

## 2012 – what the experts say

Let's start with the Dun & Bradstreet Business Expectations Survey. Last conducted in November 2011, it surveyed the opinions of 1,200 business owners and senior executives. As you might expect there has been a sharp decline in confidence off the back of "continued global economic uncertainty and financial instability". Sales expectations are down and profit expectations remain flat. The four main issues that are expected to influence business operations are interest rates, fuel prices, wages growth and access to credit.

It is the manufacturer and wholesaler sectors that are the most pessimistic. But despite this downward adjustment of expectations, the overall outlook for the quarter ahead are much better than those for the last three quarters of 2011.

So are we expecting a better year after all? We turned to the economists. The Age newspaper conducted a survey of 20 of our top economists and asked them to do some crystal ball gazing. Their consensus was that interest rates are headed down, our share market will climb, and we'll survive whatever Europe throws at us.

"Our assessment is that while Australia is not immune to a return to global recession, we do have plenty of ammo to fight it off - interest rates have a long way to go to zero, the Australian dollar will fall sharply if things really fall apart globally and there is more room for fiscal stimulus if absolutely needed." said AMP's Shane Oliver.

The Australian dollar will drift lower in the view of all but two of the panel, dropping from its present position just above US100¢ to some say as low as US90¢, although the average amongst the experts was a forecast of US96¢.

There is a general expectation that interest rates will fall; every one of the 20 economists on the Age panel expects at least one further cut before the middle of the year. The forecasting panel also agree on the inflation level matching the Reserve Bank's 2-3% target band.

So as Treasurer Wayne Swan is fond of telling us, Australia is well placed to withstand any economic problems Europe and other parts of the world are facing but we will not be completely immune.

**head office:**

Level 3, 53 Walker Street  
North Sydney NSW 2060

**postal address:**

PO Box 411  
North Sydney NSW 2059

**p:** 1300 784 122  
**f:** 1300 785 133

**e:** [info@myaccounts.biz](mailto:info@myaccounts.biz)  
**w:** [www.myaccounts.biz](http://www.myaccounts.biz)