

Discover your edge

Thursday, 25 February 2016

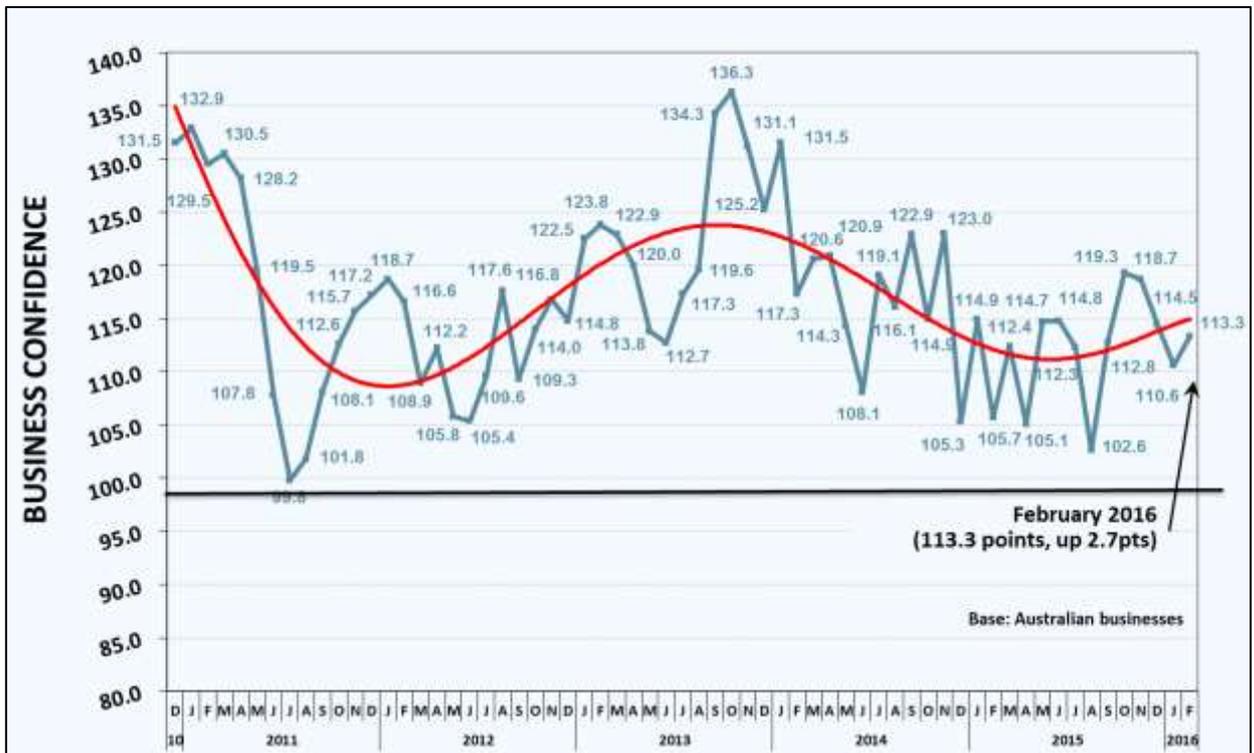
Australian Roy Morgan Business Confidence rises in February bringing a halt to three months of falls

Roy Morgan Research's Business Confidence rose 2.7pts in February (up 2.4% to 113.3) following a combined fall of 8.7pts (down 7.3%) over the past three months of November – January. The stabilisation in Business Confidence comes after sharp falls on the Australian share-market early in 2016 levelled off in February – the last two weeks (February 8-22, 2016) have been the best fortnight of the year for the All Ordinaries ending last week at 5,039.1 (up 4.6% or 222.5pts).

The testing economic environment early in 2016 is providing a challenge to the new team of Prime Minister Malcolm Turnbull and Treasurer Scott Morrison who must outline their proposed economic reforms, including substantial taxation reforms, even as difficult local and international conditions continue to impact strongly on Australian macro-economic indicators.

These figures are the results of 1,196 interviews with a cross section of businesses across Australia. The level of Business Confidence in February is clearly positive for the economy overall but below the five-year average (116.7) and the weakness of indicators related to the health of the Australian economy is a sign that confidence remains fragile and easily impacted by negative economic events.

Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source (Australia), December 2010-February 2016. Average monthly sample last 12 months = 997.

The uptick in Business Confidence in February has been supported by a firming ANZ-Roy Morgan Consumer Confidence which finished January at 111.2 (January 30/31) and has since increased for three successive weeks to 114.3 (February 20/21), up 3.1pts (up 2.8%). Although

FOR IMMEDIATE RELEASE

both surveys have now stabilised and increased marginally in February, uncertainty about the Federal Government's taxation reforms and their impact on a slowing Australian economy following the mining boom are now driving the confidence levels of consumers and businesses after both received significant boosts in September/October 2015 following the leadership change when Turnbull replaced former Prime Minister Tony Abbott.

The rise in Business Confidence in February was mainly due to increased confidence among businesses about their own performance and prospects. Now 44% (up 10.7%) of businesses expect the business to be better off over the next 12 months, while only 16.4% (down 5.2%) believe it will be worse off. In addition, there was increased confidence comparing the business' performance to a year ago. Now 36.1% (up 9.6%) think they are better off than a year ago, while 32.2% (down 0.7%) think they are not.

The downside in February is that businesses have less confidence about the performance of the Australian economy over the next year and next 5 years and on balance the attitude towards investing in the business over the next 12 months is little changed from January.

Norman Morris, Industry Communications Director, Roy Morgan Research says:

"The improvement in business confidence in February mirrors a clear uptrend in the ANZ-Roy Morgan Consumer Confidence Rating over the same period and reflects the stabilisation of sentiment seen in the Australian share-markets throughout the past few weeks. Despite falling this week, the All Ordinaries appears to have bottomed in early February and gently rebounded as concerns about slowing Chinese economic growth and the dropping prices of oil and other commodities receded.

"In recent weeks focus has returned primarily to the domestic economy with discussions about taxation reform designed to produce a more productive Australian economy. Business confidence in February was led higher by increases in the three south-eastern States of New South Wales, Victoria and Tasmania – all now above the national average. The biggest decline in confidence was in Queensland and there were also declines in the other more mining oriented States of Western Australia and South Australia. All three of these States are now below the national average.

"Looking at industry sectors shows confidence increasing strongly in manufacturing, finance, insurance and health care as the economy rebalances away from the mining boom. However, a third straight monthly decline in retail business confidence which follows the troubles for Dick Smith and Masters, and declines in confidence for wholesale trade, agriculture, forestry and fishing and also the construction industry show that there will be winners and losers throughout the economy as the re-balancing continues."

For comments or more information please contact:

Norman Morris

Industry Communications Director

Office: +61 (3) 9224 5172

Mobile: 0402 014 474

Norman.Morris@roymorgan.com

Related research findings

[Click here](#) to purchase the **Business Confidence – Monthly Detailed Report** in Australia.

[Click here](#) to purchase the **Consumer Confidence – Monthly Detailed Report** in Australia.

[Click here](#) to purchase the **Consumer Banking Satisfaction Monthly Report** in Australia.

About Roy Morgan Research Consumer Single Source

Roy Morgan Single Source is based on over 50,000 interviews each year and has been designed and engineered to represent the ideal source model. It provides an integrated understanding of consumers; what they are like, what they consume, what they buy, what they think, what they want, what they watch, read and listen to. The overriding benefit of Roy Morgan Single Source is the strategic insights it offers in the ability to link many aspects. Not only can an organization's profitable customers be delineated by what they think, do, watch, but so can non customers. Hence brand positioning, product differentiation, merchandising, efficient media planning, market expansion and line extension opportunities can all be considered in the light of the correct understanding of the marketplace.

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in 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%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2