

Tuesday, 3 August 2021

Roy Morgan Business Confidence plunges by 11.1pts (-8.7%) to 117.2 after Sydney, Melbourne and Adelaide placed in lockdowns

This month, July 2021, Roy Morgan Business Confidence plunged 11.1pts (-8.7%) to 117.2. Despite the fall Business Confidence is a massive 32.9pts (+39%) higher than a year ago in July 2020 (84.3).

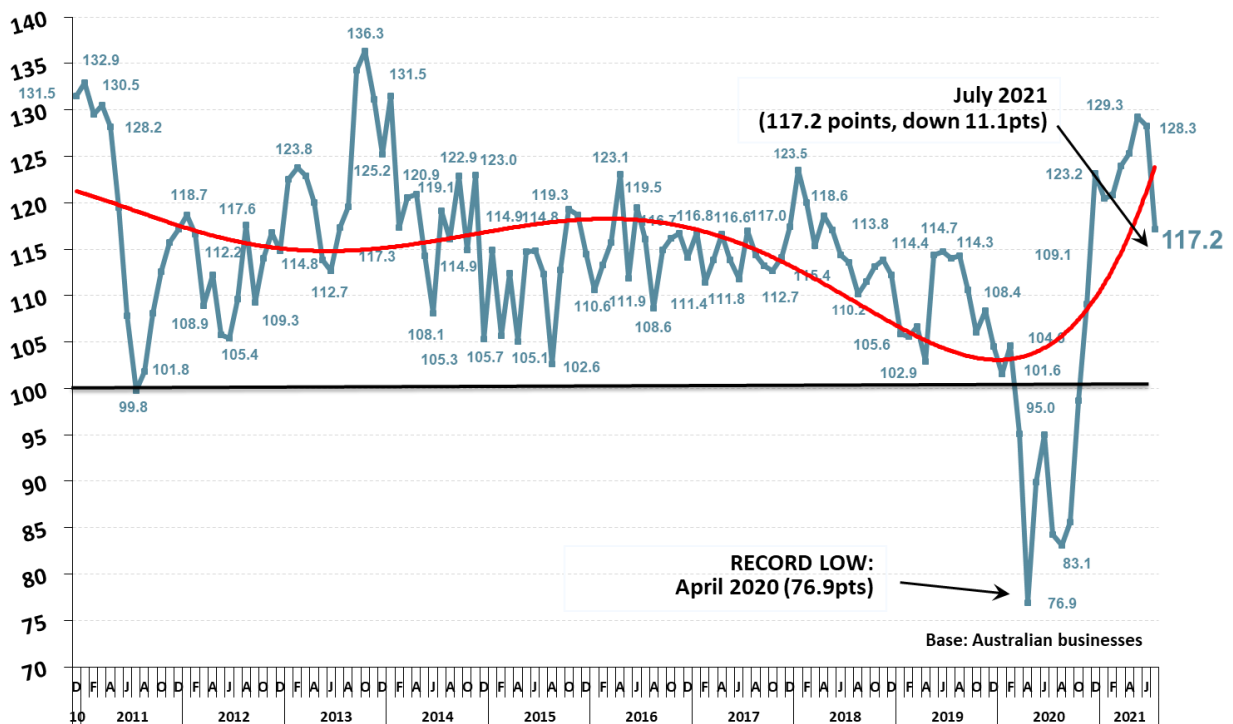
Business Confidence in July 2021 was 3.3pts above the long-term average of 113.9 with nearly three-fifths of businesses, 59.9%, still expecting 'good times' for the Australian economy over the next 12 months and a bare majority of 52.3% saying the next 12 months is a 'good time to invest in growing the business'.

Business Confidence for July was 15.4pts (+15.1%) above the latest [ANZ-Roy Morgan Consumer Confidence of 101.8 for July 31/ August 1, 2021](#).

Business Confidence still above average despite current lockdowns

Despite the sharp fall in July, Business Confidence has now averaged 123.6 during the first seven months of 2021, the best ever start to a year for the Index. The reading of 117.2 for July is also the highest level of Business Confidence in the mid-Winter month for seven years since July 2014 (119.1).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-July 2021. Average monthly sample over the last 12 months = 1,321.

Business Confidence in July 2021 was highest in SA & WA but well below the national average in NSW as the State spent the entire month of July in lockdown

Business Confidence in July was higher in all six Australian States than this time a year ago but there was a substantial divergence between NSW, which had Business Confidence over 10% lower than the national average, and every other State which was above the national average.

FOR IMMEDIATE RELEASE

The lockdown of Greater Sydney, which began on Saturday June 26 and has been extended until at least the end of August, is having a big impact on Business Confidence in NSW which was at 105.3 in July. This was down 31.8pts (-23.2%) from June 2021 but the measure is still up 10.7pts (+11.3%) on a year ago.

At the other end of the scale Business Confidence was highest in South Australia at 134.3, up a massive 74.2pts (+123.7%) on a year ago. In addition, Business Confidence in South Australia increased in July compared to a month ago despite the State experiencing a one-week lockdown in late July.

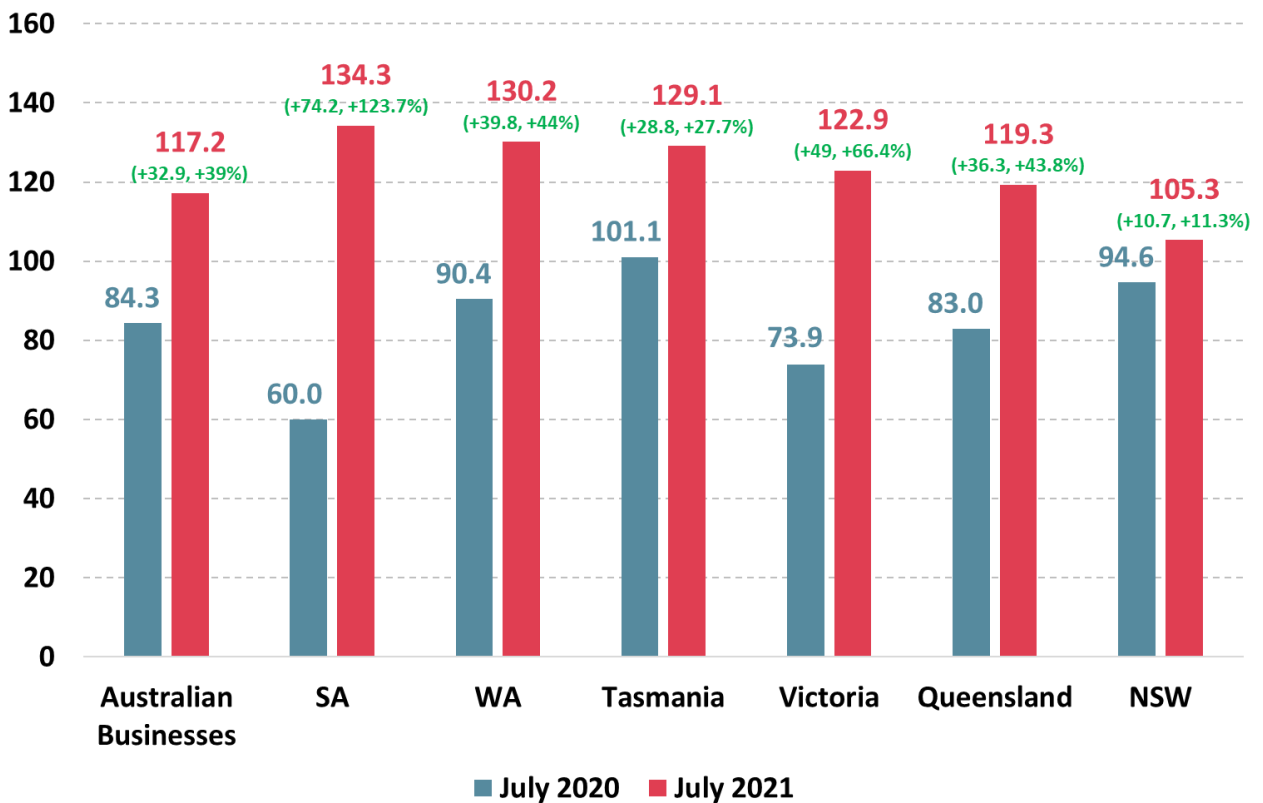
Just behind in second place was Western Australia with Business Confidence of 130.2 in July, a large increase of 39.8pts (+44%) on a year ago. However, Business Confidence in WA was down from June after Greater Perth spent the first few days of July in lockdown.

Also above the national average is Tasmania with Business Confidence of 129.1 in July, up 28.8pts (+27.7%) on a year ago and Victoria on 122.9, up a large 49pts (+66.4%) on a year ago when the State was battling a devastating second wave of COVID-19. Business Confidence in Victoria also increased by 10.1pts (+9%) from June 2021 after the State emerged from a two-week lockdown in mid-June.

Queensland has dealt with a low-level of COVID-19 spread and ongoing restrictions, including mandatory mask-wearing during the month of July. Business Confidence in the State is now just above the national average at 119.3, an increase of 36.3pts (+43.8%) on a year ago although down slightly from June 2021.

More concerningly, Greater Brisbane has now been plunged into a fifth lockdown and the first to extend to over a week since the nation-wide lockdown in early 2020 to deal with an outbreak of the 'Delta variant'. The new lockdown in Brisbane threatens to provide a further handbrake to growth in the months ahead.

Business Confidence by State in July 2020 vs. July 2021



Source: Roy Morgan Business Single Source, July 2020, n=1,380, July 2021, n=1,341. **Base:** Australian businesses.

Wholesale, Public Administration & Defence, Information Media & Telecommunications, Agriculture and Property & Business Services are the most confident industries

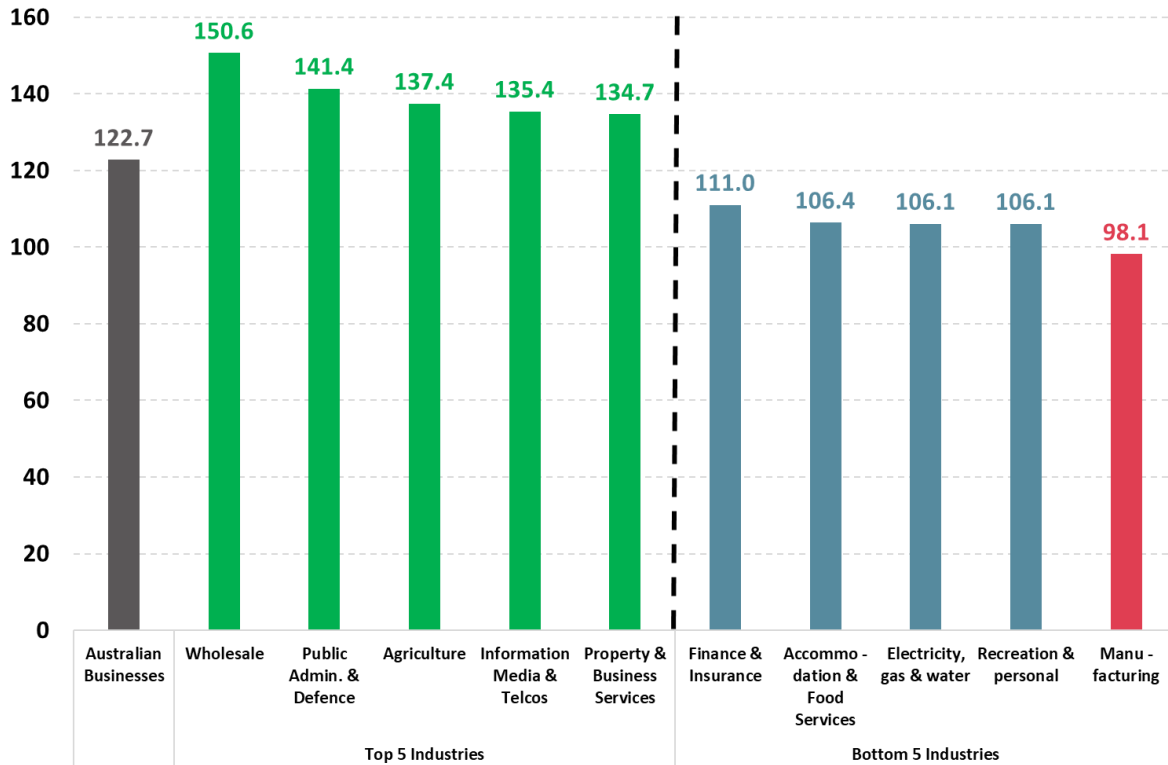
Wholesale is clearly the most confident industry in June-July 2021 with a Business Confidence of 150.6, up a massive 52.9pts (+54.1%) on the same period a year ago.

Following behind are Public Administration & Defence on 141.4 (up 31.7pts, +28.9%), Agriculture on 137.4 (up 34.9pts, +34%), Information Media & Telecommunications on 135.4 (up 39.8pts, +41.7%), Property & Business Services on 134.7 (up 44.8pts, +49.8%) and Education & Training on 128.5 (up 34.4pts, +36.5%).

Of the five industries with the lowest Business Confidence only Manufacturing has a Business Confidence below the neutral level of 100 at 98.1 which is still an increase of 8.2pts (+9.1%) on a year ago.

The other four industries with the lowest Business Confidence are nevertheless still in positive territory including Finance & Insurance on 111.0, an increase of 38.3pts (+52.8%) on a year ago, Accommodation & Food Services on 106.4, up 0.4pts (+0.4%), Electricity, gas & water on 106.1, up 27.1pts (+34.3%) and Recreation & Personal on 106.1, up 42.8pts (+67.7%).

Business Confidence for Top 5 & Bottom 5 industries in June-July 2021



Source: Roy Morgan Business Single Source, May-June 2021, n=2,684. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100 and above the national average, blue bars represent Business Confidence in positive territory above 100 but below the national average and red bars represent Business Confidence well below the national average and below the neutral level of 100.

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

- Businesses remain very confident about the **Australian economy's performance over the next year** with three-fifths, 59.9% (down 4.9ppts), expecting 'good times' for the Australian economy over the next year while 37.5% (up 5.6ppts), expect 'bad times' (**the highest figure for this indicator for eight months since November 2020**);
- Businesses are also confident about **the longer-term outlook** with 52.2% (down 5.5ppts) expecting 'good times' for the Australian economy over the next five years compared to 42.1% (up 6ppts) which expect 'bad times' (**the highest figure for this indicator for eight months since November 2020**);
- In addition, a majority of businesses, 52.3% (down 6.1ppts), said the next 12 months is a **'good time to invest in growing the business'** (**the lowest figure for this indicator for ten months since September 2020**), while 38.0% (up 6.1ppts) said it will be a 'bad time to invest';
- A plurality of businesses, 43.5% (down 6.4ppts), said the business was 'better off' financially than this time a year ago while nearly a third, 30.5% (up 4.6ppts), said the business is 'worse off';
- Almost half of all businesses, 46.6% (down 1.6ppts), expect the business will be 'better off' financially this time next year, while around a fifth, 20.3% (up 8.3ppts) expected the business to be 'worse off' (**the highest figure for this indicator for ten months since September 2020**) during the middle of Victoria's four-month long second lockdown.



Michele Levine, CEO of Roy Morgan, says Business Confidence suffered its first major setback of 2021 in July as Australia's largest city of Sydney spent the entire month in a lockdown which is set to continue for at least another month:

"Business Confidence plunged 11.1pts (-8.7%) to 117.2 in July, its biggest monthly drop since April 2020 at the start of the COVID-19 pandemic, as all five main Capital Cities were put into lockdown at some stage during July and the largest city of Sydney spent the entire month in lockdown.

"At the start of July Sydney, Brisbane and Perth were all in lockdown and although the two smaller cities soon exited, Greater Sydney has remained in lockdown ever since with new cases of COVID-19 still on an upward trend a month later.

"Later in July both Melbourne and Adelaide were placed into lockdowns lasting at least a week although both soon exited with the spread of COVID-19 suppressed. In a further blow to businesses Greater Brisbane was placed into its fifth lockdown of the pandemic over the weekend and is set to remain there for at least a week.

"The big driver of the monthly fall in Business Confidence was New South Wales, with the indicator falling 31.8pts (-23.2%) to 105.3 in the State during July. NSW is now the only State with a below average Business Confidence as the Sydney region battles its largest outbreak of COVID-19 since the pandemic began.

"There is at least more certainty this week about what vaccination targets Australia needs to reach to avoid future lockdowns – although we are a long way from reaching those targets at present. The [National Cabinet agreed that 80% of Australia's adults must be fully vaccinated](#) to move past the reliance on lockdowns as a way to stop the spread of COVID-19.

"At present over [12.3 million vaccine doses have been administered in Australia](#) with 80% of Australians aged 70+, 65% of Australians aged 50+ and over 40% of Australians adults receiving at least one vaccine dose. However, only 19% of Australian adults are fully vaccinated.

"To reach the target of 80% of adults fully vaccinated requires around 33 million vaccine doses to be administered which means Australia is just over a third of the way there. At a rate of 1 million vaccine doses a week being administered Australia should be fully vaccinated by the end of the year.

"This timeline means that with the highly contagious Delta variant there are likely to be several more lockdowns of major Australian cities over the next five months. This outlook creates a challenging environment for businesses which rely on certainty to plan for future events and is likely to temper Business Confidence during this period until a large majority of Australians are fully vaccinated.

"In June-July the most confident industries were Wholesale, Public Administration & Defence, Agriculture, Information Media & Telecommunications and Property & Business Services – all of which had Business Confidence well above 130 and have been consistently near the top of the index over the last few months and throughout the pandemic."

The latest Roy Morgan Business Confidence results for July are based on 1,341 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 79 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