

Tuesday, 16 March 2026

Roy Morgan Business Confidence plunged 8.8pts to 88.6 in February – before the conflict in the Middle East even began

In February 2026 Roy Morgan Business Confidence plunged 8.8pts to 88.64, its lowest confidence rating for over five years since September 2020 during the first year of the COVID-19 pandemic.

Business Confidence has now dropped by 16.4pts in the last two months, the largest two-month fall since August 2021. The result came after the Reserve Bank raised interest rates by +0.25% to 3.85% in early February – its first interest rate increase since November 2023. The Reserve Bank meets again this week to consider raising interest rates again for a second time this year.

It's important to note that this result for Business Confidence came before the Israeli and US attacks on Iran which began on the final day of February and have already sent oil and gas prices soaring.

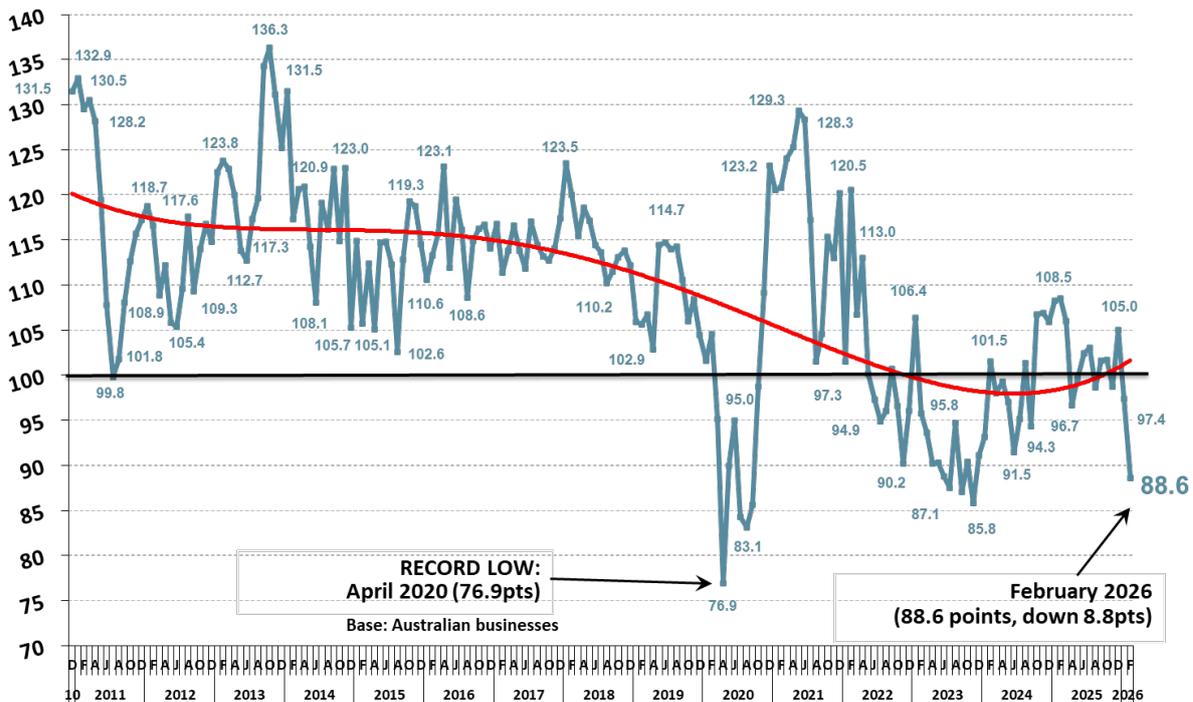
A look at the component questions of the index showed the biggest driver of reduced confidence related to businesses' views of the Australian economy's performance over the next year and next five years.

Now more businesses, 49.5% (up 8.3% points) say Australia will have 'bad times' economically over the next year compared to 48.1% (down 9.2% points) that say we'll have 'good times' – a net plunge of 17.5% points.

In February, under a quarter of businesses, 23.1% (down 4.9% points), expect there'll be 'good times' for the economy over the next five years while 67.2% (up 5.1% points) expect 'bad times' for the economy.

Business Confidence is now a large 20pts below the long-term average of 109.6, but is still 19.9pts higher than the latest [ANZ-Roy Morgan Consumer Confidence of 68.5 on March 9-15, 2026](#).

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-Feb 2026. Average monthly sample over the last 12 months = 1,243.

FOR IMMEDIATE RELEASE

Business Confidence only in positive territory above 100 in Queensland and South Australia

In February, Business Confidence was down significantly by 19.9 points from a year ago at 88.6. There were decreases in all six States compared to a year ago and the only States with positive Business Confidence in February were Queensland and South Australia.

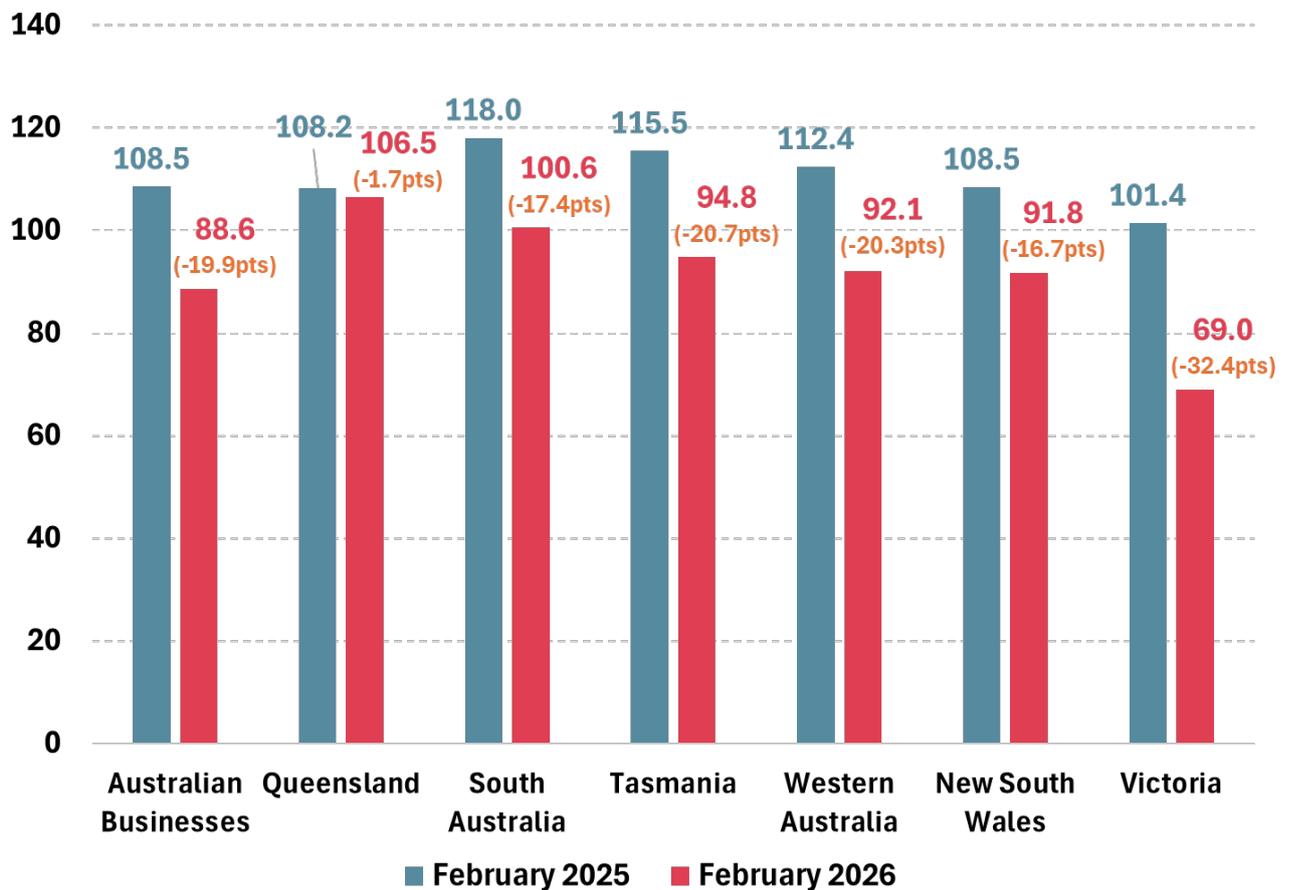
Business Confidence is highest in Queensland at 106.5, down only 1.7pts from a year ago, and is just above the neutral level of 100 in South Australia at 100.6, but down a large 17.4pts from a year ago.

South Australia faces an election this week at which the Labor Government of Peter Malinauskas is expected to be easily re-elected. The latest [Roy Morgan State poll in South Australia](#) showed the ALP with large two-party preferred leads over both the Liberals (61% cf. 39%) and One Nation (59% cf. 41%).

In the four other States Business Confidence is below the neutral level of 100. Business Confidence is at 94.8 in Tasmania, and down 20.7pts from a year ago, is at 92.1 in New South Wales, and down 20.3pts from a year ago, and is at 91.8 in Western Australia, and down 16.7pts from a year ago.

However, by far the largest fall over the last year was in Victoria, with Business Confidence down by 32.4pts to only 69 – and now clearly the lowest of any State. Importantly, Victoria faces a State Election later this year at which the Labor Government of Jacinta Allan faces a tough fight to win re-election with the latest [Roy Morgan State poll in Victoria](#) showing One Nation (26.5%) now with the highest primary vote ahead of both the governing ALP (25.5%) and the incumbent Opposition L-NP Coalition (21.5%).

Business Confidence by State in February 2025 vs February 2026



*Source: Roy Morgan Business Single Source, February 2025, n=1,481, February 2026, n=1,053. Base: Australian businesses. *Tasmanian Business Confidence is measured over two months: Jan. & Feb. 2025 cf. Jan. & Feb. 2026.*

Mining, Rental, Hiring & Real Estate Services, Education & Training and Administration & Support Services are the most confident industries during February 2026

Over the last three months there were eight industries with Business Confidence in positive territory above 100 led by Mining, Rental, Hiring & Real Estate Services, Education & Training, Administration & Support Services, Accommodation & Food Services and Financial & Insurance Services.

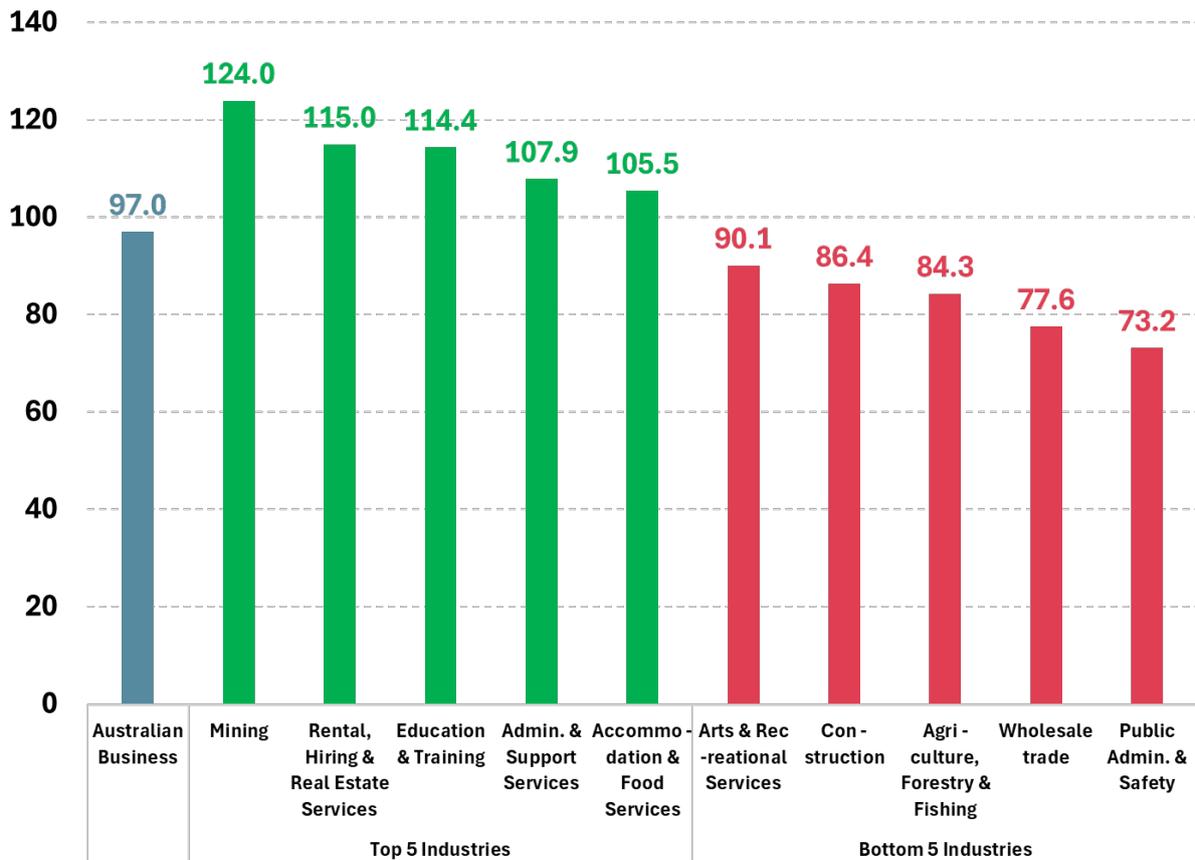
The four most confident industries had confidence over 100pts above the average in the three months to February 2026 led by the Mining industry on 124.0, still high but down 8.6pts on a year ago, ahead of second placed Rental, Hiring & Real Estate Services on 115.0, up 1.6pts on a year ago.

In third place is Education & Training on 114.4, but down 12.4pts on a year ago, ahead of Administration & Support Services on 107.9, up 2.7pts on a year ago.

There were only two industries with Business Confidence below 80 during the last three months which were Public Administration & Safety on only 73.2, and down 33.6pts on a year ago – the largest decline of any industry compared to a year ago, and Wholesale Trade on 77.6, and down 8.9pts on a year ago.

Agriculture, Forestry & Fishing also has a low Business Confidence of only 84.3, virtually unchanged on a year ago. Business Confidence in this industry has been at low levels for a significant period of time and averaged only 80.2 over the last three years – clearly the lowest of any industry.

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



Source: Roy Morgan Business Single Source, December 2025 - February 2026, n=3,167. **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 8.8 points to 88.6 in February as businesses lost confidence in their performance of the Australian economy over the next year and the next five years:

- In February, under a quarter of businesses, 24.7% (down 2.5pts), said their **business is 'better off financially than a year ago**, while a skyrocketing 41.3% (up 11.6pts), said the business is 'worse off' (the highest figure for this indicator for 18 months since September 2024);
- Businesses' net views on their prospects for the next year improved in February with 37.1% (up 3.8pts) expecting the **business will be 'better off financially** this time next year, while nearly a quarter, 24.8% (up 0.4pts), expect the business will be 'worse off';
- Confidence regarding the performance of the **Australian economy over the next year** dropped significantly in February with 48.1% (down 9.2pts) expecting 'good times' while 49.5% (up 8.3pts) expect 'bad times' (the first time this indicator has dropped into negative territory since June 2024);



- Businesses' views on the long-term future of the **Australian economy over the next five years** fell substantially in February hitting record lows with only 23.1% (down 5.9ppts) expecting 'good times' over the next five years (**a new record low for this indicator**) compared to a rising majority of 67.2% (up 5.1ppts) expecting 'bad times' (**a new record high for this indicator**);
- 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 33.8% (down 1.1ppts) saying the next 12 months will be a '**good time to invest**' in growing the business while 41% (up 4.1ppts) say the next 12 months will be a '**bad time to invest**'.

Michele Levine, CEO of Roy Morgan, says Business Confidence plunged 8.8pts to 88.6 in February, its lowest level for over five years since September 2020 (85.6) as businesses grew increasingly concerned about the Australian economy's performance over the next year and next five years:

"Roy Morgan Business Confidence dropped 8.8pts to 88.6 in February, hitting its lowest level for over five years since September 2020 (85.6) during the first year of the COVID-19 pandemic.

"The Reserve Bank's decision to raise interest rates by +0.25% to 3.85% in early February, and the prospect of further interest rate increases to come, has clearly hit the confidence of businesses.

"The biggest factor driving the decrease in Business Confidence in February was falling confidence in the performance of the Australian economy going forward. Over two-thirds of Australian businesses, 67.2% (up 5.1% points) now say they expect 'bad times' for the economy over the next five years – a new record high for this indicator.

"In addition, now more businesses, 49.5% (up 8.3% points) expect 'bad times' for the economy over the next year and 48.1% (down 9.2% points) expect 'good times' over the next year – a net negative movement of 17.5% points on this indicator.

"An important factor to note when considering these movements is that these were the views of Australian businesses in February, before the outbreak of the conflict in the Middle East when US & Israel launched attacks on Iran on the final day of February.

"Since the conflict began oil and gas prices have surged and there are growing concerns about a global economic crisis as long as the Strait of Hormuz remains closed. The added global economic uncertainty is sure to put additional pressure on businesses as long as the war continues.

"On a State-by-State basis Business Confidence was highest in Queensland (106.5) and South Australia (100.6). South Australia faces an election this week at which Premier Peter Malinauskas is set to be re-elected in an election landslide according to the latest [Roy Morgan South Australian State poll](#).

"Business Confidence is lowest of all in Victoria at only 69.0 – and down by a large 32.4pts on a year ago. Victoria faces an election later this year and the incumbent Government led by Jacinta Allan faces a tough fight for re-election. The latest [Roy Morgan Victorian State poll](#) shows One Nation (26.5%) now leads the incumbent Labor (25.5%) and the Opposition L-NP Coalition (21.5%) on primary support.

"At an industry level, the most confident industry over the last three months is the Mining industry on 124.0 ahead of Rental, Hiring & Real Estate Services on 115.0, Education & Training on 114.4, and Administration & Support Services on 107.9 – all industries over 10 points above the national average.

"At the other end of the scale is Public Administration & Safety on only 73.2, and down 33.6pts on a year ago – the largest decline in confidence for any industry from a year ago.

"Other industries with low confidence include Wholesale Trade on only 77.6, and Agriculture, Forestry & Fishing on 84.3. Confidence in the industry has been at a sustained low level for the last three years and averaged only 80.2 – the lowest average of any of the 18 industries over this extended period."

The latest Roy Morgan Business Confidence results for February are based on 1,053 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](#).

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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

