

# SABER GROUP



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## **Lending conditions**

Obtaining finance in 2010 will continue to be difficult as the banking sector prepares for regulatory changes under APRA's proposed alteration of the liquidity rules, coupled with the changes being introduced by the Basel Committee on Banking Supervision.

These changes will no doubt apply pressure on financial institutions to reduce credit availability and to pass on interest rate rises to borrowers.

## **Pressure on business**

The major banks' continued reluctance to lend particularly to small/medium firms has the potential to stunt the economy's recovery and consequently lead to further bank calls leading to further business collapses during 2010.

## **Initial public offerings**

Conversely, there does appear to be an emerging enthusiasm for profitable companies and the window is wide open for what's expected to be a build-up of private equity deals to be staged, with IPOs or sales proposed as an exit strategy for investors.

In particular, it is already apparent that there is a renewed interest in IPOs in the Asian IPO markets and in general, technology companies planning IPOs may steal the limelight internationally.

## **Gold Coast's star performers**

Looking at the local economy, business within the electrical goods market and the IT industry will prove to be resilient during a sluggish economy. Local business providing services to the several government projects may also benefit from increased demand for products and services in the short term.

## **Emerging sectors**

The emerging sectors nationally from this downturn will be the commodity sector (with some exceptions) and also the energies sector with predicted government support and initiatives, making this sector more appealing. IT will also play a role in the recovery of the economy with mobile telecommunications making significant contributions.

## **Recovery**

In light of the recent interest rate rises and expected future rises, industries or sectors that are focused domestically and that promote discretionary spending (with some exceptions of course) are expected to struggle during the recovery phase in the economy.