



NAB Monthly Business Survey Feb-24

Conditions rise but confidence, orders remain low

NAB Economics

Summary

Business conditions rose in February, with the survey signalling the economy remained resilient in the new year and inflation is still a challenge despite slowing growth. Trading conditions and profitability lifted in the month, pushing business conditions back above their long-run average – though conditions softened further in retail and construction, sectors that are particularly exposed to the ongoing impact of tighter monetary policy. Despite the signs of resilience, confidence and forward orders both eased to remain mired at low levels, and capacity utilisation also eased. Businesses continued to report elevated rates of cost growth across both labour and materials inputs, and with activity holding up it appears firms still have scope to pass some costs through to consumers. Retail price growth, in particular, rose sharply to 1.4% in quarterly terms after slowing over the Christmas/New Year period, in a sign that further progress on inflation is unlikely to be smooth over the months ahead.

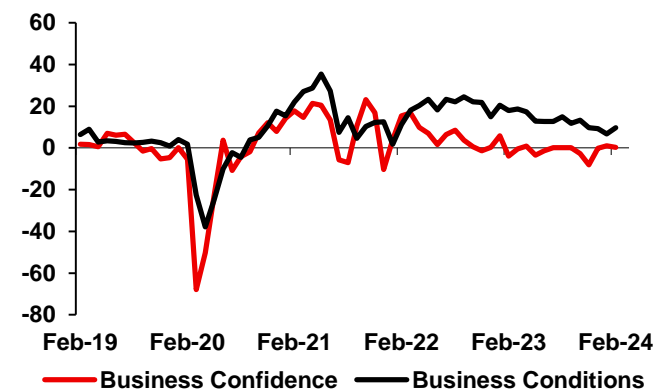
Survey Details

- **Business confidence** fell 1pt to 0 index points, remaining below average. Confidence fell in retail (now -9 index points in trend terms), as well as construction and recreation & personal services.
- **Business conditions** rose 3pts to +10 index points, back above the long-run average. Trading conditions and profitability both rose 4pts, while the employment index was broadly steady.
- **By industry**, the rise in conditions was led by manufacturing (up 9pts) with smaller rises in finance, business & property (4pts), mining (4pts), wholesale (3pts) and recreation & personal services (3pts). However, conditions fell in retail (down 8pts) and construction (down 5pts). In trend terms, the level of conditions was elevated in transport & utilities, recreation & personal services and finance, business & property but remained negative in retail.
- **By state**, conditions rose in WA (up 12pts) and SA (up 8pts) but fell in Vic and Tas (both down 4pts). In trend terms, the level of conditions remained strongest in WA, Qld and NSW though all states were at reasonable levels, with Vic weakest at +6 index points.
- **Forward orders** fell 1pt to -3 index points, with retail remaining deeply negative (-24 index points in trend terms). **Capex** rose 4pts to +7 index points, while **capacity utilisation** eased slightly, to 83.4%.
- **Labour cost growth** remained at 2.0% in quarterly equivalent terms, while **purchase cost growth** was also steady at 1.8%.
- **Product price growth** picked up to 1.3% in quarterly equivalent terms (from 1.1%). **Retail price growth** rose to 1.4% (from 0.9%), while **recreation & personal services prices** grew at 1.3% (from 1.1%).

Table 1: Key Monthly Business Survey Statistics

	Dec-23	Jan-24	Feb-24
	Net balance		
Business confidence	0	1	0
Business conditions	9	7	10
Trading	13	9	14
Profitability	7	6	9
Employment	7	5	6
Forward Orders	-3	-2	-3
Capex	6	3	7
Stocks	3	3	1
Exports	0	-1	0
	% change at quarterly rate		
Labour costs	2.1	2.0	2.0
Purchase costs	1.9	1.8	1.8
Final products prices	0.9	1.1	1.3
Retail prices	0.4	0.9	1.4
	Percent		
Capacity utilisation rate	82.8	83.7	83.4

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



All data seasonally adjusted and subject to revision. Survey conducted from 13 to 23 February 2024, covering over 500 firms across the non-farm business sector.
Next release date: 9 April 2024.

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

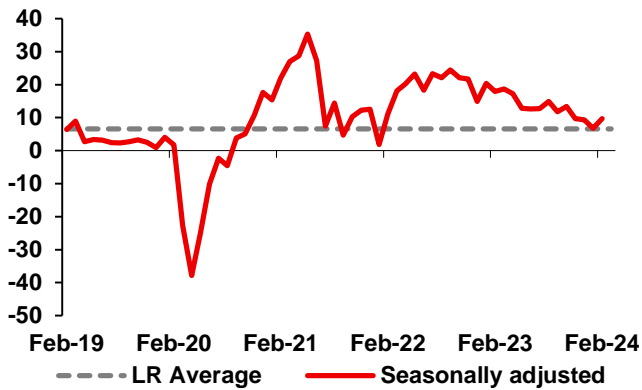


Chart 3: Components of Conditions, SA (Net Balance)

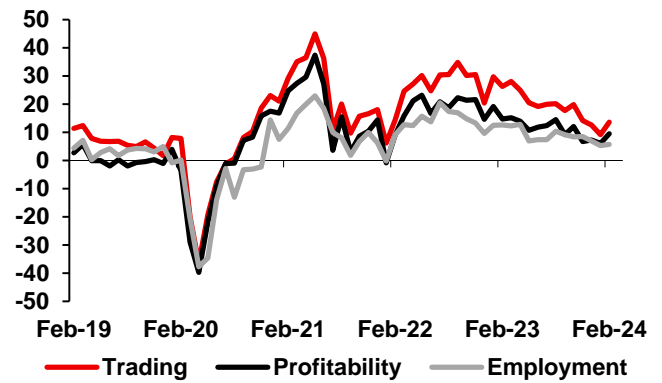


Chart 4: Business Confidence, SA (Net Balance)

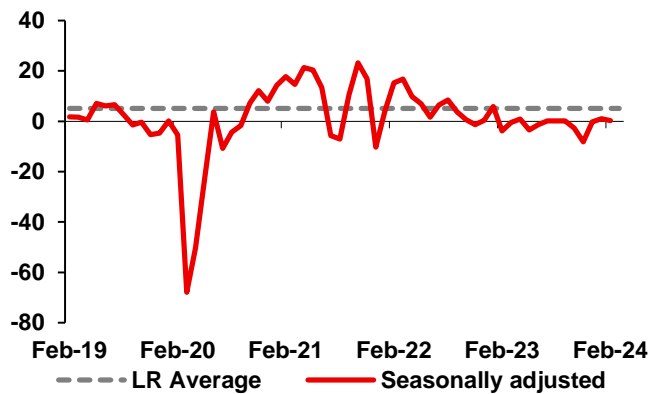


Chart 5: Conditions & Confidence, Trend (Net Balance)

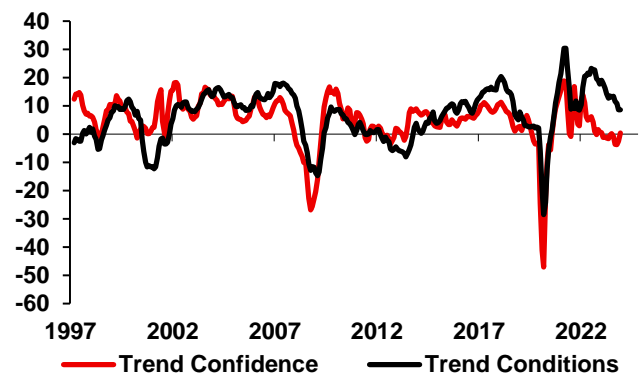


Chart 6: Conditions by Industry, Trend (Net Balance)

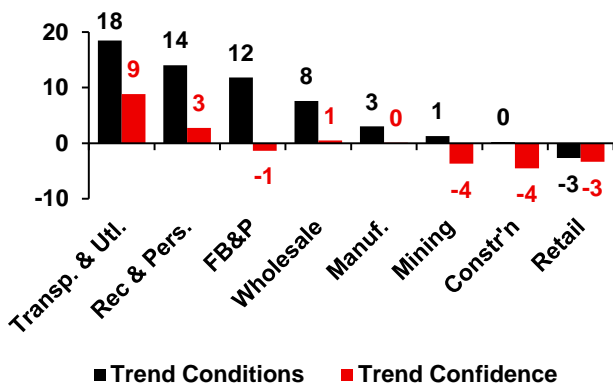
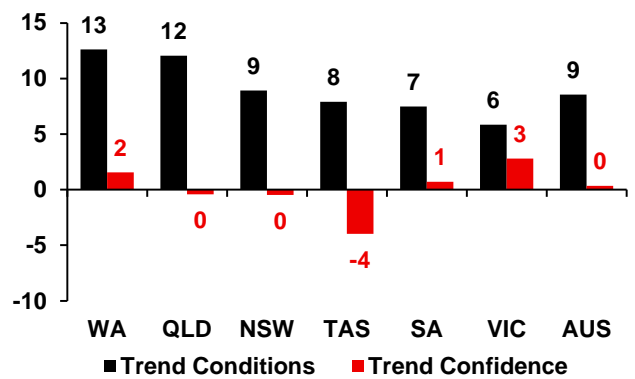


Chart 7: Conditions by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

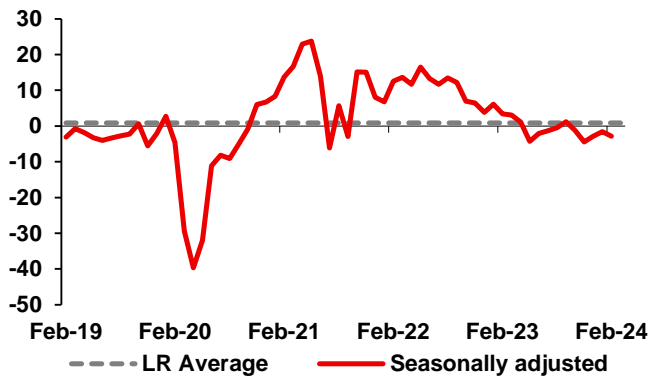


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

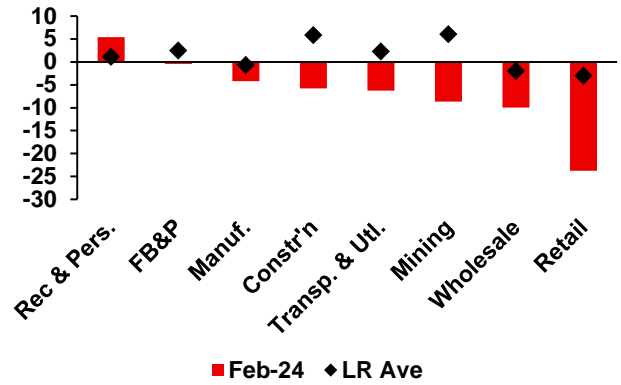


Chart 10: Capacity Utilisation, SA (%)

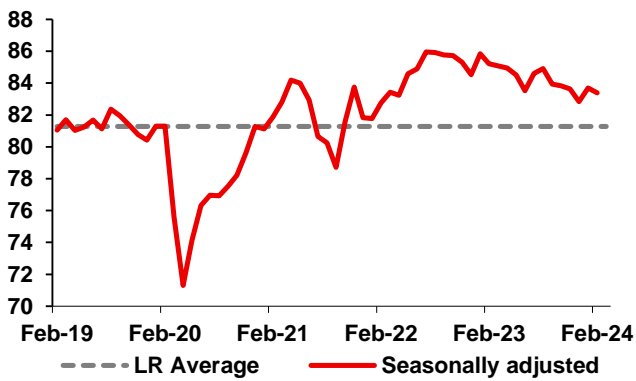


Chart 11: Capacity Util. by Industry, Trend



Chart 12: Capital Expenditure, SA (Net Balance)

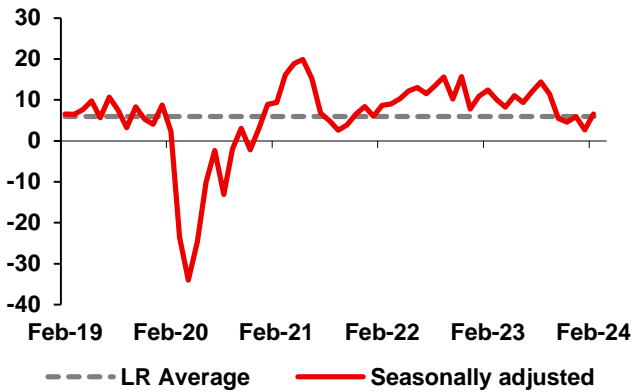


Chart 13: Exports & Stocks, SA (Net Balance)

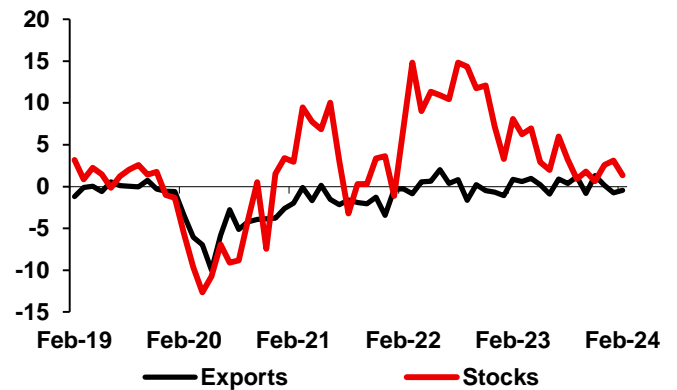


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

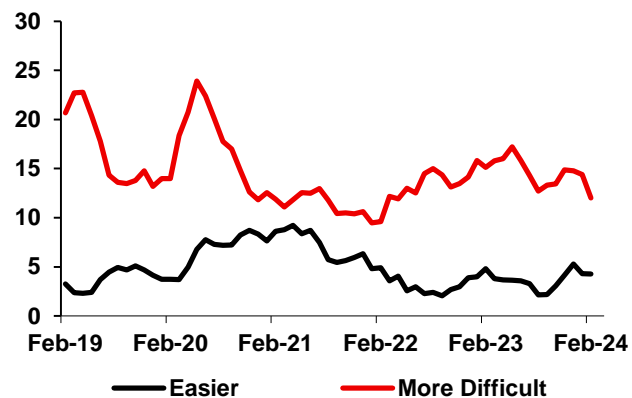
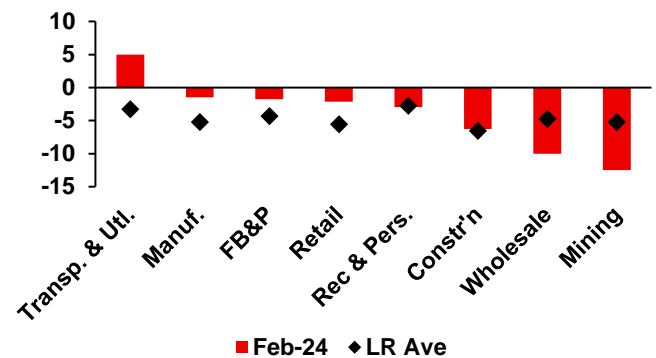


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

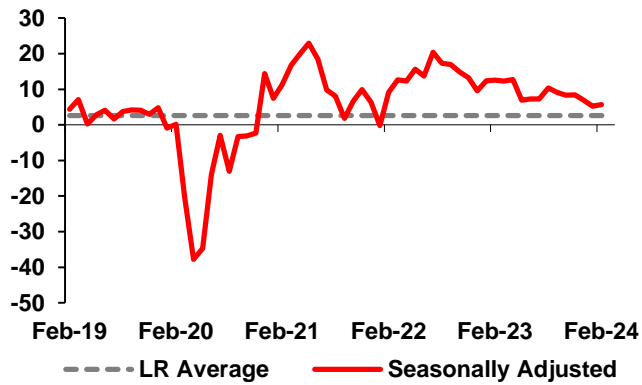


Chart 17: Employment, Selected Industries, Trend

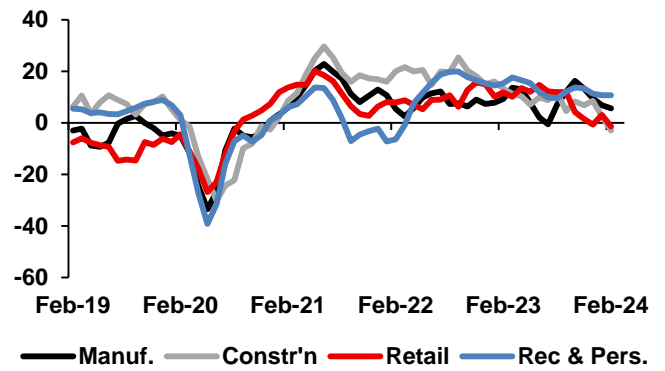


Chart 18: Cost Growth, SA (% Qtly Eq.)

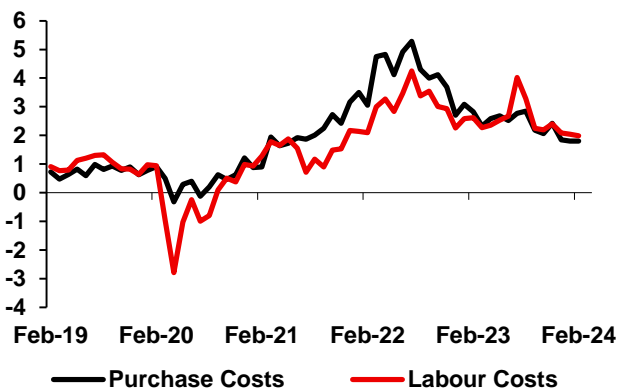


Chart 19: Labour Costs, Selected Industries, Trend (%)

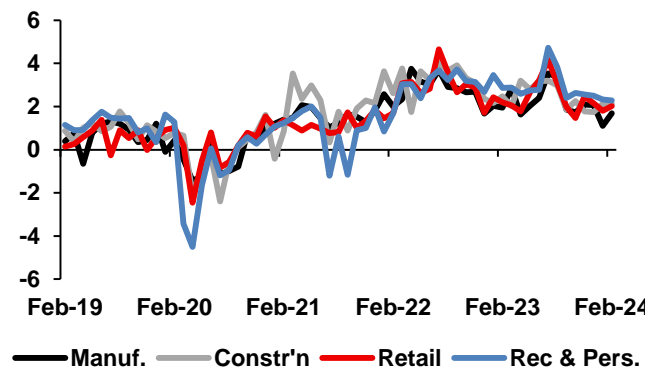


Chart 20: Price Growth, SA (% Qtly Eq.)

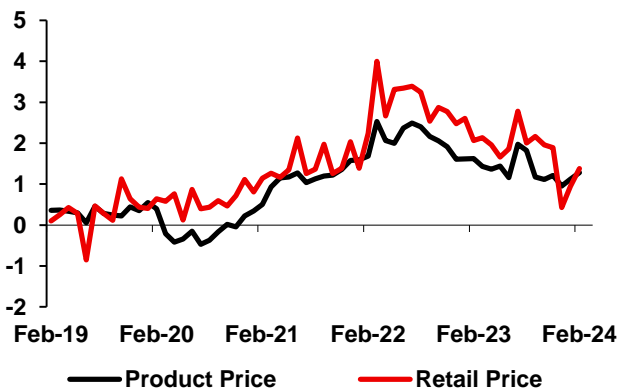
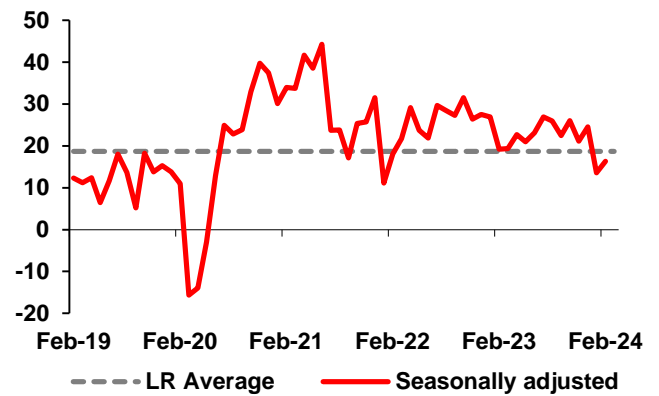


Chart 21: Cash Flow, SA (Net Balance)



Conditions and Confidence by State and Industry

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

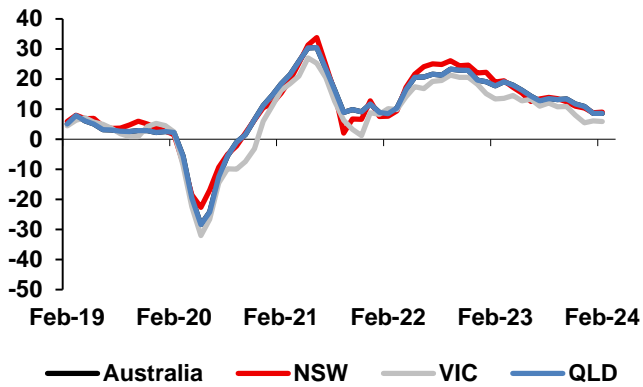


Chart 23: Conditions by State (Net Balance, Trend)

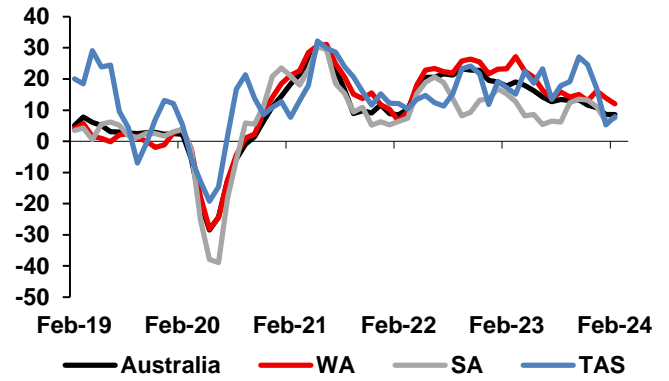


Chart 24: Confidence by State (Net Balance, Trend)

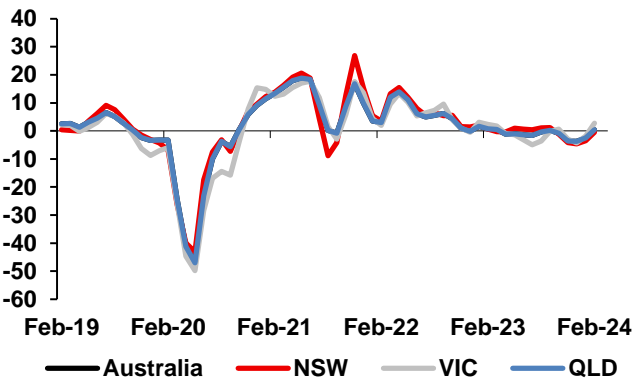


Chart 25: Confidence by State (Net Balance, Trend)

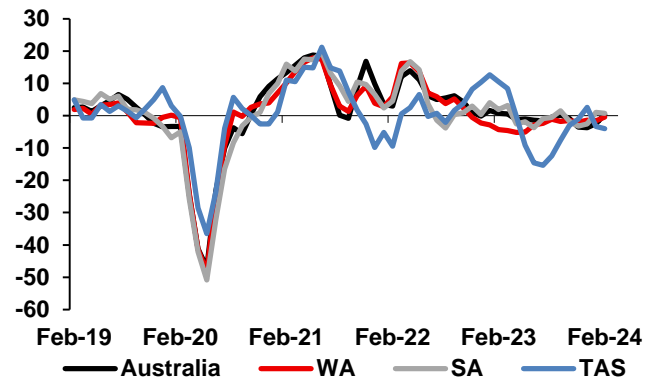


Chart 26: Conditions by Industry (Net Balance, Trend)

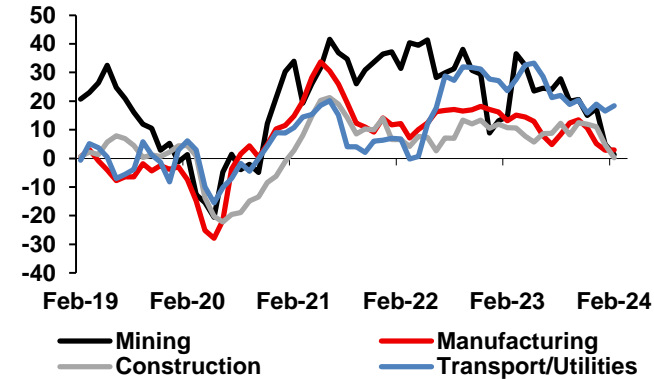


Chart 27: Conditions by Industry (Net Balance, Trend)

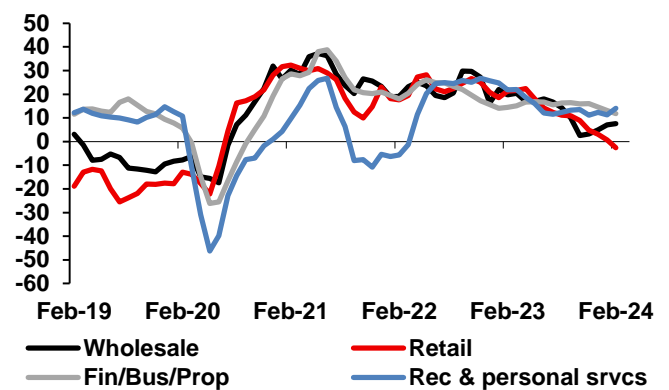


Chart 28: Confidence by Industry (Net Balance, Trend)

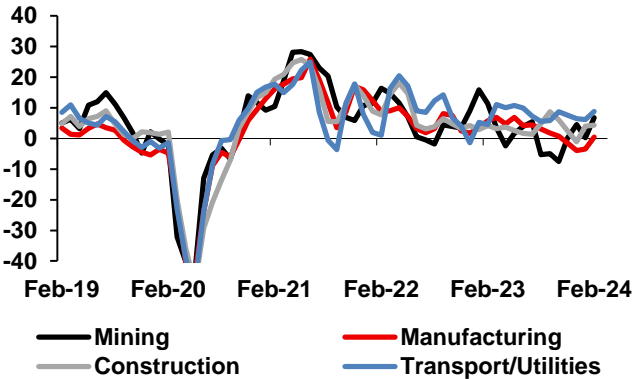
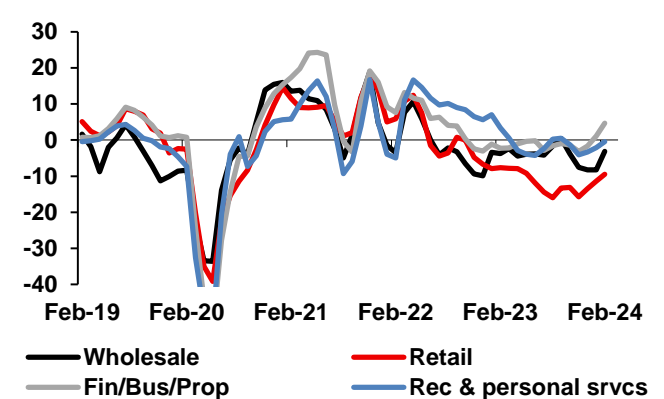


Chart 29: Confidence by Industry (Net Balance, Trend)



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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.