



Tuesday, February 20, 2024

Roy Morgan Business Confidence increased 2.1pts to 93.2 in January – now at its highest since August 2023

In January 2024, Roy Morgan Business Confidence was 93.2 (up 2.1pts since December). This was the second consecutive monthly increase in Business Confidence – the first time the index has increased for two straight months since early last year.

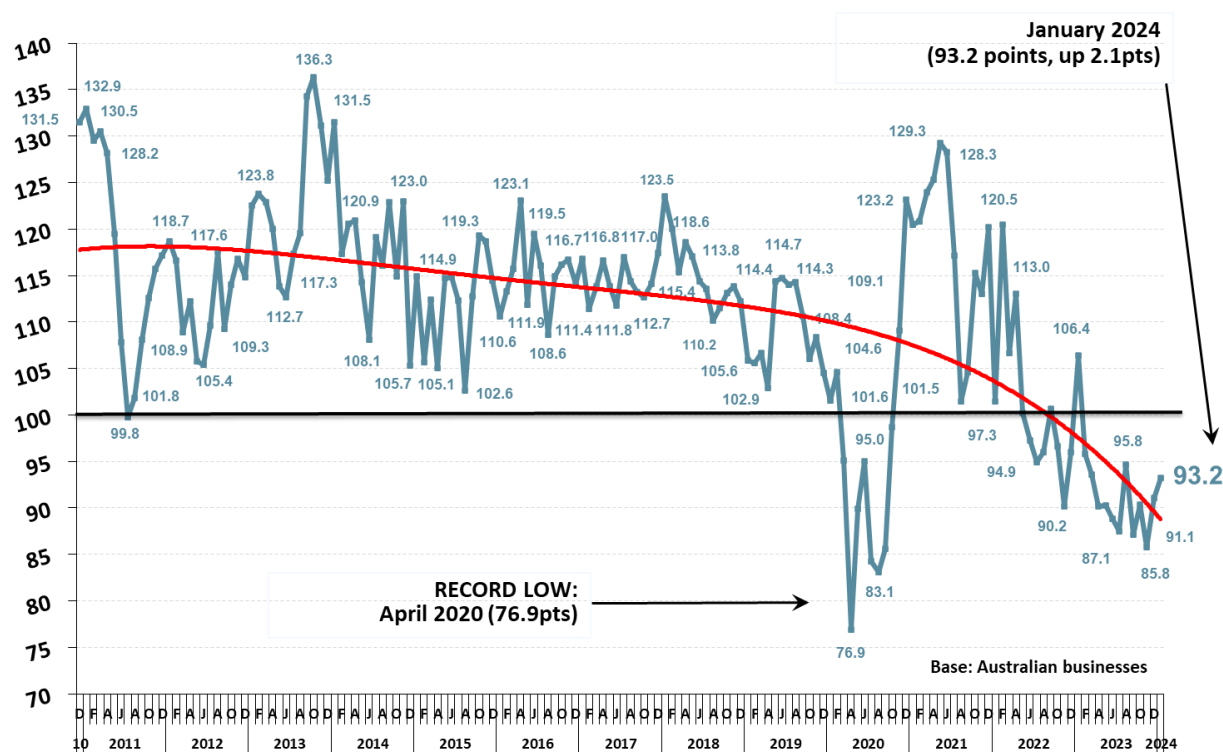
However, despite the increase, Business Confidence has now spent a record twelve consecutive months below the neutral level of 100, the longest stretch in negative territory in the history of the index, dating back over a decade to 2010.

Businesses remain concerned about the performance of the Australian economy with a majority of 59.5% expecting 'bad times' for the economy over the next year and almost as many, 56.7%, expecting 'bad times' for the economy over the next five years.

Nevertheless, businesses are relatively positive about their own prospects over the next year with 42.3% saying they will be 'better off' financially this time next year compared to only 25.0% that say they will be 'worse off' – a positive net rating of 17.3% points.

Business Confidence is now a large 18pts below the long-term average of 111.2, but 10.6pts higher than the latest – [ANZ-Roy Morgan Consumer Confidence of 82.8 for February 12–18, 2024](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Jan. 2024. Average monthly sample over the last 12 months = 1,555.

Business Confidence is down from a year ago – the largest fall is in Western Australia – but WA is still higher than any other State

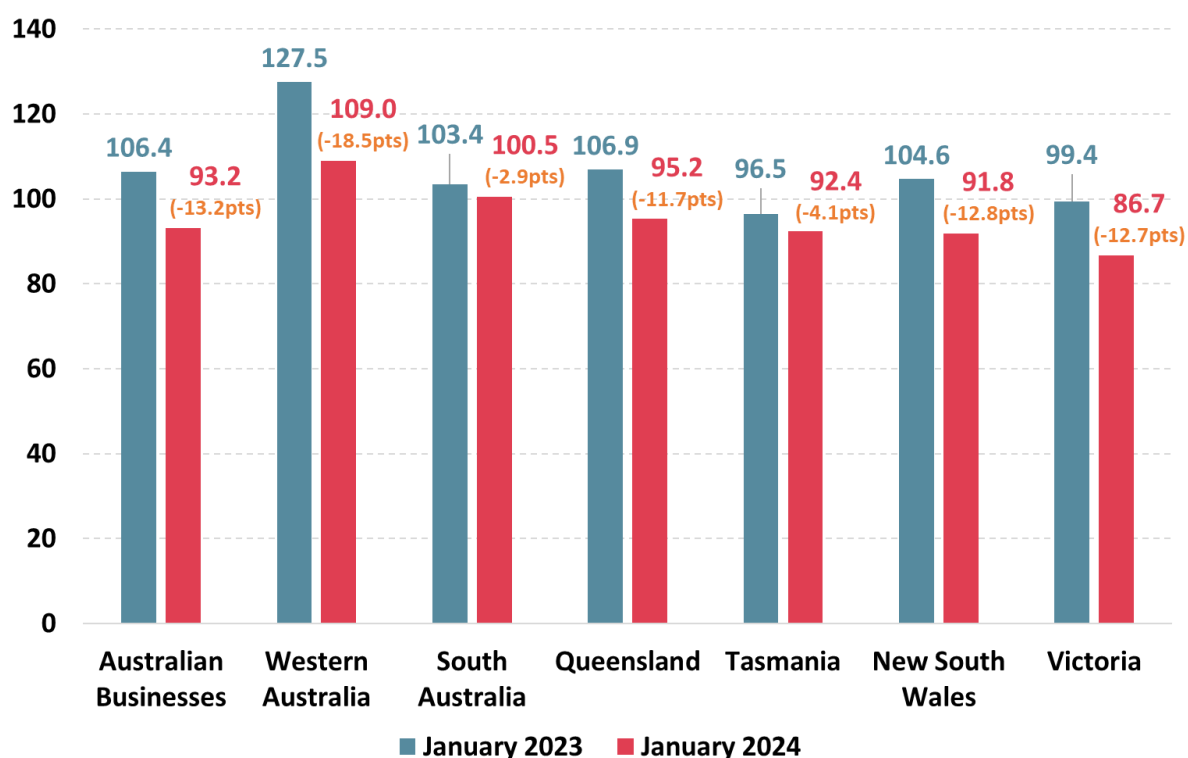
Business Confidence for the month of January increased on December 2023, but compared to a year ago, is down by a large 13.2pts since January 2023.

The fall in Business Confidence from a year ago has been driven by falls in all six States and led by Western Australia, down by a large 18.5pts to 109.0. However, despite the large decline in WA, the State still has clearly the highest Business Confidence of any State to start 2024.

There were also large falls in New South Wales, down 12.8pts to 91.8, Victoria, down 12.7pts to 86.7, and in Queensland, down 11.7pts to 95.2.

There were smaller decreases in the smaller States of South Australia, down 2.9pts to 100.5, and In Tasmania, down 4.1pts to 92.4.

Business Confidence by State in January 2023 vs January 2024



Source: Roy Morgan Business Single Source, January 2023, n=1,454, January 2024, n=1,609. **Base:** Australian businesses. *Tasmanian Business Confidence is measured over three months: November 2022 – December 2023 cf. November 2023 – December 2024.

Community Services, Accommodation & Food Services and Education & Training are the most confident industries in January while the least confident industry is Transport, Postal & Warehousing

Over the last two months only seven industries had Business Confidence in positive territory above the neutral level of 100: Community Services, Accommodation & Food Services, Education & Training, Administration & Support Services, Professional, Scientific & Technical Services, Electricity, gas & water and Recreation & Personal

The most confident industry in December-January was Community Services with a Business Confidence of 112.7, up marginally by 0.7pts on a year ago just ahead of Accommodation & Food Services on 112.6, following an increase of 7.3pts on a year ago.

In third place is Education & Training with a Business Confidence of 109.4, but down 14.5pts on a year ago, just ahead of Administration & Support Services on 107.8, down 0.9pts on a year ago.

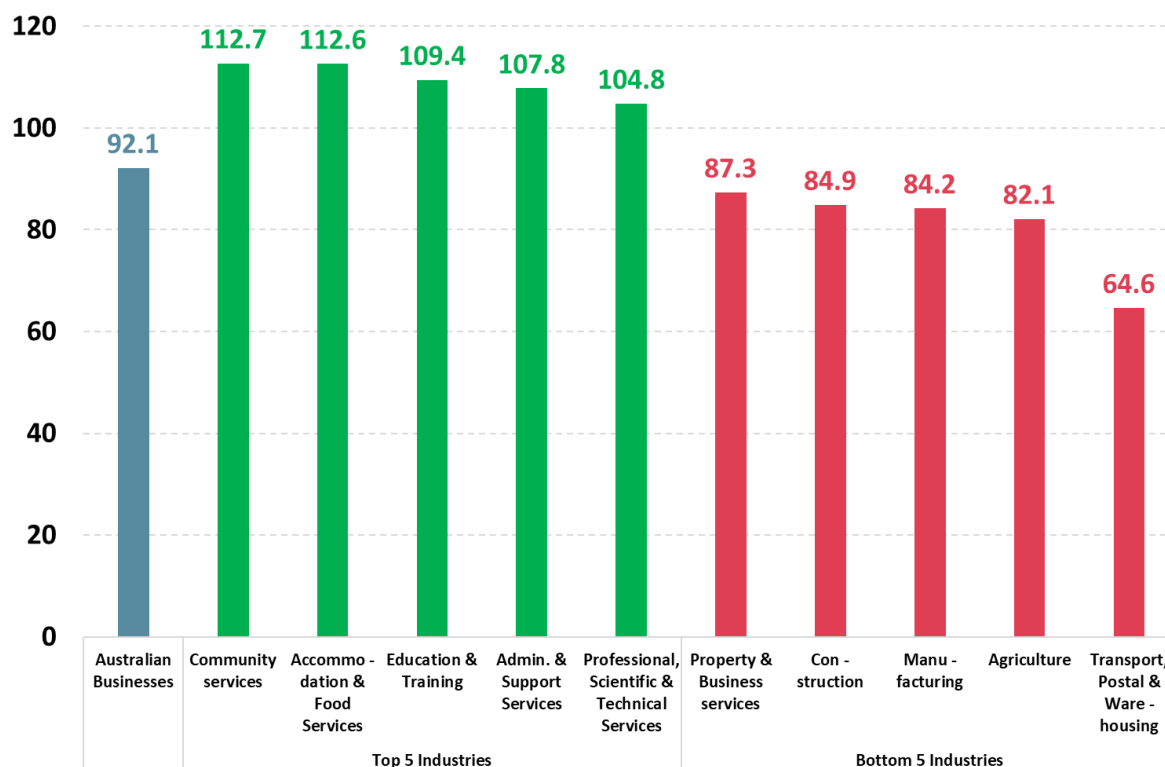
Professional, Scientific & Technical Services is now the fifth most confident industry on 104.8, following a small increase of 1.2pts, while the largest increase from a year ago has been for sixth-placed Electricity, gas & water on 102.7, following a large increase of 29.1pts on a year ago.

The five least confident industries are led by Transport, Postal & Warehousing on only 64.6, following a decline of 45.4pts on a year ago – the largest decline of any industry.

In second last place is Agriculture on 82.1, following a decline of 8.8pts from a year ago. Confidence in the Agriculture industry has been in negative territory below the neutral level of 100 for longer than any other industry – averaging only 83.4 over the last 18 months since August 2022.

Three other industries with low Business Confidence are Manufacturing on 84.2, down 19pts from a year ago, Construction on 84.9, down 10pts from a year ago and Property & Business Services on 87.3, down 14.5pts from a year ago. All three of these industries have averaged below the neutral level of 100 over the last two years since January 2022.

Business Confidence for Top 5 and Bottom 5 Industries in December 2023 – January 2024



Source: Roy Morgan Business Single Source, December 2023 & January 2024, n=3,106. **Base:** Australian businesses.

Note: In the chart above, green bars represent Business Confidence in positive territory above the national average and red bars represent Business Confidence well below the national average and below the neutral level of 100.

Business Confidence increased 2.1pts to 93.2 in January as businesses grew increasingly confident about the outlook for the Australian economy over the next year and next five years:

- In January, under a third of businesses, 29.7% (down 0.9ppts), said their **business is 'better off' financially than this time a year ago**, while 40.5% (down 4.5ppts), said the business is 'worse off';
- Businesses views on their prospects for the next year were virtually unchanged in January, with 42.3% (down 0.5ppts) expecting the **business will be 'better off' financially** this time next year, while a quarter, 25.0% (down 0.4ppts), expect the business will be 'worse off';
- Businesses were more positive about **Australia's economic performance over the next year** with 38.3% (up 3.1ppts), expecting 'good times' while a majority of 59.5% (down 4.1ppts) expect 'bad times';
- Businesses were also negative on **the longer-term outlook for the Australian economy** with only 38.2% (up 1.2ppts) expecting 'good times' for the Australian economy over the next five years while a decreasing majority of 56.7% (down 2ppts) expect 'bad times';
- Views on whether now is a **'good or bad time to invest in growing the business'** deteriorated slightly in January with 43.9% (down 2.9ppts) saying the next 12 months will be a **'good time to invest'** in growing the business and 44.9% (up 0.9ppts) who say the next 12 months will be a **'bad time to invest'**.



Michele Levine, CEO of Roy Morgan, says Business Confidence increased 2.1pts to 93.2 in January, the second straight monthly increase, as businesses became slightly more confident about the performance of the Australian economy over the period ahead:

"Roy Morgan Business Confidence increased 2.1pts to 93.2 in January to its highest level for six months since August 2023 (94.7). However, despite the consecutive increases the index has now spent a record twelve straight months (since February 2023) in negative territory below 100.

"Driving the small increase in Business Confidence in January was a slight improvement in views on the performance of the Australian economy. Now 38.3% (up 3.1pts on a month ago) of businesses expect 'good times' for the economy over the next year and 38.2% (up 1.2pts) expect 'good times' for the economy over the next five years.

"There was more good news for businesses in early February, with the Reserve Bank deciding to leave interest rates unchanged for a second straight meeting at 4.35%. The swift fall in the official inflation figures – [ABS monthly annual inflation fell to 3.4% In December](#), the lowest for over two years since November 2021 (3.2%) – has also reduced pressure for further interest rate increases.

"On a State-by-State basis Business Confidence is in positive territory in only two States – WA (109.0) and SA (100.5). The measure is in negative territory in the four other States of Queensland (95.2), Tasmania (92.4), New South Wales (91.8) and is lowest of all in Victoria at only 86.7.

"At an industry level, it is Community Services which is the most confident industry in December-January with a Business Confidence rating of 112.7 just ahead of Accommodation & Food Services on 112.6 – both industries over 20% above the national average.

"Also performing well are Education & Training on 109.4, Administration & Support Services on 107.8, Professional, Scientific & Technical Services on 104.8, Electricity, gas & water on 102.7 and Recreation & Personal on 101.7. In total, only seven of the 18 industries covered have positive Business Confidence above the neutral level of 100.

"At the other end of the scale are several industries with persistently low Business Confidence led by Transport, Postal & Warehousing on only 64.6 – almost 20pts lower than any other industry.

"Other industries with low Business Confidence include Agriculture on 82.1, Manufacturing on 84.2, Construction on 84.9, Property & Business Services on 87.3, Wholesale trade on 87.4, Retail on 87.9, Public Administration & Defence on 88.0 and Mining on 91.1.

"All nine of these industries have had average Business Confidence over the last two years (since January 2022) in negative territory below the neutral level of 100.

"Although the next few months look tough for the Australian economy, there is considerable hope of a stronger end to the year with the potential for interest rates to be cut, inflation coming down, and the modified stage 3 tax cuts increasing consumer's take home pay from mid-year."

The latest Roy Morgan Business Confidence results for January are based on 1,609 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 80 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