

Tuesday, 16 April 2024

Roy Morgan Business Confidence drops 3.5pts to 98.0 in March as the index fails to build on momentum of positive result in February

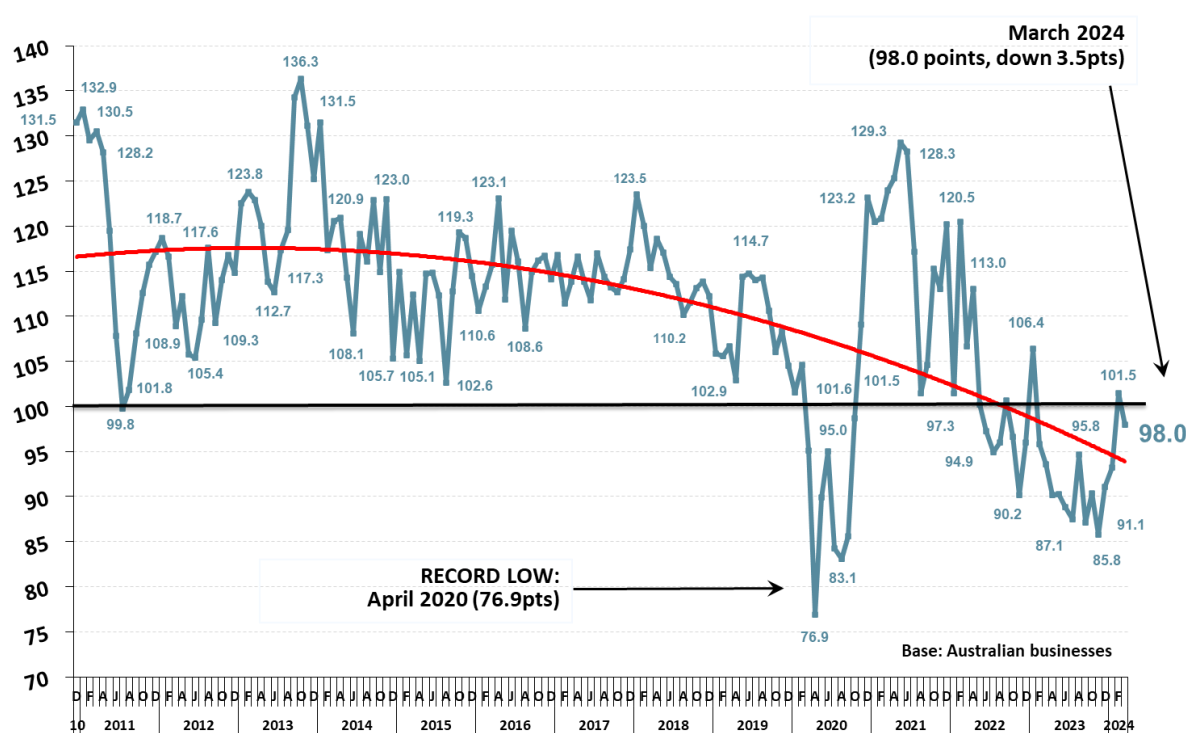
In March 2024, Roy Morgan Business Confidence was 98.0 (down 3.5pts since February 2024) as the index fell back into negative territory despite the Reserve Bank leaving interest rates unchanged.

Driving the index lower in March was less confidence about the performance of the Australian economy over the next year and next five years. Now 43.9% (down 3.7ppts) of businesses expect 'good times' for the economy over the next year and just 38.9% (down 4.3ppts) expect 'good times' over the next five years.

In contrast to the economy more broadly, businesses have grown significantly more confident about their own prospects over the year ahead with 49.6% (up 4.8ppts) expecting to be 'better off' this time next year, the highest rating for this indicator for over two years since February 2022.

Business Confidence is now 13.2pts below the long-term average of 111.2, but 14.5pts higher than the latest – [ANZ-Roy Morgan Consumer Confidence of 83.5 for March 4-10, 2024](#).

Roy Morgan Monthly Business Confidence -- Australia

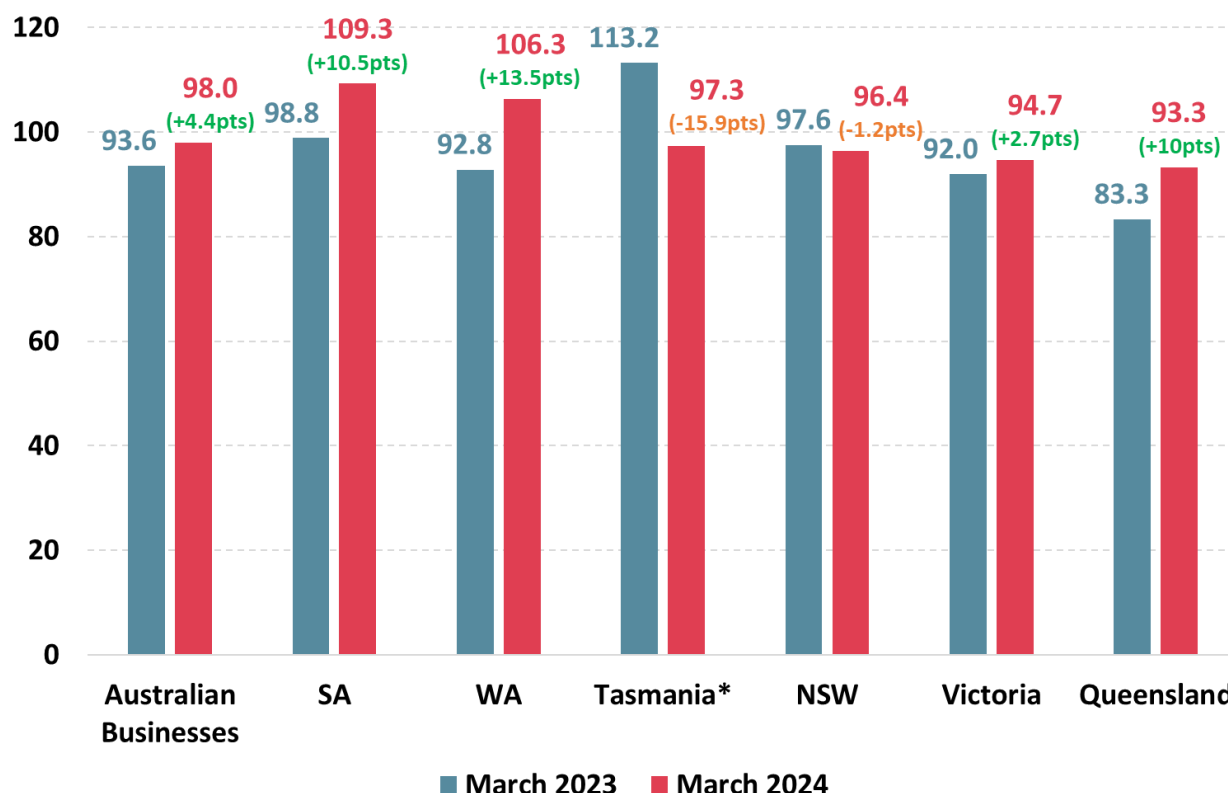


South Australia now has the highest Business Confidence at 109.3, up 10.5pts on a year ago just ahead of Western Australia on 106.3, up 13.5 points compared to March 2023.

Business Confidence is below the national average in the four other States including Tasmania on 107.2, down 15.9 points on a year ago, in New South Wales on 96.4, down 1.2 points on a year ago and Victoria on 94.7, up 2.7 points on a year ago.

Queensland continues to have the lowest Business Confidence in the nation at only 93.3, but this represents an increase of 10 points on a year ago.

Business Confidence by State in March 2023 vs March 2024



Source: Roy Morgan Business Single Source, March 2023, n=1,431, March 2024, n=1,605. **Base:** Australian businesses.

*Tasmanian Business Confidence is measured over two months: January – March 2023 cf. January – March 2024.

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

Over the last two months there were eight industries with Business Confidence in positive territory above the neutral level of 100: Accommodation & Food Services, Education & Training, Finance & Insurance, Professional, Scientific & Technical Services, Mining, Community Services, Administrative & Support Services and Recreation & Personal.

By far the most confident industry in the Summer months of February-March was Accommodation & Food Services on 141.9, up 23.3pts on a year ago. In second place is Education & Training on 128.7, but up only 3.5pts from a year ago. Both of these industries are now over 25 point above the national average.

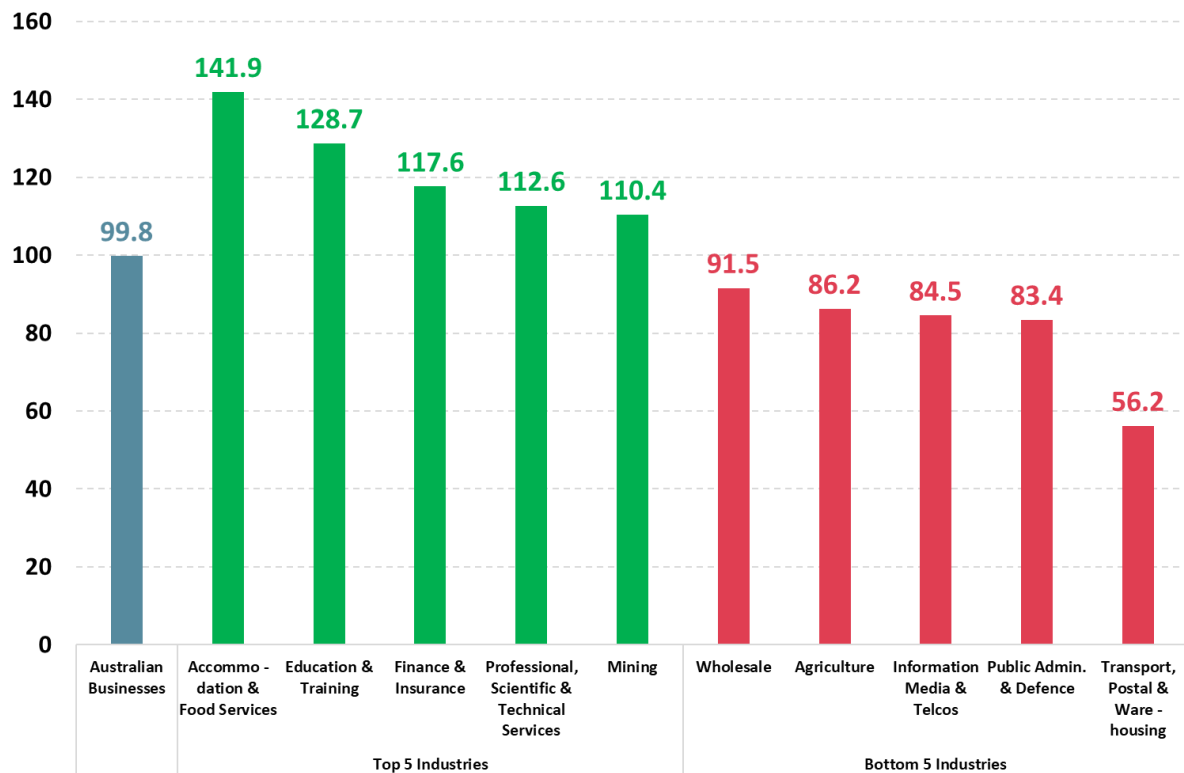
Finance & Insurance is now the third most confident industry on 117.6 after a large increase of 36.8pts from a year ago just ahead of Professional, Scientific & Technical Services on 112.6, up 12.9pts, and Mining on 110.4, after increasing by 3pts from a year ago.

The five least confident industries are led by Transport, Postal & Warehousing on only 56.2, following a decline of 34.6pts on a year ago – the largest decline of any industry. In second last place is Public Administration & Defence on 83.4 after the second largest decline over the last year, down by 28.7pts. Both of these industries have had average Business Confidence below 100 since January 2022.

Another industry with low Business Confidence is Information Media & Telecommunications on 84.5, down by 17.7pts on a year ago – the third largest decline of any industry.

Agriculture is the industry which has had low Business Confidence for longer than any other and now at 86.2, down only 3.3pts from a year ago. Confidence in the Agriculture industry has been in negative territory below the neutral level of 100 since September 2022 and has averaged only 82.2 since then.

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



Source: Roy Morgan Business Single Source, February & March 2024, n=3,165. **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 dropped 3.5pts to 98.0 in March as businesses grew less confident about the outlook for the Australian economy over the next year and next five years:

- In March, under a third of businesses, 30.3% (down 3.3ppts), said their **business is 'better off' financially than this time a year ago**, while 44.4% (up 3.5ppts), said the business is 'worse off';
- Businesses' views on their prospects for the next year improved in March, with 49.6% (up 4.8ppts) expecting the **business will be 'better off' financially** this time next year – (the highest figure for this indicator for over two years since February 2022), while just under a quarter, 24.0% (down 2ppts), expect the business will be 'worse off';
- Confidence regarding the performance of the **Australian economy over the next year** fell in March with 43.9% (down 3.7ppts), expecting 'good times' while an increasing majority of 54.3% (up 2.7ppts) expect 'bad times';
- Businesses were also less positive on the **longer-term outlook for the Australian economy** with 38.9% (down 4.3ppts) expecting 'good times' for the economy over the next five years while an unchanged majority of 54.1% expect 'bad times';
- Views on whether now is a **'good or bad time to invest in growing the business'** fell in March with 46.9% (down 4.4ppts) saying the next 12 months will be a **'good time to invest'** in growing the business and 42.9% (up 2.8ppts) who say the next 12 months will be a **'bad time to invest'**.



Michele Levine, CEO of Roy Morgan, says Business Confidence fell 3.5pts to 98.0 in March as views on the performance of the Australian economy over the next year and next five years deteriorated despite the Reserve Bank leaving interest rates unchanged:

"Roy Morgan Business Confidence was down 3.5pts to 98.0 in March, its first decline after three months of increases over the summer period. Despite the monthly decline Business Confidence is nevertheless up 4.4pts from a year ago.

"Driving Business Confidence lower in March were views on Australia's economic performance going forward with 43.9% (down 3.7ppts) of businesses expecting 'good times' for the economy over the next year and 38.9% (down 4.3ppts) expect 'good times' over the next five years.

"The most positive sentiment businesses hold continues to be about their own performance with 49.6% (up 4.8ppts) saying they expect their business to be 'better off' financially this time next year compared to only 24% (down 2ppts) that expect the business to be 'worse off'.

"Despite the decline in Business Confidence there was good news for businesses in March with the latest [ABS monthly inflation figures for the 12 months to February 2024](#) showing inflation unchanged at 3.4% for a third straight month – now just above the Reserve Bank's target range of 2-3%.

"In addition, the Reserve Bank left interest rates on hold for a third straight meeting in mid-March and the plunge in the official inflation numbers from a year ago suggest that the next direction for interest rates over the next few months is set to be down.

"On a State-by-State basis Business Confidence is in positive territory in only two States – South Australia (109.3) and Western Australia (106.3). Both States have been in positive territory every month so far this year.

"In contrast, Business Confidence is now in negative territory in the four other States of Tasmania (97.3), New South Wales (96.4), Victoria (94.7) and Queensland (93.3). Business Confidence has been below the neutral level of 100 in Queensland for over a year since January 2023.

"At an industry level, it is Accommodation & Food Services which is the most confident industry in the Summer months of February-March with a Business Confidence rating of 141.9 and well ahead of second-placed Education & Training (128.7) and third-placed Finance & Insurance (117.6).

"Also performing well are Professional, Scientific & Technical Services on 112.6, Mining on 110.4, Community Services on 107.8, Administration & Support Services on 103.5 and Recreation & Personal just above the neutral level of 100 at 100.7.

"At the other end of the scale are several industries with persistently low Business Confidence led by Transport, Postal & Warehousing on only 56.2 – over 25pts lower than any other industry.

"Other industries with low Business Confidence include Public Administration & Defence on 83.4, Information Media & Telecommunications on 84.5 and Agriculture on 86.2. Business Confidence in Agriculture has now been below the neutral level of 100 for 18 months and averaged only 82.2 during this extended period.

"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 March are based on 1,605 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:

Michele Levine
CEO, Roy Morgan
Office: +61 (3) 9224 5215
Mobile: 0411 129 093

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