

Tuesday, 7 May 2024

Roy Morgan Business Confidence improves marginally in April – up 1.3pts to 99.3 before next week’s pre-election Federal Budget

In April 2024, Roy Morgan Business Confidence was 99.3 (up 1.3pts since March 2024) just marginally below the neutral level of 100.

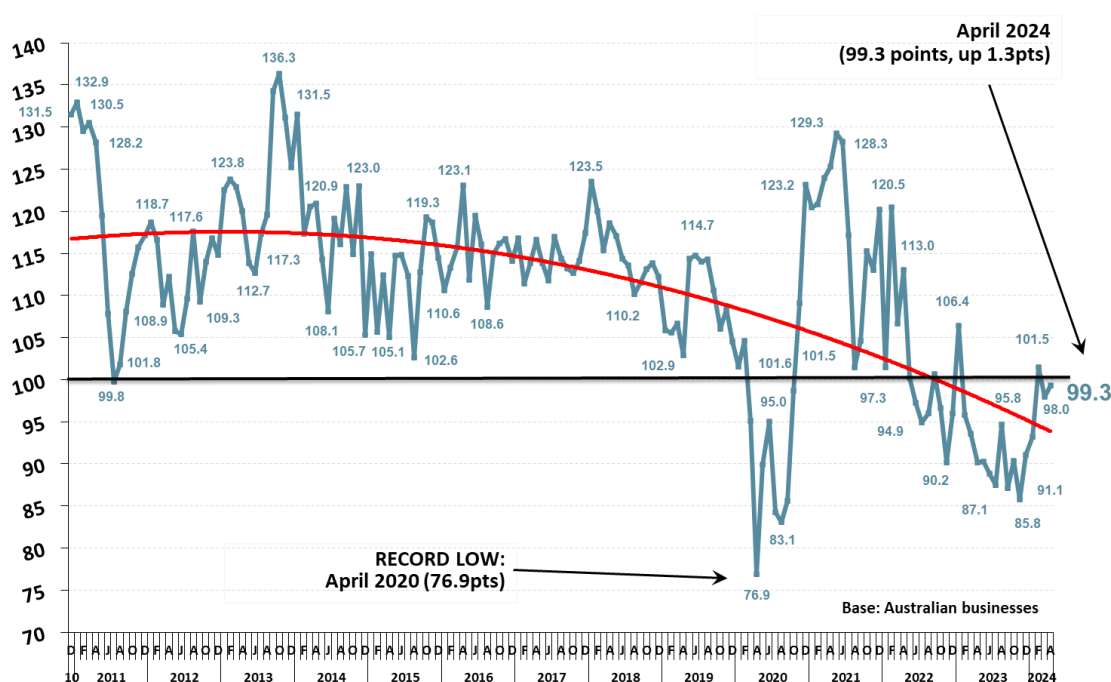
There were mixed results in April with businesses growing more confident about the performance of the Australian economy over the next year, but less confident about the performance of the economy over the longer-term over the next five years.

Now, a majority of businesses, 52.1% (up 8.2ppts) expect ‘good times’ for the economy over the next 12 months while 44% (down 10.3ppts) expect ‘bad times’ – the best results for these indicators for exactly two years since April 2022.

In contrast, **a record low proportion of businesses**, 29.3% (down 9.6ppts) expect ‘good times’ for the Australian economy over the next five years while an increasing majority of 60.5% (up 6.4ppts) expect ‘bad times’ over the longer-term.

Business Confidence is now 11.9pts below the long-term average of 111.2, but 18.8pts higher than the latest – [ANZ-Roy Morgan Consumer Confidence of 80.5 for April 29 – May 5, 2024](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Apr. 2024. Average monthly sample over the last 12 months = 1,601.

Business Confidence is up from a year ago – driven by increases in Victoria and Queensland

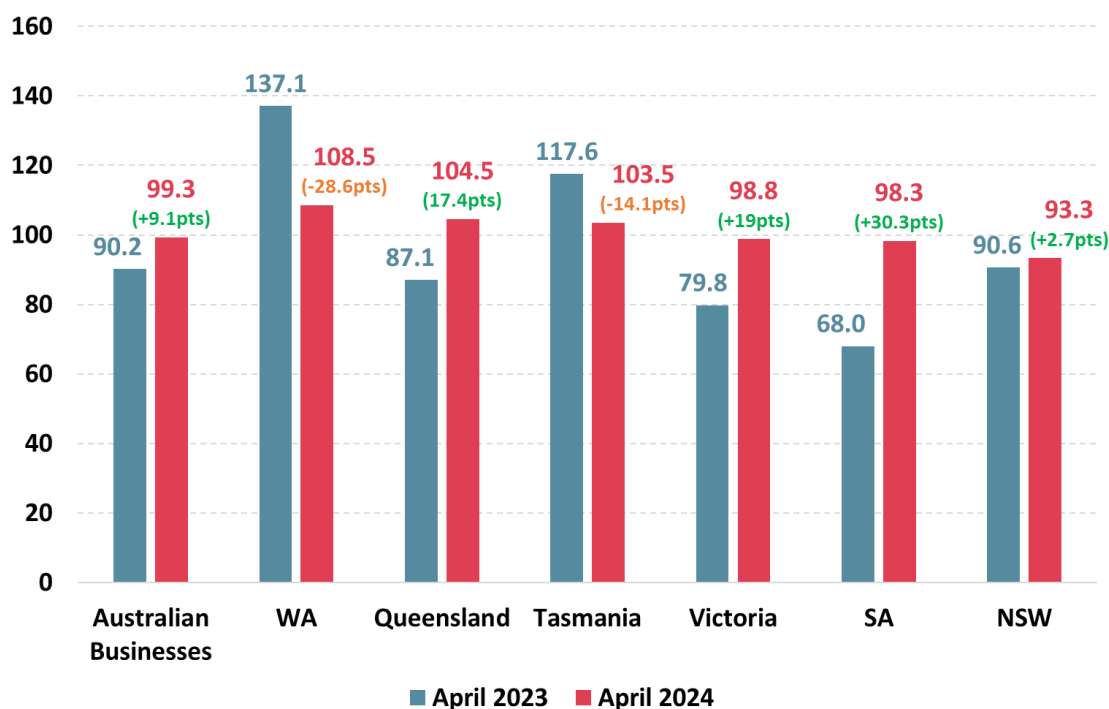
Business Confidence for the month of April was up slightly on March 2024 (up 1.3pts) but increased far more significantly on a year ago, up 9.1pts since April 2023.

The increase in Business Confidence from a year ago has been driven by large increases in Victoria, Queensland and South Australia with all three States up by at least 15 points.

Business Confidence increased by the most in South Australia, up a massive 30.3pts over the last year to 98.3 – and now just below the neutral level of 100 in April 2024. There was also a large rise in Victoria, up 19pts to 98.8, and a significant rise in Queensland, up 17.4pts to 104.5 – and well into confident territory above 100.

Despite falling, Business Confidence is still higher in Western Australia at 108.5, down a large 28.6pts from a year ago, than any other State. There was also a marked decline in Tasmanian Business Confidence, down 14.1pts to 103.5. Business Confidence in New South Wales is lower than any other State at only 93.3 – although this is up 2.7pts from a year ago.

Business Confidence by State in April 2023 vs April 2024



Source: Roy Morgan Business Single Source, April 2023, n=1,724, April 2024, n=1,986. **Base:** Australian businesses.

*Tasmanian Business Confidence is measured over two months: March & April 2023 cf. March & April 2024.

Finance & Insurance, Education & Training and Accommodation & Food Services are again the most confident industries during March – April 2024

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

The most confident industry in March & April 2024 was Finance & Insurance on 121.8, up 16pts on a year ago. In second place is Education & Training on 119.1, but down 9.6pts on a year ago when confidence in the sector was soaring after the full re-opening of Australia's borders in late 2022.

In third place, and enjoying a boost from the traditional Easter holiday period (**ARA-Roy Morgan Easter holiday forecasts: [Easter holiday spending up amid big overseas spend – March 21, 2024](#)**), the Accommodation & Food Services industry is on 114.5, up 3.9pts on a year ago. The Accommodation & Food Services industry has been among the top three most confident industries since Summer began in December.

Other confident industries throughout the months of March and April include Administrative & Support Services on 110.4 and up 4.3pts from a year ago, Professional, Scientific & Technical Services on 109.8, and up 19.3pts on a year ago, Property & Business Services on 104.0, and up by a massive 25.4pts on a year ago – the biggest positive increase of any industry.

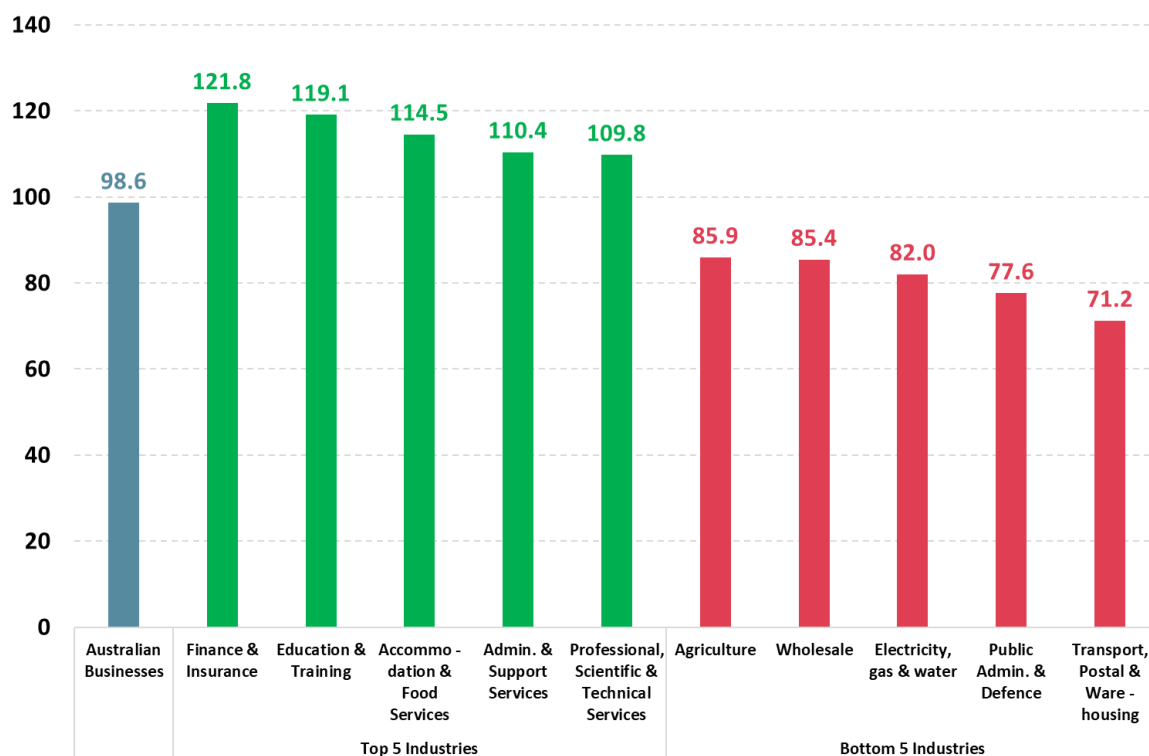
The five least confident industries are led by Transport, Postal & Warehousing on only 71.2, following a decline of 29.8pts on a year ago – the largest decline of any industry. The Transport, Postal & Warehousing industry has been clearly the least confident since Summer began and has had the lowest confidence of any industry since early December.

In second last place is Public Administration & Defence on 77.6, but up marginally, by 1.7pts, from a year ago. This industry has now occupied the second last position over the last three months. The two least confident industries have had average Business Confidence below 100 since January 2022.

Other industries with low Business Confidence include Electricity, Gas & Water on 82.0, but up 14.3pts on a year ago and Wholesale on 85.4 and down 10.7pts on a year ago.

Agriculture is the industry which has had low Business Confidence for longer than any other and is now at 85.9, but up 11pts 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 82.5 since then.

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



Source: Roy Morgan Business Single Source, March & April 2024, n=3,591. **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 1.3pts to 99.3 in April as businesses grew more confident about the Australian economy over the next 12 months but less confident about the next five years:

- In April, just under a third of businesses, 30.8% (up 0.5ppts), said their **business is 'better off' financially than this time a year ago**, while 38.1% (down 6.3ppts), said the business is 'worse off' (the lowest figure for this indicator for over a year since March 2023);
- Businesses' views on their prospects for the next year deteriorated in April, with 44% (down 5.6ppts) expecting the **business will be 'better off' financially** this time next year, while just over a fifth, 21.8% (down 2.2ppts), expect the business will be 'worse off';
- Confidence regarding the performance of the **Australian economy over the next year** increased significantly in April with 52.1% (up 8.2ppts), expecting 'good times' (the highest figure for this indicator for two years since April 2022) while a minority of 44% (down 10.3ppts) expect 'bad times' (the lowest figure for this indicator for two years since April 2022);
- However, businesses were less positive on the **longer-term outlook for the Australian economy** with a record low of only 29.3% (down 9.6ppts) expecting 'good times' for the economy over the next five years while a rising majority of 60.5% (up 6.4ppts) expect 'bad times';
- Views on whether now is a **'good or bad time to invest in growing the business'** were down in April with 41% (down 5.9ppts) saying the next 12 months will be a **'good time to invest'** in growing the business and 36.5% (down 6.4ppts) who say the next 12 months will be a **'bad time to invest'**.



Michele Levine, CEO of Roy Morgan, says Business Confidence increased marginally in April, up 1.3pts to 99.3, as increasing confidence about the economy's performance over the next year slightly outweighed a decline in confidence about the longer-term prospects:

"Roy Morgan Business Confidence was up 1.3pts to 99.3 in April to sit marginally below the neutral level of 100 in the month before the upcoming Federal Budget due to be delivered in next week. A look at historical trends shows that Roy Morgan Business Confidence usually declines in the month following the Federal Budget – in nine out of the last 13 years (70%)."

"There were three indicators in positive territory in April, the first time this has happened for over a year since March 2023. These included the indicators related to the businesses' financial prospects this time next year (a net positive of +22.2), Australian economic conditions over the next year (a net positive of +8.1) and whether now is a good/bad time to invest (a net positive of +4.5)."

"The biggest positive movement in April related to Australia's economic circumstances over the next year with 52.1% (up 8.2pts) of businesses expecting 'good times' while a minority of 44% (down 10.3pts) expect 'bad times' – a net positive movement of 18.5 points for the month."

"Overall, the most positive sentiment businesses hold on a net basis continues to be about their own financial prospects with 44% saying they expect their business to be 'better off' financially this time next year compared to only 21.8% that expect the business to be 'worse off'."

"Although Business Confidence was little changed in April, there was good news for businesses with the latest [ABS quarterly inflation figures for the 12 months to March 2024](#) showing inflation dropping 0.5% points to be at 3.6% for the quarter, down from 4.1% in the prior December 2023 quarter."

"The Reserve Bank is set to meet this week to decide on whether to adjust interest rates for the first time in six months. The decline in inflation figures over the last year means most economic commentators are convinced the RBA will leave interest rates alone for the fourth straight meeting."

"On a State-by-State basis Business Confidence is in positive territory in three States (Western Australia (108.5), Queensland (104.5) and Tasmania (103.5)) and in negative territory in the three other States (Victoria (98.8), South Australia (98.3) and New South Wales (93.3))."

"At an industry level, it is Finance & Insurance which is the most confident industry in the months of March-April with a Business Confidence rating of 121.8 ahead of second-placed Education & Training (119.1) and third-placed Accommodation & Food Services (114.5). These three industries have been clearly the most confident throughout the first four months of the year."

"Also performing well are Administration & Support Services on 110.4, Professional, Scientific & Technical Services on 109.8, Property & Business Services on 104.0 and Community Services just above the neutral level of 100 at 100.6."

"At the other end of the scale are several industries with persistently low Business Confidence led by Transport, Postal & Warehousing on only 71.2 and Public Administration & Defence on 77.6. Other industries with low ratings include Electricity, gas & water on 82.0, Wholesale on 85.4 and Agriculture on 85.9. Business Confidence in Agriculture has now been below the neutral level of 100 for 19 months and averaged only 82.5 during this extended period."

"Looking forward the next week contains an important RBA meeting on interest rates, the first since the higher-than-expected March quarter inflation numbers, and a pre-election Federal Budget from Treasurer Jim Chalmers which is expected to include a Budget Surplus on the back of rising income tax receipts and strong results from the mining and gas sectors."

The latest Roy Morgan Business Confidence results for April are based on 1,986 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