

Monday, 9 February 2026

Roy Morgan Business Confidence slumps 7.6pts to 97.4 in January – the lowest confidence rating since April 2025

In January 2026 Roy Morgan Business Confidence slumped 7.6pts to 97.4, its lowest confidence rating for nine months since April 2025 (96.7). The result followed a spike in inflationary pressures with the official ABS annual inflation estimates for November at 3.4% ([released in early January](#)), and now jumping to 3.8% for the 12 months to December 2025 ([released in late January](#)).

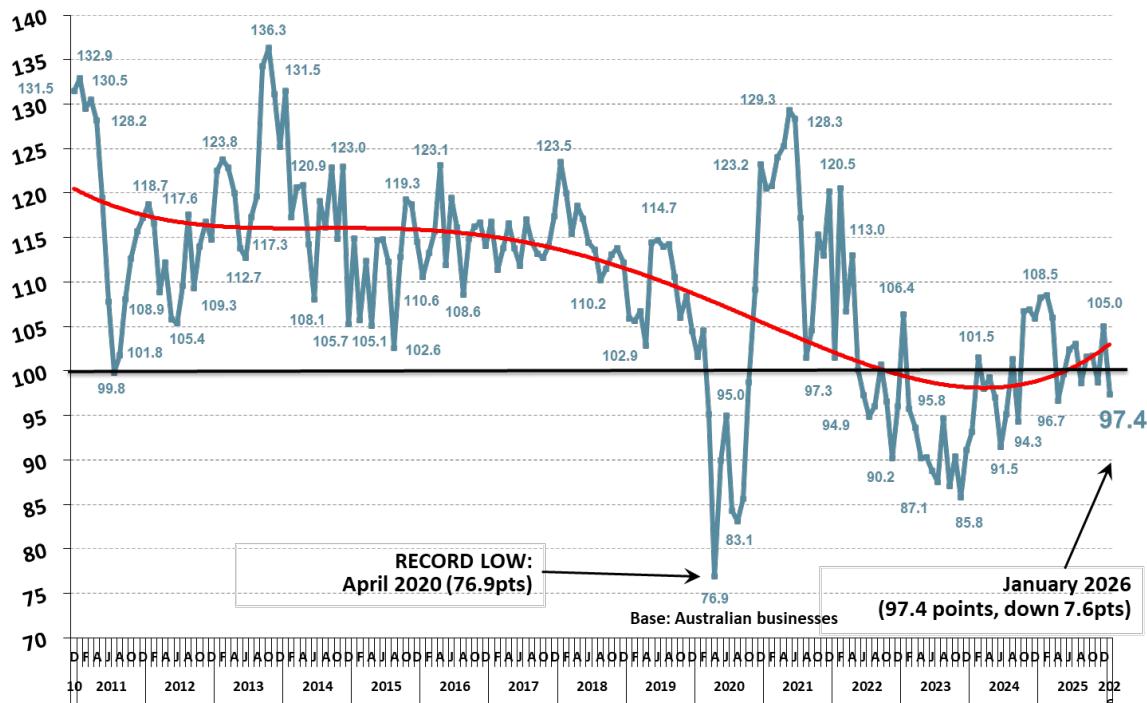
The spike in inflationary pressures led to fears in January that the Reserve Bank (RBA) would be forced to raise interest rates – which the RBA did last week in early February – up +0.25% to 3.85%.

A look at the component questions of the index showed the biggest driver of reduced confidence related to businesses' views of their own prospects over the next year, which plunged by a net 18.5% points.

In January, only a third of businesses, 33.3% (down 13.1% points), expect the business will be 'better off financially' this time next year and 24.4% (up 5.4% points) expect the business will be 'worse off'.

Business Confidence is 12.3pts below the long-term average of 109.7, but is still 17.1pts higher than the latest [ANZ-Roy Morgan Consumer Confidence of 80.5 on January 26 – February 1, 2026](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Jan 2026. Average monthly sample over the last 12 months = 1,278.

Business Confidence is highest in Tasmania and Queensland, lowest in South Australia

In January, Business Confidence was down significantly by 10.8 points from a year ago at 97.4. There were decreases in Tasmania, New South Wales, Victoria, Western Australia, and South Australia that drove the decrease – all down by at least 10 points on a year ago.

Despite dropping 10.1 points from a year ago, Business Confidence was still highest in Tasmania at 116.2 to start the new year. The well above average Business Confidence in Tasmania came as Liberal Premier Jeremy Rockliff's Government secured support in both houses of Parliament in early December for Hobart's new stadium to be built – a huge 'fillip' to Tasmania's economy.

In contrast to other States, Business Confidence in Queensland, at 107.2, is higher than a year ago, up by 3.3 points since January 2025 – soon after the election of the incumbent Crisafulli-led Government.

In three other States Business Confidence dropped more than 10 points from a year ago and is now below the neutral level of 100. Business Confidence in New South Wales was down 11.6pts from a year ago to 96.5, was down 16.4pts to 95.9 in Victoria, and was down 14.2pts to 90.2 in Western Australia.

However, by far the largest fall over the last year was in South Australia, with Business Confidence down by 28.1pts to 87.9 – and now clearly the lowest of any State. Importantly, South Australia faces a State Election next month at which the Labor Government of Peter Malinauskas is expected to be easily re-elected with an increased majority.

Business Confidence by State in January 2025 vs January 2026



Source: Roy Morgan Business Single Source, January 2025, n=1,594, January 2026, n=940. **Base:** Australian businesses. *Tasmanian Business Confidence is measured over two months: Dec. 2024 & Jan. 2025 cf. Dec. 2025 & Jan. 2026.

Electricity, Gas, Water & Waste Services, Mining, Rental, Hiring & Real Estate Services and Financial & Insurance Services are the most confident industries during December 2025 & January 2026

Over the last two months there were six industries with Business Confidence in positive territory above 100 led by Electricity, Gas, Water & Waste Services, Mining, Rental, Hiring & Real Estate Services, Financial & Insurance Services, Education & Training and Professional, Scientific & Technical Services.

All six of these industries had confidence over 10pts above the average in December 2025 & January 2026 led by Electricity, Gas, Water & Waste Services on 132.5, up a massive 40.3pts on a year ago. In second place is the Mining industry on 128.6, still high but down 13.7pts on a year ago.

In third place is Rental, Hiring & Real Estate Services on 122.3, up 6.3pts on a year ago, just ahead of Financial & Insurance Services on 118.2, up 0.9pts on a year ago, Education & Training on 117.1, but down 8.1pts on a year ago, and Professional, Scientific & Technical Services on 113.1, up 8.4pts on a year ago.

There was only one industry with Business Confidence below 80 during the last two months which was Public Administration & Safety on only 72.8, and down 38.9pts on a year ago. This is clearly the largest decline of any industry, and the lowest Business Confidence for this industry for over a decade since May 2015.

Other industries with low Business Confidence well into negative territory below 90 include Wholesale Trade on 85.6, down 5.3pts on a year ago, and Retail Trade on 85.9, and down a large 28.8pts on a year ago.

Agriculture, Forestry & Fishing also has a low Business Confidence of only 87.8, but a marginal improvement of 3.4pts on a year ago. Business Confidence in this industry has been at low levels for a significant period of time and averaged only 80.6 from 2023-2025 – clearly the lowest of any industry.

Business Confidence for Top 5 and Bottom 5 Industries in December 2025 & January 2026



Source: Roy Morgan Business Single Source, December 2025 & January 2026, n=2,114. **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 dropped 7.6 points to 97.4 in January as businesses lost confidence in their own prospects and whether the next year is a 'good time' to invest in growing the business:

- In January, just over a quarter of businesses, 27.2% (down 7.9ppts), said their **business is 'better off' financially than a year ago**, while 29.7% (down 2.2ppts), said the business is 'worse off' (the lowest figure for this indicator for over four years since June 2021);
- Businesses' net views on their prospects for the next year dropped sharply in January with 33.3% (down 13.1ppts) expecting the **business will be 'better off' financially** this time next year, while nearly a quarter, 24.4% (up 5.4ppts), expect the business will be 'worse off';
- Confidence regarding the performance of the **Australian economy over the next year** was virtually unchanged with 57.3% (up 0.3ppts) expecting 'good times' while 41.2% (up 0.4ppts) expect 'bad times';
- Businesses' views on the long-term future of the **Australian economy over the next five years** fell in January with 29% (down 4.4ppts) expecting 'good times' over the next five years compared to 62.1% (up 0.6ppts) expecting 'bad times';
- Net sentiment on whether now is a '**good or bad time to invest in growing the business**' dropped to its lowest for over a year with 34.9% (down 5.4ppts) saying the next 12 months will be a '**good time to invest**' in growing the business while 36.9% (up 2.8ppts), say the next 12 months will be a '**bad time to invest**'.

Michele Levine, CEO of Roy Morgan, says Business Confidence slumped 7.6pts to 97.4 in January, its lowest level in nine months following high official ABS inflation readings released in early January for [November 2025 \(3.4%\)](#) and in late January for [December 2025 \(3.8%\)](#):

"Roy Morgan Business Confidence dropped 7.6pts to 97.4 in January, hitting its lowest level in nine months since April 2025 (96.7). The decrease came after the ABS released two high official inflation figures in January for [November 2025 \(3.4%\)](#) and [December 2025 \(3.8%\)](#) – both above the Reserve Bank's preferred target range of 2-3% over the course of the cycle.

"The rising official inflation estimates had been foreshadowed in the [ANZ-Roy Morgan Inflation Expectations which increased to 5.6% in mid-December](#). This was its highest level for two years since December 2023 and led to intense media speculation in January about imminent Reserve Bank (RBA) interest rate increases.

"Driving the monthly decrease in January was a sharp drop in confidence about businesses' own prospects over the next year with only a third, 33.3% (down 13.1% points) expecting they will be 'better off' financially this time next year, and 24.4% (up 5.4% points), expecting to be 'worse off' – a net decline of 18.5% points.

"On a State-by-State basis Business Confidence was highest in Tasmania (116.2) after the Liberal Premier Jeremy Rockliff's Government's successful push to secure Parliamentary approval of the construction of Hobart's new stadium in early December – a huge boost for the State's economy.

"Business Confidence is above average in Queensland (107.2), the only State to have a higher rating than a year ago. However, Business Confidence is below 100 in all other States – New South Wales (96.5), Victoria (95.9), Western Australia (90.2) and South Australia (86.6).

"At an industry level, the most confident industry in the final months of the year is Electricity, Gas, Water & Waste on 132.5, ahead of the Mining industry on 128.6, and Rental, Hiring & Real Estate Services on 122.3 – all three over 20pts above the national average.

"Other confident industries include Financial & Insurance Services on 118.2, Education & Training on 117.1, and Professional, Scientific & Technical Services on 113.1, all significantly higher than the national average.

"At the other end of the scale is Public Administration & Safety on only 72.8, and down 38.9pts on a year ago. This is the biggest decline in confidence for any industry since early 2025 and confidence in the industry is now at its lowest for over a decade since May 2015.

"Other industries with low confidence below 90 include Wholesale Trade on only 85.6, Retail Trade on 85.9, and Agriculture, Forestry & Fishing on 87.8. Confidence in the industry has been at a sustained low level for the last three years (2023-26) and averaged only 80.6 – clearly the lowest average of any of the 18 industries over this extended period."

The latest Roy Morgan Business Confidence results for January are based on 940 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