

Monday, 1 July 2019

## Business Confidence virtually unchanged at 114.7 in June

Roy Morgan Business Confidence was virtually unchanged at 114.7 in June, a monthly increase of only 0.3pts (+0.3%) after an 11.2% jump in May. Business Confidence has now increased to its highest level for over a year since May 2018 (117.1).

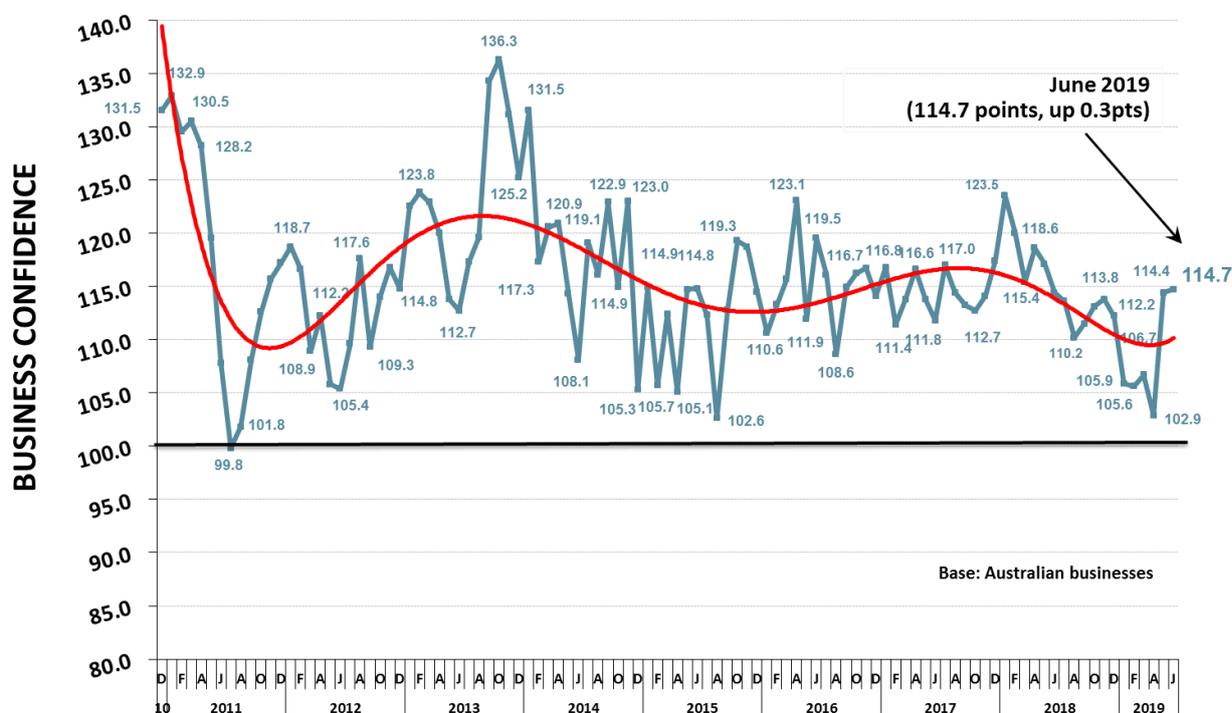
The good news is that businesses are more confident about the year ahead with a majority of 53.9% (up 9.4ppts) of businesses expecting the business to be 'better off' financially this time next year and 52.3% (up 0.3ppts) expect 'good times' for the Australian economy over the next five years.

However, fewer businesses believe now is a 'good time to invest in growing the business' – now 41.2% (down 10.1ppts) of businesses, say the next year will be a 'good time to invest in growing the business', while 43.4% (up 7.4ppts) say it will be a 'bad time to invest'.

Business Confidence in June 2019 is now 0.3pts above its level of a year ago in June 2018 and 1pt below its long-term average of 115.7.

The rebound for Business Confidence in recent months means the index is now above the latest weekly [ANZ-Roy Morgan Consumer Confidence, which is at 114.3 on June 22/23, 2019](#).

### Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-June 2019. Average monthly sample over the last 12 months=848.

### Confidence about next 12 months increases after L-NP election victory

- Confidence about the next year has increased in June with a majority of businesses expecting to be 'better off' financially this time next year and an increasing plurality expecting 'good times' for the Australian economy over the next 12 months;
- Now 53.9% (up 9.4ppts) of businesses expect their business to be 'better off' financially this time next year (the highest figure for this indicator for over a year since April 2018) while just

14.1% (down 1.6ppts) expect the business to be 'worse off financially (**the lowest figure for this indicator for over three years since April 2016**);

- In addition an increasing plurality of 49.5% (up 2.1ppts) of businesses expect the Australian economy to have 'good times' over the next year while just 39.7% (down 1.6ppts) expect the Australian economy to have 'bad times';
- In addition 38.2% (up 2.1ppts) say the business is 'better off financially than this time last year and 28.4% (down 2.4ppts) say the business is 'worse off financially than a year ago';
- A clear majority of businesses, 52.3% (up 0.3ppts), expect 'good times' for the Australian economy over the next five years (**the highest figure for this indicator for over a year since February 2018**) and 36% (up 0.6ppts) now expect 'bad times'.
- Now 41.2% (down 10.1ppts) of businesses, say the next year will be a 'good time to invest in growing the business', while 43.4% (up 7.4ppts) say it will be a 'bad time to invest'.

### Business Confidence in June quarter down from a year ago for four out of six States

Analysing Business Confidence in the **June quarter 2019** shows a decline of 6pts in the overall index to 110.7 compared to the **June quarter 2018**. This year-over-year decline reflects both the strong start for Business Confidence in 2018 and the uncertainty which impacted the index throughout the first half of 2019 although on a monthly basis the index has rebounded since reaching a low of 102.9 in April 2019.

Analysing by States shows declines in four out of six States for the June quarter 2019 compared to a year ago with the exceptions of Tasmania and Victoria.

Business Confidence in Tasmania in June quarter 2019 was clearly the highest of any State at 142.0, up a significant 16.7pts on a year ago and Business Confidence in Victoria increased 3.2pts to 115.8 over the same period.

In contrast Business Confidence fell in Australia's largest State of New South Wales by 11.6pts to 105.9 and was the lowest of any State in the June quarter 2019.

Business Confidence for the June quarter 2019 was also down in South Australia by 9.3pts to 122.0 (which is still well above the national average), down by 8.4pts to 109.4 in Queensland and down by 2.9pts to 106.4 in Western Australia.

### Business Confidence by State – June quarter 2019 cf. June quarter 2018



Source: Roy Morgan Business Single Source, April – June 2018, n=2,621 and April – June 2019, n=2,725.

**Michele Levine, CEO Roy Morgan, says that the moderate move in Business Confidence in June confirms that while businesses were happy with the ending of political uncertainty following May's election, they need to see policy delivery before a further move higher:**

*"Roy Morgan Business Confidence was virtually unchanged at 114.7 in June, up 0.3pts on a month earlier. However this marginal increase followed a significant jump of 11.5pts in May and Business Confidence is now higher compared to the same month a year ago for the first time in 2019.*

*"The good news is confirmed with a majority of 53.9% of businesses expecting the business to be 'better off' financially this time next year than it is now and a majority of 52.3% expecting 'good times' for the Australian economy over the next five years.*

*"However, with the new Federal Government yet to legislate any policies there is uncertainty about whether the next 12 months will be a 'good time to invest in growing the business'. This indicator fell by 10.1pts in June to 41.2% while slightly more, 43.4%, say the next year will be a 'bad time to invest'.*

*"Looking at Business Confidence for the June quarter 2019 shows that despite the increase over the last two months the quarterly measure has dropped 6pts to 110.7 compared to June quarter 2018. This decline was broad-based with Business Confidence falling in South Australia, Queensland, Western Australia and New South Wales – to the lowest of any State.*

*"The news is better in Victoria, where Business Confidence has increased compared to a year ago, and Tasmania which had easily the highest Business Confidence of any State in the June quarter 2019 at 142, up by 16.7pts on a year ago.*

*"Analysing Business Confidence by industries shows several industries have had a significant boost to confidence in the month of June led by the Wholesale industry, Education & Training, Agriculture and Electricity, gas and water.*

*"Industries that have under-performed in June include Recreation & personal, Manufacturing, Retail, Community services and Administrative & Support Services. In June only five of the 18 industries measured had Business Confidence below the neutral level of 100 as we await the policy and legislative agenda for the new Government.*

*"Parliament sits for the first time since the Federal Election this week."*

**Roy Morgan Business Confidence results in June are based on 884 interviews with a cross-section of Australian businesses. Business Confidence is now below the 8yr average (115.7).**

**For comments or more information please contact:**

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### **About Roy Morgan**

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 75 years' experience in collecting objective, independent information on consumers.



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**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
10,000	±1.0	±0.9	±0.6	±0.4
50,000	±0.4	±0.4	±0.3	±0.2