

Friday, 6 July 2018

June Business Confidence down to 114.4

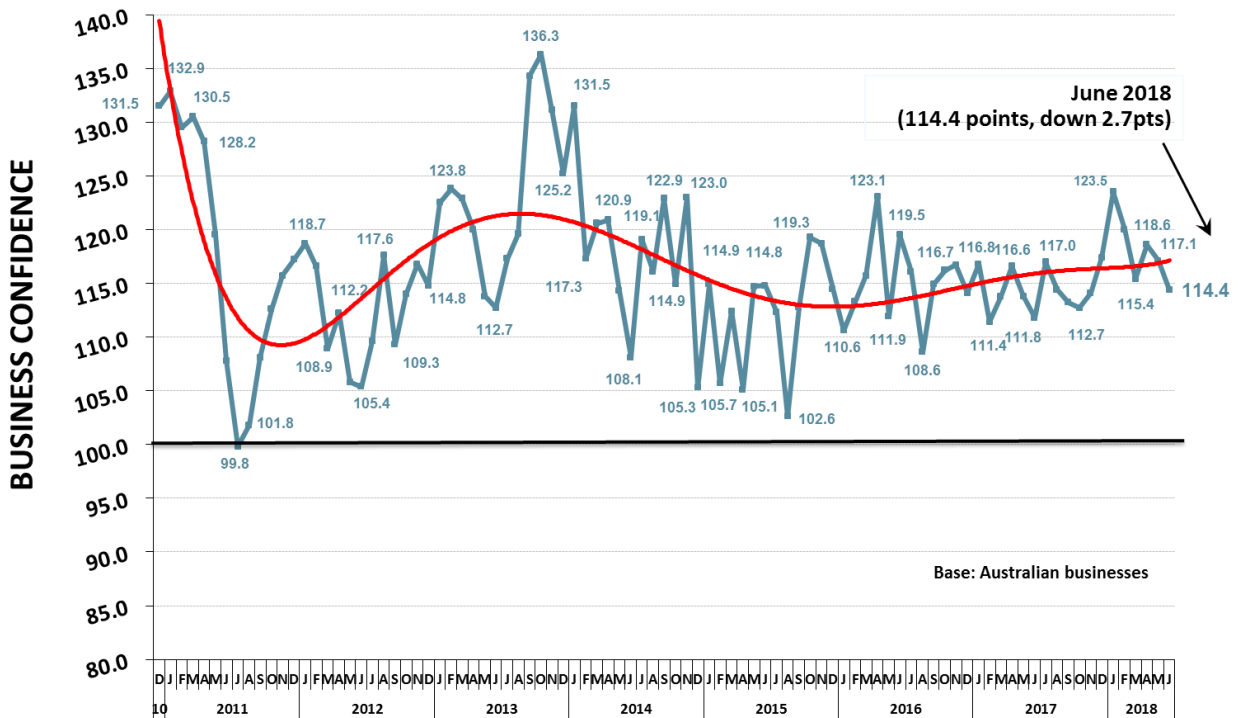
Roy Morgan Business Confidence was down 2.7pts (-2.3%) to 114.4 in June although it remains 2.6pts higher than a year ago and continues its best start to a year since 2014.

Business Confidence traditionally falls in the months immediately following the Federal Budget and this year is no exception. Business Confidence has now decreased in six out of the last eight years in the two months following the Federal Budget (both May and June).

Despite the overall fall in confidence this month businesses are still largely confident about the prospects for the Australian economy with a majority of businesses, 54.2% (down 0.2ppts) expecting 'good times' for the Australian economy over the next year and 50.3% (down 1.2ppts) expecting 'good times' for the Australian economy over the next five years.

April Roy Morgan Business Confidence is now clearly below the latest weekly [ANZ-Roy Morgan Consumer Confidence](#), which is at 120.4 on June 30/ July 1, 2018.

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-June 2018. Average monthly sample over the last 12 months=881.

June decrease driven by a drop in those saying now is a 'good time to invest'

- Driving this month's overall decrease is a drop in those saying the next 12 months will be a 'good time to invest in growing the business', down 6.5ppts to a record low of 46.5% in June although still larger than the 41.2% (up 2.7ppts) that say it will be a 'bad time to invest';
- Although overall Business Confidence was down in June an increasing number of businesses, now 43.5% (up 2.8ppts), say the business is 'better off' financially than this time last year compared to 27.8% (down 2.4ppts) saying the business is 'worse off' financially;

- Businesses' confidence about their performance in the next 12 months is virtually unchanged with 47.3% (up 0.1ppts) expecting to be 'better off' financially, however worries are mounting more broadly with 22.4% (up 6.8ppts) now expecting to be 'worse off' financially this time next year;
- Businesses' views on the performance of the Australian economy over the next year are virtually unchanged with 54.2% (down 0.2ppts) expecting 'good times' for the Australian economy while 38.6% (up 0.5ppts) expect 'bad times';
- Longer-term views on the Australian economy have slightly deteriorated in June with 50.3% (down 1.2ppts) expecting 'good times' for the Australian economy over the next five years and 39.8% (up 0.8ppts) now expecting 'bad times'.

Business Confidence driven higher over last year by smaller States: WA, SA & Tasmania

Despite the month-on-month fall, Roy Morgan Business Confidence for the June quarter 2018 is 116.7 up 2.6ppts on a year ago.

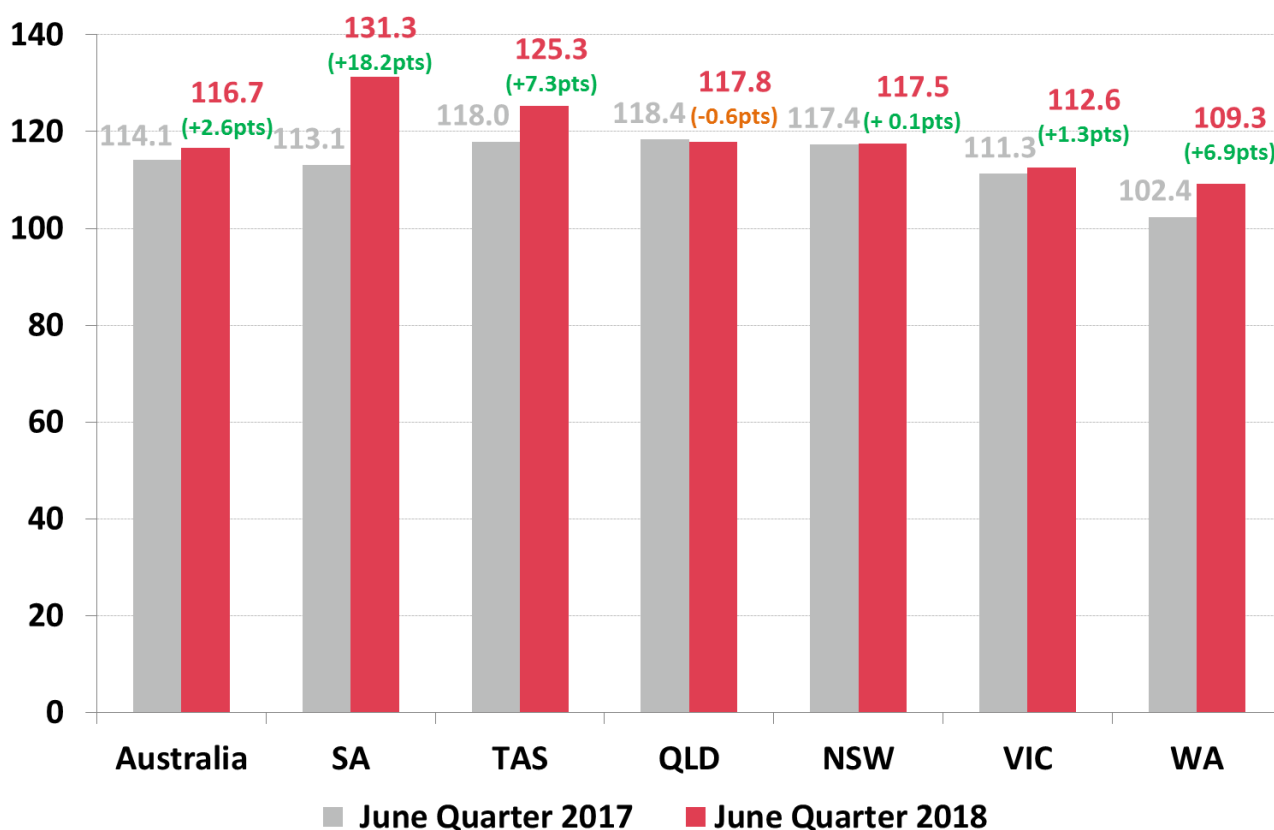
Analysing the trends for Business Confidence by States shows the increase has been driven by strong increases in the three smaller States of Western Australia, South Australia and Tasmania.

Business Confidence in South Australia has soared to 131.3 up 18.2ppts from a year ago and following a State Election in March which saw a Liberal Government elected in South Australia for the first time since 1997. Business Confidence in South Australia is higher than any other State.

Tasmanian Business Confidence is now at 125.3 in June quarter 2018, up 7.3ppts from a year ago while Business Confidence in Western Australia has increased 6.9ppts to 109.3. Despite this strong increase Business Confidence in Western Australia remains lower than any other State.

Business Confidence in the two biggest States is virtually unchanged on a year ago with New South Wales up 0.1ppts to 117.5 while Victoria is up 1.3ppts to 112.3. Only in Queensland has Business Confidence decreased over the last year now down 0.6ppts to 117.8.

Business Confidence by State – June Quarter 2017 v June Quarter 2018



Source: Roy Morgan Business Single Source, June Quarter 2017 n=3,053 and June Quarter 2018, n=2,621.

Michele Levine, CEO Roy Morgan, says despite the traditional declines in Business Confidence following a Federal Budget Business Confidence in 2018 is still having its best year since 2014:

“Roy Morgan Business Confidence fell 2.7pts (-2.3%) in June to 114.4 following the trend of recent years which has seen Business Confidence decline in six out of the last eight years in the two months following a Federal Budget with the only exceptions being 2015 and 2016.

“The decision by Opposition Leader Bill Shorten last week to support the Federal Government’s company tax cuts for any business turning over up to \$50 million came too late to impact Business Confidence in June but will support Business Confidence in July and following months.

“Previously the Opposition Leader had pledged to overturn company tax cuts already legislated by the Turnbull Government for medium-sized businesses turning over between \$10 million to \$50 million.

“Shorten’s decision to support the company tax cuts means businesses considering their investment strategies for the coming few years no longer have to worry about the outcome of the next Federal Election which is due to be held later this year or early in 2019.

“Analysing Roy Morgan Business Confidence by State reveals it is the smaller States of South Australia, Tasmania and Western Australia that have provided the largest boost to Business Confidence over the past year.

“In South Australia a Liberal Government was elected in March for the first time in over 20 years since 1997 while in Tasmania Liberal Premier Will Hodgman was elected to a second term. Hodgman’s election victory was the first time in over 30 years the Liberal Party has won a majority at two consecutive Tasmanian elections.

“In contrast to the smaller States Business Confidence in NSW and Victoria was virtually unchanged from a year ago while there was a small fall in Business Confidence in Queensland.

“In June the best performing industries included Mining, Education & training, Agriculture, forestry & fishing, Construction and Health care & social assistance. In contrast there are several industries with Business Confidence below 100 including Electricity, gas, water & waste, Accommodation & food services, Information media & telecommunications and Personal, repair & other services.”

Roy Morgan Business Confidence results in June are based on 801 interviews with a cross-section of Australian businesses. Business Confidence is above the 8yr average (116.4).

For comments or more information please contact:

Michele Levine

CEO

Office: +61 (3) 9224 5215

Mobile: 0411 129 093

askroymorgan@roymorgan.com

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.

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
2,500	±1.9	±1.7	±1.2	±0.8
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