

Tuesday, 8 September 2020

## Roy Morgan Business Confidence down 1.2pts to 83.1 in August – Confidence lowest in Victoria (76.1) and Queensland (77.0)

In August 2020 Roy Morgan Business Confidence was down 1.2pts (-1.4%) to 83.1 – the second lowest monthly reading ever just above the April 2020 low of 76.9.

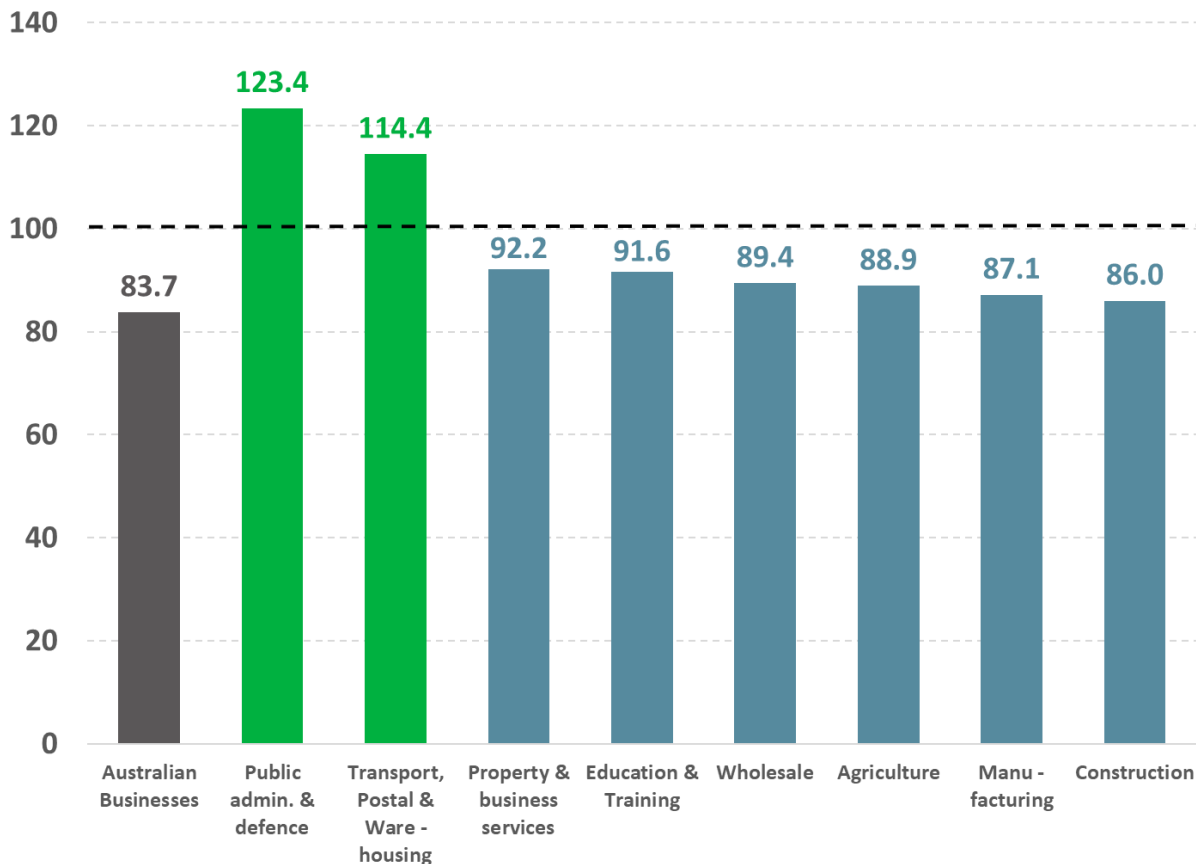
Business Confidence was 31.2pts lower than it was a year ago at 114.3 in August 2019, and 30.6pts below the long-term average, of 113.7. Business Confidence for August is significantly below the latest [ANZ-Roy Morgan Consumer Confidence of 91.1 for September 5/6, 2020](#).

**Public Administration & Defence and Transport, Postal & Warehousing are the only industries with Business Confidence in positive territory above 100 over the last two months** – Public Administration & Defence (123.4) and Transport, Postal & Warehousing (114.4).

Industries with above average confidence, although still in negative territory below 100, included Property & Business Services (92.2), Education & Training (91.6), Wholesale (89.4), Agriculture (88.9), Manufacturing (87.1) and Construction (86.0).

Industries with confidence well below average include Community Services (73.8), Recreation & Personal (68.0), Retail (63.5), Mining (62.8) and Finance & Insurance (57.5).

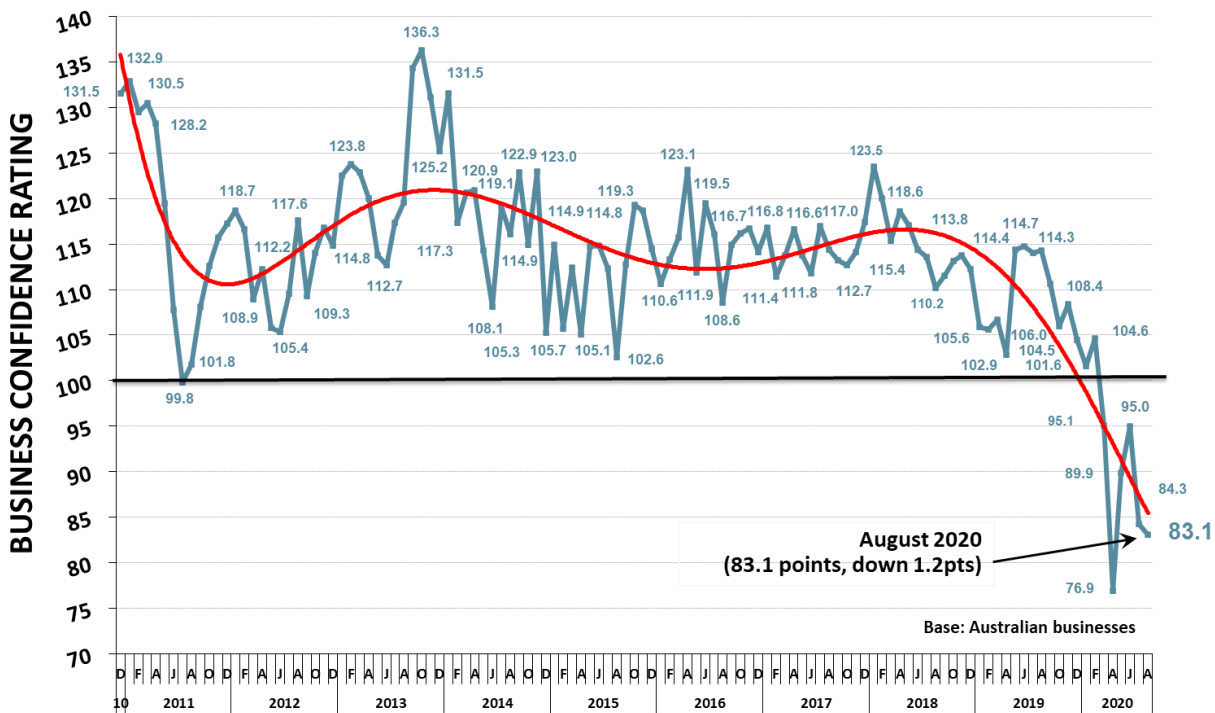
### Business Confidence by industry in July-August 2020



**Source:** Roy Morgan Business Single Source, July – August 2020, n=2,700. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100; the blue bars represent Business Confidence just above the national average.

FOR IMMEDIATE RELEASE

## Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-August 2020. Average monthly sample over the last 12 months = 1,160.

### Business Confidence drops in August driven by declines in views about the performance of the business and fewer businesses saying now is a 'good time to invest' in growing the business

- In August just over a fifth of businesses, 20.9% (down 0.9ppts), said the business was 'better off' financially than this time a year while more than half, 59.8% (up 4ppts), said the business is 'worse off';
- Confidence about their own performance over the next year has softened slightly with 42.8% (down 0.4ppts) expecting the business will be 'better off' financially this time next year, while an increasing number, 26% (up 2.1ppts) expected the business to be 'worse off';
- Perhaps most concerningly just over two-fifths of businesses, 40.7% (down 5.6ppts), said now is a 'good time to invest in growing the business', while 50.8% (up 8.4ppts) said it will be a 'bad time to invest' (**the highest figure for this indicator since September 2012**);
- However, businesses became slightly more confident about the **Australian economy's performance over the next year** in August with 31.9% (up 4.2ppts) expecting 'good times' for the Australian economy over the next year while under two-thirds, 65.7% (down 5.1ppts), expected 'bad times';
- Businesses have also gained some confidence about **the longer-term outlook with 38.1%** (up 2.8ppts) expecting 'good times' for the Australian economy over the next five years compared to 56.4% (down 3.5ppts) which expect 'bad times'.

### Business Confidence lowest in locked down Victoria (76.1) and 'hard border' Queensland (77.0)

Business Confidence is again lowest in locked down Victoria at only 76.1. Queensland is also well below the national average with Business Confidence of only 77.0.

While Victoria is set to stay locked down throughout September and most of October, Queenslanders are heading to a State Election next month with the policies of the State Government, including the 'hard border' with New South Wales, under the spotlight.

There are two other States with hard borders, however there are significant divergences in Business Confidence in Western Australia and Tasmania likely due to the different circumstances of each State.

Western Australia, which has Business Confidence of 83.6 slightly above the national average, has an economy which is significantly driven by the resources sector and, due to its isolation, there are no border communities in WA and less interaction with the Eastern States compared to Queensland.

Tasmania, which has the highest Business Confidence in the nation at 110.3, has largely escaped the criticism directed elsewhere and in August announced travel vouchers of up to \$150 for Tasmanians to use for spending while holidaying within the State.

**Michele Levine, CEO of Roy Morgan, says Business Confidence is down again in August as Victoria entered a deeper stage of lockdown – now extended until late in October, and States such as Queensland and Western Australia opted to continue their hard border closures:**

*“Roy Morgan Business Confidence dropped slightly by 1.2pts (-1.4%) in August to 83.1 to its lowest since April. However, there is significant divergence between different States and industries.*

*“Locked down Victoria again has the lowest Business Confidence of any State at only 76.1 while Business Confidence in Queensland is not much better at 77.0. Queensland has faced sustained criticism from the Federal Government for keeping its border with New South Wales closed in recent weeks as the State gears up for an election next month.*

*“Premier Annastacia Palaszczuk has vowed to ‘keep Queenslanders safe’ from the virus while her political opponents argue the border should be re-opened to encourage tourism and to allow people and businesses in border communities such as Tweed Heads to re-unite with their counterparts across the border in Coolangatta and the Gold Coast.*

*“Western Australia has also vowed to keep its border closed until the virus is under control in other States but its lesser reliance on other States has insulated it from the level of criticism faced by Queensland. Business Confidence in WA remains above the national average.*

*“The two industries which are doing well during the pandemic are Public Administration & Defence and Transport, Postal & Warehousing which are either little impacted by COVID-19 or have clearly benefited as increasing numbers of Australians turn to online commerce to buy products and avoid face-to-face interactions as much as possible.”*

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

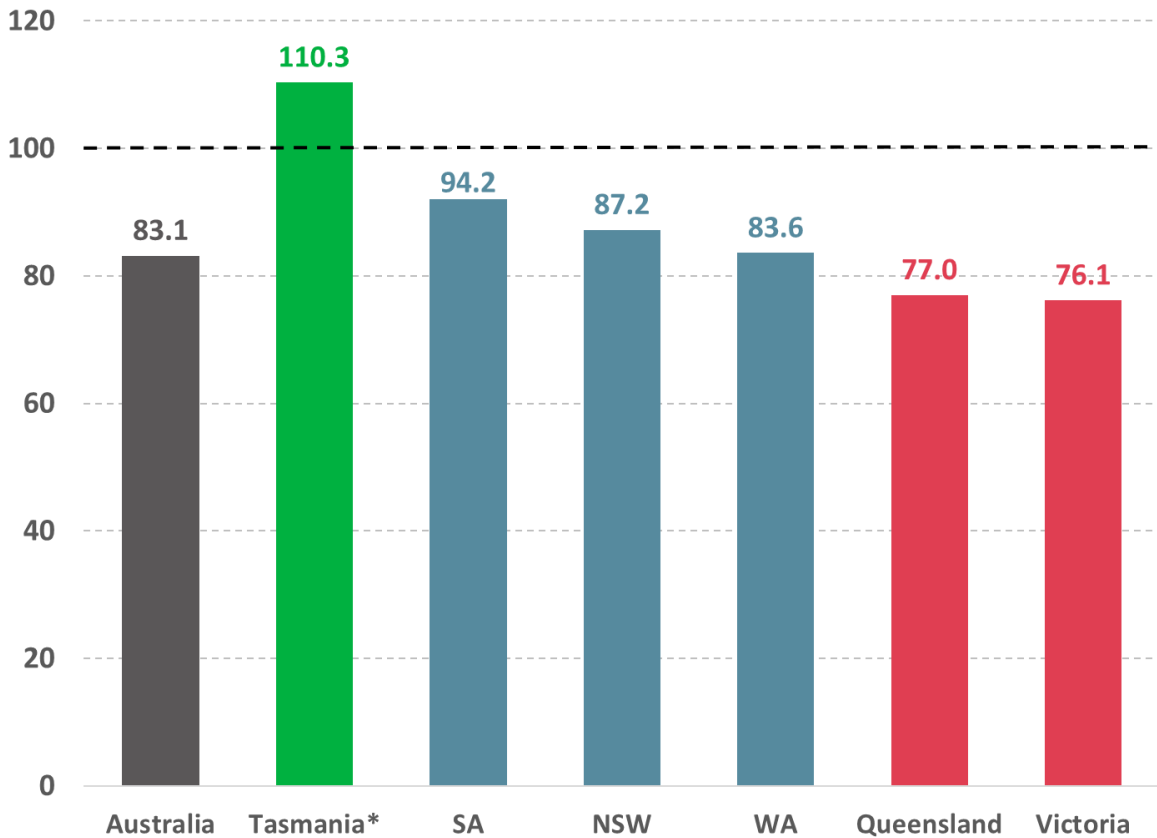
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**To learn more about Roy Morgan’s [Business Confidence](#), [Consumer Confidence](#) and [Inflation Expectations](#) data call (+61) (3) 9224 5309 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).**

The latest Roy Morgan Business Confidence results for August are based on 1,320 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](#).



**Business Confidence by State in August 2020**



**Source:** Roy Morgan Business Single Source, August 2020, n=1,320. **Base:** Australian businesses. \*The figure for Tasmania includes July and August due to the small sample size interviewed in Tasmania in August. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100; the blue bar represents Business Confidence just above the national average; red bars represent Business Confidence well below the national average.

**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