

Friday, 30 November 2018

## Business Confidence up for third straight month to 113.8 in November

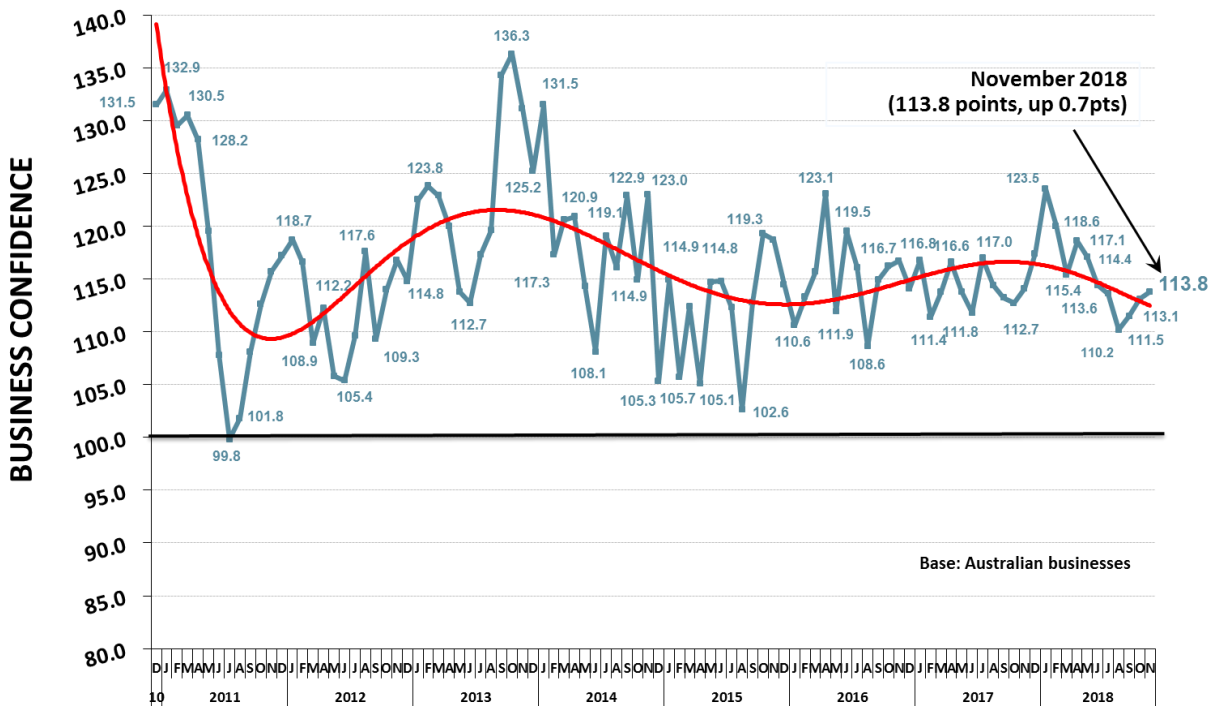
Roy Morgan Business Confidence increased by 0.7pts (+0.6%) to 113.8 in November continuing a rebound which began following the Liberal leadership instability in late August. Business Confidence is now above where it was prior to the leadership challenge in July (113.6) for the first time.

In November Business Confidence is now 0.3pts below its level of a year ago in November 2017 and 2.4pts below its long-term average of 116.2. However, despite being below long-term averages for the last six months Business Confidence so far during 2018 has averaged 115.6 – the highest yearly average since 2014.

Businesses are largely positive in November with a majority of businesses, 51.1% (up 5.9ppts) expecting the business to be 'better off financially' this time next year and 51.8% (up 2.3ppts) expecting 'good times' for the Australian economy over the next five years.

Roy Morgan Business Confidence in November is now below the latest weekly [ANZ-Roy Morgan Consumer Confidence](#), which is at 118.6 on November 24/25, 2018.

### Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Nov 2018. Average monthly sample over the last 12 months=853.

### November's small increase driven by greater confidence about business performance

- Driving this month's small increase in Business Confidence was an increase in confidence about the performance of the business over the next 12 months with a majority of 51.1% (up 5.9ppts) expecting to be 'better off' financially this time next year (**the highest figure for this indicator since April 2018**) and 20.9% (down 1.9ppts) now expecting to be 'worse off' financially;
- In addition an increasing number of businesses, now 42.3% (up 1ppt), say the business is 'better off' financially than this time last year, compared to 28.3% (down 1.1ppts) that say the business is 'worse off' financially;

- Now 48.6% (down 3.6ppts) of businesses expect 'good times' for the Australian economy over the next year and 44.9% (up 2.4ppts) expect 'bad times';
- Longer-term views on the Australian economy have also improved in November with 51.8% (up 2.3ppts) expecting 'good times' for the Australian economy over the next five years (**the highest figure for this indicator since February 2018**) and 41.9% (up 0.7ppts) now expecting 'bad times';
- When it comes to investing in the business for future growth now almost exactly half of businesses, 49.9% (down 0.8ppts) say the next 12 months will be a 'good time to invest in growing the business', while 38.9% (up 1.6ppts) say it will be a 'bad time to invest'.

### Leading industries include Mining, Education & training and Administration & support services

Despite the small month-on-month increase, Roy Morgan Business Confidence for the six months to November 2018 is 112.8, down 1.1pts on the same six month period a year ago.

Analysing the trends for Business Confidence by the ten most confident Industries shows increasing Business Confidence for nine out of Australia's top ten most confident industries compared to a year ago.

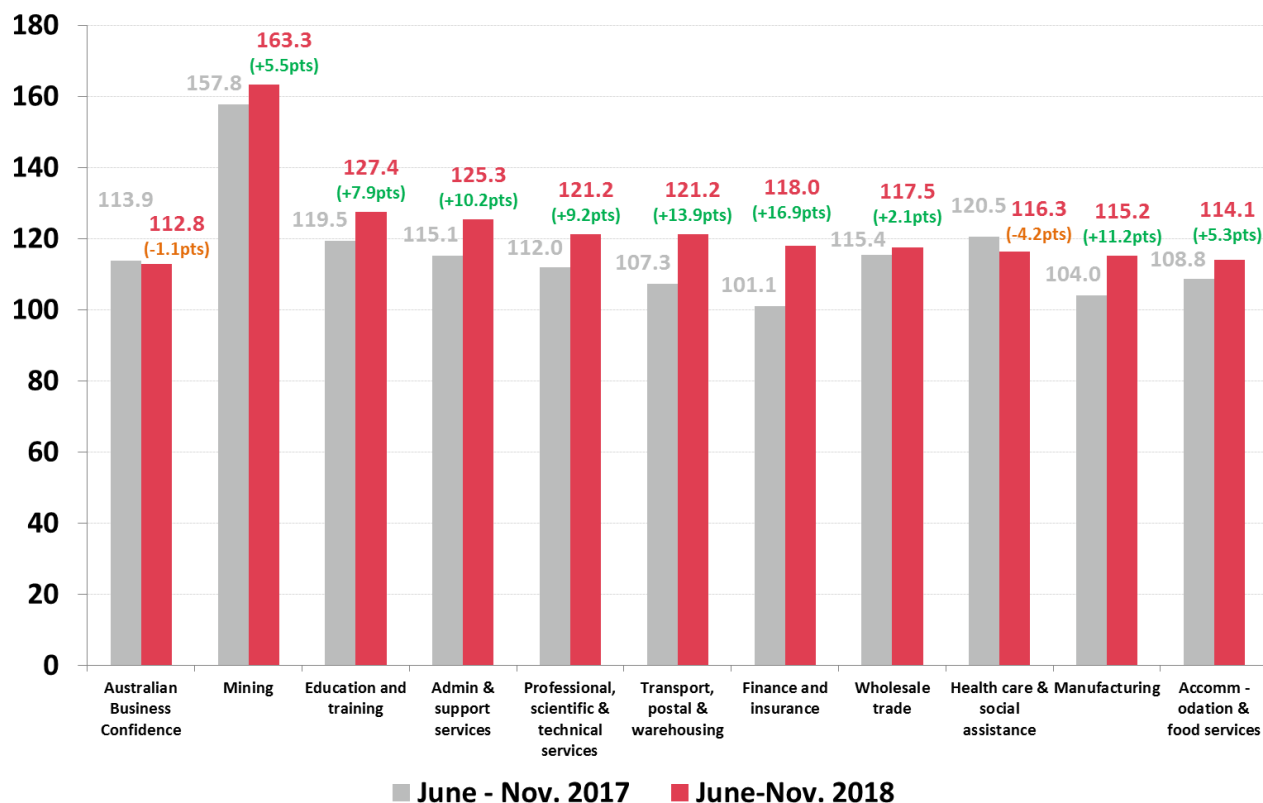
Mining companies are easily the most confident with a Business Confidence of 163.3 for the industry, up 5.5pts on a year ago, and over 40% higher than the Australian average of 112.8.

Two other industries performing exceptionally well with a Business Confidence more than 10% above the national average include Education & training companies now at 127.4, up 7.9pts on a year ago, and, Administration & support services up 10.2pts to 125.3.

Other industry sectors to increase strongly include Professional, scientific & technical services up 9.2pts to 121.2, Transport, postal & warehousing up 13.9pts to 121.2, Finance & insurance up 16.9pts to 118.0, Wholesale trade up 2.1pts to 117.5 and Manufacturing up 10.5pts to 115.2.

Of the ten most confident industries only one, Health care & social assistance, experienced a decline over the last year declining 4.2pts to 116.3 and still tracking above the national Business Confidence of 112.8.

### Business Confidence by Industry Top 10 – 6 months to Nov. 2018 cf. 6 months to Nov. 2017



Source: Roy Morgan Business Single Source, June – November 2017, n=5,383 and June – November 2018, n=4,949.

**Michele Levine, CEO Roy Morgan, says Business Confidence is up for a third straight month at 113.8 in November on the back of increasing confidence across a variety of industries including Mining, Education, Administration & support services, Transport & warehousing and others:**

*“Roy Morgan Business Confidence increased 0.7pts (+0.6%) in November to 113.8 with confidence continuing to strengthen following leadership tensions in the Federal Government in late August. Business Confidence is now above its level prior to the leadership tensions in July (113.6).*

*“Although leadership tensions have subsided with PM Scott Morrison set to lead the Government to an election expected in May 2019 the political challenges keep coming for the Government.*

*“The Government lost its majority after losing the Wentworth by-election in late October and in the final week of November the Liberal Party suffered a crushing defeat in the Victorian State election. Only days after the defeat in Victoria Federal Victorian MP Julia Banks resigned from the Liberal Party meaning Morrison now leads a minority Government. The full impact of these latest events don't impact November's reading of Business Confidence released today but will be felt in December.*

*“Despite the uncertainty about Australia's political landscape in 2019 and beyond Australian businesses remain largely positive about the future prospects of the Australian economy. Majorities of 51.1% of businesses expect to be 'better off' financially this time next year and 51.8% expect 'good times' for the Australian economy over the next five years.*

*“This confidence is reflected on an industry level with rising confidence across a broad number of industries compared to this time a year ago. Business Confidence in the Mining sector is 163.3 in the six months to October, over 40% higher than the national average, and Business Confidence is now over 120 for Education & training, Administration & support services, Professional, scientific & technical services and Transport, postal & warehousing.*

*“Analysing Business Confidence by State in November shows an increase in Business Confidence in Victoria for the month providing a further endorsement to the easily re-elected ALP Government of Daniel Andrews and a strong increase in Western Australia has lifted the State above the neutral level of 100.*

*“Business Confidence in New South Wales is virtually unchanged in November, and remains the highest of Australia's four largest States, while South Australia still has the highest Business Confidence of any State despite a small decline. There were also declines in Business Confidence in Queensland and Tasmania for November.”*

**Roy Morgan Business Confidence results in November are based on 800 interviews with a cross-section of Australian businesses. Business Confidence is above the 8yr average (116.2).**

**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.

**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