



NAB Monthly Business Survey Jan-24

Conditions dip below average, price growth ticks up

NAB Economics

Summary

Business confidence remained low and conditions eased to be just below their long-run average, ending a two-year run of above average conditions while forward orders remain soft. By industry, retail conditions remained at a low level and there are signs of easing in the services sectors. Nonetheless, capacity utilisation remained elevated after rebounding in the month and businesses continued to report elevated rates of cost growth for both labour and other inputs. There was a noticeable pick up in reported price growth in retail and across product prices more generally, indicating that firms still have at least some scope to pass through cost pressures to consumers. The extent to which this remains the case will be a significant focus in 2024 with pressure on margins an increasingly common concern in the NAB Quarterly Business Survey. In addition, attention is likely to be focussed on the slowdown in activity, with any further easing in conditions to take the survey's activity measures more materially below the long run average.

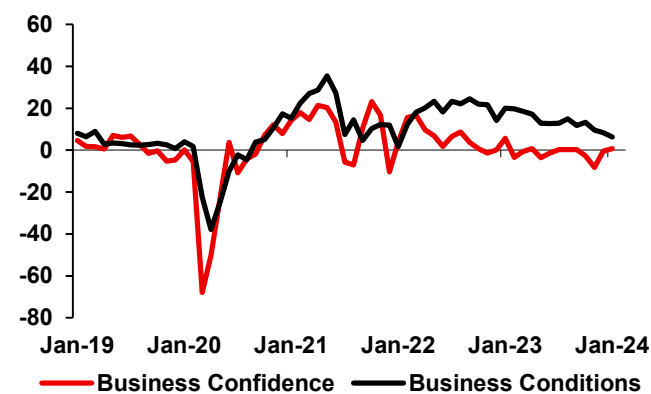
Survey Details

- **Business confidence** rose 1pt to +1 index point, still well below the long-run average. The improvement was largely driven by manufacturing and construction, partly offset by falls in wholesale and retail confidence. Confidence remained negative across the states.
- **Business conditions** decreased 2pts to +6 index points, a touch below the long-run average of +7. Trading conditions fell 3pts, profitability fell 1pt and employment fell 2pts.
- **By industry**, the decline in conditions was led by recreation & personal services (down 5pts) and finance, business & property (down 4pts) but conditions rose in manufacturing (up 4pts). The level of conditions remained elevated in services sectors but subdued across goods and construction.
- **By state**, conditions rebounded in Tas (up 24pts) but fell notably in WA and Qld (both down 7pts). In trend terms, the level of conditions remained strongest in WA, Qld and NSW though all states were positive.
- **Forward orders** rose 1pt (unrounded) to -1 index point, still below the long-run average – but remains much worse in retail (-19). **Capex** fell 3pts to +3 index points, while **capacity utilisation** rose to 83.6%.
- **Labour cost growth** was unchanged at 2.0% in quarterly equivalent terms, while **purchase cost growth** was up slightly to 1.8% (from 1.7%).
- **Product price growth** picked up to 1.2% in quarterly equivalent terms (from 0.9%). **Retail price growth** rose to 0.9% (from 0.5%), while **recreation & personal services prices** grew at 1.2% (up from 0.9%).

Table 1: Key Monthly Business Survey Statistics

	Nov-23	Dec-23	Jan-24
	Net balance		
Business confidence	-8	0	1
Business conditions	9	8	6
Trading	14	11	8
Profitability	6	7	5
Employment	8	7	5
Forward Orders	-4	-3	-1
Capex	4	6	3
Stocks	1	3	3
Exports	1	0	-1
	% change at quarterly rate		
Labour costs	2.4	2.0	2.0
Purchase costs	2.4	1.7	1.8
Final products prices	1.2	0.9	1.2
Retail prices	1.8	0.5	0.9
	Percent		
Capacity utilisation rate	83.6	82.8	83.6

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



All data seasonally adjusted and subject to revision. Survey conducted from 24 to 31 January 2024, covering around 400 firms across the non-farm business sector.
Next release date: 12 March 2024.

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

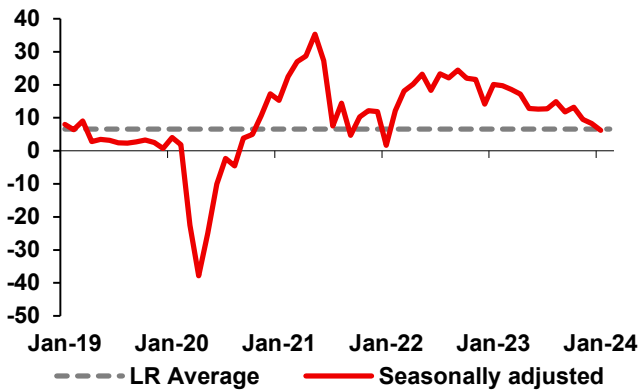


Chart 3: Components of Conditions, SA (Net Balance)

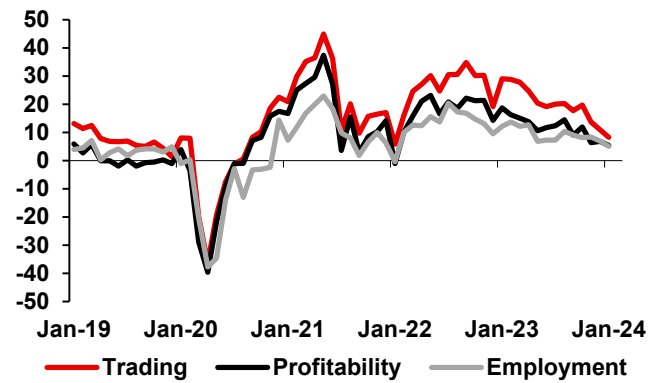


Chart 4: Business Confidence, SA (Net Balance)

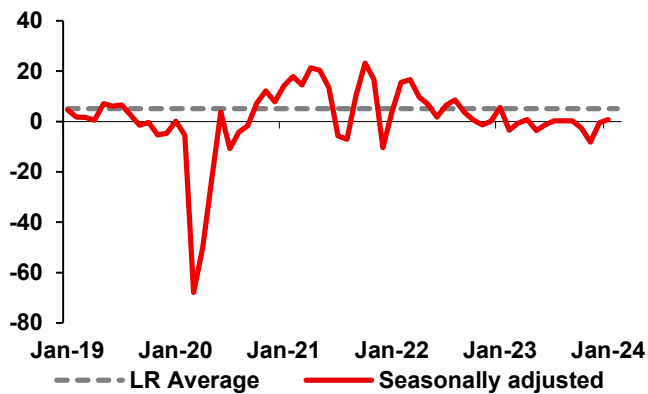


Chart 5: Conditions & Confidence, Trend (Net Balance)

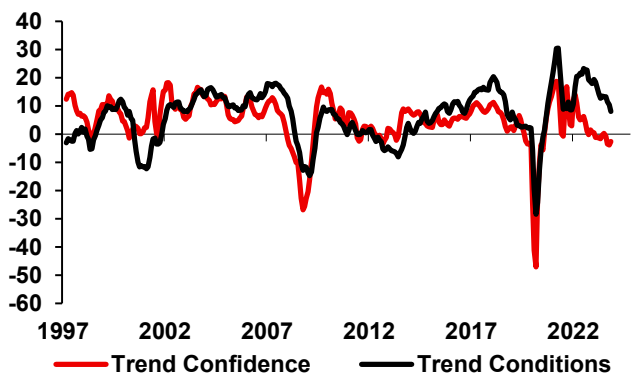


Chart 6: Conditions by Industry, Trend (Net Balance)

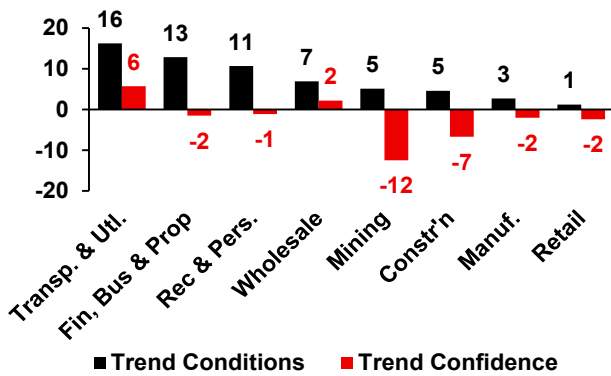
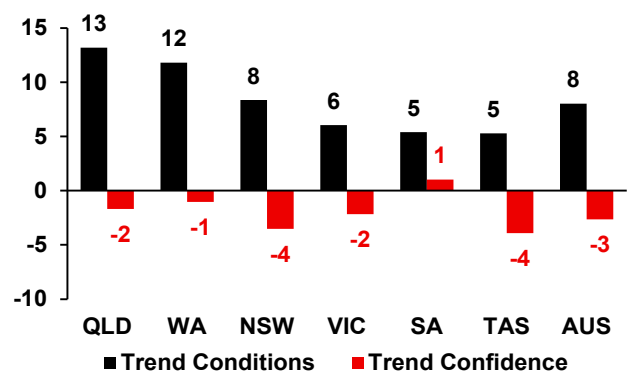


Chart 7: Conditions by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

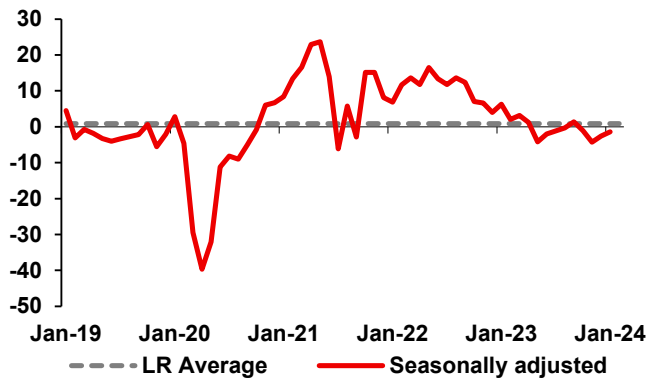


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

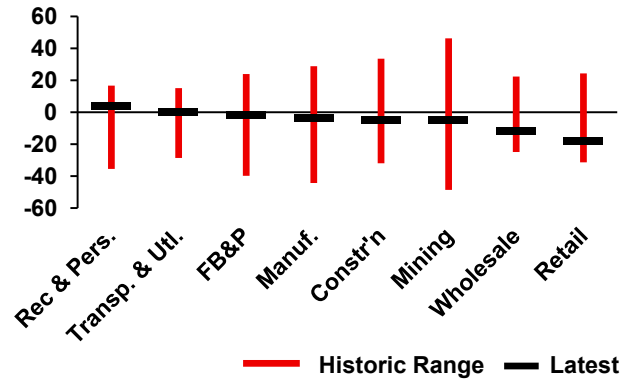


Chart 10: Capacity Utilisation, SA (%)

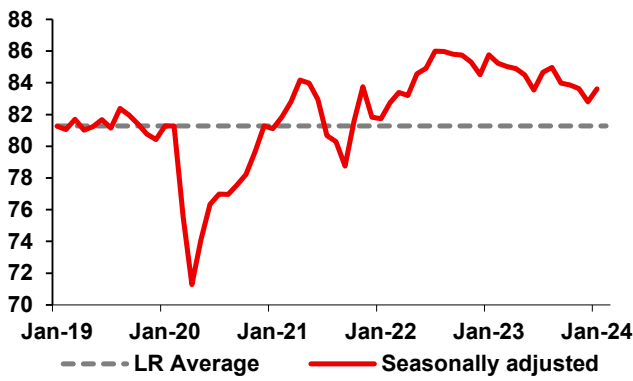


Chart 11: Cap. Util. by Industry, Trend (Ppt Dev. from LR)

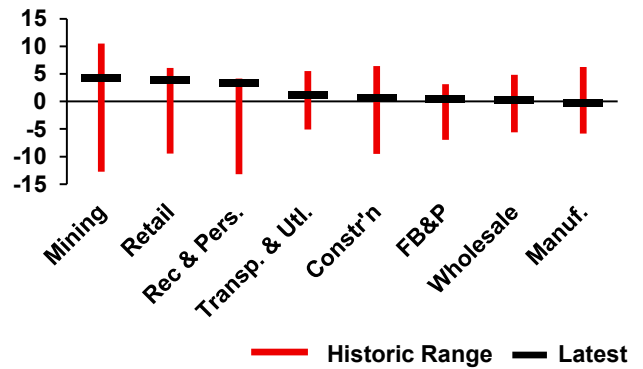


Chart 12: Capital Expenditure, SA (Net Balance)

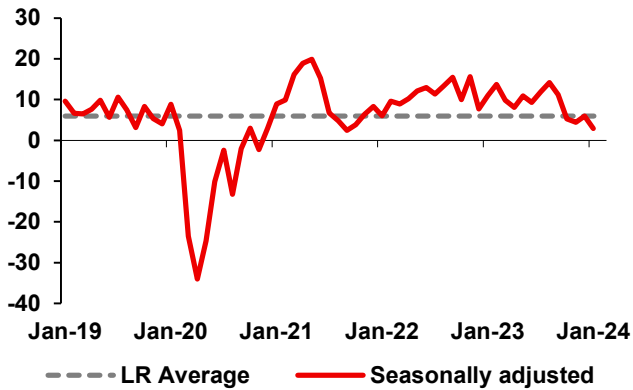


Chart 13: Exports & Stocks, SA (Net Balance)

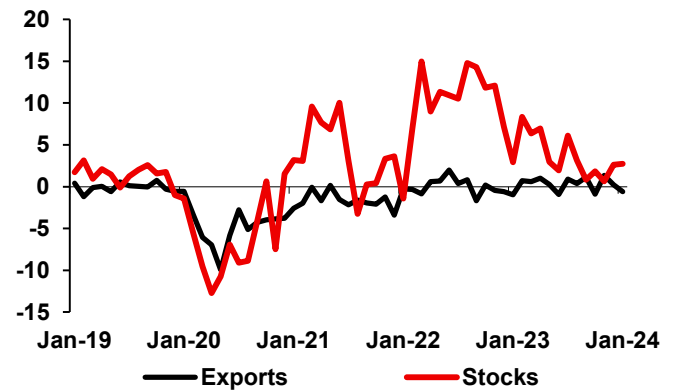


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

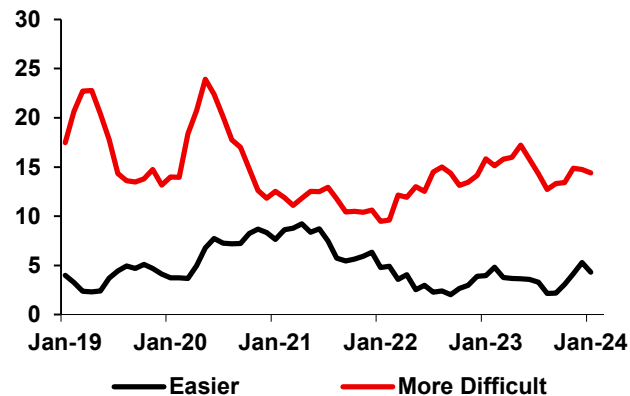
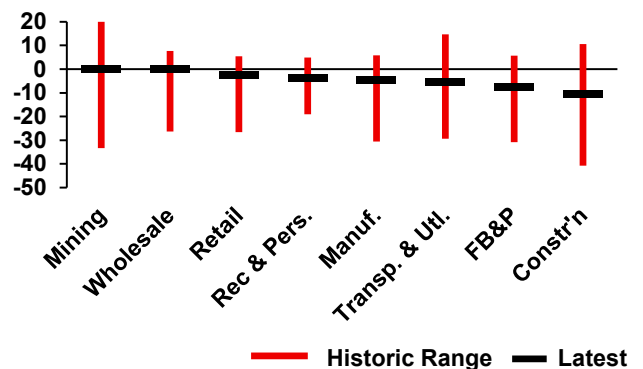


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

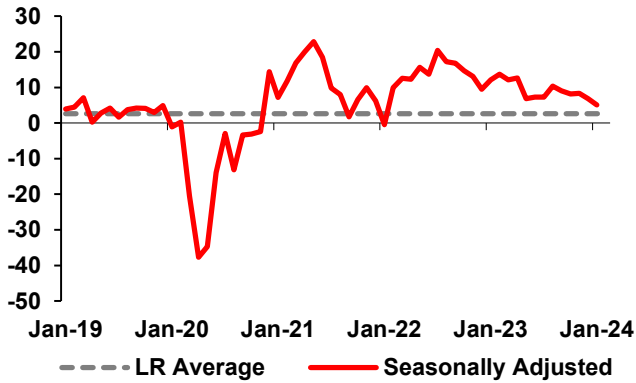


Chart 17: Employment, Selected Industries, Trend

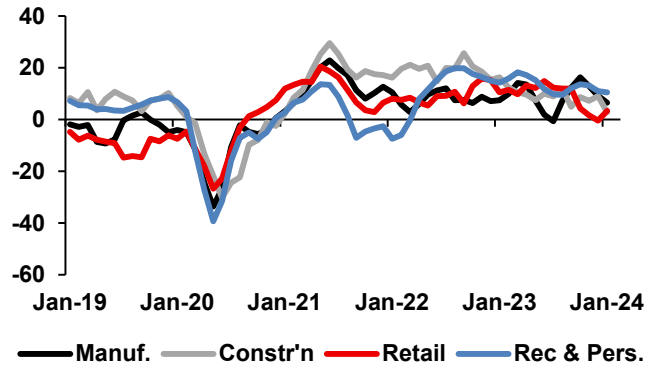


Chart 18: Cost Growth, SA (% Qtly Eq.)

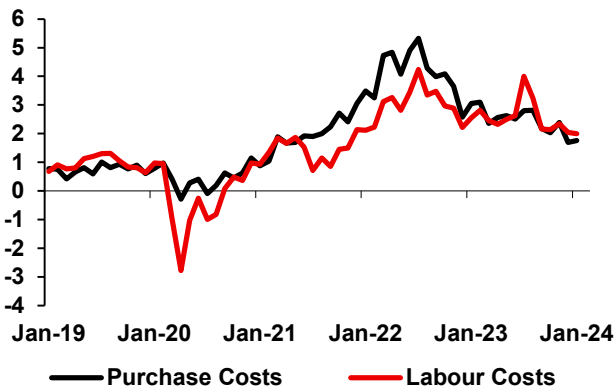


Chart 19: Labour Costs, Selected Industries, Trend (%)

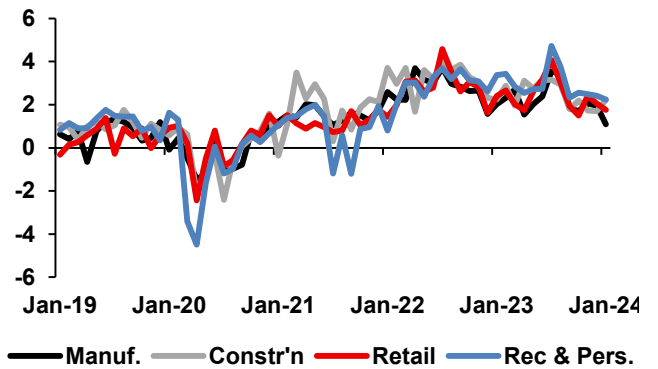


Chart 20: Price Growth, SA (% Qtly Eq.)

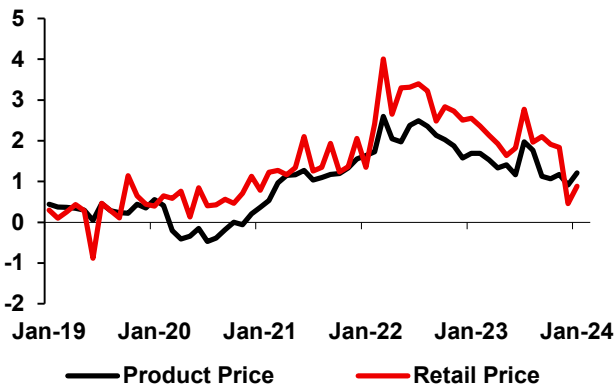
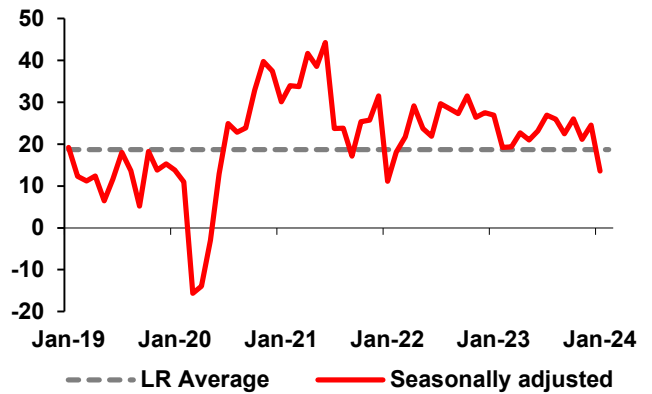


Chart 21: Retail Price Growth, Qtly Eq. (% SA)



Conditions and Confidence by State and Industry

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

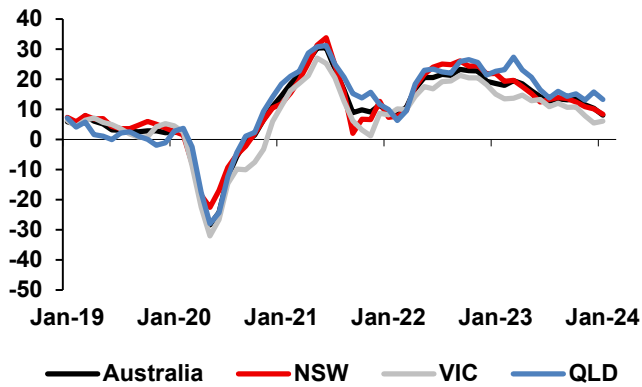


Chart 23: Conditions by State (Net Balance, Trend)

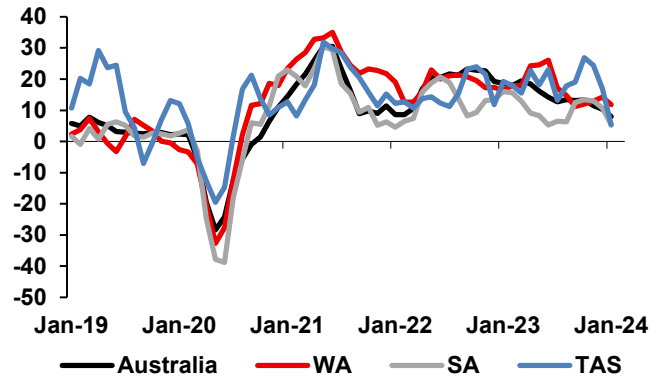


Chart 24: Confidence by State (Net Balance, Trend)

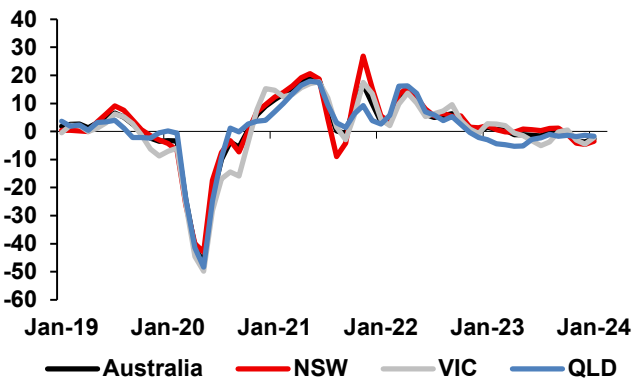


Chart 25: Confidence by State (Net Balance, Trend)

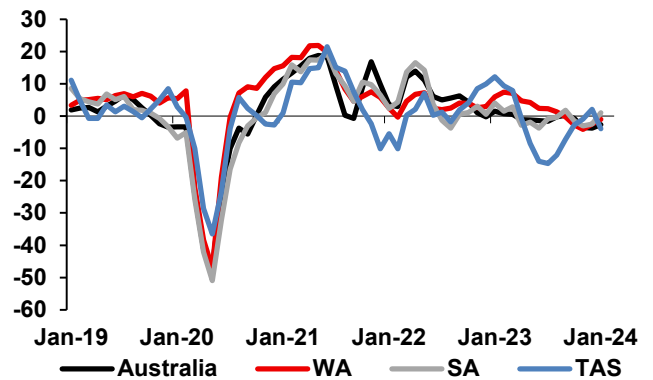


Chart 26: Conditions by Industry (Net Balance, Trend)

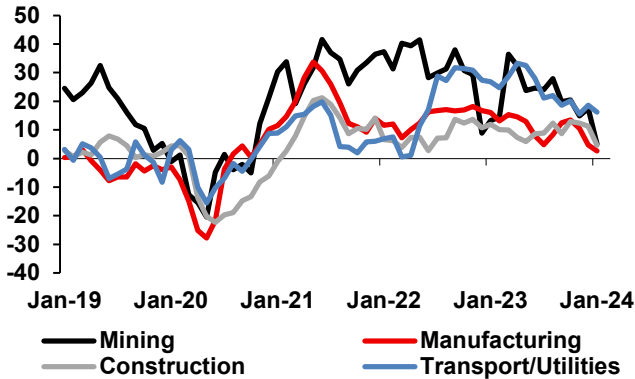


Chart 27: Conditions by Industry (Net Balance, Trend)

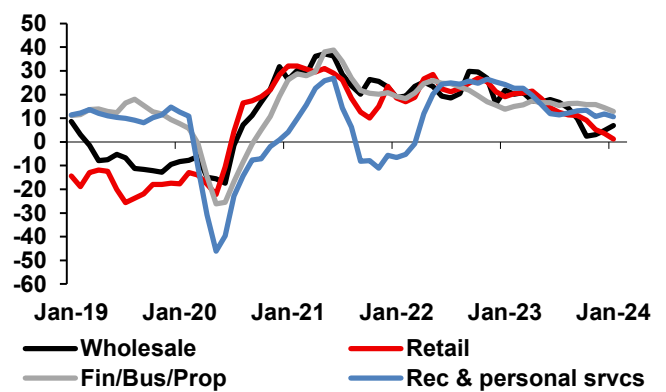


Chart 28: Confidence by Industry (Net Balance, Trend)

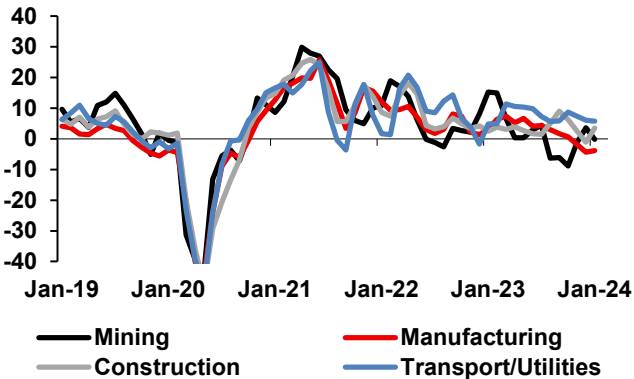
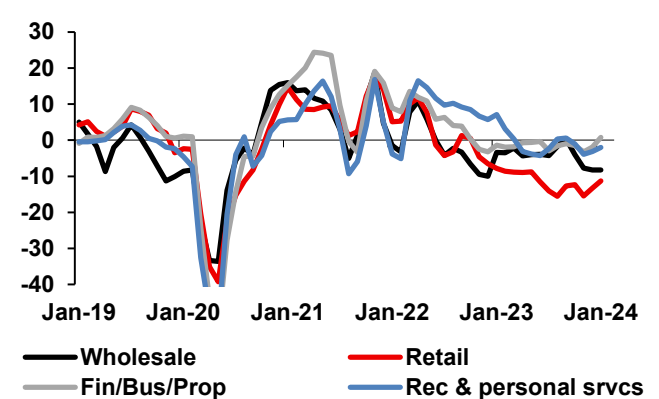


Chart 29: Confidence by Industry (Net Balance, Trend)



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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.