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Australian Roy Morgan Business Confidence declines further in December

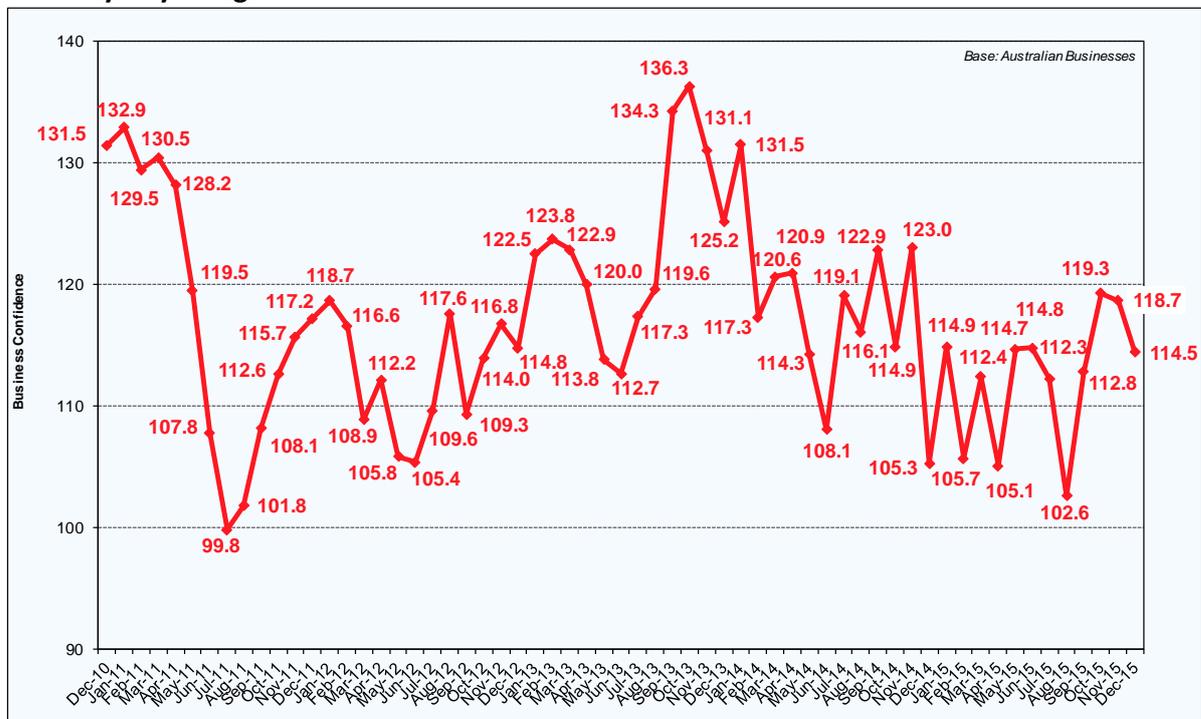
Roy Morgan Research's Business Confidence declined by a further 4.2 points in December (down 3.5% to 114.5), following on from the November decline of 0.6 points (down 0.5%). The combined drop of 4.8 points (down 4.0%) over the last two months is a likely indication that the initial burst of confidence following Malcolm Turnbull becoming Prime Minister is beginning to "cool off", although it still remains 11.6% above the level prior to his appointment.

These December figures are the results of 1,001 interviews with a cross section of businesses across Australia.

The level of Business Confidence in December is still positive for the economy but the last two months have seen a decline which now puts it below the five-year average (116.9) and is a sign that confidence is very fragile.

The ANZ-Roy Morgan Consumer Confidence finished the year on 115.4 (12-13th December), up marginally on the November average of 115.0; but early signs for January (9th and 10th) show that this has also slipped back to 114.1. With both surveys showing signs of weakening, it appears that the initial improvement in outlook among both consumers and businesses following the leadership change is being overtaken by adverse world and local economic events.

Monthly Roy Morgan Business Confidence -- Australia



Source: Roy Morgan Business Single Source (Australia), December 2010-December 2015. Average monthly sample last 12 month n= 963.

FOR IMMEDIATE RELEASE

The drop in Business Confidence in December was mainly due to deterioration in the outlook for the Australian economy over the next 12 months, which has now fallen to its lowest level since August 2015. Despite this poor outlook for Australia over the coming year, businesses still maintain a positive attitude, with 60% agreeing that the next 12 months will be a good time to invest in growing their business, well up on the 51% seen in August 2015.

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

“Despite the fact that Roy Morgan Business Confidence has shown a decline over the last two months, its drop has been moderate considering the number of negative issues recently. In December the ASX showed considerable volatility, being down 5.0% mid-month, before rebounding to be up by 2.5% for the month. This type of fluctuation, combined with global economic uncertainty (particularly China), the deteriorating Australian budgetary position (highlighted in the government’s mid-year economic update), declining commodity prices and continued speculation on tax reform, all make for a very uncertain business outlook.

“Not all industries showed a decline in confidence in December, with improvements seen in agriculture, construction and accommodation/food services. The sectors that showed a decline during the month included manufacturing, finance and insurance, professional services, mining and wholesale. The most confident businesses were in accommodation/food services, retail, rental/real estate and education/training.

“Business Confidence varies by state and during December, Tasmania was ahead, followed by South Australia, New South Wales, Queensland, Victoria and Western Australia. The biggest declines over the month were in Victoria and WA.

“Over the last month there has been some decline in confidence among micro and small businesses, while medium and large businesses have shown increased confidence.

“Business Confidence is the key driver of economic growth, so it will be essential for the federal government to take action to convince business they have a plan that will provide the positive environment for growth. International events will also be likely to continue to impact on business and consumer confidence but obviously, the government has little control over this.”

For comments or more information please contact:

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Related research findings

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[Click here](#) to purchase the **Consumer Confidence – Monthly Detailed Report** in Australia.

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About Roy Morgan Research Consumer Single Source

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Roy Morgan Single Source is based on over 50,000 interviews each year and has been designed and engineered to represent the ideal source model. It provides an integrated understanding of consumers; what they are like, what they consume, what they buy, what they think, what they want, what they watch, read and listen to. The overriding benefit of Roy Morgan Single Source is the strategic insights it offers in the ability to link many aspects. Not only can an organization's profitable customers be delineated by what they think, do, watch, but so can non customers. Hence brand positioning, product differentiation, merchandising, efficient media planning, market expansion and line extension opportunities can all be considered in the light of the correct understanding of the marketplace.

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

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