

Tuesday, 29 June 2021

## Roy Morgan Business Confidence down only slightly in June to 128.3; but new COVID-19 restrictions a clear threat to the recovery

This month, June 2021, Roy Morgan Business Confidence is down 1pt (-0.8%) to 128.3. Despite the fall Business Confidence is a massive 33.3pts (+35.1%) higher than a year ago in June 2020 (95.0). The Business Confidence result for June is based on interviewing conducted before the Sydney-wide lockdown and the latest restrictions introduced in several States announced over the weekend.

Business Confidence in June 2021 was 14.4pts above the long-term average of 113.9 with nearly two-thirds of businesses, 64.8%, expecting 'good times' for the Australian economy over the next 12 months and a clear majority of 58.4% saying the next 12 months is a 'good time to invest in growing the business'.

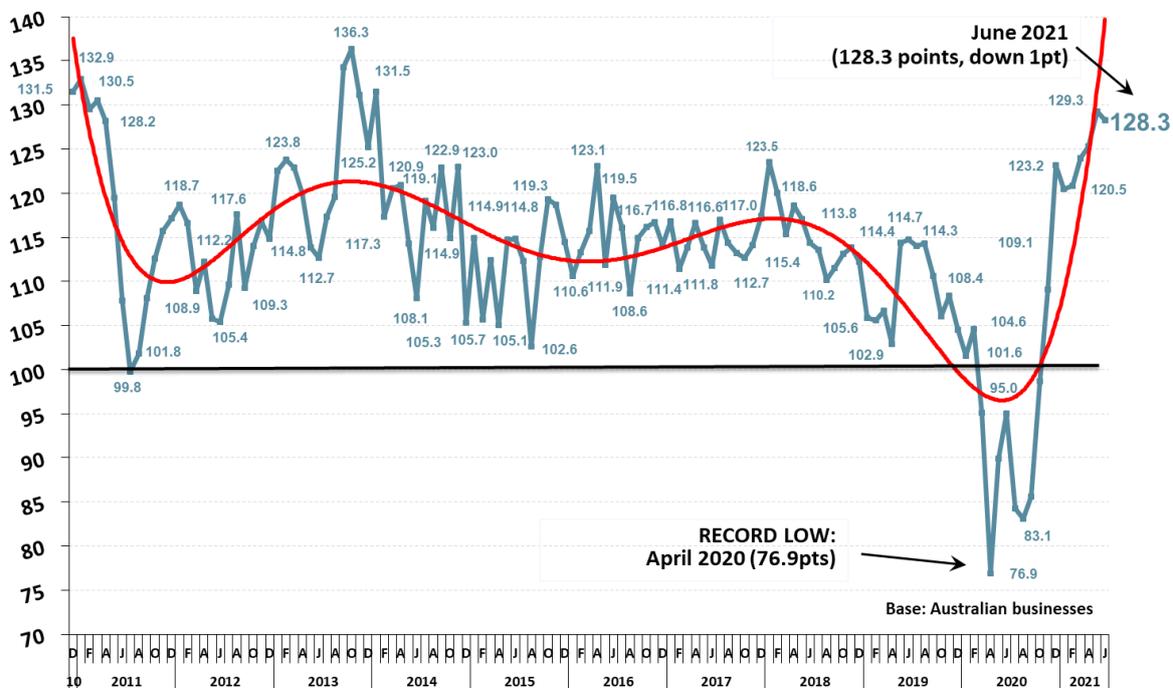
Business Confidence for June was 16.1pts (+14.3%) above the latest [ANZ-Roy Morgan Consumer Confidence of 112.2 for June 26/27, 2021](#).

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

Business Confidence has now averaged 124.7 during the first six months of 2021, the best start to a year for the Index for a decade since 2011. The index also averaged 124.7 in the first half of 2011 during the middle of the 'Mining Boom'.

This is the first time in the history of the index that Business Confidence has been above 120 for seven consecutive months from December 2020 – June 2021.

### Roy Morgan Monthly Business Confidence -- Australia



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

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**Business Confidence in June 2021 was highest in WA and increased strongly in Tasmania after a decisive election win, but dropped in Victoria as the State endured a lockdown**

Business Confidence was significantly higher in all six Australian States than this time a year ago and WA was again higher than anywhere else at 142.6, up 32.1pts (+29.0%) on June 2020. WA has now had the highest Business Confidence of any State for four straight months although interviewing was completed before the introduction of new restrictions in Perth introduced over the weekend.

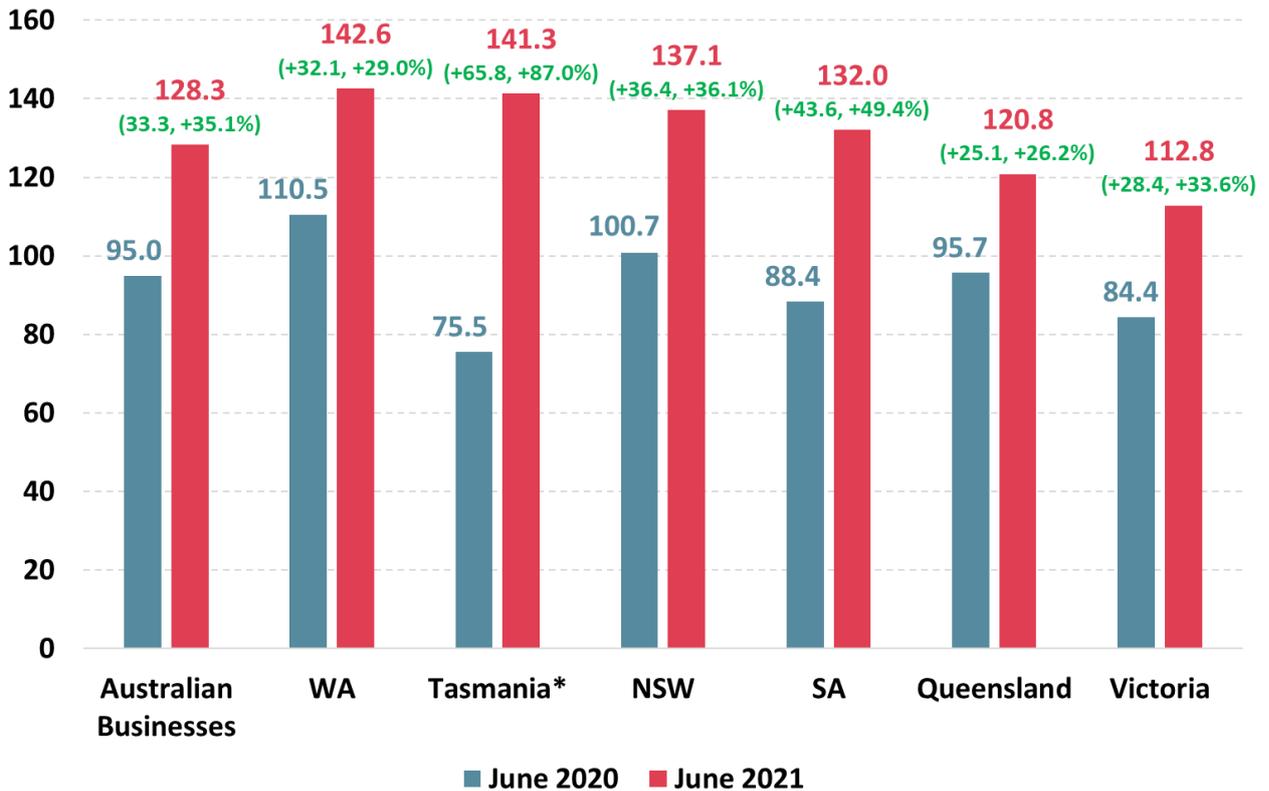
Tasmania is now flying high with Business Confidence of 141.3 in May/June 2021, an increase of 65.8pts (+87.0%) on a year ago. Tasmanian Business Confidence has been boosted by the decisive election victory of the Tasmanian Liberals who secured a record third straight election victory in early May.

In June 2021 Business Confidence was also above average in both NSW at 137.1, an increase of 36.4pts (+36.1%) on a year ago and South Australia at 132.0, up 43.6pts (+49.4%) on June 2020.

The Greater Sydney lockdown announced on the weekend will clearly negatively impact Business Confidence in NSW and particularly if it continues for longer than the initial two-week period.

Lagging below the national average, although still far up on a year ago, were Queensland on 120.8, an increase of 25.1pts (+26.2%) and Victoria on 112.8, up 28.4pts (+33.6%) on June 2020. Victorian Business Confidence dropped by 15.8pts in June as the State confronted a new outbreak of cases and went into a two-week lockdown in early June which proved successful in preventing a larger outbreak.

**Business Confidence by State in June 2020 vs. June 2021**



**Source:** Roy Morgan Business Single Source, June 2020, n=1,366, June 2021, n=1,343. **Base:** Australian businesses. **Note:** \*The figure for Tasmania is a comparison of May-June 2020 and May-June 2021.

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

Public Administration & Defence is clearly the most confident industry in May-June 2021 with a Business Confidence of 166.3, up a massive 46.3pts (+38.5%) on the same period a year ago.

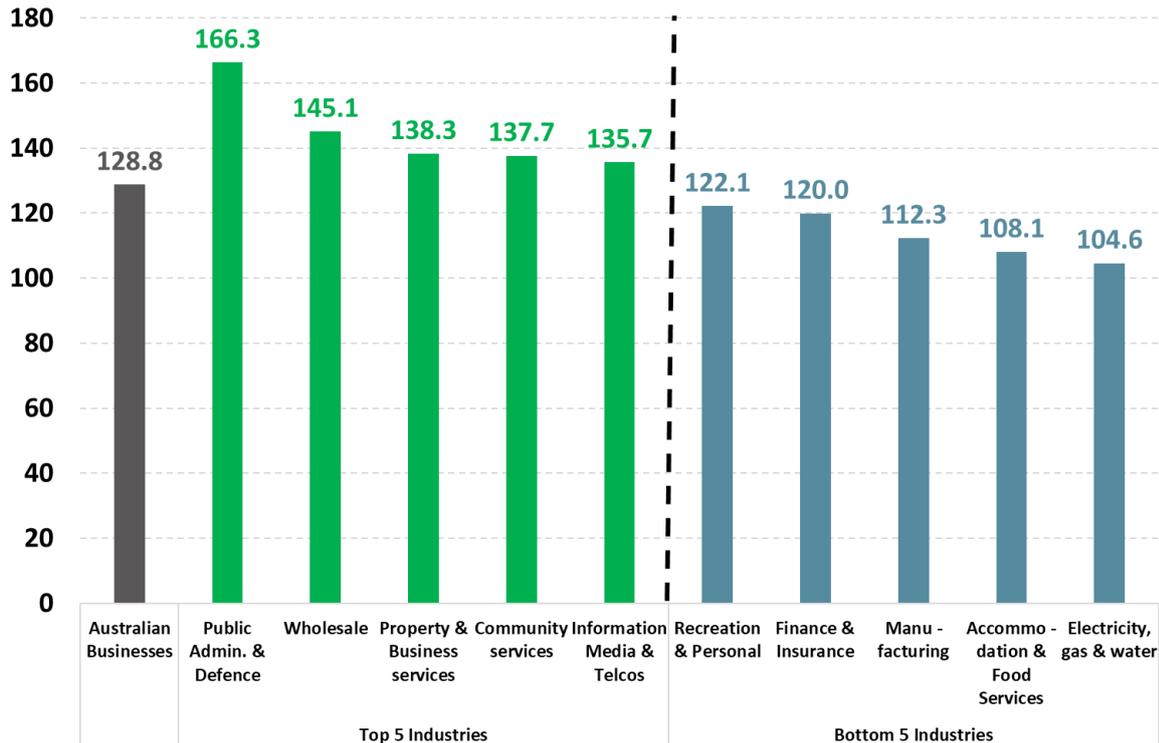
Following behind are Wholesale on 145.1 (up 43.5pts, +42.8%), Property & Business Services on 138.3 (up 34.8pts, +33.6%), Community Services on 137.7 (up 44.3pts, +47.4%) and Information Media & Telecommunications on 135.7 (up 39.5pts, +41.1%) which are all well above average.

Despite being the five industries with the lowest Business Confidence, all five now have a positive rating above 100 including Recreation & Personal on 122.1, up a massive 59.6pts (+95.3%) on a year ago – the largest percentage increase of any industries.

Many of the Recreation & Personal businesses such as personal training and hairdressing were heavily impacted by lockdowns and social distancing during 2020. This is the highest Business Confidence the industry has seen for three years since early 2018.

Other industries with lower than average Business Confidence include Finance & Insurance on 120.0, up 49.1pts (+69.3%) on a year ago, Manufacturing on 112.3, up 13.5pts (+13.6%), Accommodation & Food Services on 108.1, up 8.9pts (+9.0%) and Electricity, gas & water on 104.6, up 16.7pts (+25.8%).

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



**Source:** Roy Morgan Business Single Source, May-June 2021, n=2,731. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100 and above the national average and blue bars represent Business Confidence in positive territory above 100 but below the national average.

### Nearly two-thirds of businesses expect 'good times' for the economy over the next 12 months and a clear majority 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, 64.8% (down 4.4ppts), expecting 'good times' for the Australian economy over the next year while only 31.9% (up 3.8ppts), expect 'bad times';
- In good news businesses are also confident about **the longer-term outlook** with 57.7% (up 1.5ppts) expecting 'good times' for the Australian economy over the next five years (**the highest figure for this indicator for five years since June 2016**) compared to 36.3% (down 2.3ppts) which expect 'bad times';
- In addition, a clear majority of businesses, 58.4% (down 0.4ppts), said the next 12 months is a '**good time to invest in growing the business**', while only 31.9% (down 1.5ppts) said it will be a 'bad time to invest';
- Half of all businesses, 49.9% (up 1.6ppts), said the business was 'better off' financially than this time a year ago (**the highest figure for this indicator for over three years since April 2018**) while around a quarter, 25.9% (down 3ppts), said the business is 'worse off' (**a record low for this indicator**);
- Almost half of all businesses, 48.2% (down 4.1ppts), expect the business will be 'better off' financially this time next year, while just 12.0% (up 0.1ppts) expected the business to be 'worse off'.



**Michele Levine, CEO of Roy Morgan, says Business Confidence largely held its ground in June despite a two-week Victorian lockdown although the new COVID-19 outbreak in Sydney and concerns about the national spread of the virus threaten the index over the next few weeks:**

*“Business Confidence was at 128.3 in June, down only 1pt from a seven-year high of 129.3 reached in May and the index is up a massive 33.3pts (+35.1%) on June 2020 (95.0). Interviewing for the survey was conducted prior to the fast-moving events of the weekend in which Greater Sydney entered a two-week lockdown and several States toughened restrictions.*

*“The lockdown of over 5 million people in Greater Sydney is the first city-wide lockdown of the city in over a year and along with the restrictions introduced in other States threatens to provide a significant hit to Business Confidence and the recovery in the period ahead.*

*“The new ‘Delta strain’ of COVID-19 is estimated to be almost twice as infectious as the initial COVID-19 virus and has proved too contagious for the NSW contact tracers to contain. The NSW contact tracers had managed to deal successfully with two major outbreaks over the last year without resorting to lockdowns but the new variant has proved too infectious to handle in the same way.*

*“However, the (relatively) good news is that the recent two-week Victorian lockdown, which ended on Friday June 11, did not provide a lasting negative impact to Business Confidence although the measure did decline in Victoria to 112.8 in June – lower than any other State.*

*“Elsewhere around Australia Business Confidence continues to ‘fly high’ and is especially high in Western Australia at 142.6 and Tasmania at 141.3. The Governments in both States were recently re-elected in historic election victories and the public’s vote of confidence in their handling of the pandemic is not only paying off at the ballot box but also giving confidence to local businesses.*

*“In May-June the most confident industries were Public Administration & Defence, Wholesale, Property & Business Services, Community Services and Information Media & Telecommunications – all of which had Business Confidence above 135 and have been consistently near the top of the index over the last few months and throughout the pandemic.*

*“The industries with Business Confidence well below average include Manufacturing (112.3), Electricity, gas & water (104.6) and Accommodation & Food Services (108.1). The troubles faced by businesses reliant on travel, tourism and hospitality have been well-documented with snap lockdowns and border closures. The latest outbreak is again playing havoc with travel plans and has forced many restaurants, cafes and bars in Sydney to close at short notice.*

*“The truth is that the only way Australia moves beyond these measures is when a large proportion, approaching 80% of Australian adults, are fully vaccinated against COVID-19. Given Australia’s population includes about 20 million aged 18+ this means about 16 million Australians need to receive two vaccine doses – a total of 32 million vaccine doses.*

*“[The latest Health Department figures show about 7 million vaccine doses have been delivered](#) – there is a long way to go to reach the threshold of 80% of Australian adults being fully vaccinated.”*

The latest Roy Morgan Business Confidence results for June are based on 1,343 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:**

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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).

**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

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