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Tuesday, 8 September 2015

Big drop in Australian business confidence in August — now the lowest in four years

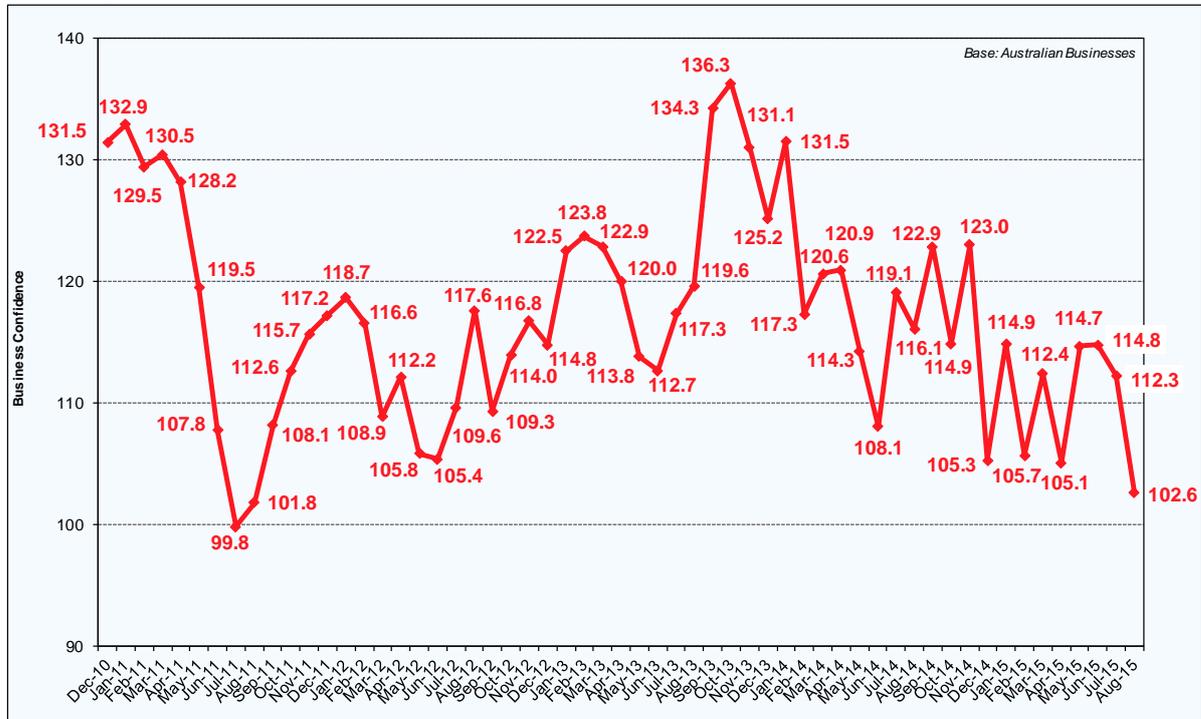
Roy Morgan Research's Business Confidence declined by 9.7 points in August (down 8.6% to 102.6) mainly due to the continued poor economic outlook for Australia over the next 12 months and the negative impact that this is likely to have on businesses' future financial position. Business confidence is now down 13.5 points (11.6%) from 12 months ago and remains well below the five-year average of 116.9. The current level of 102.6 is the lowest since August 2011 when it was 101.8.

These August figures are the result of 866 interviews with all types of businesses across Australia.

The further decline in business confidence in August is of major concern, as it is now below the ANZ-Roy Morgan Australian Consumer Confidence average figure for the month, which was 113.0. Unfortunately the outlook for September at this stage for both consumers and businesses doesn't look very positive, with the first week of the ANZ-Roy Morgan Consumer Confidence falling to 106.7 — putting it only marginally ahead of business confidence.

The decline in business confidence in August was caused by a drop in all components of the index. The biggest declines were in how businesses felt about their own financial position over the last 12 months, and their deteriorating financial outlook for the next 12 months.

Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source (Australia), December 2010-August 2015. Average monthly sample last 12 months, approx. 950.

FOR IMMEDIATE RELEASE

The continued negative outlook for the Australian economy has resulted in a major drop over the last month in the proportion of businesses thinking that the next 12 months would be a good time to invest in growing their business. This has now dropped to 51% (from 57% in July) and is well below the long-term average of 56%. Obviously, this does not bode well for improved economic growth.

Norman Morris, Industry Communications Director, Roy Morgan Research says:

“It is not surprising that business confidence declined in August, given the ongoing volatility of global financial markets during the month. Of major impact locally was the 8.6% drop in the ASX, the result of increased global economic and political uncertainty, particularly the dramatic movement in the Chinese stock market. Continued low commodity prices and their negative outlook, poor GDP growth, and the plummeting Australian dollar are all contributing to uncertainty in the market and impacting business confidence.

“While there is still hope that the mining sector’s decline will be compensated by growth in other sectors, this is unlikely, given the below-average confidence levels in key industries such as manufacturing, agriculture and retail. Confidence in the all-important construction industry remains only around average, and is not showing any real signs of improving. The industries showing above-average confidence include finance and insurance, rental and real estate, and the wholesale trade.

“Business confidence varies by state, with Tasmania narrowly ahead, followed by NSW, Victoria, Queensland, SA and WA.

“Despite recent government tax incentives for micro and small businesses to invest, it is concerning to see that both these segments have shown a major loss of confidence in August and remain well below the confidence of medium and large businesses. The government’s hope that small business would drive growth in the economy now looks unlikely.”

For comments or more information please contact:

Norman Morris

Industry Communications Director

Office: +61 (3) 9224 5172

Norman.Morris@roymorgan.com

Related research findings

[Click here](#) to purchase the **Business Confidence – Monthly Detailed Report** in Australia.

[Click here](#) to purchase the **Consumer Confidence – Monthly Detailed Report** in Australia.

[Click here](#) to purchase the **Consumer Banking Satisfaction Monthly Report** in Australia.

About Roy Morgan Research Consumer Single Source

Roy Morgan Single Source is based on over 50,000 interviews each year and has been designed and engineered to represent the ideal source model. It provides an integrated understanding of consumers; what they are like, what they consume, what they buy, what they think, what they want, what they watch, read and listen to. The overriding benefit of Roy Morgan Single Source is the strategic insights it offers in the ability

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401 Collins Street, Melbourne, Victoria, 3000 – GPO Box 2282U, Melbourne, Victoria, 3001, Australia

Tel: (03) 9629 6888 Fax: (03) 9629 1250 (03) 9224 5387 melbourne@roymorgan.com www.roymorgan.com

to link many aspects. Not only can an organization's profitable customers be delineated by what they think, do, watch, but so can non customers. Hence brand positioning, product differentiation, merchandising, efficient media planning, market expansion and line extension opportunities can all be considered in the light of the correct understanding of the marketplace.

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 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%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2