

Monday, 3 August 2020

## Roy Morgan Business Confidence plunged 10.7pts to 84.3 in July before Victoria introduced Stage 4 restrictions to stop COVID-19 – Confidence lowest in Victoria (73.9), Queensland (83.0) and South Australia (60.0)

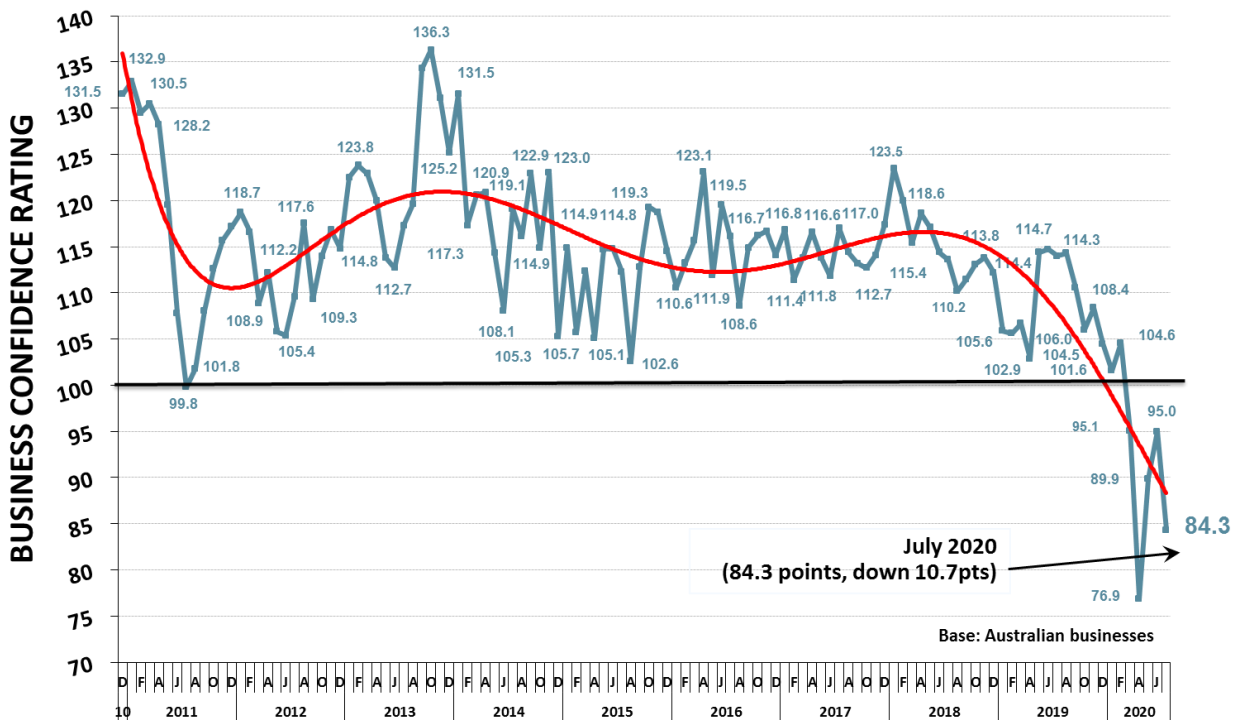
In July 2020 Roy Morgan Business Confidence plunged 10.7pts (-11.3%) to 84.3 led by large drops in Victoria (-12.5%), Queensland (-13.3%), Western Australia (-18.2%) and South Australia (-32.1%). Business Confidence in July was well below its level in either June (95.0) or May (89.9).

The fall in July was driven by businesses becoming increasingly concerned about the Australia’s economic prospects. An increasing majority of 70.8% (up 9.2ppts) said they expected ‘bad times’ for economy over the next year and 59.9% (up 13.2ppts) expected ‘bad times’ for the economy over the next five years.

Despite the fall, businesses were still relatively positive about their own prospects for the year ahead. In July 43.2% said they expected the business to be ‘better off’ financially this time next year compared to 23.9% that expected to be ‘worse off’.

Overall, the July 2020 Business Confidence level was 29.7pts lower than both the level it was a year ago, and the long-term average, of 114.0. Business Confidence for July is below the latest [ANZ-Roy Morgan Consumer Confidence of 89.0 for July 25/26, 2020](#).

### Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-July 2020. Average monthly sample over the last 12 months = 1,132.

### Business Confidence drops driven by falls in Victoria, Queensland and South Australia

Business Confidence in Australia decreased by 11.3% in July and the biggest decreases were in Victoria with a drop of 10.5pts (-12.5%) to 73.9, Queensland down 12.7pts (-13.3%) to 83.0, Western Australia down 20.1pts (-18.2%) to 90.4 and South Australia down 28.3pts (-32.1%) to 60.0.

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Although the second wave of COVID-19 has been concentrated in Victoria, the outbreak has led other States to extend the closure of their borders further into the future.

New South Wales, which has kept its borders open to all States with the exception of Victoria, had the smallest decrease in Business Confidence in July, down by 6.1pts (-6.1%) to 94.6 in July, while Tasmania was the only State with Business Confidence in positive territory at 101.1.

### **Industries to suffer the largest declines in confidence include Retail & Wholesale**

Business Confidence dropped significantly in July with 14 industries experiencing a decline in confidence and only four increasing confidence compared to a month ago.

Two of the industries to experience the largest declines in confidence in July were Retail, down 36% to 60.9 and Wholesale, down 32.6% to 78.7 with both now well below the national average of 84.3.

In contrast Transport, Postal and Warehousing stands out as easily the most confident industry with a rating of 111.4 in July well into positive territory above 100 and far ahead of any other industry.

Industries with above average confidence, although still in negative territory below 100, included Construction (93.6), Public Administration & Defence (91.6), Agriculture (91.5), Manufacturing (87.0), Community Services (86.4) and Education & Training (85.9).

### **Michele Levine, CEO of Roy Morgan, says Business Confidence has suffered a significant reversal in July as a second wave of COVID-19 has swept over Victoria and led to a multitude of cases in other States including New South Wales and Queensland:**

*“Roy Morgan Business Confidence dropped by 10.7pts (-11.3%) in July to 84.3 with declines in 14 of 18 industries and all major States.*

*“Over the weekend Victorian Premier Daniel Andrews declared a ‘State of Disaster’ with new measures introduced across the State. The new restrictions include a nightly curfew for Victorians between 8pm – 5am and the closure of all non-essential retail businesses.*

*“The ‘Stage 4’ restrictions in Victoria are set to run for at least six weeks until mid-September and are the most stringent restrictions yet seen in Australia to deal with the COVID-19 pandemic.*

*“The second wave of COVID-19 which began in Victoria is having an extremely negative impact on Business Confidence not only in Victoria, but around Australia. The index is down 12.5% to 73.9 in Victoria but has also plunged 32.1% to only 60.0 in SA, by 13.3% to 83.0 in Queensland and by 18.2% to 90.4 in WA.*

*“Perhaps the most positive news from the latest results are that businesses are still significantly more positive about their own prospects over the next 12 months than negative. Over two-fifths of businesses, 43.2%, expect to be ‘better off financially’ this time next year compared to only 23.9% that expect to be ‘worse off’.*

*“For the Australian economy to enter a sustainable path of recovery it is vital the latest measures announced for Victoria, which by itself represents about 25% of the Australian economy, are successful in enabling the State to get on top of the second wave of COVID-19 as soon as possible.”*

**Michele Levine is available for interview. Phone: (03) 9224 5215 | Mobile: 0411 129 093.**

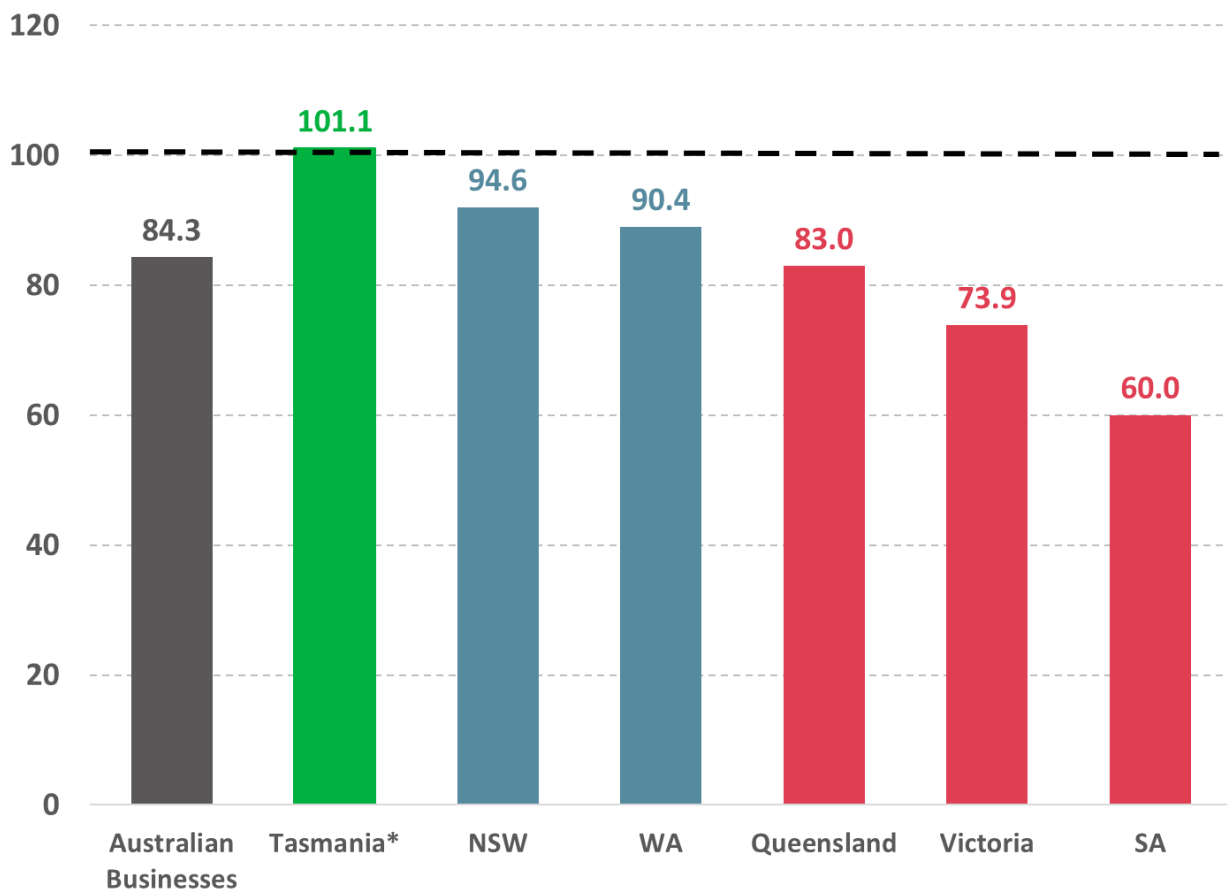
**To learn more about Roy Morgan’s [Business Confidence](#), [Consumer Confidence](#) and [Inflation Expectations](#) data call (+61) (3) 9224 53909 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).**

## Business Confidence decrease in July driven by deteriorating views of the Australian economy

- Businesses became less confident about the **Australian economy's performance over the next year** in July with 70.8% (up 9.2ppts) expecting 'bad times' for the Australian economy over the next year and only 27.7% (down 8ppts) expecting 'good times';
- Businesses have also lost confidence about **the longer-term outlook with a record high 59.9%** (up 13.2ppts) expecting 'bad times' for the Australian economy over the next five years compared to a **record low 35.3%** (down 10.8ppts) which expect 'bad times';
- In July just over a fifth of businesses, 21.8% (down 1.2ppts), said the business was 'better off' financially than this time a year while more than half, 55.8% (down 3.1ppts), said the business is 'worse off';
- Businesses remained generally confident about their own performance over the next year despite a decline in the indicator with 43.2% (down 5.1ppts) expecting the business will be 'better off' financially this time next year, while only 23.9% (up 2.8ppts) expected the business to be 'worse off';
- A plurality of businesses, 46.3% (down 3.9ppts), said now is a 'good time to invest in growing the business', while almost as many, 42.4% (up 2ppts) said it will be a 'bad time'.

The latest Roy Morgan Business Confidence results for July are based on 1,380 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](#).

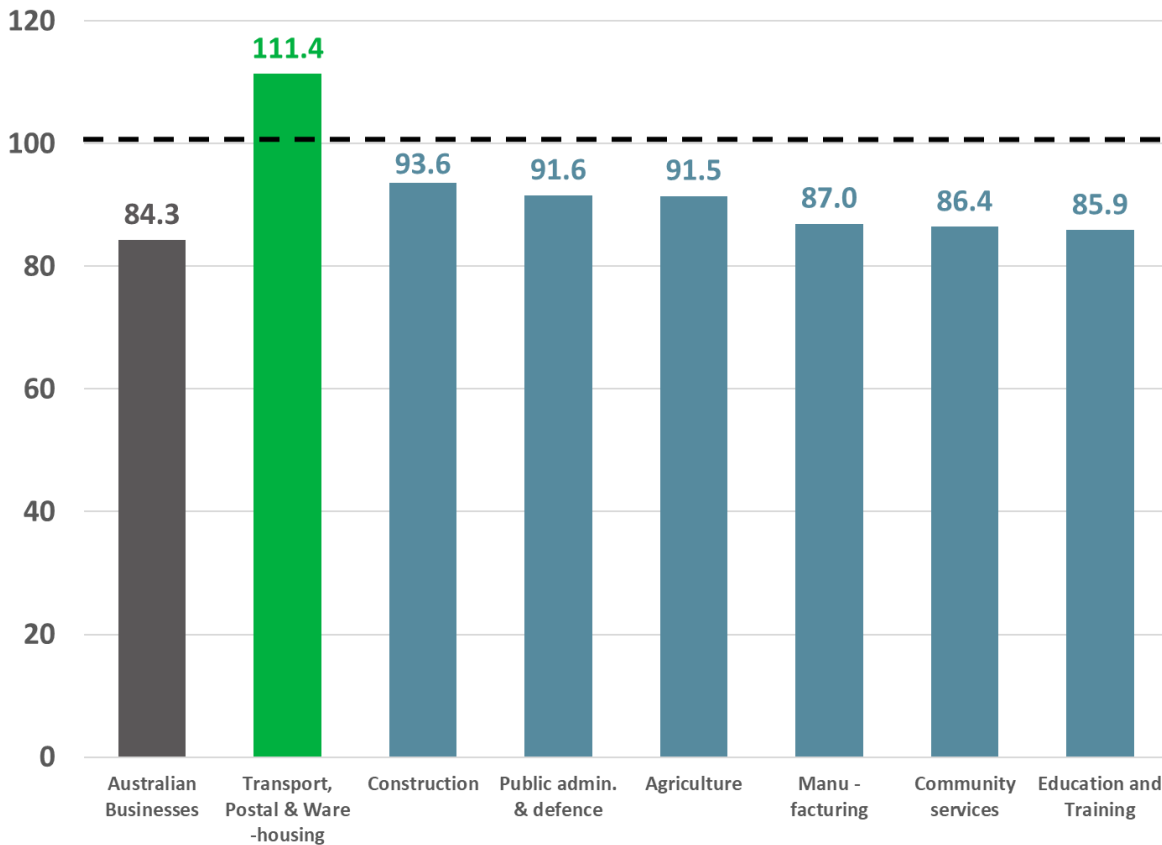
### Business Confidence by State in July 2020



**Source:** Roy Morgan Business Single Source, July 2020, n=1,380. **Base:** Australian businesses. \*Small sample sizes of under 50 businesses interviewed in Tasmania should be treated with caution. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100; the blue bar represents Business Confidence just above the national average; red bars represent Business Confidence well below the national average.



**Business Confidence by industry in July 2020**



**Source:** Roy Morgan Business Single Source, July 2020, n=1,380. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100; the blue bars represents Business Confidence just above the national average.

**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 5309 or email [askroymorgan@roymorgan.com](mailto: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