

Tuesday, 11 May 2021

Roy Morgan Business Confidence hits 7-year high of 125.3 in April – up 48.4 pts (+62.9%) on a year ago

In April 2021 Roy Morgan Business Confidence increased 1.3pts (+1.0%) to 125.3. This is the highest level of Business Confidence in Australia for over seven years since January 2014 (131.5). Business Confidence has increased a massive 48.4pts (+62.9%) on its level of a year ago in April 2020 (76.9).

Business Confidence is now 11.6pts above the long-term average of 113.7 and nearly two-thirds, 65%, expect 'good times' for the Australian economy over the next 12 months and an increasing majority of 59.5% of businesses said the next 12 months is a 'good time to invest in growing the business'.

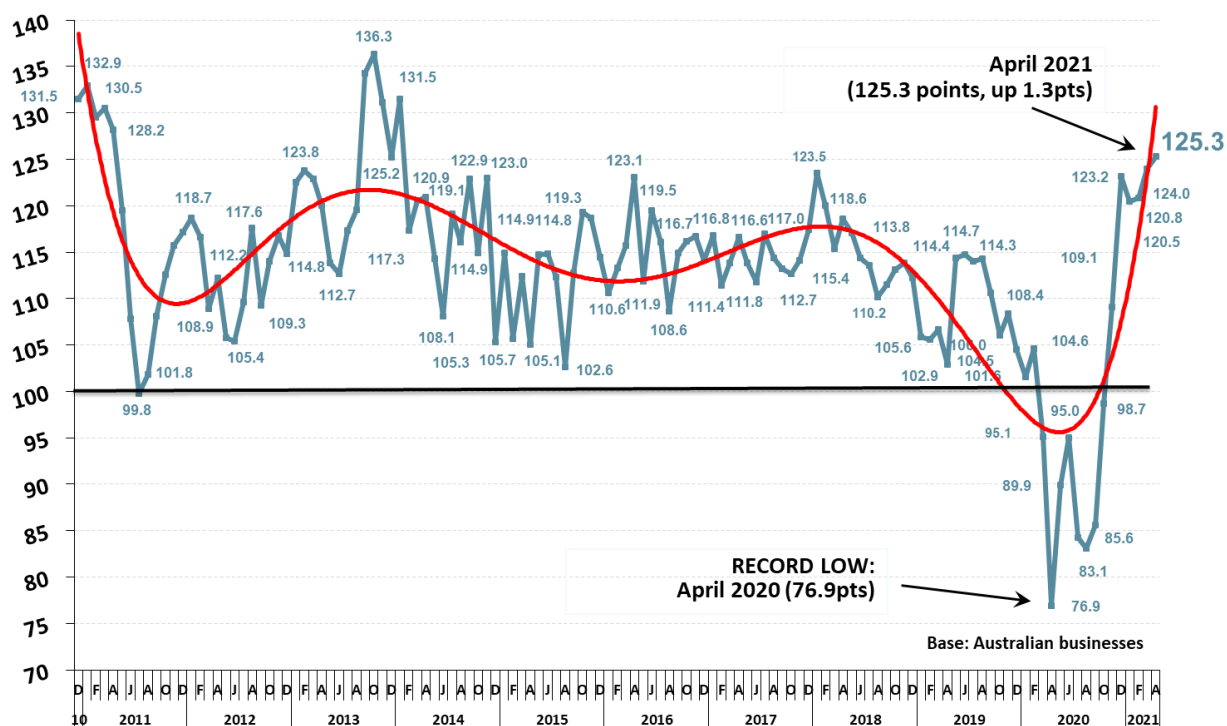
Business Confidence for April is now 12.6pts (+11.2%) above the latest [ANZ-Roy Morgan Consumer Confidence of 112.7 for May 1/2, 2021](#).

Business Confidence has had its best start to a year for a decade – since 2011

Business Confidence has now averaged 122.7 during the first four months of 2021, the best start to a year for the Index for a decade since 2011 – during the middle of the 'Mining Boom'.

During the first four months of 2011 Business Confidence averaged a record high 130.3. The ending of the \$90 billion JobKeeper wage subsidy scheme in March has not led to a fall in Business Confidence as many had feared would happen.

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Apr 2021. Average monthly sample over the last 12 months = 1,353.

Business Confidence highest in WA and Victoria and lagging in Tasmania pre-election

Business Confidence is significantly higher in all six Australian States than this time a year ago and Western Australia is again higher than anywhere else at 133.2, up 37.3pts (+38.9%) on April 2020.

Western Australians handed WA Premier Mark McGowan a record election victory in mid-March with McGowan's Labor Party winning nearly 70% of the two-party preferred vote compared to just over 30% for the Liberal Opposition. The nation-leading Business Confidence in WA comes despite the Greater Perth region enduring a short three-day lockdown over the recent ANZAC Day weekend.

Business Confidence in Victoria has also rebounded strongly and is up 47.7pts (+57.9%) from a year ago to 130.1. This is the highest Business Confidence in Victoria for over seven years since January 2014 when the rating was at 134.3.

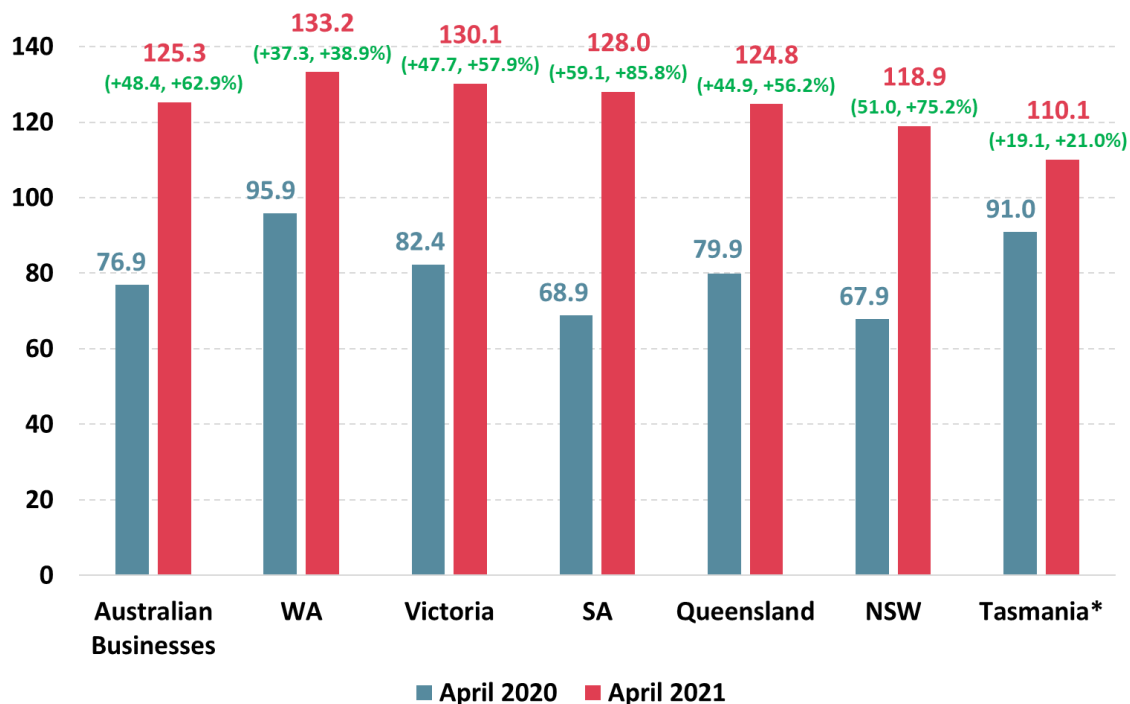
The biggest increase in Business Confidence over the last year is in South Australia which saw a massive increase of 59.1pts (+85.8%) to 128.0 in April 2021.

Slightly below the national average is Queensland on 124.8, up 44.9pts (+56.2%) on a year ago and now at its highest for three years since April 2018.

Business Confidence in NSW slipped slightly in April and is now at 118.9, but this still represents an increase of 51pts (+75.2%) on a year ago.

Lagging the other States is Tasmania, now with a Business Confidence of 110.1, an increase of 19.1pts (+21%) on a year ago. It is worth keeping in mind that Tasmania spent the month of April in political limbo as Premier Peter Gutwein called an early election for last weekend. 'Gutwein's gamble' paid off though with the Liberal Party re-elected to a historic third term in Government in the Apple Isle.

Business Confidence by State in April 2020 vs. April 2021



Source: Roy Morgan Business Single Source, April 2020, n=1,191, April 2021, n=1,320. **Base:** Australian businesses.

Note: *The figure for Tasmania is a comparison of Mar-Apr 2020 and Mar-Apr 2021.

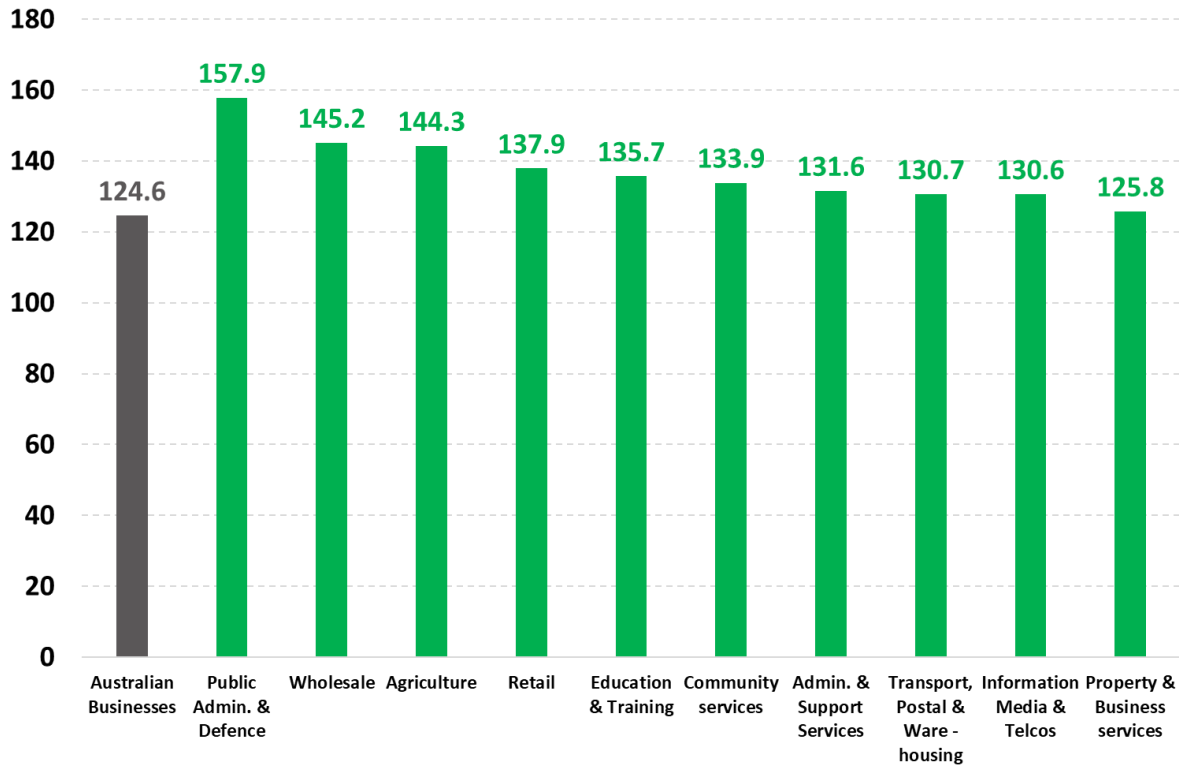
Top 10 industries led by Public Administration & Defence, Wholesale, Agriculture and Retail

Public Administration & Defence is clearly the most confident industry in March-April 2021 with a Business Confidence of 157.9, up a massive 51.9pts (+49.9%) on the same period a year ago. Following behind are Wholesale on 145.2 (up 65.3pts, +81.9%), Agriculture on 144.3 (up 52pts, +56.4%), Retail on 137.9 (up 64pts, +86.5%) and Education & Training on 135.7 (up 53.1pts, +64.3%).

Other industries with Business Confidence above the national average include Community Services on 133.9 (up 50.8pts, +61.1% on a year ago), Administrative & Support Services on 131.6 (up 36.6pts, +38.5%), Transport, Postal & Warehousing on 130.7 (up 23.1pts, +21.4%), Information, Media & Telecommunications on 130.6 (up 66.2pts, +102.6%) and Property & Business Services on 125.8 (up 32.6pts, +34.9%).

There are only two industries, Electricity, Gas & Water and the Mining industry, which are currently in negative territory with Business Confidence ratings below the neutral level of 100 in March-April 2021.

Business Confidence for Top 10 Industries in March-April 2021



Source: Roy Morgan Business Single Source, March & April 2021, n=2,076. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100 and above the national average.

A majority of businesses expect 'good times' for the economy over the next 12 months and five years and say the next 12 months is a 'good time to invest in growing the business'

- Businesses are very confident about the **Australian economy's performance over the next year** with nearly two-thirds, 65.0% (up 3.8ppts), expecting 'good times' for the Australian economy over the next year (**the highest figure for this indicator for over six years since September 2014**) while under a third, 32.4% (down 3.6ppts), expect 'bad times';
- In good news businesses are also confident about **the longer-term outlook** with 55.4% (down 0.1ppts) expecting 'good times' for the Australian economy over the next five years compared to 38.6% (up 1.7ppts) which expect 'bad times';
- In addition, an increasing majority of businesses, 59.5% (up 0.1ppts), said the next 12 months is a **'good time to invest in growing the business'**, while 31.2% (down 2ppts) said it will be a 'bad time to invest';
- Well over two-fifths of businesses, 43.2% (down 1.1ppts), said the business was 'better off' financially than this time a year ago while a third, 33.4% (up 1.3ppts), said the business is 'worse off';
- A majority of all businesses, 52.3% (down 0.3ppts), expect the business will be 'better off' financially this time next year, while only 13.4% (down 1.8ppts) expected the business to be 'worse off'.



Michele Levine, CEO of Roy Morgan, says Business Confidence increased to a new seven year high in April as businesses ‘shrugged off’ the end of the JobKeeper wage subsidy program:

“Business Confidence is at 125.3 in April, up a massive 48.4pts (+62.9%) on a year ago, when the first nation-wide lockdown began. One year ago Business Confidence hit a COVID-19 pandemic record low of only 76.9 in April 2020.

“Australian businesses are very confident about the next 12 months with nearly two-thirds, 65%, expecting ‘good times’ for the Australian economy over the next 12 months – the highest rating for this indicator since September 2014. In addition, a solid majority of 59.5% of businesses say the next 12 months is a ‘good time to invest in growing the business.’

“The worries that many held about how the Australian economy would deal with the end of the \$90 billion JobKeeper wage subsidy in March appear to have been over-stated with businesses at their most confident since the 2014 Federal Budget nearly seven years ago.

“That 2014 Federal Budget led to an immediate plunge in Business Confidence and Consumer Confidence and Treasurer Josh Frydenberg will be mindful of repeating the mistakes made by his predecessor Joe Hockey when he hands down his third Budget on Tuesday.

“Already the Federal Government has announced a \$1.7 billion increase in support for young families to help pay for childcare. This support will make it easier for working parents, and especially working mothers, to re-join the workforce after the birth of a new child.

“On a State-based level it is the post-election Western Australia which had the highest Business Confidence at 133.2. WA Premier Mark McGowan secured a record victory winning nearly 70% of the two-party preferred vote in mid-March and his re-election appears to have been welcomed by the West Australian business community – despite a recent lockdown over the ANZAC Day weekend.

“On an industry basis the most confident industries are again Public Administration & Defence (157.9), Wholesale (145.2), Agriculture (144.3) and Retail (137.9). Retailers have experienced a year of record sales although the ending of the Government’s JobKeeper wage subsidy and the reduction in the Jobseeker payment at the end of March likely spells the end of the sales boom.

“Although there are many positive signs for the Australian economy there are continuing concerns about the vibrancy of Australia’s Capital City CBDs. The latest [Roy Morgan UberMedia movement figures for the late April](#) show movement in the five major Capital City CBDs dropped sharply in late April and remains well below the average levels seen prior to the COVID-19 pandemic.”

The latest Roy Morgan Business Confidence results for April are based on 1,320 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 comments or more information please contact:

Michele Levine
CEO, Roy Morgan
Office: +61 (3) 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 5309 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

FOR IMMEDIATE RELEASE