

Monday, 11 May 2020

Business Confidence plunged to record low of 76.9 in April

In April 2020 Roy Morgan Business Confidence was down 18.2pts (-19.1%) to 76.9 – plunging to a second consecutive record monthly low.

However, there is some good news with Business Confidence in the second half of April showing a distinct improvement over the first half as Australia flattened the curve of new COVID-19 infections. In the first two weeks of April the index hit a low of only 69.3, but averaged 82.0 during the second half of April.

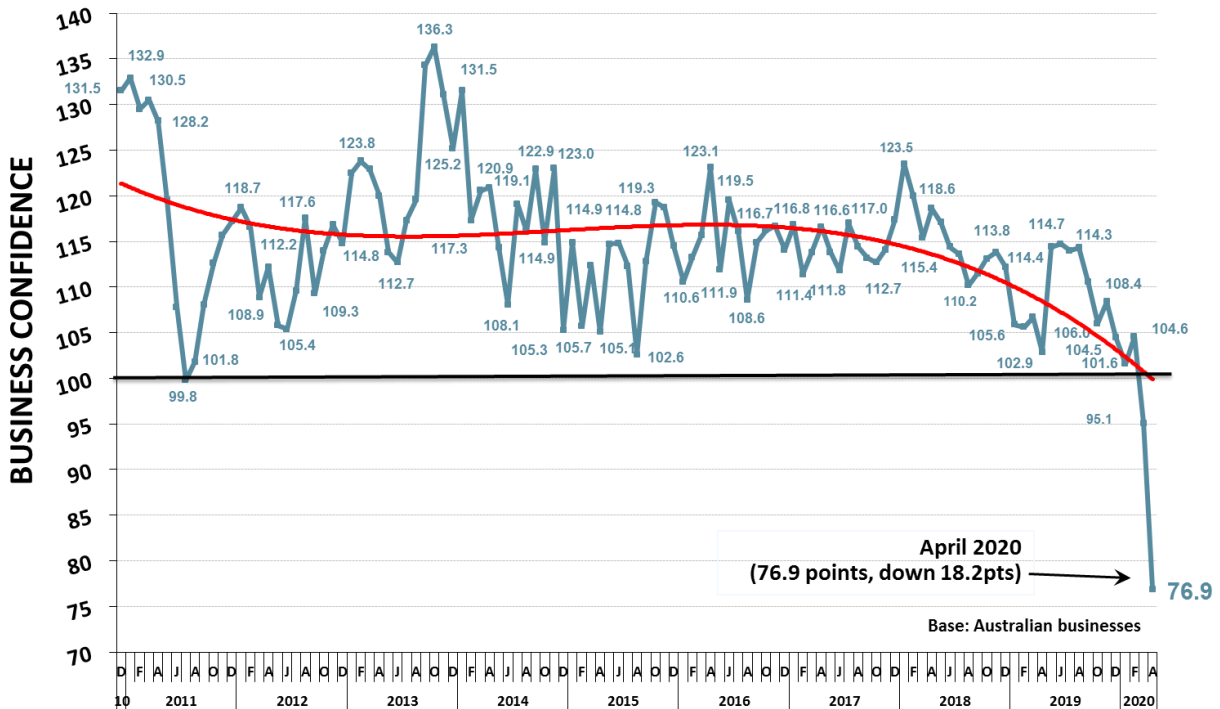
The sharp decline in Business Confidence in April was driven by more businesses, 64.8% (up 25ppts) saying their business is 'worse off' financially than this time last year, businesses being less confident about the Australian economy into the future with nearly three-quarters, 73.2% (up 10.5ppts), expecting 'bad times' over the next year and over half, 58.4% (up 12.3ppts), expecting 'bad times' over the next five years.

Only a third, 35.9% (down 10.3ppts) of Australian businesses said the next year will be a 'good time to invest in growing the business', while nearly half, 48.2% (up 6.6ppts), said it will be a 'bad time to invest';

Some Australian businesses are already looking past the COVID-19 pandemic and are growing more confident about the next year with 43.1% (up 3.6ppts) expecting the business will be 'better off' financially this time next year, while only 27.6% (down 1.4ppts) expect the business to be 'worse off';

Overall the April 2020 Business Confidence level is 26pts lower than it was a year ago, and a significant 37.7pts below the long-term average of 114.6. Business Confidence for April came in slightly below the ANZ-Roy Morgan Consumer Confidence for the month of 79.8. [Consumer Confidence has continued its recovery in recent weeks and now sits at 89.5 on the weekend of May 2/3, 2020.](#)

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Apr 2020. Average monthly sample over the last 12 months=1,008.

FOR IMMEDIATE RELEASE

Biggest declines for Transport, Postal & Warehousing, Accommodation & Food services, Information Media & Telecommunications and Property & Business Services

Business Confidence in April was down significantly for many industries almost across the board.

The biggest declines were for Transport, Postal & Warehousing (down 43%), Information Media & Telecommunications (down 43%), Accommodation & Food Services (down 40%), Property & Business Services (down 37%), Construction (down 34%) and Education & Training (down 26%).

There were however a few industries that managed a small improvement in April including Public Administration & Defence (up 1%), Wholesale (up 5%), Manufacturing (up 4%) and Recreation & Personal (up 16%) to a still well below average rating of 65.2.

Business Confidence falls most in NSW & South Australia in April but up in WA & Tasmania

Business Confidence fell hard in April, but the fall was not uniform across all States. The largest fall was in New South Wales with Business Confidence down 33% on March to only 67.9. Business Confidence also fell significantly in South Australia (down 29%) and Queensland (down 18%).

In Victoria the index fell marginally by 6% to a new record low of 82.4. However, there was better news in the two most isolated states with the index up 5% in Tasmania and increasing by 8% in Western Australia.

Michele Levine, CEO of Roy Morgan, says Business Confidence began April in a steep negative direction as Business Confidence began plunging in late March and continued into April:

“Roy Morgan Business Confidence hit a record monthly low of only 76.9 in April – down 18.2pts (-19.1%) from its previous record low reached in March. The large drop followed the introduction of strict social distancing and self-isolation directives from the Federal and State Governments that persisted throughout the month of April.

“The good news is that Business Confidence bottomed in the first half of the month and has since improved. For the first half of April Business Confidence averaged only 69.3, similar to its rating for [late March of 71.4](#). Since this low-point the index has improved and averaged 82.0 during the second half of April as Australia ‘flattened the curve’ of new COVID-19 infections.

“There are several bright spots within the results. Perhaps surprisingly, Australian businesses were growing more confident in April about their own prospects with 43.1% of Australians businesses expecting the business to be ‘better off financially’ this time next year – up 3.6ppts from March.

“This positivity is reflected in Western Australia and Tasmania which both saw an improvement in Business Confidence in April as the two States pursued a policy of self-isolation preventing any non-residents from flying in or visiting either State.

“There were also several industries which had an increase in Business Confidence in April including Public Administration & Defence, Wholesale, Manufacturing and also Recreation & Personal which had suffered a large decline in March as social distancing provisions were introduced.

“The announcement that Australia will undergo a three-stage re-opening process over the next two months to ‘reboot’ the economy has provided further hope that Australia may already be past the worst of COVID-19 and businesses can look forward to less restrictions on their activities in the coming weeks.”

Plunge in Business Confidence in April driven by poor comparisons to a year ago

- In April there has been a sharp decline in those businesses, 14.8% (down 19.3ppts), which say the business is ‘better off’ financially than this time last year while a clear majority and a new record high of 64.8% (up 25ppts) said the business is ‘worse off’;
- However, despite the large monthly decline, in a personal sense **businesses are already growing more confident about the next year** with 43.1% (up 3.6ppts) expecting the business will be ‘better off’ financially this time next year, while only 27.6% (down 1.4ppts) expect the business to be ‘worse off’;

- However, views about the **Australian economy's performance over the next year** deteriorated in April 26.3% (down 4ppts) expecting the Australian economy to have 'good times' economically over the next year while a massive 73.2% (up 10.5ppts) expect 'bad times';
- Businesses are also less confident about **the longer-term outlook** with 36.8% (down 7.8ppts) expecting 'good times' for the Australian economy over the next five years compared to a clear majority of 58.4% (up 12.3ppts) which expect 'bad times';
- Only a third, 35.9% (down 10.3ppts) of Australian businesses said the next year will be a 'good time to invest in growing the business', while 48.2% (up 6.6ppts) said it will be a 'bad time to invest'.

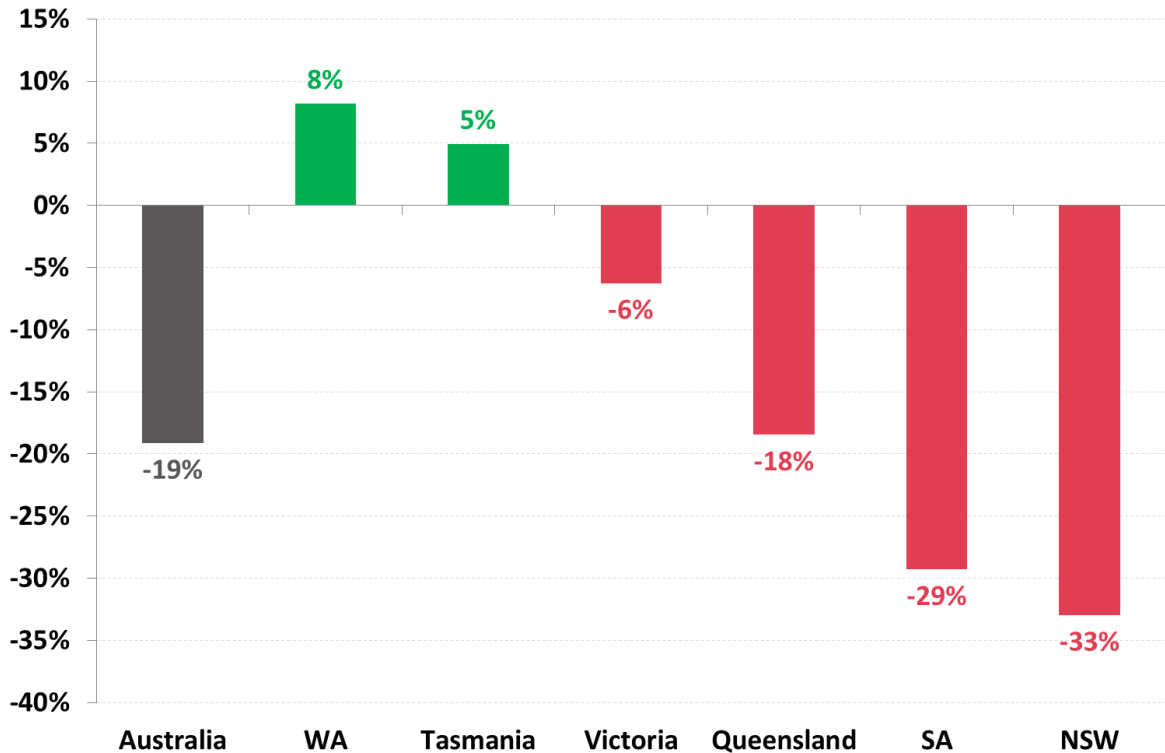
The latest Roy Morgan Business Confidence results for April are based on 1,191 detailed interviews with a cross-section of Australian businesses from each State and Territory. Detailed findings are available to purchase on a monthly or annual subscription as part of the [Roy Morgan Business Confidence Report](#).

% Change in Business Confidence by industry in April 2020 cf. March 2020



Source: Roy Morgan Business Single Source, March 2020, n=885, April 2020, n-1,191. *Small sample sizes of under 50 businesses interviewed in the Transport, Postal & Warehousing, Information Media & Telecommunications, Accommodation & Food services and the Property & Business services industries should be treated with caution.

% Change in Business Confidence by State in April 2020 cf. March 2020



Source: Roy Morgan Business Single Source, March 2020, n=885, April 2020, n-1,191.
 *Small sample sizes of under 50 businesses interviewed in Tasmania should be treated with caution.

For comments or more information please contact:

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To learn more about Roy Morgan’s [Business Confidence](#), [Consumer Confidence](#) and [Inflation Expectations](#) data call (+61) (3) 9224 53909 or email askroymorgan@roymorgan.com.

About Roy Morgan

Roy Morgan is Australia’s largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 75 years’ experience 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
50,000	±0.4	±0.4	±0.3	±0.2