

## Australian businesses mostly say “No” to the RBA intervening in the high AUD

(3 October 2012 – Australia) Banking analysts East & Partners’ latest research has found that the majority of Australian businesses think the Reserve Bank of Australia (RBA) should not intervene to manage the AUD despite the many problems the high Australian dollar has caused domestic exporters since reaching parity with and then over taking the US dollar.

This latest research, conducted with 1,014 businesses across all segments nationally found that 59.0 percent thought it would be wrong for the RBA to try and manage the high Australian dollar down. The majority of businesses who want the RBA to step in are Micro Businesses - fully 61.2 percent of Micro respondents in favour of the RBA managing the dollar. Larger businesses by contrast were strongly against such intervention, with nearly 8 out of 10 institutional businesses holding the view that the RBA should not actively look to manage the AUD\$ down.

### *Smaller businesses want the RBA to manage the high AUD*

Business Segment	% of Respondents			Total
	Definitely	Probably	No	
Micro	5.2	56.0	38.8	24.7
SME	4.5	35.1	60.4	28.4
Corporate	4.8	35.1	60.2	24.8
Institutional	4.0	17.8	78.2	22.2
Total	4.6	36.4	59.0	100.0

*Source: East & Partners Business Banking Index – July 2012*

Paul Dowling, East & Partners’ Principal Analyst commented, “These views are highly polarised between small and large Australian businesses and do correlate with other measures of risk management behaviour East has identified, based on business size. Micro and SME businesses for example are light users of hedging strategies in their FX and cross border payments transacting, quite unlike the upper end of town.”

“East’s business sentiment analyses also show smaller enterprises feeling they have little control over external risks impacting their import / export business. Clearly based on this most recent research, smaller business is by inference looking to have their AUD\$ risk managed by regulation, rather than actively taking charge of negative impacts occurring as a result of the high AUD\$,” added Mr Dowling.

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### About East & Partners' Business Banking Index

A bi-monthly Index of business customer behaviour toward their banks, based on interviews conducted Australia-wide with a structured sample of over 6,150 companies across four segments annually.

The Index provides a monitor of a number of important drivers of customer engagement behaviour with their banks including advocacy, detractor, empathy, satisfaction, loyalty, channel engagement, advertising recognition, product demand, product advocacy and mind share.

Index Methodology: For this round of the Business Banking Index, direct interviews have been conducted with 1,014 businesses based on a structured sample frame of the target population nationally, comprising:

- › Institutional – 225 – (A\$530+ million turnover enterprises)
- › Corporate – 251 – (A\$20-530 million turnover enterprises)
- › SME – 288 – (A\$5-20 million turnover enterprises)
- › Micro – 250 – (A\$1-5 million turnover enterprises)

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