

NAB QUARTERLY BUSINESS SURVEY

DECEMBER QUARTER 2016



Key points:

- The quarterly iteration of the NAB Business Survey provides additional valuable insight into Australian business than the regular NAB Monthly Business Survey. This publication offers a more in-depth probe into the conditions facing Australian business, and also provides extra information about how firms perceive the outlook for their respective industries.
- There was **another moderation in business conditions** (an average of trading conditions (sales), profitability and employment) during the December quarter, driven by softer outcomes across all three components. The outcome is broadly consistent with the subdued monthly Survey early in the quarter, rather than the surprise rebound in the month of December – although even the December result continued to suggest subdued conditions for employment. Despite the moderation, **business conditions remained above the long-run average**. Business conditions continue to look relatively **mixed across industries**, with personal and professional service industries generally outperforming, while **weakness in retail has been a concern** (see p11-12). Mining conditions improved, but remain quite weak despite last years rally in commodity prices. **Business confidence also pared back slightly**, but has shown reasonable stability in light of global uncertainties.
- For the most part, **leading indicators for the survey were less encouraging this quarter**. **Forward orders** were still positive, but dropped back in the quarter, while **expectations for business conditions** in the next 3 and 12 months dropped slightly as well – although the latter is still up from Q2 2016. Meanwhile, **capacity utilisation** rates eased slightly, which followed a larger fall in Q3 2016. Tighter capacity is needed to help encourage the sort of investment and employment growth that is needed to drive the economy going forward. **Capex plans for the next 12 months** fell in the quarter, although the index remains at a reasonably solid level. Meanwhile, employment demand for the near and longer-term held up quite well – firms are also suggesting that it is getting harder to find suitable labour (see p6).
- Most firms in the Survey (around three quarters) indicate that they are comfortable with the current level of the AUD – the Survey was conducted when the AUD averaged \$US 0.74. Wholesalers are showing the most discomfort with the AUD, reflecting a degree of import reliance (similar for retail). Manufacturing has the second highest discomfort, but is falling, as the AUD has depreciated since 2014.
- According to the Survey, **subdued purchase and labour costs are helping to contain product price inflation** – although margin compression is also happening (albeit at a slower rate). Product price inflation continued to be very subdued in Q4, at an annualised rate of 0.5% (0.1% in the quarter), which was consistent with the soft CPI result for the quarter. Retail inflation eased further as well.

Table 1: Key quarterly business statistics*

| | 2016q2 | 2016q3 | 2016q4 | | 2016q2 | 2016q3 | 2016q4 |
|-----------------------|--------------------|--------|--------|---------------------------|--------------------|--------|--------|
| | <i>Net balance</i> | | | | <i>Net balance</i> | | |
| Business confidence | 3 | 6 | 5 | Trading | 17 | 11 | 8 |
| Business conditions | | | | Profitability | 13 | 7 | 5 |
| Current | 11 | 7 | 5 | Employment | 3 | 3 | 2 |
| Next 3 months | 16 | 16 | 13 | Forward orders | 3 | 3 | 1 |
| Next 12 months | 22 | 25 | 24 | Stocks | 5 | 2 | 3 |
| Capex plans (next 12) | 25 | 24 | 22 | Exports | 2 | 1 | 2 |
| | <i>% change</i> | | | | | | |
| Labour costs | 0.4 | 0.4 | 0.4 | Retail prices | 0.3 | 0.1 | 0.0 |
| Purchase costs | 0.3 | 0.2 | 0.3 | Capacity utilisation rate | 81.9 | 81.1 | 80.9 |
| Final products prices | 0.2 | 0.1 | 0.1 | | | | |

* All data seasonally adjusted, except purchase costs and exports. Fieldwork for this Survey was conducted from 21 Nov to 9 Dec 2016, covering around 910 firms across the non-farm business sector.

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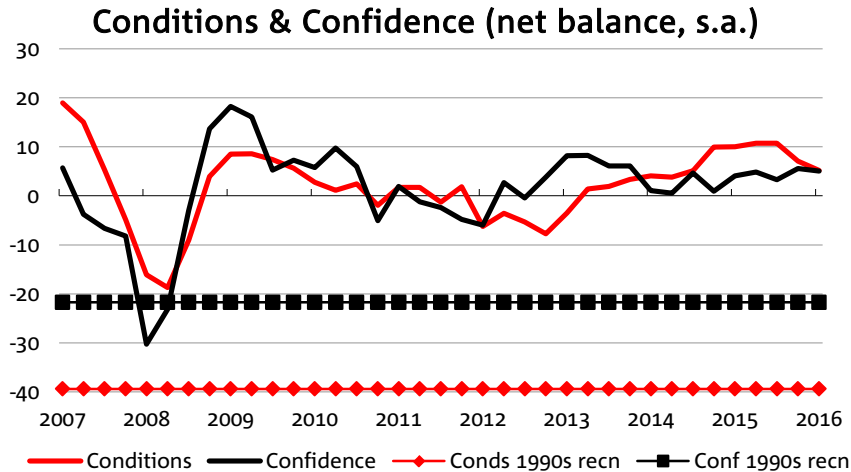
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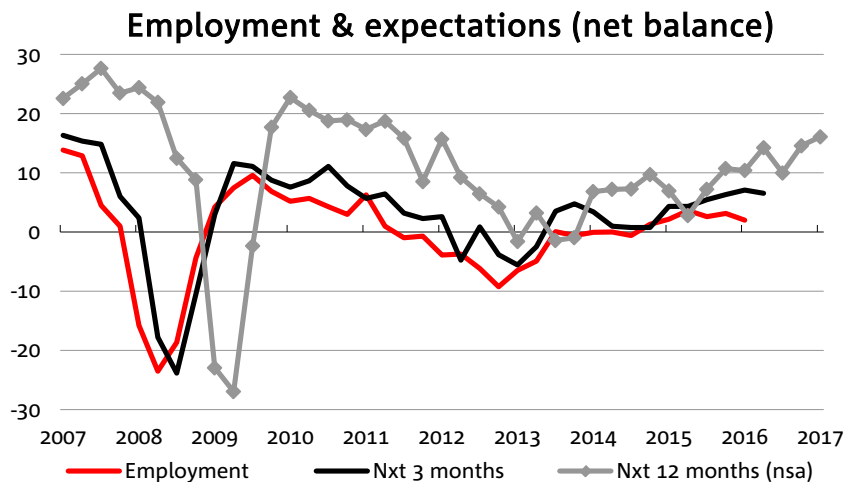
SUMMARY CHARTS

Leading indicators a little less encouraging. Inflation remains subdued

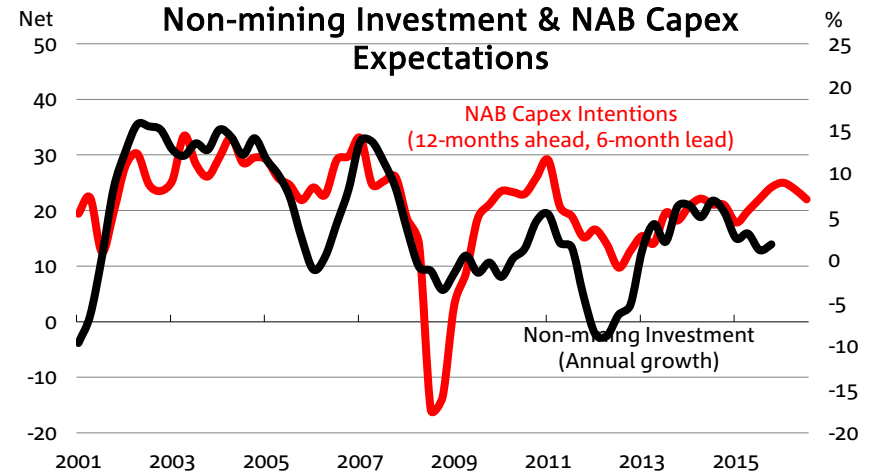
BUSINESS CONDITIONS STILL ABOVE AVERAGE, BUT TRENDING LOWER. CONFIDENCE REMAINS RESILIENT



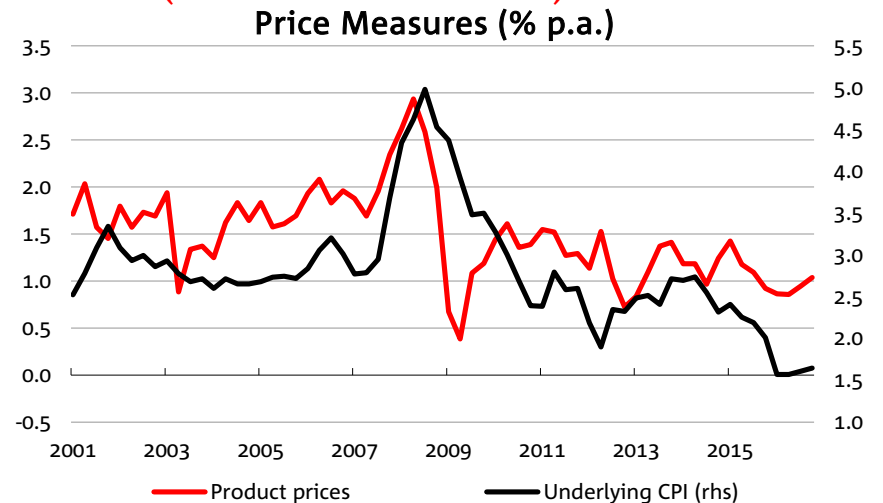
EMPLOYMENT INTENTIONS FOR NEAR AND LONGER-TERM SUGGEST SOME IMPROVEMENTS IN THE LABOUR MARKET



INVESTMENT NOT LIFTING AS MUCH AS INTENTIONS SUGGEST. INTENTIONS NOW STARTING TO PULL BACK

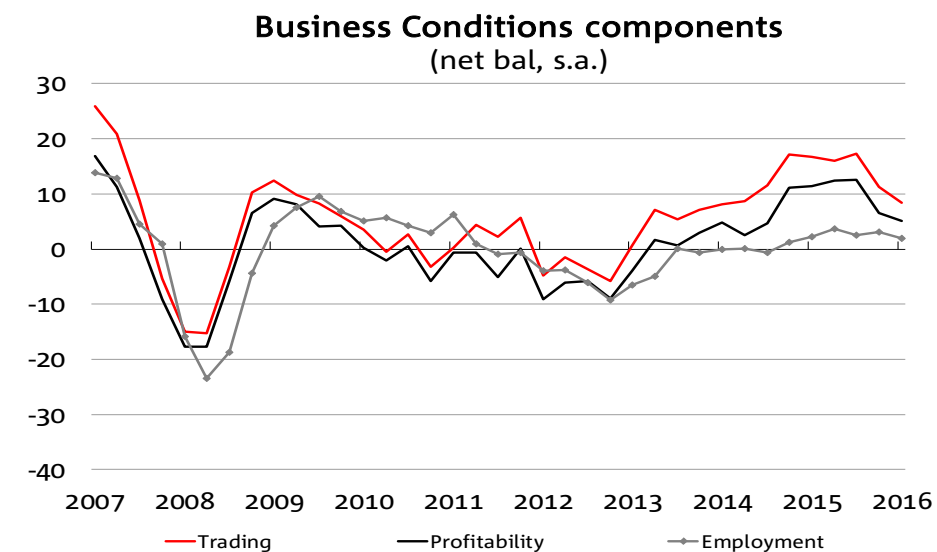
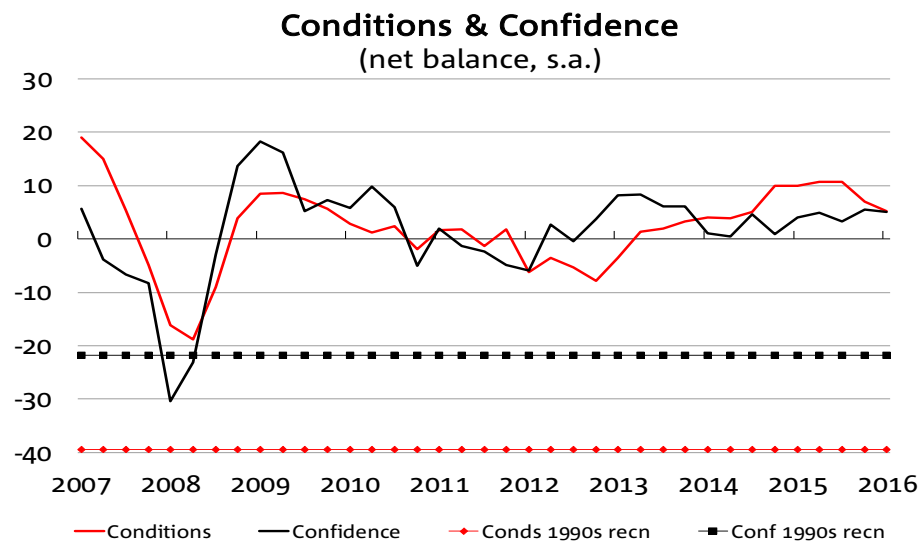


PRICE MEASURES IN THE NAB SURVEY REMAIN EXTREMELY SUBDUED (A CONCERN FOR THE RBA?)



BUSINESS CONDITIONS AND CONFIDENCE

Conditions still positive, but momentum has clearly slowed

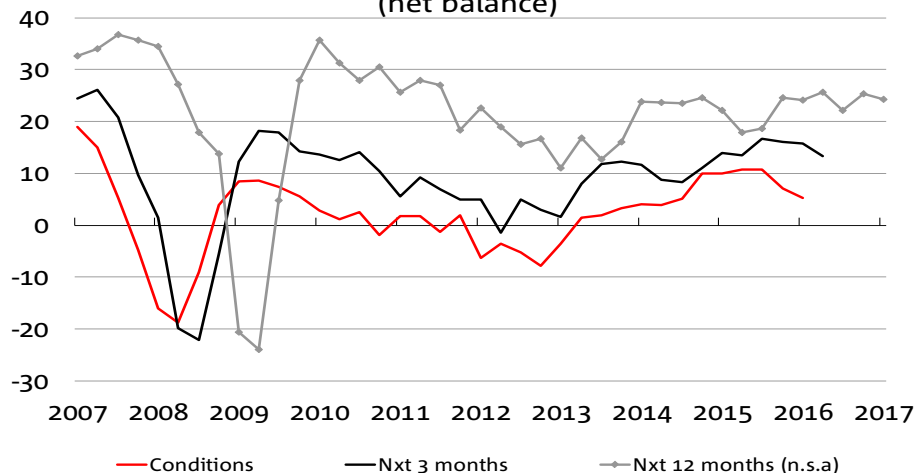


- There was another fall in **business conditions** in the December quarter (down 2 points, to +5), although that is still a reasonably good outcome that is above the long-run average for the series (+1). Persistently above-average business conditions suggest that the non-mining economic recovery has continued, but the easing trend is pointing to a loss of momentum – as previous AUD depreciation and cash rate cuts loses its potency. In terms of the components, all three (trading conditions (sales), profitability and employment) eased back in the quarter, although all three remain positive. Employment conditions have been relatively more subdued throughout the recovery, and is most at risk of tipping back into negative territory – consistent with disappointing employment growth in official ABS labour force statistics (see p6 for more details on labour market conditions in the Survey). The trading and profitability components have been the biggest drivers of higher business conditions, so the trend decline witnessed in recent quarters is a concern, although they remain at relatively elevated levels.
- By industry, changes in business conditions were highly varied in the quarter. Mining recorded the greatest improvement in Q4 (up 11 points), which is unsurprising given last year's rally in commodity prices and the strength in production volumes, but conditions remained quite poor for mining in levels terms, at -8 index points. Meanwhile, there has been a deterioration in conditions for industries that are crucial to the non-mining recovery – including finance/ property/ business services, personal services and especially retail. Nevertheless, those major services based industries are still the best performers, but retail is the worst performer – a concern given the importance of household consumption to growth (chart on p13).
- **Business confidence** was also down slightly, but has been remarkably steady for a long period given the context of global and political uncertainty. The confidence index fell 1 point in Q4 2016, to +5 index points – which is marginally above the long-run average. Steady (and positive) business confidence is a relatively good outcome given the prevailing uncertainty in the global economy and financial markets – especially following an eventful start to the Trump presidency. By industry, business confidence is positive across the board, although a number of industries recorded a decline in Q4. The biggest fall was in transport (down 7), followed by personal services (down 3). Meanwhile mining saw a big improvement (up 5), consistent with lift in conditions. Interestingly, confidence is now highest in manufacturing (+11) and lowest in personal services (+2).
- **Forward orders** were less encouraging in the quarter (down 2), although they remain marginally in positive territory – pointing to reasonable momentum for business in the near term. Orders are highest in manufacturing (+12) and construction (+8), while orders are lowest in mining (-8) and wholesale (-6) – although retail, transport and personal services are all now negative as well.

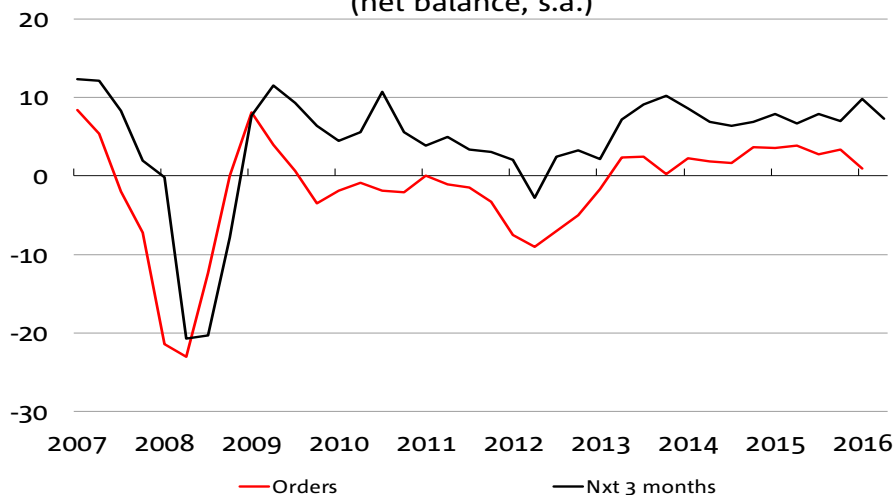
OTHER LEADING INDICATORS AND INVESTMENT

Leading indicators were a little less encouraging in Q4 2016

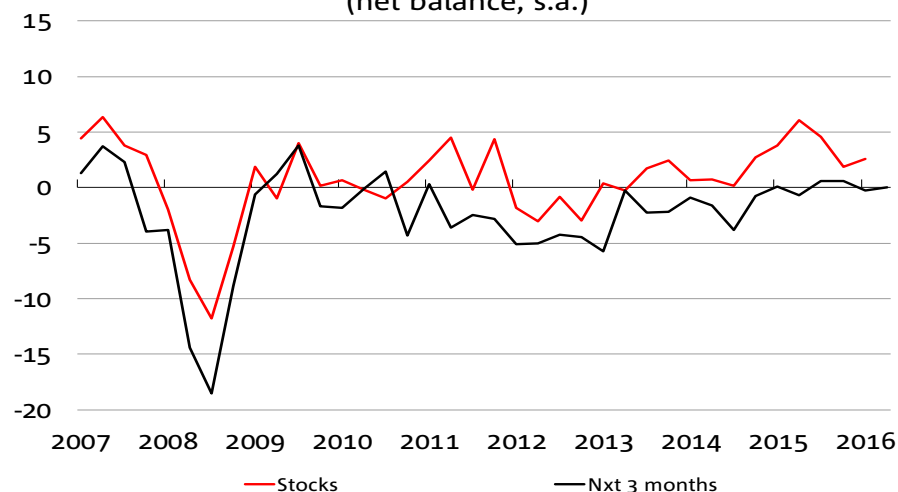
Business conditions & expectations
(net balance)



Forward orders & expectations
(net balance, s.a.)



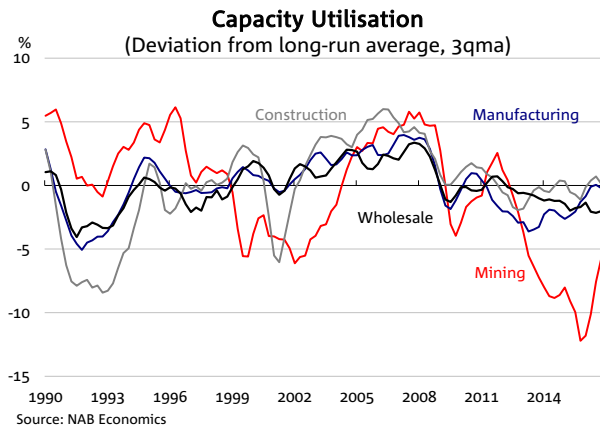
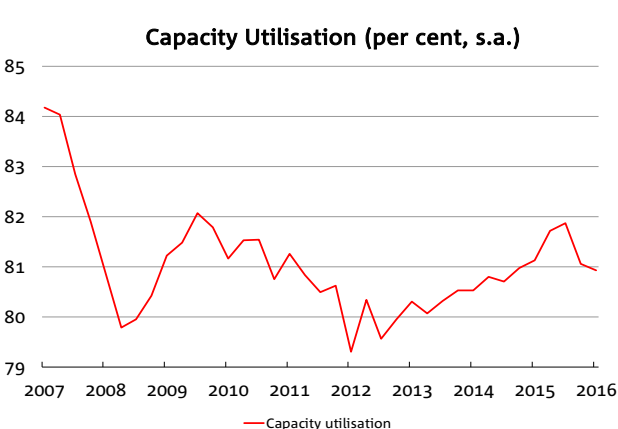
Stocks
(net balance, s.a.)



- In the quarterly survey, firms provide responses regarding their expectations for business activity going forward. Consistent with softer current conditions, expectations for activity were pulled back in both the near term (3 months) and the longer term (12 months). Overall, leading indicators from the Survey tend to point to a further recovery in non-mining industries, albeit perhaps with softer momentum than we have seen in previous quarters. Fortunately, the loss of momentum is coming at a time when the drag from the mining sector appears to be waning – the rally in commodity prices has also helped (reflected in more buoyant confidence in the mining industry).
- Expectations for forward orders (3 months ahead) were softer as well in Q4, although they are at reasonably solid levels – but still below post-GFC highs. Near-term expectations for profitability also drop, although the index remains at a reasonably solid level.
- Stocks can be another indicator of near-term activity. The stocks index rose a little in the quarter, but is still well down on recent levels, which followed a period of steady improvement in response to strengthening trading conditions and positive orders. Reluctance to restock might reflect uncertainty around the outlook, consistent with the pull back in some of the other forward indicators. Cost and other competitive pressures might be contributing as well, although the Survey's measures of inflation pressures are generally subdued (see p8).

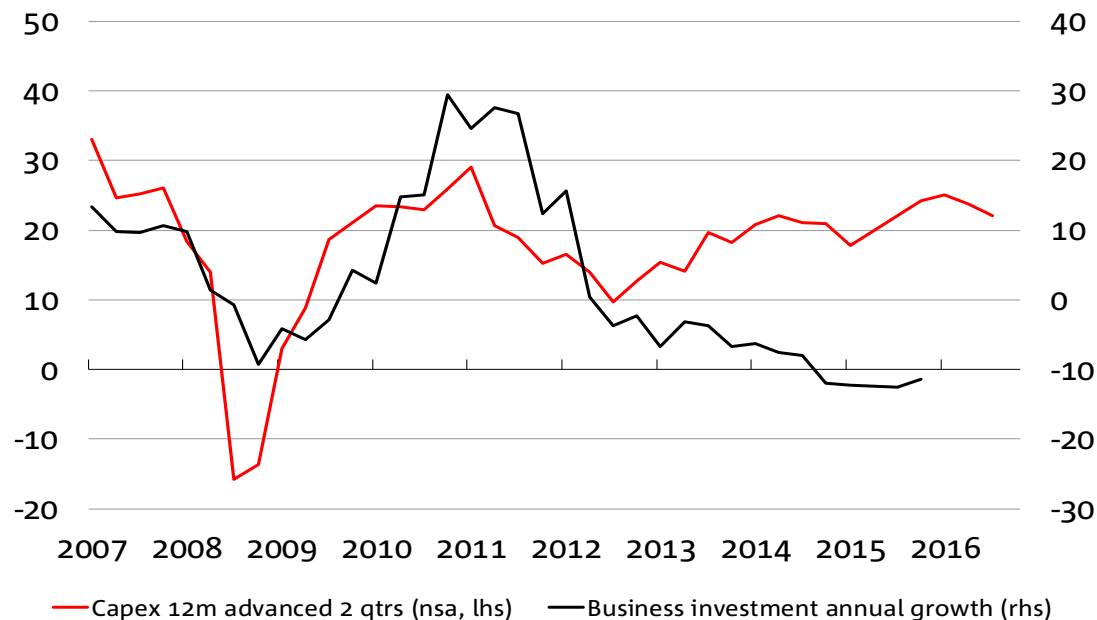
OTHER LEADING INDICATORS & INVESTMENT

Capex still solid, but capacity utilisation has reversed trend



- **Capacity utilisation** dropped back marginally in Q4, to 80.9%, which has unwound a fair amount (more than a third) of the gains seen since 2012. Recent results suggest that long-running trend may have reversed – or at least stalled – which is consistent with subdued rates of investment, and the stubbornly elevated unemployment rate.
- Mining and wholesale are showing capacity utilisation rates that are furthest below average, while retail and finance/property/ business services are highest above. While capacity utilisation is well up from recent lows, evidence of pass-through to investment decisions has varied, although capex spending measures from the NAB Survey look reasonably good – which include spending intentions – although they were generally softer in Q4 (see below).
- According to the **capital expenditure** measure included in the NAB Survey, business investment activity has lifted from the lows of recent years, but gave back some of those gains in the quarter. Most industries recorded lower capex in Q4, but manufacturing and mining were the exceptions (although the latter remains quite weak). Nevertheless, the capex index is positive for most industries, other than mining and wholesale, and was especially strong in recreation & personal services (+16).
- When asked about their **future capex plans**, firms in the NAB Survey remain more upbeat than the ABS Capex Survey, although this partly reflects the differences in the industry mix across the two surveys, with the ABS version not including key services industries such as health, education and some community services. The NAB capex index for the next 12 months suggests investment growth should already be stronger and holding at relatively elevated levels. However, mining firms are under-represented in our survey's investment measures. Interestingly, monetary easing last year did not appear to lower firms' **required rates of return** for new investment (according to responses in NAB's Survey), suggesting that other factors (such as an uncertain outlook) are having a bigger influence.

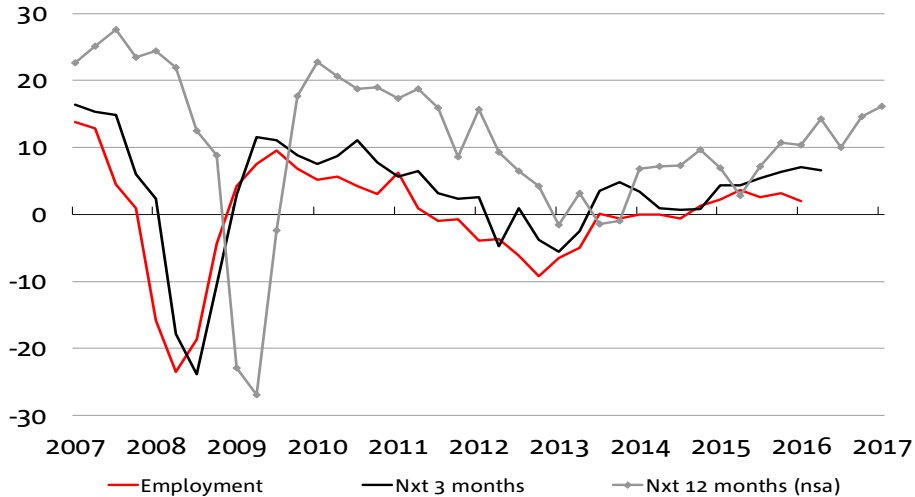
Business Investment & Capex Plans



LABOUR MARKET

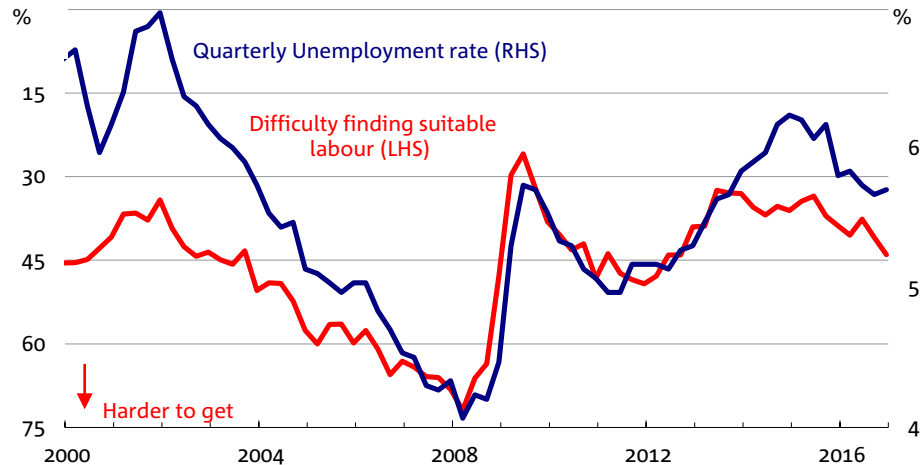
Near-term employment indicators have stalled, but longer-term is better

Employment & expectations (net balance)



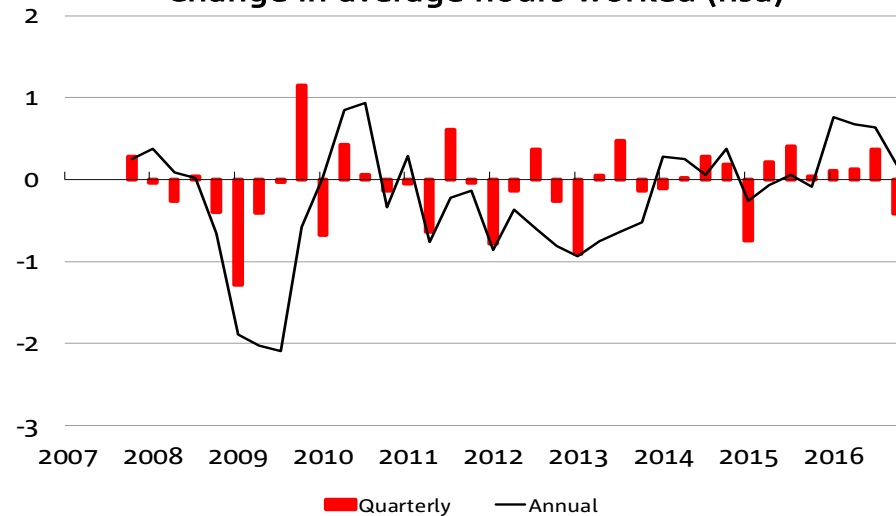
- The slow, but steady, recovery in the employment index over recent years appears to have stalled. The index lost a little ground in Q4 (down 1 to +2 index points), suggesting slightly worse rates of employment growth – tending to suggest a lack of much improvement in the unemployment rate in the near-term. Average hours worked were also lower at 40 hours in the quarter.
- Near-term employment expectations were steady at +7 index points, which is above its long-run average level. At the same time, longer-term expectations lifted, hitting a multi year high. That outcomes suggest that the unemployment rate could still see a gradually improvement in the longer-term, although NAB's forecast is for the unemployment rate to remain relatively steady given solid population growth and insufficient job creation (which includes the potential for further job losses coming out of the mining sector).
- On a positive note, firms are again suggesting that they have had greater difficulty in finding suitable labour – reflected in a clear trend within the NAB Survey measure since around mid-2015. Given the elevated rate of unemployment, that result suggests that even though the labour market remains fairly loose, there is a lack of workers with the right skills to match employers' needs.

Unemployment rate & labour constraints



Sources: ABS; NAB

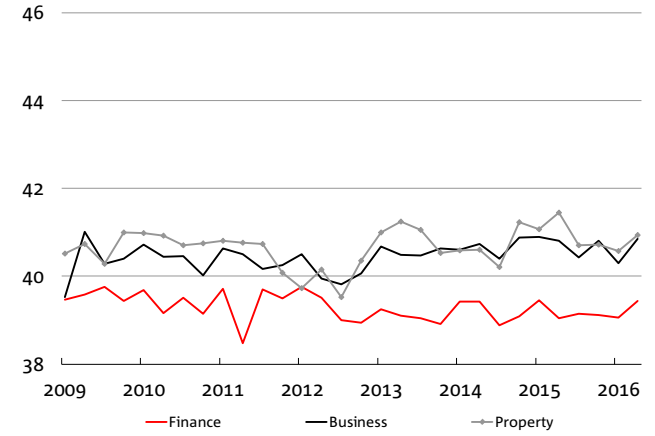
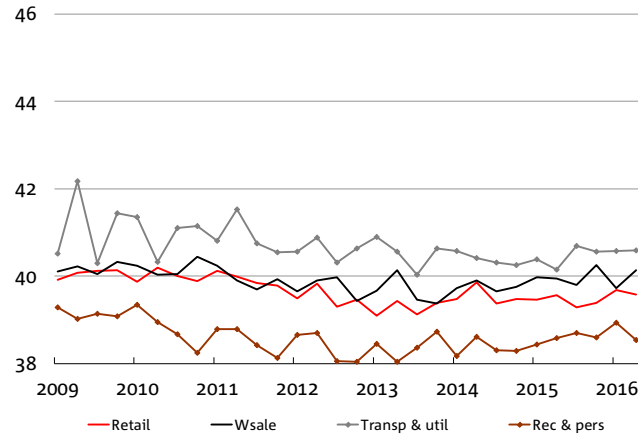
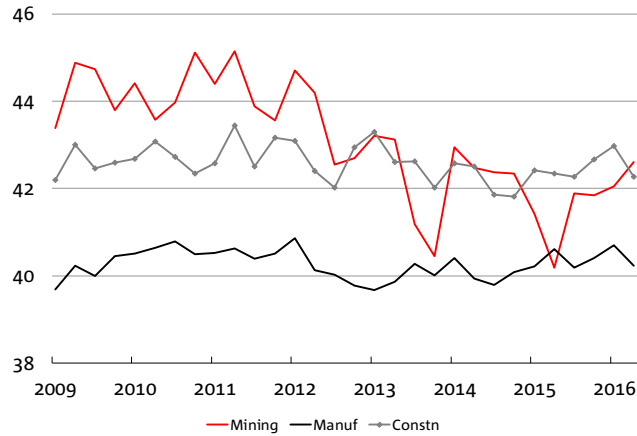
Change in average hours worked (nsa)



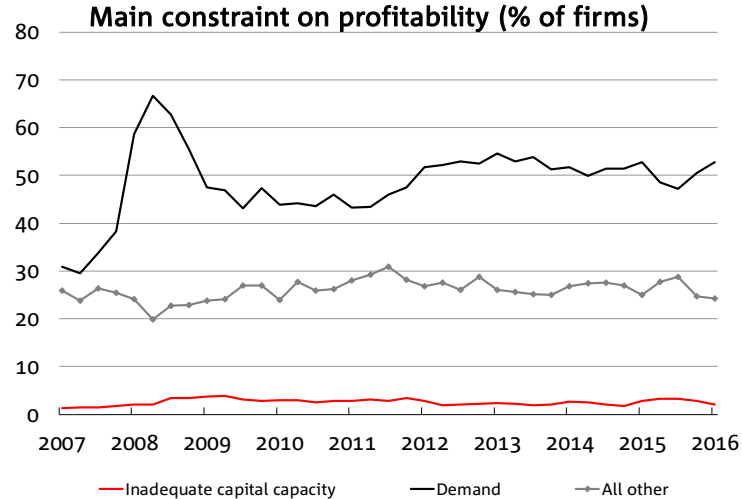
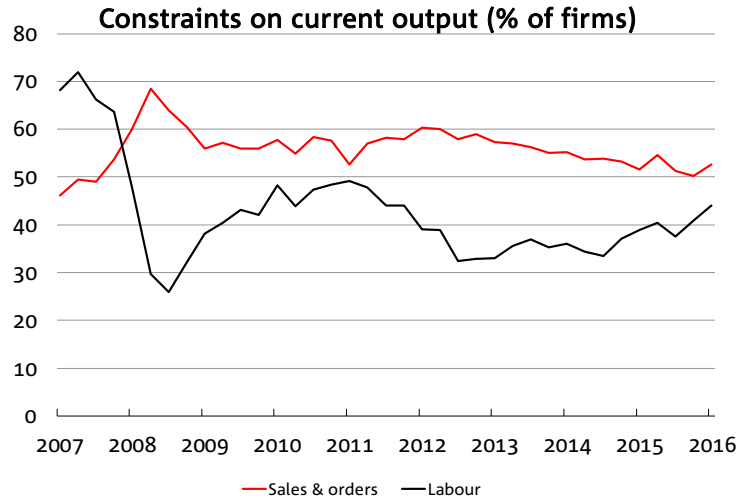
LABOUR MARKET (CONT.)

The lack of suitable labour is a growing constraint, despite loose labour market

Average weekly hours worked by industry (nsa)



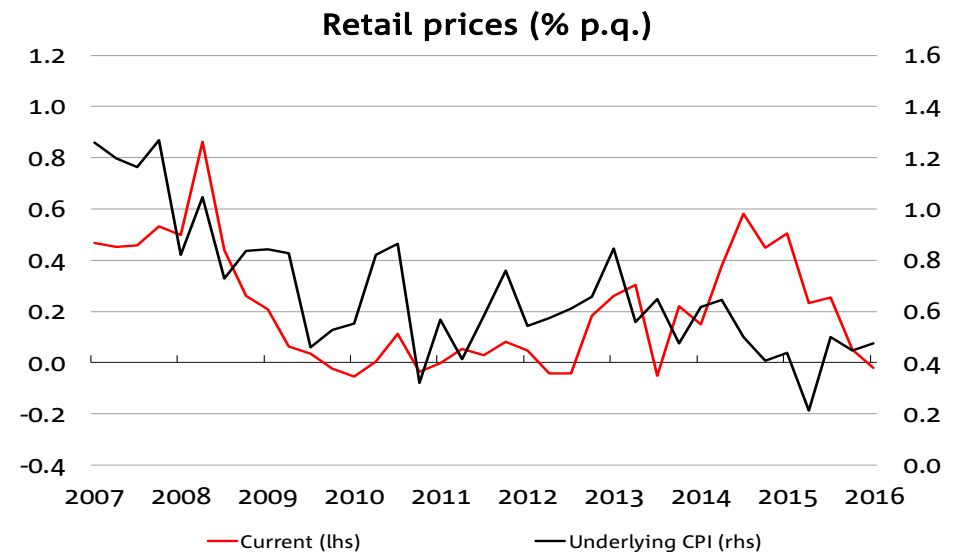
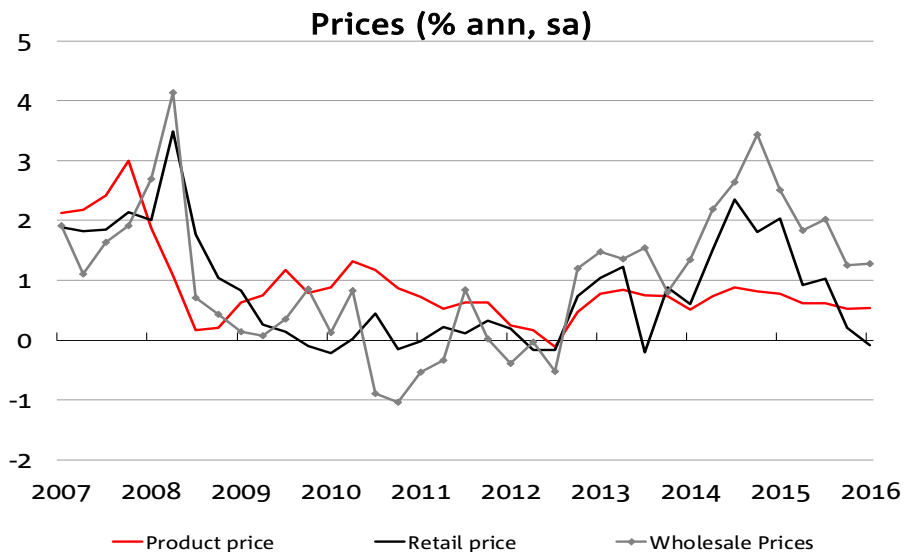
Major constraints on firm output & profits



INFLATION PRESSURES

Inflation picture has not changed much – it remains subdued

- The inflation picture remains important for expectations around RBA policy setting, especially with underlying inflation widely anticipated to remain below the RBA's 2-3% target band. The Q4 CPI outcome came in on the soft side, but largely aligned with RBA expectations, contributing to their decision to keep the cash rate unchanged at the recent February Board meeting – although other considerations also played a part in the decision. The broad picture on inflation provided by the Business Survey has not changed much since last quarter. It continues to suggest very muted price pressures across the economy. There has been a sharp winding back of Inflation pressures emanating from the wholesale and retail sectors – both of which had temporarily shown signs of responding to cost pressures over previous years. While both have clearly eased, the retail price index has been much more muted than wholesale, suggesting that either competitive pressures or subdued demand (or both) are stifling their ability to pass on higher costs to consumers at this stage. There was also evidence in recent retail sales data from the ABS that heavy discounting was prevalent late last year, particularly as Masters attempted to liquidate stock ahead of their closure.
- Growth in final product prices was steady at 0.5% annualised and 0.1% quarterly rate. Purchase cost inflation was little changed in Q4, as was labour cost inflation (at a quarterly rate of 0.3% and 0.4% respectively). Manufacturing and transport price inflation accelerated the most in the quarter (up 0.2 pts each), while mining prices were also up (0.1 pts) – consistent with improvements in commodity prices late last year. Retail price inflation was lower in the quarter, but finance/ property/ business services prices also decelerated (down 0.1 pts). Looking forward, inflation expectations for the next 3 months rose a little, but still point to very subdued price pressures persisting, with final price inflation expected to be at around an annualised rate of 1% (0.5% for retail inflation).
- Firms have been reporting very weak profit margins (albeit improving) in the Survey for quite some time, which is consistent with the fact that labour and purchase costs have largely outstripped growth in final product prices. Mining was the only industry to report a positive margins index in Q4 2016 – which might be a reflection of higher commodity prices – while even the service industries (which are showing solid business conditions) are reporting quite weak margins.

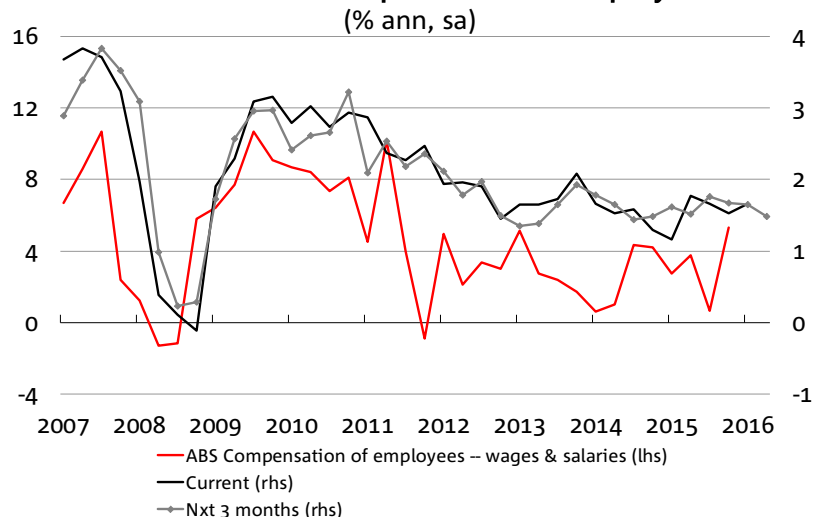


LABOUR COSTS (DETAILS) AND EXPECTATIONS FOR AUD, RATES AND INFLATION

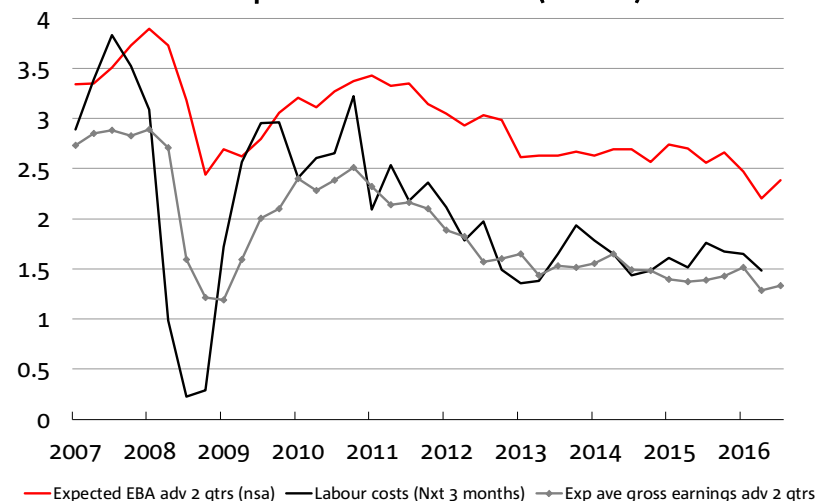
Signs of a lift in wage pressures remains limited

- Annualised growth in labour costs rose slightly to 1.7% in the quarter (from 1.5%), although this is still below the series average of around 2.8% since 1989. Wage cost pressures have remained relatively subdued despite the positive, but still subdued, level of employment conditions – although that is consistent with the official unemployment rate which still shows a significant amount of slack in the labour market. The Survey's measures of expectations for labour costs (next 3 months) suggests a continuation of the subdued wage trend into the near term. Wage increases under EBAs are expected to average just 2.4% over the next year, or 1.5% after allowing for productivity offsets.
- On average, businesses have reversed their expectation for short-term interest rates and are now pricing in around a 40% probability of a 25bp hike in the next 12-months. In contrast, NAB Economics view is that the RBA will keep rates on hold for now, but may be required to make additional cuts to the cash rate in future. The timing of any cut is difficult to pick, but is currently forecast for mid this year – once the impact of flattening resource exports and slowing residential construction on growth and the labour market becomes apparent. Exchange rate expectations in the Survey (6-months-ahead) stayed at US\$0.74, which is the same as at the time the Survey was taken.
- Medium-term inflation expectations remained soft, but there were some signs of them lifting a little, with 70% of respondents expecting inflation to remain below 3% (a little less than the previous quarter), while almost a quarter (23%) are expecting inflation of 3-4% (up from last quarter). However, only 3% of firms believe inflation is a serious problem (down from last quarter), while 31% believe it is a minor problem (down from Q3).

Labour costs & compensation of employees



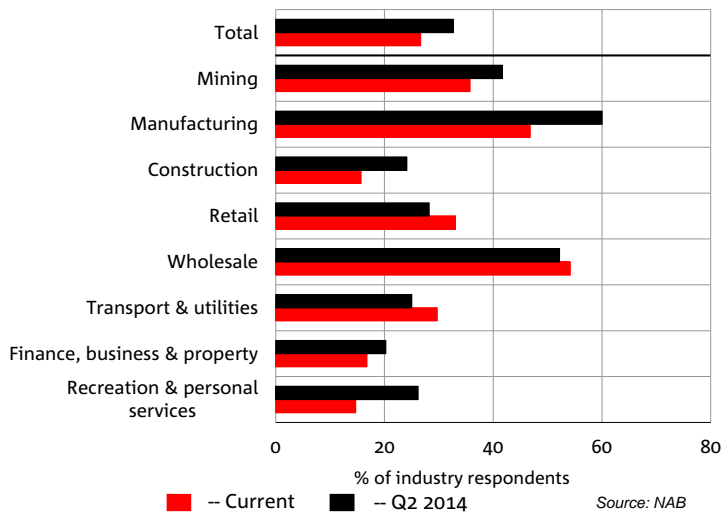
Expected labour costs (% ann)



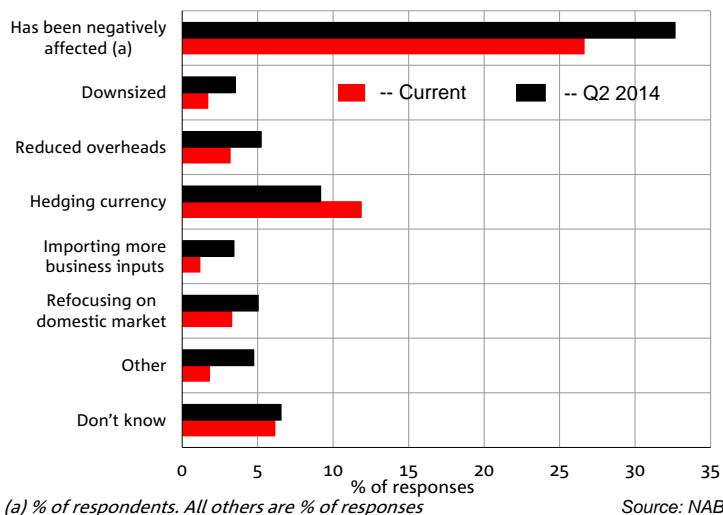
| | Mining | Manuf | Const | Retail | Wsale | Trans | Rec. & pers. | Fin. prop. & bus. | Aust. |
|---------------------|--------|-------|-------|--------|-------|-------|--------------|-------------------|-------|
| Expected EBA growth | 1.8 | 2.2 | 2.6 | 2.5 | 2.3 | 1.6 | 2.5 | 3.2 | 2.4 |
| Productivity offset | 1.7 | 1.1 | 0.6 | 0.9 | 1.1 | 0.9 | 0.8 | 0.6 | 0.9 |
| Net EBA growth | 0.0 | 1.1 | 2.0 | 1.5 | 1.1 | 0.7 | 1.7 | 2.6 | 1.5 |

Benefits of AUD depreciation best seen in manufacturing & construction

Has been negatively affected by level of Australian dollar



Responses to negative effects of level of Australian dollar



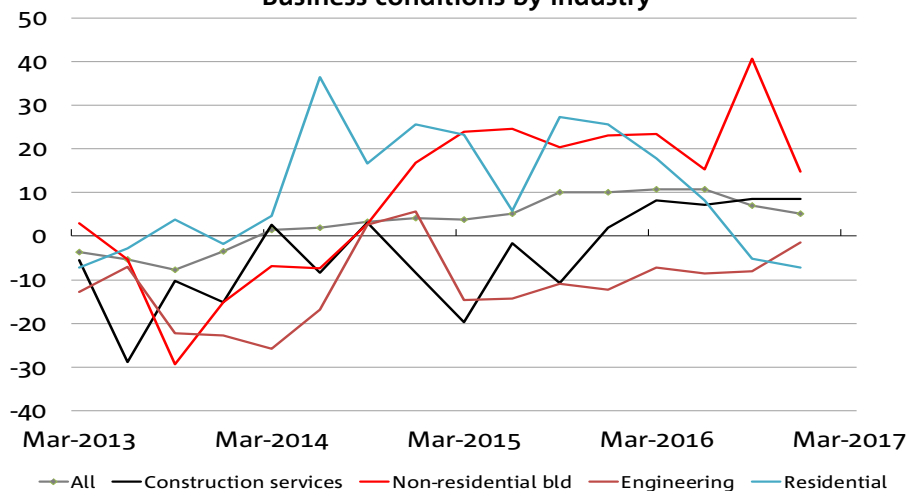
- In NAB's Quarterly Business Survey, we have asked businesses how they have been affected by the level of the Australian dollar, and what strategies they have been using to mitigate the negative impacts. The interviews for this question were conducted between 21 November and 9 December (prior to the Fed rate hike and MYEFO report), when the exchange rate averaged \$US 0.74 and 64.9 on a TWI basis. The AUD/USD is slightly lower, while the TWI is slightly higher than the average seen during the Q3 survey period. The AUD has fluctuated since then, but has received support lately to be around \$US 0.76.
- According to the survey, a little more than a quarter of non-farm businesses reported an adverse impact from the AUD at current levels. It is slightly lower than Q3 2016 and is still down on levels seen in mid-2014 – prior to the steady depreciation of the AUD. The magnitude of the improvement since mid-2014 seems relatively small, which is likely to be underestimating the true benefits of the depreciation for the economy. The main reason for this is the notable disparity in currency effects across industries, although a majority have improved – including personal and business services, which have made a major contribution to the non-mining recovery.
- Trade competing industries such as manufacturing have improved, along with the construction industry which has reported notable benefits from AUD depreciation since mid-2014 – possibly reflecting the benefits of a lower AUD to foreign investors in the industry. The mining industry is also pointing to benefits from AUD depreciation, which is unsurprising given that commodities tend to be priced in USD while much of the costs are incurred in AUD. Other industries to see strain from AUD depreciation include retail and wholesale, which can tend to be highly reliant on imports – even more so following an extended period of AUD strength – similarly the cast for transport.
- In terms of how businesses are responding to the negative effects, hedging remains the most common strategy and has gained in popularity as the AUD has depreciated. Additionally, as the AUD has depreciated more firms appear to be reducing their reliance on imports, while simultaneously focusing more attention on export markets (rather than the domestic market) – although strategies can vary considerably by industry. Retail and finance/ property/ business services have the highest share of firms that are uncertain about what strategies to employ to manage currency risk.

SOME INDUSTRY DETAILS: CONSTRUCTION

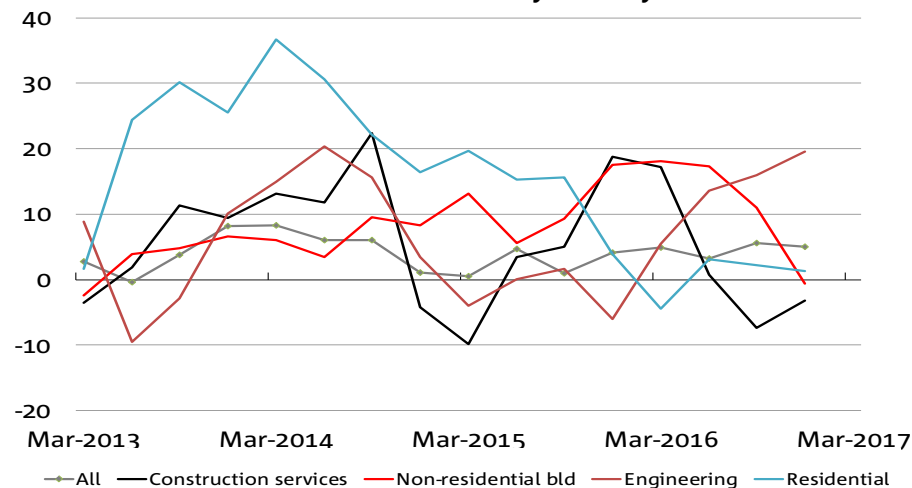
Non-residential construction took a step back. Residential is looking shaky.

- Business conditions for the construction industry took a step back in the December quarter, driven by a deterioration in non-residential building – which had previously been surprisingly strong. Conditions elsewhere in the construction sub-industries were relatively steady, but continue to show somewhat weaker-than-expected conditions for residential construction – perhaps reflecting concerns about costs and an oversupply of apartments. As expected, engineering construction conditions remain weak, in line with falling mining investment, although the trend has been positive – the commodity price rally may have also contributed to improvements in confidence for the sub-sector.

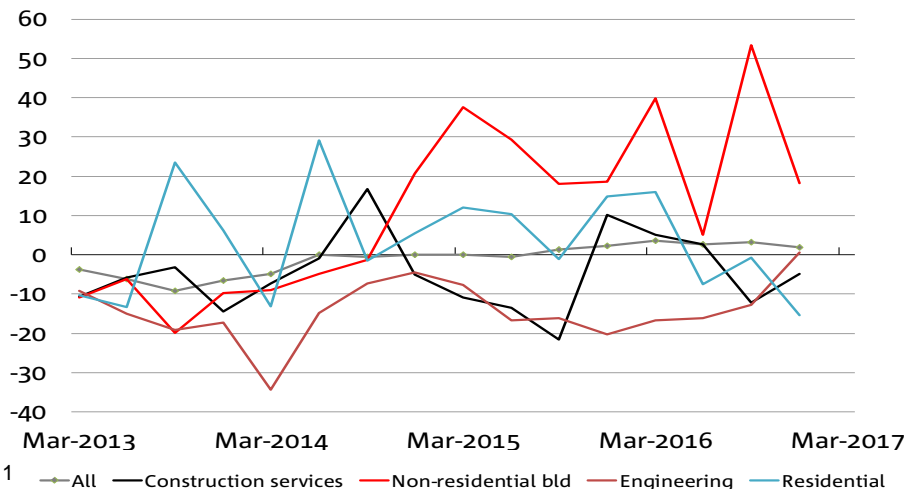
Business conditions by industry



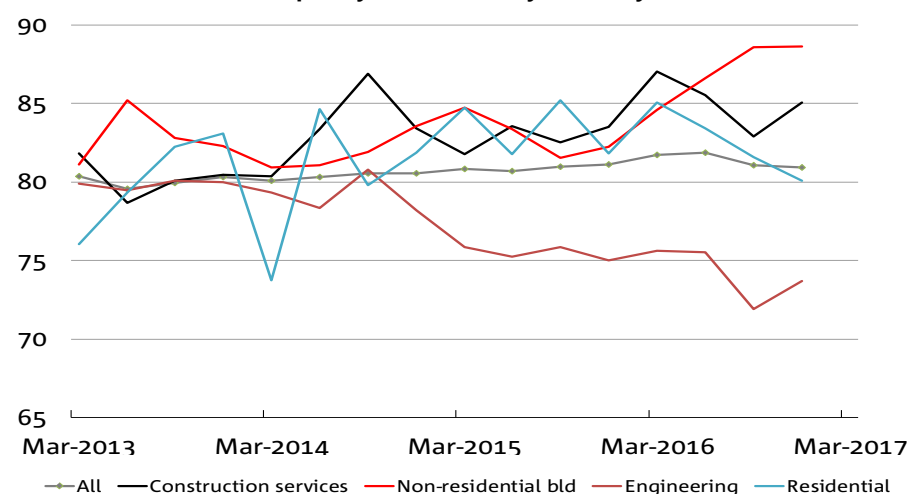
Business confidence by industry



Employment conditions by industry



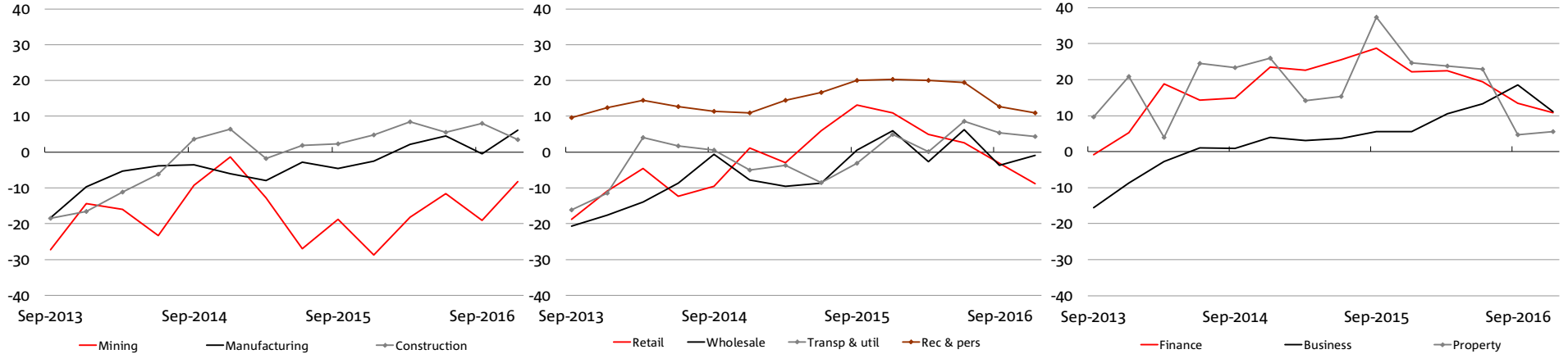
Capacity utilisation by industry



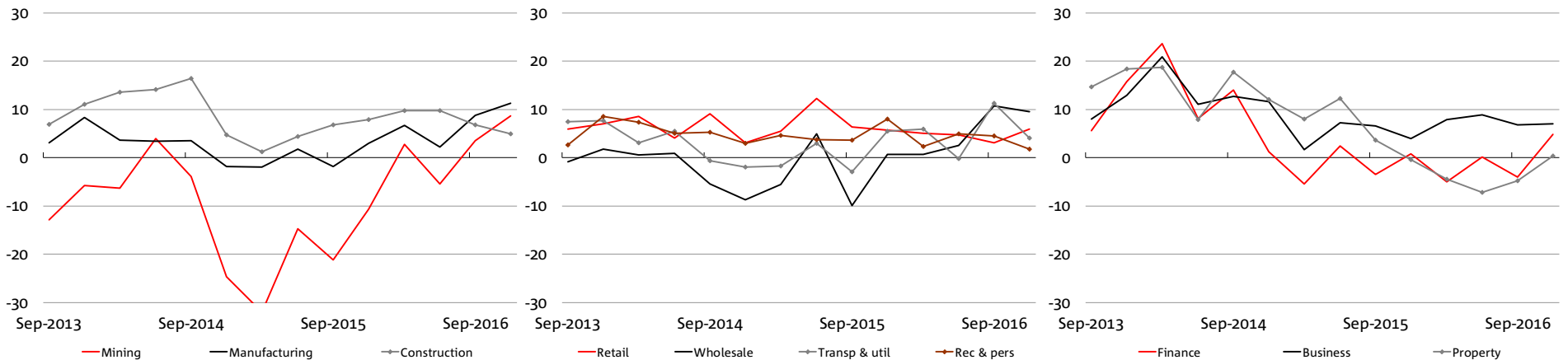
MORE DETAILS ON INDUSTRY

Retail trends are a big concern, while outperforming services also lost momentum

BUSINESS CONDITIONS BY INDUSTRY (NET BALANCE): 3-MONTH MOVING AVERAGE



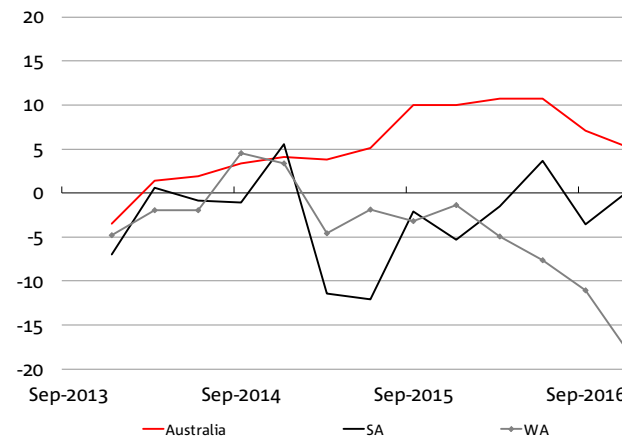
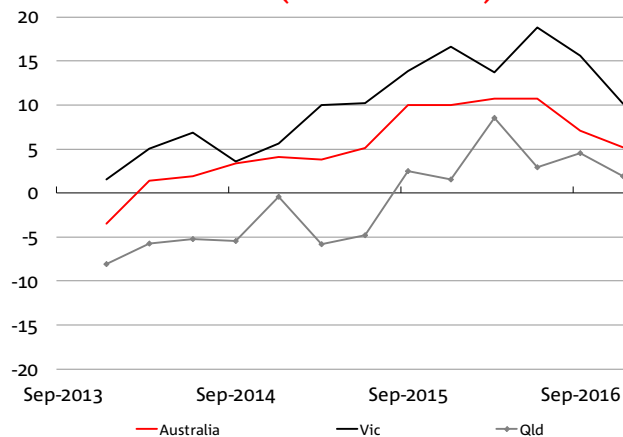
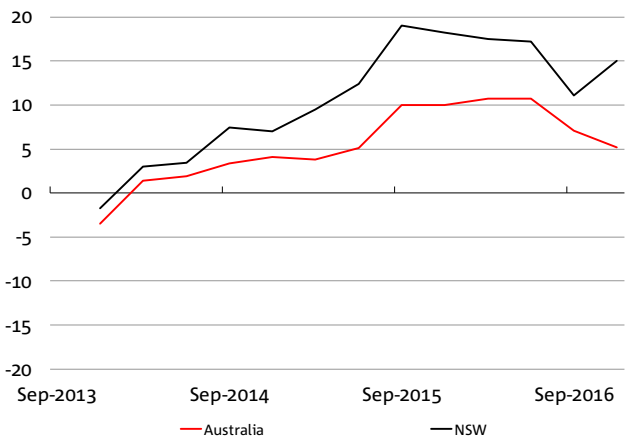
BUSINESS CONFIDENCE BY INDUSTRY (NET BALANCE): 3-MONTH MOVING AVERAGE



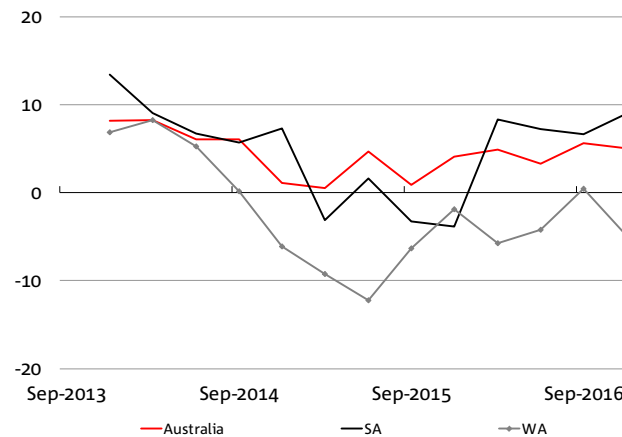
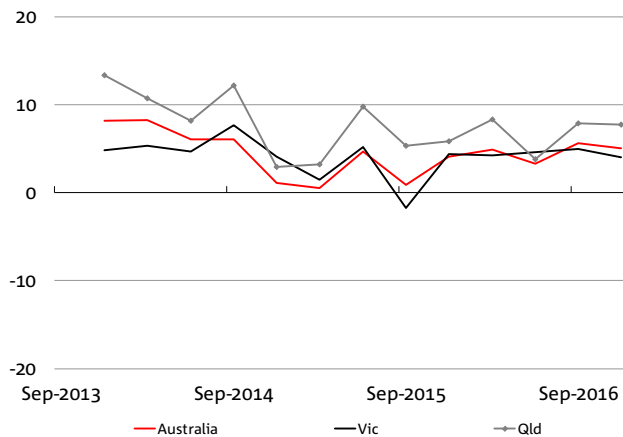
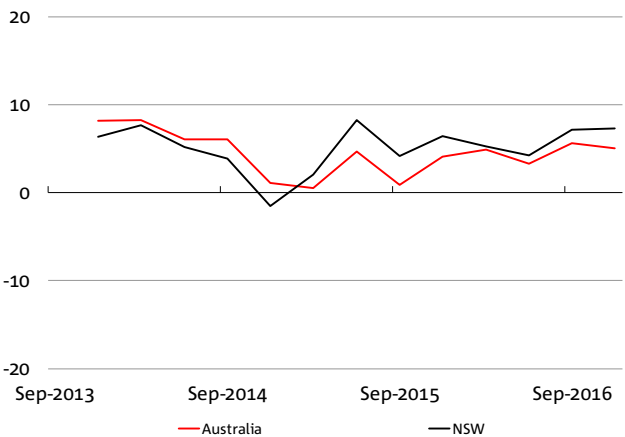
MORE DETAILS ON STATE

Non-mining states still performing best, NSW partially rebounded

BUSINESS CONDITIONS BY STATE (NET BALANCE): 3-MONTH MOVING AVERAGE



BUSINESS CONFIDENCE BY STATE (NET BALANCE): 3-MONTH MOVING AVERAGE



DATA APPENDIX

| | Quarterly | | | | | Monthly | | | | |
|------------|-----------|--------|--------|--------|--------|---------|--------|---------|---------|---------|
| | 2015q4 | 2016q1 | 2016q2 | 2016q3 | 2016q4 | 2016m8 | 2016m9 | 2016m10 | 2016m11 | 2016m12 |
| Confidence | 4 | 5 | 3 | 6 | 5 | 6 | 7 | 5 | 6 | 6 |
| Conditions | 10 | 11 | 11 | 7 | 5 | 8 | 8 | 7 | 6 | 11 |

| | Quarterly | | | | | Monthly | | | | |
|---------------|-----------|--------|--------|--------|--------|---------|--------|---------|---------|---------|
| | 2015q4 | 2016q1 | 2016q2 | 2016q3 | 2016q4 | 2016m8 | 2016m9 | 2016m10 | 2016m11 | 2016m12 |
| Trading | 17 | 16 | 17 | 11 | 8 | 14 | 16 | 11 | 10 | 20 |
| Profitability | 11 | 12 | 13 | 7 | 5 | 6 | 8 | 8 | 6 | 14 |
| Employment | 2 | 4 | 3 | 3 | 2 | 4 | 2 | 1 | 1 | 1 |

| | Quarterly ^(a) | | | | | Monthly | | | | |
|----------------|--------------------------|--------|--------|--------|--------|---------|--------|---------|---------|---------|
| | 2016q3 | 2016q4 | 2017q1 | 2017q3 | 2017q4 | 2016m8 | 2016m9 | 2016m10 | 2016m11 | 2016m12 |
| Conditions | 7 | 5 | | | | 8 | 8 | 7 | 6 | 11 |
| Conds. next 3m | 16 | 16 | 13 | | | | | | | |
| Conds. nxt 12m | 25 | 24 | 26 | 25 | 24 | | | | | |
| Orders | 3 | 1 | | | | 3 | 9 | 1 | 0 | 5 |
| Orders next 3m | 7 | 10 | 7 | | | | | | | |

(a) Quarter to which expectation applies. Business conditions next 12 months not seasonally adjusted.

| | Quarterly ^(a) | | | | | Monthly | | | | |
|------------------|--------------------------|--------|--------|--------|--------|---------|--------|---------|---------|---------|
| | 2016q1 | 2016q2 | 2016q3 | 2016q4 | 2017q1 | 2016m8 | 2016m9 | 2016m10 | 2016m11 | 2016m12 |
| Capacity utilis. | 81.7 | 81.9 | 81.1 | 80.9 | | 81.0 | 80.7 | 80.7 | 81.3 | 80.8 |
| Stocks current | 6 | 5 | 2 | 3 | | 1 | 3 | 1 | 2 | -2 |
| Stocks next 3m | -1 | 1 | 1 | 0 | 0 | | | | | |

(a) Quarter to which expectation applies. All data are seasonally adjusted.

| | 2015q4 | 2016q3 | 2016q4 | 2015q4 | 2016q3 | 2016q4 |
|-------------------------------------|--------|--------|--------|---|--------|--------|
| Constraints on output (% of firms)* | | | | Main constraints on profitability (% of firms)* | | |
| Sales & orders | 51.2 | 50.3 | 52.6 | Interest rates | 2.6 | 2.3 |
| Labour | 37.6 | 40.9 | 44.0 | Wage costs | 11.2 | 12.7 |
| Premises & plant | 21.1 | 20.3 | 22.0 | Labour | 7.0 | 7.0 |
| Materials | 8.3 | 7.7 | 9.3 | Capital | 3.2 | 2.8 |
| | | | | Demand | 47.1 | 50.5 |
| | | | | All other | 28.8 | 24.7 |
| | | | | | | 24.2 |

* not s.a.

DATA APPENDIX

| | Quarterly ^(a) | | | | Monthly | | | | | |
|--------------|--------------------------|--------|--------|--------|---------|--------|--------|---------|---------|---------|
| | 2016q3 | 2016q4 | 2017q1 | 2017q3 | 2017q4 | 2016m8 | 2016m9 | 2016m10 | 2016m11 | 2016m12 |
| Empl current | 3 | 2 | | | | 4 | 2 | 1 | 1 | 1 |
| Empl next 3m | 6 | 7 | 7 | | | | | | | |
| Empl nxt 12m | 11 | 10 | 14 | 15 | 16 | | | | | |

(a) Quarter to which expectation applies. Employment conditions next 12 months not seasonally adjusted.

| | Mining | Manuf | Const | Retail | Wsale | Trans | Rec. & pers. | Fin. prop. & bus. | Aust. |
|---------------------|--------|-------|-------|--------|-------|-------|--------------|-------------------|-------|
| Expected EBA growth | 1.8 | 2.2 | 2.6 | 2.5 | 2.3 | 1.6 | 2.5 | 3.2 | 2.4 |
| Productivity offset | 1.7 | 1.1 | 0.6 | 0.9 | 1.1 | 0.9 | 0.8 | 0.6 | 0.9 |
| Net EBA growth | 0.0 | 1.1 | 2.0 | 1.5 | 1.1 | 0.7 | 1.7 | 2.6 | 1.5 |

State Tables

| | Quarterly | | | | | Monthly | | | | |
|---------------------|-----------|--------|--------|--------|--------|---------|--------|---------|---------|---------|
| | 2015q4 | 2016q1 | 2016q2 | 2016q3 | 2016q4 | 2016m8 | 2016m9 | 2016m10 | 2016m11 | 2016m12 |
| Business conditions | | | | | | | | | | |
| NSW | 18 | 17 | 17 | 11 | 15 | 11 | 12 | 13 | 15 | 16 |
| VIC | 17 | 14 | 19 | 16 | 10 | 15 | 14 | 7 | 6 | 15 |
| QLD | 2 | 9 | 3 | 5 | 2 | 7 | 7 | 8 | 2 | 3 |
| SA | -5 | -2 | 4 | -4 | 0 | 3 | 3 | -12 | 0 | 6 |
| WA | -1 | -5 | -8 | -11 | -18 | -10 | -4 | -9 | -17 | -2 |

| | Quarterly | | | | | Monthly | | | | |
|---------------------|-----------|--------|--------|--------|--------|---------|--------|---------|---------|---------|
| | 2015q4 | 2016q1 | 2016q2 | 2016q3 | 2016q4 | 2016m8 | 2016m9 | 2016m10 | 2016m11 | 2016m12 |
| Business confidence | | | | | | | | | | |
| NSW | 6 | 5 | 4 | 7 | 7 | 7 | 8 | 8 | 8 | 0 |
| VIC | 4 | 4 | 5 | 5 | 4 | 8 | 4 | 2 | 3 | 10 |
| QLD | 6 | 8 | 4 | 8 | 8 | 10 | 10 | 2 | 11 | 16 |
| SA | -4 | 8 | 7 | 7 | 9 | 8 | 13 | 11 | 7 | 2 |
| WA | -2 | -6 | -4 | 0 | -5 | 1 | 0 | 2 | -6 | 3 |

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