

Tuesday, 12 February 2018

Business Confidence jumps 6.1pts to highest in 4 years

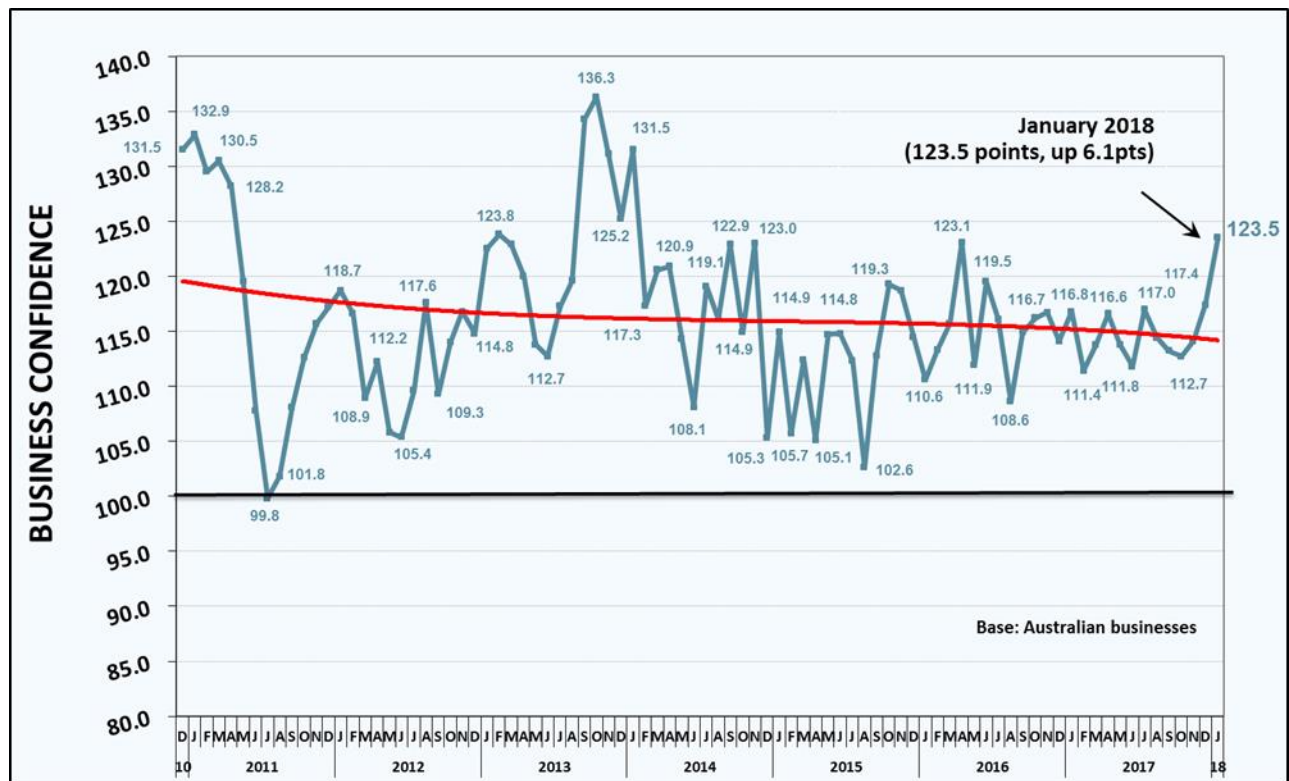
In Australia Roy Morgan Business Confidence jumped 6.1pts (+5.2%) to 123.5 in January now at its highest start to a year since January 2014.

Businesses begin 2018 in a positive frame of mind with a majority of businesses, 59.3% (up 7.1ppts), expecting 'good times' economically for Australia over the next 12 months, 56.1% (up 3.9ppts) expecting 'good times' for Australia over the next five years and 55.3% (down 2ppts) saying now is a 'good time to invest' in growing the business.

This month's large increase in Roy Morgan Business Confidence was driven by rises in confidence in industries including Electricity, gas, water and waste, Construction, Wholesale trade and Information media and telecommunications according to the Roy Morgan Business Single Source survey.

January Roy Morgan Business Confidence remains just above the weekly [ANZ-Roy Morgan Consumer Confidence](#), which is at 119.5 on February 10/11, 2018.

Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Jan 2018. Average monthly sample over the last 12 months=938.

Business Confidence up in January driven by positive sentiment about the economy

- Businesses are more confident about the performance of the Australian economy over the next year with 59.3% (up a large 7.1ppts) now expecting 'good times' for the Australian economy while 36.1% (down 7ppts) expect 'bad times';
- Longer-term views on the Australian economy also increased in January with 56.1% (up 3.9ppts) expecting 'good times' for the Australian economy over the next five years and 36.2% (down 4.3ppts) now expecting 'bad times';

- Business are also more confident about their own performance with 44.7% (up 3.5ppts) saying the business is 'better off' financially than this time last year compared to 26.7% (down 1.3ppts) that say the business is 'worse off';
- Now a majority of 52.8% (up 3ppts) say the business will be 'better off' financially this time next year compared to 18.2% (down 1.5ppts) expecting the business to be 'worse off' this time next year – a net positive movement of 4.5ppts;
- A slightly lesser majority of businesses, 55.3% (down 2ppts) are also positive that the next 12 months will be a 'good time to invest in growing the business', much higher than the 33.3% (down 1.3ppts) that say it will be a 'bad time to invest'.

Michele Levine, CEO Roy Morgan, says both Roy Morgan Business Confidence and ANZ-Roy Morgan Consumer Confidence have begun 2018 at multi-year highs signalling a renewed strength in the Australian economy:

"Roy Morgan Business Confidence increased 6.1pts (+5.2%) in January to 123.5 and [ANZ-Roy Morgan Consumer Confidence is now at 119.5](#), up 3.9pts (+3.4%) since the final weekend of December. Both indices have had their strongest starts to a new year for many years – Business Confidence since 2014 and Consumer Confidence even longer, since 2011.

*"The strength in Roy Morgan Business Confidence is driven by increases in Australia's three largest States of NSW, Victoria and Queensland which all increased in January with NSW and SA now having the highest Business Confidence in Australia. In contrast Business Confidence was down slightly in WA and Tasmania **although Business Confidence is now above 110 in all States.***

"Analysing the performance of industries in January shows that the most confident industries to start 2018 are Information media and telecommunications now at a record high, Construction, Transport, postal & warehousing and Electricity, gas, water & waste all at multi-year highs.

"Even more positively for Australian economic growth in the year ahead Roy Morgan Business Confidence for every industry component was in positive territory above 100 for the first time in nearly four years since April 2014 indicating that confidence is broad-based across the economy."

Roy Morgan Business Confidence results in January are based on 859 interviews with a cross-section of Australian businesses. Business Confidence is now below the 7yr average (116.3).

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About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 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
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2