

Friday, 5 April 2019

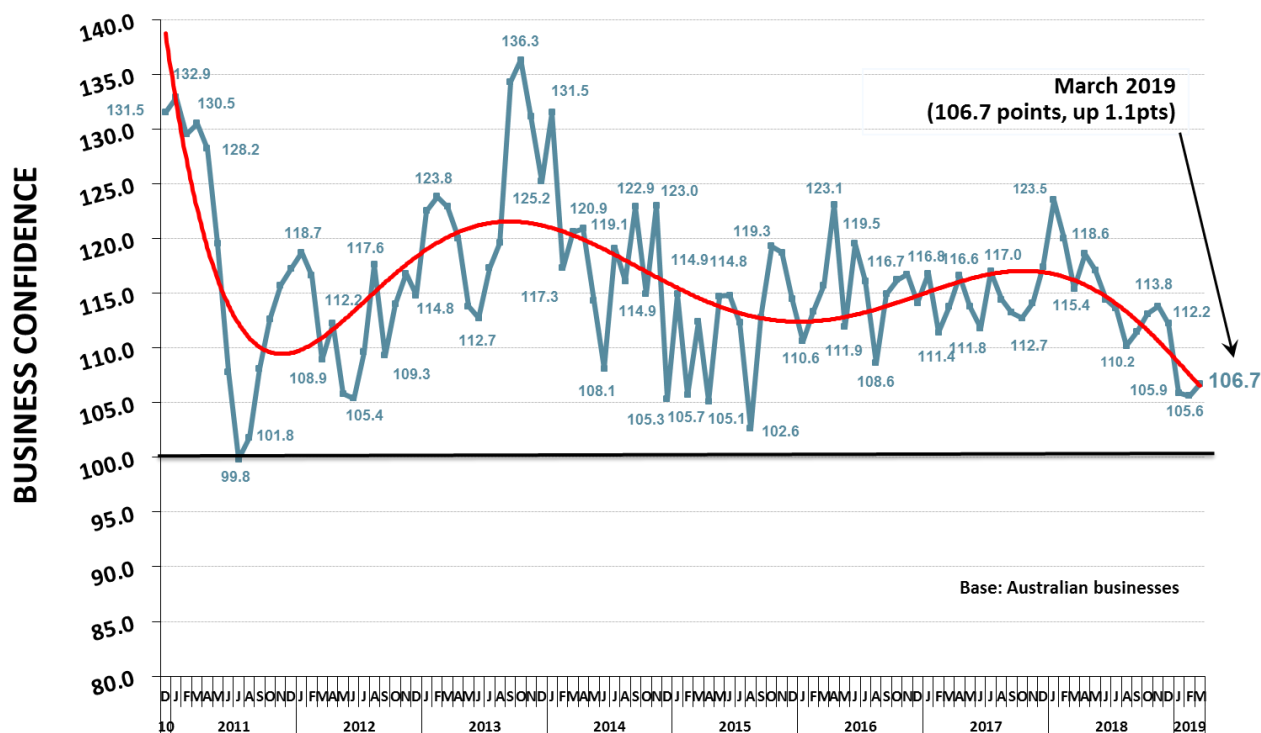
Business Confidence up slightly in March at 106.7 (pre-Budget)

Roy Morgan Business Confidence increased slightly in March to 106.7 (up 1.1pts cf. February) as Australians prepared for this month's early Federal Budget. However, despite the month-on-month increase, the average Business Confidence during the March quarter of only 106.1 is the weakest start to a year in the history of the Index dating back to 2010.

The Morrison Government will be hoping the Federal Budget delivered by Treasurer Josh Frydenberg will be able to give a boost to both Business Confidence and also the ANZ-Roy Morgan Consumer Confidence Rating over the next few weeks as we head towards a Federal Election in May.

Business Confidence in March 2019 is now a significant 8.7pts below its level of a year ago in March 2018 and 9.1pts below its long-term average of 115.8. Business Confidence in March also remains significantly below the latest weekly [ANZ-Roy Morgan Consumer Confidence, which is at 114.7 on March 30/31, 2019.](#)

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Mar 2019. Average monthly sample over the last 12 months=836.

More confidence about the Australian economy and investing in the business

- The small increase in Business Confidence this month was driven by increasing confidence about the short-term prospects for the Australian economy and also that the next 12 months will be a 'good time to invest in growing the business' although concerns have grown about the longer-term for the economy;
- Now 45.6% (up 4.9ppts) of businesses expect the Australian economy to have 'good times' over the next year while 48.6% (down 4.6ppts) expect the Australian economy to have 'bad times';
- Now almost half, 49.5% (up 4.6ppts) of businesses, say the next year will be a 'good time to invest in growing the business', while only 40.8% (down 0.6ppts) say it will be a 'bad time to invest'.
- Now just under half of businesses, 49.6% (down 1.1ppts) expect the business to be 'better off' financially this time next year while just 24% (up 0.2ppts) expect the business to be 'worse off' financially;

- In addition 42.5% (up 2.4ppts) say the business is 'better off financially than this time last year and 38.4% (up 6.5ppts) say the business is 'worse off financially than a year ago;
- Probably the biggest concern this month is that longer-term views of the economy have continued to deteriorate with **a record low** 43.5% (down 2.3ppts) expecting 'good times' for the Australian economy over the next five years and **a record high** 45.6% (up 1.7ppts) now expecting 'bad times' for the Australian economy over the next five years. This is the first time this sub-index has ever dipped into negative territory.

Business Confidence down across five States over past year but up in WA

Business Confidence has fallen over the past year across Australia and this is borne out by the quarterly Business Confidence results for the Australian States showing falls in five out of Australia's six States for the March quarter 2019 compared to a year ago.

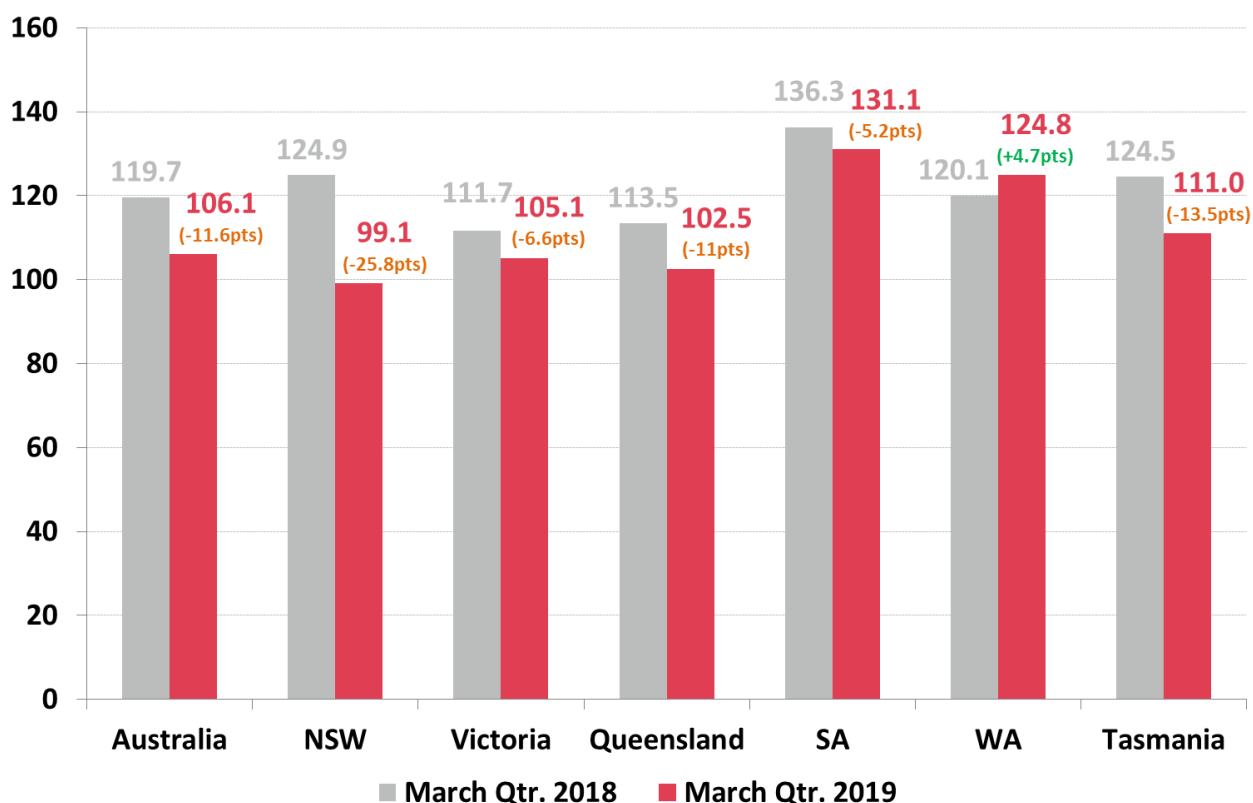
Overall Business Confidence in the March quarter 2019 is 106.1, down 11.6ppts from a year ago, and the lowest quarterly Business Confidence result since September quarter 2011 when Business Confidence bottomed at 103.2.

Business Confidence fell most in Australia's largest State of New South Wales, down a large 25.8ppts to 99.1 in the March quarter 2019. The political uncertainty in New South Wales early in 2019 was greater than in other States with the NSW State Election on the fourth Saturday of March and likely contributed to the size of this decline.

However, Business Confidence was down in most other States over the last year falling by 6.6ppts to 102.5 in Victoria, down by 11ppts to 102.5 in Queensland, down by 13.5ppts to 111.0 in Tasmania and down by 5.2ppts to 131.1 in South Australia. Despite this decline Business Confidence in South Australia continues to be the highest of any State.

In contrast to the falls in other States Business Confidence in Western Australia has strengthened over the past year up by 4.7ppts to 124.8 in the March quarter 2019 and now significantly above the national average.

Business Confidence by State – March quarter 2019 cf. March quarter 2018



Source: Roy Morgan Business Single Source, Jan-Mar 2019, n=2,483 and Jan-Mar 2018, n=2,564.

Michele Levine, CEO Roy Morgan, says the slight increase in Business Confidence in March before the Federal Budget is a positive sign for the economy after three consecutive falls led the indicator to its weakest start to a year since the index began a decade ago:

“Roy Morgan Business Confidence increased by 1.1pts 106.7 in March bringing an end to three consecutive monthly declines since November 2018. Despite the increase in March the index has averaged only 106.1 in the March quarter 2019, the weakest quarterly result for over seven years since the September quarter 2011 (103.2).”

“The boost to Business Confidence in March came on the back of increasing confidence about the next 12 months. Now 45.6% (up 4.9ppts) of businesses expect ‘good times’ for the Australian economy over the next year and 49.5% (up 4.6ppts) say the next 12 months is a ‘good time to invest in growing the business’.

“Analysing Business Confidence by State in the March quarter 2019 shows declines across five of Australia’s six States over the last year contributed to the year-over-year decline in the index. The biggest decline came in Australia’s largest State of New South Wales which had Business Confidence of only 99.1 in the March quarter 2019, down by 25.8pts from a year ago.

“The decline in Business Confidence in NSW came as the State faced considerable political uncertainty in the first quarter of the year with a State Election in late March and a looming Federal Election in the next few weeks. The decisive victory for Premier Gladys Berejiklian’s Liberal-National Government at the State Election has cleared some of the political uncertainty in NSW and we would expect an improvement in Business Confidence in State during the next few months.

“In March there were several industries that performed well and drove the monthly increase led by Wholesale trade, Manufacturing, Construction, Education & training and Administrative & support services. Industries that continued to underperform the wider index included Finance & insurance, Accommodation & food services and Electricity, gas & water.

“The next two months of April and May are set to be dominated by the looming Federal Election and the continuing political uncertainty is likely to prevent any significant moves either up or down for Business Confidence which has been remarkably stable over the last three months as we head towards what many believe will be a change of Government.”

Roy Morgan Business Confidence results in March are based on 815 interviews with a cross-section of Australian businesses. Business Confidence is above the 8yr average (115.8).

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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%
1,000	±3.0	±2.7	±1.9	±1.3
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
50,000	±0.4	±0.4	±0.3	±0.2