

Monday, 27 September 2021

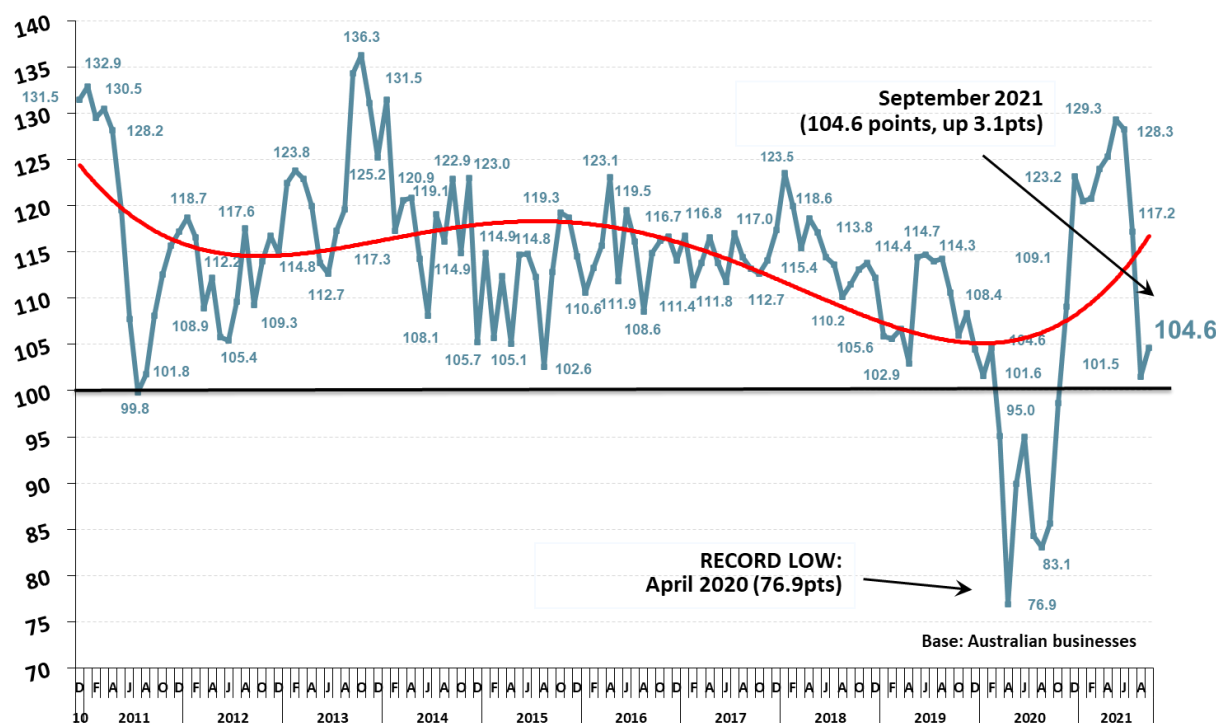
## Roy Morgan Business Confidence increases by 3.1pts (+3.1%) to 104.6 in September as NSW and Victoria outline re-opening plans

This month, September 2021, Roy Morgan Business Confidence increased 3.1pts (+3.1%) to 104.6. Business Confidence has increased for the first time since May following the outlining of re-opening plans in September in both NSW and Victoria. Business Confidence is a significant 19pts (+22.2%) higher than a year ago in September 2020 (85.6).

However, Business Confidence in September 2021 was 9.2pts below the long-term average of 113.8. Businesses grew increasingly confident about the performance of the Australian economy with a majority of 50.4% of businesses expecting 'good times' for the economy over the next 12 months. In addition, a plurality of 47.4% of businesses say the next 12 months is a 'good time to invest in growing the business'.

Business Confidence for September was slightly higher than the latest [ANZ-Roy Morgan Consumer Confidence of 103.3 for September 18/19, 2021](#).

### Roy Morgan Monthly Business Confidence – Australia



**Source:** Roy Morgan Business Single Source, Dec 2010-Sep 2021. Average monthly sample over the last 12 months = 1,320.

### Business Confidence in September 2021 is highest in Western Australia and Tasmania, but lowest in Victoria which has been enduring a record sixth lockdown through the month

Business Confidence in September was widely divergent amongst the Australian States although all six were up strongly on a year ago in September 2020.

Western Australia has by far the highest Business Confidence at 135.4, up 26.5pts (+23.4%) from a year ago and is now over 30pts higher than the national figure of 104.6. In a clear second place is Tasmania on 116.2, an increase of 14.7pts (+14.5%) on a year ago.

Tasmania has not been in lockdown for over a year while Western Australia has just hosted the AFL Grand Final for the first time and has not been in lockdown for well over two months since a short four-day lockdown at the start of July.

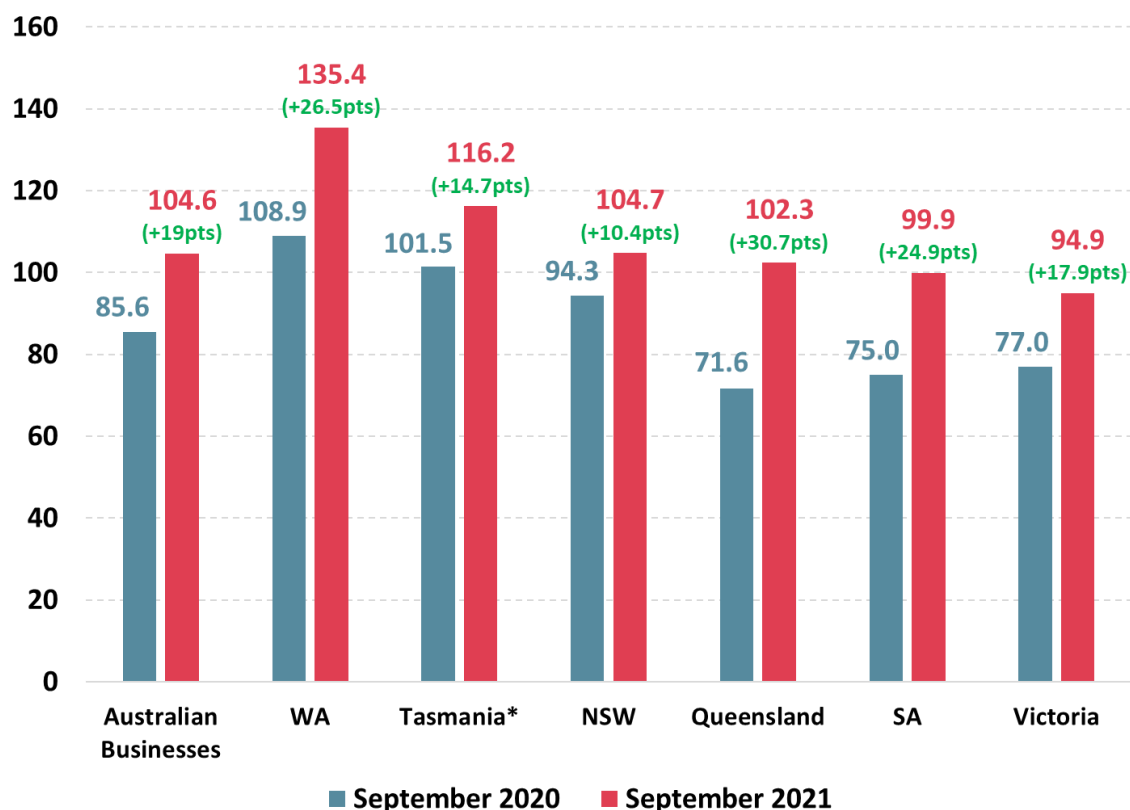
There was an improvement in Business Confidence in NSW which is now just above the national average at 104.7, an increase of 10.4pts (+11%) on a year ago. The increase in NSW follows the outlining of re-opening plans for the State by Premier Gladys Berejiklian early in September that forecasts the lockdown of Greater Sydney is set to end in mid-October as vaccination rates increase quickly.

Business Confidence in Queensland is just below the national average, although still in positive territory above 100, and experienced the largest increase from a year ago, up by 30.7pts (+42.9%) to 102.3. Queensland Premier Annastacia Palaszczuk is yet to make a firm commitment on re-opening Queensland's internal borders to residents of NSW and Victoria and as long as these two markets remain locked out the tourism industry in Queensland will continue to suffer from a lack of visitors.

There is a similar scenario playing out in South Australia which has an almost neutral Business Confidence of 99.9 in September, up 24.9pts (+33.2%) from a year ago. The South Australian Premier has made a verbal commitment to re-open the State's borders to residents of NSW and Victoria in-line with the national roadmap, however, no confirmation has been provided on when this might be.

Business Confidence was the lowest of all States in Victoria which is enduring a record sixth lockdown and has seen a series of protests during the last few weeks related to vaccine mandates and the continuing lockdown. Nevertheless, Business Confidence in Victoria is significantly higher than a year ago, up 17.9pts (+23.3%) to 94.9, and during September the Victorian Government outlined a re-opening plan for the State due to begin in late October once vaccination targets are reached.

#### Business Confidence by State in September 2020 vs September 2021



**Source:** Roy Morgan Business Single Source, September 2020, n=1,375, September 2021, n=1,417. **Base:** Australian businesses. **Note:** \*The figure for Tasmania is a comparison of August-September 2020 and August-September 2021.

#### Public Administration & Defence, Wholesale and Agriculture are the most confident industries while Mining and Information Media & Telecommunications are the least confident

Public Administration & Defence is clearly the most confident industry in August-September 2021 with a Business Confidence of 142.4, almost 40pts higher than the national figure. Even so, confidence in this industry was riding high in 2020, and the current figure is down 17.7pts (-11.0%) from a year ago.

Also flying high with very strong confidence ratings are Wholesale on 130.6 (up 25.5pts, +24.3%), Agriculture on 126.8 (up 36.1pts, +39.8%), Transport, Postal & Warehousing on 123.2 (up 12.7pts, +11.5%) and Retail on 115.7, an increase of 39.1pts (+51%) on a year ago. The big increase for Retail comes as a [special survey conducted by Roy Morgan in conjunction with the Australian Retailers Association \(ARA\) shows Australians plan on spending over \\$11 billion on Christmas gifts this year](#).

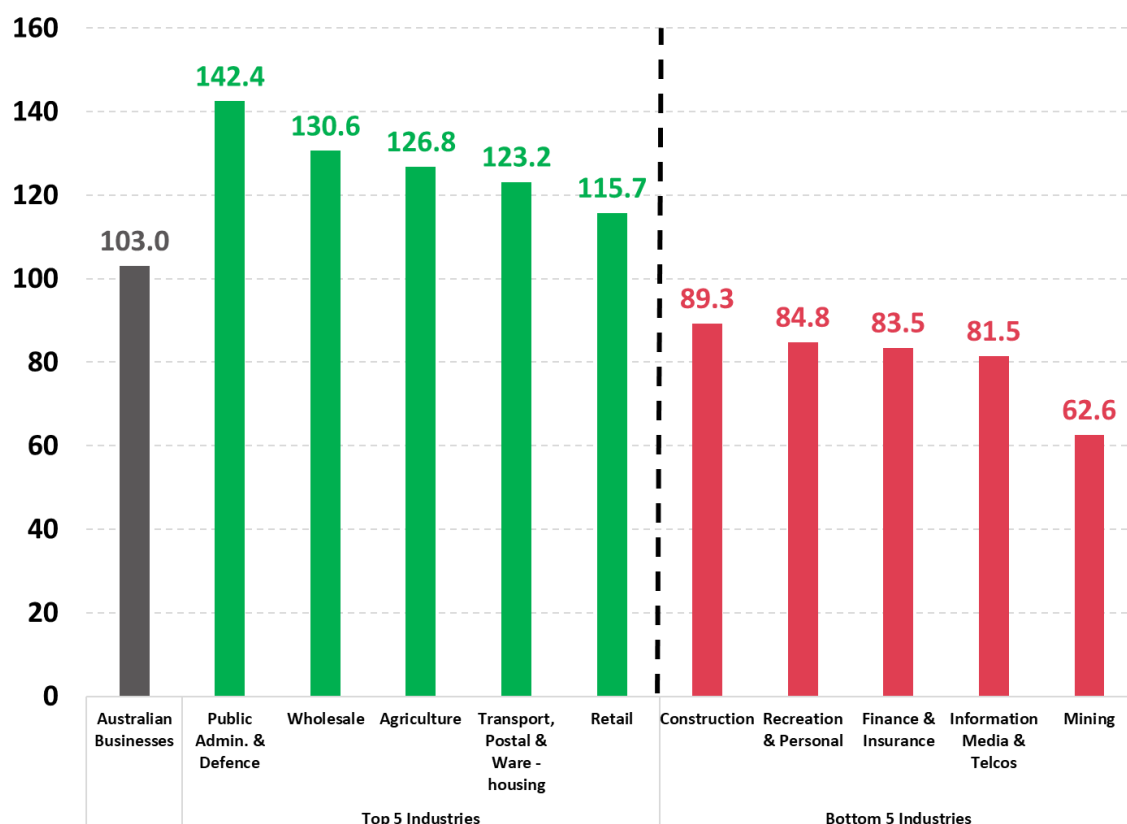
However, the industry which has had the biggest increase in confidence in percentage terms from a year ago is Accommodation & Food Services on 106.5 which increased by 45.8pts (+75.5%) to 106.5. The industry is now just above the national average despite the continuing uncertainty around when the international border and all internal State borders will re-open – which may not be until 2022.

There are several industries that have Business Confidence well below the national average and well below the neutral level of 100 over the last two months. Lowest of all is Mining with Business Confidence of only 62.6, down 6.6pts (-9.5%) on a year ago.

Several commodities have experienced rapid price falls in recent months as the Chinese economy deals with the likely bankruptcy of one of its largest property developers Evergrande. The price of iron ore, Australia's largest export earner, has more than halved from over \$220 USD per metric tonne in July to under \$110USD per metric tonne in late September.

Other industries with low Business Confidence include Information Media & Telecommunications on 81.5, down 1pt (-1.2%) on a year ago, Finance & Insurance on 83.5, up 37.9pts (+83%), Recreation & Personal on 84.8, up 19.7pts (+30.2%) and Construction on 89.3, up 6.7pts (+8.1%).

#### Business Confidence for Top 5 and Bottom 5 Industries in August-September 2021



**Source:** Roy Morgan Business Single Source, August-September 2021, n=2,718. **Base:** Australian businesses. **Note:** In the chart above green bars represent Business Confidence in positive territory above 100 and above the national average and red bars represent Business Confidence well below the national average and below the neutral level of 100.

**A majority of businesses expect there will be 'good times' for the Australian economy over the next year and a large plurality say now is a 'good time to invest in growing the business'**

- An increasing plurality of businesses, 46.8% (up 2.7ppts), expect the business will be 'better off' financially this time next year, while only 18.7% (down 0.3ppts) expect the business to be 'worse off';



- In addition, nearly half of all businesses, 47.4% (down 0.5ppts), 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';
- A majority of businesses are confident about the **Australian economy's performance over the next year** with 50.4% (up 4.2ppts), expecting 'good times' for the Australian economy over the next year while 47.9% (down 3.3ppts), expect 'bad times';
- Businesses have also grown increasingly confident about the **longer-term outlook** with a majority of 50.6% (up 9.5ppts) expecting 'good times' for the Australian economy over the next five years compared to 44.4% (down 8.6ppts) which expect 'bad times';
- However, under a third of businesses, 28.4% (down 6.1ppts), said the business is 'better off' financially than this time a year ago (the lowest figure for this indicator for nearly a year since October 2020) while well over two-fifths, 44.6% (up 5ppts), said the business is 'worse off'.

**Michele Levine, CEO of Roy Morgan, says the increase in Business Confidence in September was the first for four months since May and came as the NSW and Victorian Governments outlined plans to re-open their economies in October and November:**

*"Business Confidence increased 3.1pts (+3.1%) to 104.6 in September, its first monthly increase since the current outbreak began in NSW in mid-June, following four months of declines.*

*"As vaccination levels increase in NSW and Victoria businesses have grown increasingly confident about the performance of the Australian economy. Now 50.4% (up 4.2ppts) expect 'good times' for the economy over the next year and 50.6% (up 9.5ppts) expect 'good times' over the next five years.*

*"The NSW economy is set to begin re-opening over the next few weeks of October while the Victorian economy is a few weeks behind and set to begin re-opening in late October and early November. These timelines are reflected in the State figures with Business Confidence at 104.7 in NSW, just above the national average, compared to only 94.9 in Victoria – the lowest of all States.*

*"Western Australia has easily the highest Business Confidence of any State at 135.4, more than 30pts above the national average. The high figure for WA is no surprise given the delivery of a \$5.6 billion budget surplus early in September, no lockdowns in the State for nearly three months since late June/early July, and even the successful hosting of the AFL Grand Final over the weekend for the first time.*

*"Perhaps more worryingly, Business Confidence remains below the national average in both Queensland (102.3) and SA (99.9) which have both successfully managed to keep COVID-19 and the highly contagious Delta strain out of their States.*

*"However, this introduces considerable uncertainty for businesses in both Queensland and SA, as well as WA, about when these States will re-open their borders to over half of Australia's population in NSW and Victoria as we approach Christmas and the Summer holidays soon after. None of these States have yet confirmed exactly when they plan to re-open their State borders.*

*"In August-September the most confident industries were Public Administration & Defence, Wholesale, Agriculture, Transport, Postal & Warehousing and Retail – all of which had Business Confidence above 115 and over 10% higher than the national average. These industries have been consistently near the top of the index over the last few months and continue to outperform other industries more negatively impacted by the pandemic.*

*"In contrast, Business Confidence in the Mining industry has plummeted in the last few months and is the lowest of all at only 62.6, down 6.6pts (-9.5%) on a year ago. The challenges facing Australia's largest export market of China, including the potential bankruptcy of one of China's largest real estate businesses Evergrande, are having a direct impact on commodities markets. The clearest example is the price of Australia's largest export, iron ore, which has dropped from over \$220USD per metric tonne in mid-July to under \$110USD per metric tonne in late September."*

The latest Roy Morgan Business Confidence results for September are based on 1,417 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](mailto:askroymorgan@roymorgan.com).

### 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

