

Tuesday, 31 August 2021

Roy Morgan Business Confidence plunges by 15.7pts (-13.4%) to 101.5 as Sydney and Melbourne endure extended lockdowns

This month, August 2021, Roy Morgan Business Confidence plunged 15.7pts (-13.4%) to 101.5. Despite the fall Business Confidence is 18.4pts (+18.1%) higher than a year ago in August 2020 (83.1).

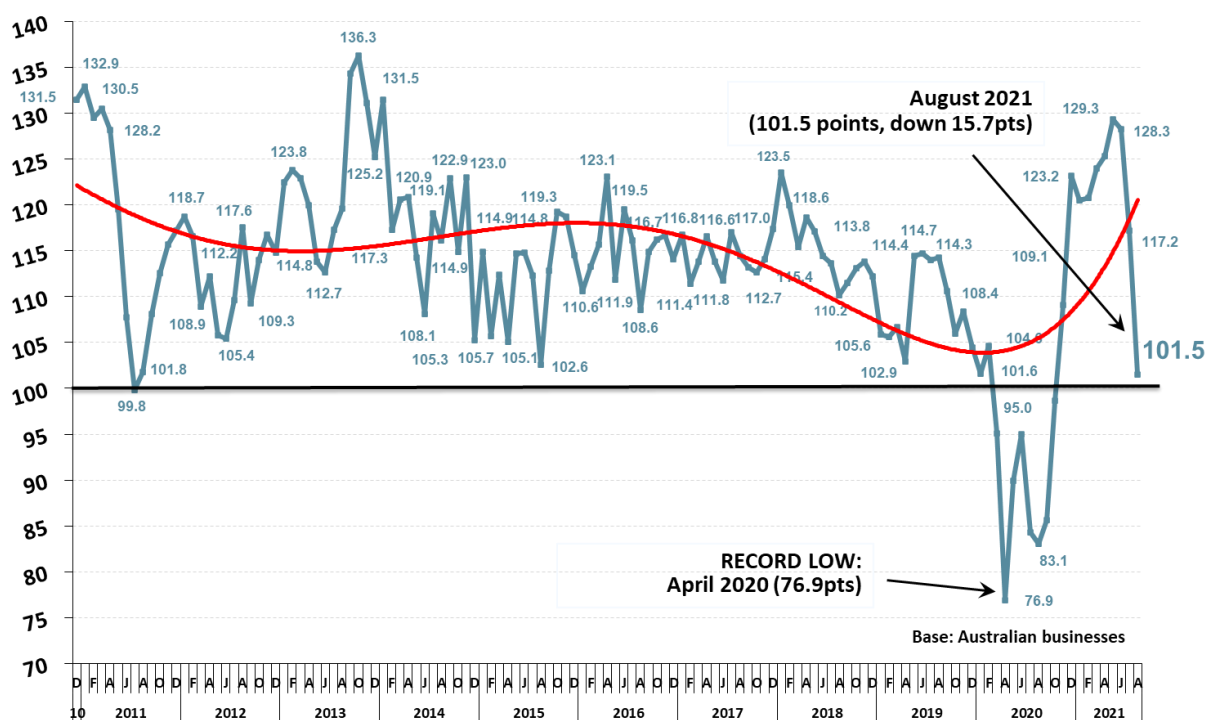
Business Confidence in August 2021 was 12.3pts below the long-term average of 113.8 but a pluralities of 47.9% of businesses say the next 12 months is a 'good time to invest in growing the business' and 44.1% of businesses expect to be 'better off' this time next year.

Business Confidence for August was on a par with the latest [ANZ-Roy Morgan Consumer Confidence of 101.8 for August 29/30, 2021](#).

Business Confidence plunges below long-term average following record start to the year

Despite the third straight monthly fall in August, Business Confidence has now averaged 120.9 during the first eight months of 2021, which is still the best ever start to a year for the Index. The previous record start to a year was eight years ago when Business Confidence averaged 119.1 from January – August 2013.

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Aug 2021. Average monthly sample over the last 12 months = 1,317.

Business Confidence in August 2021 plunged in Victoria, Queensland and South Australia and is now lowest in New South Wales after two months of lockdown

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Business Confidence in August was down in all six Australian States and fell particularly hard in locked down Victoria, Queensland and South Australia. However, Business Confidence is still lowest in New South Wales, which has now spent over two months in lockdown, down 7.5pts (-7.2%) to 97.8.

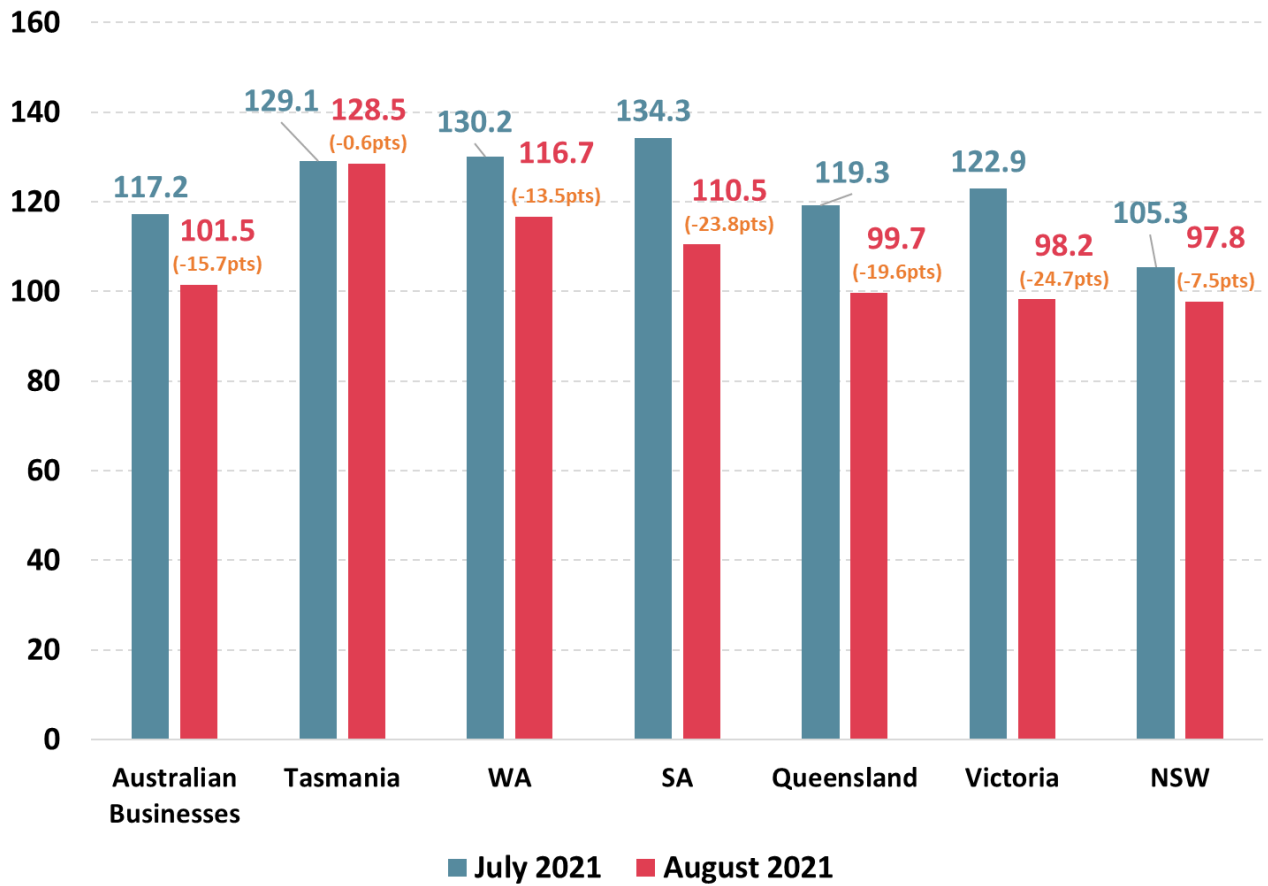
Business Confidence in Victoria plunged by 24.7pts (-20.1%) to 98.2 after the State entered its sixth lockdown in the first week of August. Victoria remains in lockdown over three weeks later and is set to remain locked down for an indefinite period over the next few months.

There were also large falls in Business Confidence for both Queensland, down 19.6pts (-16.4%) to 99.7, and South Australia, down 23.8pts (-17.7%) to 110.5. Queensland. Both States battled outbreaks of COVID-19 over the last month with South-East Queensland enduring a week-long lockdown at the beginning of August and South Australia in a State-wide lockdown in the last week of July.

However, unlike their counterparts in New South Wales and Victoria which remain in lockdown, both Queensland and South Australia were quickly able to get on top of their recent lockdowns and make a quick exit from their short lockdowns.

Business Confidence remains above average in Western Australia, despite a drop of 13.5pts (-10.4%) to 116.7, while the rating was virtually unchanged in Tasmania at a high 128.5, down 0.6pts (-0.5%).

Business Confidence by State in July 2021 vs. August 2021



Source: Roy Morgan Business Single Source, July 2021, n=1,341, August 2021, n=1,301. **Base:** Australian businesses.

Wholesale, Public Administration & Defence and Agriculture are the most confident industries

Wholesale is clearly the most confident industry in July-August 2021 with a Business Confidence of 149.6 over 40pts higher than the national figure. Despite the monthly decline in August this is still up a massive 60.2pts (+67.3%) on the same period a year ago.

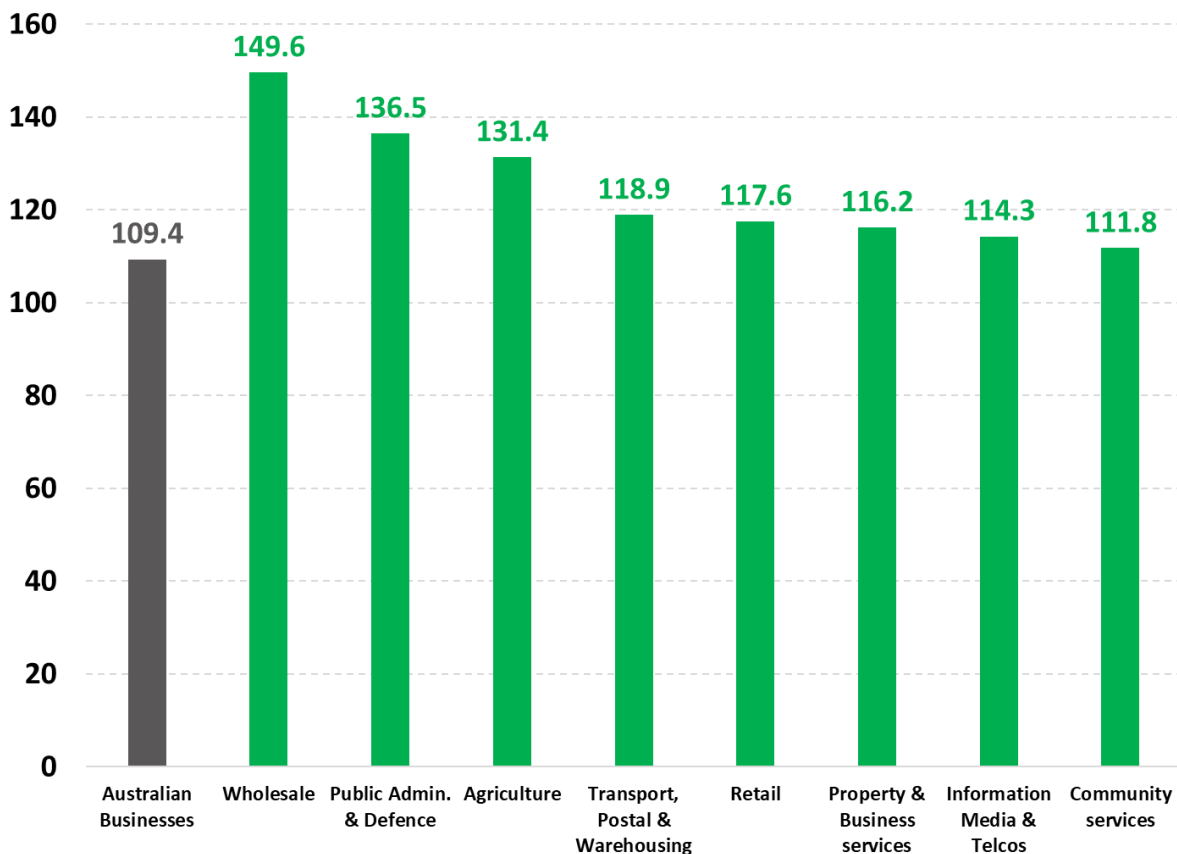
Also flying high with very strong confidence ratings are Public Administration & Defence on 136.5 (up 13.1pts, +10.6%), Agriculture on 131.4 (up 42.5pts, +47.8%) and Transport, Postal & Warehousing on 118.9 (up 4.5pts, +3.9%).

The industry which has had the biggest increase in confidence in percentage terms from a year ago is Retail on 117.6 which has nearly doubled from a year ago, up 54pts (+85.1%) although there is considerable uncertainty about the retail environment in locked down Sydney and Melbourne over the next few months.

Other industries to have Business Confidence well above the national average include Property & Business Services on 116.2 (up 24pts, +26.1%), Information Media & Telecommunications on 114.3 (up 33.4pts, +41.3%) and Community Services on 111.8 (up 38pts, +51.4%).

The four industries with the lowest Business Confidence below the neutral level of 100 over the last two months include the tourism-dependent Accommodation & Food Services, Manufacturing, Mining and Recreation & Personal which has been particularly hard hit by lockdowns and social distancing.

Business Confidence for Top 8 Industries in July-August 2021



Source: Roy Morgan Business Single Source, July-August 2021, n=2,642. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100 and above the national average.

Pluralities of businesses expect to be 'better off' this time next year and say that the next 12 months is a 'good time to invest in growing the business'

- A clear plurality of businesses, 44.1% (down 2.5ppts), expect the business will be 'better off' financially this time next year, while under a fifth, 19% (down 1.3ppts) expect the business to be 'worse off';
- In addition, nearly half of all businesses, 47.9% (down 4.4ppts), said the next 12 months is a '**good time to invest in growing the business**' (the lowest figure for this indicator for eleven months since **September 2020**), while 43.4% (up 5.4ppts) said it will be a 'bad time to invest';
- Businesses are far less confident about the **Australian economy's performance over the next year** than a month ago with 46.2% (down 13.7ppts), expecting 'good times' for the Australian economy over the next year while 51.2% (up 13.7ppts), expect 'bad times' (the highest figure for this indicator for ten months since **October 2020**);
- Businesses are also far less confident about the **longer-term outlook** with only 41.1% (down 11.1ppts) expecting 'good times' for the Australian economy over the next five years compared to a



majority of 53% (up 10.9ppts) which expect 'bad times' (**the highest figure for this indicator for eleven months since September 2020**);

- Only a third of businesses, 34.5% (down 9ppts), said the business is 'better off' financially than this time a year ago while nearly two-fifths, 39.6% (up 9.1ppts), said the business is 'worse off'.

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Michele Levine, CEO of Roy Morgan, says the latest lockdowns in Sydney, Melbourne and Canberra, have led to a sharp fall in Business Confidence as businesses face the prospect of several months more of lockdowns, border closures and other restrictions on business:

“Business Confidence plunged 15.7pts (-13.4%) to 101.5 in August, its biggest monthly drop since April 2020 at the start of the COVID-19 pandemic. The measure of sentiment amongst Australian businesses is now at its lowest since October 2020 during Victoria’s long second lockdown.

“Unfortunately, the current lockdowns in NSW and Victoria are set to continue indefinitely as both States battle growing outbreaks of the highly contagious Delta strain of COVID-19. The path out of these lockdowns are the higher vaccination rates set out in the plan by national cabinet.

“National cabinet has set targets of fully vaccinating 70% and 80% of Australia’s eligible population for restrictions to be substantially eased with lockdowns ending and other restrictions largely eliminated. However, there are no guarantees that State borders will be fully re-opened at this level of vaccination as the Premiers of Queensland and Western Australia have vowed to keep their populations safe from COVID-19 as long as possible as vaccination levels continue to increase.

“The levels of Business Confidence around Australia are closely related to the lockdown status of each State. The lowest Business Confidence is in NSW (97.8), in which the Greater Sydney area has now spent over two months in lockdown, while second lowest Victoria (98.2) has now been in lockdown for nearly a month since early August.

“Business Confidence is also low in Queensland (99.7) as large parts of the State, including the capital Brisbane, spent the first week of August in a lockdown and spent much of the rest of the month under heavy restrictions and battling an outbreak of COVID-19.

“In contrast, there have been no lockdowns in the other States during August and although Business Confidence did fall in all six States it remains well above average in Tasmania (128.5), Western Australia (116.7) and South Australia (110.5).

“In July-August the most confident industries were Wholesale, Public Administration & Defence, Agriculture, Transport, Postal & Warehousing, Retail and Property & Business Services – all of which had Business Confidence above 115 and have been consistently near the top of the index over the last few months and throughout the pandemic.

“Although vaccination rates in Australia are steadily increasing the latest statistics show only [34% of people aged 16+ are fully vaccinated](#) which is around half the level of 70% required for restrictions to begin easing. The more positive news is that more vulnerable age groups are highly vaccinated including 62% of people aged 70+ and 51% of people aged 50+.

“As of late August just over 19 million vaccination doses have been administered to 58% of the population aged 16+. To reach the target of 80% of adults fully vaccinated requires around 33 million vaccine doses to be administered. At a rate of 1 million vaccine doses a week being administered Australia should be fully vaccinated by early December – just in time for a ‘COVID-normal’ Christmas.”

The latest Roy Morgan Business Confidence results for August are based on 1,301 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.



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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 79 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

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