

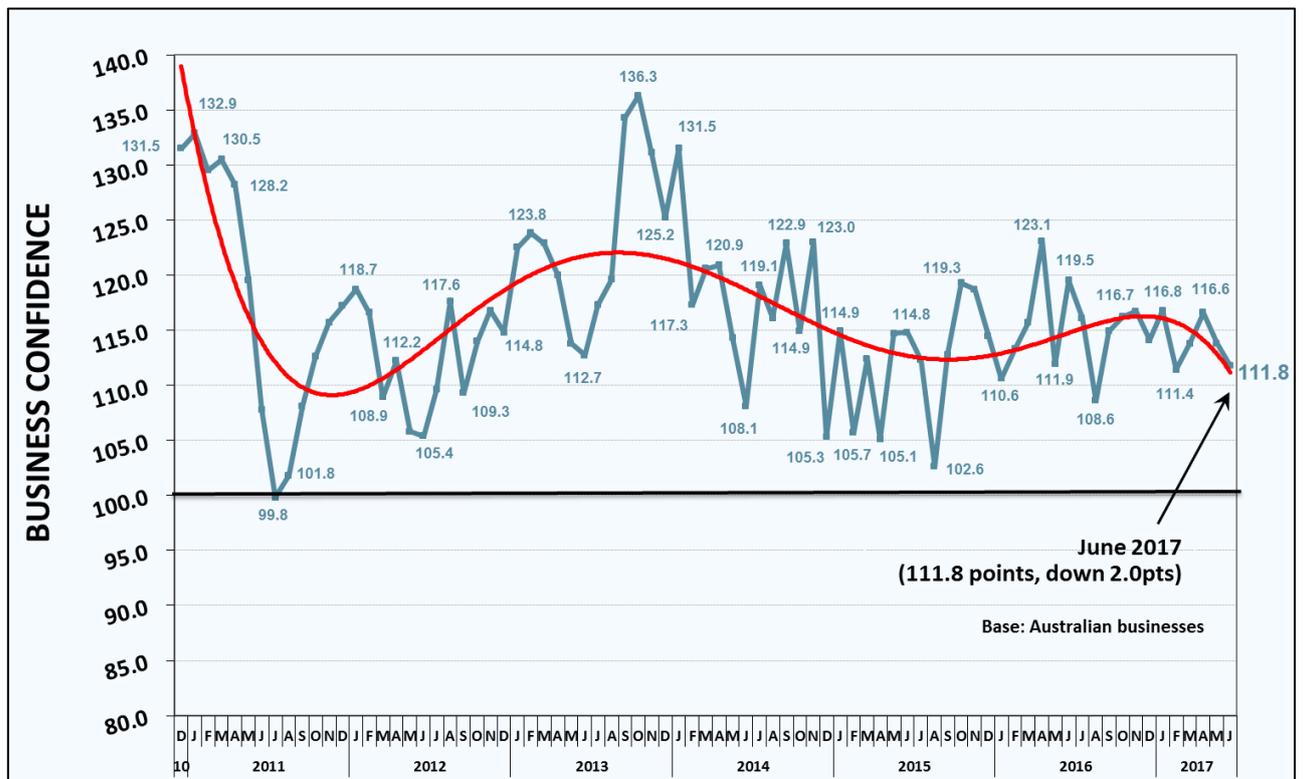
Tuesday, 4 July 2017

Business Confidence down in June to 111.8 driven by declines in the Retail and Electricity industries

In the first complete measure of Business Confidence conducted entirely after the Federal Budget Business Confidence in Australia fell 2pts (-1.8%) to 111.8 in June, according to the Roy Morgan Business Single Source survey.

The drop in Business Confidence compares to a lacklustre response by consumers. The weekly [ANZ-Roy Morgan Consumer Confidence Rating](#) also dropped immediately following the Budget in early May and remained subdued throughout May and June before a clear recovery [this week to 114.5](#).

Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010–Jun 2017. Average monthly sample over the last 12 months=994.

Business Confidence hit by falling expectations of Australian economic conditions

- Business Confidence declined in June on the back of falling expectations of the Australian economy with fewer businesses expecting 'good times' for the economy in both the short-term and the long-term. 46.9% (down 6.3ppts) of businesses expect 'good times' for the country over the next year and 49.6% (down 0.9ppts) of businesses expect 'good times' for the economy over the next five years;
- Correspondingly more businesses expected bad times: In regards to the Australian economy 46% (up 5.2ppts) of businesses expect 'bad times' for the economy over the next year and 42.5% (up 2.4ppts) expect 'bad times' for the economy over the next five years;

- In terms of their expectations of their own business there was less change. A majority of Australian businesses, 53.3% (down 1.4ppts) still says the next 12 months will be a 'good time to invest in growing the business' while 36.1% (down 0.2ppts), say it will be a 'bad time to invest';
- And Australian businesses have become less concerned about their own performance over the next year with 44.4% (unchanged) expecting to be 'better off' financially this time next year while 19.3% (down 3.3ppts) expect to be 'worse off' – a net positive movement of 3.3pts.

Michele Levine, CEO Roy Morgan Research, says increased concern about the Australian economy following the Federal Budget has driven Business Confidence lower in June. In particular industries like Retail and Electricity, gas, water and waste were most affected and their lower confidence was responsible for driving the overall index lower:

"Business Confidence fell 2pts (-1.8%) in June to 111.8 following a trend that has seen Business Confidence decline in consecutive months following five of the last seven Federal Budgets. However, despite the back-to-back declines Business Confidence remains marginally higher than a recent low in February of 111.4.

"The back-to-back declines for Business Confidence over the past two months has now seen Business Confidence dip below the ANZ-Roy Morgan Australian Consumer Confidence rating for the first time since early March. Consumer Confidence also fell immediately following the Federal Budget before stabilising later in May and June and has this week recovered to its highest since early April now at 114.5 in the first week of July.

"In contrast to May it was attitudes towards the Australian economy that drove this month's fall with a net movement of -11.5pts in how businesses view the performance of the Australian economy over the next 12 months and a net movement of -3.3pts for how businesses view the Australian economy's performance over the next five years driving the overall index lower.

"Analysis by State shows a mixed picture with the larger States of Victoria and New South Wales improving in June, and New South Wales now clearly enjoying the highest Business Confidence of the mainland States. However, these modest increases weren't enough to offset the significant falls in Queensland, Western Australia and South Australia. Western Australia once again has the dubious honour of having the lowest Business Confidence of any State.

"Industries with high Business Confidence in June are led by Agriculture, forestry & fishing, Education & training, Mining and Construction. Only three industries have Business Confidence below 100 in June with Accommodation and food services dipping to its lowest in over a year, Electricity, gas, water and waste once again lagging and Retail trade dipping to a record low Business Confidence in June following many well publicised store closures in recent months."

Roy Morgan June Business Confidence results are based on 892 interviews with a cross-section of Australian businesses. Business Confidence is still clearly below the 7yr average (116.3).

For comments or more information please contact:

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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 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