

Tuesday, 9 June 2020

Business Confidence and Conditions

Confidence Rebuilding Slowly

- Both business confidence and conditions improved in May, reflecting the gradual move to lift restrictions on business operations and expectations of a recovery in economic activity.
- Business confidence improved for the second month in a row, lifting to -20.0 in May. It follows a reading of -45.5 in April and -65.2 in March. Despite the improvement, May's reading is still suggesting deep pessimism among businesses.
- Business conditions lifted from a record low of -33.7 in April to -23.8 in May, as many businesses look to re-start operations.
- All sub-indices improved, including trading (-18), profitability (-19) and employment (-31), although the employment index remains extremely weak.
- Forward orders also lifted in May, from -35 to -29, but it is still suggesting very weak demand.
- Confidence in all major industries improved. There was also broad based improvement in conditions across industries, except for mining. Conditions were the weakest in May in recreational & personal services (-37) followed by finance, business & property services (-27). The highest readings were in retail (-15) and wholesale (-12).
- Confidence lifted across all States and territories. Business confidence was better in Western Australia (-17) and then NSW (-18). Tasmania was the State with the weakest confidence. Victoria (-21), Queensland (-23) and South Australia (-22).
- The improvement in both confidence and conditions is encouraging, reflecting the easing restrictions to limit the spread of COVID-19. However, they both remain at low levels suggesting that a full recovery will take some time. We are a long way from restoring levels of activity to where they were before the crisis.

Janu Chan, Senior Economist
Ph: 02-8253-0898

Contact Listing

Chief Economist

Besa Deda
dedab@bankofmelbourne.com.au
(02) 8254 3251

Senior Economist

Janu Chan
chanj@bankofmelbourne.com.au
(02) 8253 0898

Economist

Nelson Aston
nelson.aston@bankofmelbourne.com.au
(02) 8254 1316

The Detail

The information contained in this report (“the Information”) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom Bank of Melbourne has a contract to supply Information, the supply of the Information is made under that contract and Bank of Melbourne’s agreed terms of supply apply. Bank of Melbourne does not represent or guarantee that the Information is accurate or free from errors or omissions and Bank of Melbourne disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to Bank of Melbourne products and details are available. Bank of Melbourne or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. Bank of Melbourne owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of Bank of Melbourne.

Any unauthorised use or dissemination is prohibited. Neither Bank of Melbourne- A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714, nor any of Westpac’s subsidiaries or affiliates shall be liable for the message if altered, changed or falsified.
