

Tuesday, 2 March 2021

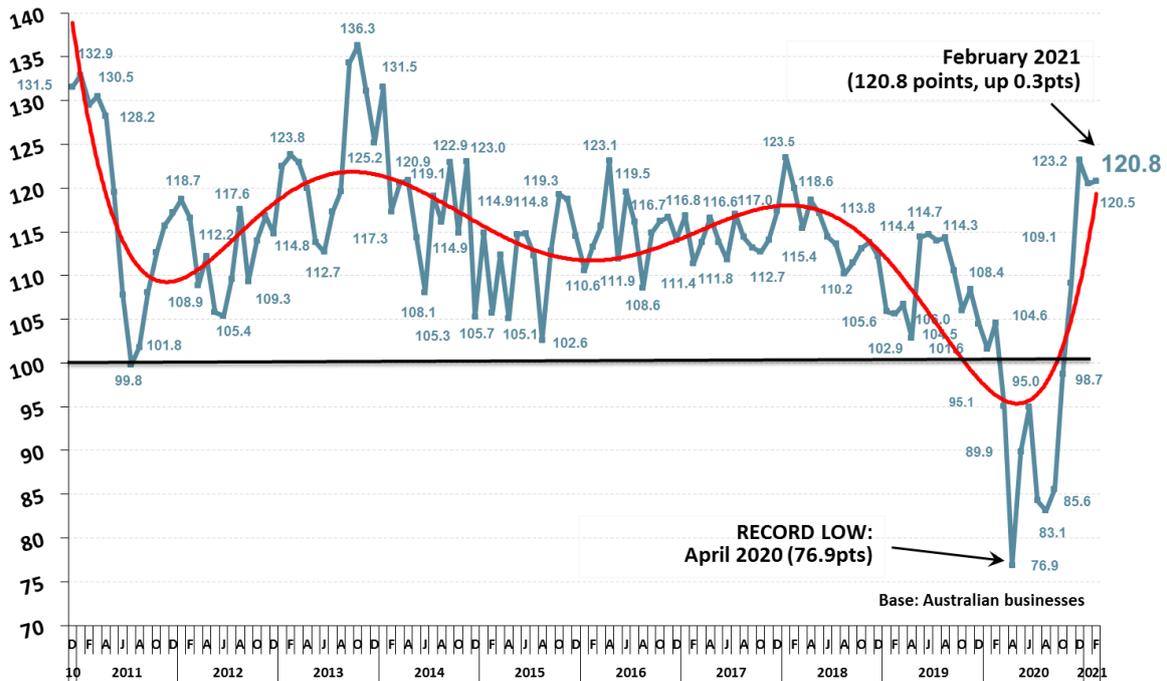
## Roy Morgan Business Confidence up 0.3pts to 120.8 in February – Majority of businesses say the next 12 months is a ‘good time to invest’

In February 2021 Roy Morgan Business Confidence increased 0.3pts (+0.2%) to 120.8. Business Confidence has now averaged 121.5 over the last three months, its highest three-month average since January – March 2014 (123.1). Business Confidence is now 7.3pts above the long-term average of 113.5.

The good news is that an increasing majority of 55.5% of businesses said the next 12 months is a ‘good time to invest in growing the business’ and even more, 60.6%, expect ‘good times’ for the Australian economy over the next 12 months.

Business Confidence is now 16.2pts higher than it was a year ago at 104.6 in February 2020. Business Confidence for February is now clearly above the latest [ANZ-Roy Morgan Consumer Confidence of 109.2 for February 20/21, 2021](#).

### Roy Morgan Monthly Business Confidence -- Australia



**Source:** Roy Morgan Business Single Source, Dec 2010-Feb 2021. Average monthly sample over the last 12 months = 1,306.

### Business Confidence is over 15% higher than a year ago in February 2020

Business Confidence has averaged 121.5 during the last three months and at 120.8 in February is a substantial 16.2pts (+15.5%) higher than the same month a year ago in February 2020 (104.6).

A year ago we were in the early stages of the COVID-19 pandemic with air travel from China banned at the start of February and worries mounting about the impact the virus would have on the Australian economy which had just endured a summer of devastating bushfires.

Business Confidence is significantly higher in all six Australian States than this time last year and highest in South Australia at 131.4, an increase of 21.2pts (+19.3%) on the same month a year ago.

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Business Confidence is also riding high and well above the national average in New South Wales at 129.5, up 18.1pts (+16.2%) on a year ago.

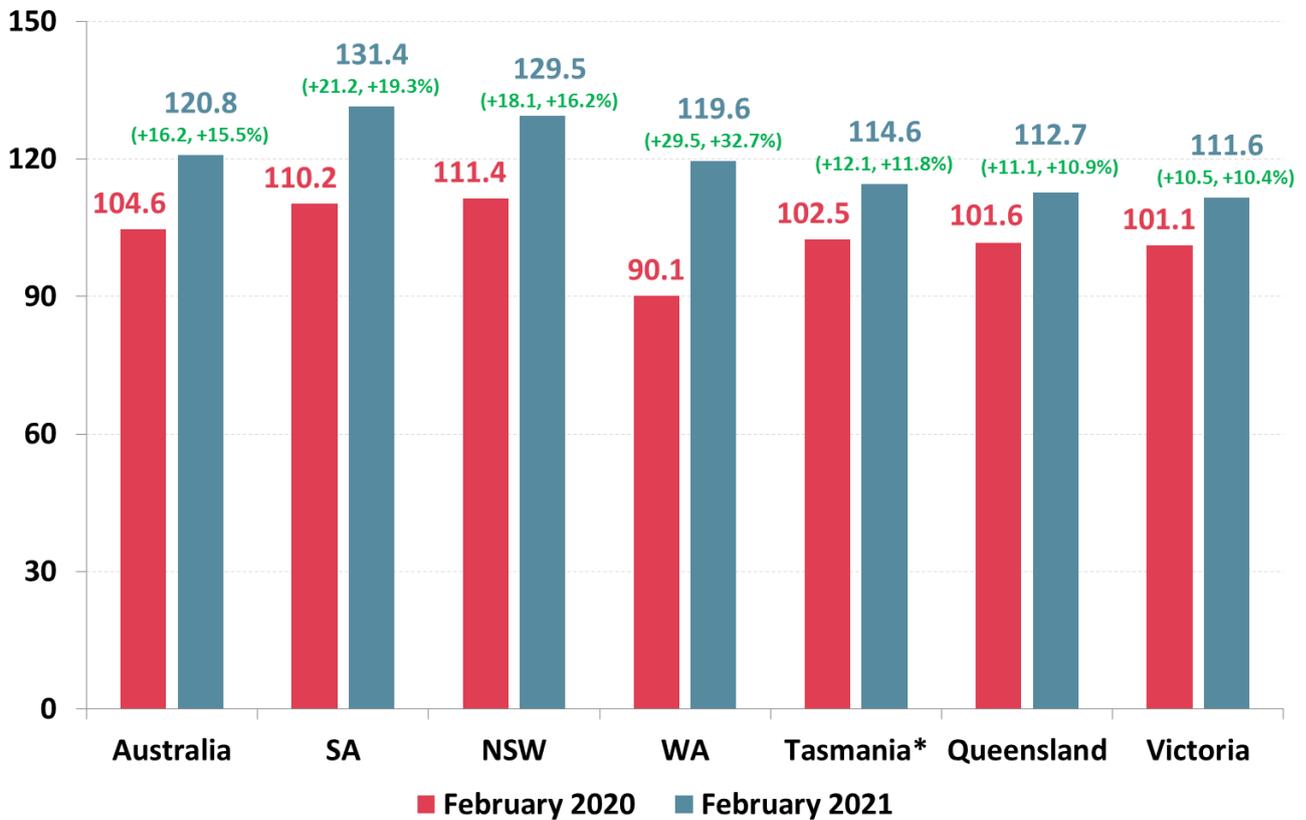
The biggest increase in Business Confidence over the last year has been in Western Australia with an increase of 29.5pts (+32.7%) to 119.6 – and just below the national average of 120.8.

There are three States in which Business Confidence has not increased as much and is now marginally below the national average in Tasmania and lowest of all in Queensland and Victoria.

Business Confidence in Queensland is now at 112.7, an increase of 11.1pts (+10.9%) on a year ago and is at 111.6 in Victoria, up 10.5pts (+10.4%) on February 2020.

Businesses in Victoria have had a tougher year than elsewhere with a long second lockdown and three lockdowns in the last year. The figures for JobKeeper in the December quarter 2020 show 626,000 Victorians were receiving the wage subsidy, more than any other State and equivalent to 18% of all Victorian employees.

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



**Source:** Roy Morgan Business Single Source, February 2020, n=991, February 2021, n=1,237. **Base:** Australian businesses. \*The figure for Tasmania is a comparison of Dec 2020 – Feb 2021 and Dec 2019 – Feb 2020.

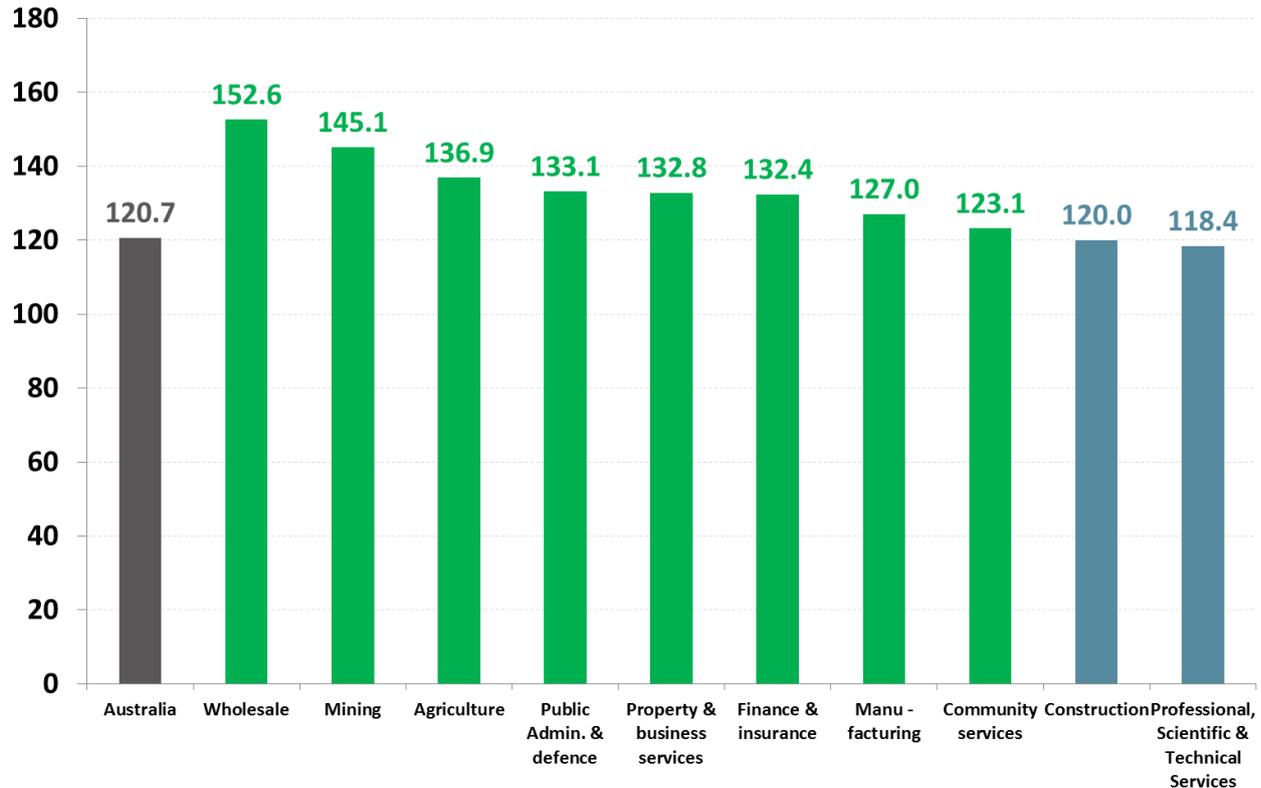
**Wholesale, Mining and Agriculture are the most confident industries to start 2021**

All but two industries (Accommodation & Food Services and Information Media & Telecommunications) had positive Business Confidence ratings above the neutral level of 100 in January-February 2021 and 15/18 industries have a higher rating now than they did a year ago. The only exceptions are Transport, Postal & Warehousing, Education & Training and Information Media & Telecommunications.

Wholesale had the highest Business Confidence at 152.6 in January-February 2021 up 41.8pts (+37.8%) on the same period a year ago. Following closely behind are Mining on 145.1 (up 9pts, +6.7%), Agriculture on 136.9 (up 34pts, +33%) and Public Administration & Defence on 133.1 (up 19.6pts, +17.2%).

Also well into positive territory are Property & Business Services on 132.8, Finance & Insurance on 132.4, Manufacturing on 127.0, Community Services on 125.7, Construction on 120.0 and Professional, Scientific & Technical Services on 118.4.

### Business Confidence for Top 10 Industries in January/February 2021



**Source:** Roy Morgan Business Single Source, January & February 2021, n=2,258. **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.

### 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 over three-fifths, 60.6% (down 1.1ppts), expecting 'good times' for the Australian economy over the next year while just over a third, 37.2% (up 1.8ppts), expected 'bad times';
- In good news businesses are also confident about **the longer-term outlook with 56.4%** (down 0.7ppts) expecting 'good times' for the Australian economy over the next five years compared to 36.6% (up 1.9ppts) which expect 'bad times';
- Well over two-fifths of businesses, 41.8% (up 4ppts), said the business was 'better off' financially than this time a year ago (**the highest figure for this indicator for two years since March 2019**) while 34.2% (down 3.6ppts), said the business is 'worse off';
- Slightly fewer than half of all businesses, 46.0% (down 4.1ppts), expect the business will be 'better off' financially this time next year, while only 13.4% (down 2.6ppts) expected the business to be 'worse off'.
- In addition, an increasing majority of businesses, 55.5% (up 2.6ppts), said the next 12 months is a **'good time to invest in growing the business'**, while 34.6% (up 1.4ppts) said it will be a 'bad time to invest';



**Michele Levine, CEO of Roy Morgan, says Business Confidence has had its strongest summer since 2013/14 with an average of 121.5 over the last three months and confidence up all around the country compared to a year ago:**

*“Business Confidence is at 120.8 in February, up 16.2pts (+15.5%) on a year ago and during the three months of summer has averaged 121.5 – the highest figure for summer since 2013/14 when the index averaged 124.7 just before Joe Hockey’s confidence sapping 2014 Federal Budget.*

*“On a State-based level Business Confidence is highest in SA (131.4), NSW (129.5) and WA (119.6) with all three States enjoying gains of at least 18pts compared to a year ago.*

*“Western Australia heads to a State Election in the next few weeks in which incumbent Premier Mark McGowan is expected to win a record-breaking victory. In an unprecedented move Opposition Leader Zak Kirkup has already conceded three weeks before the election.*

*“Business Confidence is lagging in Victoria at 111.6 in February – the lowest of any State and likely caused by the impending end of the JobKeeper wage subsidy. The latest figures released by the Australian Treasury show 626,000 Victorians receiving the subsidy in the December quarter 2020 – equal to 18% of all employees in the State and a far higher rate than anywhere else.*

*“The next highest rate of JobKeeper wage subsidies is in NSW on 12% (491,000 employees) receiving the subsidy ahead of Queensland on 10% (259,000 employees). There are another 233,000 employees spread across WA, SA, Tasmania, the ACT and NT who were receiving the JobKeeper wage subsidy in the December quarter 2020.*

*“Victoria’s recent five-day lockdown has provided another blow to Business Confidence in the State with Premier Daniel Andrews promising to do so again ‘if he has to’. However, there is definite good news with the rollout of the COVID-19 vaccine beginning in late February set to provide a definite boost to the economy as travel restrictions ease and the likelihood of further lockdowns and snap border closures eases.*

*“Businesses are taking a positive view on the year ahead with over three-fifths, 60.6%, expecting ‘good times’ for the Australian economy over the next 12 months and almost as many businesses, 55.5% (up 2.6pts), saying the next 12 months is a ‘good time to invest in growing the business’.*

*“The industries which have been most heavily impacted by the lockdowns and border closures including travel and tourism, accommodation and food services and storefront retail will be hoping that a vaccinated population can return to a sustained normality during 2021.”*

The latest Roy Morgan Business Confidence results for February are based on 1,237 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 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

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