

Tuesday, 9 July 2024

Roy Morgan Business Confidence drops 5.5pts to 91.5 in June to lowest so far this year after Federal Budget

In June 2024, Roy Morgan Business Confidence was 91.5 (down 5.5pts since May 2024), a second straight monthly fall and its lowest level so far this year. Business Confidence has dropped in June during each of the three years since the Albanese Government was elected in May 2022.

There were mixed results in June with businesses less confident about the prospects for the Australian economy going forward but more confident about their own outlook over the next year.

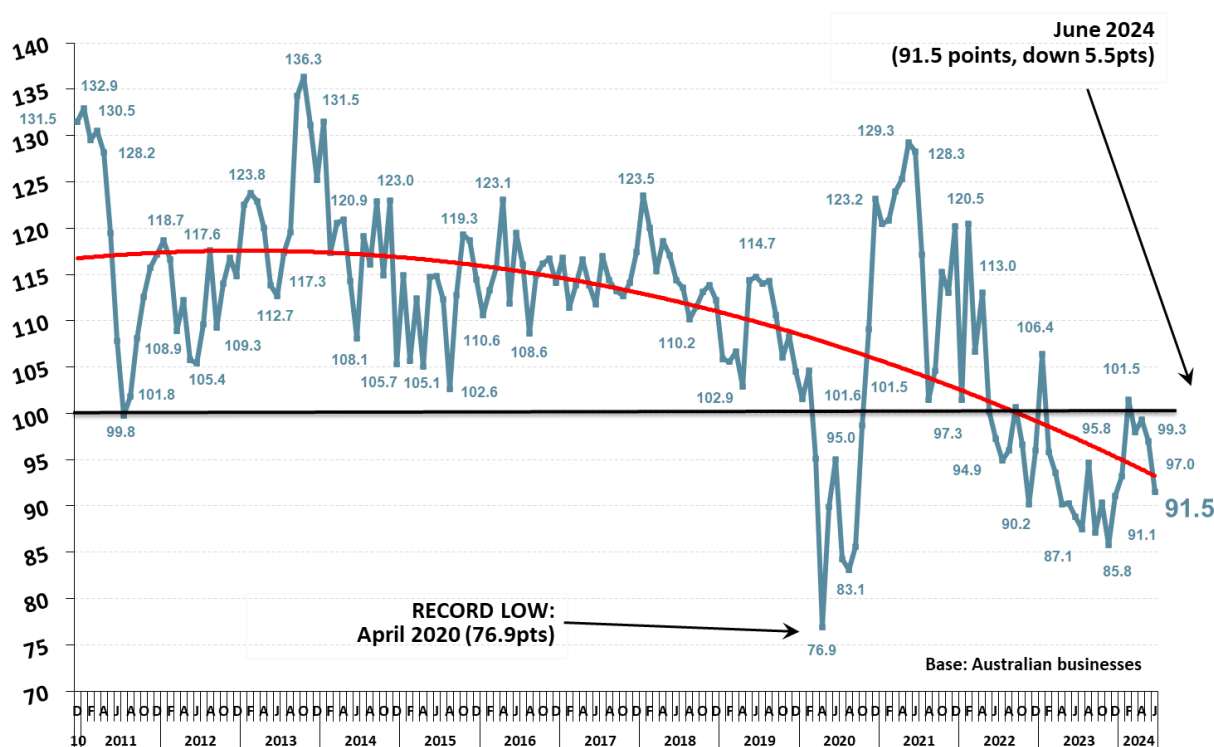
Looking forward **a record high** 63.8% (up 8.6ppts) of businesses say they expect 'bad times' for the Australian economy over the next five years and **a record low** of only 26% (down 6.4ppts) expect 'good times' for the economy over the next five years.

Fewer businesses in June are certain about the investment climate with a plurality of businesses, 40.7% (down 1.9ppts) saying the next 12 months is a 'bad time to invest in growing the business' compared to only 36.1% (down 1.9ppts) that say it is a 'good time to invest' – **the lowest figure for this indicator for over four years since April 2020**.

In terms of their own prospects there is better news with 43.9% (up 4.3ppts) of businesses expecting they will be 'better off' financially this time next year compared to 25.3% (up 0.4ppts) expecting to be 'worse off'.

Business Confidence is now a large 19.7pts below the long-term average of 111.2, but still 12.5pts higher than the latest – [ANZ-Roy Morgan Consumer Confidence of 79.0 for July 1-7, 2024](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-May 2024. Average monthly sample over the last 12 months = 1,599.

Business Confidence is up from a year ago – driven by increases in most States

Business Confidence for the month of June was down significantly on May 2024 (down 5.5pts) but still up marginally on a year ago, up 2.7pts on June 2023.

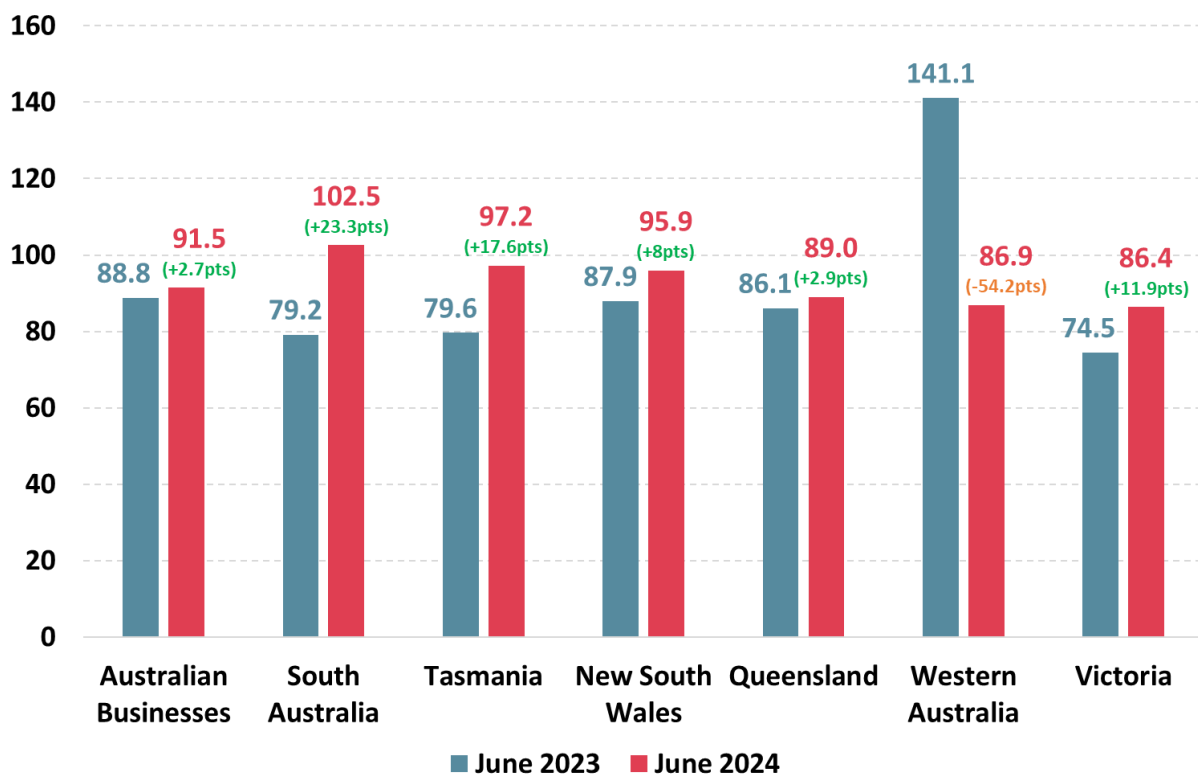
The increase in Business Confidence from a year ago has been driven by large increases in Victoria, New South Wales, South Australia and Tasmania with all four States up by at least eight points.

Business Confidence increased by the most in South Australia, up 23.3pts over the last year to 102.5 – and is now the only State above the neutral level of 100 in June 2024. There was also a large rise in Victoria, up 11.9pts to 86.4, and a significant increase in New South Wales, up 8pts to 95.9.

Business Confidence in Tasmania is now the second highest in the nation after increasing by 17.6pts to 97.2 but was up by only 2.9pts to 89.0 in Queensland.

In contrast to the five other States, there was a sharp fall in Business Confidence in Western Australia from a year ago, down by a massive 54.2pts to only 86.9 – and now the second lowest of any State.

Business Confidence by State in June 2023 vs June 2024



Source: Roy Morgan Business Single Source, June 2023, n=1,494, June 2024, n=1,455. **Base:** Australian businesses.

*Tasmanian Business Confidence is measured over two months: May & June 2023 cf. May & June 2024.

Finance & Insurance, Education & Training, Information, Media & Telecommunications and Accommodation & Food Services are the four most confident industries during May & June 2024

Over the last two months there were only six industries with Business Confidence in positive territory above the neutral level of 100: Finance & Insurance, Education & Training, Information, Media & Telecommunications, Accommodation & Food Services, Professional, Scientific & Technical Services and Electricity, gas & water.

The most confident industry in May & June 2024 was Finance & Insurance on 113.3, up 28.8pts on a year ago. The Finance & Insurance industry has been amongst the most confident this year and has been in the top three most confident industries throughout the last five months since February 2024.

In second place is Education & Training on 111.2, but down 14.6pts on a year ago when confidence in the sector was soaring after the full re-opening of Australia's borders in late 2022 and into early 2023. Education & Training has now been amongst the top five most confident industries for over two years since June 2022.

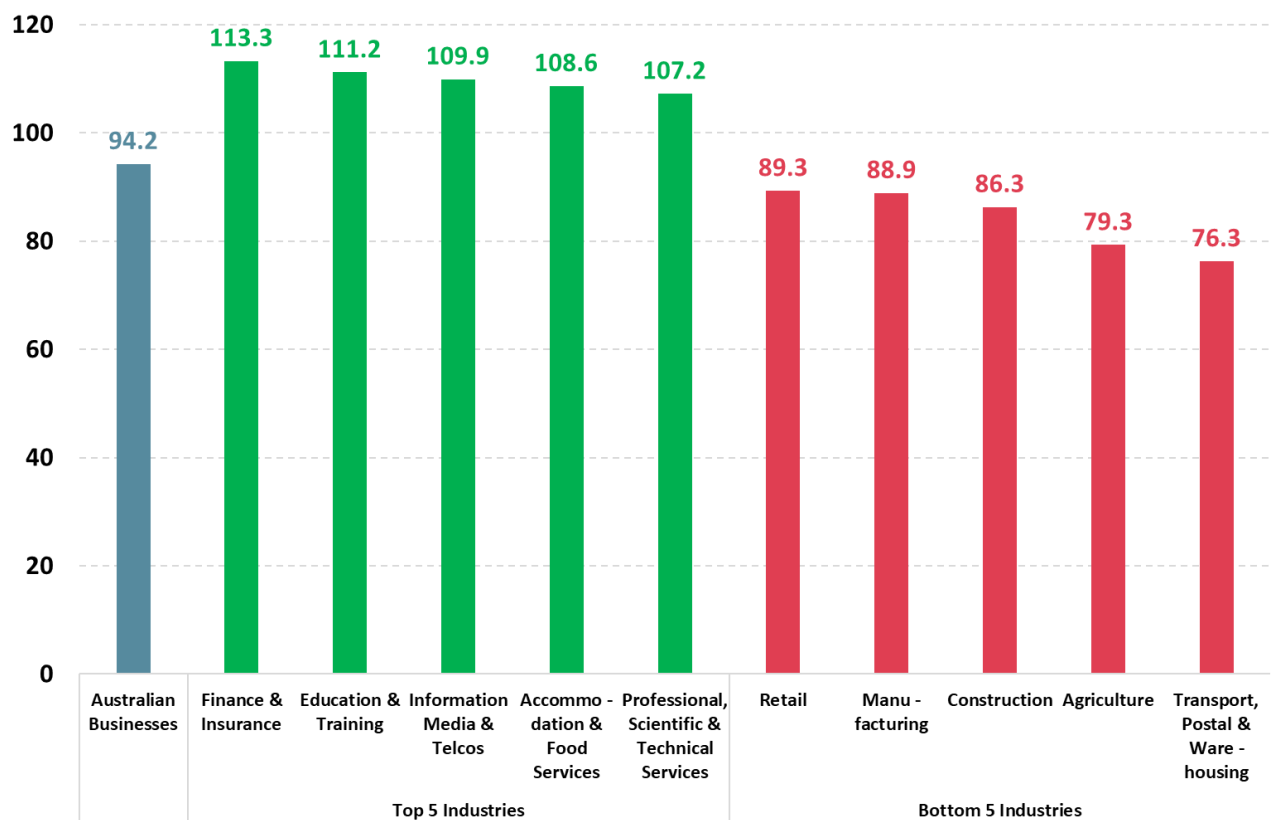
Other confident industries during the months of May & June include Information Media & Telecommunications on 109.9, up 2.4pts on a year ago, Accommodation & Food Services on 108.6, up 9.8pts on a year ago, Professional, Scientific & Technical Services on 107.2, up 10.1pts on a year ago and Electricity, gas & water on 100.6, up a massive 74.1pts on a year ago.

The five least confident industries are led by Transport, Postal & Warehousing on only 76.3, following a decline of 17pts on a year ago. 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 Agriculture which has had low Business Confidence for longer than any other and is now at 79.3, down 12.3pts 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.

Other industries with low Business Confidence are Construction on 86.3, down 1.9pts on a year ago, Manufacturing on 88.9, but up 3.3pts on a year ago and Retail on 89.3, down 5.2pts. All three industries have had low Business Confidence in recent years and have averaged below 100 over the last five years.

Business Confidence for Top 5 and Bottom 5 Industries in May & June 2024



Source: Roy Morgan Business Single Source, May & June 2024, n=2,968. **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 5.5pts to 91.5 in June as businesses became more pessimistic about prospects for the Australian economy over the next year and next five years:

- In June, under a third of businesses, 29.2% (down 1.4ppts), said their **business is 'better off' financially than this time a year ago**, while 42.2% (up 2.3ppts), said the business is 'worse off';
- However, businesses' views on their prospects for the next year improved slightly in June, with 43.9% (up 4.3ppts) expecting the **business will be 'better off' financially** this time next year, while just over a quarter, 25.2% (up 0.4ppts), expect the business will be 'worse off';
- Confidence regarding the performance of the **Australian economy over the next year** fell significantly in June with 45.5% (down 6.5ppts), expecting 'good times' while 51.6% (up 6.6ppts) expect 'bad times';
- In addition, businesses were more pessimistic about the long-term future of the Australian economy than ever before, with nearly two-thirds of businesses, 63.8% (up 8.6ppts), expecting 'bad times' for the

economy over the next five years (**a new record high**) compared to only 26% (down 6.4ppts) who expect 'good times' (**a new record low**);

- Net sentiment on whether now is a '**good or bad time to invest in growing the business**' were unchanged in June with 36.1% (down 1.9ppts) saying the next 12 months will be a '**good time to invest**' in growing the business (**the lowest figure for this indicator since the early days of the pandemic in April 2020**) and 40.7% (down 1.9ppts) who say the next 12 months will be a '**bad time to invest**'.

Michele Levine, CEO of Roy Morgan, says Business Confidence has dropped significantly in June, down 5.5pts to only 91.5 after Treasurer Jim Chalmers' final pre-election Federal Budget failed to provide a boost to businesses dealing with high inflation and interest rates:

"Roy Morgan Business Confidence was down 5.5pts to 91.5 in June to its lowest level so far this year as businesses became more concerned about the Australian economy's prospects going forward.

"The back-to-back results for May and June (two consecutive monthly falls) show that Treasurer Jim Chalmers' Federal Budget has landed with a 'thud' with businesses looking for relief from soaring costs due to high inflation and rising interest rates left dissatisfied.

"A look at historical trends shows that Business Confidence generally drops in the months immediately after a Federal Budget and has dropped in June in each of the last six years the ALP have been in government including (2011-13) and (2022-24).

*"The biggest driver of the decline in June related to businesses views on the prospects for the Australian economy over the next year and next five years. Now only 45.5% (down 6.5ppts) of businesses expect 'good times' for the economy over the next year and **a record low** of only 26% (down 6.4ppts) of businesses expect 'good times' for the economy over the next five years.*

"On a State-by-State basis Business Confidence is in positive territory in only South Australia (102.5) while the indicator is in negative territory below 100 in all of the other five States of Tasmania (97.2), New South Wales (95.9), Queensland (89.0), Western Australia (86.9) and Victoria (86.4).

"At an industry level, it is Finance & Insurance which is the most confident industry in the months of May & June with a Business Confidence rating of 113.3 ahead of second-placed Education & Training (111.2) and third-placed Information, Media & Telecommunications (109.9).

"Also performing well are Accommodation & Food Services on 108.6, Professional, Scientific & Technical Services on 107.2 and Electricity, gas & water 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 76.3 and Agriculture on 79.3. Business Confidence in Agriculture has now been below the neutral level of 100 for 21 months and averaged only 82.2."

The latest Roy Morgan Business Confidence results for June are based on 1,455 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