

Wednesday, 10 June 2026

Roy Morgan Business Confidence hits a new record low of only 76.1 in May after Reserve Bank raises interest rates

In May 2026 Roy Morgan Business Confidence hit a new record low of 76.1 and has now fallen by 28.9pts so far during 2026.

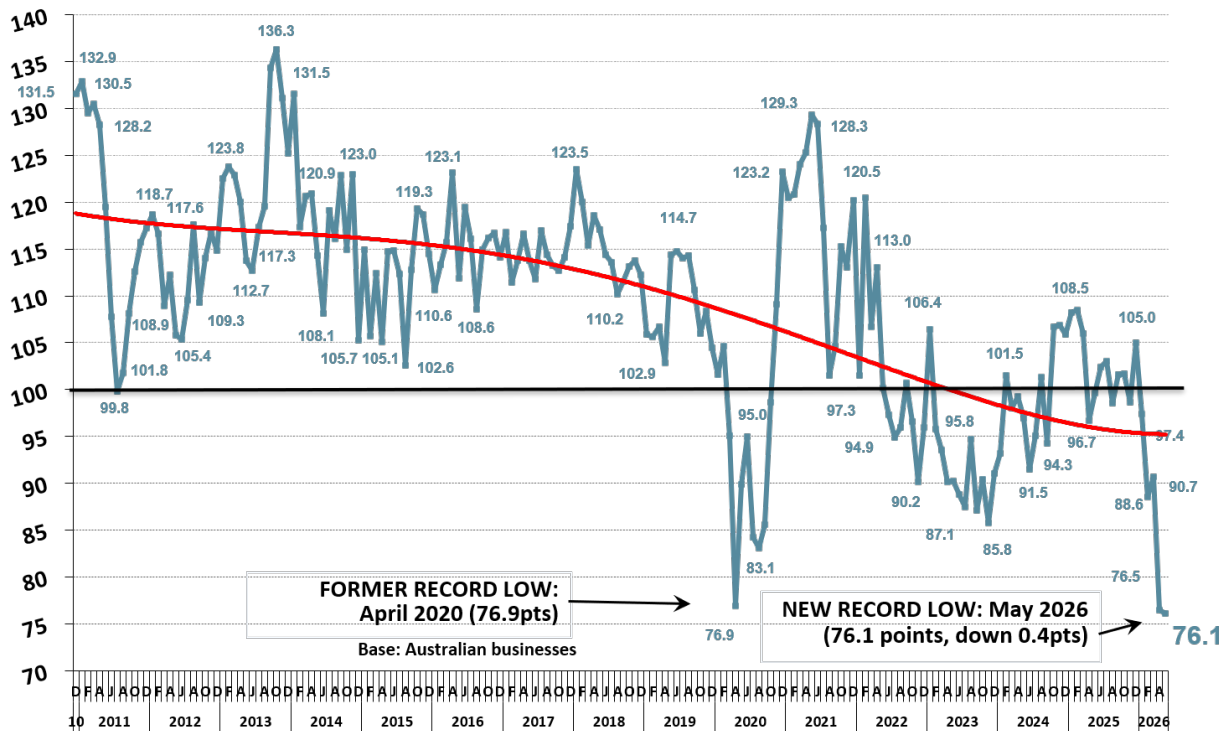
This result is 0.4pts below the previous record low reached a month ago and 0.8 points below the pandemic low of 76.9 in April 2020. Driving the fall in Roy Morgan Business Confidence during 2026 have been big falls in sentiment regarding the next 12 months both for business finances and the Australian economy.

The net proportion of businesses expecting 'good times' for the economy over the next year plummeted a large 36.7% from December 2025 with a majority of 59% (up 18.2% points so far this year) now expecting 'bad times' and only 38.5% (down 18.5% points) expecting 'good times'.

In addition, the net proportion of businesses expecting to be 'better off financially' this time next year plunged by 32.5% points. Now just 29% (down 17.4% points so far this year) of businesses expect to be 'better off financially' this time next year and 34.1% (up 15.1% points) expect to be 'worse off'.

The net proportion of businesses expecting 'good times' for the economy over the next five years dropped by 25% points with a large majority of 72% (up 10.5% points so far this year) of businesses expecting 'bad times' for the economy over the next five years and only 18.9% (down 14.5% points) expecting 'good times'.

Roy Morgan Monthly Business Confidence -- Australia



Source: Roy Morgan Business Single Source, Dec 2010-May 2026. Average monthly sample over the last 12 months = 1,189.

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In May 2026 Business Confidence drops below 90 in all six States for the first time ever

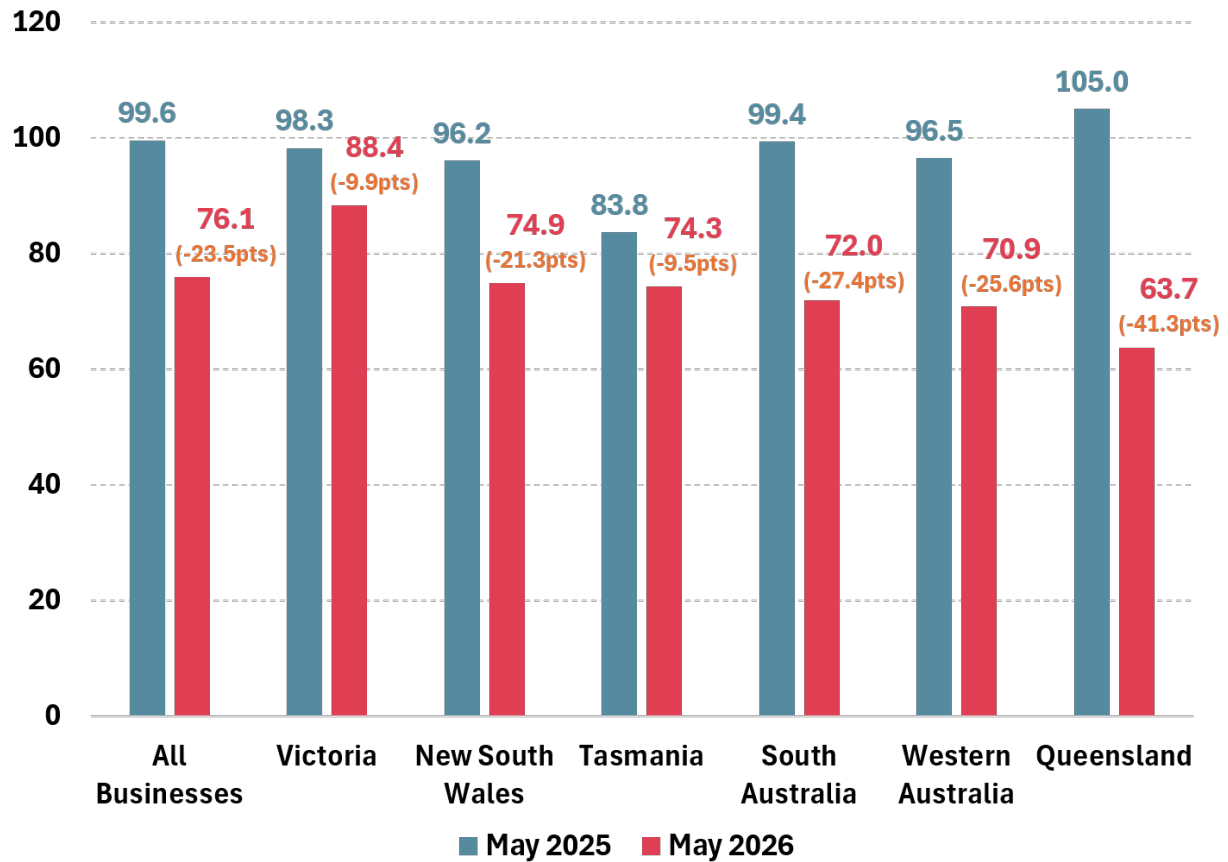
Year-on-year Business Confidence was down significantly (down 23.5 points from a year ago to 76.1).

All six States now have Business Confidence below the level of 90, and the measure is down in all States from a year ago from between 9.5pts (Tasmania) and down by up to 41.3pts (Queensland).

Victoria now has the highest Business Confidence of any State – although still well into negative territory at only 88.4, down 9.9pts from a year ago. Business Confidence fell by 21.3pts in New South Wales to only 74.9 and fell to just 74.3 (down 9.5pts on a year ago) in Tasmania.

Business Confidence fell by a large 25pts in the three other States. In South Australia, Business Confidence fell by 27.4pts to 72.0, in Western Australia the measure was down 25.6pts to 70.9, and in Queensland, Business Confidence fell by 41.3pts to just 63.7 – the largest decline of any State.

Business Confidence by State in May 2025 vs May 2026



Source: Roy Morgan Business Single Source, May 2025, n=1,218, May 2026, n=1,181. **Base:** Australian businesses. *Tasmanian Business Confidence is measured over two months: April & May 2025 cf. April & May 2026.

Mining, Education & Training, Arts & Recreational Services and Public Administration & Safety are the most confident industries during the three months to May 2026

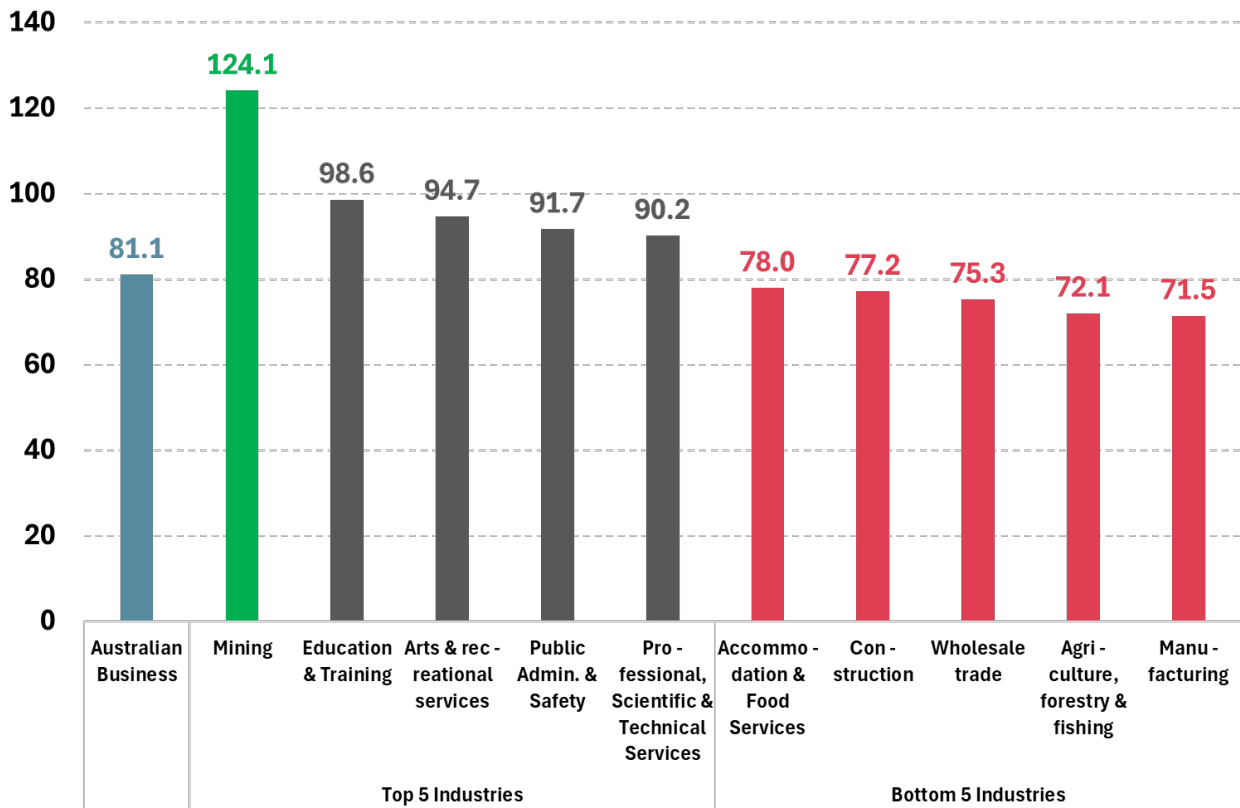
Over the last three months there was only one industry with Business Confidence in positive territory above 100 – Mining, which increased 22.8pts from a year ago to 124.1 is by far the most confident industry and the only industry to have significantly higher Business Confidence than a year ago.

Other industries with higher than average Business Confidence just below the neutral level of 100 include Education & Training on 98.6, down 14.5pts on a year ago, Arts & Recreational Services on 94.7, down 10.4pts on a year ago, and Public Administration & Safety on 91.7, down 27.8pts on a year ago.

There were five industries with Business Confidence below 80 including Accommodation & Food Services on 78, and down 41.6pts on a year ago – the biggest decline of any industry, Construction on 77.2, down 17.3pts on a year ago, Wholesale Trade on 75.3, down 16pts, Agriculture, Forestry & Fishing on 72.1, up 0.8pts on a year ago, and Manufacturing on only 71.5, down 31.2pts on a year ago.

Agriculture, Forestry & Fishing has had low Business Confidence for an extended period now with an average of only 79.4 since the beginning of 2024 – clearly the lowest of any industry.

Business Confidence for Top 5 and Bottom 5 Industries in March – May 2026



Source: Roy Morgan Business Single Source, March – May 2026, n=3,603. **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 grey bar represents Business Confidence below the neutral level of 100 but still above the national average.

Business Confidence hit a record low of only 76.1 in May as businesses continued to lose confidence about their own prospects over the next year:

- In May, around a quarter of businesses, 25.2% (up 1.2ppts), said their **business is 'better off' financially than a year ago**, while 44.9% (up 0.9ppts), said the business is 'worse off' (**the highest figure for this indicator for over two years since December 2023**);
- Businesses' net views on their prospects for the next year deteriorated significantly in May with around a quarter, 29% (down 3.6ppts) expecting the **business will be 'better off' financially this time next year (the lowest figure for this indicator for over a decade since August 2015)**, while over a third, 34.1% (up 4.5ppts), expect the business will be 'worse off' (**a record high figure for this indicator**);
- Confidence regarding the performance of the **Australian economy over the next year** improved with 38.5% (up 1.3ppts) expecting 'good times', while a majority of 59% (down 2.3ppts) expect 'bad times';
- Businesses' views on the long-term future of the **Australian economy over the next five years** improved slightly in May with just 18.9% (up 0.2ppts) expecting 'good times' over the next five years compared to a majority of 72% (down 1.4ppts) expecting 'bad times';
- Net sentiment on whether now is a **'good or bad time to invest in growing the business'** was virtually unchanged in May with just 28.8% (up 0.5ppts) saying the next 12 months will be a **'good time to invest'** in growing the business while 50% (unchanged) say the next 12 months will be a **'bad time to invest'**.



Michele Levine, CEO of Roy Morgan, says Business Confidence hit a new record low of only 76.1 in May, down by a massive 28.9pts so far this year following three interest rate increases in February, March and May by a total of 0.75% to 4.35%:

“Roy Morgan Business Confidence hit a record low of 76.1 in May following a second successive monthly decline. Business Confidence has plunged to record lows in the last two months as the Reserve Bank raised interest rates and the Iran War in the Middle East has dragged on.

“Business Confidence has fallen 28.9pts so far this year with all five indices driving the downward fall. The sharpest declines are for the two indicators looking at the next 12 months.

“Businesses’ views on the Australian economy’s performance over the next year is down a net 36.7ppts this year. A majority of 59% (up 18.2% points this year) of businesses say they expect ‘bad times’ over the next year while 38.5% (down 18.5% points) of businesses expect ‘good times’.

“In addition, views on businesses’ own prospects over the next year are down a net 32.5ppts this year. Now over a third of businesses, 34.1% (up 15.1% points this year) expect to be ‘worse off’ this time next year compared to only 29% (down 17.4% points) that expect to be ‘better off’.

“The plunge in confidence began in January before the US and Israel attacked Iran, but the falls have continued as worries about energy prices and inflation have increased, and the Reserve Bank has now raised interest rates at three straight meetings for the first time since early 2023.

“On a State-by-State basis Business Confidence is now below 90 in all six States for the first time. Business Confidence is at just 88.4 in Victoria – the next State to face an election later this year, and even lower in New South Wales (74.9), Tasmania (74.3), South Australia (72.0), Western Australia (70.9), and lowest of all in Queensland at just 63.7.

“At an industry level, there is now only one industry (out of 18) with Business Confidence in positive territory above the neutral level of 100. By far the most confident industry over the last three months is the Mining industry on 124.1 – over 40 points above the national average.

“At the other end of the scale are several industries with low Business Confidence below 80 including Accommodation & Food Services (78), Construction (77.2), Wholesale Trade (75.3), Agriculture, Forestry & Fishing (72.1), and Manufacturing (71.5).

“Confidence in the Agriculture, Forestry & Fishing industry has been at a sustained low level and has averaged only 79.6 since the start of 2023 – clearly the lowest average of any industry over this extended period.”

The latest Roy Morgan Business Confidence results for May are based on 1,181 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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