

Friday, 3 November 2017

## Business Confidence down again slightly in October to 112.7

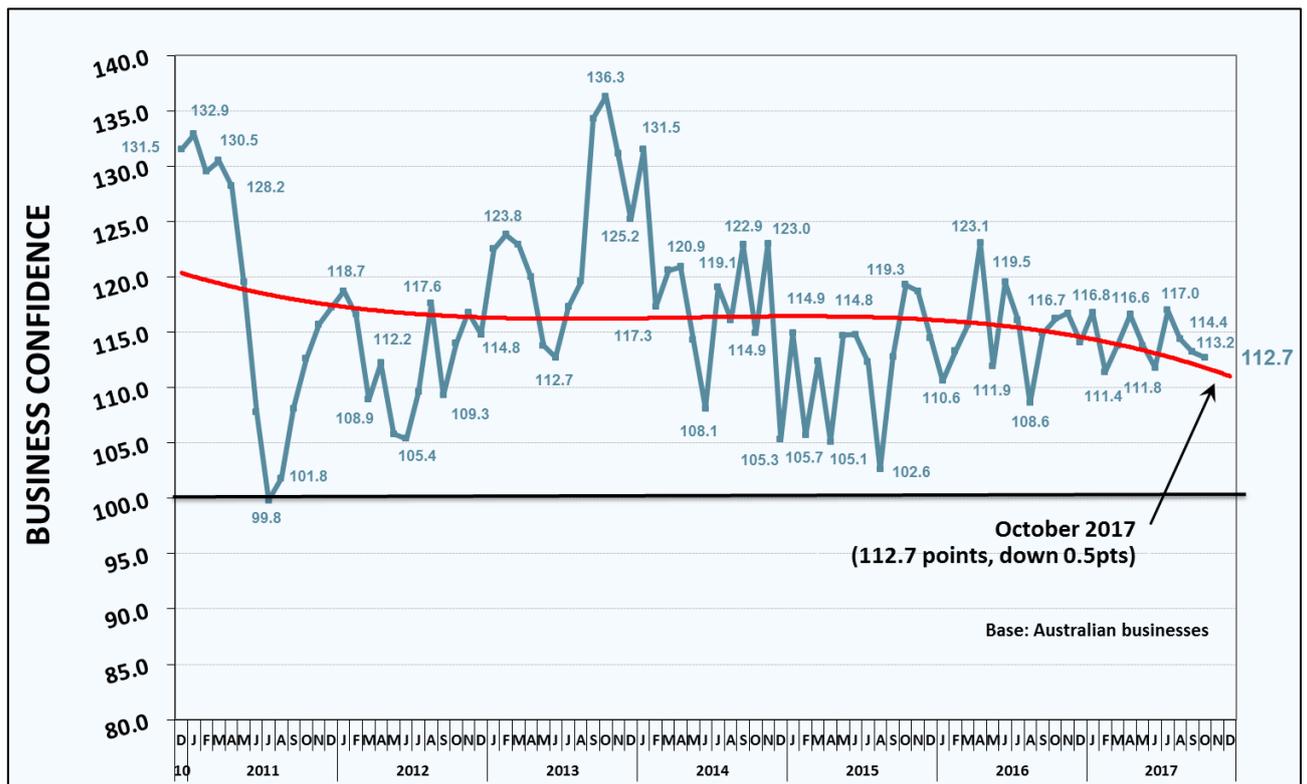
In Australia Business Confidence fell a further 0.5pts (-0.4%) to 112.7 in October with the closure of the Australian automotive manufacturing industry during the month and instability in Parliament caused by the citizenship question for several MPs and Senators continuing.

However despite a small overall fall businesses remain largely positive with a majority of businesses, 53.5%, saying now is a 'good time to invest in growing the business' and 45.8% of businesses expecting to be 'better off' financially this time next year.

Analysis by industry showed this month's small fall in Business Confidence was driven by falls in confidence in industries including Manufacturing, Education & training, Public administration, safety & security and Personal, repair and other services according to the Roy Morgan Business Single Source survey.

Although little changed in October Business Confidence remains just below the weekly ANZ-Roy Morgan Consumer Confidence, which was at 113.4 on the last weekend of October.

### Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010–Oct 2017. Average monthly sample over the last 12 months=961.

### Business Confidence down slightly in October driven by concerns about the next 12 months rather than the longer term

- Business Confidence decreased in October caused by a fall in confidence about the performance of the business over the next 12 months with 45.8% (down 2.7pts) expecting

the business to be 'better off' financially this time next year and 23.2% (up 3.1ppts) saying the business will be 'worse off' – a net negative movement of 5.8ppts;

- In addition, businesses are also more worried about the performance of the Australian economy over the next year with 47.8% (down 3.2ppts) now expecting 'good times' for the Australian economy while 45.8% (up 2.6ppts) now expect 'bad times';
- However, businesses now consider themselves to be in a far better position than this time a year ago with 42.2% (up 2.3ppts) saying the business is 'better off' financially than this time last year compared to 28.9% (down 7.3ppts) that say the business is 'worse off';
- Despite a decline in views about the short-term, longer-term views on the Australian economy improved in October with 50.3% (up 1.6ppts) expecting 'good times' for the Australian economy over the next five years and 39.9% (down 0.9ppts) expecting 'bad times';
- A virtually unchanged majority of businesses, 53.5% (down 1ppt) are also positive that the next 12 months represent a 'good time to invest in growing the business' far higher than the 38.0% (up 1.5ppts) that say it will be a 'bad time to invest'.

**Michele Levine, CEO Roy Morgan Research, says the softening in Business Confidence in recent months reflects a concern about political leadership with energy prices set to rise in Summer:**

*"Business Confidence fell 0.5pts (-0.4%) in October to 112.7, and is now slightly below Consumer Confidence which was unchanged in October at 113.4. Business Confidence has now fallen for three consecutive months for the first time since early 2016.*

*"Analysis on a State level shows Business Confidence declined in Australia's largest State of New South Wales along with the mining heavy States of Queensland and Western Australia which against has the lowest Business Confidence of any State. The decline in Business Confidence will be a concern to the Palaszczuk Government in Queensland which has called an election for the last weekend of November.*

*"The downward trend was 'bucked' elsewhere with increases in all three southern States not enough to impact the overall figure in a positive direction. The smaller States of South Australia and Tasmania now have the country's highest Business Confidence in October with both facing elections early in the New Year.*

*"The closure of the Australian automotive manufacturing industry in October with Toyota closing its Melbourne production facilities on Friday October 6, and Holden closing its Adelaide plant two weeks later, weren't enough to negatively impact the respective State figures but Manufacturing Business Confidence did drop during October which along with drops in the industries of Education & training, Public administration, safety & security and Personal repair and other services contributed to the small fall in the overall figure.*

*"Industries performing well in October included the 'familiar faces' of Construction, Mining, Health care & social assistance, Wholesale trade and Agriculture, forestry & fishing which have all been consistently well above average for Business Confidence in 2017."*

Roy Morgan August Business Confidence results are based on 919 interviews with a cross-section of Australian businesses. Business Confidence is now below the 7yr average (116.2).

**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 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