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Thursday, 28 January 2016

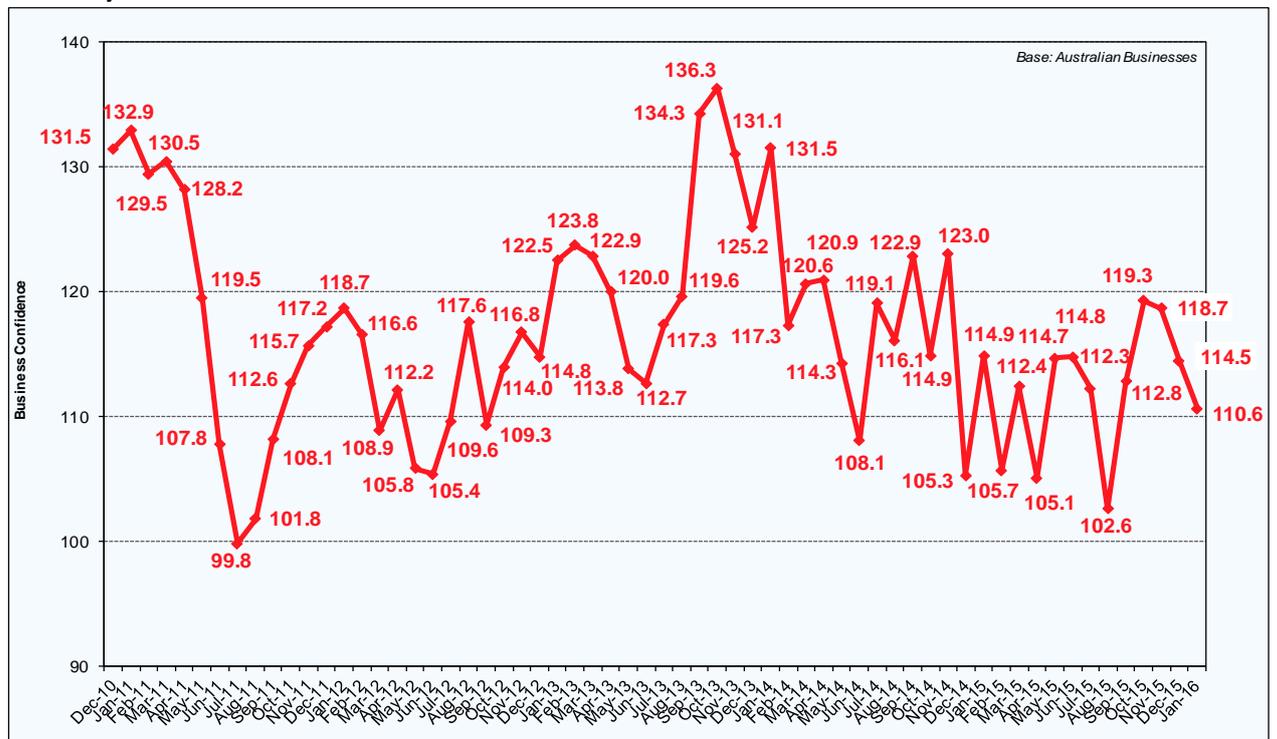
Australian Roy Morgan Business Confidence continues to drift lower in January

Roy Morgan Research's Business Confidence declined by a further 3.9 points in January (down 3.4% to 110.6), following on from the December decline of 4.2 points (down 3.5%) and the November drop of 0.6 points (down 0.5%). The combined drop of 8.7 points (down 7.3%) over the last three months is an indication that the initial increase in confidence following Malcolm Turnbull becoming Prime Minister has been outweighed by the negative local and international economic environment which saw the ASX decline by 8.6% in the first three weeks in January. Despite the negative trend in business confidence over the last three months it is still 7.8% above the level prior to the appointment of the new Prime Minister.

These figures are the results of 1,010 interviews with a cross section of businesses across Australia.

The level of Business Confidence in January is still marginally positive for the economy but the decline over the last three months now puts it below the five-year average (116.8) and is a sign that confidence is very fragile and easily impacted by negative economic events.

Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source (Australia), December 2010-January 2016. Average monthly sample last 12 months=959.

The ANZ-Roy Morgan Consumer Confidence finished the year on 115.4 (12-13 December) but the latest figures for January (23-24) show that this has slipped back to 112.2. With both

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surveys showing signs of weakening, it appears that the outlook among both consumers and businesses following the leadership change is being overtaken by adverse world and local economic events.

The drop in Business Confidence in January 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. Only 52% of businesses now think that Australia will face good economic conditions over the coming year, well down on the 5 year average of 60.2%. Despite this poor outlook for Australia for the next 12 months, businesses still maintain a positive attitude towards expanding, with 60% agreeing that the next 12 months will be a good time to invest in growing their business. This is higher than the five year average of 56.4%.

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

“It is not surprising that business confidence has declined further in January given the very negative market sentiment both locally and globally during the month. The continual publicity given to the slowdown in Chinese growth, the dramatic drops in the price of oil and other commodities and the deteriorating budgetary position at home have all impacted negatively on the ASX and business sentiment .

“A decline in confidence in January was seen across most industries including manufacturing, construction and retail- not a good sign for these sectors in which it was hoped would help make up for the collapse in mining. The most confident business sectors were rental/real estate, agriculture and wholesale trade.

“There are considerable variations in business confidence by state and in January, Tasmania was ahead, followed by Queensland, New South Wales, Western Australia, South Australia and Victoria. The biggest declines were in South Australia and New South Wales.

“With business confidence declining, it remains a challenge for both the state and federal governments to create a positive environment and plan that will encourage business growth against what is likely to remain a volatile international economic environment”.

For comments or more information please contact:

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Related research findings

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

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

[Click here](#) to purchase the **Consumer Banking Satisfaction Monthly Report** in Australia.

About Roy Morgan Research Consumer Single Source

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

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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 |