

Friday, 3 July 2020

Roy Morgan Business Confidence up 5.1pts to 95.0 in June – highest in Western Australia (110.5) & New South Wales (100.7)

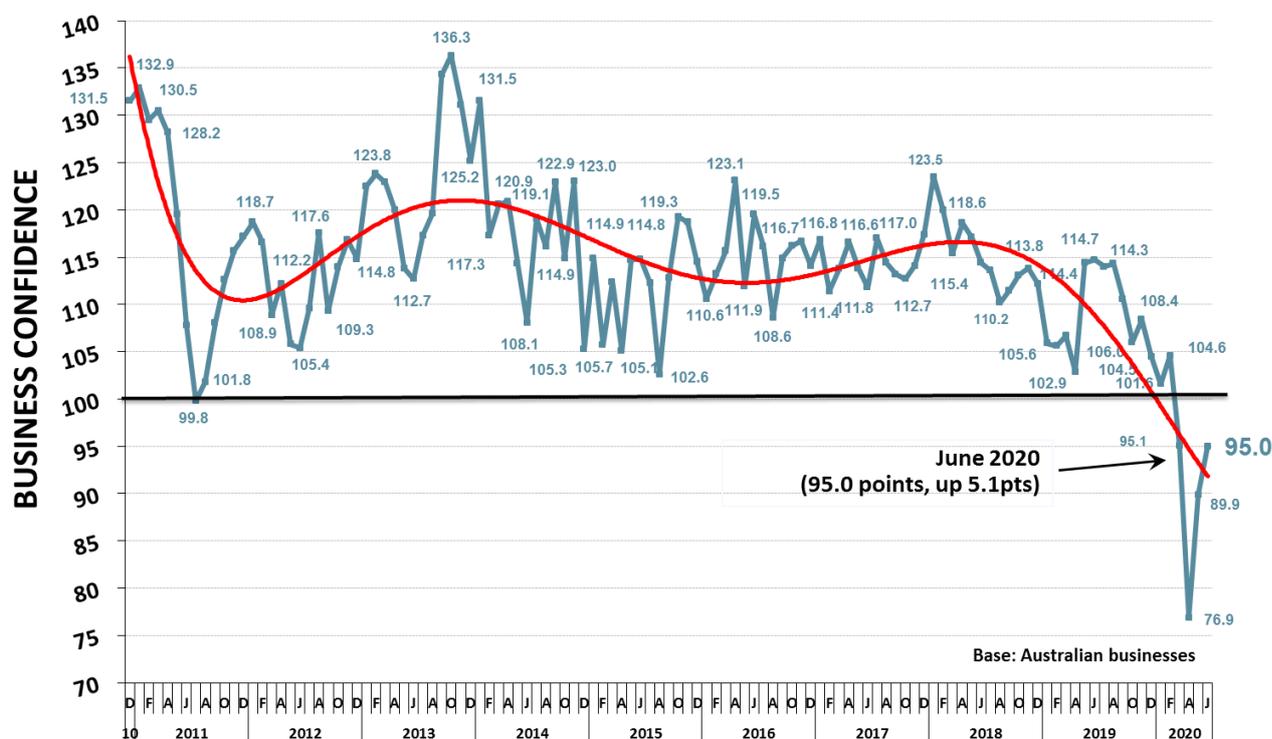
In June 2020 Roy Morgan Business Confidence was up 5.1pts (+5.7%) to 95.0 led by increases in WA, NSW and Queensland. Business Confidence in June is now virtually level with its March result of 95.1 during the onset of the COVID-19 pandemic and shut-downs.

The good news in June is that for the first time in 2020 a majority of businesses, 50.2% (up 3.9ppts), said that the next year will be a 'good time to invest in growing the business' compared to only 40.4% (down 2.9ppts) that said it will be a 'bad time to invest' – the lowest so far in 2020.

In addition nearly half of all businesses, 48.3% said they expect their business will be 'better off financially this time next year compared to only 21.1% that expect to be 'worse off'.

Overall the June 2020 Business Confidence level is 19.7pts lower than the level it was a year ago and 19.2pts below the long-term average of 114.2. Business Confidence for June is slightly higher than the latest [ANZ-Roy Morgan Consumer Confidence of 93.0 for June 27/28, 2020](#).

Roy Morgan Monthly Business Confidence – Australia



Source: Roy Morgan Business Single Source, Dec 2010-June 2020. Average monthly sample over the last 12 months = 1,110.

Business Confidence increases and is in positive territory above 100 in both WA and NSW

Business Confidence in Australia increased by 5.7% in June and the biggest increases were in WA with an increase of 8.5pts (+8.3%) to 110.5, NSW, up 9.3pts (+10.1%) to 100.7 and in Queensland, up 11.8pts (+14.6%) to 95.7.

FOR IMMEDIATE RELEASE

WA and Queensland have maintained hard borders throughout the COVID-19 pandemic with visitors from other States, and Australians returning from overseas, subject to a mandatory two week quarantine to enter either of these States. The hard borders have helped to suppress the spread of COVID-19 and it's now been more than two months since there was community transmission of the virus in WA and more than five weeks since there was community transmission in Queensland.

Queensland has announced it will be lifting border restrictions to most of Australia on Friday July 10 – with a mandatory two week quarantine remaining in place for Victorians, or those who have recently visited Victoria. WA's borders are set to remain closed while Victoria battles a renewed virus outbreak.

In contrast, Business Confidence is now lagging below the national average in Victoria which has suffered a renewed outbreak since mid-June, and its two neighbours Tasmania and SA.

Business Confidence fell in all three States in June and is now at 88.4 in SA (which is keeping its borders closed with Victoria and NSW), 84.4 in Victoria and only 75.3 in Tasmania, a State which is heavily reliant on tourism but will keep its borders closed until at least late July.

Most confident industries are Public administration & Defence, Accommodation & Food services, Wholesale trade and Transport, Postal & Warehousing

Business Confidence in June was up significantly in many industries with eight industries now having a positive rating above 100 compared to six in May and only two in April.

Public administration & Defence now has the highest Business Confidence of any industry at 127.8 following an increase of 15.3pts (+13.6%) in June. This industry, which is based on government funding, is the only industry not to dip below the neutral level of 100 during the COVID-19 pandemic.

Another industry to rebound strongly in June is Accommodation & Food Services which has suffered during 2020 from first the summer bushfires and then COVID-19. Confidence in this industry increased a stunning 41.9pts (+53.5%) in June as lockdown restrictions began to be lifted and Australians begin to take domestic holidays while international travel is still banned.

Other industries in positive territory above 100 include Wholesale trade (116.8), Transport, Postal & Warehousing (114.8), Agriculture (113.6), Information, Media & Telecommunications (107.5), Community services (104.1) and Education & Training (102.3).

Michele Levine, CEO of Roy Morgan, says Business Confidence has continued to rebound in June although the renewed outbreak of COVID-19 in Melbourne since mid-June is clearly impacting Victorian businesses with the State more than 10pts below the national average:

*“Roy Morgan Business Confidence continued a recovery begun in April and was up 5.1pts (+5.7%) in June to 95.0. **For the first time this year a majority of businesses 50.2% (up 3.9ppts)** say now is a ‘good time to invest in growing the business’ – now at its highest since October 2019.*

“The recovery in Business Confidence is not uniform across the nation. Australia’s four largest States comprise around 90% of the national economy and Business Confidence is now above 100 and improving rapidly in Western Australia (110.5 in June), NSW (100.7) and Queensland (95.7).

“The notable exception is Victoria which is now suffering from a renewed outbreak of COVID-19 and for which Business Confidence actually declined by 2.7pts (-3.1%) to 84.4 in June. The outbreak has forced many suburbs of Melbourne back into lockdown throughout July and this may yet be extended to the entire Melbourne metropolitan area if the situation worsens.

“For the Australian economy to continue its recovery in the months ahead it is vital Victoria, which by itself represents about 25% of the Australian economy, is able to get on top of the latest outbreak and fully re-integrate itself into a re-opening national economy.”

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

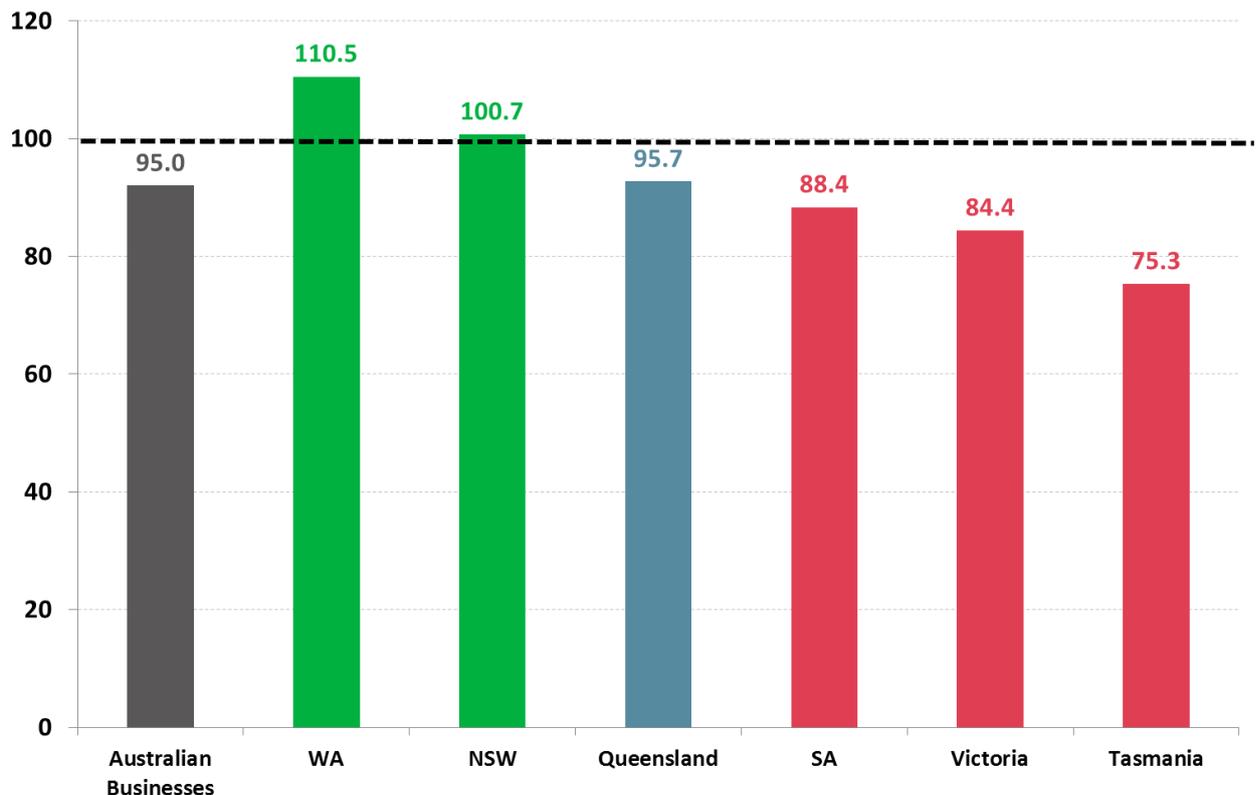
To learn more about Roy Morgan’s [Business Confidence](#), [Consumer Confidence](#) and [Inflation Expectations](#) data call (+61) (3) 9224 53909 or email askroymorgan@roymorgan.com.

Business Confidence increase in June driven by improving investment sentiment

- For the second straight month there has also been a solid increase in businesses that said now is a 'good time to invest in growing the business', up 3.9ppts to 50.2% - **the highest figure for this indicator since October 2019**, while a declining 40.4% (down 2.9ppts) said it will be a 'bad time';
- Businesses are slowly growing more confident about the **Australian economy's performance over the next year** with 35.7% (up 3.6ppts) expecting the Australian economy to have 'good times' economically over the next year although a still large 61.6% (down 3.3ppts) expect 'bad times';
- Businesses are also becoming more confident about **the longer-term outlook** with 46.1% (up 1.4ppts) expecting 'good times' for the Australian economy over the next five years compared to 46.7% (down 1.3ppts) which expect 'bad times';
- Businesses remain generally confident about their own performance over the next year despite a small decline in this indicator with 48.3% (down 2.2ppts) expecting the business will be 'better off' financially this time next year, while only 21.1% (up 2.4ppts) expect the business to be 'worse off';
- However, businesses are more confident about how they rate themselves financially compared to a year ago with 23.0% (up 6.9ppts), which say the business is 'better off' financially than this time last year while nearly three-fifths, 58.9% (down 6.4ppts), said the business is 'worse off'.

The latest Roy Morgan Business Confidence results for June are based on 1,366 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](#).

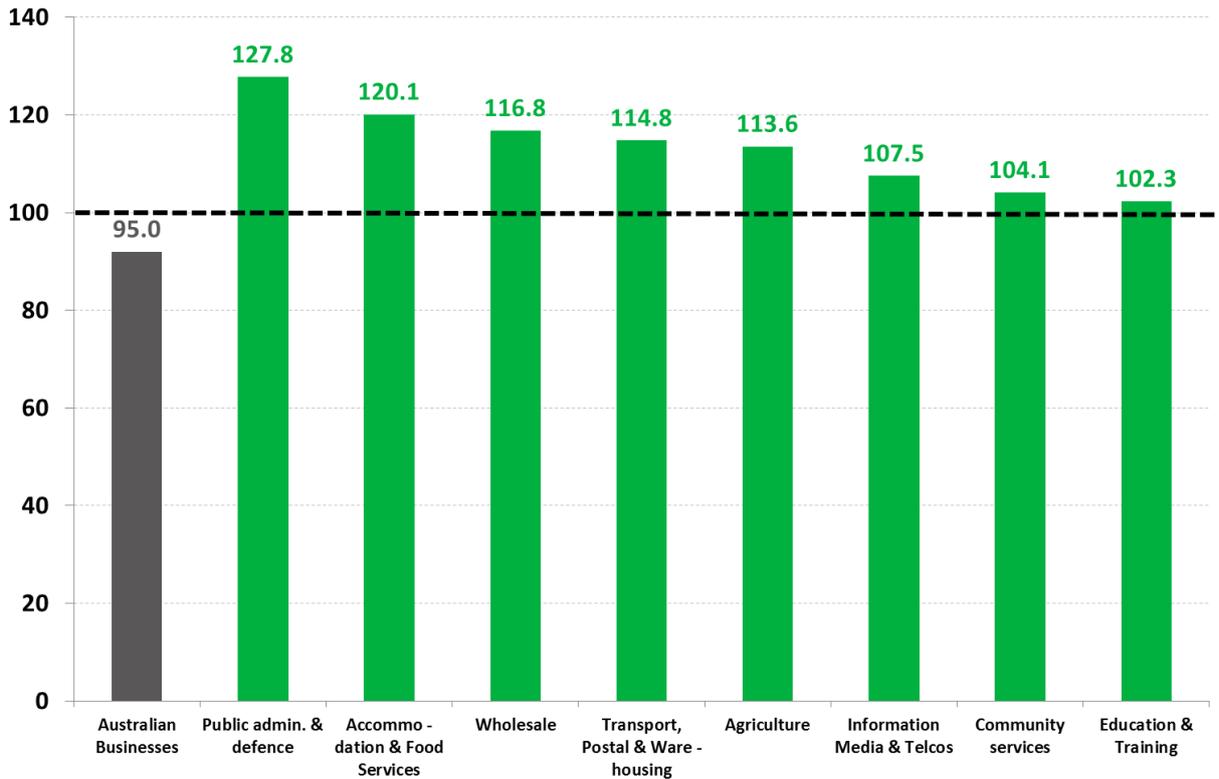
Business Confidence by State in June 2020



Source: Roy Morgan Business Single Source, June 2020, n=1,366. **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 close to the national average; red bars represent Business Confidence well below the national average.



Business Confidence by industry in June 2020



Source: Roy Morgan Business Single Source, June 2020, n=1,366. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100.

For comments or more information please contact:

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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