



NAB Monthly Business Survey May-25

Narrowing gap between conditions and confidence

NAB Economics

Summary

Business conditions eased again in May to 0 index points. Conditions have fallen steadily over late 2024 and early 2025; in trend terms the series has eased from around average at +6 index points in September 2024 (to +2 index points currently). The decline in business conditions in recent quarters has narrowed the gap between business confidence and business conditions; it will be hard for confidence to lift sustainably if conditions deteriorate further. Business confidence improved again in May, though trend confidence remains below the long run average. Capacity utilisation rose to 82.3% from 81.4%, partially reversing the large decline seen in April. Profitability remains weak at -4 index points and the employment index fell 3pts (unrounded) in May to a new cyclical low. Price indicators were mixed: labour costs growth was robust (1.7% in quarterly equivalent terms), purchase costs growth eased (1.1%), as did final product price growth (0.5%). In contrast, retail price growth held steady at 1.2% in April. Overall, this survey highlights that business conditions remain weak amid ongoing profitability pressures and soft demand, with signs of a further softening in labour demand. At an industry level, we note that retail conditions and confidence have both declined over 2025, after a small recovery in late 2024, which aligns with softer than expected household consumption growth this year.

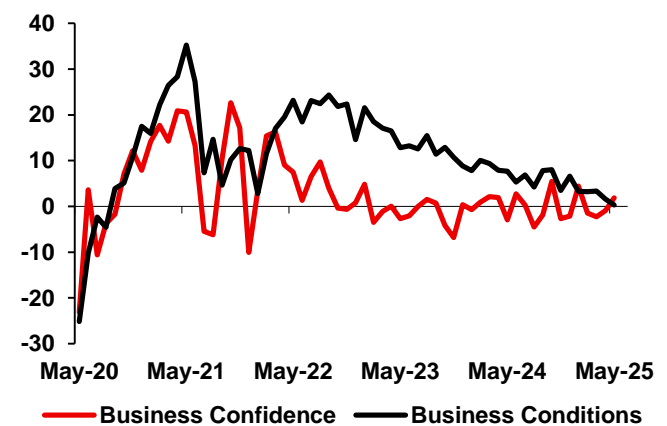
Survey Details

- **Business confidence** rose 3pt to +2 index points in May. Confidence rose in all industries except manufacturing, mining and wholesale. In trend terms, confidence remains weakest in retail and wholesale.
- **Business conditions** eased by an unrounded 1pt to 0 index points, driven by an unrounded 3pt fall in employment. Profitability remained negative at -4 index points, while trading eased to +5 index points.
- **By industry**, conditions fell across most industries, led by significant declines in retail and manufacturing. Mining and transport & utilities – which have been volatile in recent months – saw a sharp improvement in conditions over the month. In trend terms, conditions are strongest in mining and recreation & personal, and weakest in manufacturing and retail.
- **By State**, conditions declined in NSW, Qld, WA and Tas. In trend terms, conditions remain weakest in Vic and SA, although the decline in conditions in Vic has at least stabilised in recent months. In contrast, confidence improved in all states in May.
- **Capacity utilisation** rose to 82.3% after the large fall last month. This takes capacity utilisation a little higher than the long-run average, with trend capacity utilisation at a similar level of 82.2%. **Forward orders** rose by 1pt to -2 index points, while **capex** rose to +6 index points (reversing the decline seen last month).
- **Purchase cost growth** eased further in May to 1.1% in quarterly equivalent terms from 1.7% while **labour cost growth** rose slightly to 1.7%. **Product price growth** fell to 0.5%, with retail price growth was steady at 1.2%.

Table 1: Key Monthly Business Survey Statistics

	Mar-25	Apr-25	May-25
	Net balance		
Business confidence	-2	-1	2
Business conditions	3	2	0
Trading	6	6	5
Profitability	0	-4	-4
Employment	4	4	0
Forward Orders	-2	-3	-2
Capex	7	1	6
Stocks	5	4	2
Exports	0	-1	1
	% change at quarterly rate		
Labour costs	1.6	1.5	1.7
Purchase costs	1.5	1.7	1.1
Final products prices	0.7	0.8	0.5
Retail prices	0.9	1.2	1.2
	Percent		
Capacity utilisation rate	82.8	81.4	82.3

Chart 1: Confidence & Conditions (Net Balance, SA)



All data seasonally adjusted and subject to revision. Survey conducted from 26 to 30 May, covering around 500 businesses across the non-farm business sector. **Next release date: 8 July 2025.**

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

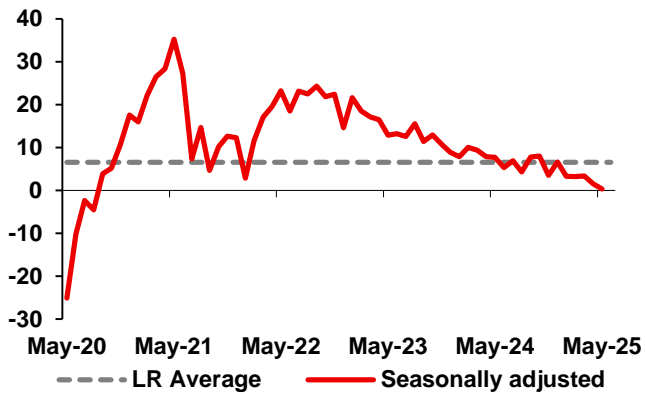


Chart 3: Components of Conditions, SA (Net Balance)

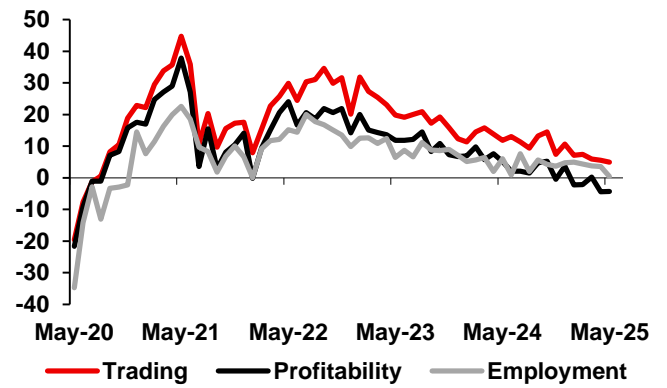


Chart 4: Business Confidence, SA (Net Balance)

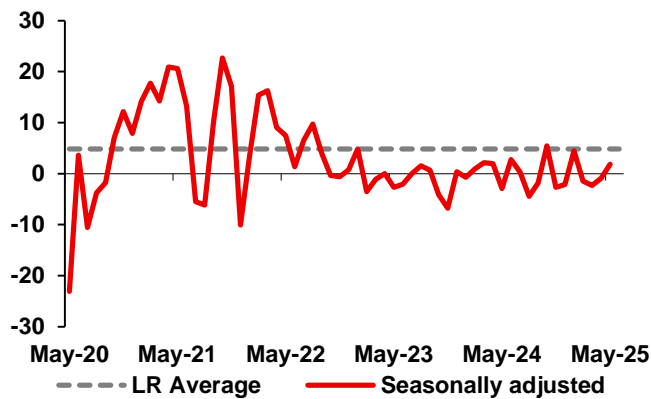


Chart 5: Conditions & Confidence, Trend (Net Balance)

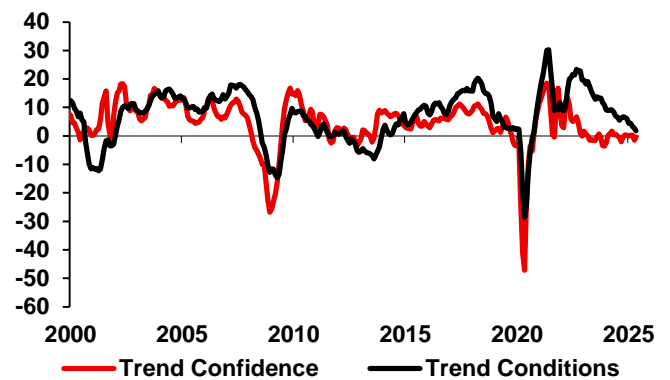


Chart 6: Conditions & Confidence by Industry, Trend (Net Balance)

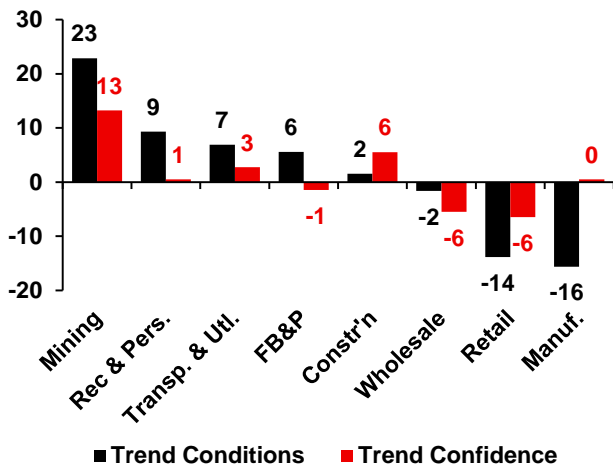
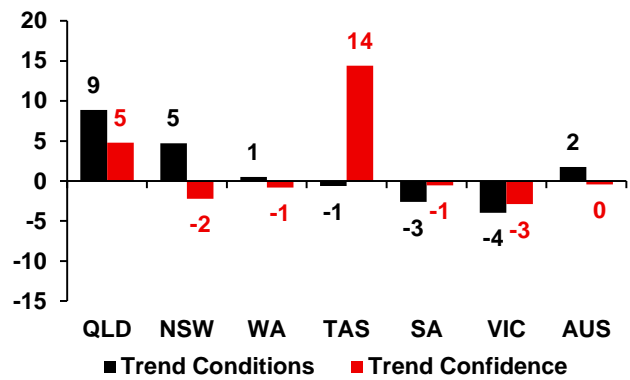


Chart 7: Conditions & Confidence by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

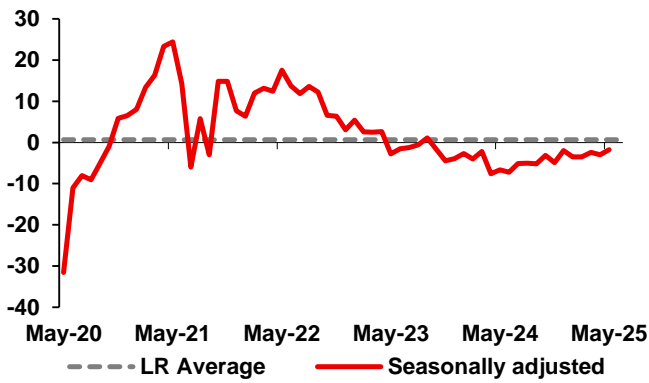


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

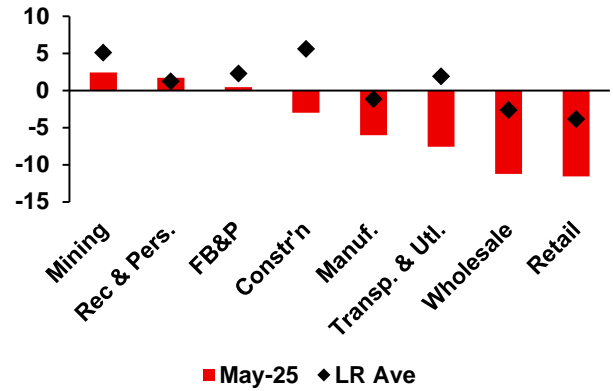


Chart 10: Capacity Utilisation, SA (%)

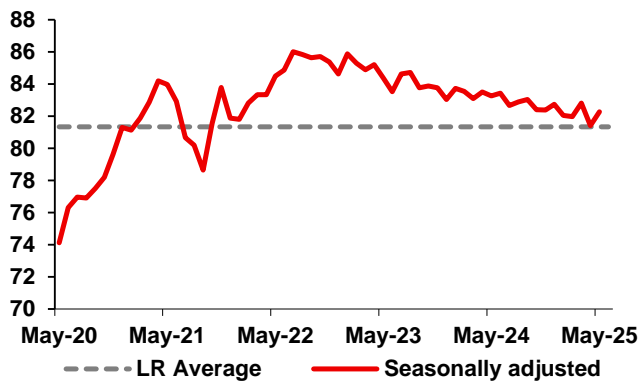


Chart 11: Capacity Util. by Industry, Trend

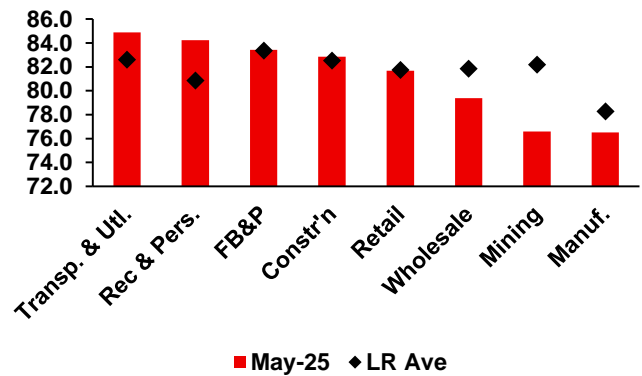


Chart 12: Capital Expenditure, SA (Net Balance)

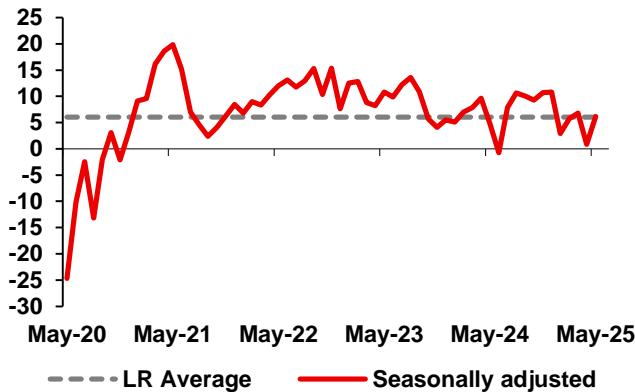


Chart 13: Exports & Stocks, SA (Net Balance)

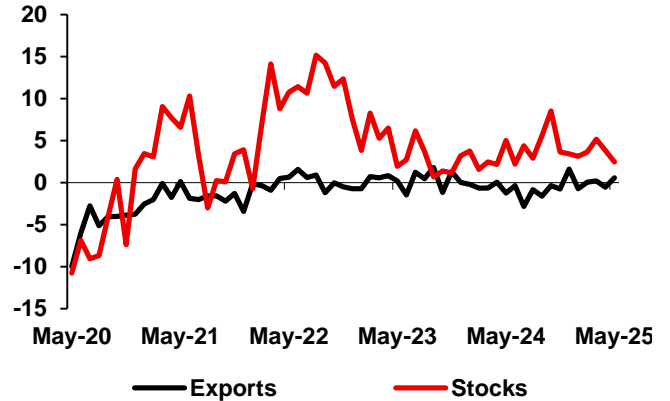


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

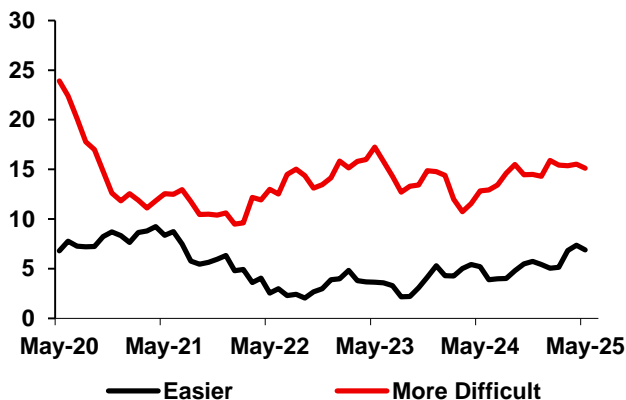
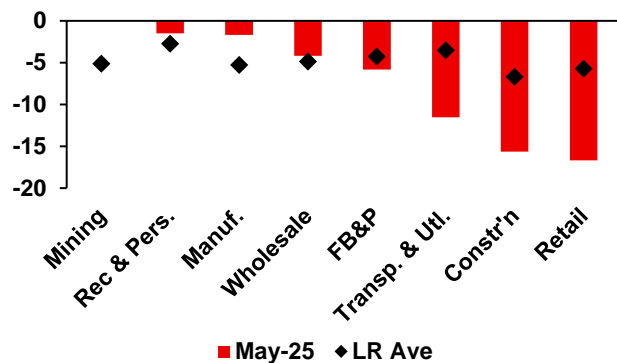


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

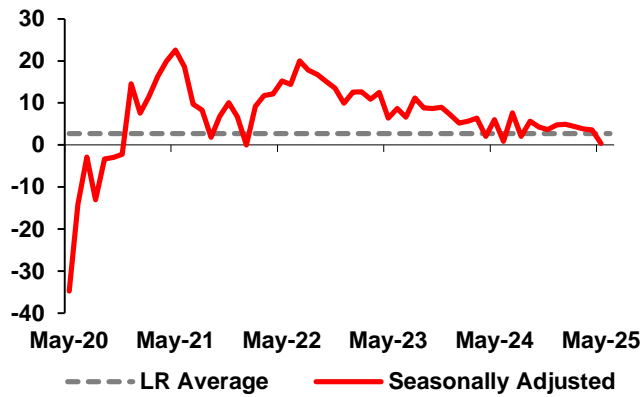


Chart 17: Employment, Selected Industries, Trend

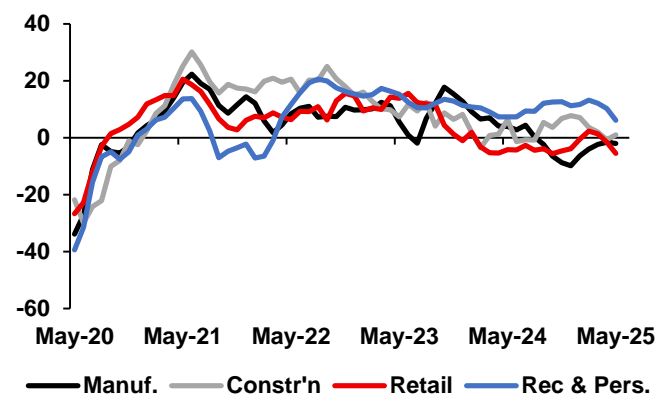


Chart 18: Cost Growth, SA (% Qtly Eq.)

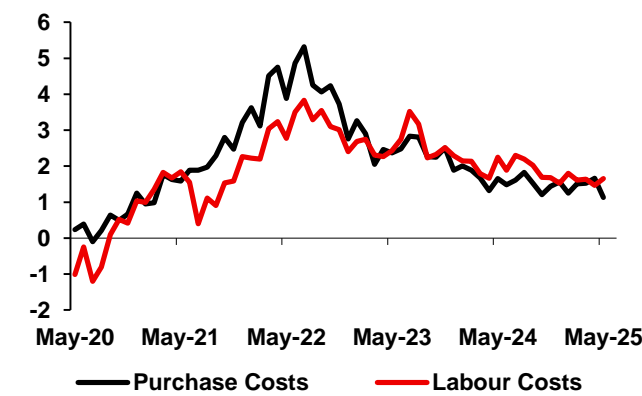


Chart 19: Labour Costs, Selected Industries, Trend (%)

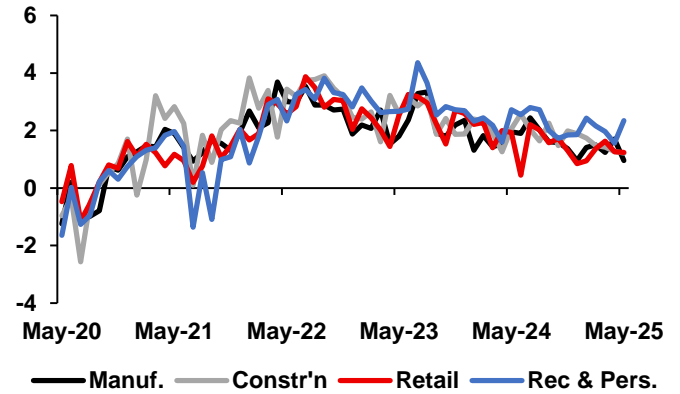


Chart 20: Output Price Growth, SA (% Qtly Eq.)

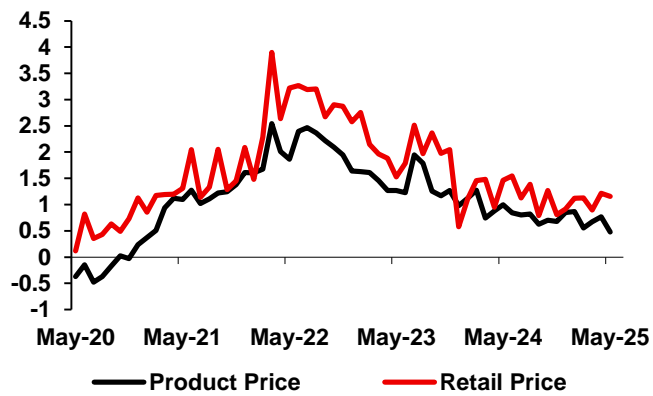
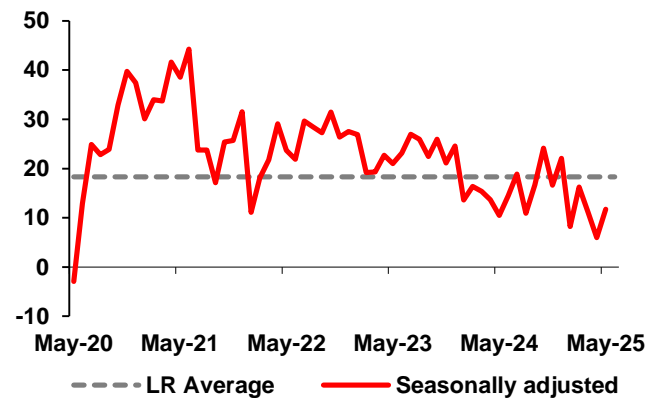


Chart 21: Cash Flow, SA (Net Balance)



Conditions and Confidence by State and Industry

Chart 22: Conditions by State (Net Balance, Trend)

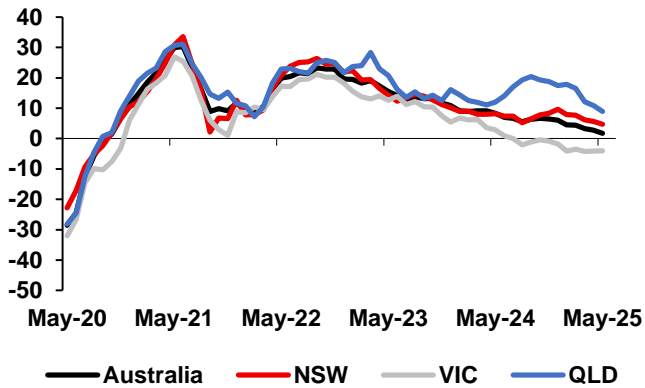


Chart 23: Conditions by State (Net Balance, Trend)

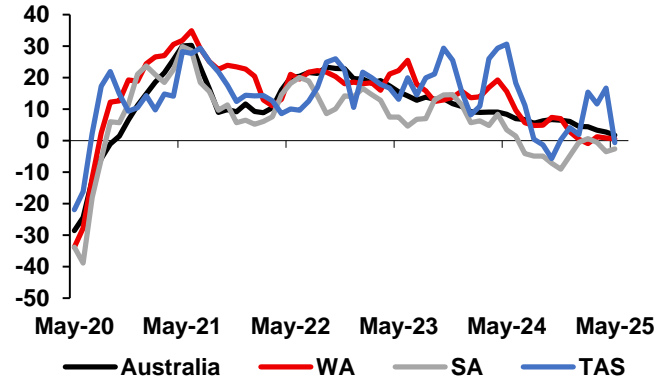


Chart 24: Confidence by State (Net Balance, Trend)

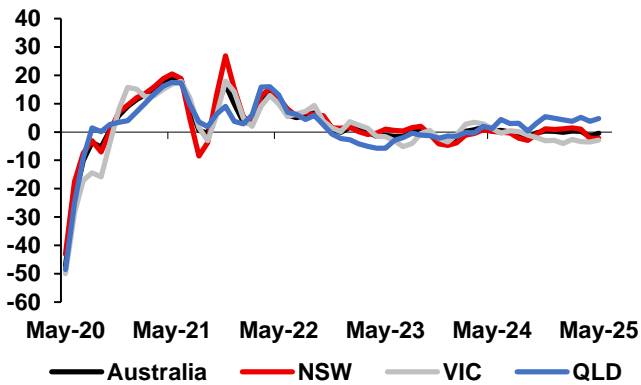


Chart 25: Confidence by State (Net Balance, Trend)

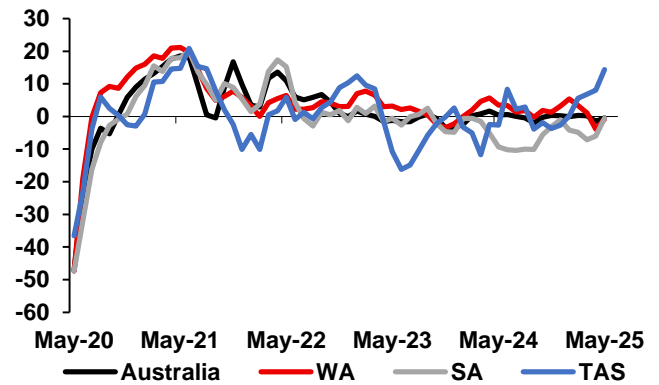


Chart 26: Conditions by Industry (Net Balance, Trend)

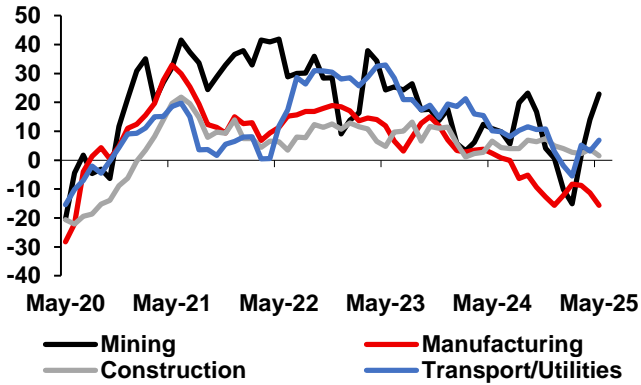


Chart 27: Conditions by Industry (Net Balance, Trend)

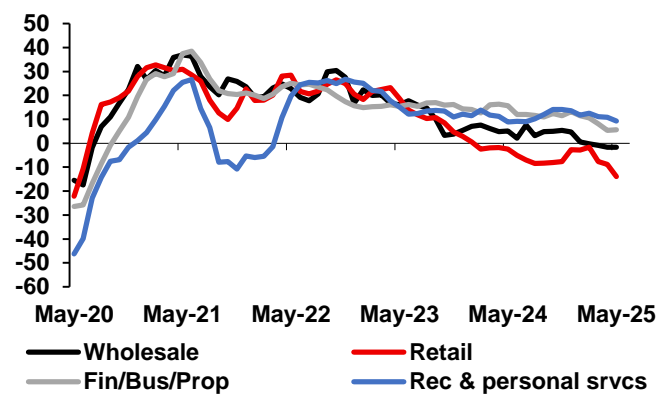


Chart 28: Confidence by Industry (Net Balance, Trend)

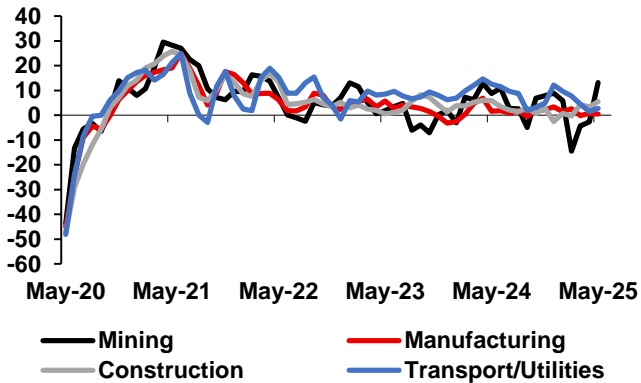
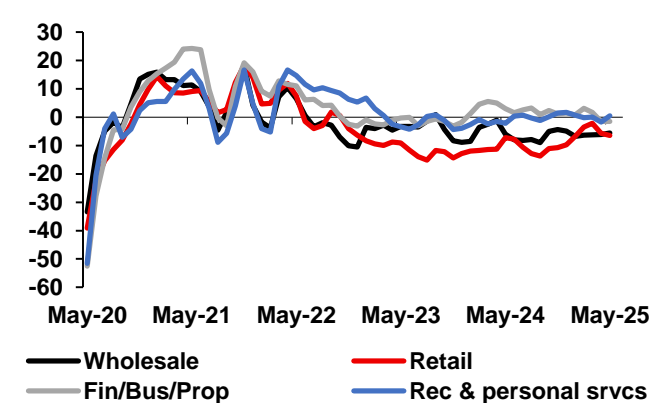


Chart 29: Confidence by Industry (Net Balance, Trend)



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Appendix: list of series available to subscribers[^]

Monthly Business Survey*

Business Confidence	Net balance
Business Conditions	Net balance
Trading Conditions	Net balance
Profitability	Net balance
Employment	Net balance
Forward Orders	Net balance
Stocks	Net balance
Exports	Net balance
Capital Expenditure (Capex)	Net balance
Cash Flow	Net balance
Labour Costs	% change at quarterly rate
Purchase Costs	% change at quarterly rate
Final Prices	% change at quarterly rate
Capacity Utilisation	Per cent
Borrowing Demand & Conditions	%; net balance

All series available on an industry basis for:

Mining
 Manufacturing
 Construction
 Retail trade
 Wholesale trade
 Transport / Utilities
 Finance / Property / Business Services
 Recreation / Personal Services

All available on a state basis for:

New South Wales
 Victoria
 Queensland
 WA
 SA/NT
 Tasmania

*All data available in original, seasonally adjusted and trend terms.

[^]Subscribers also receive a copy of the Subscriber details publication which contains a variety of extra charts and tables.

Quarterly Business Survey*

The Quarterly NAB Business Survey provides a more in-depth probe into the conditions facing Australian business than the monthly survey, and also examines additional information about how firms perceive the outlook for their industries.

Business Confidence

Business Conditions (current, next 3 mth, next 12 mth)

Trading conditions (current, next 3 mth, next 12 mth)

Profitability (current, next 3 mth, next 12 mth)

Employment (current, next 3 mth, next 12 mth)

Forward orders (current, next 3 mth)

Stocks (current, next 3 mth)

Export orders (current, next 3 mth)

Capital expenditure (current, next 3 mth, next 12 mth, fiscal year)

Required rate of return on investment

Cash flow

Labour costs (current, next 3 mth)

Purchase costs (current, next 3 mth)

Final prices (current, next 3 mth)

Capacity Utilisation

Borrowing index (current, next 3 mth)

Borrowing demand (current, next 3 mth)

Constraints on output (demand, labour, materials, premises & plant, finance/working capital)

Constraints on profit (capital, demand, high AUD, low AUD, interest rates, labour, tax, wages, energy costs, other)

Constraint on employment (demand, confidence, cashflow, suitable labour, high wages, government policy, labour not at full capacity, other, don't know)

All series available on an industry basis for:

Mining (sub-groups: Mining Extraction, Mining Services)

Manufacturing (sub-groups: food beverage & tobacco, textile clothing footwear & leather, wood & paper product, printing publishing & recorded media, petroleum coal chemical & associated products, non-metallic mineral product, metal product, machinery & equipment, other)

Construction (sub-groups: Residential Building, Non-residential Building, Other Construction, Construction Services)

Retail trade (sub-groups: Food, Personal & Household Goods, Motor Vehicle Retailing & Services, Other Retail)

Wholesale trade

Transport / Utilities

Finance / Property / Business Services (sub-groups: Finance, Insurance, Services to Finance & Insurance, Property Services, Business Services)

Recreation / Personal Services (Sub-groups: Motion picture, Radio & Television Services, Libraries Museums & the Arts), Sports & Recreation, Personal Services, Accommodation Cafes & Restaurants, Health Services, Education, Other Services)

All series available on a state basis for:

New South Wales

Victoria

Queensland,

WA

SA/NT

Tasmania

Margins (current, next 3 mth)

Overheads (current, next 3 mth)

Productivity growth

Number of employees

Hours worked

Gross Sales

Output/sales growth (current fiscal year)

Average earnings (current fiscal year)

Short term interest rate

Exporters hedged FX exposure (%)

Importers hedged FX exposure (%)

Months hedged (exporters)

Months hedged (importers)

Favourable hedge position (% of exporters)

Favourable hedge position (% of importers)

Affected vs not affected by AUD

Response to AUD (downsized, reduced, overheads, hedging, import substitution, focus on domestic market, other, don't know)

Driver of trading conditions (demand, wages/jobs, house prices, rates, exchange rate, tax/govt policy, seasonal, finance/working capital, company specific, other)

What will improve confidence (lower rates, more suitable labour, easier funding, government policy, higher demand, higher AUD, lower AUD, easier compliance, other)

*Data available in original, seasonally adjusted and trend terms.