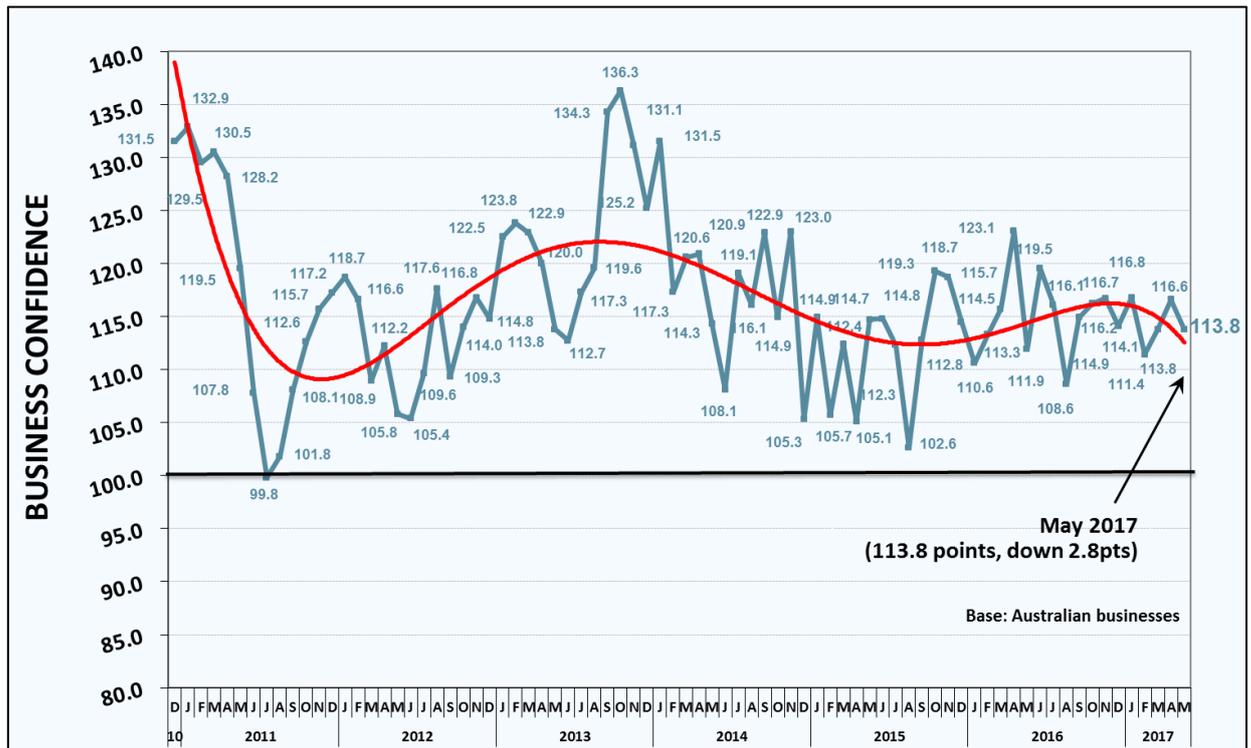


Thursday, 8 June 2017

## Business Confidence gives soft 'thumbs down' to Federal Budget

Business Confidence in Australia fell 2.8pts (-2.4%) to 113.8 in May, according to the Roy Morgan Business Single Source survey. The fall in Business Confidence came during the month Treasurer Scott Morrison handed down a Federal Budget which included plans to increase taxation on Australian banks and coincided with the Australian All Ordinaries falling 186.3pts (-3.1%) to 5,761.3.

### Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source (Australia), December 2010 – May 2017. Average monthly sample over the last 12 months = 1,006.

### Business Confidence hit by business-specific financial indicators

The business specific financial indicators drove this month's fall in Business Confidence back to the pre-Budget March rating of 113.8.

- In May 44.4% (down 4.3ppts) of Australian businesses expected to be 'better off' financially this time next year compared to 22.6% (up 2.9ppts) that expected to be 'worse off' – a net negative movement of 7.2pts.
- Also fewer Australian businesses, 39% (down 3.2ppts), said the business is 'better off' financially than a year ago while 32.9% (up 3.6ppts), said the business is 'worse off' – a net negative movement of 6.8pts.
- In terms of the Australian economy sentiment was little changed with 53.2% (up 0.4ppts) expecting 'good times' for the economy over the next year and 50.5% (unchanged) expecting 'good times' for the economy over the next five years.

**Michele Levine, CEO Roy Morgan Research, says the Federal Budget has had little impact on overall Business Confidence, but hopes of a Budget stimulus have been disappointed:**

*“Business Confidence fell 2.8pts (-2.4%) in May to 113.8 returning to the pre-Budget rating of 113.8 in March. History shows that businesses are rarely satisfied by Federal Budgets with Business Confidence now falling in six out of the last seven years in May.*

*“Despite the fall, Business Confidence remains slightly higher than the weekly ANZ-Roy Morgan Consumer Confidence Rating now at 112.9 after three straight increases.*

*“Overall Business Confidence has held up well this year despite clear headwinds with GDP growth in the March quarter being estimated by the ABS at only 0.3% seasonally adjusted and an annual growth rate of only 1.7% - the lowest since June quarter 2011 (1.4%). Business Confidence has barely changed from December 2016 when Business Confidence was 114.1.*

*“Attitudes towards the broader Australian economy were virtually unchanged in May and it was the business specific indicators that drove the fall with a net movement of -6.8pts in how Australian businesses compare financially to a year ago and a net movement of -7.2pts for how Australian businesses expect to be financially this time next year.*

*“Analysis by State shows a mixed picture with increases in Victoria, Western Australia and Queensland – now with the highest Business Confidence in the nation not enough to offset significant falls in New South Wales, South Australia and Tasmania. Australia’s two smallest States have also fallen to their lowest figures in over a year.*

*“Industries with high Business Confidence are led by Agriculture, forestry & fishing which is at its highest since surveying began in 2011. The confidence of Mining businesses has also improved strongly in 2017, now returning to levels last seen early in 2015. Education & training and Accommodation & food services are also showing strong Business Confidence.*

*“Only two industries have a less than positive Business Confidence in May with Australia’s Manufacturing industry facing the impending closure of Australia’s automotive manufacturing in less than six months and Wholesale trade dipping slightly in May into negative territory.”*

Roy Morgan May Business Confidence results are based on 950 interviews with a cross-section of Australian businesses. Business Confidence is still clearly below the 7yr average (116.4).

**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