

Monday, 25 October 2021

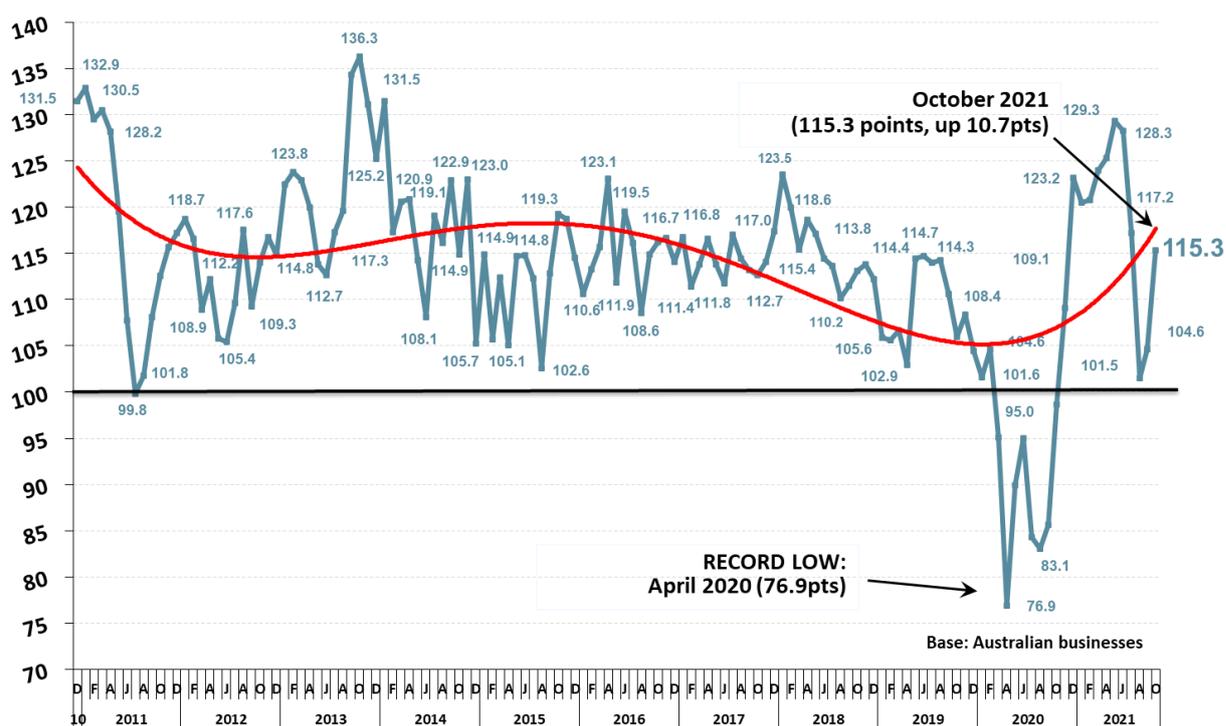
Roy Morgan Business Confidence jumps by 10.7pts (+10.2%) to 115.3 in October as lockdowns end in Sydney and Melbourne

This month, October 2021, Roy Morgan Business Confidence increased 10.7pts (+10.2%) to 115.3. This is the biggest increase in Business Confidence so far during 2021 and comes as long-running lockdowns have ended in Greater Sydney, Greater Melbourne and the ACT. Business Confidence is a significant 16.6pts (+16.8%) higher than a year ago in October 2020 (98.7).

Business Confidence in October 2021 was back above the long-term average of 113.8 for the first time since July 2021. Businesses grew increasingly confident about the performance of the Australian economy with a majority of 55.1% of businesses expecting 'good times' for the economy over the next 12 months and a similar majority of 55% say the next 12 months is a 'good time to invest in growing the business'.

Business Confidence for October was over 8pts higher than the latest [ANZ-Roy Morgan Consumer Confidence of 107.0 for October 16/17, 2021](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Oct 2021. Average monthly sample over the last 12 months = 1,353.

Business Confidence in October 2021 is highest in South Australia and Western Australia, but lowest in Victoria as the State finally emerged from its record sixth lockdown

Business Confidence in October was up strongly in all six States from a year ago in October 2020. The biggest increase was in South Australia in which Business Confidence increased by a massive 46.5pts (+50%) to 139.5 to be higher than any other State.

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South Australia’s response to COVID-19 has been the most successful of any State by several measures with only 4 deaths in the State due to the virus – fewer deaths than any other State.

Western Australia has clearly the second highest Business Confidence at 130.8, up 22.4pts (+20.7%) from a year ago and is now over 15pts higher than the national figure of 115.3. There have been no lockdowns in Western Australia, or in Capital City Perth, for nearly four months since early July, a longer stretch without a lockdown than any other State.

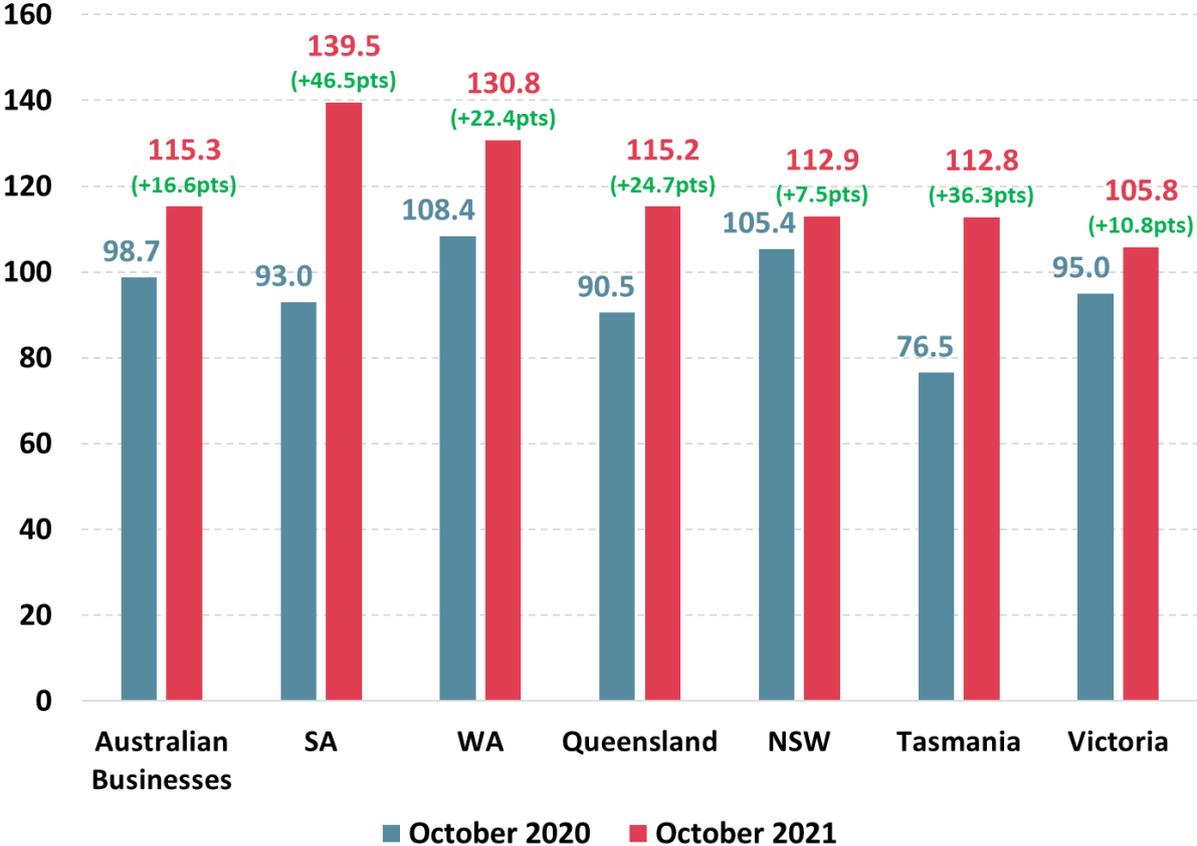
Business Confidence in Queensland is again just below the national average at 115.2, although up significantly by 24.7pts (+27.3%) from a year ago. In the past week Queensland Premier Annastacia Palaszczuk finally announced that Queensland would fully re-open its borders to NSW and Victoria by mid-December – just in time for Christmas and the Summer holidays thereafter.

The re-opening of Greater Sydney in mid-October has contributed to an improvement in Business Confidence in Australia’s most populated State which is up 7.5pts (+7.1%) to 112.9 in NSW. The State has been on the front foot in transitioning to ‘living with COVID’ and was the first to announce international borders would be re-opened in early November for Australian citizens and residents to return home without enduring any period of quarantine.

Southern Tasmania endured a short and sharp lockdown for three days in mid-October, but the restrictions did not prevent Business Confidence continuing to recover and now up 36.3pts (+47.5%) to 112.8 compared to a year ago.

For the second straight month Business Confidence was the lowest of all States in Victoria at 105.8, an increase of 10.8pts (+11.4%) on a year ago. Greater Melbourne finally emerged from its record sixth lockdown in late October and restrictions will continue to ease over the coming four weeks with most restrictions set to be removed by the end of November.

Business Confidence by State in October 2020 vs October 2021



Source: Roy Morgan Business Single Source, October 2020, n=1,266, October 2021, n=1,661. **Base:** Australian businesses. **Note:** *The figure for Tasmania is a comparison of Sept-Oct 2020 and Sept-Oct 2021.

Agriculture, Wholesale and Transport, Postal & Warehousing are the most confident industries while Mining, Manufacturing and Construction are the least confident

Agriculture is clearly the most confident industry in September-October 2021 with a Business Confidence of 132.1, over 20pts higher than the national figure. Confidence in the industry has soared by 34.3pts (+35%) from a year ago.

Also flying high with very strong confidence ratings are Wholesale on 127.5 (up 3.2pts, +2.6%) and Transport, Postal & Warehousing on 122.3 (up 12.2pts, +11.1%) on a year ago. These two industries are facing a big few months with the annual pre-Christmas retail sales forecasts by [Roy Morgan in conjunction with the Australian Retailers Association \(ARA\) showing Australians are set to spend \\$58.8 billion on retail goods during the pre-Christmas period.](#)

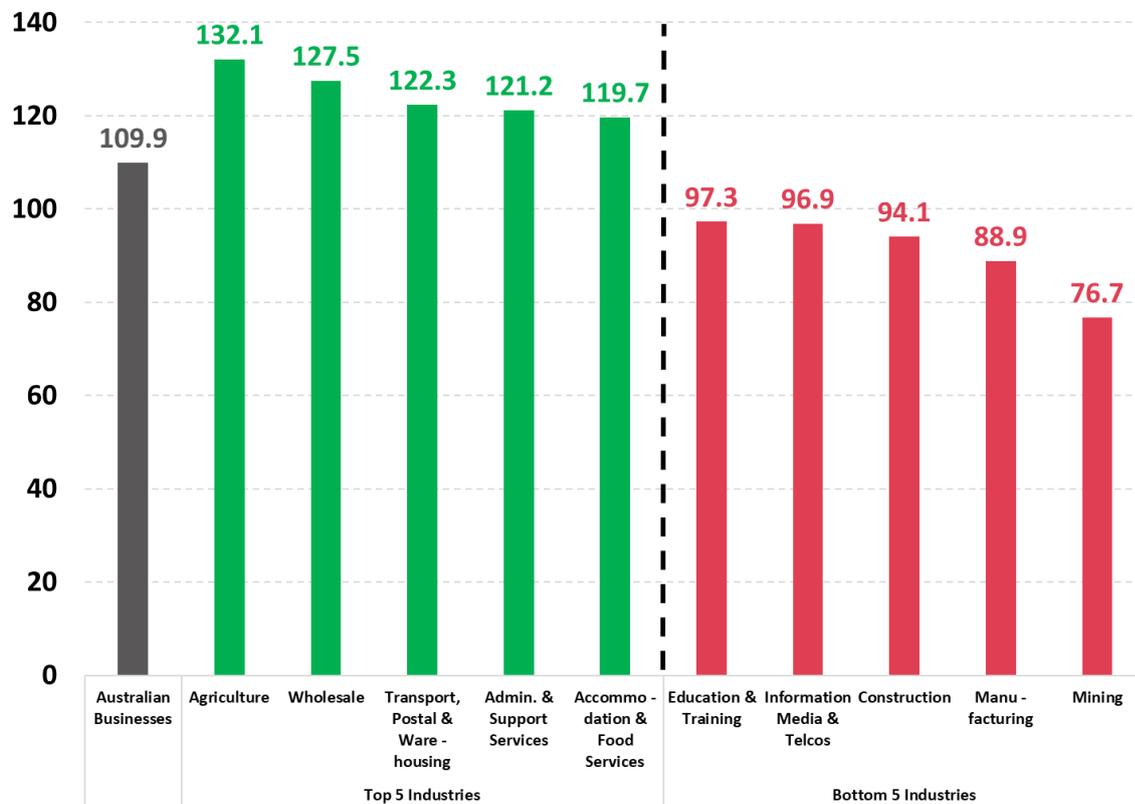
However, the industry which has had the biggest increase in confidence from a year ago, is Accommodation & Food Services which more than doubled and increased by 61.1pts (+104.2%) to 119.7. The industry is now more than 10pts above the national average and has received good news in recent weeks with international travel set to resume into Australia in November and domestic borders in Queensland and Tasmania set to come down in mid-December.

There are five industries that have Business Confidence well below the national average and below the neutral level of 100 over the last two months. Lowest of all is Mining with Business Confidence of only 76.7, down 38pts (-33.1%) on a year ago.

Several commodities have experienced rapid price falls in recent months as the Chinese economy deals with significant problems in its real estate sector and issues surrounding one of its largest property developers Evergrande. The price of iron ore, Australia’s largest export earner, is down by around \$100 USD over the last few months to around \$120 USD per metric tonne in late October.

Other industries with low Business Confidence include Manufacturing on 88.9, up 2.3pts (+2.7%) on a year ago, Construction on 94.1, up 5pts (+5.6%), Information Media & Telecommunications on 96.9, down 4pts (-3.9%) on a year ago, and Education & Training on 97.3, up 6.2pts (+6.8%).

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



Source: Roy Morgan Business Single Source, September-October 2021, n=3,078. **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.

An increasing majority of businesses expect there will be ‘good times’ for the Australian economy over the next year and say now is a ‘good time to invest in growing the business’

- An increasing plurality of businesses, 49.0% (up 2.2ppts), expect the **business will be ‘better off financially’** this time next year, while only 14.3% (down 4.4ppts) expect the business to be ‘worse off’;
- In addition, a clear majority of businesses, 55.0% (up 7.6ppts), said the next 12 months is a **‘good time to invest in growing the business’**, while 37.5% (up 7.3ppts) said it will be a ‘bad time to invest’;
- An increasing majority of businesses are confident about the **Australian economy’s performance over the next year** with 55.1% (up 4.7ppts), expecting ‘good times’ for the Australian economy over the next year while 47.9% (down 5.8ppts), expect ‘bad times’;
- Businesses have also grown increasingly confident about **the longer-term outlook** with a majority of 52.6% (up 2ppts) expecting ‘good times’ for the Australian economy over the next five years compared to 41.5% (down 2.9ppts) which expect ‘bad times’;
- Just over a third of businesses, 35.9% (up 7.5ppts), said the business is ‘better off’ financially than this time a year ago while the same proportion, 35.9% (down 8.7ppts), said the business is ‘worse off’.

Michele Levine, CEO of Roy Morgan, says Business Confidence has increased for two straight months and is now up 13.8pts (+13.6%) since bottoming at 101.5 in August when over half of the country in NSW, Victoria and the ACT was in lockdown:

“Business Confidence increased 10.7pts (+10.2%) to 115.3 in October and there were solid increases in all three jurisdictions that emerged from long lockdowns over the last few weeks. Business Confidence in NSW was up 8.1pts (+7.8%) to 112.9 and up 10.9pts (+11.5%) to 105.8 in Victoria.

“There was good news for businesses reliant on tourism in both Queensland and Tasmania which announced their domestic borders would be coming down in mid-December. Queensland Premier Anastacia Palaszczuk announced Queensland’s borders would be open to travellers from all States on December 17 and Tasmanian Premier Peter Gutwein announced the same for December 15.

“The various roadmaps for easing restrictions announced by different State Governments around Australia are vitally important for businesses making spending plans for the next few months. The fact most Governments have now outlined their roadmaps considerably reduces the amount of uncertainty businesses face – if there’s anything businesses hate most it is uncertainty about the future.

“The re-opening of Australia’s domestic borders to over 20 million people along the Eastern sea-board is clearly beneficial to businesses in the Accommodation & Food Services industry. Confidence in this industry has increased by more than any other from a year ago, more than doubling and up by 61.1pts (+104.2%) to 119.7 in the last two months – fifth highest of any industry.

“In addition to the removal of domestic border restrictions the international border is set to come down in early November when fully vaccinated Australian citizens and permanent residents will be allowed to fly into both NSW and Victoria without undergoing any period of quarantine and only requiring a negative test for COVID-19 for entry to the country.

“Overall Australian businesses are growing more confident about the next year with a majority of 55.1% (up 4.7ppts) now expecting ‘good times’ for the economy over the next year and 55% (up 7.6ppts) saying now is a ‘good time to invest’ in growing the business.

“In September-October the most confident industries were Agriculture, Wholesale and Transport, Postal & Warehousing – all of which had Business Confidence above 120 and over 10% higher than the national average over the last two months.

“The Wholesale and Transport, Postal & Warehousing industries are gearing up for the busiest period of the year in the run-up to Christmas with record online ordering of gifts. The annual pre-Christmas retail sales forecasts by [Roy Morgan in conjunction with the Australian Retailers](#)

[Association \(ARA\) show Australians are set to spend \\$58.8 billion on retail goods during the pre-Christmas period.](#)

The latest Roy Morgan Business Confidence results for October are based on 1,661 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.

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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