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**AUSTRALIA'S SMALL BUSINESSES IN BUOYANT MOOD
HSBC SME SURVEY, LARGEST OF ITS KIND IN ASIA, SHOWS
LOCAL SMEs EXPECT CONTINUED GROWTH**

Australian small businesses expect their good business times to continue according to a survey commissioned by HSBC, and within the Asia-Pacific region they're not alone.

The *HSBC Asia-Pacific Small Business Confidence Survey*, conducted by The Nielsen Company in the first quarter of 2007, covered 1,800 small and medium-sized enterprises (SMEs) across nine countries and territories, including Australia, Hong Kong, mainland China, Taiwan, Singapore, India, Korea, Malaysia and Indonesia.

Noel McNamara, head of commercial banking for HSBC Bank Australia, said: "This research shows Australian SMEs are confident the positive economic outlook will continue and they're willing to invest in their business and recruitment accordingly.

"Australian SMEs realise their investment will pay off in the long run and they're not alone in their thinking. The region as a whole is positive about the economic outlook and the trade opportunities it brings."

Economic view

Australian SME respondents were positive about future economic growth with 33% expecting the economy to grow at a faster pace than the first quarter of 2007 and even more expecting it to continue growing at the same pace (38%). The most optimistic SMEs on economic outlook were in India, mainland China and Singapore.

Investment expectations

Australian SMEs are also among the most optimistic in the region when it comes to plans to invest and expand their businesses. Approximately 45% of Australian SMEs plan to invest in their business this year. Regionally, Indonesian SMEs were top when it came to their investment expectations, followed by SMEs in mainland China.

News Release

SMEs expect continued growth/2

Recruitment expectations

SMEs in mainland China are the most optimistic about recruiting more workers, followed by Indonesia, India and Singapore however Australian SMEs will be far from inactive, with some 30% planning to hire more staff in the year.

Commenting on the Australian outlook, McNamara said: “In Australia we saw real GDP growth of 3.8% in the year to March 2007 – the strongest growth over a 12 month period seen in nearly three years. It’s not surprising Australian SMEs are positive about the outlook for our economy.

“Small businesses make up some 40% of HSBC’s commercial customers in Australia so it’s important we understand the factors shaping their business direction. From this research we can see regional economic growth fueling local SME ambitions and HSBC is well-positioned to support their evolving needs.

“HSBC’s on-the-ground experience allows us to help SMEs expand locally while our global network in some 83 countries supports their international banking needs as they exploit growth opportunities abroad.”

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Notes to editors

HSBC Bank Australia

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