

Friday, 2 August 2019

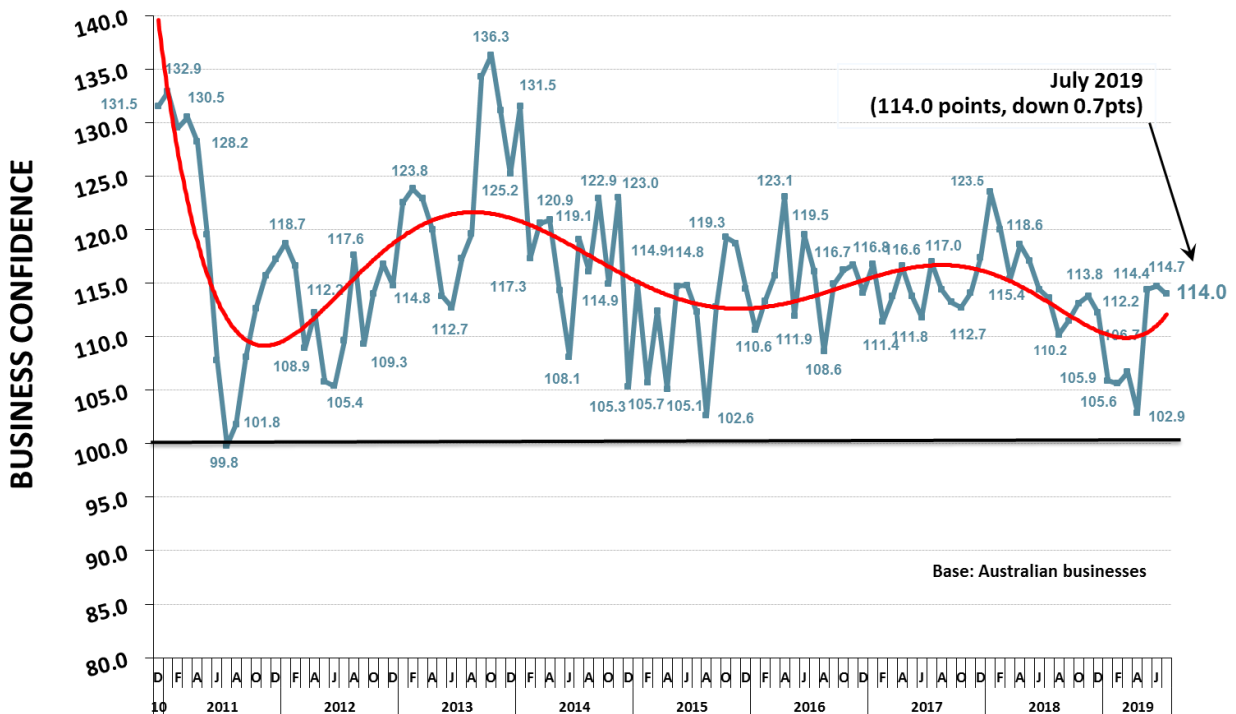
## Business Confidence down slightly at 114 in July

Roy Morgan Business Confidence was down slightly at 114.0 in July, a monthly decrease of 0.7pts (-0.6%). Business Confidence has now averaged 114.4 over the last three months after an 11.2% jump in May.

The good news is there was a rebound in businesses saying the next year is a 'good time to invest in growing the business' in July, up 7.5pts to 48.7% while only 38.9% (down 4.5pts) say now is a 'bad time to invest'. An unchanged majority of 53.9% of businesses expect the business to be 'better off financially this time next year.

The rebound for Business Confidence in the last three months means the index is now just below the latest weekly [ANZ-Roy Morgan Consumer Confidence, which was at 118.5 on July 27/28, 2019](#). Business Confidence in July 2019 is now 0.4pts above its level of a year ago in July 2018 but 1.6pts below its long-term average of 115.6.

### Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-July 2019. Average monthly sample over the last 12 months=859.

### More businesses feel the next year will be a good time to invest in growing the business

- A clear plurality of businesses, now 48.7% (up 7.5pts) say the next year will be a 'good time to invest in growing the business', while only 38.9% (down 4.5pts) say it will be a 'bad time to invest'.
- In addition a majority of 53.9% (unchanged) of businesses expect their business to be 'better off financially this time next year (the equal highest figure for this indicator for over a year since April 2018) while 19.8% (up 5.7pts) expect the business to be 'worse off financially';
- A plurality of 49.1% (down 0.4pts) of businesses expect the Australian economy to have 'good times' economically over the next year while 43.2% (up 3.5pts) expect 'bad times';

- Now 39.4% (up 1.2ppts) say the business is 'better off financially than this time last year and 32% (up 3.6ppts) say the business is 'worse off financially than a year ago;
- And a majority of businesses, 52% (down 0.3ppts), expect 'good times' for the Australian economy over the next five years and 39.1% (up 3.1ppts) now expect 'bad times'.

**Business Confidence up for Micro businesses but down for businesses with over 5 employees**

In line with the month-on-month decrease, Roy Morgan Business Confidence for the three months to July 2019 is down slightly by 0.6pts to 114.4 compared to the same period a year ago.

Analysing the Business Confidence by size of business shows that micro businesses with under 5 employees have been the most enthused by the ending of political uncertainty following the Federal Election in May.

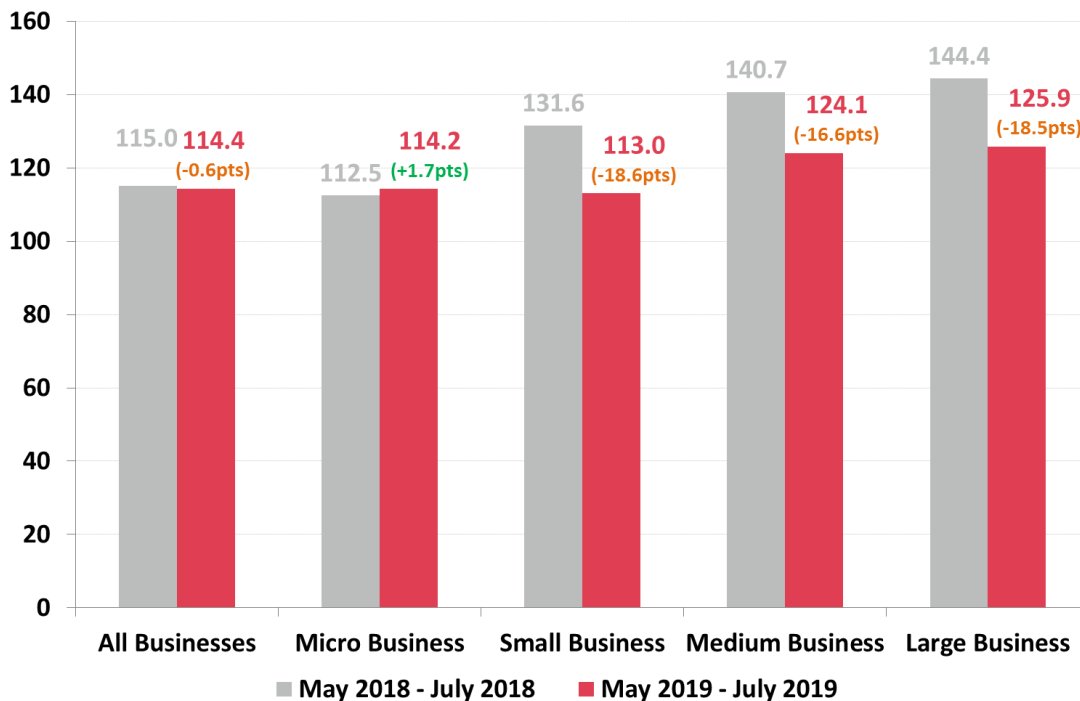
Business Confidence for micro businesses in the three months to July 2019 is up by 1.7pts to 114.2 – the only size of business which has higher Business Confidence than a year ago. There has been a decline in Business Confidence for all sized businesses with 5 or more employees.

For small businesses with 5-19 employees Business Confidence has dropped by 18.6pts to 113.0 and is now the lowest of any sized business.

Business Confidence has dropped significantly over the last year for both medium sized businesses with 20-199 employees and larger businesses with 200+ employees but remains well above the national average.

Larger businesses again have the highest Business Confidence at 125.9 (down 18.5pts from a year ago) now just ahead of medium sized businesses on 124.1 (down 16.6pts).

**Business Confidence by business size (employee numbers)\*: May-July 2019 cf. May-July 2018**



**Source:** Roy Morgan Business Single Source, May – July 2018, n=2,613 and May – July 2019, n=3,001.  
 \*Micro businesses are under 5 employees, Small businesses are 5-19 employees, Medium-sized businesses are 20-199 employees and Large businesses are 200 employees or more.

**Michele Levine, CEO Roy Morgan, says Business Confidence has maintained a steady level since May as the political uncertainty surrounding the Federal Election has dissipated:**

*“Roy Morgan Business Confidence was down slightly by 0.7pts to 114.0 in July. Business Confidence has been in a tight band over the last three months following the Federal Election in mid-May and today’s analysis reveals conflicting forces are impacting the measure.*

*“While Business Confidence for the three months to July is down slightly on a year ago at 114.4 it is small, medium and large businesses with at least 5 employees driving the measure down. **Business Confidence for businesses with 20-199 employees is down 16.6pts from a year ago and down 18.5pts for businesses with 200+ employees.** In contrast micro businesses with under 5 employees now have higher Business Confidence, up by 1.7pts compared to a year ago.*

*“Driving the falls for medium and larger size business are increasing concerns about the fortunes of the Australian economy over the next year and next five years and a sharp reduction in firms of this size saying the next 12 months is a ‘good time to invest in growing the business’.*

*“Analysing Business Confidence by State shows that South Australia now has the highest Business Confidence of any State in July just ahead of Queensland and Western Australia which both increased strongly in July against the overall trend.*

*“Business Confidence was down in Tasmania as well as in Australia’s two largest States of Victoria and New South Wales which now has the lowest Business Confidence of any State although still in positive territory above 100.*

*“Analysing Business Confidence by industries shows several industries have had increases in confidence in the month of July led by the Manufacturing, Education & Training, Accommodation & Food Service, Recreation & personal and Agriculture.*

*“Industries to under-perform in July include Property & business services, Wholesale, Information Media & Telecommunications. Public administration & defence and Electricity, gas & water were the only two industries in July to have Business Confidence below the neutral level of 100.”*

**Roy Morgan Business Confidence results in July are based on 1,117 interviews with a cross-section of Australian businesses. Business Confidence is now below the 8yr average (115.6).**

**For comments or more information please contact:**

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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%
1,000	±3.0	±2.7	±1.9	±1.3
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
50,000	±0.4	±0.4	±0.3	±0.2

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