

Tuesday, 30 March 2021

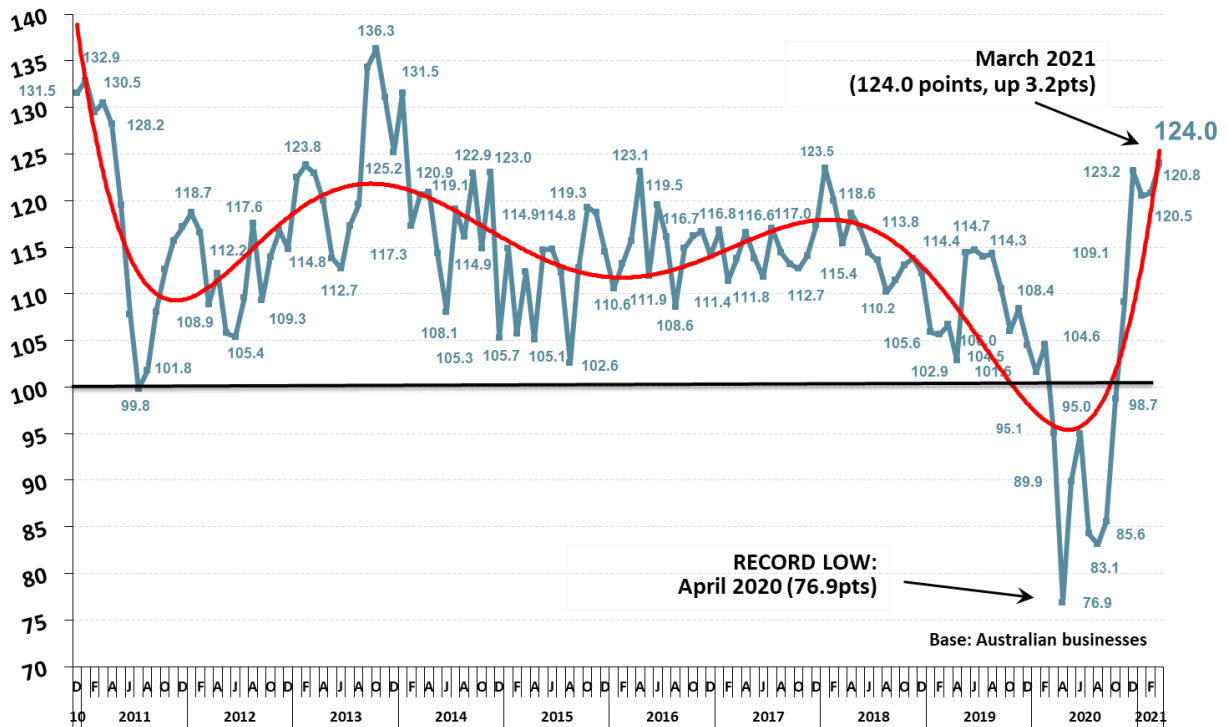
Roy Morgan Business Confidence hits 7-year high of 124 in March despite impending end of JobKeeper wage subsidy – 59.4% of businesses say the next 12 months is a ‘good time to invest’

In March 2021 Roy Morgan Business Confidence increased 3.2pts (+2.6%) to 124.0. This is the highest level of Business Confidence in Australia for over seven years since January 2014 (131.5). Business Confidence is now 10.4pts above the long-term average of 113.6.

The good news is that an increasing majority of 59.4% of businesses said the next 12 months is a ‘good time to invest in growing the business’ and even more, 61.2%, expect ‘good times’ for the Australian economy over the next 12 months.

Business Confidence is now a massive 28.9pts higher than it was a year ago at 95.1 in March 2020. Business Confidence for March is now clearly above the latest [ANZ-Roy Morgan Consumer Confidence of 112.3 for March 27/28, 2021](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Mar 2021. Average monthly sample over the last 12 months = 1,343.

Business Confidence is over 30% higher than a year ago in March 2021

Business Confidence has averaged 122.1 during the last four months. At 124.0 in March Business Confidence is a substantial 28.9pts (+30.3%) higher than the same month a year ago in March 2020 (95.1).

A lot has changed over the last year and it was late March last year that Australia went into a nationwide lockdown which sent Business Confidence plunging during the month and hitting a record low in April 2020 of only 76.9.

FOR IMMEDIATE RELEASE

Business Confidence soaring in Western Australia and New South Wales

Business Confidence is significantly higher in all six Australian States than this time a year ago and there are two States (WA and NSW) that stand out in the latest results for March 2021.

The measure is highest in Western Australia at 147.3, representing a massive increase of 58.7pts (+66.2%) on the same month a year ago. This month's Western Australian State Election delivered a record win for incumbent Premier Mark McGowan and a record 69% of the two-party preferred result.

Business Confidence is also riding high and well above the national average in New South Wales at 137.4, up 36.2pts (+35.7%) on a year ago.

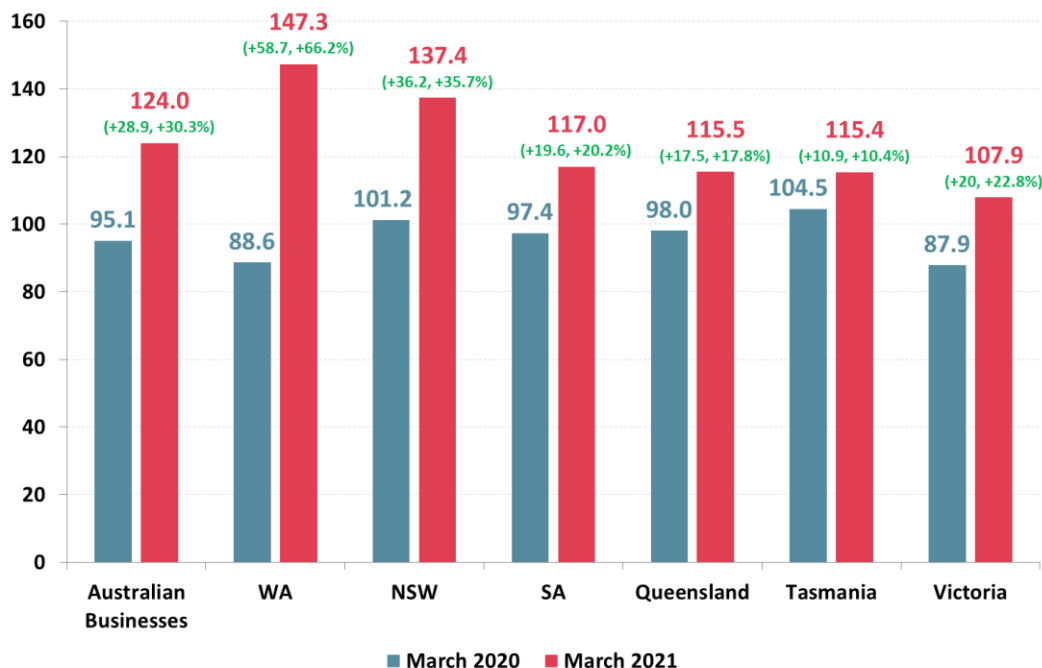
Slightly below the national average are three States including South Australia on 117.0, up 19.6pts (+20.2%), Queensland on 115.5, up 17.5pts (+17.8%) and Tasmania on 115.4, up 10.9pts (+10.4%).

Trailing the pack in March 2021 is Victoria with Business Confidence of 107.9, an increase of 20pts (+22.8%) on a year ago. Businesses in Victoria have had a tougher year than elsewhere with a long second lockdown and three lockdowns in the last year including a short lockdown in February.

The latest [Roy Morgan UberMedia movement figures for the mid-March](#) show movement in the Melbourne CBD remains at only 39% of the pre-COVID-19 average movement levels, well behind the Sydney CBD (47% of pre COVID-19 averages) and even further behind other Capital City CBDs.

Victoria is also set to be hit hardest by the ending of the JobKeeper wage subsidy with figures for the December quarter 2020 showing 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 March 2020 vs. March 2021



Source: Roy Morgan Business Single Source, March 2020, n=885, March 2021, n=1,324. **Base:** Australian businesses. *The figure for Tasmania is a comparison of Feb-Mar 2020 and Feb-Mar 2021.

Top 5 industries for Business Confidence led by Wholesale and Public Administration & Defence

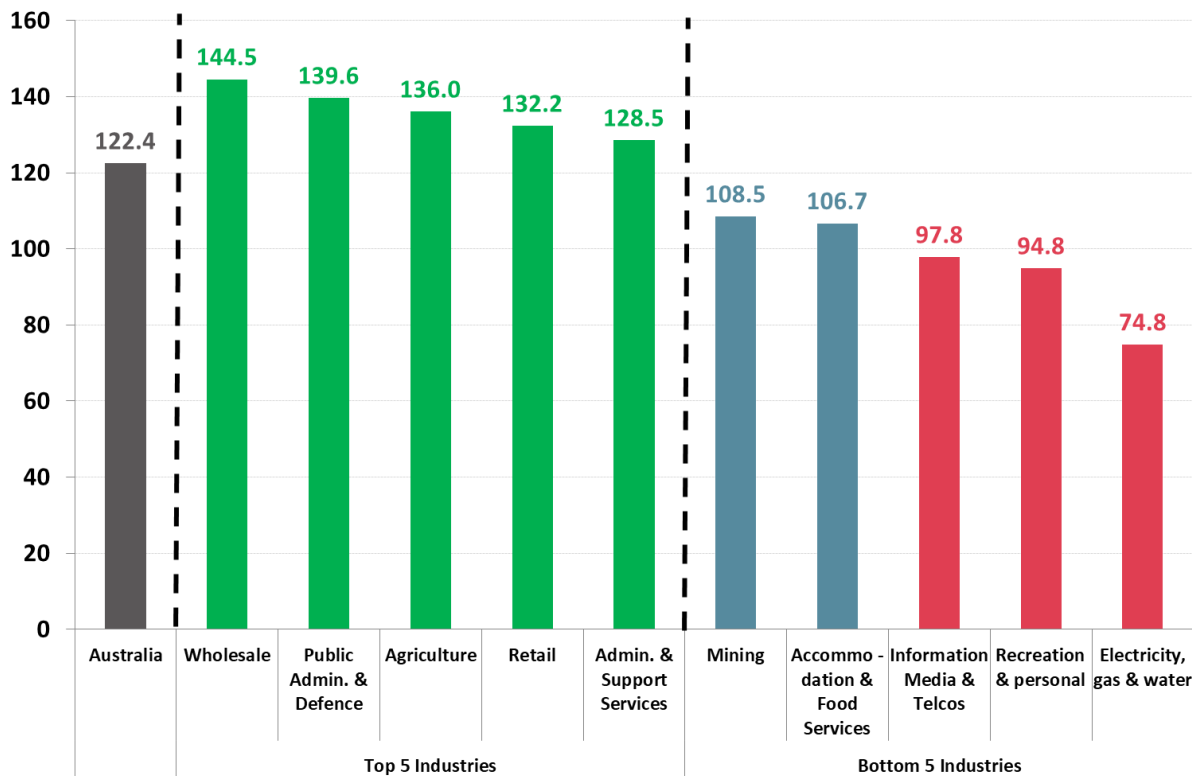
Wholesale is the most confident industry in February-March 2021 with a Business Confidence of 144.5, up a massive 58.3pts (+67.5%) on the same period a year ago. Following closely behind are Public Administration & Defence on 139.6 (up 22.2pts, +18.9%), Agriculture on 136.0 (up 32.1pts, +30.9%), Retail on 132.2 (up 39.7pts, +43%) and Administration & Support Services on 128.5 (up 23.6pts, +22.5%).

Only three industries are in negative territory with Business Confidence ratings below the neutral level of 100 in February-March 2021.

The three industries with the lowest ratings are Information, Media & Telecommunications on 97.8, Recreation & Personal Services on 94.8 and Electricity, gas & water on 74.8 – although all three have higher Business Confidence than a year ago when the country was heading into the first nation-wide lockdown.

Rounding out the bottom five industries are Mining on 108.5 and Accommodation & Food Services on 106.7. The challenges facing the travel and tourism industries are well-known with the international border remaining closed and States ready to close borders at the first sign of an outbreak in another State.

Business Confidence for Top 5 & Bottom 5 Industries in February-March 2021



Source: Roy Morgan Business Single Source, February & March 2021, n=2,561. **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 in negative territory below 100.

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, 61.2% (up 0.6ppts), expecting 'good times' for the Australian economy over the next year while just over a third, 36% (down 1.2ppts), expect 'bad times';
- In good news businesses are also confident about **the longer-term outlook with 55.5%** (down 0.9ppts) expecting 'good times' for the Australian economy over the next five years compared to 36.9% (up 0.3ppts) which expect 'bad times';
- In addition, an increasing majority of businesses, 59.4% (up 3.9ppts), said the next 12 months is a **'good time to invest in growing the business'**, while 33.2% (down 1.4ppts) said it will be a 'bad time to invest';
- Well over two-fifths of businesses, 44.3% (up 2.5ppts), said the business was 'better off' financially than this time a year ago (**the highest figure for this indicator for three years since April 2018**) while under a third, 32.1% (down 2.1ppts), said the business is 'worse off';



- A growing majority of all businesses, 52.6% (up 6.6ppts), expect the business will be 'better off' financially this time next year, while only 14.8% (up 1.4ppts) expected the business to be 'worse off'.

Michele Levine, CEO of Roy Morgan, says Business Confidence hit a seven year high in March as businesses become increasingly confident about the next 12 months despite the end of the JobKeeper wage subsidy program and ongoing international travel restrictions:

"Business Confidence is at 124.0 in March, up 28.9pts (+30.3%) on a year ago, when the first nation-wide lockdown began, and up a massive 40.9pts (+49.2%) since reaching a second low of 83.1 in August 2020 during Victoria's long second lockdown.

"For the first time since May 2018 all five components of the index are well into positive territory with optimists outnumbering pessimists by at least 10% points on each.

"Businesses are very positive about the next 12 months with 61.2% expecting 'good times' for the Australian economy over the next year, 59.4% saying the next 12 months is a 'good time to invest in growing the business' and 52.6% expecting their business will be 'better off' financially this time next year. All three indicators have improved in March.

"On a State-based level Western Australia leads all the others with a soaring Business Confidence rating of 147.3 in March – an increase of 58.7pts (+66.2%) on a year ago. Western Australians are clearly in a positive frame of mind and earlier in March delivered Premier Mark McGowan with a record election victory and a swing of 13.5% on a two-party preferred basis.

"Also faring well is NSW which has is the State most committed to keeping borders open and avoiding unnecessary city-wide or state-wide lockdowns. Business Confidence in NSW is at 137.4 in March, up 36.2pts (+35.7%) on a year ago and over 10% points above the national average.

"Business Confidence is lagging in Victoria at 107.9 in March – the lowest of any State and likely caused by the impending end of the JobKeeper wage subsidy. [Analysis of movement data in Australia's Capital City CBDs in mid-March by Roy Morgan and UberMedia](#) showed movement levels in the Melbourne CBD at only 39% of those pre-pandemic.

"This is far lower than in the Sydney CBD (47% of pre-pandemic levels) and other Capital City CBDs including the Perth CBD (72%) and Adelaide CBD (83%). The latest news of a new case of COVID-19 in Brisbane presents a challenge to the Queensland Government about whether to institute a full lockdown, as has been done on prior occasions, or follow the NSW model and rely on contact tracing and extensive testing to deal with the outbreak.

"On an industry basis the most confident industries are Wholesale (144.5), Public Administration & Defence (139.6), Agriculture (136.0) and Retail (132.2) – which has experienced a record year of sales despite lockdowns causing hardship for hospitality businesses and smaller retail outlets particularly those located in CBDs that are still dealing with far lower foot traffic than normal.

"Those industries with lowest Business Confidence include Information Media and Telecommunications (97.8), Recreation & Personal (94.8) and Accommodation & Food Services (106.7) which faces a challenging period over the next few months with the international border set to remain closed and the end of the JobKeeper wage subsidy."

The latest Roy Morgan Business Confidence results for March are based on 1,324 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.

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