

Monday, 9 November 2020

Roy Morgan Business Confidence up 13.1pts to 98.7 in October – Confidence highest in New South Wales (105.4) and Western Australia (108.4)

In October 2020 Roy Morgan Business Confidence jumped 13.1pts (+15.3%) to 98.7 – the highest monthly reading for over eight months since February 2020 (104.6). The recovery in Business Confidence in October means the index has performed an unprecedented near-perfect ‘W’ pattern over the last nine months.

In good news a majority of businesses, 52.4% (up 5.6ppts), said the next 12 months is a ‘good time to invest in growing the business’ – the highest figure for this indicator for over a year since September 2019.

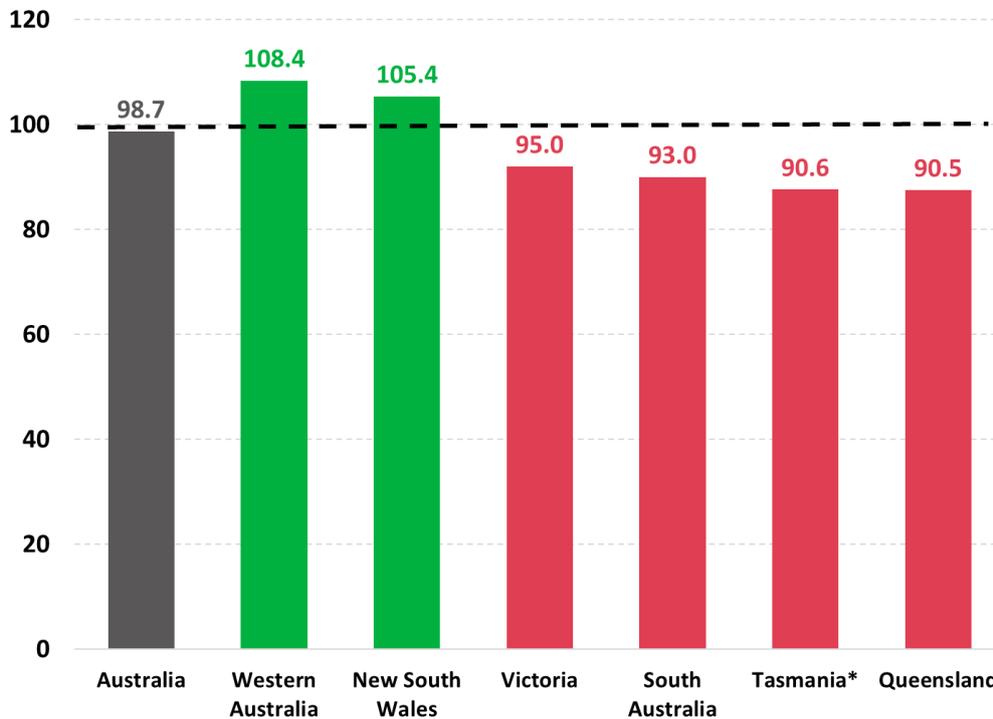
Business Confidence is now only 7.3pts lower than it was a year ago at 106.0 in October 2019 but is still a sizeable 14.6pts below the long-term average, of 113.3. Business Confidence for October is below the latest [ANZ-Roy Morgan Consumer Confidence of 103.1 for November 7/8, 2020](#).

Business Confidence jumps in NSW and joins WA in positive territory above 100 in October

On a State based level Business Confidence was highest in Western Australia at 108.4 but was virtually unchanged on a month ago. The most significant increase was in New South Wales which was up 11.1pts to 105.4 and back above the neutral level and at its highest since February 2020.

Business Confidence was also up strongly in Victoria to 95.0 as the State looked forward to an easing of restrictions that was implemented towards the end of the month with the re-opening of many retail and hospitality businesses. Victoria is now just ahead of South Australia on 93.0.

Business Confidence by State in October 2020



Source: Roy Morgan Business Single Source, October 2020, n=1,266. **Base:** Australian businesses. *The figure for Tasmania covers August – October due to the small sample size interviewed in Tasmania in October. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100 and red bars represent Business Confidence well below the national average.

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Queensland again had the lowest Business Confidence of any State at 90.5 – but this was up by 18.9pts on a month ago, the largest increase of any State before the election at the end of the month.

The decisive victory by Premier Annastacia Palaszczuk should remove a great deal of the uncertainty that has depressed Business Confidence in the State over the last six months. Queensland Business Confidence has now been below that of neighbour NSW since April 2020 despite barely any cases of COVID-19 in the sunshine state during this period.

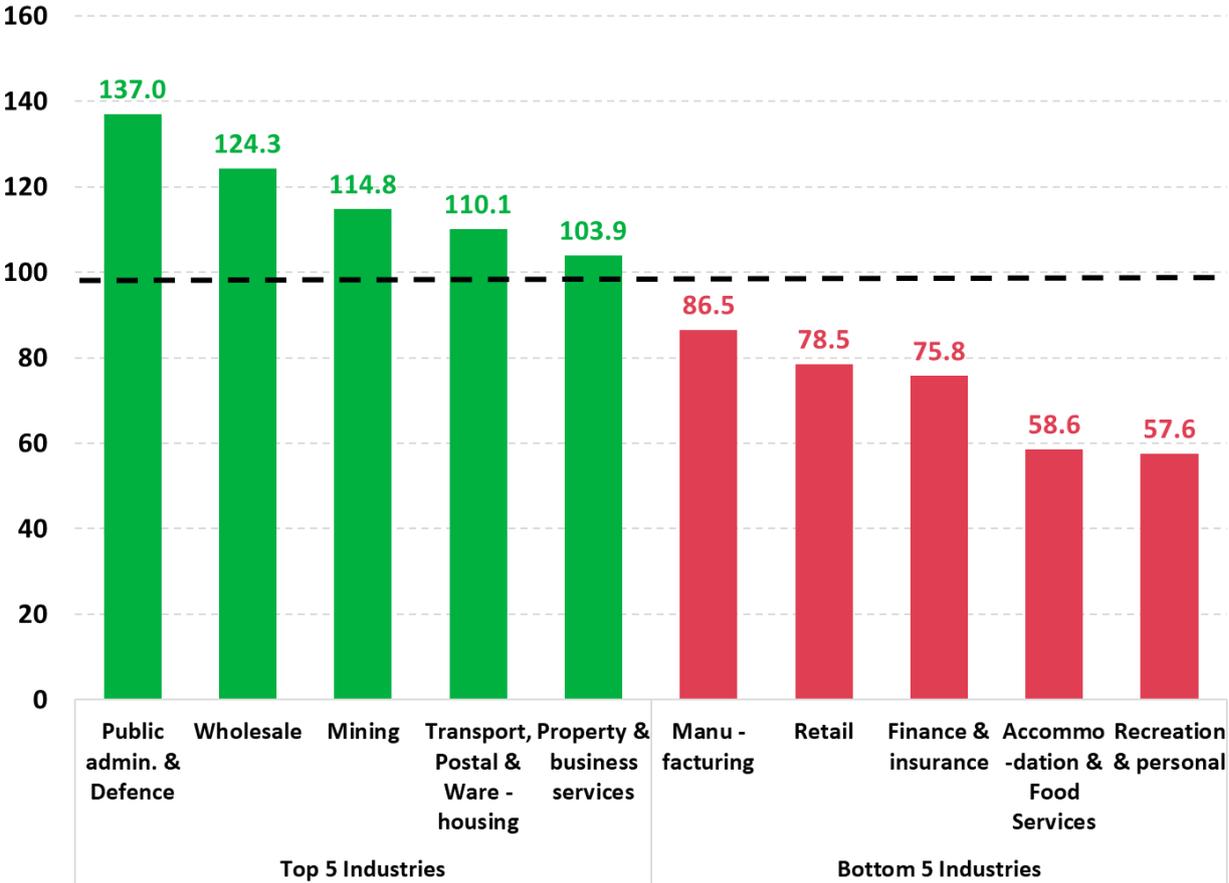
Public Administration & Defence and Wholesale most confident industries over last two months

A majority of industries now have positive Business Confidence above the neutral level of 100 for the first time since February 2020 led by Public Administration & Defence (137.0) and Wholesale (124.3).

Filling out the top five industries in positive territory are Mining (114.8), Transport, Postal & Warehousing (110.1) and Property & business services (103.9). Other industries in positive territory include Electricity, gas & water, Community services and Information Media & Telecommunications.

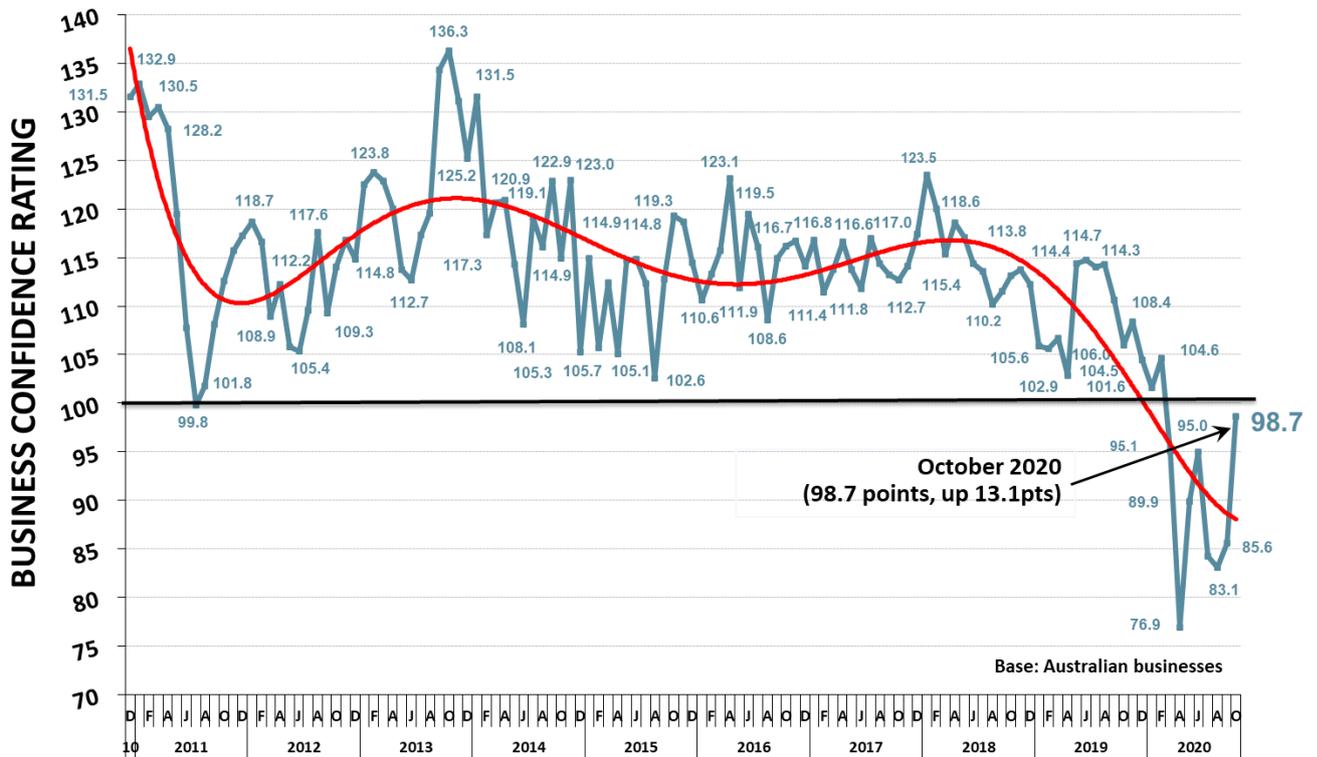
However, there are several industries with confidence in negative territory below 100, including Manufacturing (86.5), Retail (78.5), Finance & Insurance (75.8) and well below average are Accommodation & Food Services (58.6) and Recreation & Personal (57.6).

Business Confidence by Industry in September-October 2020



Source: Roy Morgan Business Single Source, September - October 2020, n=2,641. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100 and red bars represent Business Confidence well below the national average.

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Oct 2020. Average monthly sample over the last 12 months = 1,209.

Business Confidence jumped in October boosted by increases in perceptions about the performance of the Australian economy and that now is a good time to invest in the business

- In good news in October a majority of businesses, 52.4% (up 5.6ppts), said the next 12 months is a **'good time to invest in growing the business'** (the highest figure for this indicator for over a year since September 2019), while 39.7% (down 3.9ppts) said it will be a **'bad time to invest'** (the lowest figure for this indicator so far this year);
- Businesses have grown increasingly confident about the **Australian economy's performance over the next year** with 38.9% (up 9.4ppts) expecting 'good times' for the Australian economy over the next year (the highest figure for this indicator since February 2020) while a decreasing majority of 57.9% (down 9.9ppts), expected 'bad times';
- In addition, businesses are growing increasingly confident about **the longer-term outlook** with 45.7% (up 9.7ppts) expecting 'good times' for the Australian economy over the next five years compared to 47.2% (down 11.5ppts) which expect 'bad times'.
- Over a quarter of businesses, 28.0% (up 4ppts), said the business was 'better off' financially than this time a year ago while more than half, 53.9% (down 0.5ppts), said the business is 'worse off';
- Confidence about their own performance over the next year has also increased with 46.3% (up 4.1ppts) expecting the business will be 'better off' financially this time next year, while just under a fifth, 19.0% (down 7.5ppts) expected the business to be 'worse off';



Michele Levine, CEO of Roy Morgan, says Business Confidence was up by 13.1pts to 98.7 in October driven by big increases in NSW, Victoria and Queensland as businesses grow more confident about the year ahead:

“Business Confidence increased strongly by 13.1pts to 98.7 in October to its highest since COVID-19 caused Australia to lock down in late March. There were strong increases across many States led by NSW which was up 11.1pts to 105.4 to be one of two States alongside WA (108.4) in positive territory above 100.

“Amongst other States there were also strong increases in Victoria, which began easing restrictions in October and emerged from the second lockdown late in the month, up 18pts to 95.0 and Queensland, up 18.9pts to 90.5 in the lead-up to the election held on the last day of the month.

“There was increasing confidence about the next year with a majority of 52.4% of businesses (up 5.6ppts from September) saying the next year will be a ‘good time to invest in growing the business’ – the highest rating for this indicator for over a year. In addition, businesses are more confident about the performance of the Australian economy over both the next year and next five years.

“The most confident industries are Public Administration & Defence, Wholesale, Mining and Transport, Postal & Warehousing – all industries that haven’t been heavily impacted by COVID-19 and all with Business Confidence well over 10% above the national average in excess of 110.

“In contrast the industries that have experienced the brunt of the impact are clustered well below the national average including Accommodation & Food Services at only 58.6 and Recreation & Personal on just 57.6. These two industries which include travel and tourism, hospitality, as well as personal services such as hairdressers, fitness trainers, sporting and other recreational pursuits have been hit hard by social distancing measures as well as the second lockdown and mandatory mask wearing in Victoria over the last three months.

“The good news for domestic industries is that Victoria has successfully squashed the ‘second wave’ of COVID-19 that sent the State into a four-month lockdown in recent weeks. Other States are continuing to open-up with border restrictions being reduced and more internal travel set to be available for those considering a domestic holiday. NSW has already indicated it is looking to re-open its border to Victoria within the next two weeks.”

The latest Roy Morgan Business Confidence results for October are based on 1,266 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](#).

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 5309 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

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