

Tuesday, 13 August 2024

Roy Morgan Business Confidence up 3.6pts to 95.1 after Stage 3 tax cuts provide boost to taxpayers

In July 2024, Roy Morgan Business Confidence was 95.1 (up 3.6pts since June 2024) after Stage 3 income tax cuts to consumers boosted the spending power of millions of Australian taxpayers.

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

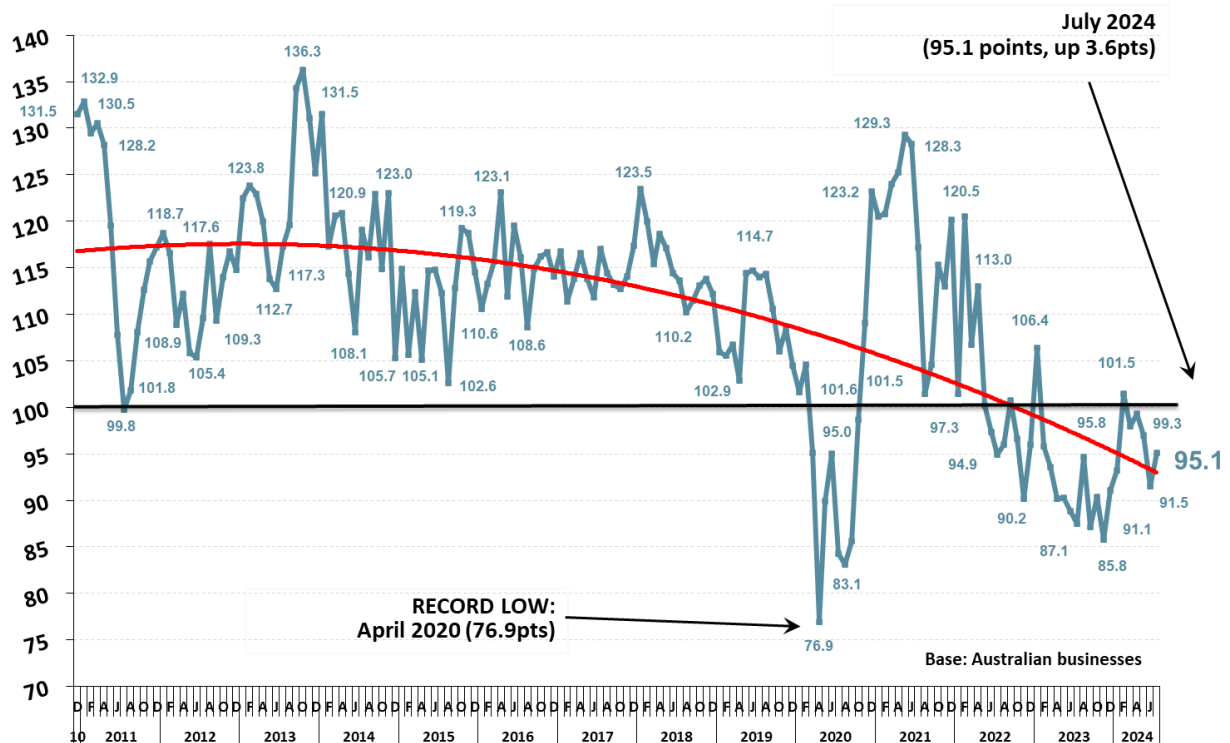
A large plurality of businesses, 49.3% (up 3.8ppts) say they expect 'good times' for the Australian economy over the next year and 27.6% (up 1.6ppts) expect 'good times' for the economy over the next five years.

In addition, 39% (up 2.9ppts) say the next 12 months is a 'good time to invest in growing the business' while a virtually unchanged 40.1% (down 0.6ppts) say it is a 'bad time to invest in growing the business'.

However, although businesses are less confident about their own prospects over the next year the indicator remains the most positive of those measured with 38.8% (down 5.1ppts) expecting they will be 'better off' financially this time next year compared to only 20.6% (down 4.6ppts) expecting to be 'worse off'.

Business Confidence is now a large 16.1pts below the long-term average of 111.2, but 11.2pts higher than the latest [ANZ-Roy Morgan Consumer Confidence of 83.9 for August 5-11, 2024](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-July 2024. Average monthly sample over the last 12 months = 1,592.

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

Business Confidence for the month of July was up on a month ago (up 3.6pts) and up significantly on a year ago, up 7.6pts on July 2023.

The increase in Business Confidence from a year ago has been driven by large increases in New South Wales, Queensland and Tasmania with all three States up by at least 10 points. There were also smaller increases in Victoria and South Australia, but a significant decline in Western Australia.

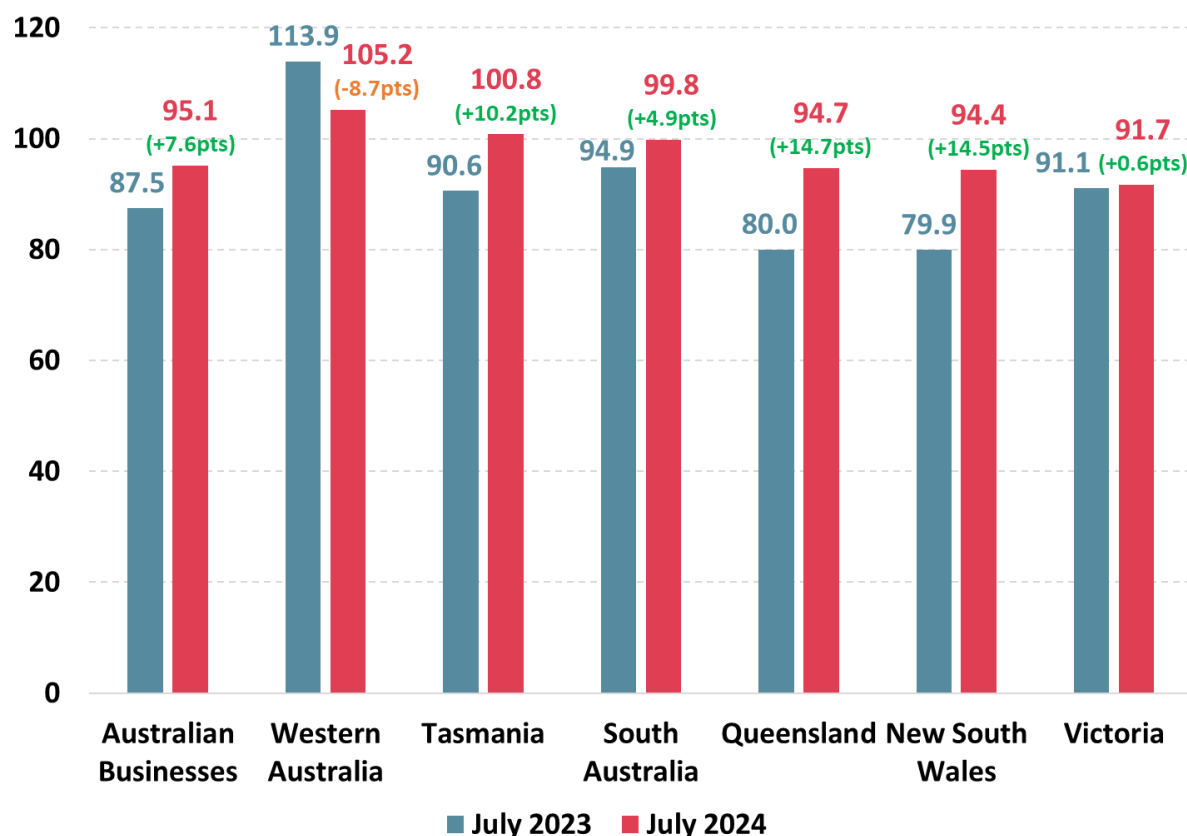
Despite a drop from a year ago, Business Confidence remains highest in Western Australia at 105.2, but is down by 8.7pts from a year ago – the month after popular former Western Australian Premier Mark McGowan resigned from office after six years as the State's Premier.

Business Confidence increased by the most in Queensland, up 14.7pts over the last year to 94.7, closely followed by Australia's largest State of New South Wales, up 14.5pts to 94.4. However, Business Confidence in both States remains marginally below the national average of 95.1.

There was also a large increase in Tasmania, up 10.2pts to 100.8, and Business Confidence in the Apple Isle is now marginally in positive territory above the neutral level of 100.

There were also small increases in Business Confidence in South Australia, up 4.9pts to 99.8, and in Victoria, up 0.6pts to 91.7. However, despite the increase in Victoria, Business Confidence in the State remains lower than any other State.

Business Confidence by State in July 2023 vs July 2024



Source: Roy Morgan Business Single Source, July 2023, n=1,586, July 2024, n=1,501. **Base:** Australian businesses.
 *Tasmanian Business Confidence is measured over two months: June & July 2023 cf. June & July 2024.

Mining, Information, Media & Telecommunications, Electricity, gas & water, Finance & Insurance and Education & Training are the five most confident industries during June & July 2024

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

The most confident industry in June & July 2024 was Mining on 139.5, up 33.9pts on a year ago ahead of Information, Media & Telecommunications on 115.0, up 19.7pts on a year ago.

The industry with the biggest lift in confidence over the last year is Electricity, gas & water on 113.7 which has more than doubled from a year ago, up by a stunning 64.1pts.

Filling out the top five are the two most consistently confident industries this year led by Finance & Insurance on 110.9, up 23.2pts on a year ago. Finance & Insurance has been in the top four most confident industries throughout the last six months since February 2024.

In fifth place is Education & Training on 108.0, but down 18.2pts 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.

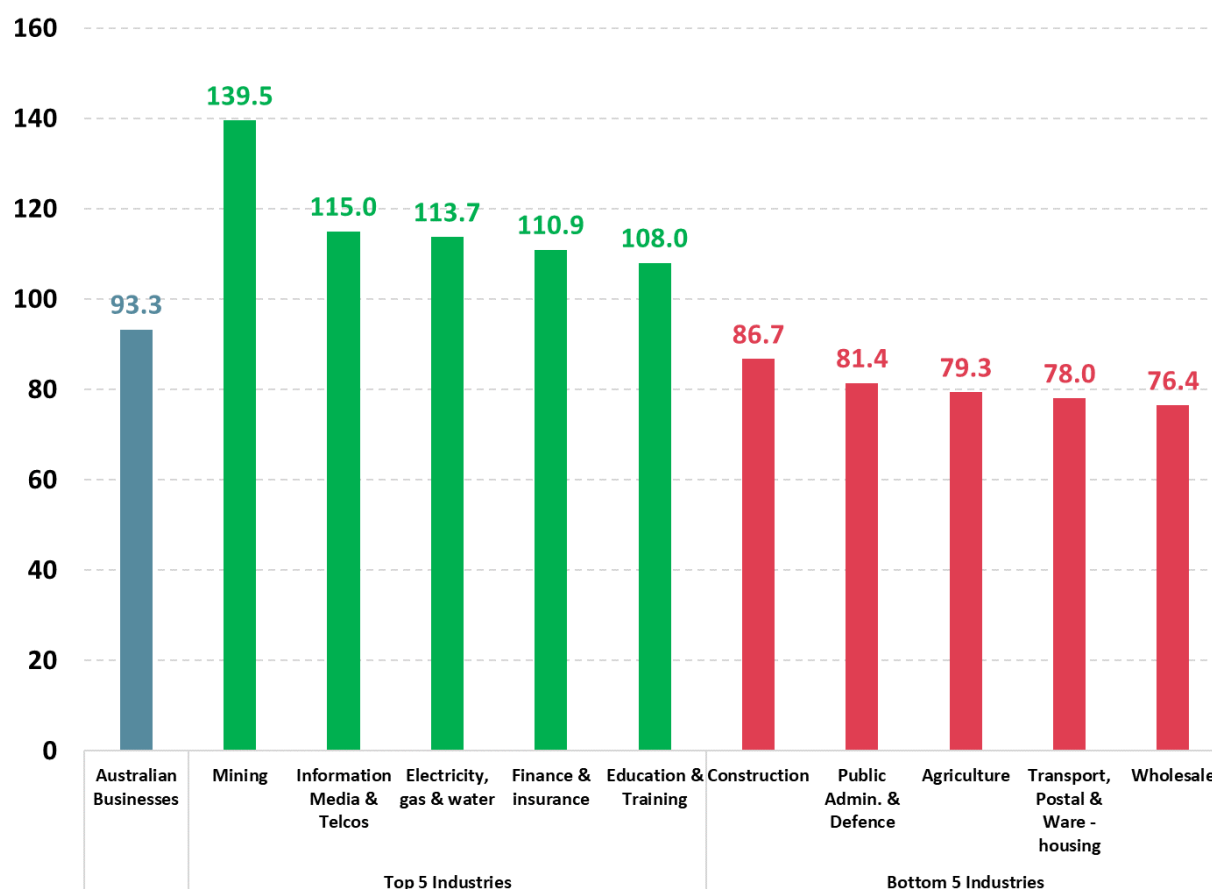
Other confident industries during June & July were Professional, Scientific & Technical Services on 105.1, up 6.9pts on a year ago, Accommodation & Food Services on 102.2, down 6.5pts on a year ago, Recreation & Personal on 101.5, up 8.6pts on a year ago and Manufacturing on 101.4, up 17.7pts on a year ago.

The five least confident industries are led by Wholesale on only 76.4 and down 12.8pts on a year ago and Transport, Postal & Warehousing on 78.0, down 2.2pts on a year ago. The Transport, Postal & Warehousing industry has been among the least confident industries since Summer began and is the only industry for which confidence has averaged under 80 throughout the seven months so far this year.

In third last place is Agriculture which has had low Business Confidence for longer than any other and is now at 79.3, down 0.9pts 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 Public Administration & Defence on 81.4, down 14.9pts on a year ago and Construction on 86.7, up 3pts on a year ago. Both industries have had low Business Confidence in recent years and have averaged below 100 since the start of 2022.

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



Source: Roy Morgan Business Single Source, June & July 2024, n=2,956. **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 3.6pts to 95.1 in July as businesses became more confident about prospects for the Australian economy over the next year and next five years:

- In July, under a third of businesses, 29.9% (up 0.7ppts), said their **business is 'better off' financially than this time a year ago**, while 38.9% (down 3.3ppts), said the business is 'worse off';
- Businesses' views on their prospects for the next year were down in July but are still clearly the most positive of the five indicators with 38.8% (down 5.1ppts) expecting the **business will be 'better off' financially** this time next year, while just over a fifth, 20.6% (down 4.6ppts, **and the lowest figure for this indicator for over two years since May 2022**), expect the business will be 'worse off';
- Confidence regarding the performance of the **Australian economy over the next year** improved and moved into positive territory in July with 49.3% (up 3.8ppts), expecting 'good times' while 48.7% (down 2.9ppts) expect 'bad times';
- In addition, businesses were slightly more optimistic about the long-term future of the Australian economy with 27.6% (up 1.6ppts) expecting 'good times' for the economy over the next five years compared to a large majority of 60.9% (down 2.9ppts) expecting 'bad times';
- Net sentiment on whether now is a '**good or bad time to invest in growing the business**' improved in July with 39.0% (up 2.9ppts) saying the next 12 months will be a '**good time to invest**' in growing the business and 40.1% (down 0.6ppts) who say the next 12 months will be a '**bad time to invest**'.

Michele Levine, CEO of Roy Morgan, says Business Confidence increased by 3.6pts to 95.1 in July after the modified Stage 3 tax cuts started hitting consumers pockets and confidence about the performance of the Australian economy over the next few years improved:

"Roy Morgan Business Confidence increased 3.6pts to 95.1 in July as confidence in the performance of the Australian economy over the next few years improved. Nevertheless, Business Confidence has now been below the neutral level of 100 for five straight months since February 2024.

"The biggest driver of the increase in July related to businesses views on the prospects for the Australian economy over the next year and next five years. Now 49.3% (up 4.8ppts) of businesses expect 'good times' for the economy over the next year and 27.6% (up 1.6ppts) 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 two States, Western Australia (105.2) and Tasmania (100.8) while the indicator is in negative territory below 100 in the other four States of South Australia (99.8), Queensland (94.7), New South Wales (94.4) and Victoria (91.7).

"At an industry level, it is Mining which is the most confident industry in the months of June & July with a Business Confidence rating of 139.5 ahead of second-placed Information, Media & Telecommunications (115.0), Electricity, gas & water (113.7) and Finance & Insurance (110.9).

"Also performing well are Education & Training on 108.0, Professional, Scientific & Technical Services on 105.1, Accommodation & Food Services on 102.2 and Recreation & Personal on 101.5.

"At the other end of the scale are several industries with low Business Confidence led by Wholesale on only 76.4, Transport, Postal & Warehousing on 78.0 and Agriculture on 79.3. Business Confidence in Agriculture has now been below the neutral level of 100 for 22 months and averaged only 82.2."

The latest Roy Morgan Business Confidence results for July are based on 1,501 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

