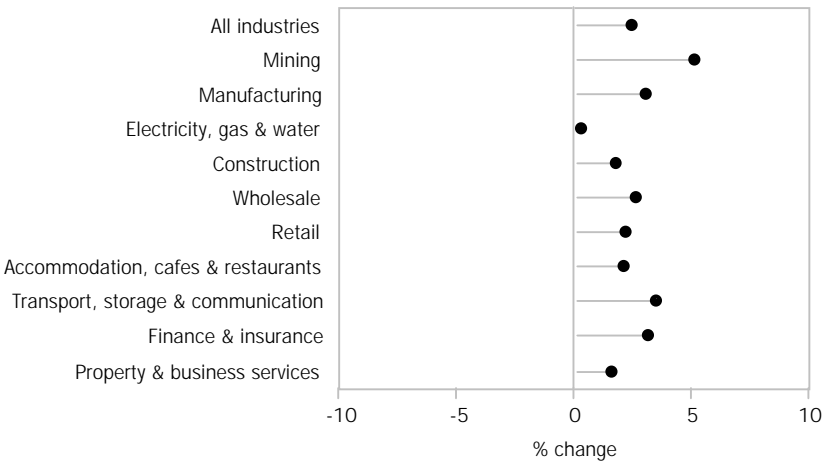
TIME SERIES

Operating Income is expected to rise by 2.6% in the medium term. Businesses of all sizes expect an increase with large businesses expecting a rise of 3.7%, while medium and small businesses expect increases of 2.4% and 1.9% respectively.



MAIN INDUSTRY COMPARISON

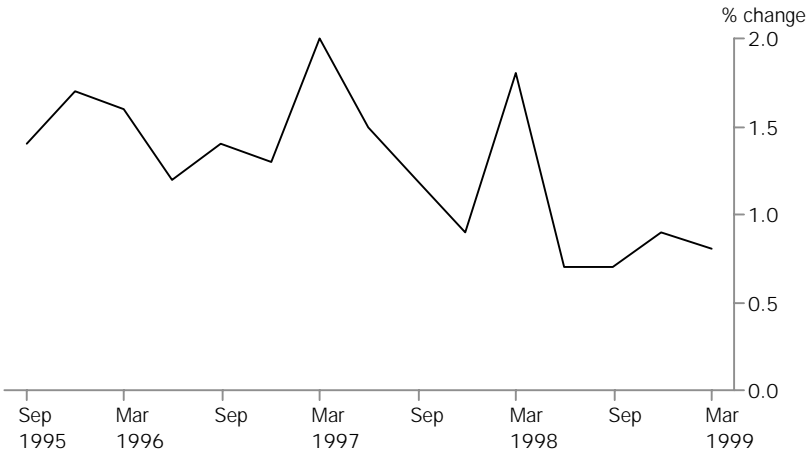
The largest expected increase in Operating Income is in the Mining industry (5.3%) of which large sized businesses expect an increase of 6.4% while medium sized businesses expect a rise of 4.2% and small businesses a rise of 2.6%.



SELLING PRICES

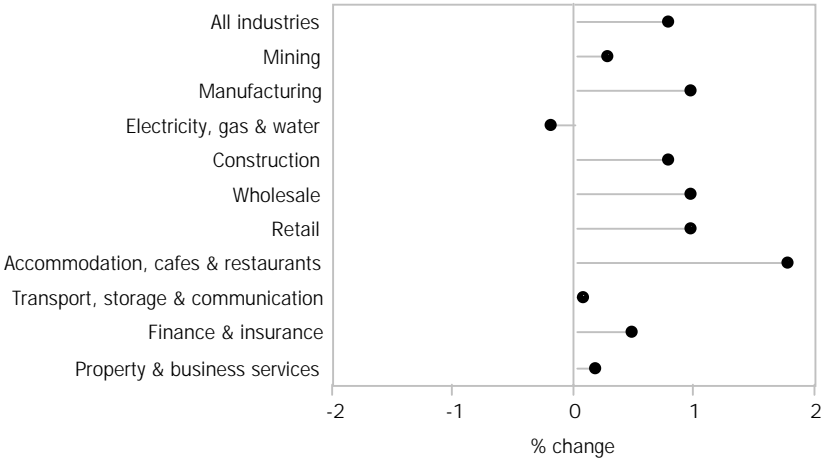
TIME SERIES

The expected rise of 0.8% in selling prices in the medium term is one of the lowest since the survey began in the September quarter 1994. Small businesses expect a rise of 0.6% while medium and large sized businesses both expect a rise of 0.9%.



MAIN INDUSTRY COMPARISON

All industries except Electricity, Gas and Water (-0.2%) expect prices to increase by the March quarter 1999. The fall in Selling Prices in the Electricity, Gas and Water industry (0.2%) is attributable to large sized businesses which expect a fall of 0.3%, small and medium sized businesses expect increases of 0.1% and 0.6% respectively. The largest expected increase in Selling Prices is in the Accommodation, Cafes and restaurants industry. This consists of expected rises by large businesses (2.5%) and small and medium sized businesses, 1.5% and 1.1% respectively.

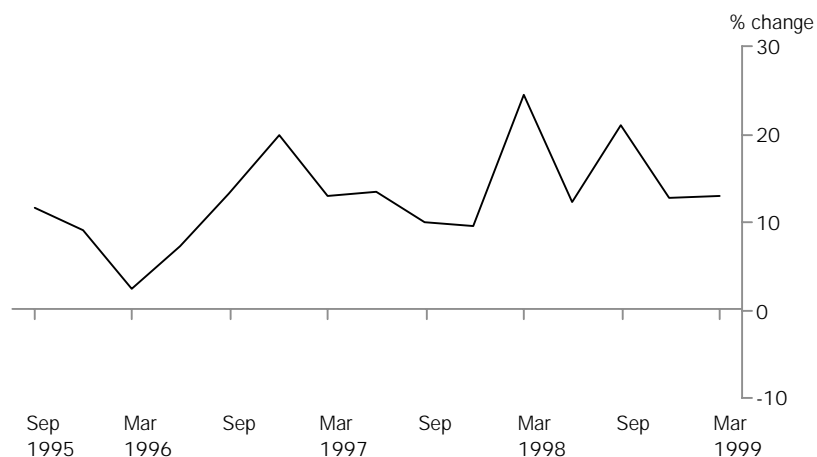


SUMMARY OF RESULTS: Medium-term Outlook *continued*

PROFITS

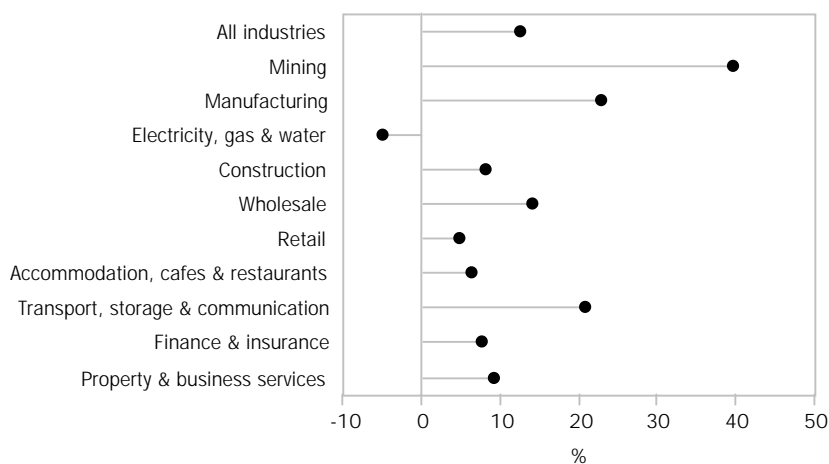
TIME SERIES

The expected increase in Profits of 13.1% in the medium term is comparable with the previous three expectations for March quarters. Large businesses expect Profits to increase by 22.6% while medium sized businesses expect an increase of 17.3% and small businesses a rise of 6.8%.



MAIN INDUSTRY COMPARISON

The Mining industry (40.1%) expects the largest increase in profits in the medium term. This rise is based on increases in operating income and a fall in expected total expenses. Large businesses in this industry expect the largest increase (49.0%). The only industry to expect a fall in profits is the Electricity, Gas and Water industry. The fall in expected profits in the Electricity, Gas and Water industry comprises an expected rise by medium sized businesses of 12.1%, while large businesses expect profits to fall by 5.3% and small businesses expect a fall of 15.3% in the medium term.

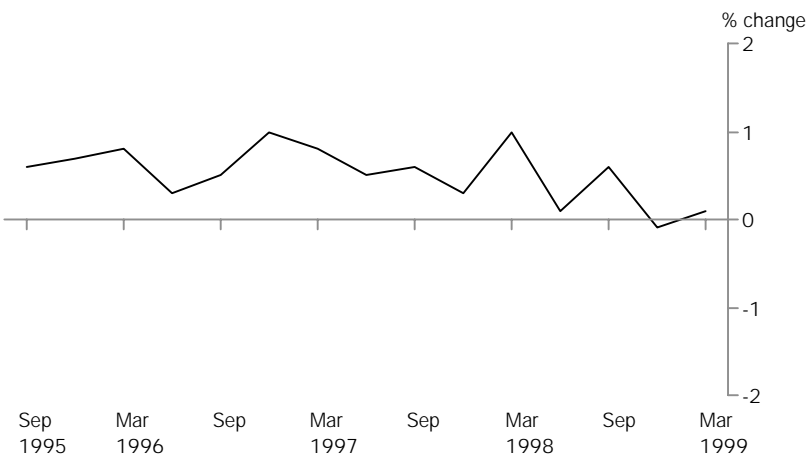


SUMMARY OF RESULTS: Medium-term Outlook *continued*

EMPLOYMENT

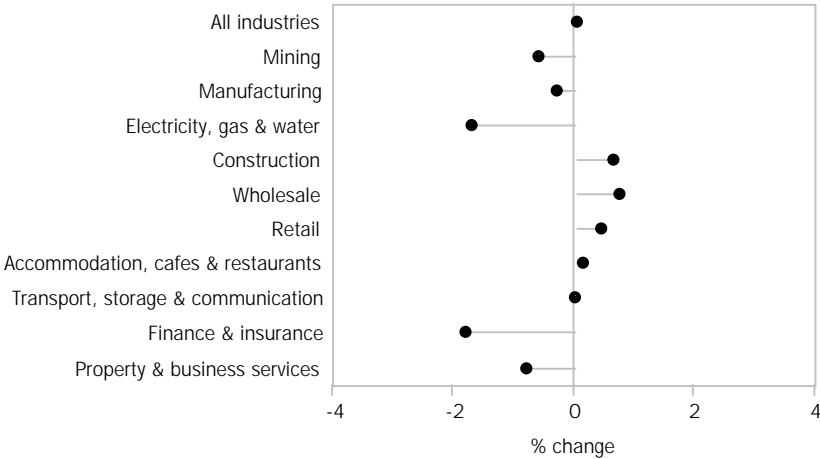
TIME SERIES

Full time equivalent employment is expected to rise by 0.1% in the medium term. Small businesses expect an rise of 0.3%, while medium sized businesses expect a fall of 0.2% and large businesses expect a fall of 0.1%.



MAIN INDUSTRY COMPARISON

Expected falls in employment in the Finance and Insurance industry (1.8%) are mainly attributable to large sized businesses (-2.3%), the banking sector is contained within this industry. The increase in Employment expected in the Wholesale industry is expected by businesses of all sizes.



SHORT-TERM OUTLOOK, Expected Aggregate Change: **Original and Trend**

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR

	<i>Jun Qtr 1997</i>	<i>Sep Qtr 1997</i>	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>
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Business performance indicators	%	%	%	%	%
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ORIGINAL

Trading performance

Operating income	1.6	0.7	3.0	-0.3	1.7
Selling prices	0.3	0.1	0.2	0.2	0.3
Profit	7.8	-1.4	13.7	-3.8	8.4

Investment

Capital expenditure	3.4	3.2	5.3	1.4	3.8
Stocks	-0.3	-0.1	-0.4	-0.3	-0.5

Employment

Full time equivalent	0.0	-0.1	0.6	r -0.1	-0.1
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Operating expenses

Wages	0.9	0.9	1.3	0.5	0.5
Non-wage labour	0.8	0.3	1.0	0.3	0.4
Other	1.0	0.9	1.7	0.2	1.1
Total	1.0	0.9	1.6	0.3	1.0

TREND

Trading performance

Operating income	1.1	1.3	1.4	1.4	1.2
Selling prices	0.2	0.2	0.2	0.2	0.2
Profit	2.5	3.3	4.8	6.0	5.7

Investment

Capital expenditure	4.3	4.0	3.7	3.5	3.2
Stocks	-0.1	-0.3	-0.4	-0.2	-0.1

Employment

Full time equivalent	0.0	0.0	0.1	r 0.2	0.2
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Operating expenses

Wages	0.9	0.9	0.9	0.8	0.6
Total	1.0	1.0	0.9	0.9	0.8

SHORT-TERM WEIGHTED NET BALANCE—June Qtr 1998

BUSINESSES EXPECTING.....

	<i>Decreases</i>	<i>No change</i>	<i>Increases</i>	<i>Net balance</i>
Business performance indicators	%	%	%	%
Trading performance				
Operating income	16.3	27.8	55.9	39.7
Selling prices	8.8	52.0	39.2	30.4
Profit	27.2	17.5	55.2	28.0
Investment				
Capital expenditure	26.1	40.4	33.5	7.6
Stocks	52.2	31.4	16.4	-35.7
Employment				
Full time equivalent	33.9	45.2	20.8	-13.1
Operating expenses				
Wages	18.0	34.6	47.4	29.4
Non-wage labour	14.3	38.6	47.0	32.7
Other	13.5	31.8	54.7	41.2

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Jun Qtr 1997</i>	<i>Sep Qtr 1997</i>	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>
Business performance indicators	%	%	%	%	%

MINING

Trading performance					
Operating income	2.9	0.6	2.0	2.6	0.4
Selling prices	0.0	-0.2	-0.2	-0.3	-1.6
Profit	0.7	-2.2	17.0	10.4	1.7
Investment					
Capital expenditure	10.4	3.1	5.4	-2.4	11.1
Stocks	-0.5	0.0	-2.4	-1.4	-1.3
Employment					
Full time equivalent	0.9	-0.5	-1.1	-1.1	-0.7
Operating expenses					
Wages	2.1	1.4	-1.1	1.2	0.2
Non-wage labour	1.7	0.1	-1.0	1.4	-0.2
Other	3.4	-0.1	-0.4	0.7	0.1
Total	3.2	0.2	-0.5	0.7	0.1

MANUFACTURING

Trading performance					
Operating income	2.7	1.4	2.4	-1.1	3.7
Selling prices	0.1	0.1	0.0	-0.3	0.2
Profit	14.2	7.3	16.5	-9.5	29.0
Investment					
Capital expenditure	0.8	9.5	10.6	5.6	7.5
Stocks	-0.4	-0.3	-0.3	-0.5	-0.3
Employment					
Full time equivalent	-0.4	-0.4	-0.3	-0.3	-0.5
Operating expenses					
Wages	1.0	0.7	1.0	0.6	0.5
Non-wage labour	0.7	1.3	0.6	0.2	0.7
Other	1.1	0.7	1.2	-0.1	1.7
Total	1.1	0.7	1.1	0.0	1.5

ELECTRICITY, GAS & WATER

Trading performance					
Operating income	5.3	-0.2	-0.6	0.3	0.8
Selling prices	0.1	0.3	-0.9	-0.2	0.0
Profit	29.0	-11.4	-0.5	5.1	4.6
Investment					
Capital expenditure	4.9	-0.5	1.8	-5.4	5.6
Stocks	-1.4	-0.3	0.1	-0.1	-2.2
Employment					
Full time equivalent	-0.8	-0.6	-1.2	-1.4	-0.7
Operating expenses					
Wages	0.7	0.7	0.7	-1.4	0.1
Non-wage labour	0.6	0.3	1.1	-0.9	-0.3
Other	1.3	0.7	-1.0	-0.8	0.7
Total	1.3	0.7	-0.8	-0.8	0.6

CONSTRUCTION

Trading performance					
Operating income	0.3	-3.2	2.0	-0.3	0.5
Selling prices	0.1	-0.3	0.1	0.3	0.3
Profit	3.7	-16.6	10.4	-6.2	-1.4
Investment					
Capital expenditure	-1.3	0.6	5.9	4.1	6.1
Stocks	-0.1	-0.3	-0.2	-0.2	-0.7
Employment					
Full time equivalent	-0.2	-2.1	0.0	-1.1	-0.4
Operating expenses					
Wages	0.1	-1.3	1.3	0.0	0.2
Non-wage labour	0.1	-1.3	2.0	-0.3	0.5
Other	-0.5	-1.1	1.1	0.5	0.7
Total	-0.4	-1.1	1.1	0.4	0.6

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Jun Qtr 1997</i>	<i>Sep Qtr 1997</i>	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>
Business performance indicators	%	%	%	%	%

WHOLESALE

Trading performance					
Operating income	0.8	1.5	2.5	0.1	2.0
Selling prices	0.1	0.0	0.0	0.3	0.6
Profit	11.7	1.4	12.8	-3.3	13.1
Investment					
Capital expenditure	1.2	2.5	12.2	4.2	8.3
Stocks	0.3	0.2	-0.5	0.3	0.0
Employment					
Full time equivalent	0.3	0.2	-0.4	0.2	0.3
Operating expenses					
Wages	1.3	1.4	1.5	1.1	1.1
Non-wage labour	0.7	0.8	0.5	0.5	0.9
Other	0.2	1.4	1.4	0.6	0.9
Total	0.2	1.4	1.4	0.6	0.9

RETAIL

Trading performance					
Operating income	1.3	-0.1	6.3	-1.2	1.2
Selling prices	0.6	-0.1	0.5	0.4	0.5
Profit	1.3	-5.4	30.3	-3.1	1.3
Investment					
Capital expenditure	11.7	14.0	14.2	3.7	9.1
Stocks	-1.6	-0.6	-1.1	-0.7	-1.9
Employment					
Full time equivalent	0.3	0.2	3.3	-0.5	-0.1
Operating expenses					
Wages	0.7	0.5	3.2	0.0	0.5
Non-wage labour	0.7	0.1	2.6	0.0	0.5
Other	1.4	1.0	4.1	-0.9	1.2
Total	1.3	0.9	4.0	-0.7	1.1

ACCOMMODATION, CAFES & RESTAURANTS

Trading performance					
Operating income	0.7	0.7	2.5	-0.5	0.1
Selling prices	0.8	0.4	0.5	0.5	0.7
Profit	-3.9	-4.9	9.6	-14.5	-4.6
Investment					
Capital expenditure	1.9	5.4	1.1	1.8	-1.2
Stocks	-0.1	-0.1	0.5	-0.4	-0.5
Employment					
Full time equivalent	0.1	-0.2	1.0	0.0	-0.6
Operating expenses					
Wages	1.1	1.6	1.9	1.4	0.6
Non-wage labour	0.8	1.2	0.6	1.5	0.6
Other	1.7	1.5	1.5	1.1	0.8
Total	1.5	1.5	1.6	1.2	0.7

TRANSPORT, STORAGE & COMMUNICATION

Trading performance					
Operating income	1.5	0.9	0.7	0.3	1.3
Selling prices	0.5	0.2	0.4	0.4	-0.4
Profit	6.8	4.3	-6.5	-2.7	3.9
Investment					
Capital expenditure	10.1	-2.6	3.0	-2.6	2.1
Stocks	-2.1	-1.3	1.0	-0.9	-1.0
Employment					
Full time equivalent	-0.8	-1.0	-0.4	2.2	-0.8
Operating expenses					
Wages	0.0	0.2	1.0	0.8	0.6
Non-wage labour	1.2	-1.5	1.1	1.1	0.6
Other	1.1	0.4	2.0	0.5	1.5
Total	0.9	0.3	1.7	0.6	1.2

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Jun Qtr</i> 1997	<i>Sep Qtr</i> 1997	<i>Dec Qtr</i> 1997	<i>Mar Qtr</i> 1998	<i>Jun Qtr</i> 1998
Business performance indicators	%	%	%	%	%

FINANCE & INSURANCE

Trading performance					
Operating income	1.5	2.6	1.6	0.3	1.4
Selling prices	-0.2	0.2	-0.1	0.1	0.2
Profit	3.5	7.5	9.6	-0.6	1.4
Investment					
Capital expenditure	1.1	7.6	0.4	-1.8	0.0
Stocks	0.0	0.0	3.3	0.4	-0.3
Employment					
Full time equivalent	-1.1	-1.1	-0.2	-0.1	-1.3
Operating expenses					
Wages	1.0	0.6	-0.2	-0.5	-0.3
Non-wage labour	1.6	0.9	-0.8	0.1	-0.6
Other	1.7	1.4	0.2	0.5	1.5
Total	1.6	1.3	0.2	0.4	1.3

PROPERTY & BUSINESS SERVICES

Trading performance					
Operating income	2.8	0.1	2.2	0.7	0.2
Selling prices	0.8	0.3	0.4	0.3	0.2
Profit	12.0	-4.6	10.3	-0.9	0.6
Investment					
Capital expenditure	2.1	1.1	0.9	2.8	0.1
Stocks	0.6	-0.1	0.7	-0.3	-0.1
Employment					
Full time equivalent	-0.1	0.5	0.3	-0.3	0.4
Operating expenses					
Wages	1.0	1.2	0.9	0.7	0.4
Non-wage labour	0.6	1.1	0.3	0.5	0.3
Other	1.4	0.7	1.6	1.3	0.1
Total	1.4	0.8	1.4	1.1	0.1

ALL INDUSTRIES

Trading performance					
Operating income	1.6	0.7	3.0	-0.3	1.7
Selling prices	0.3	0.1	0.2	0.2	0.3
Profit	7.8	-1.4	13.7	-3.8	8.4
Investment					
Capital expenditure	3.4	3.2	5.3	1.4	3.8
Stocks	-0.3	-0.1	-0.4	-0.3	-0.5
Employment					
Full time equivalent	0.0	-0.1	0.6	-0.1	-0.1
Operating expenses					
Wages	0.9	0.9	1.3	0.5	0.5
Non-wage labour	0.8	0.3	1.0	0.3	0.4
Other	1.0	0.9	1.7	0.2	1.1
Total	1.0	0.9	1.6	0.3	1.0

STATE EXPECTATIONS, Short-term Outlook Expected Aggregate Change

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Jun Qtr 1997</i>	<i>Sep Qtr 1997</i>	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>
Business performance indicators	%	%	%	%	%

NEW SOUTH WALES

Trading performance					
Operating income	1.4	1.0	3.0	-0.3	2.3
Selling prices	0.0	-0.1	0.2	0.3	0.3
Profit	3.3	0.6	4.1	-3.2	8.0
Investment					
Capital expenditure	2.9	2.3	4.6	2.8	2.4
Stocks	-0.4	-0.1	-0.6	-0.5	-0.6
Employment					
Full time equivalent	0.0	-0.2	0.9	r 0.0	-0.1

VICTORIA

Trading performance					
Operating income	1.9	0.4	2.6	-0.2	1.7
Selling prices	0.2	0.2	0.1	0.1	0.3
Profit	6.9	-4.5	5.9	-4.0	1.8
Investment					
Capital expenditure	4.0	4.6	6.2	2.0	3.3
Stocks	-0.2	-0.5	-0.6	-0.2	-0.6
Employment					
Full time equivalent	-0.1	-0.4	0.7	r 0.0	-0.3

QUEENSLAND

Trading performance					
Operating income	1.4	0.9	2.7	-0.5	1.6
Selling prices	0.6	0.2	0.2	0.3	0.0
Profit	13.6	0.1	5.8	-5.5	1.3
Investment					
Capital expenditure	1.7	3.1	6.1	0.4	5.9
Stocks	-0.5	-0.2	-0.8	-0.6	-0.3
Employment					
Full time equivalent	-0.3	-0.2	0.3	r -0.4	-0.3

SOUTH AUSTRALIA

Trading performance					
Operating income	2.8	0.0	5.1	0.2	1.9
Selling prices	1.1	0.3	0.3	0.2	0.5
Profit	14.2	-3.9	26.4	3.0	2.9
Investment					
Capital expenditure	1.0	5.4	9.5	1.5	9.8
Stocks	-0.5	-0.4	0.6	1.9	0.2
Employment					
Full time equivalent	-0.4	-0.4	1.0	r 0.1	-0.1

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Jun Qtr</i> 1997	<i>Sep Qtr</i> 1997	<i>Dec Qtr</i> 1997	<i>Mar Qtr</i> 1998	<i>Jun Qtr</i> 1998
Business performance indicators	%	%	%	%	%

WESTERN AUSTRALIA

Trading performance					
Operating income	2.0	1.2	3.6	-0.1	1.2
Selling prices	0.6	0.4	0.2	0.0	0.4
Profit	16.7	3.0	14.6	-3.8	1.8
Investment					
Capital expenditure	6.2	3.2	8.8	0.9	2.6
Stocks	-0.1	0.3	-0.8	-0.6	-0.7
Employment					
Full time equivalent	0.1	-0.1	0.9	r 0.1	0.0

TASMANIA

Trading performance					
Operating income	0.8	-0.7	5.7	-1.4	0.8
Selling prices	0.4	0.3	-0.1	0.2	-0.3
Profit	2.3	-11.7	23.5	-8.0	10.6
Investment					
Capital expenditure	9.3	-1.1	-1.5	1.6	1.4
Stocks	-0.1	0.7	5.4	-0.6	-0.7
Employment					
Full time equivalent	-0.6	0.3	-0.6	r -0.8	-0.6

AUSTRALIA

Trading performance					
Operating income	1.6	0.7	3.0	-0.3	1.7
Selling prices	0.3	0.1	0.2	0.2	0.3
Profit	7.8	-1.4	13.7	-3.8	8.4
Investment					
Capital expenditure	3.4	3.2	5.3	1.4	3.8
Stocks	-0.3	-0.1	-0.4	-0.3	-0.5
Employment					
Full time equivalent	0.0	-0.1	0.6	r -0.1	-0.1

SIZE OF BUSINESS, Short-term Outlook Expected Aggregate Change

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Jun Qtr 1997</i>	<i>Sep Qtr 1997</i>	<i>Dec Qtr 1997</i>	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>
Business performance indicators	%	%	%	%	%

SMALL

Trading performance					
Operating income	1.0	0.4	2.1	0.1	0.3
Selling prices	0.3	0.0	0.0	0.1	0.3
Profit	4.2	-5.6	6.4	-3.8	-2.5
Investment					
Capital expenditure	1.3	3.2	4.1	2.8	3.3
Stocks	-0.1	0.3	0.0	-0.2	-0.6
Employment					
Full time equivalent	0.0	0.0	0.3	r -0.1	0.1
Operating expenses					
Wages	0.7	0.6	1.2	0.5	0.4
Non-wage labour	0.5	0.4	1.0	0.2	0.4
Other	0.7	1.0	1.7	1.0	0.8
Total	0.7	0.9	1.6	0.9	0.7

MEDIUM

Trading performance					
Operating income	1.4	1.2	1.8	0.5	2.1
Selling prices	0.3	0.2	0.1	0.3	0.5
Profit	3.0	-2.4	6.2	-5.8	14.4
Investment					
Capital expenditure	6.0	3.4	4.5	2.1	2.0
Stocks	0.1	-0.5	-0.4	-0.3	0.0
Employment					
Full time equivalent	-0.2	-0.2	0.1	r 0.0	-0.2
Operating expenses					
Wages	1.4	1.5	1.4	1.1	0.6
Non-wage labour	0.8	0.9	0.9	0.6	0.4
Other	1.3	1.5	1.5	1.0	1.4
Total	1.3	1.5	1.5	1.0	1.2

LARGE

Trading performance					
Operating income	3.1	1.1	4.8	-1.3	3.3
Selling prices	0.3	0.3	0.4	0.2	0.2
Profit	14.9	3.4	26.6	-3.3	24.8
Investment					
Capital expenditure	6.1	3.0	6.8	-0.5	4.8
Stocks	-0.9	-0.5	-1.1	-0.4	-0.9
Employment					
Full time equivalent	0.0	-0.2	1.4	-0.2	-0.3
Operating expenses					
Wages	0.9	1.0	1.4	0.2	0.5
Non-wage labour	1.1	0.0	1.1	0.3	0.5
Other	1.6	0.5	1.8	-1.1	1.4
Total	1.4	0.6	1.7	-0.9	1.2

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR

	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>	<i>Sep Qtr 1998</i>	<i>Dec Qtr 1998</i>	<i>Mar Qtr 1999</i>
Business performance indicators	%	%	%	%	%

ORIGINAL

Trading performance					
Operating income	5.8	2.4	3.9	3.0	2.6
Selling prices	1.8	0.7	0.7	0.9	0.8
Profit	24.4	12.3	21.0	12.8	13.1
Investment					
Capital expenditure	6.4	3.7	3.7	2.8	2.0
Stocks	0.6	0.2	0.9	0.8	0.2
Employment					
Full time equivalent	1.0	0.1	0.6	r -0.1	0.1
Operating expenses					
Wages	4.8	1.6	2.1	1.5	1.4
Non-wage labour	2.6	0.5	1.6	1.0	1.1
Other	3.4	1.3	2.0	1.5	1.4
Total	3.6	1.3	2.0	1.5	1.4

TREND

Trading performance					
Operating income	3.9	3.8	3.4	3.0	2.7
Selling prices	1.1	1.0	0.9	0.8	0.8
Profit	17.0	18.9	16.8	14.1	13.2
Investment					
Capital expenditure	4.8	4.1	3.3	2.8	2.9
Stocks	0.3	0.5	0.6	0.7	0.6
Employment					
Full time equivalent	0.6	0.5	0.3	r 0.1	0.0
Operating expenses					
Wages	3.1	2.7	2.0	1.5	1.3
Total	2.5	2.2	1.8	1.5	1.4

MEDIUM-TERM WEIGHTED NET BALANCE—March Qtr 1999

BUSINESSES EXPECTING.....

	<i>Decreases</i>	<i>No change</i>	<i>Increases</i>	<i>Net balance</i>
Business performance indicators	%	%	%	%
Trading performance				
Operating income	10.7	20.9	68.4	57.7
Selling prices	10.9	42.1	47.0	36.1
Profit	14.2	14.5	71.2	57.0
Investment				
Capital expenditure	16.5	52.7	30.8	14.3
Stocks	32.1	51.1	16.9	-15.2
Employment				
Full time equivalent	27.9	43.2	28.9	1.0
Operating expenses				
Wages	16.1	22.9	61.0	44.9
Non-wage labour	12.5	28.1	59.4	46.8
Other	10.5	22.6	66.8	56.3

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999
Business performance indicators	%	%	%	%	%

MINING

Trading performance					
Operating income	3.5	4.0	4.6	3.5	5.3
Selling prices	0.5	0.4	0.4	-0.1	0.3
Profit	10.9	29.7	29.3	10.3	40.1
Investment					
Capital expenditure	4.6	-4.2	13.6	3.7	3.8
Stocks	-0.3	-0.2	-1.7	-1.0	-0.1
Employment					
Full time equivalent	1.1	-0.1	-2.1	-1.4	-0.6
Operating expenses					
Wages	3.3	1.6	-1.2	1.4	0.9
Non-wage labour	2.4	0.6	-1.5	1.5	0.4
Other	0.7	0.2	0.2	1.0	-1.0
Total	1.2	0.5	-0.1	1.0	-0.6

MANUFACTURING

Trading performance					
Operating income	3.6	2.6	4.4	3.3	3.2
Selling prices	1.2	1.0	0.8	0.7	1.0
Profit	17.2	15.4	32.0	17.9	23.4
Investment					
Capital expenditure	1.7	13.0	6.2	6.3	3.5
Stocks	-0.3	-0.2	0.6	0.9	-0.5
Employment					
Full time equivalent	0.3	-0.7	-0.1	-0.2	-0.3
Operating expenses					
Wages	2.3	1.3	2.0	1.7	1.7
Non-wage labour	1.6	1.0	1.4	1.2	1.4
Other	1.6	1.3	1.8	1.3	1.4
Total	1.7	1.3	1.8	1.4	1.4

ELECTRICITY, GAS & WATER

Trading performance					
Operating income	1.3	0.9	0.9	0.0	0.4
Selling prices	1.6	0.6	-0.6	-1.4	-0.2
Profit	5.2	-1.5	-0.3	0.8	-4.9
Investment					
Capital expenditure	4.3	4.3	-5.5	-6.7	-6.6
Stocks	-0.7	-1.4	-0.6	-1.7	-2.4
Employment					
Full time equivalent	-3.0	-1.5	-2.1	-2.7	-1.7
Operating expenses					
Wages	0.5	0.1	0.6	-1.5	0.5
Non-wage labour	-0.1	0.3	0.3	-1.8	-0.3
Other	0.8	1.3	1.0	-0.1	1.4
Total	0.7	1.2	1.0	-0.2	1.3

CONSTRUCTION

Trading performance					
Operating income	1.7	0.6	2.5	1.6	1.9
Selling prices	0.6	1.2	0.7	0.9	0.8
Profit	11.7	3.6	13.2	6.3	8.8
Investment					
Capital expenditure	1.1	1.0	5.7	1.1	3.2
Stocks	0.3	0.5	0.6	0.5	0.0
Employment					
Full time equivalent	-0.5	-1.9	0.5	0.0	0.7
Operating expenses					
Wages	0.3	0.3	1.9	0.8	1.1
Non-wage labour	-0.2	0.0	1.8	0.2	1.1
Other	-0.2	0.1	1.5	1.0	1.4
Total	-0.1	0.1	1.6	0.9	1.3

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999
Business performance indicators	%	%	%	%	%

WHOLESALE

Trading performance					
Operating income	2.3	3.0	4.1	3.8	2.8
Selling prices	0.1	1.2	0.6	1.3	1.0
Profit	17.4	29.4	27.1	17.9	14.8
Investment					
Capital expenditure	3.0	4.6	3.7	5.3	8.0
Stocks	0.7	0.6	1.3	1.2	1.0
Employment					
Full time equivalent	0.5	0.2	0.6	0.9	0.8
Operating expenses					
Wages	2.8	2.9	2.0	2.3	2.2
Non-wage labour	1.6	1.4	1.3	1.5	1.7
Other	1.4	1.4	1.9	1.9	1.6
Total	1.5	1.5	1.9	1.9	1.7

RETAIL

Trading performance					
Operating income	3.3	2.1	3.4	2.8	2.3
Selling prices	1.1	0.7	0.8	1.2	1.0
Profit	10.6	2.3	17.1	11.7	5.5
Investment					
Capital expenditure	7.2	1.9	8.6	3.4	8.0
Stocks	0.6	0.3	1.4	0.8	0.3
Employment					
Full time equivalent	1.4	0.9	1.7	0.7	0.5
Operating expenses					
Wages	3.0	2.3	2.3	1.6	1.2
Non-wage labour	2.1	1.3	1.7	1.2	1.1
Other	2.5	1.8	2.0	1.3	1.6
Total	2.5	1.9	2.0	1.3	1.6

ACCOMMODATION, CAFES & RESTAURANTS

Trading performance					
Operating income	2.2	2.4	3.2	2.4	2.2
Selling prices	1.8	1.3	1.5	1.2	1.8
Profit	1.4	2.3	10.1	4.1	7.1
Investment					
Capital expenditure	3.4	3.0	3.4	1.5	1.0
Stocks	0.3	0.2	0.5	0.4	0.0
Employment					
Full time equivalent	0.5	0.4	0.0	0.0	0.2
Operating expenses					
Wages	2.4	2.2	3.1	2.2	1.9
Non-wage labour	1.8	2.1	1.4	1.7	1.7
Other	2.4	2.4	2.3	2.0	1.3
Total	2.4	2.4	2.5	2.0	1.4

TRANSPORT, STORAGE & COMMUNICATION

Trading performance					
Operating income	2.4	2.7	3.2	3.2	3.6
Selling prices	0.3	0.3	0.4	0.7	0.1
Profit	11.9	9.7	11.8	18.2	21.3
Investment					
Capital expenditure	2.9	4.6	0.4	3.3	-1.4
Stocks	-0.1	-0.6	1.2	1.4	2.4
Employment					
Full time equivalent	-0.8	-0.4	-0.2	0.0	0.0
Operating expenses					
Wages	1.1	0.1	0.4	1.6	1.9
Non-wage labour	0.5	-1.8	1.1	2.5	2.0
Other	1.4	2.2	2.6	1.7	2.3
Total	1.3	1.6	2.1	1.7	2.2

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999
Business performance indicators	%	%	%	%	%

FINANCE & INSURANCE

Trading performance					
Operating income	4.3	5.9	4.5	5.2	3.3
Selling prices	0.7	0.4	0.5	0.7	0.5
Profit	14.2	17.5	20.8	16.5	8.2
Investment					
Capital expenditure	2.8	4.0	-1.3	0.3	-0.4
Stocks	1.5	0.3	2.5	0.1	-0.1
Employment					
Full time equivalent	-0.2	-1.7	0.5	-1.4	-1.8
Operating expenses					
Wages	1.9	2.0	1.1	0.1	0.9
Non-wage labour	1.3	1.2	0.1	0.2	0.3
Other	2.4	3.3	1.3	2.0	1.8
Total	2.3	3.1	1.3	1.8	1.7

PROPERTY & BUSINESS SERVICES

Trading performance					
Operating income	3.2	1.2	5.2	1.9	1.7
Selling prices	1.4	-0.5	0.9	0.6	0.2
Profit	10.3	11.5	21.1	7.6	9.7
Investment					
Capital expenditure	1.9	2.3	1.1	1.6	0.5
Stocks	1.1	0.2	0.8	-0.1	-0.3
Employment					
Full time equivalent	0.7	1.1	0.5	-1.2	-0.8
Operating expenses					
Wages	2.9	1.6	2.6	1.1	0.8
Non-wage labour	1.6	0.6	1.9	0.5	0.4
Other	2.3	-0.2	3.2	1.0	0.6
Total	2.4	0.1	3.0	1.0	0.7

ALL INDUSTRIES

Trading performance					
Operating income	5.8	2.4	3.9	3.0	2.6
Selling prices	1.8	0.7	0.7	0.9	0.8
Profit	24.4	12.3	21.0	12.8	13.1
Investment					
Capital expenditure	6.4	3.7	3.7	2.8	2.0
Stocks	0.6	0.2	0.9	0.8	0.2
Employment					
Full time equivalent	1.0	0.1	0.6	-0.1	0.1
Operating expenses					
Wages	4.8	1.6	2.1	1.5	1.4
Non-wage labour	2.6	0.5	1.6	1.0	1.1
Other	3.4	1.3	2.0	1.5	1.4
Total	3.6	1.3	2.0	1.5	1.4

STATE EXPECTATIONS, Medium-term Outlook Expected Aggregate Change

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Mar Qtr 1998</i>	<i>Jun Qtr 1998</i>	<i>Sep Qtr 1998</i>	<i>Dec Qtr 1998</i>	<i>Mar Qtr 1999</i>
Business performance indicators	%	%	%	%	%

NEW SOUTH WALES

Trading performance					
Operating income	2.7	2.4	4.0	2.6	2.6
Selling prices	0.5	0.9	0.7	0.8	0.7
Profit	9.5	9.3	18.6	7.3	9.6
Investment					
Capital expenditure	3.8	9.9	3.4	3.1	1.8
Stocks	0.1	0.0	0.7	0.4	0.0
Employment					
Full time equivalent	0.3	-0.1	0.9	r 0.0	0.1

VICTORIA

Trading performance					
Operating income	2.8	2.9	3.7	3.3	2.6
Selling prices	0.7	1.0	0.8	0.8	0.8
Profit	10.3	14.4	17.9	10.9	11.3
Investment					
Capital expenditure	4.2	3.7	1.8	3.1	1.5
Stocks	0.2	0.2	1.2	1.3	0.1
Employment					
Full time equivalent	0.6	-0.1	0.6	r 0.2	-0.1

QUEENSLAND

Trading performance					
Operating income	2.8	1.8	4.0	3.0	2.8
Selling prices	1.1	0.0	0.8	1.0	0.7
Profit	16.4	25.3	24.4	10.8	16.3
Investment					
Capital expenditure	3.6	3.9	6.9	3.8	4.7
Stocks	0.4	0.4	1.0	0.8	0.2
Employment					
Full time equivalent	0.4	-0.1	0.8	r -0.1	-0.1

SOUTH AUSTRALIA

Trading performance					
Operating income	4.0	3.4	4.8	4.3	2.7
Selling prices	1.9	0.9	0.8	0.8	0.7
Profit	16.8	11.2	25.3	18.1	22.7
Investment					
Capital expenditure	1.9	-0.8	3.0	2.3	-2.0
Stocks	0.2	0.3	1.1	2.0	0.2
Employment					
Full time equivalent	0.2	0.0	-0.3	r -1.5	-1.3

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	<i>Mar Qtr</i> 1998	<i>Jun Qtr</i> 1998	<i>Sep Qtr</i> 1998	<i>Dec Qtr</i> 1998	<i>Mar Qtr</i> 1999
Business performance indicators	%	%	%	%	%

WESTERN AUSTRALIA

Trading performance					
Operating income	3.4	2.2	4.1	3.0	2.6
Selling prices	1.1	0.8	0.9	1.3	1.1
Profit	22.9	9.6	21.6	11.7	9.6
Investment					
Capital expenditure	0.5	3.0	8.0	2.8	1.0
Stocks	0.8	0.4	0.7	0.5	0.6
Employment					
Full time equivalent	1.3	0.9	0.6	r 0.2	0.5

TASMANIA

Trading performance					
Operating income	1.5	2.2	2.2	2.8	1.4
Selling prices	1.2	1.2	0.8	0.7	0.4
Profit	3.4	9.1	15.3	22.7	11.3
Investment					
Capital expenditure	4.6	0.3	-0.6	1.1	2.4
Stocks	0.5	1.1	0.6	0.0	-0.1
Employment					
Full time equivalent	-0.7	0.0	-0.8	r -1.0	-0.6

AUSTRALIA

Trading performance					
Operating income	5.8	2.4	3.9	3.0	2.6
Selling prices	1.8	0.7	0.7	0.9	0.8
Profit	24.4	12.3	21.0	12.8	13.1
Investment					
Capital expenditure	6.4	3.7	3.7	2.8	2.0
Stocks	0.6	0.2	0.9	0.8	0.2
Employment					
Full time equivalent	1.0	0.1	0.6	r -0.1	0.1

SIZE OF BUSINESS, Medium-term Outlook Expected Aggregate Change

EXPECTED AGGREGATE CHANGE OVER THE PREVIOUS QTR.....

	Mar Qtr 1998	Jun Qtr 1998	Sep Qtr 1998	Dec Qtr 1998	Mar Qtr 1999
Business performance indicators	%	%	%	%	%

SMALL

Trading performance					
Operating income	4.6	1.7	4.3	3.1	1.9
Selling prices	1.6	0.6	0.7	0.9	0.6
Profit	18.8	10.9	22.3	14.4	6.8
Investment					
Capital expenditure	5.8	3.4	3.7	2.0	2.3
Stocks	0.8	0.3	0.9	0.9	0.2
Employment					
Full time equivalent	0.8	0.2	0.6	r 0.0	0.3
Operating expenses					
Wages	4.2	1.4	2.3	1.4	1.0
Non-wage labour	1.8	0.4	1.7	0.8	0.8
Other	3.0	0.9	2.2	1.4	1.3
Total	3.2	0.9	2.2	1.4	1.3

MEDIUM

Trading performance					
Operating income	6.4	3.2	3.0	2.9	2.4
Selling prices	2.4	1.1	0.7	0.8	0.9
Profit	25.0	15.6	18.2	17.6	17.3
Investment					
Capital expenditure	13.8	2.8	1.7	2.7	4.5
Stocks	0.6	0.2	0.7	1.0	-0.3
Employment					
Full time equivalent	0.8	-0.2	0.9	r 0.1	-0.2
Operating expenses					
Wages	5.4	1.8	2.3	1.7	1.3
Non-wage labour	3.6	1.3	1.8	1.3	1.2
Other	4.4	2.1	1.7	1.7	1.4
Total	4.6	2.1	1.8	1.7	1.4

LARGE

Trading performance					
Operating income	7.6	3.4	3.8	2.9	3.7
Selling prices	1.8	0.9	0.8	0.9	0.9
Profit	33.0	13.0	20.2	9.9	22.6
Investment					
Capital expenditure	5.2	4.5	4.3	3.9	1.2
Stocks	0.4	0.2	1.1	0.5	0.4
Employment					
Full time equivalent	1.2	0.1	0.5	-0.3	-0.1
Operating expenses					
Wages	5.2	1.8	1.7	1.4	1.7
Non-wage labour	3.0	0.3	1.2	1.2	1.4
Other	3.8	1.8	1.7	1.4	1.6
Total	4.0	1.8	1.7	1.4	1.6

EXPLANATORY NOTES

INTRODUCTION

- 1** This publication contains estimates of future economic activity based on the business expectations of senior executives, managers and proprietors of businesses operating in Australia. The estimates have been compiled from data collected by the Australian Bureau of Statistics (ABS) in its quarterly survey of business expectations.
- 2** This survey commenced with short term expectations for the December quarter 1993 and medium term expectations for the September quarter 1994. This quarter's publication contains estimates of the expected change between the March quarter 1998 and the June quarter 1998 and the March quarter 1999.
- 3** Seasonal adjustment of these data cannot take place until at least 5 years of data are available. Trend estimates are provided on pages 12 and 20.
- 4** The survey is conducted by mail each quarter. This quarter's survey was collected during February 1998.
- 5** It is based on a stratified random sample of approximately 3,000 businesses selected from the ABS annual Economic Activity Survey (EAS). EAS in turn derives its survey population from the ABS central register of business units.
- 6** The sample is stratified by industry, sector (private and government business) and size of business (measured by number of employees). Within each stratum businesses are sampled randomly, with each business in a stratum having the same probability of selection.
- 7** The sample is supplemented by a further sample of businesses which have been added to the ABS business register since the original EAS sample was selected. This ensures that the expectations of relatively new businesses are taken into account in the overall estimates.

SCOPE OF THE SURVEY

- 8** The statistics in this publication relate to employing businesses in all industries and sectors of the Australian economy except:
 - agriculture, forestry and fishing;
 - general government.
- 9** Data related to intended sheep matings are collected annually by the ABS and published in catalogue 7111.0 and 7113.0 publications from the Agricultural Census.
- 10** The Australian Bureau of Agricultural and Resource Economics (ABARE) publishes its forecasts for specific commodities and for the Agriculture industry generally, as part of the annual Outlook conference in February each year. ABARE updates these forecasts in its quarterly publication *Australian Commodities—Forecasts and Issues*.

CLASSIFICATION

- 11** Each statistical unit selected in the survey is classified to an industry according to the Australian and New Zealand Standard Industrial Classification (ANZSIC).

BUSINESS SIZE

- 12** Data presented in this publication is classified by three business sizes :
 - small (less than 20 employees, except for manufacturers where it is less than 100);
 - medium (20 to less than 100 employees, except for manufacturers where it is 100 to 599 employees); and
 - large (100 and greater employees, except for manufacturers where it is 600 or more employees).

EXPLANATORY NOTES

BUSINESS SIZE *continued*

PROPORTION OF BUSINESSES SELECTED BY SIZE WITHIN AUSTRALIA

	<i>Small</i>	<i>Medium</i>	<i>Large</i>	<i>All businesses</i>
	%	%	%	%
Manufacturing	65.1	20.9	14.0	100.0
Other industries	65.0	14.5	20.5	100.0
All industries	65.0	16.2	18.8	100.0

STATISTICAL UNIT

13 The statistical unit used in the survey of business expectations is the management unit. The management unit is the highest level accounting unit within a business for which sub-annual accounts are maintained, having regard for industry homogeneity.

14 In nearly all cases the management unit coincides with the legal entity owning the business (i.e. company, partnership, trust, sole proprietor, etc.).

15 In the case of large diversified businesses, however, there may be more than one management unit, each coinciding with a 'division' or 'line of business'.

BUSINESS PERFORMANCE INDICATORS

16 The survey uses a set of well recognised economic trading indicators in measuring future trading activity. These indicators are: Operating income, selling prices, operating expenses, employment, etc. See Glossary for details.

17 The survey asks for full-time equivalent paid persons working. This is not a usual definition of employment as used by the ABS. It would be incorrect to assume a direct comparison with labour force statistics or other ABS employment statistics for instance.

SIMPLE AND WEIGHTED NET BALANCE

18 The simple net balance for a selected indicator is estimated by subtracting the percentage of respondents predicting a 'fall' from the percentage of respondents expecting a 'rise'.

19 The net balance is a *qualitative* statistic best suited to indicating the sentiment of businesses about future business conditions, and measures the net proportion of businesses predicting a rise or fall in future business conditions.

20 The weighted net balance is estimated by weighting the surveyed direction of change for each unit by its benchmark level response for the equivalent variable in the EAS.

21 Weighting the responses enables larger businesses to have an influence upon the net balance proportional to the level of their expenditure, employment size, etc. Movements in the weighted net balance indicate the net proportion of business activity predicting a rise or fall in future business conditions.

EXPECTED AGGREGATE CHANGE

22 The expected aggregate change measures the forecasted percentage change in the level of a particular indicator. It is estimated by weighting the expected percentage change reported by respondents to the survey by their proportion of aggregate sales, expenditure, employment, etc. in the economy as measured from the benchmark estimate in the EAS.

23 The weighted aggregate estimate of a particular indicator, combined with an estimated level, can be used to quantify its expected future movement.

EXPLANATORY NOTES

COMPARISON OF RESULTS

24 The weighted net balance and expected aggregate change are complementary measures which, in combination, give a broad indication of future business conditions. It is possible to obtain estimates in opposite directions for the net balance and weighted aggregate change estimates.

25 The weighted net balance provide a *qualitative* measure of the proportion of businesses predicting the direction of change in future business conditions. The expected aggregate change, however, provides a *quantitative* measure predicting the magnitude of change in a selected variable.

26 A comparison of the various expectations measures is provided in the following table:

COMPARISON OF THREE MEASURES OF BUSINESS EXPECTATIONS

	<i>Simple net balance</i>	<i>Weighted net balance</i>	<i>Weighted aggregate</i>
	%	%	%
Operating income	36.1	39.7	1.7
Wage costs	33.8	29.4	0.5
Employment Full time equivalent	-27.4	-13.1	-0.1

27 For the June quarter 1998 a simple net balance of 36.1% of businesses expect a rise in operating income. The rise in the operating income weighted net balance of 39.7% indicates that the businesses expecting a rise in tend to be larger than those expecting a fall. A weighted aggregate change of 1.7% in operating income is expected in the June quarter 1998 compared to the March quarter 1998.

TREND ESTIMATES

28 The trend estimates are derived by applying a 7-term Henderson moving average to the seasonally adjusted series. The 7-term Henderson average (like all Henderson averages) is symmetric, but as the end of a time series is approached, asymmetric forms of the average are applied. Unlike the weights of the standard 7-term Henderson moving average, the weights employed here have been tailored to suit the particular characteristics of individual series. While the asymmetric weights enable trend estimates for recent quarters to be produced, it does result in revisions to the estimates for the most recent three quarters as additional observations become available. There may also be revisions because of changes in the original data and as a result of the re-estimation of the seasonal factors. For further Information, see *A Guide to Interpreting Time Series—Monitoring Trends: an Overview* (1348.0) or contact the Assistant Director, Time Series Analysis on (02) 6252 6345.

RELIABILITY OF ESTIMATES

29 All of the estimates in this publication are subject to:

- sampling error;
- non-sampling error; and
- benchmark bias

EXPLANATORY NOTES

SAMPLING ERROR

30 Sampling error is due to the use of a sample rather than a complete enumeration; that is, the estimates differ from the values that would have been obtained if all units were surveyed. A measure of the likely difference is given by the *standard error*, which indicates the extent to which an estimate might have varied by chance because only a sample of units was included. There are about two chances in three that the difference will be within one standard error, and about nineteen chances in twenty that the difference will be within two standard errors.

STANDARD ERRORS

31 The table below provides standard errors for some of the main estimates of this publication. As an example of how the standard errors can be interpreted, given that the short term expectation for *profits* for Australia is 8.4% with a standard error of 0.4, there would be two chances in three that the true value would be within the range 8.0% and 8.8%.

STANDARD ERRORS OF KEY ESTIMATES, SHORT-TERM EXPECTATION, AUSTRALIA

<i>Business performance indicator</i>	<i>Survey estimate</i>	<i>Standard error</i>
Operating income	1.7	0.2
Selling prices	0.3	0.1
Profit	8.4	0.4
Capital expenditure	3.8	0.6
Stocks	-0.5	0.2
Employment	-0.1	0.1
Wage costs	0.5	0.1

NON-SAMPLING ERROR

32 All other inaccuracies are referred to collectively as non-sampling error. The major areas of concern are: non-response; mis-reporting of data by respondents; and deficiency in the central register of economic units.

33 Every effort is made to reduce the non-sampling error to a minimum by careful design of questionnaires and efficient editing and operating procedures.

34 The expected aggregate change is designed to reflect business expectations for each business performance indicator, as accurately as possible. However, while the estimates should be appropriate measures of business climate, the expectations may not predict actual movements accurately. Businesses may be too optimistic or pessimistic in their predictions at different times.

35 In addition, actual movements would be partly comprised of activity of relatively recently formed businesses, and businesses which are formed during the expectations reference period which are not immediately represented in BES because they would not have been included on the ABS central register of economic units. Allowance is made in other ABS series for coverage deficiencies relating to newly formed businesses but no allowance for this is made in BES. This is important for some variables, where the contribution of new businesses to growth in that variable is relatively substantial (e.g. employment, capital expenditure or stocks).

EXPLANATORY NOTES



BENCHMARKS

- 36** Benchmark (or base level) information is obtained from the ABS annual Economic Activity Survey (EAS). It is used to weight individual business responses by their relative contribution to each business performance indicator. This enables percentage responses from different businesses to be aggregated.
- 37** In June each year a new sample is selected from units surveyed by EAS in the previous financial year. New benchmarks are introduced for the survey conducted in August each year. The benchmark data become increasingly out of date as they are used in the surveys conducted in November, February and May. In certain cases, the benchmark data may not accurately reflect the current activity of a business. It is currently not possible to measure the extent of any such inaccuracies.
- 38** Results from the EAS are published in *Business Operations and Industry Performance* (8140.0).

SYMBOLS AND OTHER USAGES

- r revised since last issue
- n.a. not available for publication



G L O S S A R Y

Capital expenditure	The expected change in the value of capital expenditure on new tangible assets.
Closing stocks	The expected change in the book value of closing stocks between the end of the collection quarter and the end of the reference periods.
Non-wage labour expenses	<p>The expected change in the total amount of employment related expenses not paid directly to employees.</p> <p>Some of these expenses are payroll tax, worker's compensation and superannuation.</p>
Operating income	<p>The expected change in operating income derived from the sale of goods or the provision of services by a business in terms of value.</p> <p>Financial institutions report on the expected change in gross interest income plus fees and commissions.</p> <p>Non-profit or charitable organisations report on the expected change in fees received for services, donations from the public and government grants and subsidies.</p>
Other operating expenses	<p>The expected change in the total amount of all expenses which are not classified as labour expenses.</p> <p>Some of these expenses are overheads, advertising, raw materials and packaging and handling.</p>
Paid persons working	The expected change in the number of paid persons working. Where part time or casual employees are involved employers are requested to convert to a full-time equivalent. It should be noted that most other ABS series which provide data on paid persons working do not use a full-time equivalent measure.
Profit	<p>Profit is a derived item based on the present trading performance of a business and the expected changes to the level of operating income and the sum of all expense items.</p> <p>The difference between the new benchmarks for <i>operating income</i> and the sum of all expenses items (the sum of <i>total wage expense</i>, <i>non-wage labour expense</i> and <i>all other operating expenses</i>) as determined by the responses received, the Economic Activity Survey benchmarks for those items and an indicator of present trading performance (cost/income ratio) are used to determine the expected change for profit for the reference periods.</p> <p>Because of reporting difficulties experienced with the cost/income ratios, caution should be exercised in interpreting profit expectations.</p>
Reference periods	<p>There are two reference periods surveyed each quarter:</p> <ul style="list-style-type: none"> ▪ Short-term (if the current quarter is March 1998, then the quarter being surveyed is June 1998); and ▪ Medium-term (if the current quarter is March 1998, then the quarter being surveyed is March 1999).
Selling prices	<p>The expected change in the unit price of goods sold or services provided by the business. Where a business sells a range of products or services a representative product or service is used.</p> <p>Financial institutions report on interest rates, services and commissions charged.</p> <p>The benchmark for weighting the selling prices response is derived from associating selling prices with total expenses.</p>

G L O S S A R Y

State information	<p>State information has been derived for businesses in the survey which operate in more than one State.</p> <p>This has been achieved by</p> <ul style="list-style-type: none">▪ applying a weight (the proportion of a business's economic activity undertaken in each State) to the benchmarks for that business to arrive at potentially eight different benchmarks for each business performance indicator; and▪ applying the overall percentage change in the business performance indicators obtained from the survey to each of the State benchmarks for each business performance indicator.
Total operating expenses	<p>This is a derived estimate from the weighted response for the total of wage, non-wage labour and all other expenses.</p>
Total wage expenses	<p>The expected change in the total amount of direct wage and salaries paid to employees.</p>

UNPUBLISHED DATA

AVAILABLE DATA	<p>The amount of data collected from the Survey of Business Expectations is greater than the data contained in this publication.</p> <p>Subject to the ABS provisions for maintaining the confidentiality of respondents and their information, more detailed information by industry and size of business may be made available on request.</p>
SIZE OF BUSINESS	<p>The size of business is based on employment. Additional data can be estimated for the following size ranges:</p> <ul style="list-style-type: none">▪ less than 20 employees.▪ 20 and less than 100 employees.▪ 100 and less than 600 employees.▪ 600 and greater employees.▪ small (less than 20 employees except for manufacturing, which is less than 100).▪ medium (20 to less than 100 employees except for manufacturing, which is 100 to less than 600).▪ large (100 and greater employees except for manufacturing, which is 600 and greater).
INDUSTRY	<p>Industry is classified according to ANZSIC and is available at the 1 and 2 digit level. Additional data is available for:</p> <ul style="list-style-type: none">▪ 15 industries categorised at the one digit ANZSIC level;▪ 47 industries categorised at the two digit ANZSIC level; and▪ user defined industry groups such as 'service industries'.
STATE INFORMATION	<p>State information has been derived from the economic activity as reported by businesses in each State. Where sufficient sample numbers are available to provide satisfactory estimates, data may be made available at the same level of detail as that for Australia. State information is subject to a greater degree of variance than the Australia data.</p>
NET BALANCE	<p>A weighted net balance for industries and size of business can be produced as a special data service.</p>
MORE INFORMATION	<p>For more information please contact the officer named at the front of this publication or write to:</p> <p>The Assistant Director Business Expectations Survey Australian Bureau of Statistics PO Box 10 Belconnen ACT 2616.</p>

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