

Friday, 15 March 2024

## Roy Morgan Business Confidence increased rapidly in February, up 8.3pts to 101.5 – the first positive result above 100 for over a year

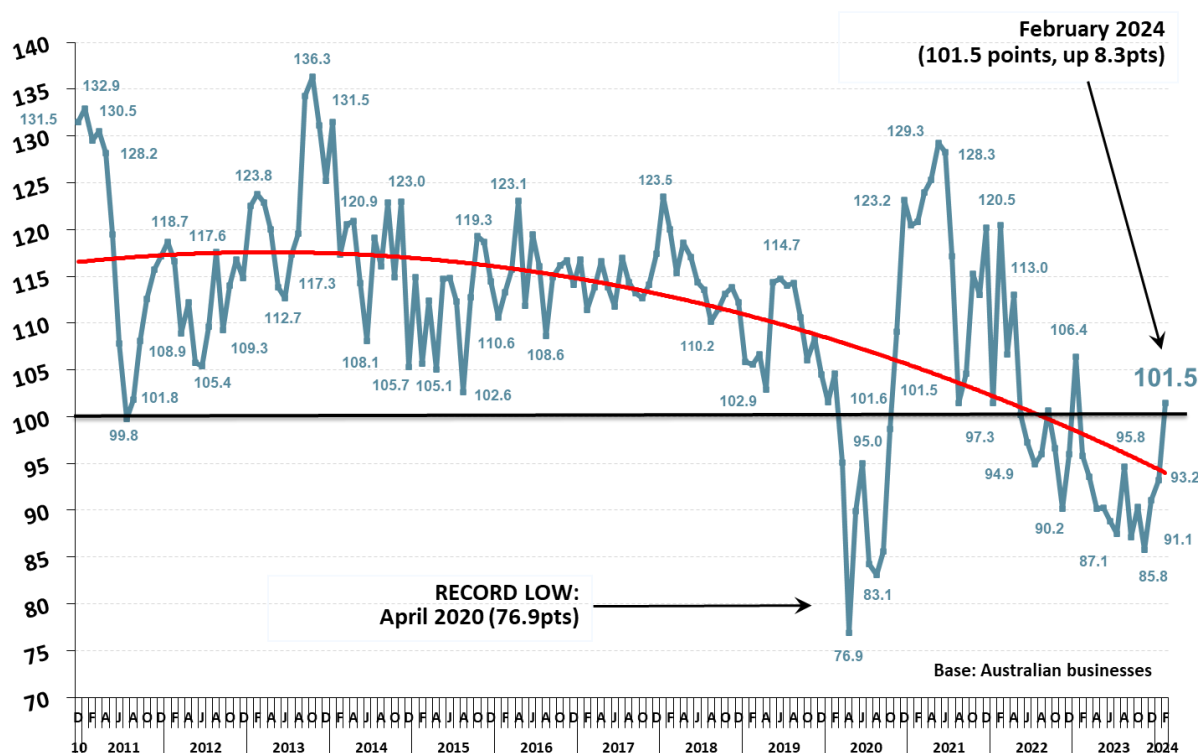
In February 2024, Roy Morgan Business Confidence was 101.5 (up 8.3pts since January 2024). This was the third consecutive monthly increase in Business Confidence – and the first time the index has recorded a positive result above 100 for over a year since January 2023 (106.4).

A large spur for the monthly increase was businesses growing increasingly confident in February that the next 12 months is a 'good time to invest' in growing the business – now a majority of 51.3% of businesses (up 7.4ppts on a month ago) – and the highest for this indicator for nearly two years since April 2022.

Businesses have also grown more confident about the performance of the Australian economy with 47.6% (up 9.3ppts) saying they expect 'good times' for the economy over the next year and 43.2% (up 5ppts) saying they expect 'good times' for the economy over the next five years – the highest for both of these indicators for over a year since January 2023.

Business Confidence is now 9.7pts below the long-term average of 111.2, but 19.3pts higher than the latest – [ANZ-Roy Morgan Consumer Confidence of 82.2 for March 4-10, 2024](#).

### Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Feb. 2024. Average monthly sample over the last 12 months = 1,564.

### Business Confidence is up from a year ago – driven by big increases in SA and Victoria

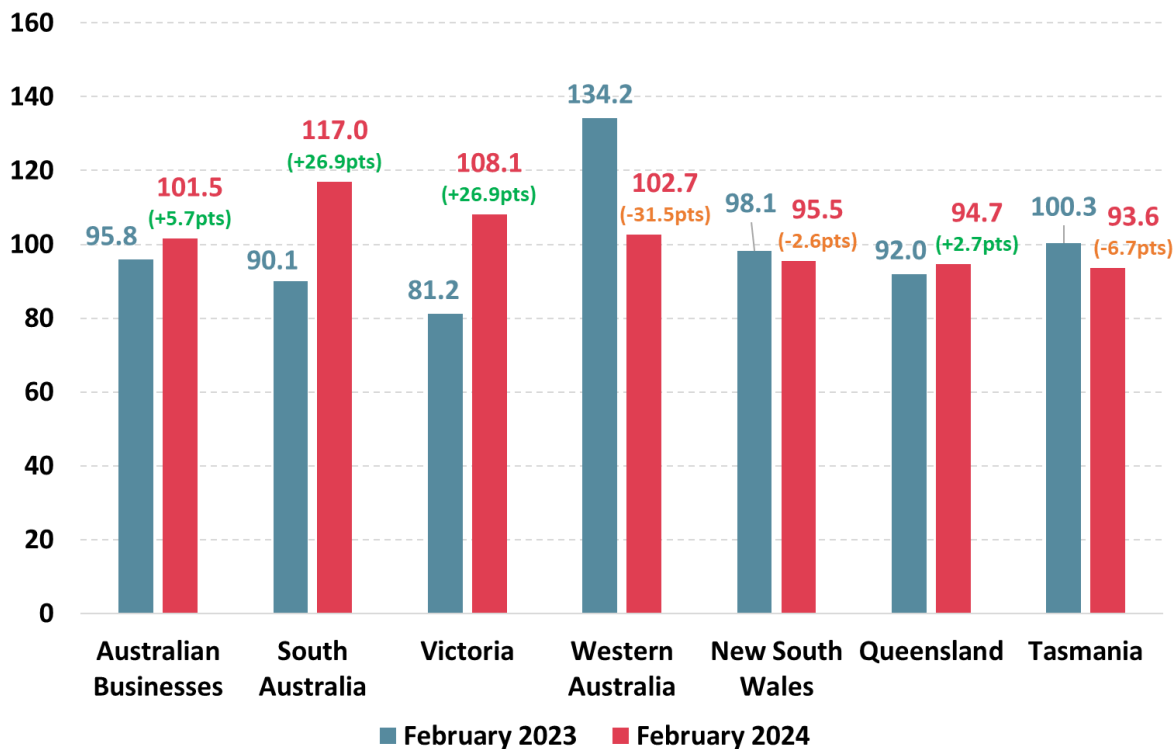
Business Confidence for the month of February increased on January 2024 and also increased on a year ago, up 5.7pts since February 2023.

The increase in Business Confidence from a year ago has been driven by large increases in South Australia and Victoria with both States up by over 25 points. South Australia now has the highest Business Confidence at 117.0, up 26.9pts on a year ago ahead of Victoria on 108.1, also up by 26.9pts.

Despite falling from a year ago Western Australia still maintains an above average Business Confidence at 102.7, down 31.5pts from a year ago.

There were only small changes in the other States – all with Business Confidence below average and below the neutral level of 100. Business Confidence in New South Wales was 95.5 (down 2.6pts on a year ago) ahead of Queensland on 94.7 (up 2.7pts) and Tasmania on 93.6 (down 6.7pts).

### Business Confidence by State in February 2023 vs February 2024



**Source:** Roy Morgan Business Single Source, February 2023, n=1,455, February 2024, n=1,560. **Base:** Australian businesses. \*Tasmanian Business Confidence is measured over three months: December 2022 – February 2023 cf. December 2023 – February 2024.

### Accommodation & Food Services most confident industry during Summer months ahead of Education & Training while the least confident industry is Transport, Postal & Warehousing

Over the last two months a majority of 10 industries had Business Confidence in positive territory above the neutral level of 100: Accommodation & Food Services, Education & Training, Community Services, Electricity, gas & water, Public Administration & Defence, Administration & Support Services, Mining, Professional, Scientific & Technical Services, Retail & Wholesale.

By far the most confident industry in the Summer months of January-February was Accommodation & Food Services on 128.2, up 12.5pts on a year ago. In second place is Education & Training on 115.4, despite a fall of 6.7pts from a year ago, just ahead of Community Services on 112.7, up 2.5pts.

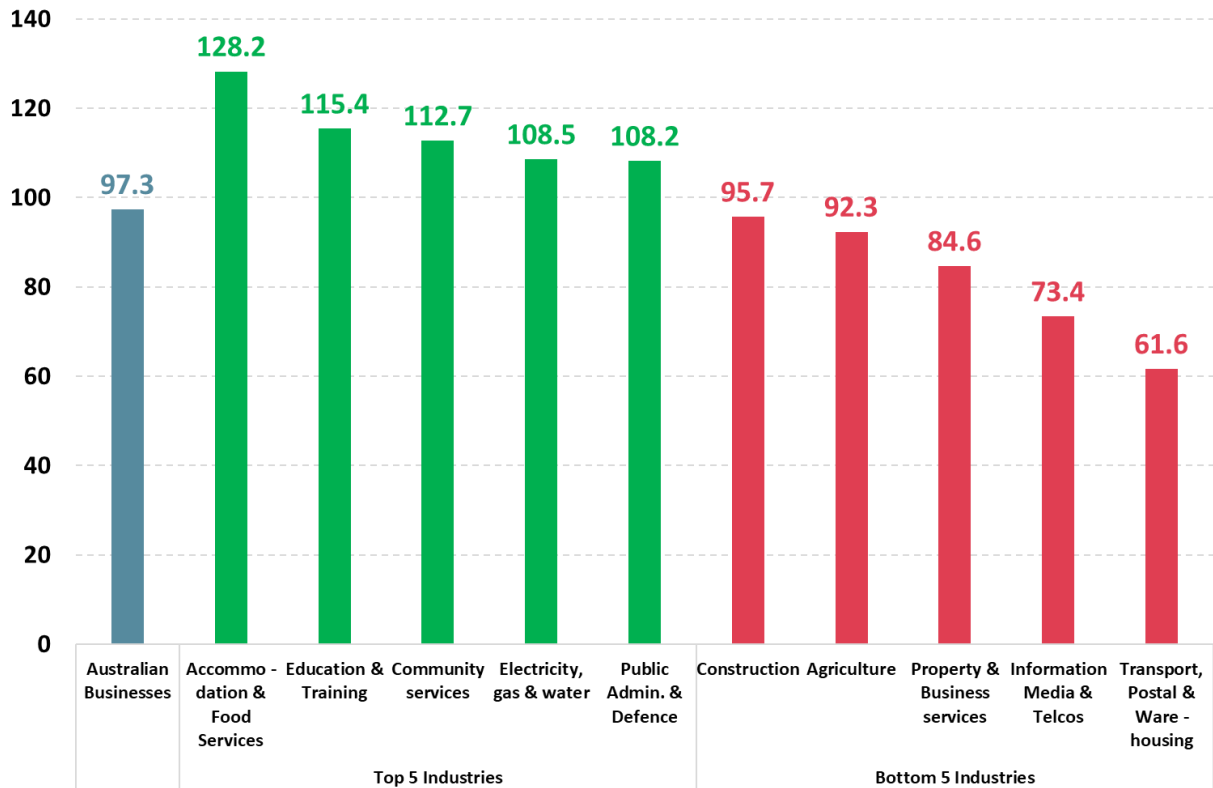
Electricity, gas & water is now the fourth most confident industry on 108.5 after a large increase of 25.2pts on a year ago just ahead of Public Administration & Defence on 108.2, but down 13pts.

The five least confident industries are led by Transport, Postal & Warehousing on only 61.6, following a decline of 43.1pts on a year ago – the largest decline of any industry. In second last place is Information Media & Telecommunications on 73.4 after the second largest decline over the last year, down by 39.4pts.

Another industry with low Business Confidence is Property & Business Services on only 84.6, down by 20.6pts from a year ago. This industry has averaged below the neutral level of 100 over the last two years since January 2022.

Another industry with extremely low Business Confidence is Agriculture on only 92.3, up 5.4pts 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 83.3 over the last 18 months since September 2022.

### Business Confidence for Top 5 and Bottom 5 Industries in January & February 2024



**Source:** Roy Morgan Business Single Source, January & February 2024, n=3,169. **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 8.3pts to 101.5 in February as businesses grew increasingly confident about the outlook for the Australian economy over the next year and next five years:

- In February, over a third of businesses, 33.6% (up 3.9ppts), said their **business is 'better off financially than this time a year ago**, while 40.9% (up 0.4ppts), said the business is 'worse off';
- Businesses' views on their prospects for the next year improved slightly in February, with 44.8% (up 2.5ppts) expecting the **business will be 'better off financially** this time next year, while just over a quarter, 26.0% (up 1ppt), expect the business will be 'worse off';
- Confidence regarding the performance of the **Australian economy over the next year** increased rapidly in February with 47.6% (up 9.3ppts), expecting 'good times' (**the highest figure for this indicator for over a year since January 2023**) while a slim majority of 51.6% (down 7.9ppts) expect 'bad times' (**the lowest figure for this indicator for over a year since January 2023**);
- Businesses were also more positive on the **longer-term outlook for the Australian economy** with 43.2% (up 5ppts) expecting 'good times' for the economy over the next five years (**the highest figure for this indicator for over a year since January 2023**) while a decreasing majority of 54.1% (down 2.6ppts) expect 'bad times' (**the lowest figure for this indicator for over a year since January 2023**);
- Views on whether now is a '**good or bad time to invest in growing the business**' improved rapidly in February with a majority of 51.3% (up 7.4ppts) saying the next 12 months will be a '**good time to invest**' in growing the business (**the highest figure for this indicator in nearly two years since April 2022**) and only 40.1% (down 4.8ppts) who say the next 12 months will be a '**bad time to invest**' (**the lowest figure for this indicator for over two years since February 2022**).



**Michele Levine, CEO of Roy Morgan, says Business Confidence jumped 8.3pts to 101.5 in February – the first month the index has been in positive territory for over a year as all five sub-indices moved in a positive direction during the month:**

*“Roy Morgan Business Confidence was up 8.3pts to 101.5 in February to its highest for over a year since January 2023 (106.4). There were increases across all five sub-indices driving the increase.*

*“The largest increases related to views on Australia’s economic performance with 47.6% (up 9.3pts) of businesses saying they expect ‘good times’ for the economy over the next year and almost as many, 43.2% (up 5pts), saying they expect ‘good times’ for the economy over the next five years.*

*“The most positive sentiment businesses hold continues to be about their own performance with 51.3% (up 7.4pts) saying the ‘next 12 months is a good time to invest in growing the business’. In addition, a plurality of 44.8% say they expect the business to be ‘better off’ financially this time next year compared to only 26% that expect the business to be ‘worse off’.*

*“The good news for businesses in February was that inflation continued to come down and the RBA left interest rates on hold for a second straight meeting. The latest [ABS monthly inflation figures for the 12 months to January 2024 show inflation unchanged at 3.4%](#) - the lowest it has been for over two years since November 2021 (3.2%).*

*“Given the plunge in the official inflation numbers over the last few months – from [5.6% in September 2023 to only 3.4% \(December 2023 and January 2024\)](#) – a decline of 2.2% points in only 3-4 months – the pressure has come off the RBA for further interest rate increases. The RBA is set to meet for its next interest rate setting meeting next week.*

*“On a State-by-State basis Business Confidence is in positive territory in three States – South Australia (117.0), Victoria (108.1) and Western Australia (102.7). Business Confidence has improved significantly in both South Australia and Victoria over the last year. The measure is in negative territory in the three other States of New South Wales (95.5), Queensland (94.7) and Tasmania (93.6).*

*“At an industry level, it is Accommodation & Food Services which is the most confident industry in the Summer months of January-February with a Business Confidence rating of 128.2 and well ahead of second-placed Education & Training (115.4) and third-placed Community Services (112.7).*

*“Also performing well are Electricity, gas & water on 108.5, Public Administration & Defence on 108.2, Administration & Support Services on 107.1, Mining on 105.8, Professional, Scientific & Technical Services on 105.2, Retail on 102.9 and Wholesale on 101.5.*

*“At the other end of the scale are several industries with persistently low Business Confidence led by Transport, Postal & Warehousing on only 61.6 – over 10pts lower than any other industry.*

*“Other industries with low Business Confidence include Information Media & Telecommunications on 73.4, Property & Business Services on 84.6 and Agriculture on 92.3, Construction on 95.7 and Manufacturing on 96.5. All six of these industries have had average Business Confidence over the last 12 months (since March 2023) 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 February are based on 1,560 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 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