

Business Confidence On A Knife Edge Heading Into 2012
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KUALA LUMPUR, Jan 3 (Bernama) -- Global business confidence is balancing on a knife edge, heading into 2012, according to figures contained in the International Business Report (IBR), a survey of both listed and privately held businesses, released by Grant Thornton.

With the global economic outlook dominated by the crisis in the eurozone, fears are increasing that business growth will become even more difficult than in 2011.

The latest research, drawn from interviews with 2,800 businesses across the globe and conducted in November/December, revealed that global business optimism in the fourth quarter of 2011 stood at net zero per cent.

Positioned at the bottom fraction on the optimism chart, the optimism level has dropped from +56 per cent to -4 per cent.

Businesses in Malaysia are less optimistic about the economy this year, the report said.

Neighbouring countries are also not that optimistic.

Singapore reports an optimism level of -4 per cent, where else Thailand suffered a huge blow after the massive floods that crippled electronic and automobile factories, at -52 per cent.

"Heading into 2012, we're seeing a polarisation of business confidence between Europe and the rest of the world.

"However, the threat of total meltdown in the eurozone means business leaders remain uncertain about the year ahead - they simply do not know how things will turn out. That uncertainty is sapping confidence and choking business growth prospects.

"Policymakers in Europe have some job on their hands in 2012," said SJ Grant Thornton Managing Director Datuk N.K. Jasani in a statement today.

Away from the economic gloom, the results from the United States provide a welcome and encouraging bright spot in the research.

Expectations for increasing revenue and profits in the world's largest economy in 2012 are both up by seven percentage points, to stand at 48 per cent and 40 per cent, respectively.

Besides, 35 per cent of US businesses plan to hire workers over the next 12 months, up from just 17 per cent in Q3.

"Around the world, prospects for growth are mixed. Businesses are having to work harder than ever to maintain margins and competitiveness in the face of powerful economic headwinds.

"Policymakers in Europe have some job on their hands in 2012.

"The concern for businesses is that a focus on austerity rather than economic growth is damaging their own growth prospects.

"Certainly, the resolution of the crisis and securing the future of the euro is top of their New Year's wish list," he added.

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