



Friday, 6 March 2020

February Business Confidence rebounded, with bushfires out and COVID-19 yet to have full economic impact

In February 2020 Roy Morgan Business Confidence increased 3pts (+3%) to 104.6, effectively returning to its pre-Christmas level of 104.5.

The increase in Business Confidence was driven by strong rebounds in New South Wales, Victoria, South Australia and the ACT. These States (and the ACT) were most affected by the devastating bushfires and showed the greatest loss of confidence in January; and then the greatest rebound in February.

There was also a clear differentiation between the rebounds for industries heavily impacted by the bushfires, including Agriculture, Construction, Finance & Insurance and Property & Business services, and the declining confidence in February for industries that have felt an immediate impact from COVID-19, including Education & Training, Wholesale trade, Accommodation & Food services and Mining.

The February 2020 Business Confidence level is 1pt lower than it was year ago, and a significant 10.5pts below the long-term average of 115.1. Business Confidence is now almost level with the latest [ANZ-Roy Morgan Consumer Confidence, which is now at 104.8 in the first week of March](#).

Strong increases in bushfire-ravaged NSW, Victoria and SA drive Business Confidence higher

In February there was a clear split between the States that experienced the worst of the summer bushfire season – NSW, Victoria and South Australia – and the other States, including Western Australia and Queensland with their significant mining industries.

Business Confidence was up by 19.8% in South Australia, 12.7% in the ACT, 11.3% in NSW and 2.6% in Victoria in February. In contrast, Business Confidence fell by 20.2% in Western Australia and was down by 3.5% in Queensland during the month.

Finance & Insurance, Agriculture and Recreation & Personal deliver Confidence increase

Business Confidence in February increased in several industries following the devastating summer bushfires, with the biggest increases for Public Administration & Defence (+32.7%), Finance & Insurance (+21.9%), Agriculture (+19.9%) and Recreation & Personal (+18.3%).

However, there were early signs of the impact of the novel coronavirus COVID-19, with declines in several industries including Mining (-34.4%), Wholesale trade (-25.1%), Accommodation & Food services (-7.2%) and Education & Training (-5.1%).

Michele Levine, CEO of Roy Morgan, says the improvement in Business Confidence in February might surprise some:

“Roy Morgan Business Confidence increased 3pts to 104.6 in February driven by businesses relieved to see the end of the devastating bushfire season and before many had been directly impacted by the growing economic threat of the novel coronavirus COVID-19.

“A special Roy Morgan survey conducted in mid-February showed well over a quarter (28%) of Australian businesses had been affected by the summer bushfires, while at the time only 15% had noticed an impact from COVID-19. This impact has clearly grown in recent weeks, with a travel ban for major trading partner South Korea now added to existing bans for China and Iran.

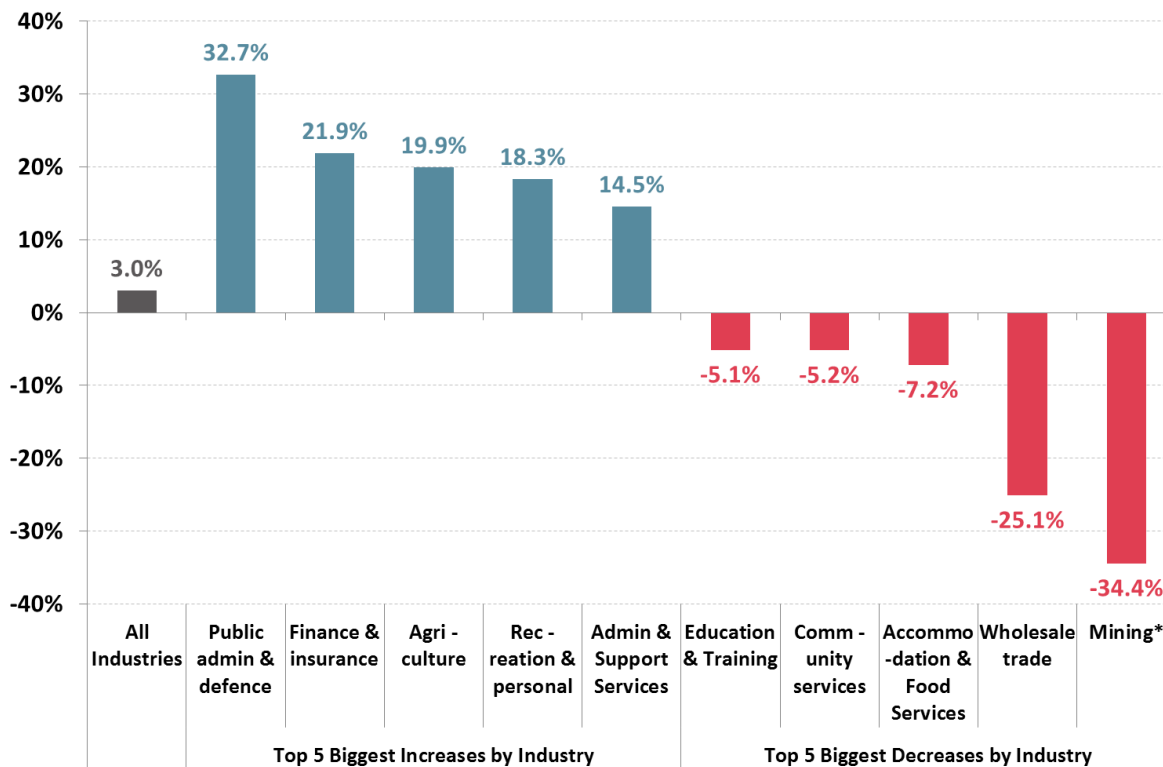
“Analysis of Business Confidence results show improvements in States hardest hit by the bushfires, including NSW and Victoria and also for industries that felt a direct hit including Agriculture, Finance & Insurance, Recreation & Personal led to the overall increase in February.

“Smaller businesses, with under 50 employees, also had higher confidence in February as the impact of COVID-19 may have felt removed to an extent from its direct impacts. However, the large share-market falls in the last week of February appear to have brought home to many the economic risks posed by this new threat. For instance, the fall in the [ANZ-Roy Morgan Consumer Confidence Rating to a five-and-a-half year low of 104.8](#) happened on the first weekend of March.

FOR IMMEDIATE RELEASE

“Already feeling the impact in February were businesses in industries including Mining, Wholesale trade, Accommodation & Food services which includes travel and tourism and Education & Training businesses. Larger businesses have also felt the impact more acutely, with falls in Business Confidence for most businesses with annual turnover in excess of \$500,000.”

% Change in Business Confidence by industry in February 2020 cf. January 2020



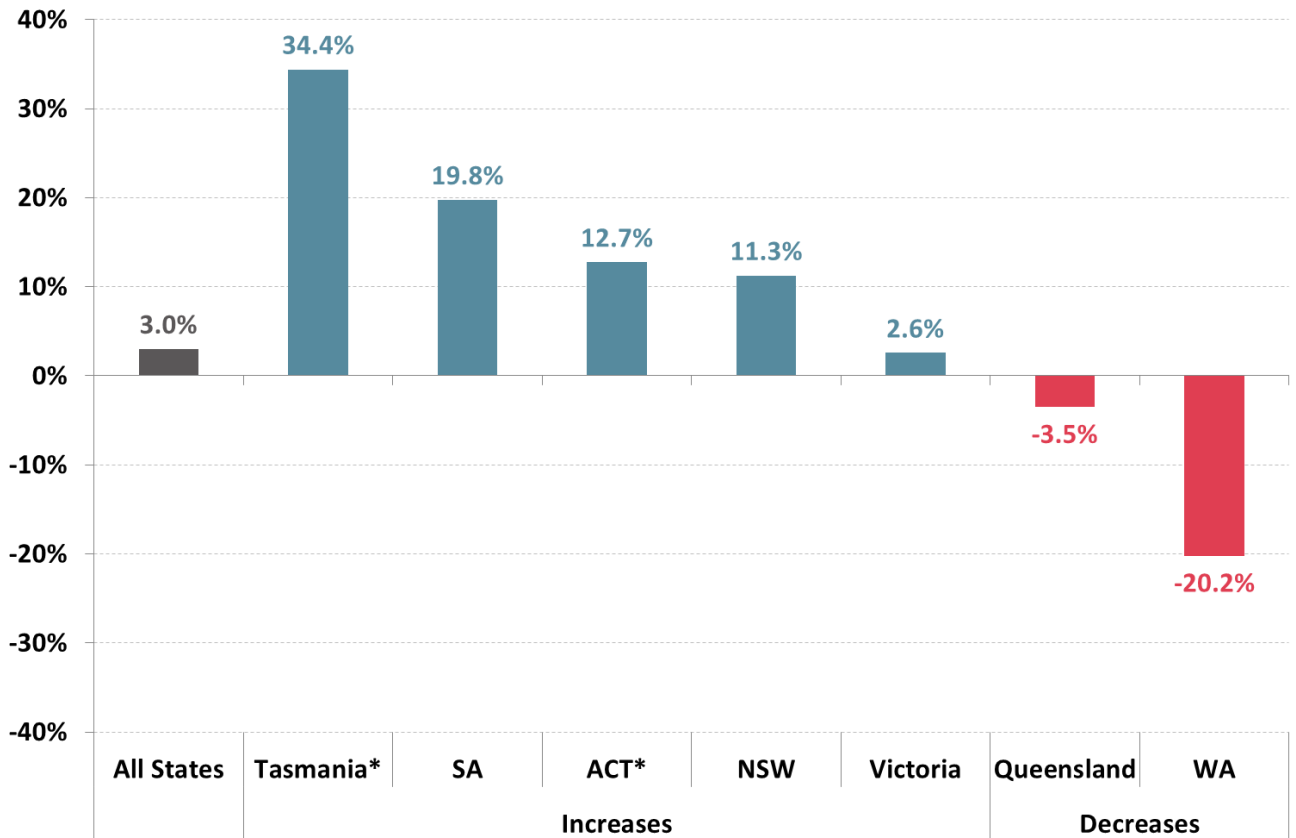
Source: Roy Morgan Business Single Source, January 2020, n=923, February 2020, n=991. *Small sample sizes of under 50 businesses interviewed in the Mining industry should be treated with caution.

Boost to Business Confidence driven as longer-term outlook on Australian economy improves

- In February just over a third of businesses, 35.6% (up 1.1ppts), said the business is ‘better off’ financially than this time last year while a declining 35.1% (down 2.8ppts) said the business is ‘worse off’;
- In addition, a plurality of 46.5% (up 2.5ppts), expected the business will be ‘better off’ financially this time next year while 21.3% (up 4.5ppts) expected the business to be ‘worse off’;
- Almost half of Australian businesses, 49.8% (up 2.1ppts), said the next year will be a ‘good time to invest in growing the business’, while 43% (also up 2.1ppts) said it will be a ‘bad time to invest’;
- Views about the Australian economy’s performance over the next year improved in February as businesses recovered from the summer bushfires, with 39.5% (up 3.9ppts) expecting the Australian economy to have ‘good times’ economically over the next year while 54.9% (down 0.6ppts) expect ‘bad times’;
- Businesses were also more confident about the longer-term outlook with 49.8% (up 5.7ppts) expecting ‘good times’ for the Australian economy over the next five years compared to the 43.5% (down 3.2ppts) which expect ‘bad times’.

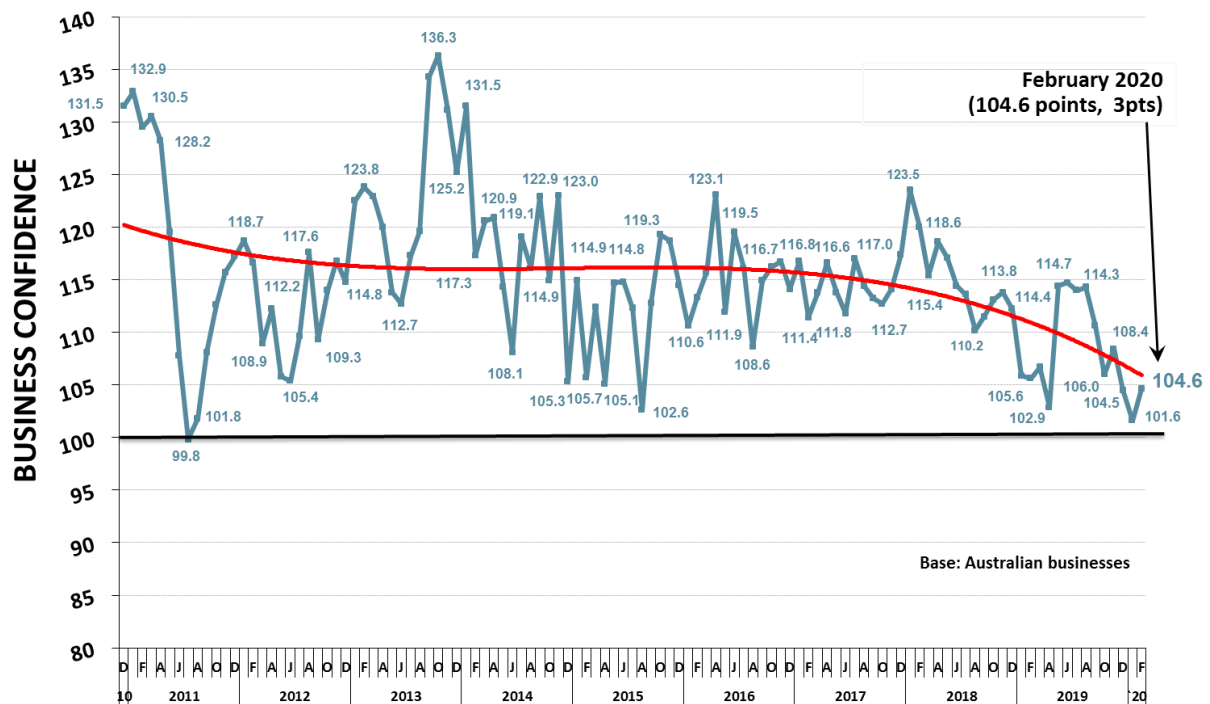
The latest Roy Morgan Business Confidence results for February are based on 991 detailed interviews with a cross-section of Australian businesses from each State and Territory. Detailed findings are available to purchase on a monthly or annual subscription as part of the [Roy Morgan Business Confidence Report](#).

% Change in Business Confidence by State & Territory in February 2020 cf. January 2020



Source: Roy Morgan Business Single Source, January 2020, n=923, February 2020, n=991. *Small sample sizes of under 50 businesses interviewed in Tasmania and the Australian Capital Territory (ACT) should be treated with caution.

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Feb 2020. Average monthly sample over the last 12 months=973.

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.

About Roy Morgan

Roy Morgan is Australia's largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 75 years' experience 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
50,000	±0.4	±0.4	±0.3	±0.2