

Monday, 9 September 2019

## Business Confidence post-election bounce continues

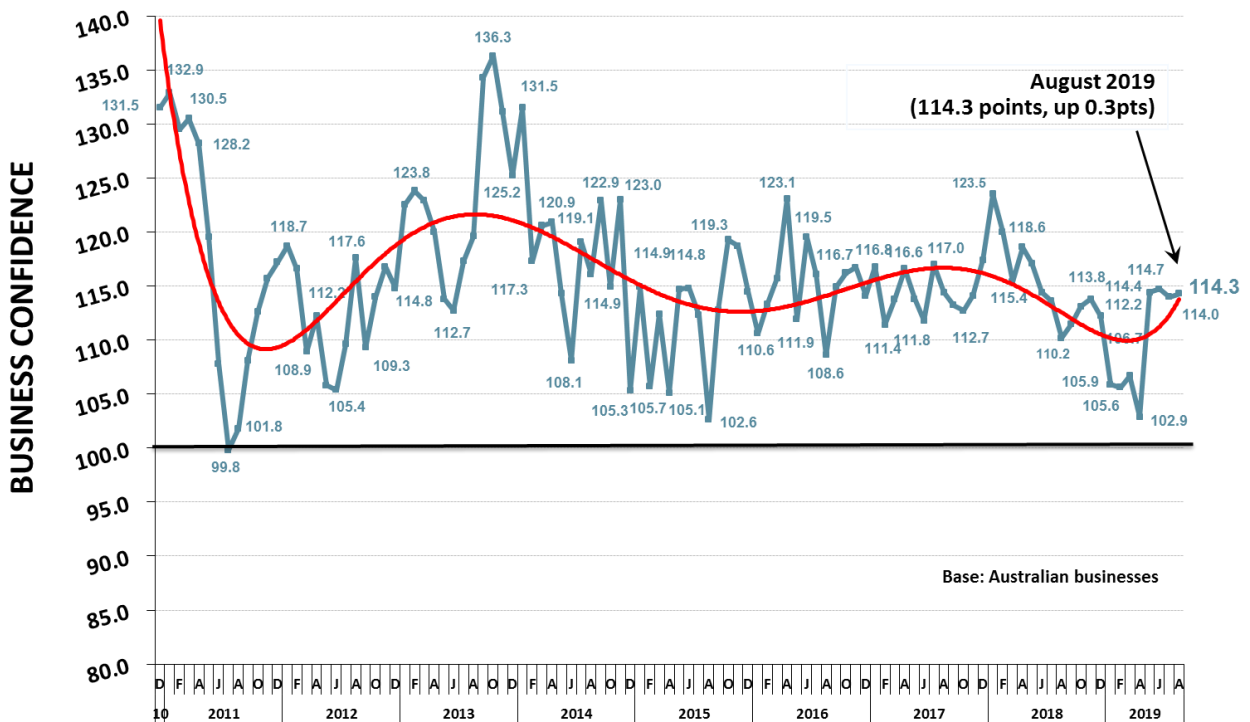
Roy Morgan Business Confidence was up 0.3pts (+0.3%) to 114.3 in August. Business Confidence has now averaged 114.4 over the last three months which is up 1.7pts (+1.5%) since the same period a year ago.

The small increase was driven by an increasing number of businesses saying the next year is a 'good time to invest in growing the business', up 4.4ppts to 53.1%, and an increasing majority of businesses, 54.1% (up 2.1ppts), expecting 'good times' for the Australian economy over the next five years.

The improvement for Business Confidence over the last four months means the index is now virtually level with the latest weekly [ANZ-Roy Morgan Consumer Confidence, which was at 114.4 on August 31/September 1, 2019](#). Business Confidence in August 2019 is now 4.1pts above its level of a year ago in August 2018 but is still 1.3pts below its long-term average of 115.6.

The latest Roy Morgan Business Confidence results in August are based on 983 detailed interviews with a cross-section of Australian businesses from each State and Territory and are available to purchase on a monthly or annual subscription as part of the [Roy Morgan Business Confidence Report](#).

### Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-August 2019. Average monthly sample over the last 12 months=873.

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

- A clear majority of businesses, now 53.1% (up 4.4ppts) say the next year will be a 'good time to invest in growing the business' (the highest figure for this indicator for over a year since February 2018), while only 37.8% (down 1.1ppts) say it will be a 'bad time to invest';

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- In addition an increasing majority of businesses, 54.1% (up 2.1pts), expect ‘good times’ for the Australian economy over the next five years (**the highest figure for this indicator for over 18 months since January 2018**) and 38.9% (down 0.2pts) now expect ‘bad times’;
- However, a decreasing majority of 53.1% (down 0.8pts) of businesses expect their business to be ‘better off’ financially this time next year while 14.8% (down 5pts) expect the business to be ‘worse off’ financially;
- A plurality of 46.3% (down 2.8pts) of businesses expect the Australian economy to have ‘good times’ economically over the next year while 45.6% (up 2.4pts) expect ‘bad times’;
- Now just on a third of businesses, 33.3% (down 6.1pts), say the business is ‘better off’ financially than this time last year (**the lowest figure for this indicator for three years since August 2016**) and 31.3% (down 0.7pts) say the business is ‘worse off’ financially than a year ago.

### Business Confidence up for Wholesale, Property & Business Services compared to a year ago

In line with the month-on-month increase, Roy Morgan Business Confidence for the three months to August 2019 is up by 1.7pts to 114.4 compared to the same period a year ago.

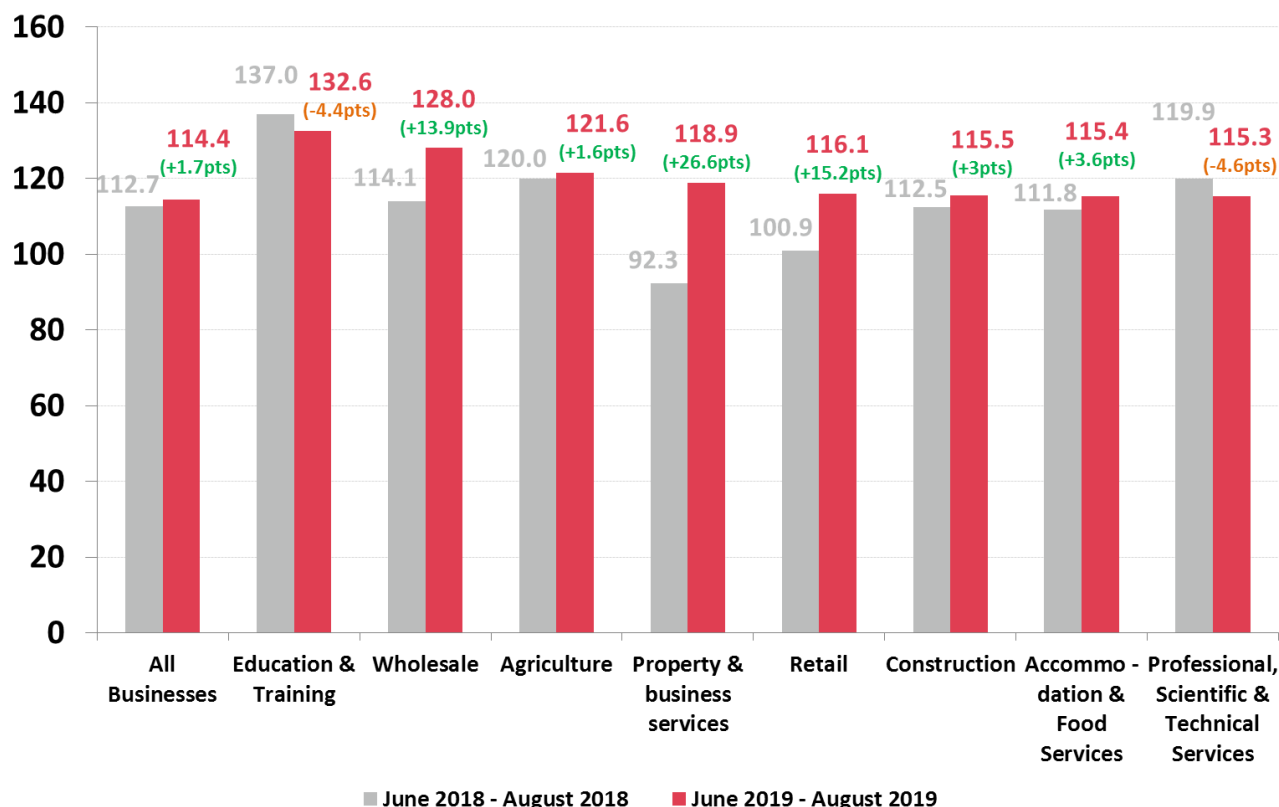
However, analysing the trends for Business Confidence by different industries shows that although overall Business Confidence is up from a year ago the trends are not uniform across all industries. Business Confidence has increased for eight industries while declining for ten industries compared to a year ago.

Business Confidence for the three months to August 2019 is up significantly for several industries including Wholesale by 13.9pts to 128, up by 26.6pts to 118.9 for Property and business services and up by 15.2pts to 116.1 for Retail compared to the same period a year ago.

Other industries for which Business Confidence improved compared to a year ago include Agriculture up by 1.6pts to 121.6, Construction which increased 3pts to 115.5, and Accommodation and Food Services which increased 3.6pts to 115.4.

However, despite these increases, it is Education and Training which has the highest Business Confidence in this post-Federal Election period at 132.6, down slightly, by 4.4pts, from a year ago.

### Business Confidence by leading industries: June – August 2019 cf. June – August 2018



Source: Roy Morgan Business Single Source, June – August 2018, n=2,562 and June – August 2019, n=2,984.

**Michele Levine, CEO Roy Morgan, says Business Confidence has definitively improved in the post-election period as the political uncertainty impacting since the Liberal leadership change in August 2018 and through to this year's May Federal Election has cleared:**

*"Roy Morgan Business Confidence was up 0.3pts to 114.3 in August and has now averaged 114.4 over the last three months compared to an average of only 105.3 in the pre-election period from January – April 2019.*

*"The improvement in Business Confidence in recent months shows that significant Government income tax cuts as well as the RBA's post-election interest rate cuts have given businesses renewed confidence about the future.*

*"Now a majority of 54.1% of businesses expect 'good times' for the Australian economy over the next five years and a majority of 53.1% say the next 12 months is a 'good time to invest in growing the business.' Both indicators are at their highest levels since early 2018.*

*"The recovery in Business Confidence in the post-election period means the measure over the last three months is up 1.7pts compared to the same three month period a year ago. However, the increase has not been broad-based with around half the industries measured having higher Business Confidence compared to a year ago while it is down slightly for the other half.*

*"Driving the increase in Business Confidence over the last year are several industries led by Wholesale up by 13.9pts to 128, Property & business services up 26.6pts to 118.9, Retail up by 15.2pts to 116.1 and Information Media & Telecommunications up by 18.2pts to 111.5.*

*"Analysing Business Confidence by State shows that the smaller States are performing best and Western Australia now has the highest Business Confidence of any State in August just ahead of South Australia and Tasmania.*

*"Business Confidence was just above the national average in New South Wales and dropped in both Queensland and Victoria which now has the lowest Business Confidence of any State although still in positive territory above 100.*

*"To gain a deep and comprehensive understanding of the state of Australian businesses across states, industries and size by employee number and annual turnover contact Roy Morgan."*

**Roy Morgan Business Confidence results in August are based on 983 interviews with a cross-section of Australian businesses. Business Confidence is now just below the 8yr average (115.6).**

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

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**To learn more about Roy Morgan's [Business Confidence](#), [Consumer Confidence](#) and [Inflation Expectations](#) data call (+61) (3) 9224 53909 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).**

### **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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