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Monday, 11 July 2016

Business Confidence surges in June – up 6.8% to 119.5 prior to Federal Election

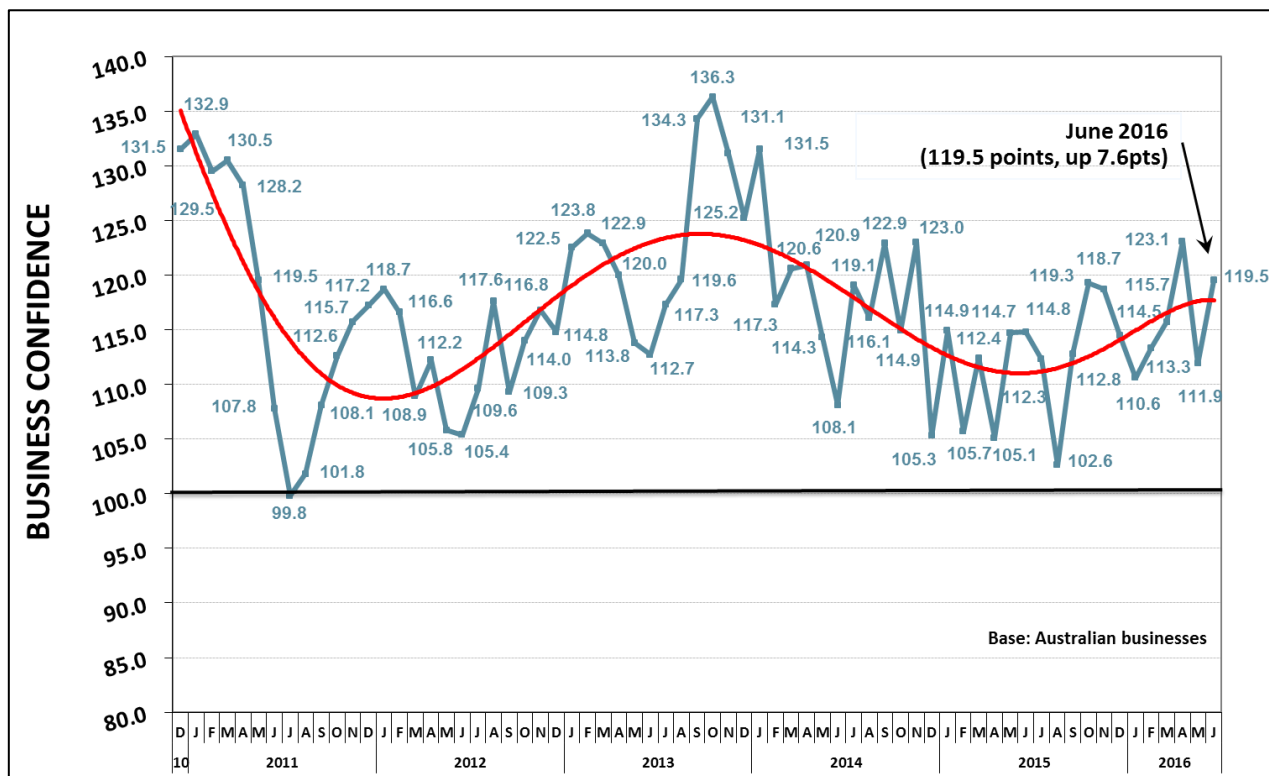
Roy Morgan Research's Business Confidence jumped 6.8% to 119.5 in June. The rise in Business Confidence comes despite a downward trend on the Australian share-market in June – the All Ordinaries closed at the end of June at 5,310.40 (down 2.5% (or 137.4pts) from May 31, 2016).

However, the large rise in Business Confidence in June was likely more tied to the perception in the closing weeks of the Federal Election campaign that the Coalition would retain Government with a narrow victory – which turned out to be correct - despite a week of uncertainty following the Federal Election.

The increased level of Roy Morgan Business Confidence in June is now back above the 5yr average (116.7).

The strongest indicators in June relate to the upcoming year and the next 5 years which suggests the business community are confident a Coalition victory will turn out to be a better result for Australian businesses than the alternative. Net expectations of business performance over the next 12 months have risen to 28.7pts (up 8.1pts in June) and net views of whether the next 12 months will be a 'good/bad time to invest' are now 23.1pts (up 11pts in June). Roy Morgan Business Confidence results are based on 1,044 interviews with a cross section of businesses across Australia.

Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source (Australia), December 2010-June 2016. Average monthly sample last 12 months = 1,012.

FOR IMMEDIATE RELEASE

The large rise in Business Confidence in June was mainly due to increased confidence about the year ahead. Now 43.4% (up 4.8ppts) of businesses say they expect business to be better off financially than they are now while 14.7% (down 3.3ppts) believe they will be worse off. In addition 57.2% (up 6ppts) say the next 12 months is a good time to invest in growing the business while 34.1% (down 5ppts) say it is a bad time.

With Business Confidence rising substantially in June, ANZ-Roy Morgan Consumer Confidence has been strong over the past month and is now at 115.8 (July 2/3, 2016), up 2.6pts from just over a month ago on May 28/29, 2016 (113.2).

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

“Business Confidence rose significantly in June to 119.5 – up 7.6pts (up 6.8%) – as all the signs pointed to a narrow Coalition victory as the long Federal Election campaign drew to an end. As it turns out, the Coalition victory was much closer than expected and Business Confidence in July may ‘take a hit’ – especially given the increased size of the crossbench in the Senate.

“All businesses will have their eyes on the Coalition’s promised corporate tax cuts – reducing the corporate tax rate for large businesses to 25% (from the current 30%) over the next decade. The Coalition’s election victory means this policy is still on the agenda and the prospect of tax cuts over the next few years should continue to support Business Confidence. Investment certainty is crucial for larger businesses undertaking major projects with substantial investment expenditure.

“Looking at the States shows Business Confidence in June was driven higher by increases in the eastern States of New South Wales, Victoria, Queensland and Tasmania – where it remains the highest in the nation. In contrast, Business Confidence declined slightly in the resource intensive States of South Australia and Western Australia.

“However, the prospects for South Australia are looking up with the SA focused Nick Xenophon Team (NXT) holding the balance of the power in the Senate and already advocating for policies favourable to SA. The SA economy faces a challenging 18 months given the troubles surrounding steel manufacturer Arrium, currently in administration, and the impending closure of the Australian automotive industry over the next 18 months.”

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