

# NAB SME BUSINESS SURVEY PRESS RELEASE

March Quarter 2017 *(Embargoed until 11.30am Thursday 27<sup>th</sup> April)*

By Group Economics



## NAB SME survey points to continuing improvement in the small and medium business sector.

- The NAB Small and Medium Enterprises (SME) Business Survey saw business conditions pull back slightly in the March quarter 2017, while confidence surged again. Both indicators remained above their average since 2006 and point to continuing improvement in the SME sector.
- The NAB SME Survey is the leading business survey of small businesses in Australia, and complements the comprehensive Quarterly NAB Business Survey which covers larger businesses. The SME survey offers a rich repertoire of insights into factors affecting smaller firms' conditions by state, industry and size, as well as an assessment of their outlook for investment and output.

	2016	2016	2017
	q1	q4	q1
Business Conditions	4	10	8
Low-tier firms	-5	8	6
Mid-tier firms	5	10	8
High-tier firms	7	11	10
Business Confidence	1	6	11
Low-tier firms	-3	1	9
Mid-tier firms	3	2	10
High-tier firms	0	10	11
Trading Conditions	12	17	14
Low-tier firms	-4	18	9
Mid-tier firms	13	15	16
High-tier firms	17	19	16
Profitability	2	9	8
Low-tier firms	-4	9	8
Mid-tier firms	2	9	7
High-tier firms	4	10	8
Employment	-2	4	2
Low-tier firms	-5	0	0
Mid-tier firms	-1	7	-1
High-tier firms	-2	3	4

Note: Low-tier firm: turnover \$2 – 3m p.a.;  
Mid-tier: \$3 – 5m p.a.; High-tier: \$5 – 10m p.a.

According to NAB Group Chief Economist Alan Oster, “business conditions for SMEs have now been above or in line with larger businesses for two consecutive quarters, after lagging behind for an extended period. It’s particularly encouraging to see the smallest firm catch up, with the largest improvement in conditions since end-2015 seen by low-tier SMEs with turnover of \$2-3 million. Business confidence has also improved strongly across all SME categories.”

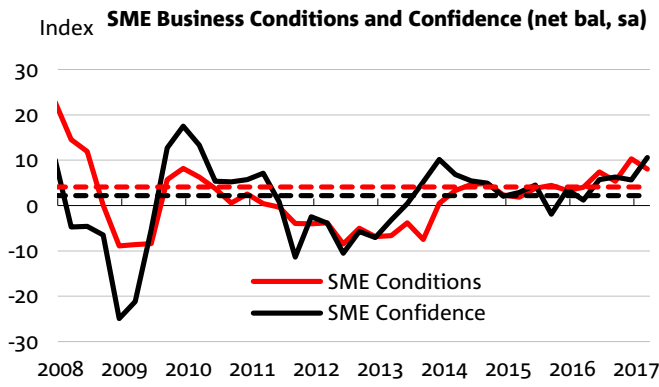
“SMEs in the more diversified economies of New South Wales and Victoria were doing better”, said Mr Oster, as strong economic fundamental and population growth support business growth. “It is also encouraging to see business conditions continue to improve in Western Australia, despite remaining negative”. Both WA and Queensland enjoyed a rebound in business confidence, likely on the back of higher commodity prices. The survey did not take into account the impact of Cyclone Debbie, however, which hit Queensland and northern New South Wales in late March. “We do expect some hit to business confidence and conditions in Queensland in coming quarters”, said Mr Oster. “The imminent closure of the Holden car manufacturing plant in Elizabeth north of Adelaide might have also impacted on small business conditions and confidence in South Australia, which were both negative in the quarter.”

Conditions were again strong in essential services including health, property, finance, transport and business services. “A similar trend was observed in the main NAB survey, as the non-mining economy gains traction”, said Mr Oster. “We will continue to monitor the persistently weak conditions in hospitality, retail and manufacturing in the quarters ahead.”

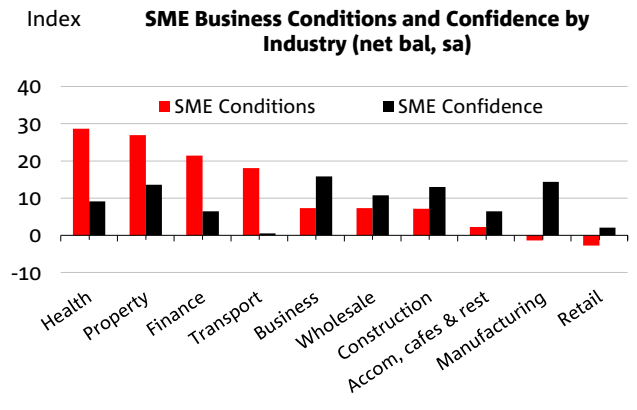
The survey also shows SME firms employed a range of strategies to improve competitiveness, with the use of websites and launching of new products/services the most popular. On the other hand, “we are seeing a declining popularity in advertising through traditional media such as newspapers and radio, as firm are increasingly going online”, said Mr Oster.

For further details, please see attached main survey.

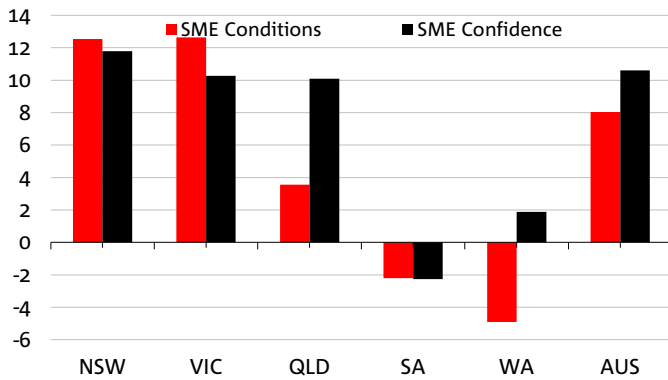
**NAB SME Business Survey**



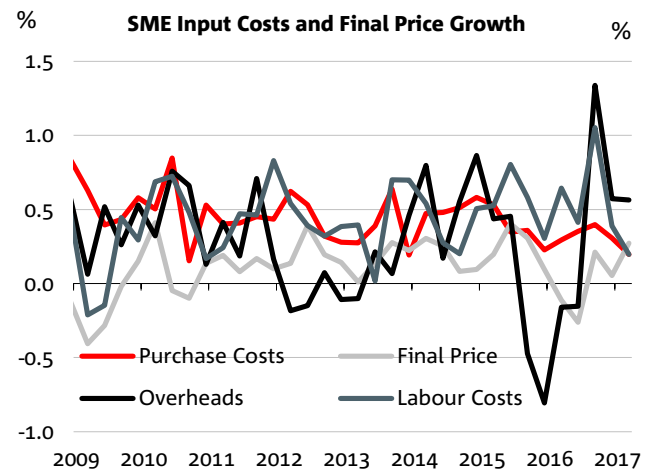
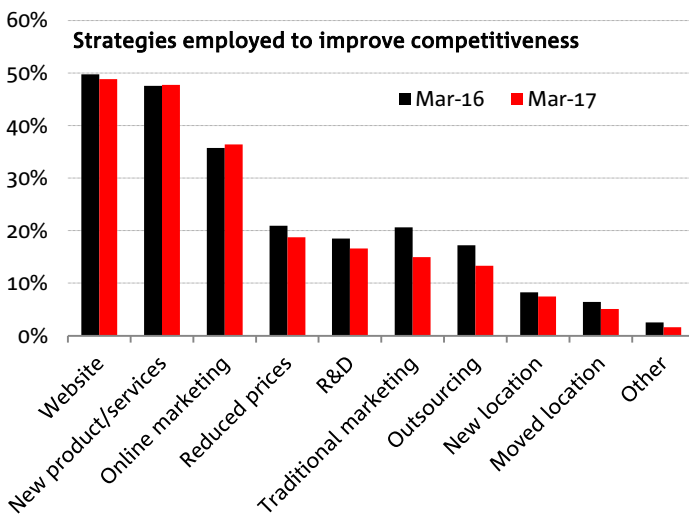
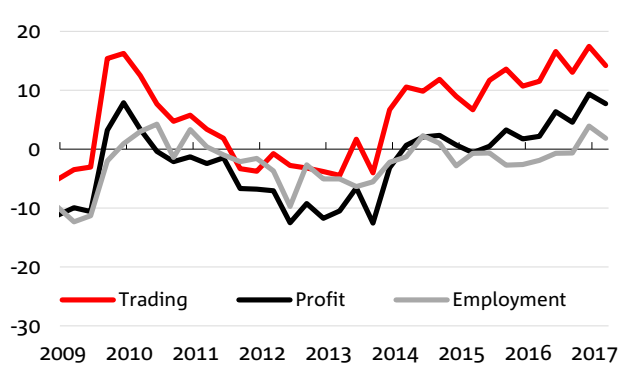
Note: Dotted line denote long-run averages



**SME Business Conditions and Confidence by State (net bal, sa)**



**SME Business Conditions Components (net bal, sa)**



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