

Tuesday, 9 September 2025

Roy Morgan Business Confidence drops in August as businesses grow more worried about the next 12 months

Despite the Reserve Bank electing to cut interest rates by 0.25% to 3.6% at its meeting in mid-August, and the ASX200 stock-market index closing at a record high above 9,000 for the first time at 9,019.1, in August 2025 Roy Morgan Business Confidence dropped 4.4pts to 98.6 into negative territory – and the lowest rating for four months since April 2025.

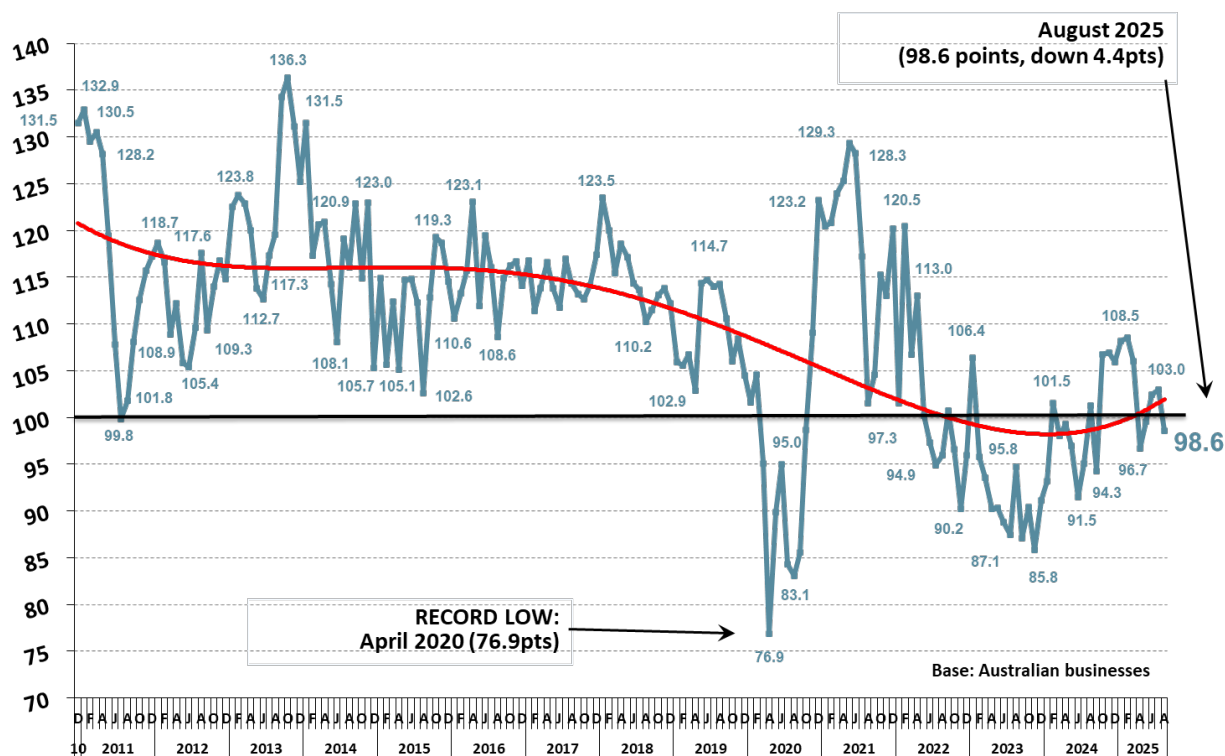
The decrease in Business Confidence in August was primarily driven by rising concerns about the coming year both in terms of their businesses' performance and also the broader state of the Australian economy.

In August, businesses lost confidence about their own prospects over the next year with 39.6% (down 1.3% points) expecting to be 'better off' financially this time next year and 24.3% (up 4% points) expecting to be 'worse off' financially.

There was also a serious fall in confidence about the prospects for the Australian economy over the next year with a 57% (down 5% points) expecting 'good times' for the economy over the next 12 months (**the lowest figure for this indicator so far this year**) and 40.4% (up 4.5% points) expecting 'bad times'.

Business Confidence is now 11.4pts below the long-term average of 110, but 9.3pts higher than Consumer Confidence – the latest [ANZ-Roy Morgan Consumer Confidence of 89.3 on September 1-7, 2025](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Aug 2025. Average monthly sample over the last 12 months = 1,444.

Business Confidence is down from a year ago, driven by significant falls in NSW and Victoria

Business Confidence for the month of August dropped 4.4pts from a month ago and is down marginally, by 2.7pts from August 2024. The decrease in Business Confidence has been driven by large falls in the two largest States of New South Wales and Victoria, both down by over 10pts from a year ago.

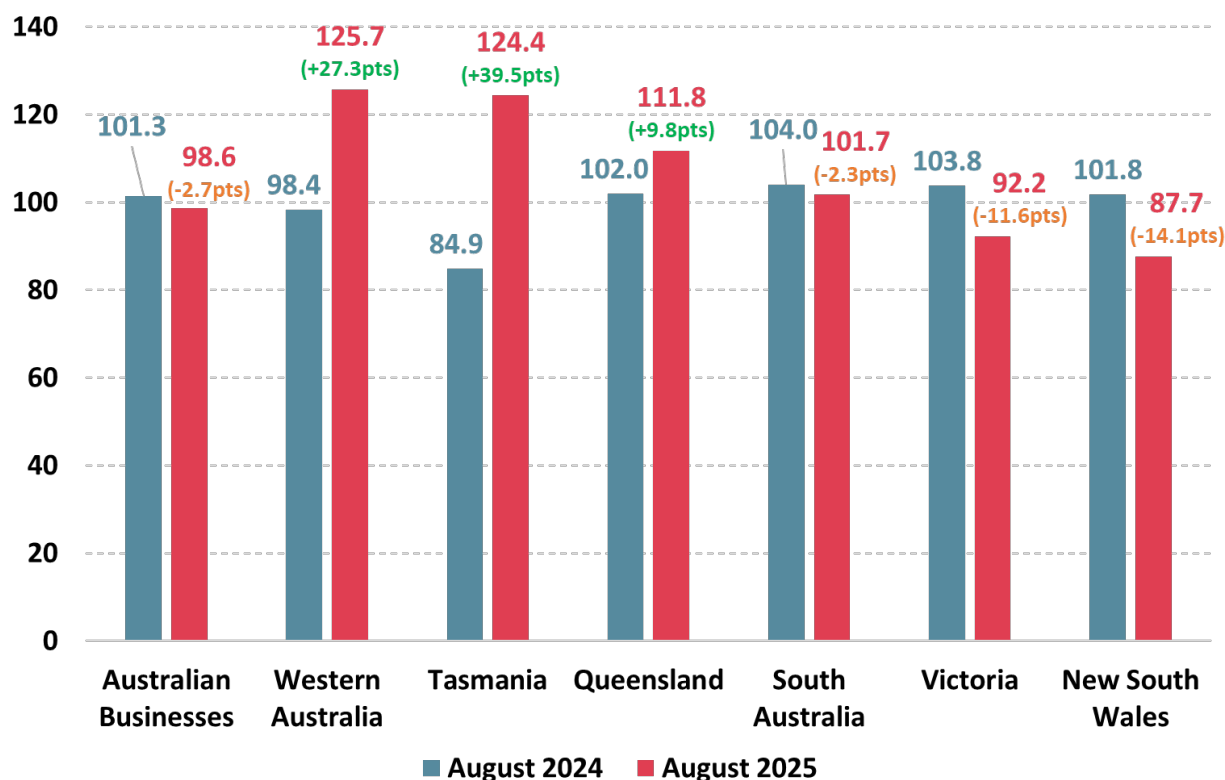
In Australia's largest State of New South Wales, Business Confidence dropped by 14.1pts (the largest drop of any State) to only 87.7 – and now easily the lowest Business Confidence of any State. Business Confidence was also down by 11.6pts to 92.2 in Victoria.

Business Confidence in all other States is above the neutral level of 100 and is at 101.7 in South Australia, following a drop of 2.3pts from a year ago. South Australia is the next State to face an election set for March 2026.

In contrast, Business Confidence has increased in Western Australia, Queensland and Tasmania from a year ago. The largest increase in Business Confidence has been in Tasmania, up 39.5pts to 124.4. After an inconclusive State Election in mid-July, Liberal Premier Jeremy Rockliff was re-appointed by Governor Barbara Baker as Tasmanian Premier in early August and Rockliff survived a no confidence motion from Labor Leader Dean Winter two weeks later.

Western Australia now has the highest Business Confidence at 125.7 and up a large 27.3pts from a year ago, while there has also been a significant increase in Queensland, up 9.8pts to 111.8.

Business Confidence by State in August 2024 vs August 2025



Source: Roy Morgan Business Single Source, August 2024, n=1,481, August 2025, n=1,189. **Base:** Australian businesses.
 *Tasmanian Business Confidence is measured over two months: July & August 2024 cf. July & August 2025.

Accommodation & Food Services, Financial & Insurance Services and Administration & Support Services are the three most confident industries during July & August 2025

Over the last two months there were 12 industries with Business Confidence in positive territory above 100 led by Accommodation & Food Services, Financial & Insurance Services, Administration & Support Services, Electricity, gas, water & waste Services and Mining filling out the top five industries.

There were three industries with confidence over 15pts above the average in July & August 2025 including Accommodation & Food Services on 125.4, up 21.6pts on a year ago, Financial & Insurance Services on 119.4, up 7.2pts on a year ago and Administration & Support Services on 117.6, up 21.9pts on a year ago.

There were only two industries with Business Confidence deeply in negative territory below 90 during the last two months and the least confident industry is Public Administration & Safety on only 75.6.

Only slightly higher is Agriculture, Forestry & Fishing on only 76.0. Business Confidence in this industry has been at low levels for a significant period of time and has averaged only 82.1 over the last three years – clearly the lowest of any industry.

Business Confidence for Top 5 and Bottom 5 Industries in July & August 2025



Source: Roy Morgan Business Single Source, July & August 2025, n=2,435. **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 increased dropped 4.4pts to 98.6 in August driven by increasing concerns about personal finances and the Australian economy over the next year:

- In August, just over a quarter of businesses, 28.5% (down 3.7ppts), said their **business is 'better off' financially than a year ago**, while over a third, 35.4% (up 1.9ppts), said the business is 'worse off';
- Businesses' views on their prospects for the next year were down in August with 39.6% (down 1.3ppts) expecting the **business will be 'better off' financially** this time next year, while just under a quarter, 24.3% (up 4ppts), expect the business will be 'worse off';
- Confidence regarding the performance of the **Australian economy over the next year** dropped significantly in August with 57% (down 5ppts) expecting 'good times' (**the lowest figure for this indicator so far this year**) while 40.4% (up 4.5ppts) expect 'bad times';
- However, businesses' views on the long-term future of the **Australian economy over the next five years** improved marginally in August with 29% (up 1.4ppts) expecting 'good times' over the next five years compared to 60.5% (down 3.5ppts) expecting 'bad times';
- Net sentiment on whether now is a **'good or bad time to invest in growing the business'** dropped into negative territory with 38% (down 2.8ppts) saying the next 12 months will be a **'good time to invest'** in growing the business while 38.7% (up 3.7ppts) say the next 12 months will be a **'bad time to invest'**.



Michele Levine, CEO of Roy Morgan, says Business Confidence dropped 4.4pts to 98.6 in August, it's first fall since the Federal Election held in early May, despite the Reserve Bank (RBA) electing to cut interest rates by 0.25% to 3.6% in mid-August:

"Roy Morgan Business Confidence dropped 4.4pts to 98.6 in August as businesses lost confidence about their own prospects, as well as the Australian economy's performance, over the next year.

"The drop in Business Confidence was despite the Reserve Bank's decision to cut interest rates in mid-August to 3.6%, lowering interest rates to their lowest since May 2023. In addition, the ASX200 stock index closed above 9,000 for the first time in August by closing at an all-time high of 9,019.

"However, hopes for further interest rate cuts were 'dented' later in August with the release of the [ABS monthly CPI estimates for July showing inflation accelerating to 2.8%](#) - the highest figure for a year since July 2024. The Reserve Bank next meets in three weeks' time on September 29/30, 2025.

"The two indicators driving the decline related to the next year – although both are still in positive territory. Now 57% (down 5ppts) of businesses expect 'good times' for the economy over the next year while 40.4% (up 4.5ppts) expect 'bad times', and 39.6% (down 1.3ppts) expect to be 'better off' financially this time next year compared to 24.3% (up 4ppts) expect to be 'worse off' financially.

"On a State-by-State basis Business Confidence was highest in Western Australia (125.7) and Tasmania (124.4) after the Liberal Premier Jeremy Rockliff was eventually re-appointed in August after a close election that led to little overall change. The final result from the Tasmanian election shows the Liberal Party (14 seats) and Labor Party (10 seats) winning the same number of seats as they held before the election and a large crossbench of 11 including five seats for the Greens.

"However, Business Confidence is below the neutral level of 100 in the two largest State of New South Wales (87.7) and Victoria (92.2) and has dropped significantly compared to a year ago. Victoria (November 2026) and New South Wales (March 2027) both face elections in the next 18 months.

"At an industry level, it is Accommodation & Food Services on 125.4, Financial & Insurance Services on 119.4 and Administration & Support Services on 117.6 which are the most confident industries over 15 points higher than the national average. Other confident industries include Electricity, gas, water & waste services on 110.2, Mining on 109.9, Education & Training on 108.7, Rental, hiring & Real Estate Services on 108.7 and Arts & Recreational Services on 106.5.

"At the other end of the scale are Public Administration & Safety on 75.6 and Agriculture, Forestry & Fishing on 76 and the lowest average Business Confidence over a sustained period of the last three years of only 82.1 – the lowest average of any of the 18 industries."

The latest Roy Morgan Business Confidence results for August are based on 1,189 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

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