

Wednesday, 20 January 2021

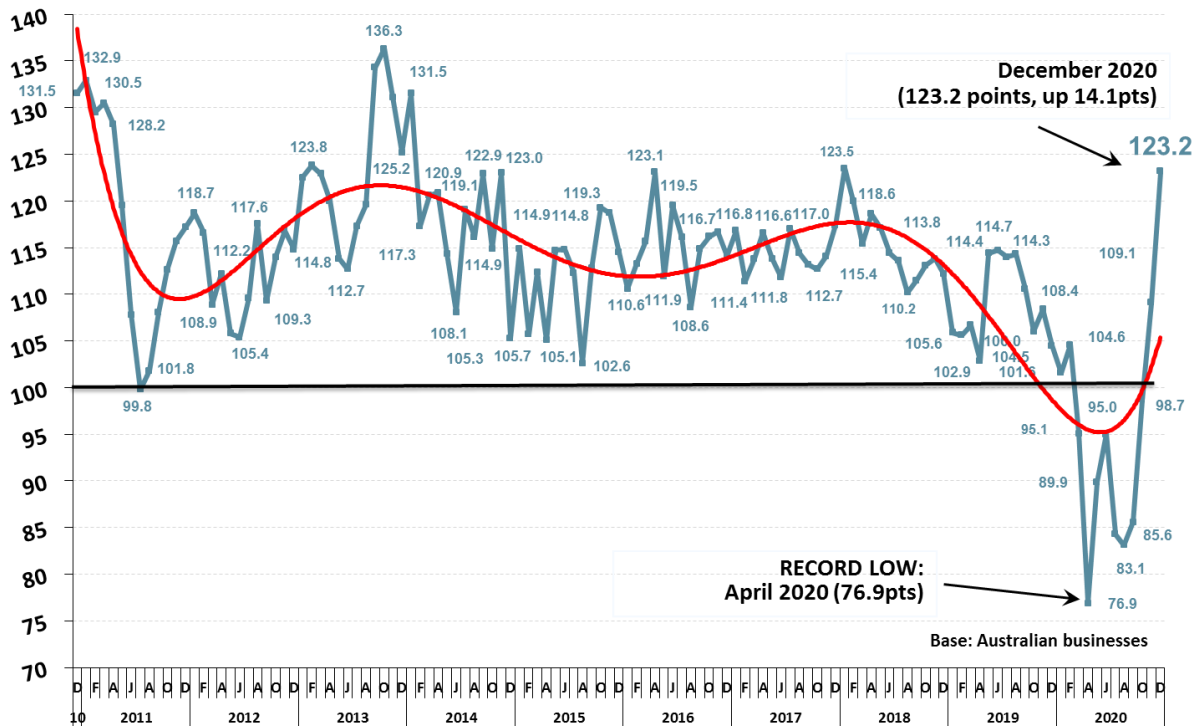
## Roy Morgan Business Confidence up 14.1pts to 123.2 in December – Confidence jump powered by large increase in Victoria & New South Wales

In December 2020 Roy Morgan Business Confidence jumped 14.1pts (+12.9%) to 123.2 – the highest monthly reading for three years since January 2018 (123.5). Business Confidence has now increased a record 37.6pts (+43.9%) over the last three months.

In good news an increasing majority of businesses, 59.7% (up 1.8ppts), said the next 12 months is a ‘good time to invest in growing the business’ – the highest figure for this indicator for over seven years since October 2013.

Business Confidence is now 18.7pts higher than it was a year ago at 104.5 in December 2019 and is 9.8pts above the long-term average, of 113.4. Business Confidence for December is now clearly above the latest [ANZ-Roy Morgan Consumer Confidence of 108.7 for January 16/17, 2021](#).

### Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Dec 2020. Average monthly sample over the last 12 months = 1,277.

### Business Confidence has jumped over 40% in only three months since September 2020

Business Confidence has now increased strongly for three straight months and is up 37.6pts (+43.9%) since September to 123.2 – a three year high since January 2018 (123.5).

On a State based level Business Confidence is now in positive territory above 100 in all five mainland States and has increased strongly over the past few months. New South Wales now has the highest Business Confidence of any State at 128.2, up a stunning 33.9pts (+35.8%) since September.

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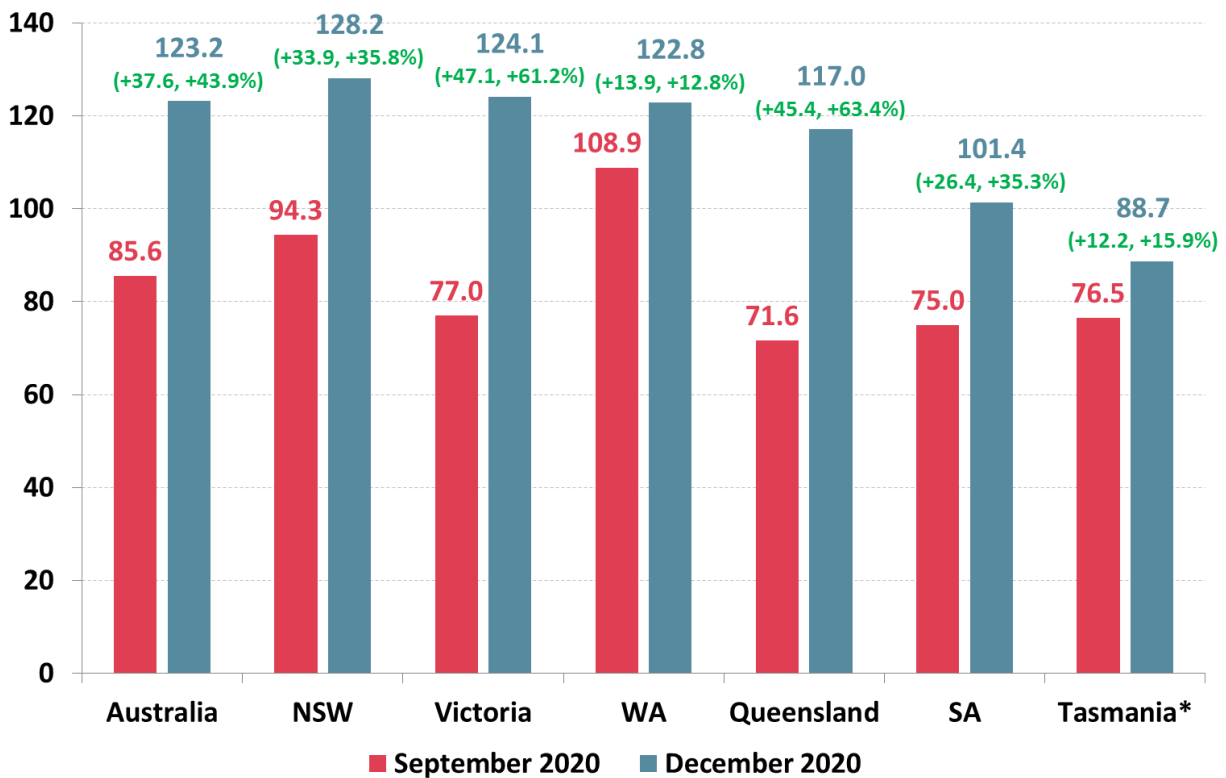
However, the two largest increases to Business Confidence in the closing months of 2020 came in Victoria, up 47.1pts (+61.2%) to 124.1 and Queensland, up 45.4pts (+63.4%) to 117.0. Both States had lower than average Business Confidence in September as Victoria grappled with a second wave of COVID-19 and a prolonged lockdown and Queensland geared up for a relatively close State Election in October.

Western Australia, which has had a consistently above average Business Confidence throughout the pandemic, experienced an increase of only 13.9pts (+12.8%) to 122.8 – the smallest percentage increase of any State.

South Australia, which experienced a short and sharp lockdown in late November, had the lowest Business Confidence of the mainland States at 101.4, up 26.4pts (+35.3%) since September.

Lagging behind the mainland States is Tasmania which has a Business Confidence of only 88.7, up 12.2pts (+15.9%) since September/October. The heavy reliance of the Tasmanian economy on tourism businesses has been heavily hit by the continual border closures which not only prevents people from travelling but also creates a level of uncertainty that makes people less able to make future travel plans.

**Business Confidence by State in December 2020 vs. September 2020**



**Source:** Roy Morgan Business Single Source, September 2020, n=1,375, December 2020, n=1,586. **Base:** Australian businesses. \*The figure for Tasmania is a comparison of September/October 2020 and November/December 2020.

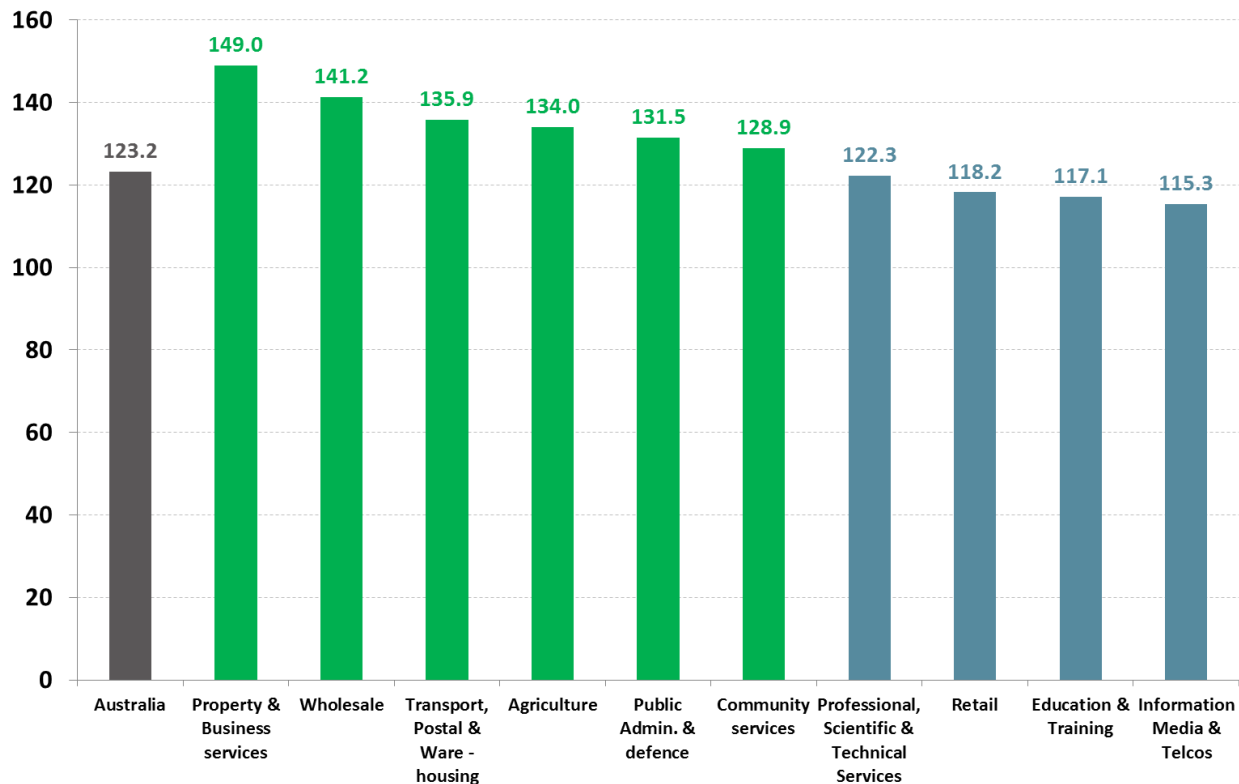
**Property & Business Services, Wholesale, Transport, Postal & Warehousing, Agriculture and Public Administration & Defence are the most confident industries in December**

All but one industry now has a positive Business Confidence above the neutral level of 100 in December with increases for 15/18 industries in December.

Property & Business Services has the highest Business Confidence at 149.0 in December, an increase of 13.4pts (+9.9%) – and up from third position a month ago. Following closely behind are Wholesale on 141.2, Transport, Postal & Warehousing on 135.9, Agriculture on 134 and Public Administration & Defence on 131.5.

Also well into positive territory are Community Services (128.9), Professional, Scientific & Technical Services (122.3), Retail (118.2), Education & Training (117.1) and Information Media & Telecommunications (115.3) – all five of which increased strongly by at least 5pts in December.

## Business Confidence for Top 10 Industries in December 2020



**Source:** Roy Morgan Business Single Source, December 2020, n=1,586. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100 and blue bars represent Business Confidence in positive territory above 100 but below the national average.

### Business Confidence jumped in December boosted by increased confidence about the Australian economy in 2021 and that now is a good time to invest in growing the business

- Businesses have grown increasingly confident about the **Australian economy's performance over the next year** with 63.1% (up 13.1ppts) expecting 'good times' for the Australian economy over the next year (**the highest figure for this indicator for over six years since November 2014**) while only just over a third, 34.0% (down 13.3ppts), expected 'bad times';
- In addition, businesses are growing increasingly confident about **the longer-term outlook** with 56.2% (up 9.4ppts) expecting 'good times' for the Australian economy over the next five years compared to 37.8% (down 10ppts) which expect 'bad times';
- In further good news an increasing majority of businesses, 59.7% (up 1.8ppts), said the next 12 months is a **'good time to invest in growing the business'** (**the highest figure for this indicator (on an adjusted basis) since October 2013**), while 30.9% (down 2.7ppts) said it will be a 'bad time to invest' (**the lowest figure for this indicator for nearly five years since April 2016**);
- Over a third of businesses, 37.1% (up 5.6ppts), said the business was 'better off' financially than this time a year ago while 39.8% (down 6.3ppts), said the business is 'worse off';
- Confidence about their own performance over the next year has also increased with 54.6% (up 4.5ppts) expecting the business will be 'better off' financially this time next year, while only 12.4% (down 3.3ppts) expected the business to be 'worse off'.



**Michele Levine, CEO of Roy Morgan, says Business Confidence has had a record three month increase of 37.6pts (+43.9%) to 123.2 as Australian businesses look forward with optimism to a roll-out of the COVID-19 vaccine starting from next month:**

*“Business Confidence has had its strongest three-month run since the Index began more than a decade ago increasing by over 37pts since September as Victoria battled thousands of cases of COVID-19 and other States kept their borders largely closed.*

*“Driving the increase over this period were increases across all six States but in particular in NSW – up 33.9pts to 128.2 and now the highest Business Confidence in the nation, Victoria – up a stunning 47.1pts to 124.1 and Queensland – up 45.4pts to 117.0. WA already had a high Business Confidence and maintains that now at 122.8 in December.*

*“The most confident industries in December are Property & Business Services, Wholesale, Transport, Postal & Warehousing, Agriculture, Public Administration & Defence and Community Services all with Business Confidence well above the national average in excess of 125.*

*“For the first time since February four of the five indexes that measure sentiment are in positive territory. Notably, 63.1% of businesses in December expected ‘good times’ for the Australian economy over the next year and 59.7% of businesses said the next 12 months is a ‘good time to invest in growing the business’ – **the highest this indicator has been since October 2013.***

*“The strong increase in Business Confidence since Victoria got its second wave of COVID-19 firmly under control and States began to re-open borders augurs well for an uncertain year ahead. The rollout vaccines will overlap with the withdrawal of Government stimulus such as JobKeeper and the ending of mortgage and loan holidays for customers of banks and other financial institutions.*

*“The Government has justified the ending of JobKeeper in March by pointing to figures from the Australian Prudential Regulation Agency (APRA) that suggest businesses and consumers have an additional \$200 billion sitting in their accounts as rates of saving soared during the pandemic.*

*“The massive increases in Business Confidence since September certainly suggest Australian businesses are looking forward with confidence that 2021 will be a standout year as a re-opened and reinvigorated economy offers tremendous opportunities to invest and grow.”*

The latest Roy Morgan Business Confidence results for December are based on 1,586 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](mailto: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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