

Monday, 31 January 2022

## Roy Morgan Business Confidence jumped 7.2pts to 120.2 in December – up strongly in NSW, Victoria and Queensland – before the full impact of the ‘Omicron variant’ hit

In December 2021 Roy Morgan Business Confidence increased 7.2pts (+6.4%) to 120.2. The increase came as the country opened up with border closures ending in Queensland, Tasmania and the Northern Territory during the month in the lead-up to Christmas.

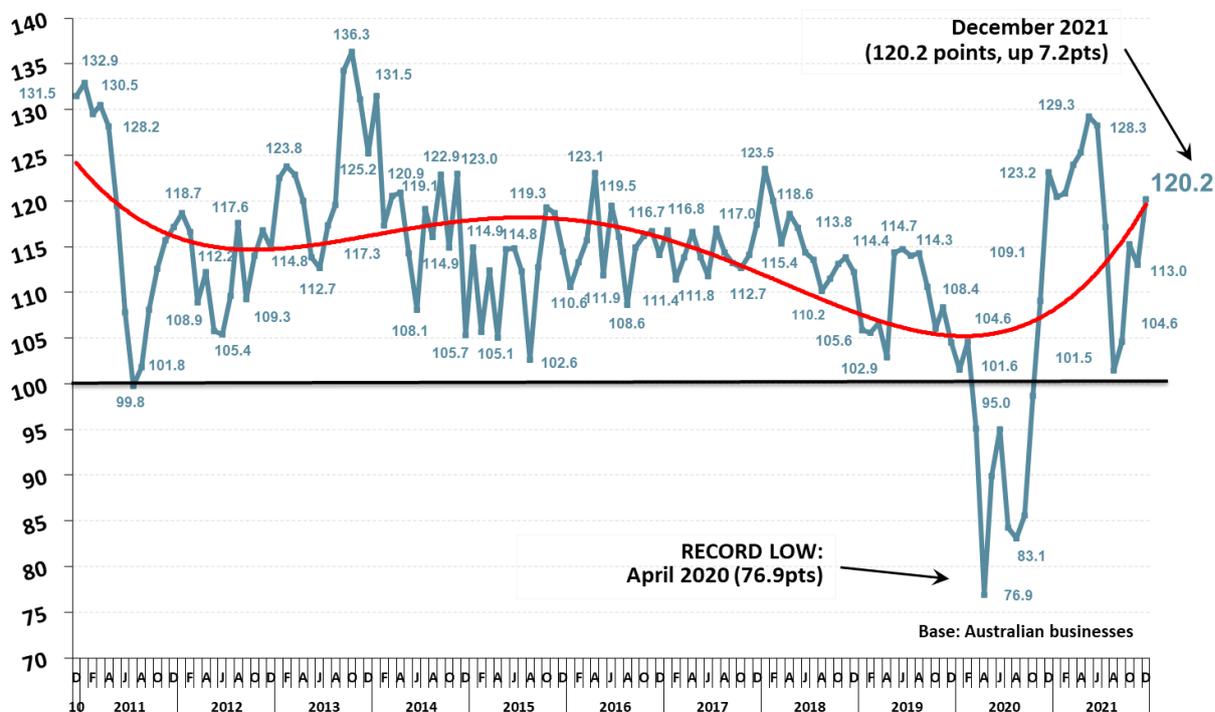
On a State-based level the big monthly increases in December were in New South Wales, up 8pts (+6.9%) to 124.6, Victoria, up 10.9pts (+10.1%) to 118.9 and Queensland, up 17pts (+17.2%) to 116.0.

Business Confidence in December 2021 was at its highest since the Delta wave of COVID-19 began in June 2021 (128.3). However, despite the monthly increase, Business Confidence was 3pts (-2.4%) lower than a year ago in December 2020 (123.2).

Businesses grew increasingly confident about the Australian economy’s prospects in December with 63.1% (up 7ppts from November) of businesses expecting ‘good times’ for the economy over the next year and 53.1% (up 6.5ppts) expecting ‘good times’ for the economy over the next five years.

Business Confidence for December was over 20pts higher than the latest [ANZ-Roy Morgan Consumer Confidence of 100.1 for January 17-23, 2022](#) and is now well above the long-term average of 113.8.

### Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Dec 2021. Average monthly sample over the last 12 months = 1,359.

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**Business Confidence in December 2021 was highest in the re-opened State of New South Wales and in Western Australia – the only State still with closed borders**

Business Confidence in December was up 7.2pts (+6.4%) from November but is still 3pts (-2.4%) lower than a year ago in December 2020 (123.2). Compared to a year ago Business Confidence was down in four States, NSW, WA, Victoria and Queensland and only up in two, SA and Tasmania.

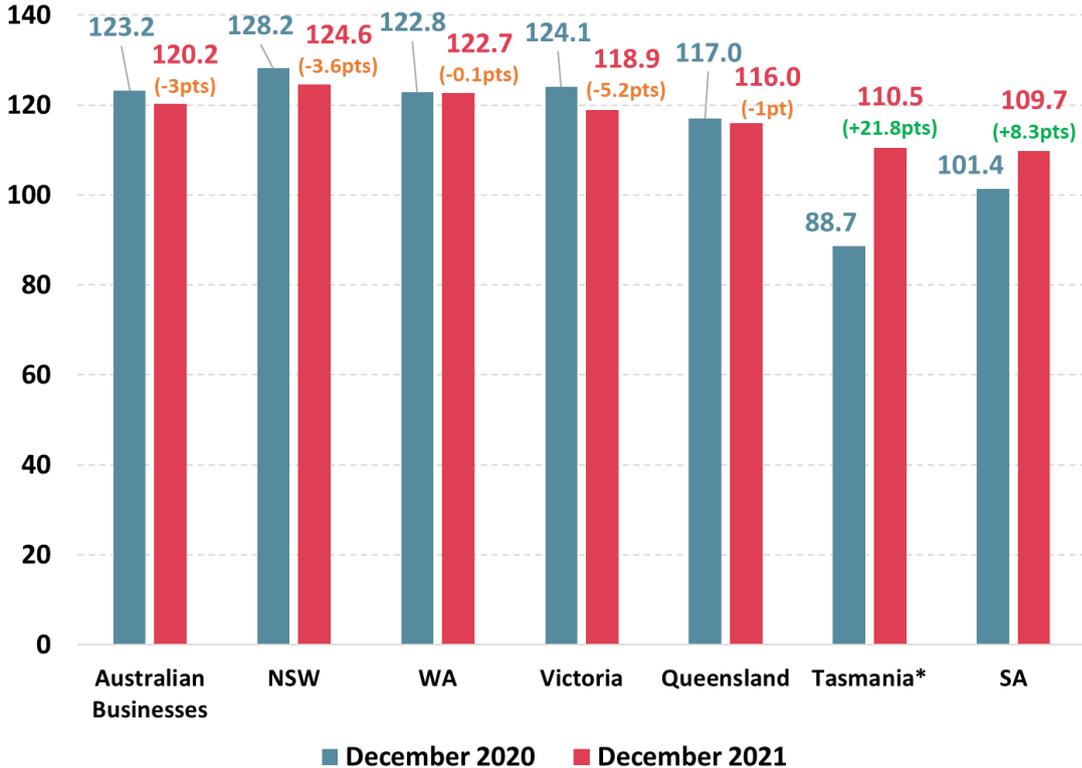
Interestingly, Business Confidence was highest in the most open State of NSW and the only State which still has a closed border, WA, although down slightly in both from a year ago. Business Confidence in NSW was at 124.6, down 3.6pts (+2.7%) from a year ago and at 122.7, down 0.1pts (-0.1%) in WA.

Western Australia’s closed borders have kept Business Confidence high in the State throughout 2021 and this was no different in December. However, the State’s borders were due to re-open in early February before WA Premier Mark McGowan announced recently that the State’s borders would remain closed indefinitely due to the surge of cases in the rest of Australia. The closed borders have continued to have the support of the local population and are also being supported with high ratings for Business Confidence as other States battle outbreaks of the ‘Omicron variant’ of COVID-19.

Business Confidence was just below the national figure for December of 120.2 in Victoria at 118.9, down 5.2pts (-4.2%) from a year ago, and in Queensland at 116.0, down 1pt (-0.9%) – although still above the long-term national average of 113.8 in both States.

Business Confidence was lowest in the smaller States of Tasmania and South Australia in December – although up on a year ago in both. In Tasmania Business Confidence was at 110.5, an increase of 21.8pts (+24.6%) on a year ago and in South Australia was at 109.7, up 8.3pts (+8.2%) on a year ago.

**Business Confidence by State in December 2020 vs December 2021**



**Source:** Roy Morgan Business Single Source, Dec. 2020, n=1,586, Dec. 2021, n=1,697. **Base:** Australian businesses. **Note:** \*The figure for Tasmania is a comparison of Nov-Dec 2020 and Nov-Dec 2021.

**Agriculture and Public Administration & Defence are the most confident industries while Construction and Information Media & Telecommunications are the least confident**

Agriculture was again clearly the most confident industry in November-December 2021 with Business Confidence at 138.7, over 15pts higher than the national figure. Confidence in the industry soared by 19.1pts (+16.0%) from a year ago.

Also performing well were Public Administration & Defence with a Business Confidence of 130.1, although this is down 6.5pts (-4.7%) on a year ago just ahead of Accommodation & Food Services on 129.6 following an increase of 23.5pts (+22.2%) on a year ago.

The big increase for the industry came as Queensland, Tasmania and the Northern Territory removed their border closures in the run-up to Christmas and hundreds of thousands of Australians holidayed interstate. The extent of interstate travel, particularly to Queensland, caused delays with PCR testing for COVID-19 over the holiday period and led to changes in how Australia is now managing the virus.

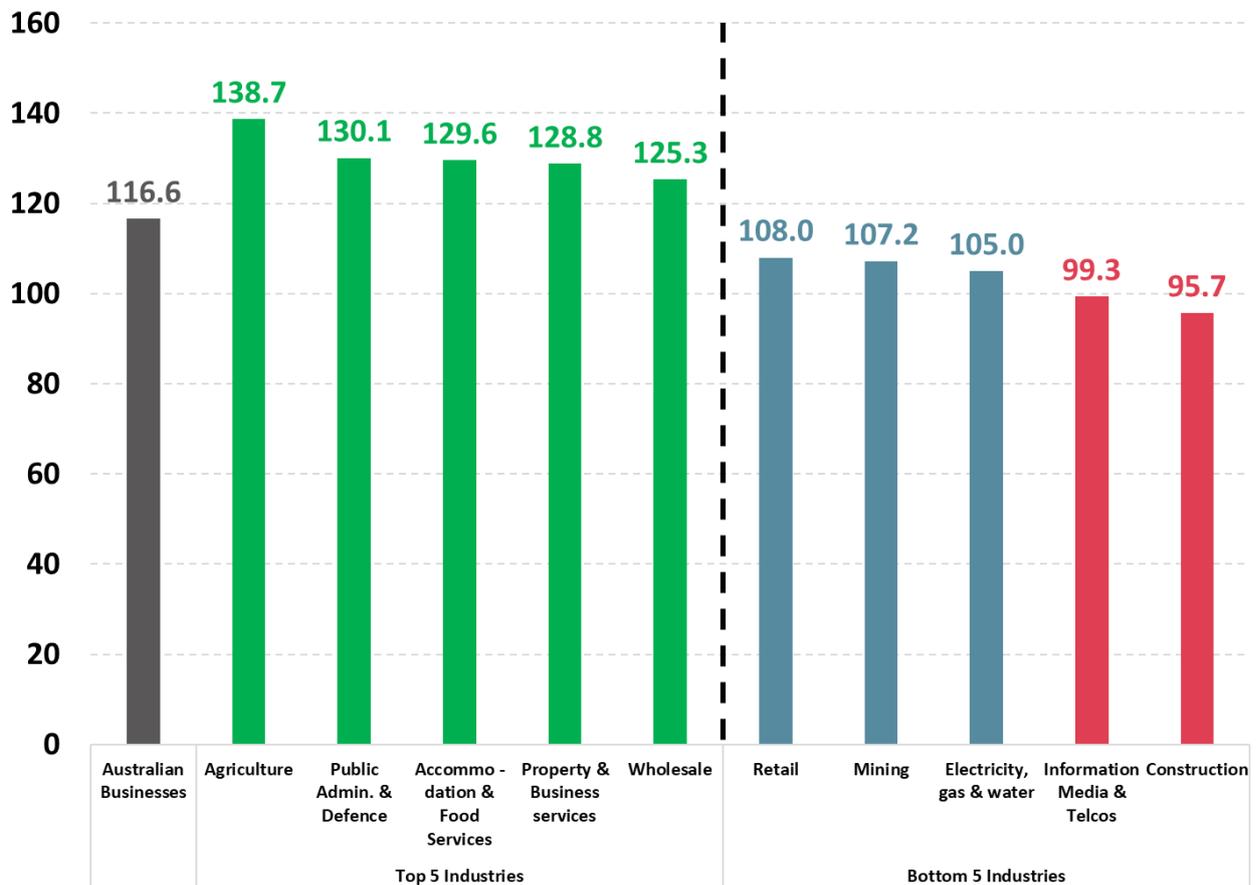
Other industries with high Business Confidence in December included Property & Business Services on 128.8, although this is down 13.5pts (-9.5%) on a year ago, Wholesale on 125.3, down 6.8pts (-5.2%) and Transport, Postal & Warehousing on 122.8, but down a large 17.5pts (-12.5%) on a year ago.

Both of these industries have been hit by problems with supply chains in recent months as the cost of shipping goods from China has increased substantially while at the same time delays in delivery time have increased significantly as people world-wide undertake a record level on online ordering of goods.

There are only two industries that have Business Confidence well below the national average and below the neutral level of 100 over the last two months. Lowest of all are Construction with Business Confidence of only 95.7, down 14.9pts (-13.5%) on a year ago and Information Media & Telecommunications on 99.3, down 10.1pts (-9.2%) on a year ago.

Other industries with low levels of Business Confidence, and which are all down marginally on a year ago, included Electricity, gas & water on 105.0, down 1.3pts (-1.2%), Mining on 107.2, down 5.1pts (-4.6%), and Retail on 108.0, down 5.5pts (-4.8%).

**Business Confidence for Top 5 and Bottom 5 Industries in November-December 2021**



**Source:** Roy Morgan Business Single Source, November-December 2021, n=3,065. **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.

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## An increasing majority of businesses expect there will be ‘good times’ for the Australian economy over the next year and that now is a ‘good time to buy’ major household items

- An increasing majority of businesses are confident about the **Australian economy’s performance over the next year** with 63.1% (up 7ppts), expecting ‘good times’ for the Australian economy over the next year while around a third, 34% (down 7.4ppts), expect ‘bad times’;
- In addition, a majority of businesses, 55.4% (up 5.6ppts), said the next 12 months is a **‘good time to invest in growing the business’**, while just 36.5% (down 3.3ppts) said it will be a ‘bad time to invest’;
- Businesses have also grown more confident about **the longer-term outlook** with a majority of 53.1% (up 6.5ppts) expecting ‘good times’ for the Australian economy over the next five years compared to 41.4% (down 3.8ppts) which expect ‘bad times’;
- A slim majority of businesses, 50.4% (up 0.7ppts), expect the **business will be ‘better off financially** this time next year, while only 17.6% (up 0.2ppts) expect the business to be ‘worse off’;
- Over two-fifths of businesses, 40.6% (up 0.9ppts), said the business is ‘better off’ financially than this time a year ago while just under a third, 3% (down 1.2ppts), said the business is ‘worse off’.

### Michele Levine, CEO of Roy Morgan, says Business Confidence was up strongly in December, by 7.2pts (+6.4%) to 120.2, its highest for 6 months since June 2021 (128.3), before the full impact of the outbreak of the ‘Omicron’ variant hit the Australian economy early in 2022:

*“Roy Morgan Business Confidence performed strongly in December as Australia opened up with Queensland, Tasmania and the Northern Territory all ending border closures in the run-up to Christmas. Overall, the index increased 7.2pts (+6.4%) to 120.2 – its highest mark since June 2021 (128.3) at the beginning of the ‘Delta wave’ of COVID-19.*

*“Although the ‘Omicron variant’ emerged in Australia in early December it’s impact was largely felt towards the end of the month and into the new year as Australians travelling interstate for long-awaited holidays – particularly to Queensland – were forced to queue for hours to await PCR Tests.*

*“As well as causing headaches for travellers, the ‘Omicron variant’ has also caused considerable stress for business with millions of Australians infected with the relatively mild strain and millions of Australians forced to isolate due to being close contacts of a confirmed case. These impacts were starting to come through in late December but didn’t have their full impact until early in the new year.*

*“The strong Business Confidence result for December provides assurance that as the ‘Omicron variant’ recedes there will be another strong rebound in activity around the corner. At a State-based level it is New South Wales (124.6) and Western Australia (122.7) which had the highest Business Confidence heading into 2022 while the relative ‘laggards’ are Tasmania (110.5) and South Australia (109.7).*

*“The top industries for Business Confidence are led by some familiar industries including Agriculture on 138.7, Public Administration & Defence on 130.1 with Accommodation & Food Services in third place on 129.6. Although there were significant challenges surrounding travel over the summer months the relaxation of border controls has provided a big boost to Australia’s domestic tourism sector.*

*“There were positive movement across several parts of the index in December with a rising majority of 55.4% of businesses (up 5.6ppts) saying the next 12 months will be a ‘good time to invest in growing the business’ and an increasing majority of 63.1% of businesses (up 7ppts) expecting ‘good times’ for the Australian economy’s performance over the next year.*

*“As these results show, despite the challenges of living in a ‘COVID-normal’ environment businesses are confident Australia’s highly vaccinated population of over 93% of adults provides a strong degree of protection against a return to lockdowns, border closures and stringent restrictions over the next year. The handling of the ‘Omicron variant’ in recent weeks suggests Australia can manage a milder form of the virus without resorting to the restrictions we’ve all lived with over the last two years.”*

The latest Roy Morgan Business Confidence results for December are based on 1,697 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](#).



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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 80 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