

Friday, 6 April 2018

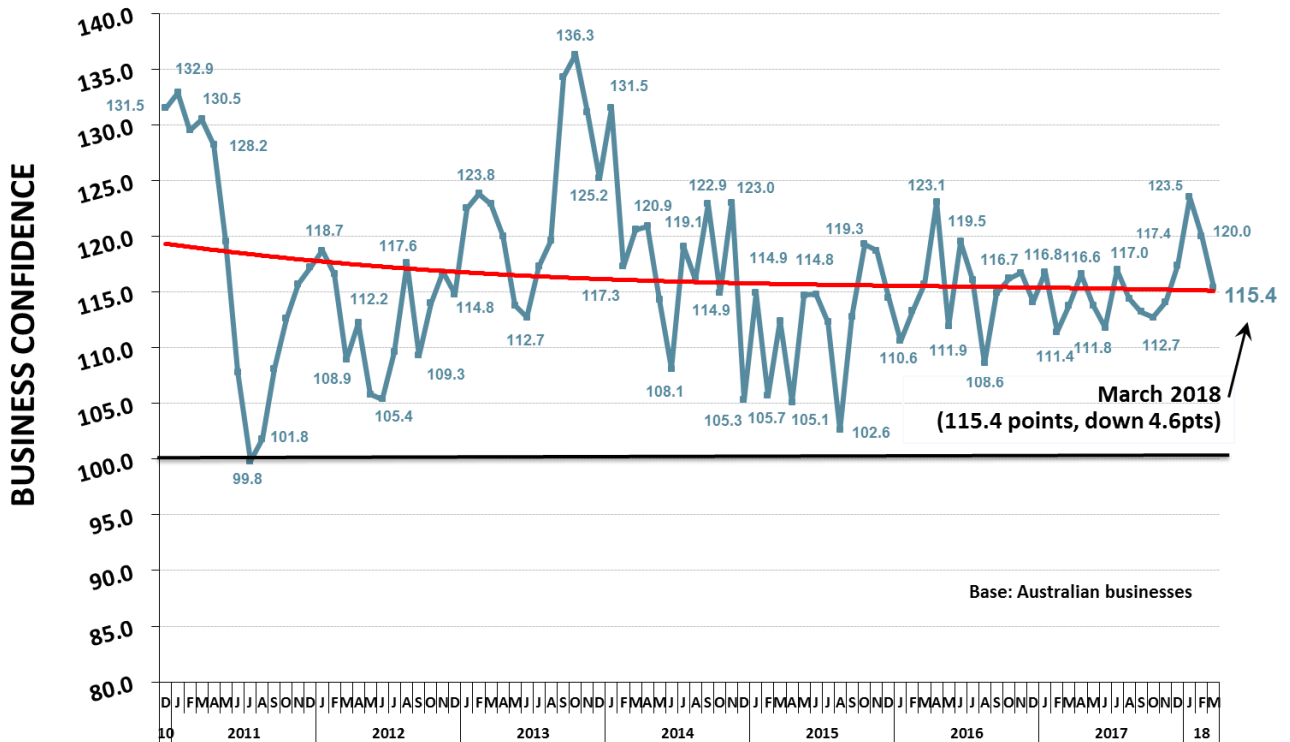
## Business Confidence down in March to 115.4

Roy Morgan Business Confidence was down 4.6pts (-3.8%) to 115.4 in March although despite the fall Business Confidence remains 1.6pts higher than a year ago and continues its best start to a year since 2014 averaging 119.3 in the first three months of 2018 with strong increases over the past year in New South Wales, Western Australia and South Australia driving the yearly increase.

Despite the fall businesses have grown more confident about their own performance over the next year with 51.2% (up 7.7ppts) expecting the business to be 'better off' financially than it is now while there is still a majority of businesses, 51.1% (down 5ppts) that say now is a 'good time to invest' in growing the business.

March Roy Morgan Business Confidence is now virtually identical to the latest weekly ANZ-Roy Morgan Consumer Confidence, which is at 115.5 on March 31/ April 1, 2018.

### Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Mar 2018. Average monthly sample over the last 12 months=917.

### March decline in Business Confidence driven by decline in confidence about economy

- Businesses are slightly less confident about the performance of the Australian economy over the next year with 52.3% (down 1ppt) now expecting 'good times' for the Australian economy while 40.1% (up 1ppt) expect 'bad times';
- Longer-term views on the Australian economy have fallen more significantly in March with 49% (down 6.8ppts) expecting 'good times' for the Australian economy over the next five years and 40.2% (up 5.1ppts) now expecting 'bad times' – a net negative movement of a significant 11.9ppts;
- However, businesses have grown more confident about their own performance going forward with 51.2% (up 7.7ppts) saying the business will be 'better off' financially this time next year compared to 17.8% (up 0.7ppt) expecting the business to be 'worse off' this time next year;

- While fewer businesses believe they've performed well over the past year with 38.7% (down 3.1ppts) saying the business is 'better off' financially than this time last year compared to 29.9% (up 3.6ppts) that say the business is 'worse off';
- Despite falling clearly more businesses, 51.1% (down 5ppts) are positive that the next 12 months will be a 'good time to invest in growing the business', much higher than the 37.0% (up 4ppts) that say it will be a 'bad time to invest'.

### Business Confidence over the past year driven higher by NSW, WA and SA

Roy Morgan Business Confidence for the March quarter 2018 compared to a year ago shows despite the monthly fall Roy Morgan Business Confidence for the quarter is at 119.6 is up a solid 5.6pts on a year ago.

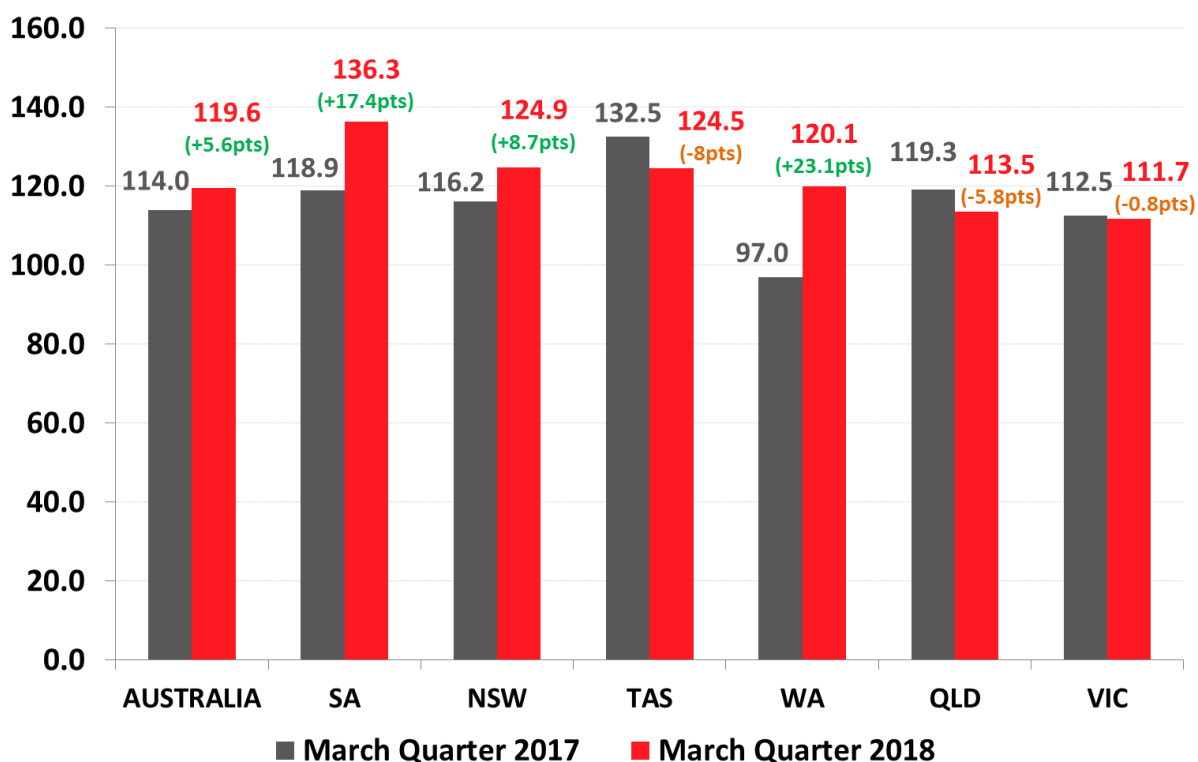
Analysing Business Confidence by States compared to March quarter 2017 shows the increase has been driven by strong increases in three States.

Business Confidence in New South Wales is now at 124.9 in March quarter 2018, up 8.7pts from a year ago and there have been even stronger increases in South Australia, up 17.4pts to 136.3 and Western Australia, up 23.1pts to 120.1.

In contrast the other three States have all experienced modest declines over the last year led by Victoria which is down 0.8pts to 111.7 and had the lowest Business Confidence of any State in the first three months of 2018.

Business Confidence also declined in Queensland to 113.5, down 5.8pts and in Tasmania, down 8pts to 124.5, although Tasmanian Business Confidence is still comfortably above the national average despite the fall.

### Comparison of Business Confidence by State – March Quarter 2017 v March Quarter 2018



Source: Roy Morgan Business Single Source, Jan-Feb 2016, n=2,206; Jan-Mar 2017, n=2,965; Jan-Mar 2018, n=2,564.

**Michele Levine, CEO Roy Morgan, says despite consecutive monthly falls Roy Morgan Business Confidence is still performing strongly in 2018 compared to recent years led by NSW along with much improved sentiment in post-mining boom Western Australia:**

*“Roy Morgan Business Confidence fell 4.6pts (-3.8%) in March to 115.4 but despite another fall the strong start to 2018 means Business Confidence has just experienced its strongest quarterly result in the March quarter 2018 of 119.6 for exactly four years since the March quarter 2014 (123.1).*

*“The latest fall in March does however mean Business Confidence has now fallen to virtually level with the latest ANZ-Roy Morgan Consumer Confidence Rating of 115.5 on the final weekend of March.*

*“Breaking down Roy Morgan Business Confidence by State reveals the strength over the past year has been led by Australia’s largest State of New South Wales now with Business Confidence for the March quarter 2018 of 124.9, up 8.7pts on a year ago and South Australia with Australia’s highest Business Confidence to start 2018 at 136.3 for the March quarter 2018, up 17.4pts on a year ago.*

*“The recovery of the Western Australian business community is also evident when one considers WA Business Confidence for the March quarter 2018 is now above the national average at 120.1, up a stunning 23.1pts from a year ago and providing strong evidence that Western Australia’s long post-mining boom slump is finally coming to an end.*

*“In contrast Business Confidence early in 2018 has slumped slightly in Victoria which had the lowest Business Confidence of any State for the first three months of 2018, Queensland and Tasmania, all down to varying degrees on the levels of a year ago.*

*“Analysing the performance of industries in March shows that the most confident industries are Mining, Education & training now at its highest in over four years since October 2013, Arts & recreational services, Transport, postal & warehousing and Agriculture, forestry & fishing.*

*“Business Confidence remains elevated across the board with only one industry, Wholesale trade, currently lagging below 100, while other industries close to a neutral rating just above 100 include Rental, hiring & real estate services and Administration & support services.”*

**Roy Morgan Business Confidence results in March are based on 809 interviews with a cross-section of Australian businesses. Business Confidence is above the 8yr average (116.3).**

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

**Michele Levine**

**CEO**

**Office: +61 (3) 9224 5215**

**Mobile: 0411 129 093**

[askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com)

### **About Roy Morgan**

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 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
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

