

Thursday, 10 October 2019

Business Confidence declines after low GDP growth figure

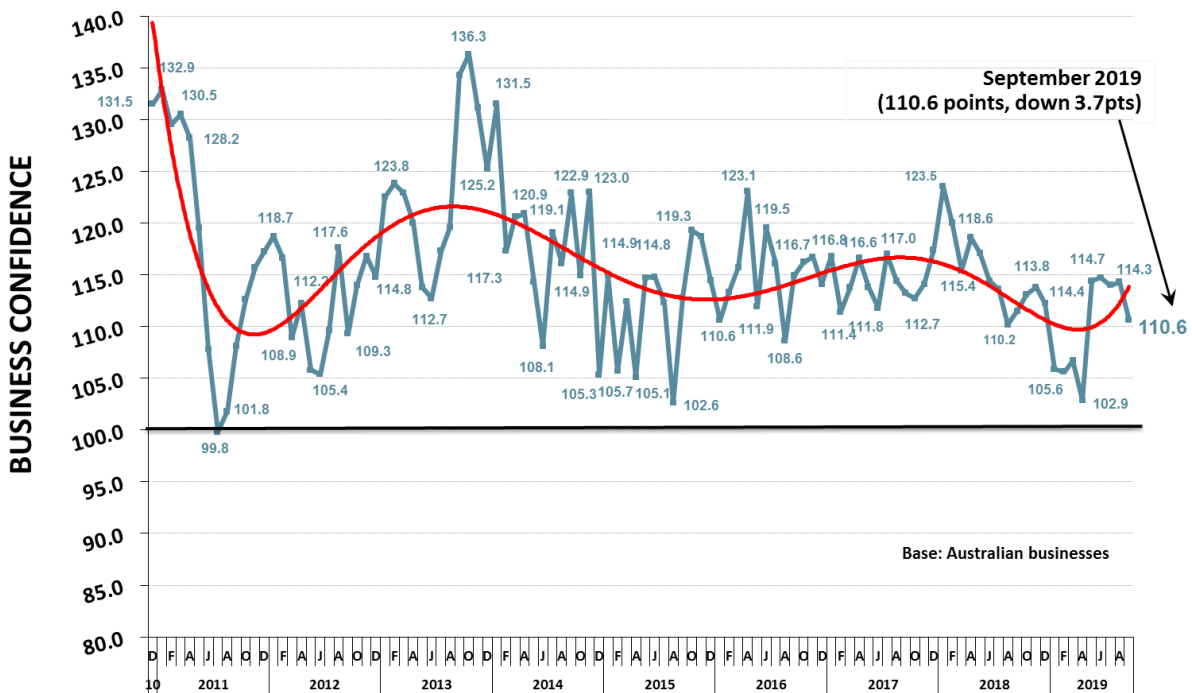
Roy Morgan Business Confidence dropped 3.7pts (-3.2%) to 110.6 in September. Despite the month-on-month drop, Business Confidence has now averaged 113.4 post-election, an increase of over 8pts above the pre-election period during the first four months of the year (averaged 105.3).

The decrease was broadly based across the five indices, with the largest decline for views about the long-term prospects for the Australian economy. The good news is that measures for the next year held up well, with 52.5% saying the coming year is a 'good time to invest in growing the business' and 51.7% expecting the business to be 'better off' this time next year.

This month's decline in Business Confidence has put the index below the latest [ANZ-Roy Morgan Consumer Confidence now at 114.7 on September 28/29, 2019](#). Business Confidence in September 2019 is now just 0.9pts below its level of a year ago but 5pts below its long-term average of 115.6.

The latest Roy Morgan Business Confidence results in September are based on 951 detailed interviews with a cross-section of Australian businesses from each State and Territory and available to purchase on a monthly or annual subscription as part of the [Roy Morgan Business Confidence Report](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Sept 2019. Average monthly sample over the last 12 months=885.

Business Confidence up compared to a year ago in NSW, WA, Tasmania & Queensland

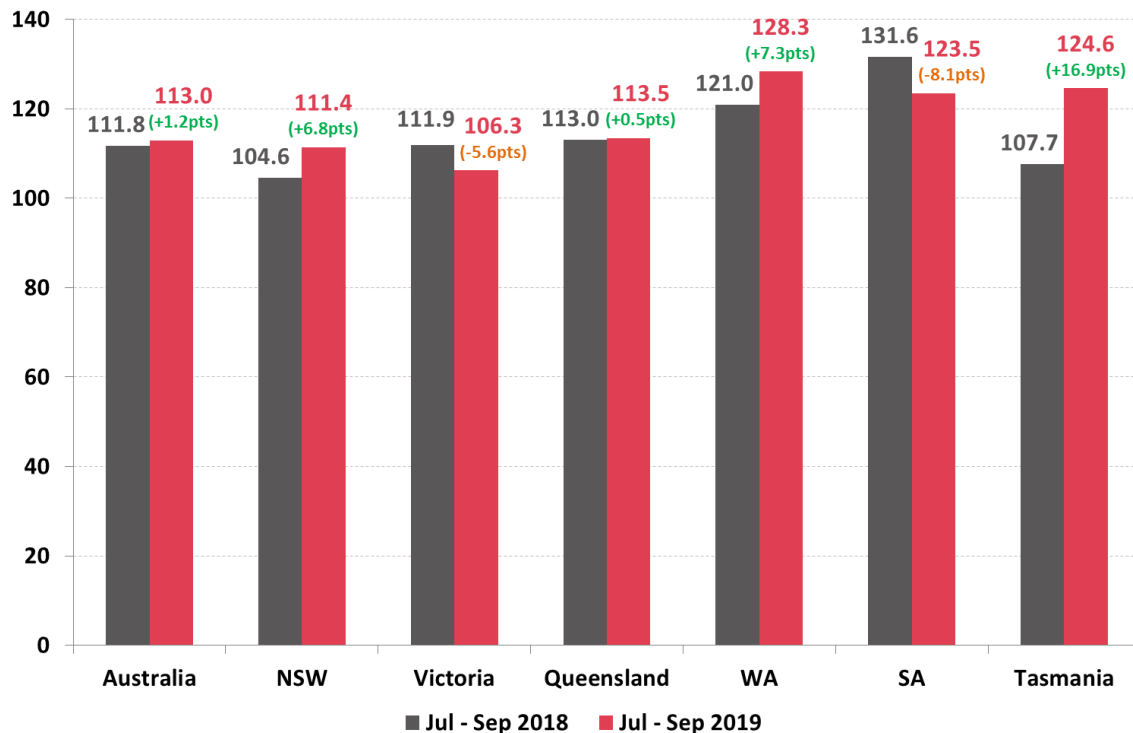
Despite the monthly decline in Business Confidence the quarterly index is up slightly on a year ago. In the September quarter 2019 the index is at 113, up 1.2pts on September quarter 2018.

The annual increase has been driven in NSW, WA, Tasmania and Queensland which all increased compared to the September quarter a year ago. In contrast there were declines in both Victoria and SA.

Business Confidence is now highest in WA at 128.3, up 7.3pts from a year ago, and Tasmania at 124.6, up by a significant 16.9pts. Business Confidence in Queensland is now at 113.5, up by 0.5pts on a year ago. All three of these States have higher Business Confidence than the national figure.

Australia's two largest States are lagging, with Business Confidence below the national average. There was an improvement in NSW with the index increasing 6.8pts to 111.4 but Business Confidence has fallen by 5.6pts to only 106.3 in Victoria – the lowest of any State.

Business Confidence by State: September quarter. 2019 cf. September quarter. 2018



Source: Roy Morgan Business Single Source, July – September 2018, n=2,563 and July – September 2019, n=3,051.

Michele Levine, CEO Roy Morgan, says Business Confidence has declined slightly in September but on a year-over-year basis the September quarter 2019 is up on 2018:

“Roy Morgan Business Confidence dropped 3.7pts to 110.6 in September with slight declines across all five indices but remains in a healthier position than a year ago and during early 2019. Business Confidence averaged only 105.3 in the pre-election months of January-April.

“The biggest monthly decline in September was amongst those considering the health of the Australian economy over the long term. However, despite the drop, a majority of 51.1% (down 3pts) of businesses expect ‘good times’ for the economy over the next five years.

“In addition a majority of 51.7% expect their business to be ‘better off financially’ this time next year and 52.5% say the next 12 months is a ‘good time to invest’ in growing the business.

“These strong figures indicate that businesses are looking forward, moving past the weakness exhibited early in the year as Australians headed to the polls. [The ABS reported GDP growth of only 0.5% in the June quarter 2019](#) when the Federal Election was held.

“The positive sentiment is particularly evident in the States of NSW, Queensland, WA and Tasmania for which Business Confidence is now higher than it was a year ago. Queensland is the next State to face an election, on the same weekend as next year’s US Election.

Industries performing well in September with above average Business Confidence included Education & training, Professional, scientific & technical services, Transport, postal & warehousing and Property & business services.”

Roy Morgan Business Confidence results in September are based on 951 interviews with a cross-section of Australian businesses. Business Confidence is now just below the 8yr average (115.6).

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 53909 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 75 years' experience collecting objective, independent information on consumers.

Movements in underlying Business Confidence indicators in September

- A majority of businesses, now 52.5% (down 0.6ppts), say the next year will be a 'good time to invest in growing the business', while only 38.6% (up 0.8ppts) say it will be a 'bad time to invest';
- In addition a majority of 51.7% (down 1.4ppts) of businesses expect their business to be 'better off' financially this time next year while 18.2% (up 3.4ppts) expect the business to be 'worse off';
- An increased number (46.5%, up 0.2ppts) of businesses expect the Australian economy to have 'good times' economically over the next year while 48.2% (up 2.6ppts) expect 'bad times';
- In addition a decreasing majority of businesses, 51.1% (down 3ppts), expect 'good times' for the Australian economy over the next five years and 43% (up 4.1ppts) now expect 'bad times';
- Perhaps of most concern is the finding that only just over a third of businesses, 34.4% (up 1.1ppts), say the business is 'better off' financially than this time last year while 35.1% (up 3.8ppts) say the business is 'worse off' financially than a year ago. **This is the first time this indicator has dropped into negative territory for over three years since August 2016.**

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