

Tuesday, 6 October 2020

## Roy Morgan Business Confidence up 2.5pts to 85.6 in September – Confidence lowest in Victoria (77.0), South Australia (75.0) and Queensland (71.6)

In September 2020 Roy Morgan Business Confidence was up 2.5pts (+3%) to 85.6 – the highest monthly reading since June 2020 (95.0).

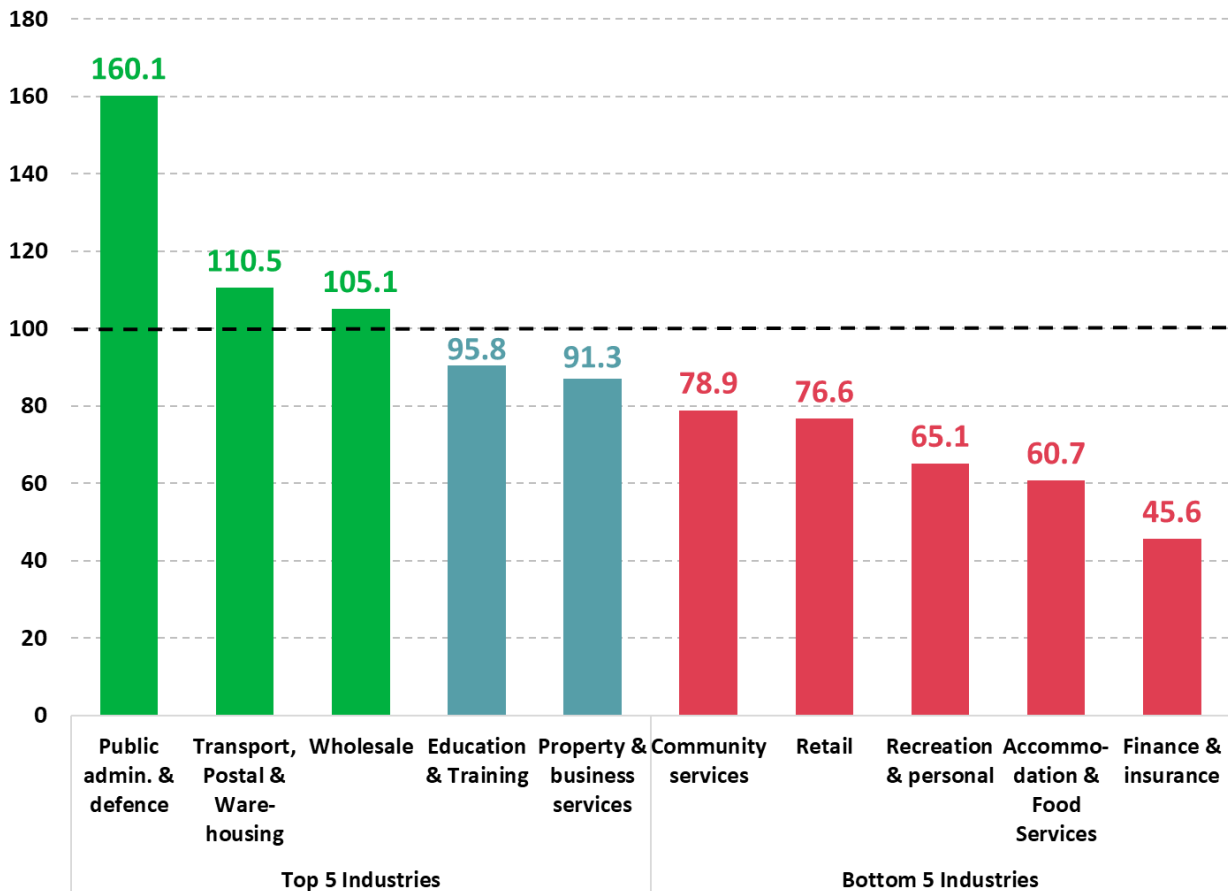
However, Business Confidence was a large 25pts lower than it was a year ago at 110.6 in September 2019, and 27.9pts below the long-term average, of 113.5. Business Confidence for September is significantly below the latest [ANZ-Roy Morgan Consumer Confidence of 95.7 for October 3/4, 2020](#).

**Public Administration & Defence, Transport, Postal & Warehousing and Wholesale are the only industries with Business Confidence in positive territory above 100 over the last two months –** led by Public Administration & Defence (160.1) and Transport, Postal & Warehousing (110.5).

Also in positive territory is Wholesale (105.1) while industries with above average confidence, although still in negative territory below 100, included Education & Training (95.8), Property & Business Services (91.3), Professional, Scientific & Technical Services (91.1) and Electricity, gas & water (91.1).

Industries with confidence well below average include Community Services (78.9), Retail (76.6), Recreation & Personal (65.1), Accommodation & Food Services (60.7) and Finance & Insurance (45.6).

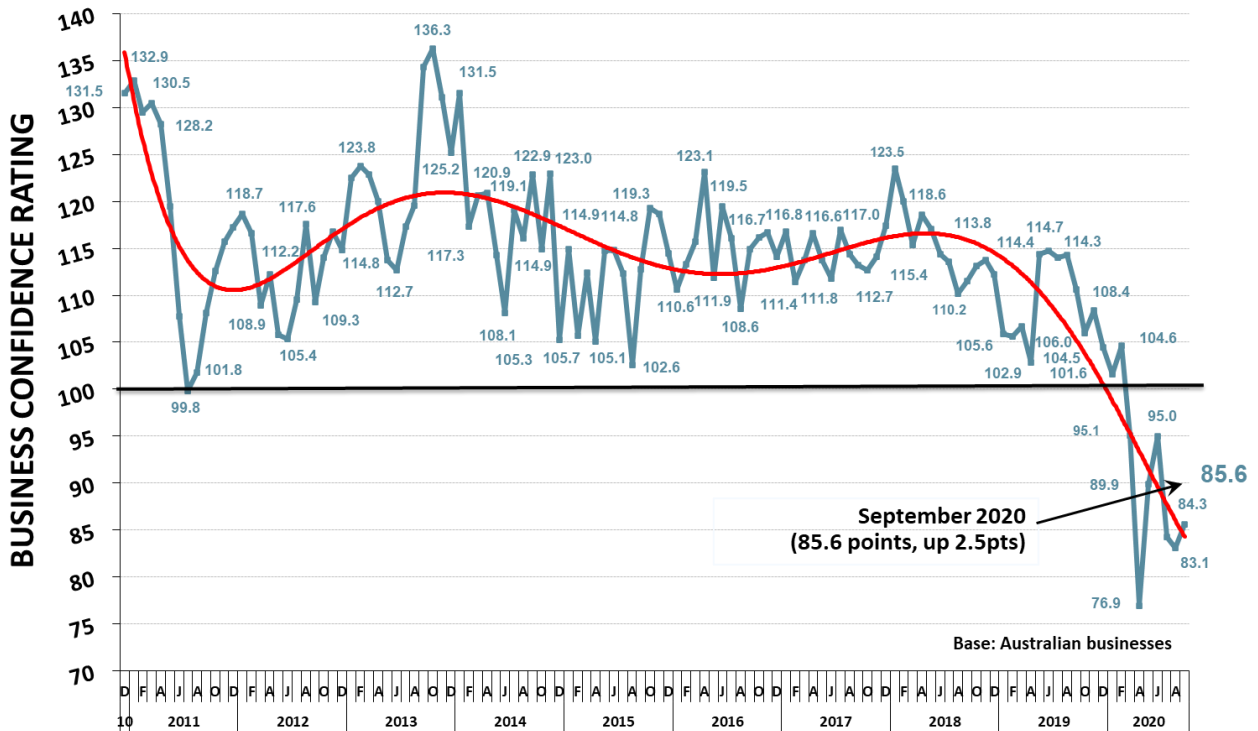
### Business Confidence by industry in August-September 2020



**Source:** Roy Morgan Business Single Source, August – September 2020, n=2,695. **Base:** Australian businesses. **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.

FOR IMMEDIATE RELEASE

## Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Sept 2020. Average monthly sample over the last 12 months = 1,196.

### Business Confidence was up slightly in September as an increasing proportion of businesses said the next 12 months will be a 'good time to invest' in growing the business

- In good news in September an increasing proportion of businesses, 46.8% (up 6.1ppts), said the next 12 months is a **'good time to invest in growing the business'**, while 43.6% (down 7.2ppts) said it will be a **'bad time to invest'**;
- Nearly a quarter of businesses, 24.0% (up 3.1ppts), said the business was **'better off'** financially than this time a year ago (**the highest figure for this indicator since March 2020**) while more than half, 54.4% (down 5.4ppts), said the business is **'worse off'**;
- Confidence about their own performance over the next year has softened slightly with 42.2% (down 0.6ppts) expecting the business will be **'better off'** financially this time next year, while an increasing number, 26.5% (up 0.5ppts) expected the business to be **'worse off'**;
- However, businesses became slightly less confident about the **Australian economy's performance over the next year** in September with 29.5% (down 2.4ppts) expecting **'good times'** for the Australian economy over the next year while more than two-thirds, 67.8% (up 2.1ppts), expected **'bad times'**;
- Businesses have also lost some confidence about **the longer-term outlook** with 36.0% (down 2.1ppts) expecting **'good times'** for the Australian economy over the next five years compared to 58.7% (up 2.3ppts) which expect **'bad times'**.

### Business Confidence lowest in election bound Queensland (71.6) in September

Business Confidence is now lowest in Queensland at only 71.6, down 5.4pts from August. Queensland is facing a State Election later in October and the contentious border closure with NSW has been a big issue in the election campaign and a massive problem for tourism businesses and the Gold Coast region which rely heavily on visitors from Sydney.

Business Confidence in South Australia dropped to only 75.0 and is now just below locked down Victoria on 77.0 – which increased slightly by 0.9pts in September as new cases of COVID-19 in Victoria continued to decline and the Andrews Government unveiled a \$3.3 billion support package for Victorian businesses.

At the other end of the scale Business Confidence is in positive territory and highest in COVID-19 free Western Australia at 108.9 and Tasmania at 101.5. Both States have made moves in recent days to relax the tough border restrictions that have kept the States relatively free of the virus for many months.

This leaves Australia's largest, and most open State, of NSW with Business Confidence of 94.3 in September, up 7.1pts from August. This is the second biggest monthly improvement for any State behind only Western Australia and supports the strategy of NSW Premier Gladys Berejiklian to keep the economy open while aggressive contact tracing and testing has been used to successfully suppress COVID-19.

**Michele Levine, CEO of Roy Morgan, says Business Confidence has increased slightly in September as the second wave of COVID-19 which struck Victoria begins to subside and the barriers between States slowly begin to come down:**

*"Business Confidence is up slightly by 2.5pts (+3%) to 85.6 in September but there is a massive difference between the Public Sector, which has Business Confidence well in excess of 150, and most other industries which are stuck in negative territory below 100. Business Confidence will not improve until Australia gets people back to work – the latest [Roy Morgan Unemployment estimate for September](#) shows 1.83 million Australians (12.9% of the workforce) were unemployed and an additional 1.33 million were under-employed. A total of 3.16 million Australians (22.3% of the workforce) either looking for work or looking for more work – more than 1-in-5 working Australians.*

*"There are significant divergences between different States with the ongoing political uncertainty in Queensland contributing to a third straight monthly decline in that State. The monthly drop of 5.4pts to 71.6 in Queensland means the Sunshine State has the lowest Business Confidence of any State only a month before a State Election that appears too close to call. Premier Annastacia Palaszczuk has based her re-election appeal on keeping Queenslanders safe from COVID-19 by keeping the borders closed to New South Wales and Victoria.*

*"The strategy has proved a success in a health sense with Queensland having very low rates of COVID-19 and very few deaths. However, it has also closed off Queensland to its two largest sources of domestic tourism and the latest [Roy Morgan unemployment estimates show Queensland with one of the highest unemployment rates in Australia at over 15%](#).*

*"Only three industries are in positive territory with Business Confidence above the neutral level of 100 led by Public Administration & Defence, Transport, Postal & Warehousing and Wholesale. These industries have endured little negative impact from COVID-19 and have clearly benefited from the increasing numbers of Australians turning to online sales channels to buy products and avoid face-to-face interactions as much as possible during recent months.*

*"At the other end of the scale are several industries hit directly by social distancing and the restrictions introduced to stop the spread of the virus. Industries including Retail, Recreation & Personal, Community Services and Accommodation & Food Services have all been hit hard and still face months of uncertainty as people adjust their behaviour to less in-person interactions even as the immediate threat of the virus appears to have receded."*

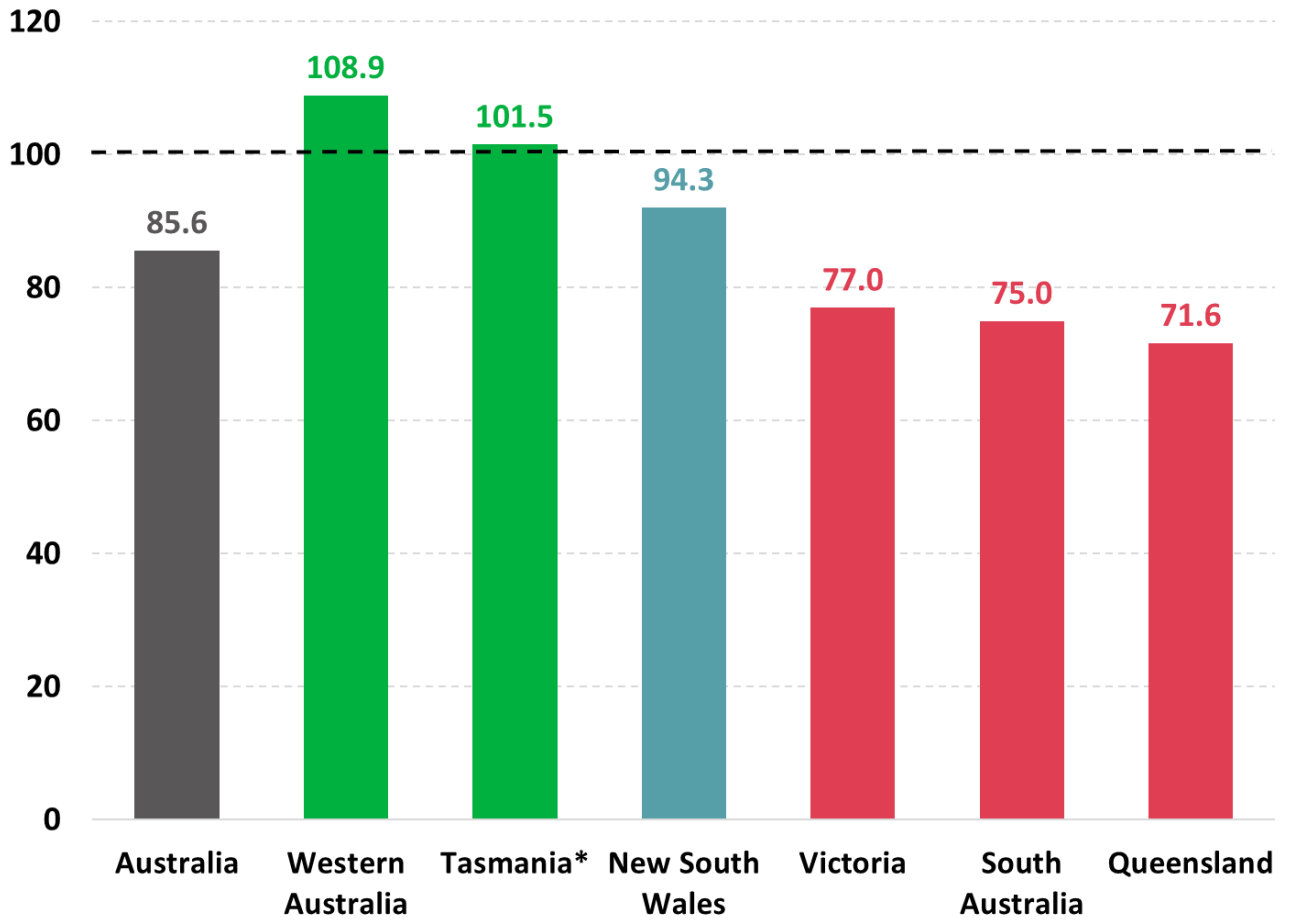
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To learn more about Roy Morgan's [Business Confidence](#), [Consumer Confidence](#) and [Inflation Expectations](#) data call (+61) (3) 9224 5309 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).



**Business Confidence by State in September 2020**



**Source:** Roy Morgan Business Single Source, September 2020, n=1,375. **Base:** Australian businesses. \*The figure for Tasmania includes August and September due to the small sample size interviewed in Tasmania in September. **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.

The latest Roy Morgan Business Confidence results for September are based on 1,375 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](#).

**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