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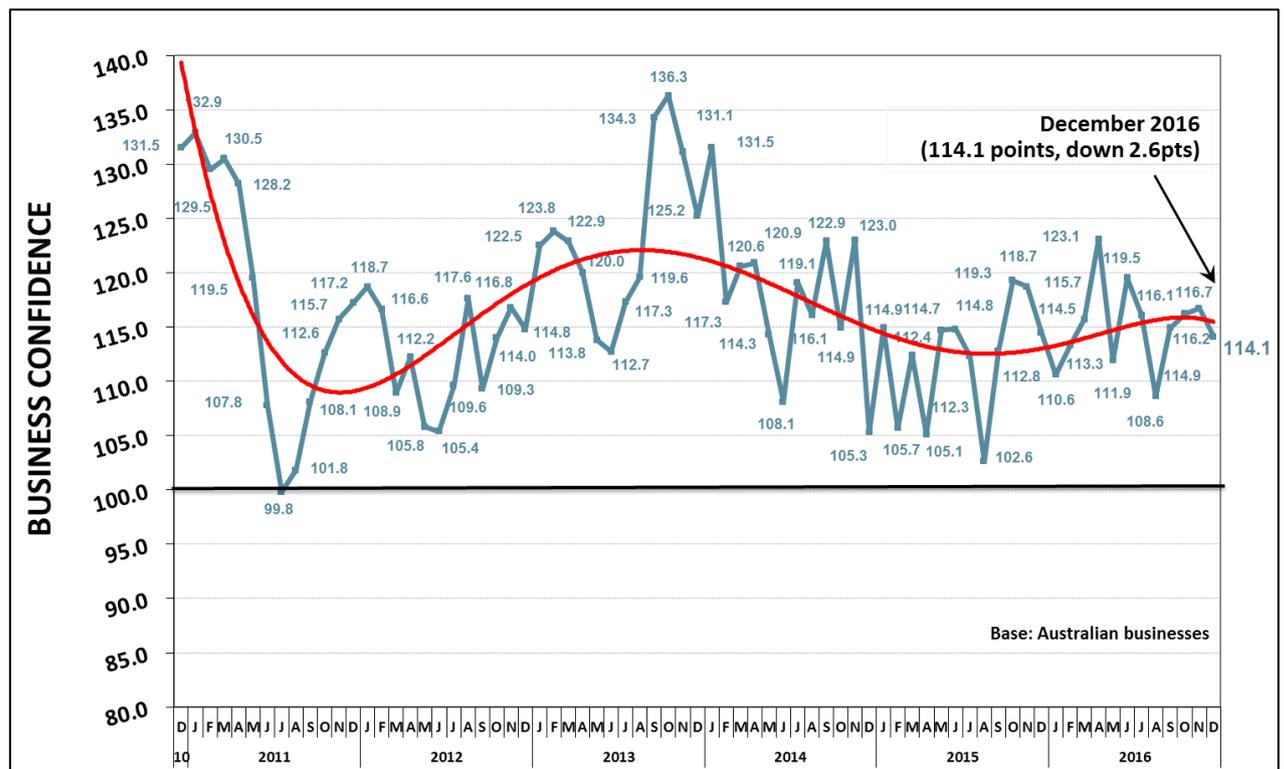
Business Confidence down in December to 114.1 (down 2.2%) after negative Australian GDP figures released

Roy Morgan Research's Business Confidence fell 2.2% to 114.1 in December. The fall in Business Confidence occurred even as the Australian All Ordinaries rose during December – mirroring strong rises in US indices following the victory of Donald Trump in the US Presidential Election. The All Ordinaries ended 2016 at 5,719.1 (up 216.7pts (+3.9%) from November 30, 2016).

This month's fall in Business Confidence means Business Confidence is now below the 6yr average (116.6) but still above the final ANZ-Roy Morgan Consumer Confidence rating for 2016 of 113.4.

Businesses are less confident about their prospects over the year ahead with net expectations of business performance over the next 12 months down 3.3ppts to 27pts in December with net views of whether the next 12 months will be a 'good/bad time to invest' now 18.2pts (down 2.3ppts). Roy Morgan December Business Confidence results are based on 930 interviews with a cross section of businesses across Australia.

Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source (Australia), December 2010-December 2016. Average monthly sample last 12 months = 1,018.

Businesses' confidence about their own prospects decreased in December and there was less confidence about the Australian economy going forward in the next 12 months. Now 47.4% (down 2.6ppts) of businesses say they expect Australia to have good times financially in the next 12 months cf. 46.7% bad times (up 4.1ppts) but 53.5% (up 0.9ppts) say they expect good times for Australia over the next five years cf. 37.8% bad times (down 1.1ppts).

FOR IMMEDIATE RELEASE

Michele Levine, Chief Executive Officer, Roy Morgan Research says:

“Business Confidence fell slightly in December after three straight months of increases – down 2.6pts (-2.2%) to 114.1. The fall in Business Confidence came after Donald Trump secured an unexpected victory in the US Presidential Election in November while in early December the ABS announced Australia’s GDP had decreased 0.5% in the September quarter – the first contraction in Australian GDP for over five years.

“The negative GDP figure will have impacted on December Business Confidence with the biggest driver in the fall being the drop in expectations of Australian economic conditions over the next 12 months – now at just 0.7% (down 6.7ppts); 47.4% (down 2.6ppts) of Australian businesses expect ‘good times’ economically for Australia over the next 12 months compared to 46.7% (up 4.1ppts) that expect ‘bad times’ economically.

“Analysing the movement of Business Confidence across the States in December shows large falls in Victoria and Tasmania as the main drivers of this month’s decrease while despite a small fall in Queensland the ‘Sunshine State’ still retains the highest Business Confidence in the nation clearly above the national average.

“Going against the overall downward trend there were increases in Business Confidence in New South Wales, South Australia and also Western Australia – although the centre of Australia’s mining industry still has the lowest Business Confidence of any State just barely in positive territory above 100.

“Trump’s victory in the US Presidential Election is already having an impact with US share-markets at new record highs in the two months since Trump’s victory, and this has been mirrored by a strong increase in the Australian All Ordinaries index. In addition, the release this week of the US Federal Reserve’s minutes from their December meeting, at which they raised US interest rates to 0.5%, shows that the Fed is considerably more cautious about raising US interest rates in 2017 than media speculation late last year.

“Both Australia and the US face a continuing problem of high real unemployment and under-employment: In the US (over 20% according to President-elect Trump); and in Australia the latest Roy Morgan November employment estimates show Australian real unemployment of 1.199 million (9.2%) and under-employment of 1.1 million (8.4%). These figures show that the Reserve Bank of Australia should still be cutting Australian interest rates in 2017 (now at 1.50%) rather than thinking about raising them.”

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[Click here](#) to purchase the **Business Confidence – Monthly Detailed Report** in Australia.

[Click here](#) to purchase the **Consumer Confidence – Monthly Detailed Report** in Australia.

[Click here](#) to purchase the **Consumer Banking Satisfaction Monthly Report** in Australia.

About Roy Morgan Research Consumer Single Source

Roy Morgan Single Source is based on over 50,000 interviews each year and has been designed and engineered to represent the ideal source model. It provides an integrated understanding of consumers; what they are like, what they consume, what they buy, what they think, what they want, what they watch, read and listen to. The overriding benefit of Roy Morgan Single Source is the strategic insights it offers in the ability to link many aspects. Not only can an organization's profitable customers be delineated by what they think, do, watch, but so can non customers. Hence brand positioning, product differentiation, merchandising, efficient media planning, market expansion and line extension opportunities can all be considered in the light of the correct understanding of the marketplace.

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in 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%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2