

Thursday, 9 March 2017

Business Confidence down 4.6% in February to 111.4; driven by less confidence in the Australian economy

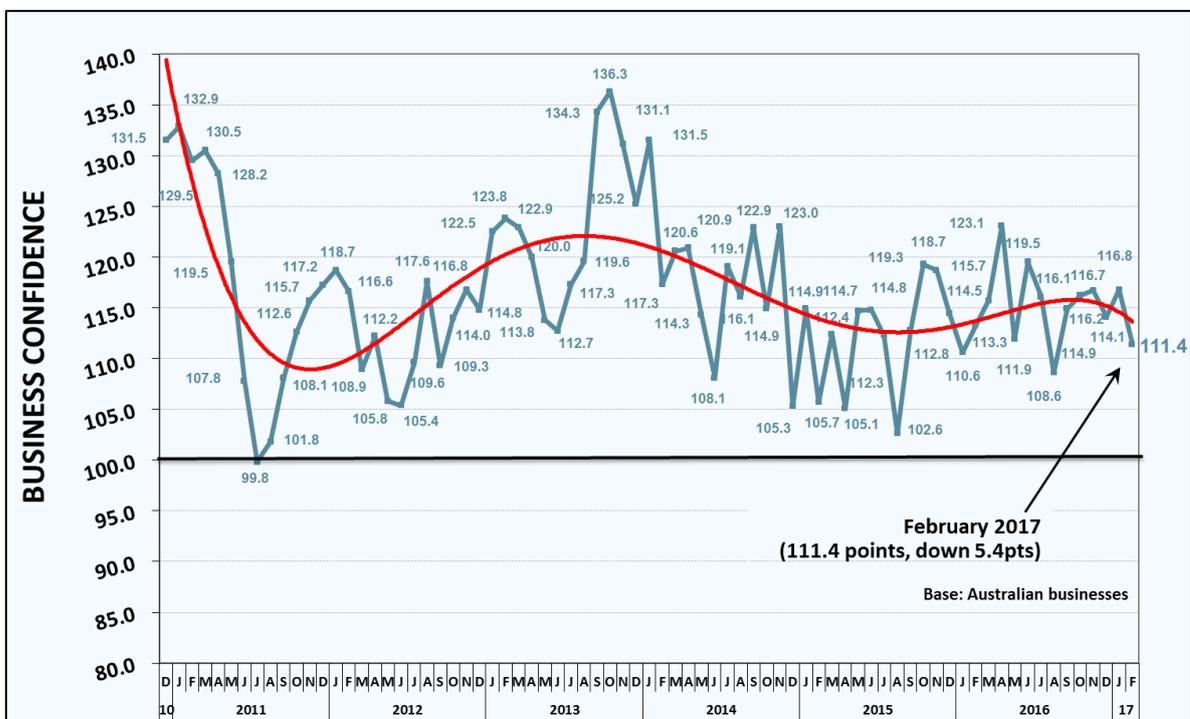
Roy Morgan Research's Business Confidence fell 4.6% to 111.4 in February driven by decreasing confidence about the Australian economy. The fall in Business Confidence occurred despite the Australian All Ordinaries gaining slightly in February, up 86pts (+1.5%) to 5,761 while US Indices are at record highs following Donald Trump's victory in the US Presidential Election.

In Western Australia, facing a State Election this week, Business Confidence remains weak and is the lowest in Australia. The low WA Business Confidence is a key issue for incumbent Premier Colin Barnett trying to hold onto power for a third term following the end of the mining boom which heavily boosted the Western Australian economy over the past decade.

This month's fall in Business Confidence means Business Confidence is now clearly below the 6yr average (116.5). Roy Morgan February Business Confidence results are based on 958 interviews with a cross-section of Australian businesses.

Driving the decrease in Business Confidence was less confidence about the Australian economy. Now fewer businesses 45.7% (down 6ppts) expect 'good times' for the Australian economy over the next 12 months while an increasing number, 46.9% (up 6.7ppts), expect 'bad times' – a net negative of 1.2% (down 12.7ppts). Also 49.2% (down 5.3ppts) expect 'good times' for the economy over the next five years compared to 41.8% (up 7.3ppts) that expect bad times.

Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source (Australia), December 2010-February 2017. Average monthly sample last 12 months = 998.

However, despite a negative viewpoint on the Australian economy, businesses were slightly more positive on their own prospects – now 46.0% (up 2.7ppts) of businesses expect to be ‘better off’ this time next year cf. 17.2% (up 1.3ppts) that expect to be ‘worse off’ while 53.3% (up 0.4ppts) say the next 12 months are a ‘good time to invest’ cf. 40.2% (up 2.3ppts) that say the next 12 months are a ‘bad time to invest’.

Norman Morris, Industry Communications Director, Roy Morgan Research says:

“Business Confidence was down 5.4pts (-4.6%) in February – following seasonal trends which show Business Confidence generally decreases in February following a ‘New Year’ boost in January – Business Confidence in February has fallen in five out of the seven years during which this survey has been conducted.

“The decrease in Business Confidence was driven by decreasing confidence about business conditions in Australia over the next 12 months and next five years and despite a positive month for Australian share-markets – the All Ordinaries rose 1.5% in February to 5,761.

“The biggest drivers of the fall were indicators looking at the expected performance of the Australian economy with 45.7% (down 6ppts) of businesses now expecting ‘good times’ for the Australian economy over the next 12 months – the lowest figure for this indicator for a year and a record low 49.2% (down 5.3ppts) expecting ‘good times’ for the economy over the next five years. This is the first time since this survey began less than half the respondents expected ‘good times’ for the Australian economy over the long-term.

“Analysing the movement of Business Confidence across the States in February shows falls in Victoria, Queensland, Tasmania and Western Australia which once again has the lowest Business Confidence of any State. The low Business Confidence in Western Australia presents a huge problem for Premier Colin Barnett facing re-election this week. These falls more than offset increases in South Australia and New South Wales – now with clearly the highest Business Confidence of the larger States. The rebound in NSW follows a dip in January when popular Premier Mike Baird unexpectedly resigned.

“Analysing Business Confidence by industry shows Administration and support services is Australia’s most confident industry closely followed by Education and training, Agriculture, forestry and fishing and a resurgent Wholesale trade – now at its highest since mid-2016.

“In contrast, four industries are well below the national average with Retail trade suffering its traditional post-Christmas sales period hangover – Retail Business Confidence has fallen in six out of the last seven years in February. Only slightly higher is Electricity, gas, water and waste – which has had several high profile problems related to reliability of supply particularly in South Australia and New South Wales, and then Personal, repair and other services and Manufacturing – which faces a challenging second half of 2017 as Australia’s automotive manufacturers get set to close down in October.”

For comments or more information please contact:

Norman Morris

Industry Communications Director

Office: +61 (3) 9224 5172

Mobile: 0402 014 474

Norman.Morris@roymorgan.com

Related research findings

[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.

Roy Morgan Research Ltd. A.B.N. 91 007 092 944 Quality System Certified to AS/NZS ISO 9001

401 Collins Street, Melbourne, Victoria, 3000 – GPO Box 2282U, Melbourne, Victoria, 3001, Australia

Tel: (03) 9629 6888 Fax: (03) 9629 1250 (03) 9224 5387 melbourne@roymorgan.com www.roymorgan.com

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 |