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Thursday, 5 June 2014

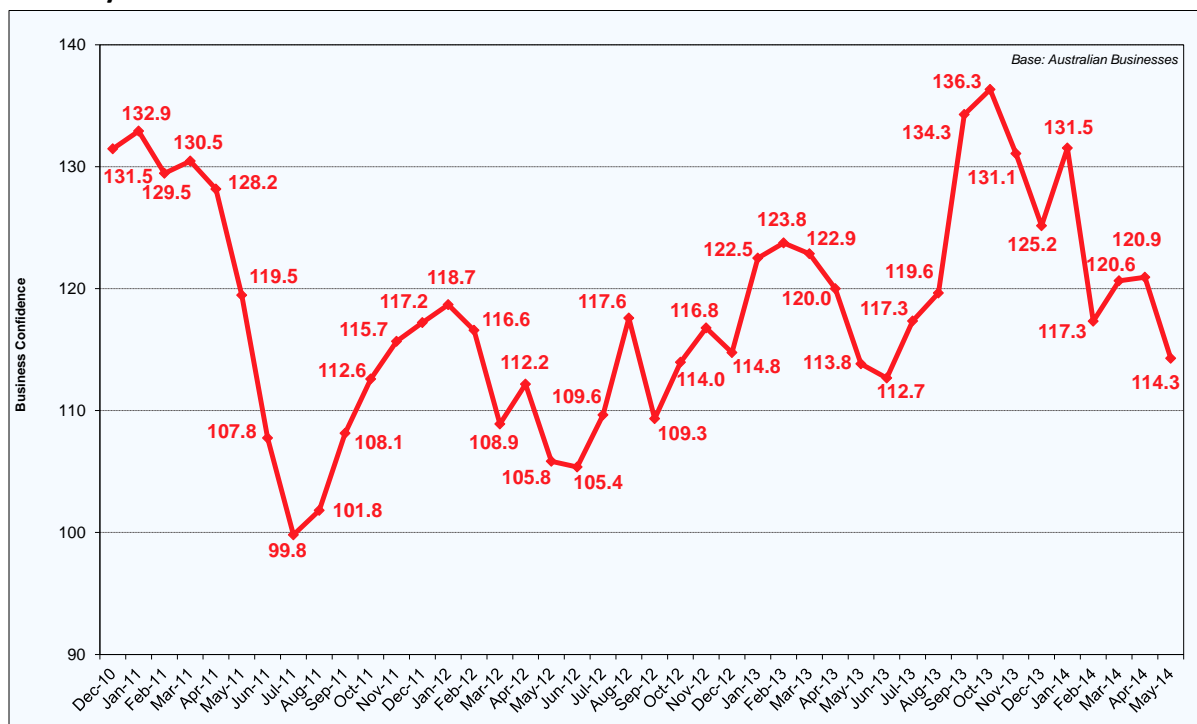
Australian Business Confidence falls in May following the National Commission of Audit Report and the Federal Budget

Roy Morgan Research's latest Business Confidence survey in May 2014 fell 5.5% from April (to 114.3) following the release of the National Commission of Audit Report and the Federal Budget. Business confidence is now 16.1% below the peak of 136.3 in October 2013 following the new government and 7.4% below the average over the last 12 months. These May figures are the results of 1,372 interviews with all types of businesses across Australia.

The main reason for loss of confidence in May was the decline in the proportion of businesses feeling that economic conditions in Australia would improve over the next 12 months. This is now at its lowest level since July 2012.

As a result of this decline in outlook for the economy, there was a drop to 54% (from 58%) in the proportion thinking that the next 12 months would be a good time to invest in growing their business, the lowest level since June 2013.

Monthly Business Confidence - Australia



Source: Business Confidence, Roy Morgan Business Single Source (Australia), December 2010 – May 2014, average monthly sample, n = 2,143

Mining remains the most confident sector (146.4), followed by finance and insurance (143.1). The high-profile sectors in which hopes for economic recovery have been focused remain

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below the average confidence level and are showing no improvement, with retail on 107.0, construction at 113.2 and manufacturing at 112.9.

All states now have very similar levels of confidence, with Western Australia narrowly the highest, followed by South Australia, Tasmania, Victoria, New South Wales and Queensland. In May, all states showed some decline.

Norman Morris, Industry Communications Director, Roy Morgan Research, says:

“The decline in business confidence in May was expected given the uncertainty created by the build-up and delivery of the National Commission of Audit Report and the Budget. The hoped-for improvement in confidence in the key areas of retail, construction and manufacturing, which were seen as making up for a slowdown in the mining industry, did not happen during May, and these sectors all remain below average in confidence.

“The full impact of the Budget will ultimately depend on the extent to which the Federal Government is able to get it passed by the Senate and how long this process is dragged out, creating instability and uncertainty, which is not a good environment to make business decisions.

“In the meantime, the low level of confidence in the economy picking up over the next 12 months is likely to subdue the appetite for business expansion and borrowing which is not good for economic growth and recovery.”

For comments or more information please contact:

Norman Morris

Industry Communications Director

Office: +61 (3) 9224 5172

Norman.Morris@roymorgan.com

Related research findings

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401 Collins Street, Melbourne, Victoria, 3000 – GPO Box 2282U, Melbourne, Victoria, 3001, Australia

Tel: (03) 9629 6888 Fax: (03) 9629 1250 (03) 9224 5387 melbourne@roymorgan.com www.roymorgan.com

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Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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