

Wednesday, 15 January 2020

Business Confidence ended 2019 at an eight-month low of 104.5

In December 2019 Roy Morgan Business Confidence dropped 3.9pts (-3.6%) to an eight-month low of 104.5. Declining sentiment about the performance of the Australian economy over the next year and the next five years drove the fall.

Only 40.3% (down 4.5ppts) of business leaders expect the Australian economy will have 'good times' in 2020 and 42.2% (down 4.3ppts) expect 'good times' for the economy over the next five years.

The December 2019 Business Confidence level is a significant 7.7pts lower than it was year ago, and sits 10.8pts below the long-term average of 115.3. Business Confidence is also just below the latest [ANZ-Roy Morgan Consumer Confidence, which was at 106.2 to begin 2020 and has now improved to 107.3.](#)

Business Confidence up on a year ago in WA & Tasmania, but down everywhere else

Business Confidence in the December quarter 2019 was at 106.3, down 6.8pts on a year ago but virtually unchanged from the March quarter 2019 (106.1). The boost given to Business Confidence following the Federal Election in May has well and truly worn off.

Business Confidence was up on a year ago in only two States, WA and Tasmania, which now have the highest ratings among the States. Business Confidence is also above average in NSW despite a slight drop.

However, there has been a drop of 10pts or more in Queensland, South Australia and Victoria compared to this time a year ago. Victoria is now below the neutral level of 100 (at 99.1 for the December quarter); Queensland and South Australia are marginally higher.

Most confident industries led by Public administration & defence, Mining and Wholesale

Although Business Confidence has declined in the December quarter there are industries for which it remains well above average: it is more than 10% higher than the national average in four industries: Public administration & defence, Mining, Wholesale and Property & business services.

However the measure dropped below 100 in the December quarter for key industries including Information Media & Telecommunications, Recreation & personal, Accommodation & food services and Electricity, gas & water, driving down the national average.

Michele Levine, CEO of Roy Morgan, says Business Confidence is set to be further tested in 2020 as Australia recovers from months of devastating bushfires amid global uncertainty on a number of fronts:

"Roy Morgan Business Confidence was down 3.9pts to 104.5 in December from a month ago, ending a tough year almost back where it started. Business Confidence in January 2019 was 105.9.

"The Federal Election result provided a five-month boost to Business Confidence between May and September, however that impact wore off over the past few months as concerns about the performance of the Australian economy in the mid-term increased.

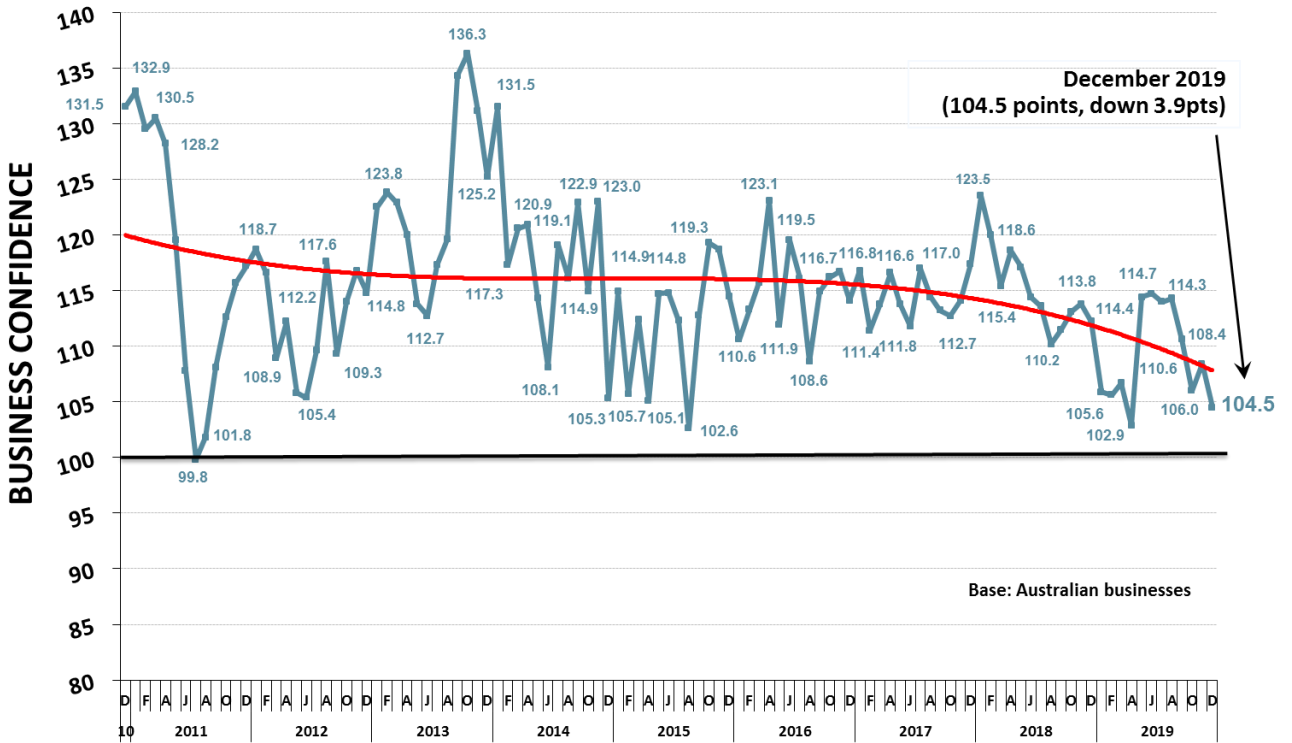
"A majority of business leaders now expect 'bad times' for the Australian economy over the next year and over the next five years. Yet businesses remain relatively positive about their own prospects. A majority of respondents expect their business to be 'better off' this time next year.

"The devastating Australian bushfires will provide further pressure to Business Confidence in the next few months, in addition to the significant global uncertainties already in play in 2020. These include the long-awaited completion of Brexit, the resolution of the US-China trade dispute, the US Presidential Election and now increased geo-political tension between the US and Iran."

The latest Roy Morgan Business Confidence results for December are based on 979 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](#).

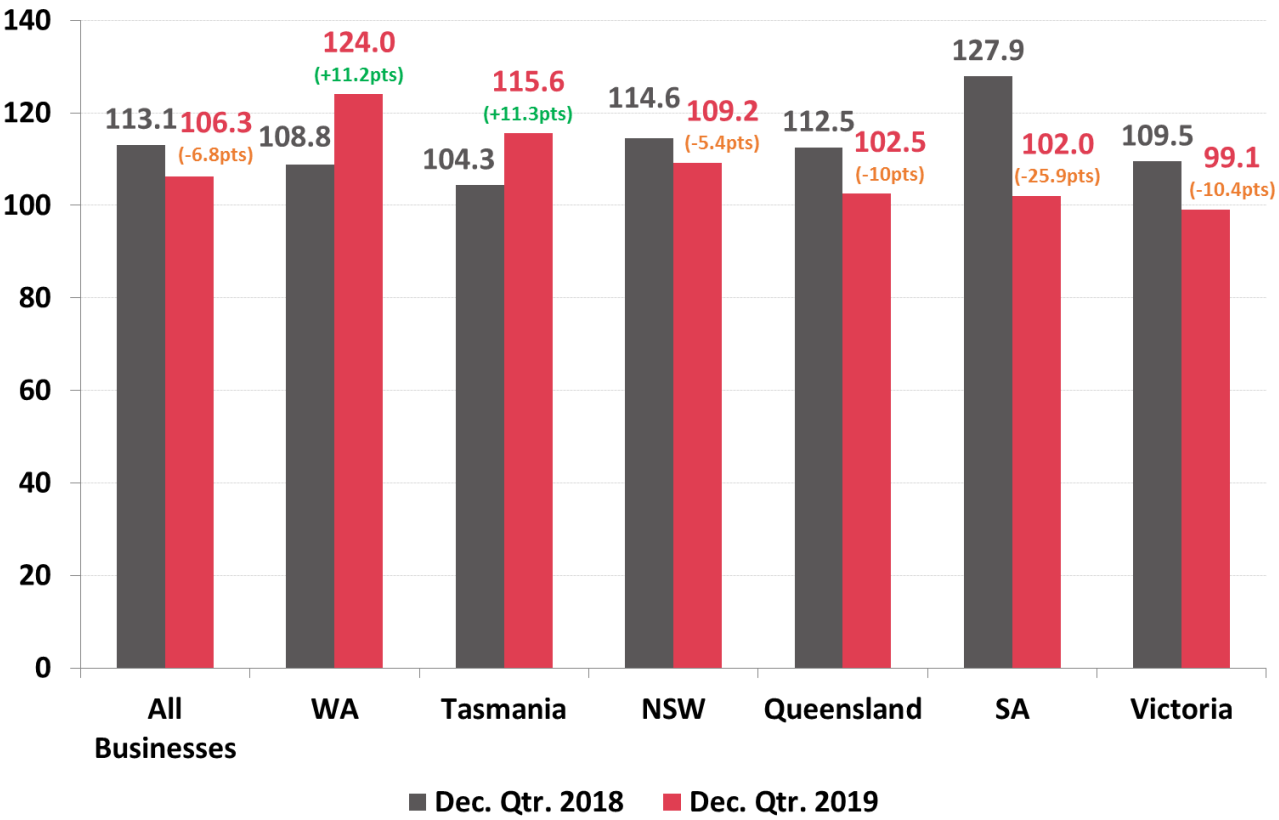
FOR IMMEDIATE RELEASE

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Dec 2019. Average monthly sample over the last 12 months=952.

Business Confidence by State: December quarter 2019 cf. December quarter 2018



Source: Roy Morgan Business Single Source, Oct. – Dec. 2018, n=2,365; Oct.-Dec. 2019, n=3,169.

Decline in Business Confidence driven by increasing concern about the Australian economy

- A slim majority of businesses, 50.4% (virtually unchanged), expect their business to be 'better off' financially this time next year while only 20% (virtually unchanged) expect the business to be 'worse off';
- An increasing 40.9% (up 2.3ppts), say the business is 'better off' financially than this time last year while only 29.8% (down 4.5ppts) say the business is 'worse off';
- Nearly half of businesses, 47.7% (down 1.3ppts), say the next year will be a 'good time to invest in growing the business', while 39.3% (up 1.4ppts) say it will be a 'bad time to invest';
- However views about the Australian economy's performance going forward have declined significantly in December, with a **record low** 40.3% (down 4.5ppts) expecting the Australian economy to have 'good times' economically over the next year while 56.7% (up 5.9ppts) expect 'bad times' (**the highest figure for over eight years since July 2011**);
- In addition, a **record low** 42.2% (down 4.3ppts) of businesses expect 'good times' for the Australian economy over the next five years and a **record high** 53.2% (up 8.9ppts) expect 'bad times'.

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