



Tuesday, 10 December 2024

Roy Morgan Business Confidence virtually unchanged in November after RBA leaves interest rates unchanged again

In November 2024, Roy Morgan Business Confidence was 106.9 (virtually unchanged from October 2024) after the Reserve Bank left interest rates unchanged at a 13-year high of 4.35%.

The Reserve Bank's decision means interest rates have now remained unchanged at 4.35% for over a year since the last increase in official interest rates in late 2023.

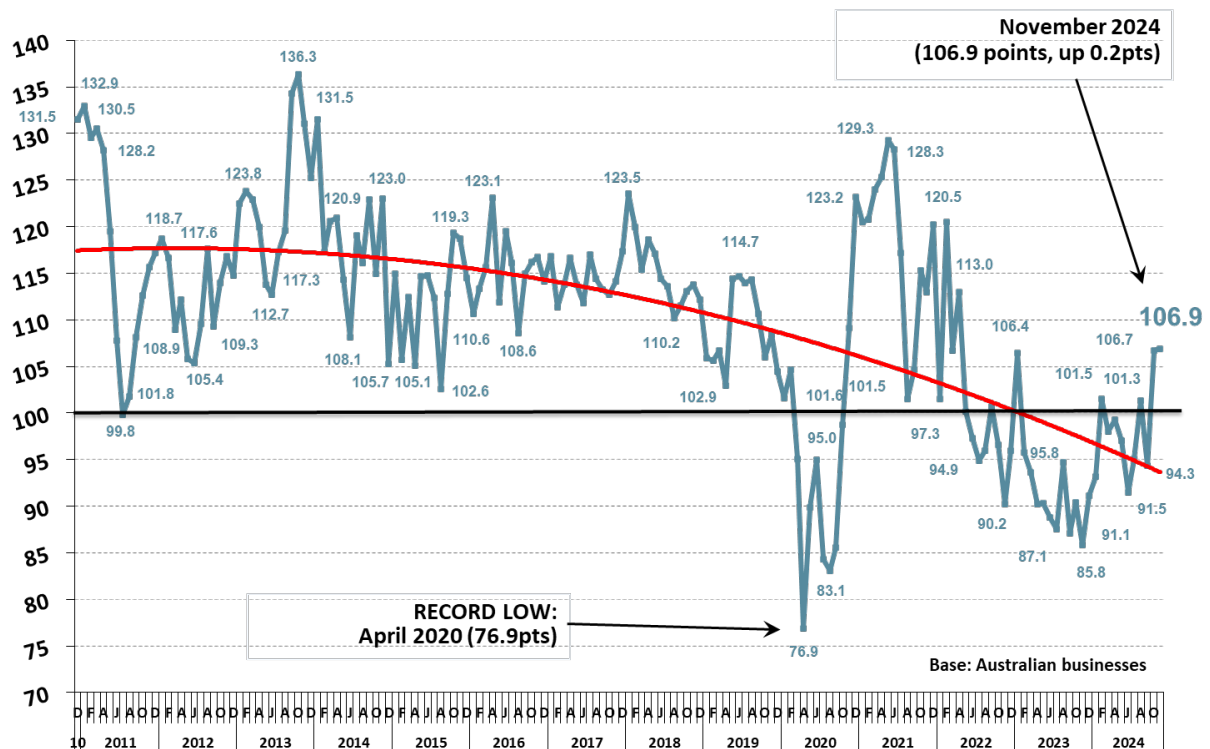
Nevertheless, Roy Morgan Business Confidence is now at its most positive rating for well over two years since April 2022 and is the highest it has been since the Albanese Government was elected in May 2022.

Businesses became more confident that the next year is a 'good time to invest in growing the business' in November with 46.3% (up 3.4ppts) saying it will be a 'good time to invest' compared to 34.9% (down 0.3ppts) that say it will be a 'bad time to invest' – the highest net rating for well over two years.

Businesses remain most confident about their personal circumstances and prospects with a large plurality of 47.4% saying they expect 'good times' for the business over the next 12 months compared to 22.4% that expect 'bad times' – a net positive rating of 25%, far higher than any other indicator.

Business Confidence is now 4.3pts below the long-term average of 111.2, but a large 20.2pts higher than the latest [ANZ-Roy Morgan Consumer Confidence of 85.5 for December 2-8, 2024](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Nov 2024. Average monthly sample over the last 12 months = 1,586.

Business Confidence is up significantly from a year ago – its highest since April 2022

Business Confidence for the month of November was virtually unchanged on a month ago (up 0.2pts), but up significantly on a year ago, up 21.1pts from November 2023. The increase in Business Confidence from a year ago has been driven by large increases in the States of New South Wales, Queensland, Western Australia, and South Australia with increases by at least 15 points.

The most consequential increase was in Queensland, up by a large 37.4pts to 123.8 after the Queensland election in late October resulted in the election of a Liberal National (LNP) coalition government. This is the first LNP Government in Queensland for nearly a decade.

There was also a large increase in South Australia, up by a large 40.2pts to 126.1 – and now the highest Business Confidence of any State.

There were also significant increases in the two largest States of New South Wales, up 21.9pts to 106.6, and in Victoria, up 9.1pts to 93.8. Business Confidence in Western Australia increased by 17pts to be marginally in neutral territory at 101.0.

Business Confidence is now lowest in Tasmania at only 87.2, down by 2.1pts from a year ago. Tasmania is the only State to experience a decline in Business Confidence from a year ago.

Business Confidence in Tasmania has lagged in recent months as the Liberal-led Government has dealt with considerable instability. The Rockliff Liberal Government in Tasmania controls only 14 seats in the 35 seat House of Assembly and since the disintegration of the Jacqui Lambie Network (JLN) in late August has relied on the confidence and supply of four independents to retain Government.

Business Confidence by State in November 2023 vs November 2024



Source: Roy Morgan Business Single Source, November 2023, n=1,519, November 2024, n=1,457. Base: Australian businesses.

Finance & Insurance Services, Public Administration & Safety, Education & Training and Arts & Recreational Services are the four most confident industries during October & November 2024

Over the last two months there were 14 industries with Business Confidence in positive territory above the neutral level of 100 led by Finance & Insurance, Public Administration & Defence, Education & Training, Arts & Recreational Services, Health care & Social assistance, Construction, Administration & Support Services, Retail trade, Professional, Scientific & Technical Services and Accommodation & Food Services.

The most confident industry in October & November 2024 was Financial & Insurance Services on 137.5, up a massive 51.1pts on a year ago followed by Public Administration & Defence on 137.5, up 36.2pts on a year ago followed by Education & Training on 131.9, up 20.6pts. Education & Training has now been amongst the top five most confident industries for over two years since June 2022.

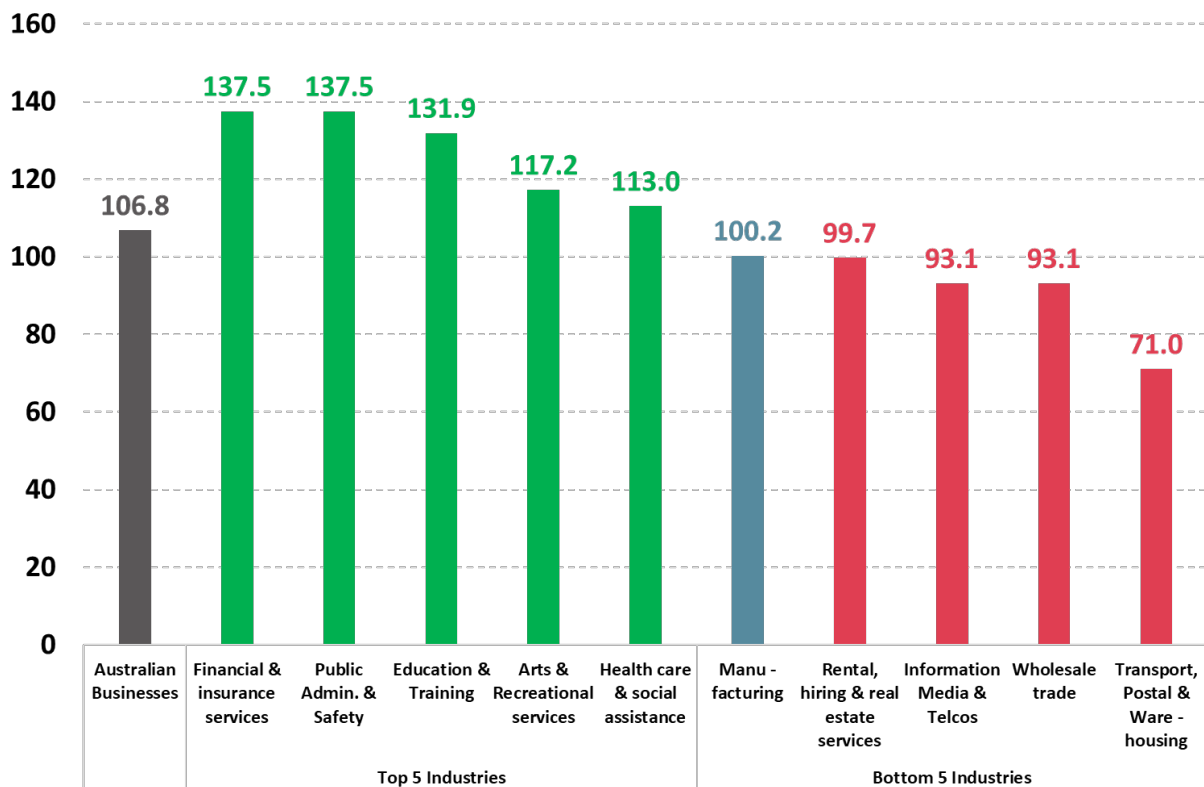
In fourth place is Arts & Recreational Services on 117.2, up 21.9pts on a year ago ahead of Health care & Social assistance on 113.0, up 4pts on a year ago.

Other confident industries during October & November were Construction on 112.6, Administrative & Support Services on 109.5, Retail trade on 108.7, Professional, Scientific & Technical Services on 106.1, Accommodation & Food Services on 105.6, Agriculture, Forestry & Fishing on 103.4, Electricity, gas, water & waste services on 100.9, Mining on 100.5 and Manufacturing on 100.2.

The five least confident industries are led by Transport, Postal & Warehousing on 71.0 and in line with the average for the industry so far this year of only 72.5 – more than 10pts lower than any other industry.

In second last place is Wholesale trade on 93.1 and has averaged below the neutral level of 100 for over two years since mid-2021. Business Confidence in the Information, Media & Telecommunications is at only 93.1 while Business Confidence for the Rental, hiring and real estate services industry is at 99.7, just below the neutral level of 100.

Business Confidence for Top 5 and Bottom 5 Industries in October & November 2024



Source: Roy Morgan Business Single Source, October & November 2024, n=3,341. **Base:** Australian businesses.

Note: In the chart above, green bars represent Business Confidence in positive territory above the national average, red bars represent Business Confidence well below the national average and below the neutral level of 100 while the dark blue bar represents Business Confidence above the neutral level of 100 but still below the national average.

Business Confidence virtually unchanged at 106.9 in November as net investing sentiment increases to highest since February 2022:

- In November, almost a third of businesses, 31.8% (down 1.2ppts), said their **business is 'better off financially than this time a year ago**, while 36.2% (up 0.3ppts), said the business is 'worse off' – a net negative rating of 4.4ppts;
- Businesses' views on their prospects for the next year were virtually unchanged in November and remain the most positive of the five indicators with 47.4% (up 1.4ppts) expecting the **business will be 'better off' financially** this time next year, while only 22.4% (up 1.8ppts), expect the business will be 'worse off';



- Confidence regarding the performance of the **Australian economy over the next year** was virtually unchanged in November with a majority of 58.6% (down 0.4ppts), expecting 'good times' while only 37.6% (up 0.8ppts) expect 'bad times';
- In addition, businesses' views on the long-term future of the **Australian economy over the next five years** were also virtually unchanged with 35.9% (up 0.3ppts) expecting 'good times' over the next five years compared to a majority of 54.5% (down 0.1ppts) expecting 'bad times';
- Net sentiment on whether now is a '**good or bad time to invest in growing the business**' improved to its highest since February 2022 in November with 46.3% (up 3.4ppts) saying the next 12 months will be a '**good time to invest**' in growing the business and only 34.9% (down 0.3ppts) who say the next 12 months will be a '**bad time to invest**' (the lowest figure for over three years since June 2021).

Michele Levine, CEO of Roy Morgan, says Business Confidence was virtually unchanged in November at 106.9, but the first back-to-back months above 100 since May 2022:

"Roy Morgan Business Confidence was virtually unchanged at 106.9 in November with more businesses saying now is a 'good time to invest in growing the business' driving a small increase in the overall number but offset by continuing concerns about the long-term prospects for the Australian economy.

"A rising plurality of businesses, 46.3% (up 3.4ppts), say the next 12 months is a 'good time to invest' in growing the business compared to only 34.9% (down 0.3ppts) that say it's a 'bad time to invest' – the highest net rating for this indicator (+11.4%) since February 2022.

"The small increase in the indicator means Business Confidence is now at its highest for well over two years since April 2022 (113.0) just before the election of the Albanese Government.

"Although the Reserve Bank has decided not to cut interest rates during 2024, the signs are there that interest rates will be cut early in the new year. The latest [ABS monthly inflation estimate for October 2024 shows annual inflation at only 2.1%](#) - the equal lowest since July 2021.

"The reduction in the official ABS inflation estimates in recent months is building expectations amongst many, including businesses, that the Reserve Bank will soon be embarking on a new cycle of interest rate cuts early in the new year– as their central bank counterparts overseas have already begun.

"On a State-by-State basis Business Confidence is now in positive territory in four States including South Australia (126.1), Queensland (123.8), New South Wales (106.6) and Western Australia (101.0). However, Business Confidence is lagging and in negative territory below 100 in only the southern States of Victoria (93.8) and Tasmania at just 87.2.

"At an industry level, it is Financial & Insurance Services and Public Administration & Defence which are the most confident industries in the months of October & November with a Business Confidence rating of 137.5 ahead of Education & Training (131.9) and Arts & Recreational Services (117.2).

"At the other end of the scale is Transport, Postal & Warehousing on only 71.0. The Transport, Postal & Warehousing industry has been among the least confident industries this year and is the only industry for which confidence has averaged under 80 throughout the first 11 months of the year."

The latest Roy Morgan Business Confidence results for November are based on 1,457 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

