



NAB Monthly Business Survey Mar-24

Improvement in supply-demand balance still gradual

NAB Economics

Summary

Business conditions and confidence were little changed in March, continuing the trend of above-average activity indicators alongside below-average confidence that has defined the NAB Business Survey for much of the past year. By industry, there were positive signs for retail and construction which both saw improvement in confidence and conditions in the month, though in trend terms conditions remain weakest in these two rate-exposed sectors. WA firms continue to report the strongest conditions among the mainland states. Forward orders improved – especially in retail – but are still negative and below average. There are tentative signs that supply and demand are coming into better balance with capacity utilisation continuing to ease albeit gradually and from a high level. In line with this, the month saw some modest easing in the pace of labour and materials cost growth but both remain elevated, and retail price growth also remained strong at 1.3% in quarterly equivalent terms. In short, progress on inflation is likely to be gradual ahead of the full Q1 CPI result due later in April.

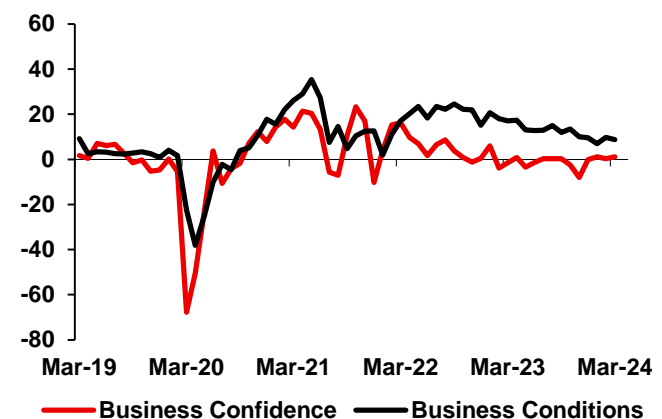
Survey Details

- **Business confidence** rose 1pt to +1 index point, remaining below average. Confidence improved in retail (now -8 index points in trend terms), as well as construction and transport & utilities, but fell in mining and manufacturing.
- **Business conditions** fell 1pt to +9 index points. Trading conditions and employment were both broadly steady, while profitability declined 4pts.
- **By industry**, the rise in conditions was led by finance, business & property (up 9pts), retail and construction (both up 8pts) as well as mining, while there were offsetting falls in transport & utilities (down 12pts), recreation and personal services (down 7pts) and manufacturing and wholesale (both down 5pts). In trend terms, the level of conditions remained strongest in the services sectors and negative in retail.
- **By state**, conditions rose in Tas (up 15pts) and WA (up 9pts) as well as Vic and Qld, but fell 17pts in SA, with NSW also down slightly. In trend terms, WA and Tas now show the strongest levels of conditions though all states remain at reasonable levels.
- **Forward orders** rose 3pts to -1 index point, with some improvement in retail (now -19 index points in trend terms). **Capex** was steady at +7 index points, while **capacity utilisation** eased slightly, to 83.2%.
- **Labour cost growth** eased to 1.6% in quarterly equivalent terms (from 2.0%) and **purchase cost growth** also slowed to 1.4% (from 1.8%).
- **Product price growth** eased to 0.7% in quarterly equivalent terms (from 1.2%). **Retail price growth** edged down to 1.3% (from 1.4%), while **recreation & personal services prices** grew at 0.9% (from 1.4%).

Table 1: Key Monthly Business Survey Statistics

	Jan-24	Feb-24	Mar-24
	Net balance		
Business confidence	1	0	1
Business conditions	7	10	9
Trading	10	14	14
Profitability	6	10	6
Employment	5	6	6
Forward Orders	-2	-3	-1
Capex	3	7	7
Stocks	3	1	3
Exports	-1	0	0
	% change at quarterly rate		
Labour costs	2.1	2.0	1.6
Purchase costs	1.9	1.8	1.4
Final products prices	1.1	1.2	0.7
Retail prices	1.0	1.4	1.3
	Percent		
Capacity utilisation rate	83.7	83.4	83.2

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



All data seasonally adjusted and subject to revision. Survey conducted from 18 to 28 March 2024, covering around 400 firms across the non-farm business sector. Next release date: 13 May 2024.

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

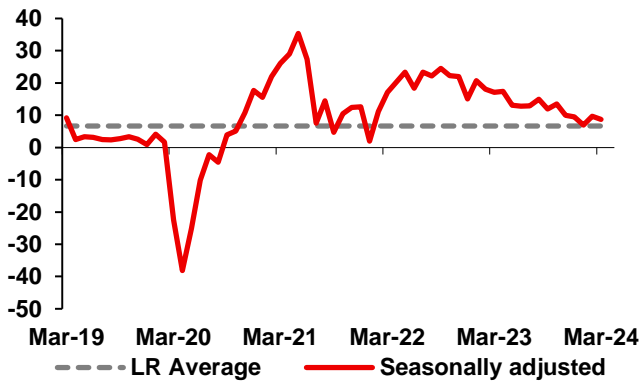


Chart 3: Components of Conditions, SA (Net Balance)

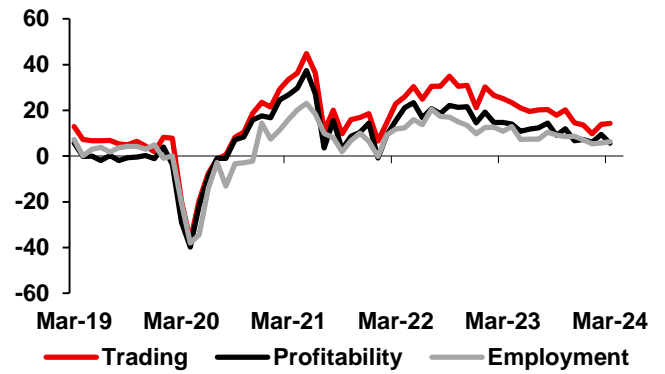


Chart 4: Business Confidence, SA (Net Balance)

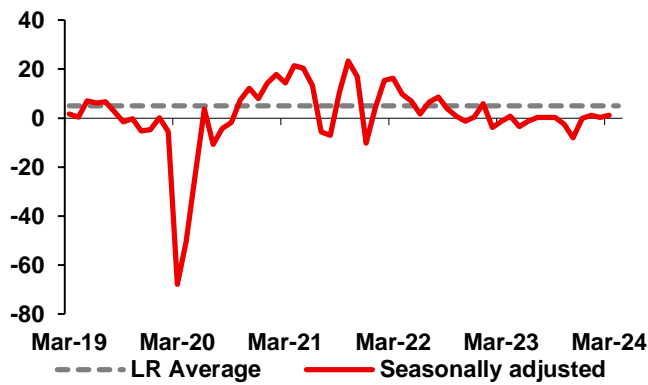


Chart 5: Conditions & Confidence, Trend (Net Balance)

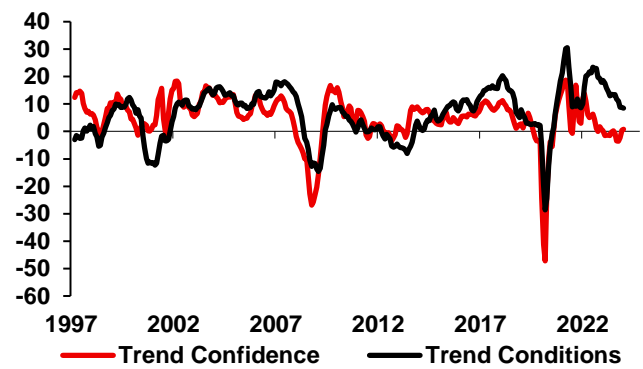


Chart 6: Conditions by Industry, Trend (Net Balance)

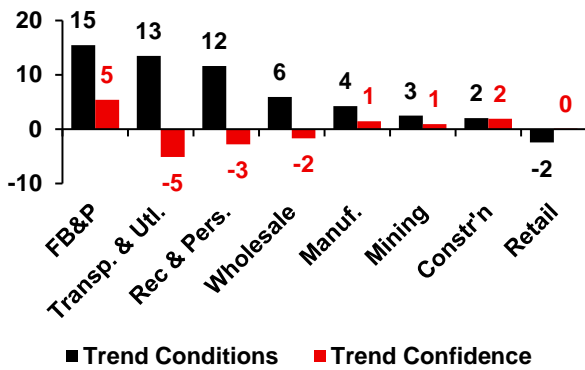
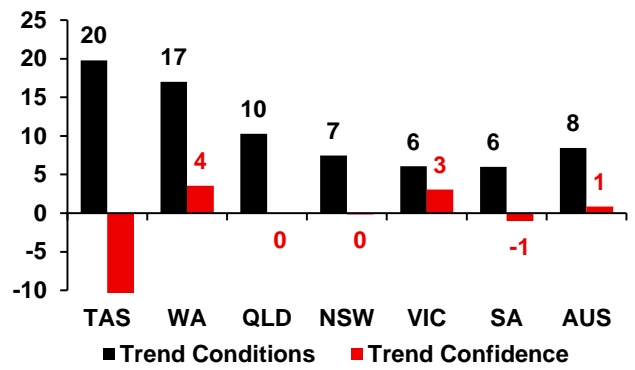


Chart 7: Conditions by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

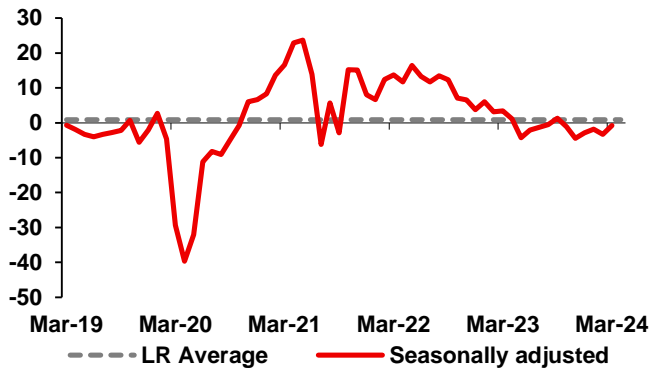


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

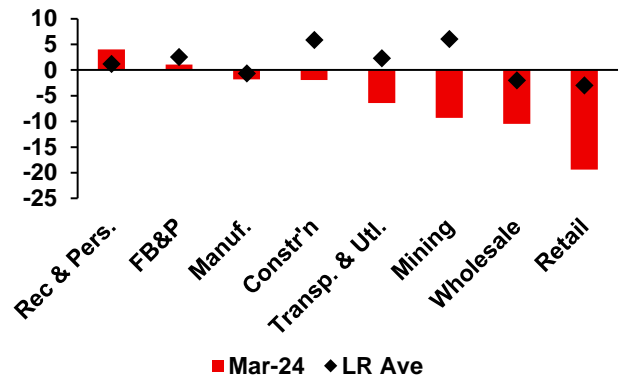


Chart 10: Capacity Utilisation, SA (%)

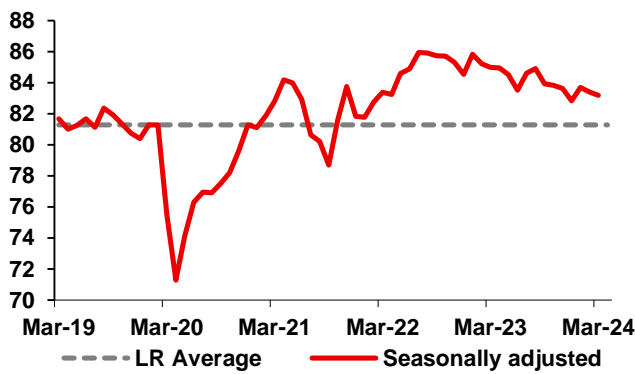


Chart 11: Capacity Util. by Industry, Trend

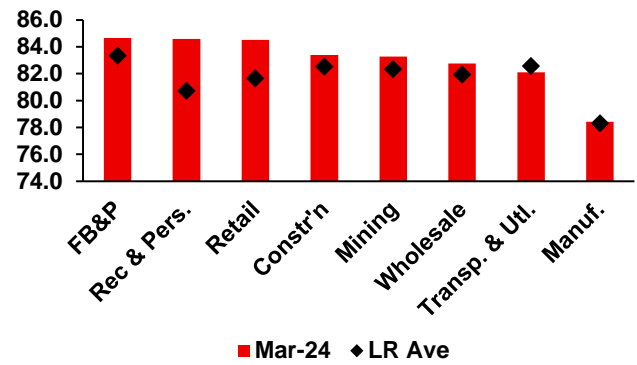


Chart 12: Capital Expenditure, SA (Net Balance)

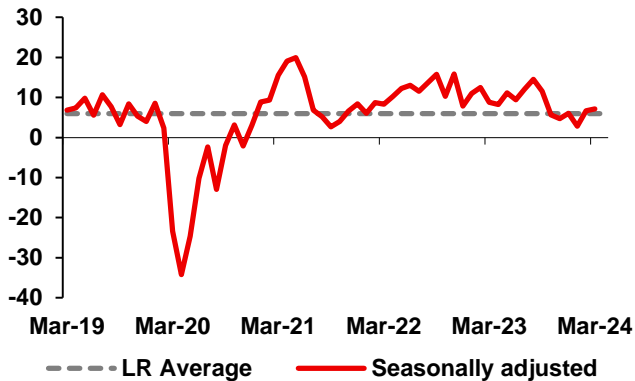


Chart 13: Exports & Stocks, SA (Net Balance)

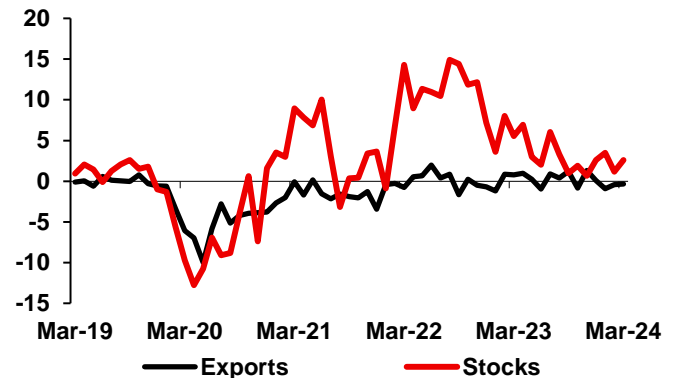


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

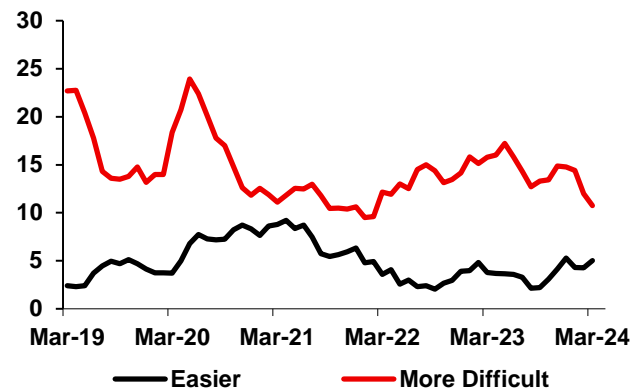
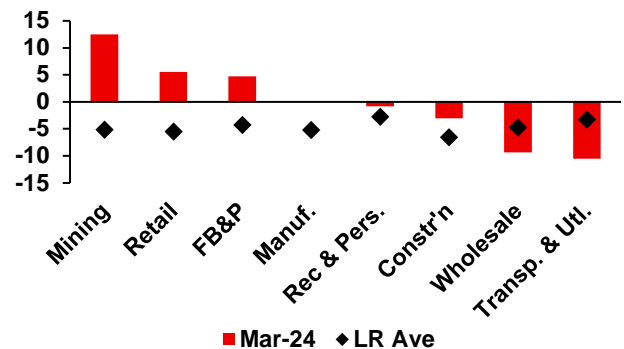


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

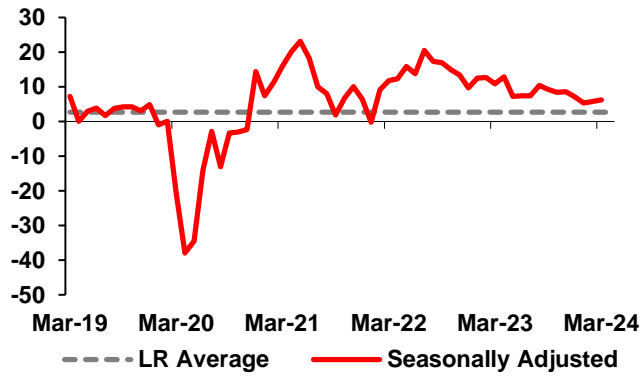


Chart 17: Employment, Selected Industries, Trend

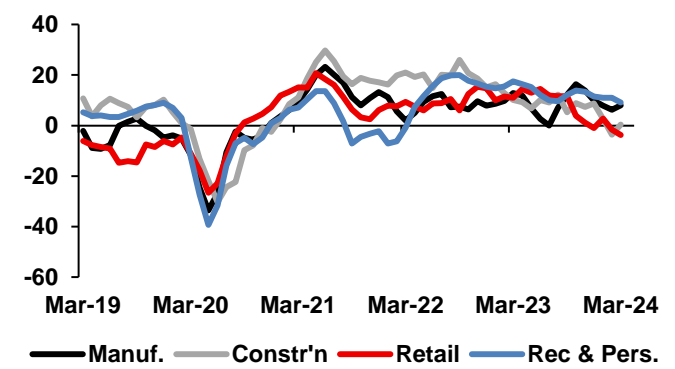


Chart 18: Cost Growth, SA (% Qtly Eq.)

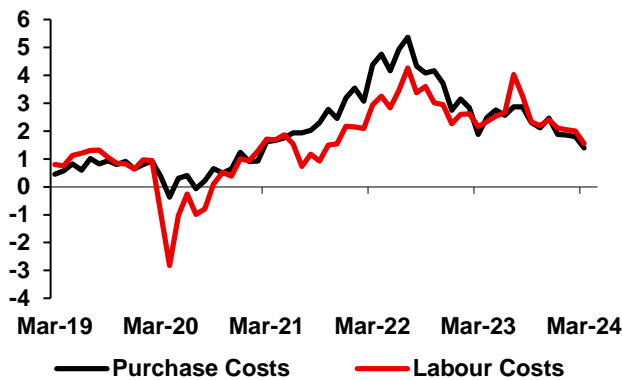


Chart 19: Labour Costs, Selected Industries, Trend (%)

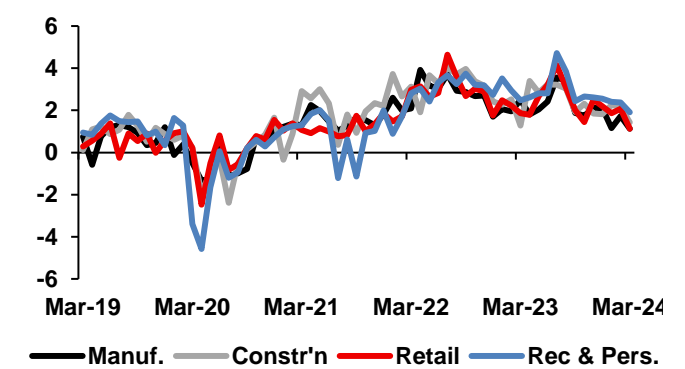


Chart 20: Price Growth, SA (% Qtly Eq.)

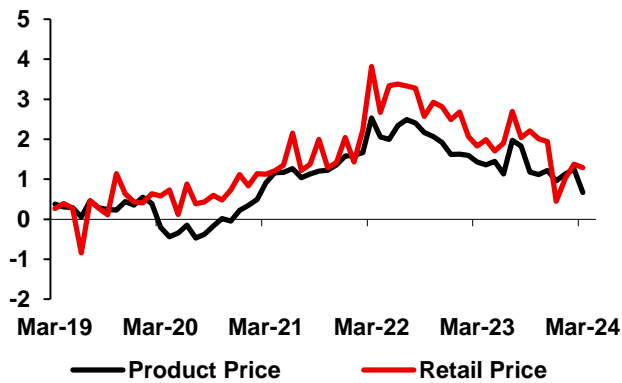
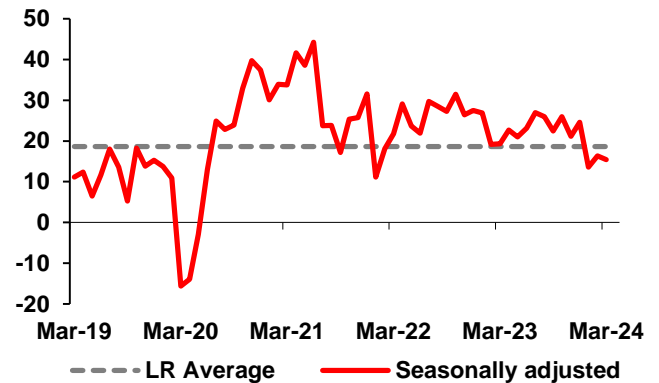


Chart 21: Cash Flow, SA (Net Balance)



Conditions and Confidence by State and Industry

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

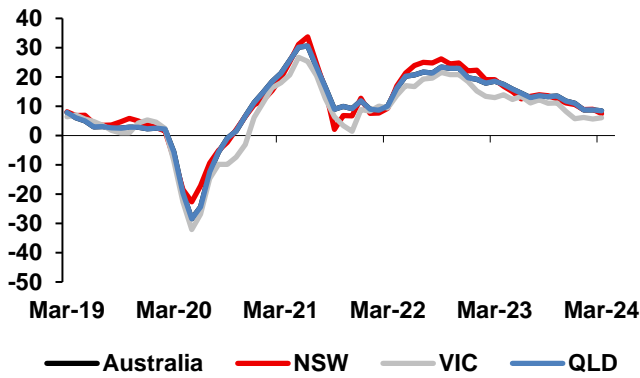


Chart 23: Conditions by State (Net Balance, Trend)

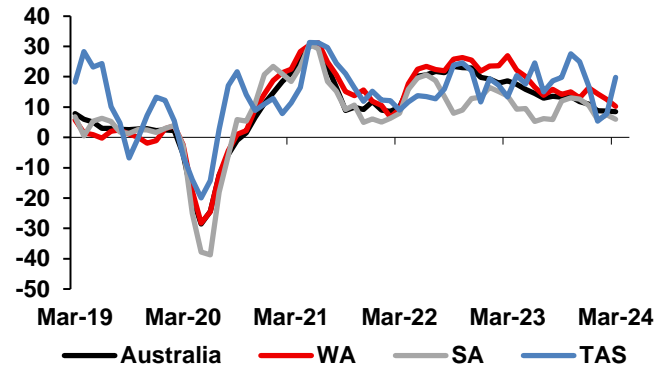


Chart 24: Confidence by State (Net Balance, Trend)

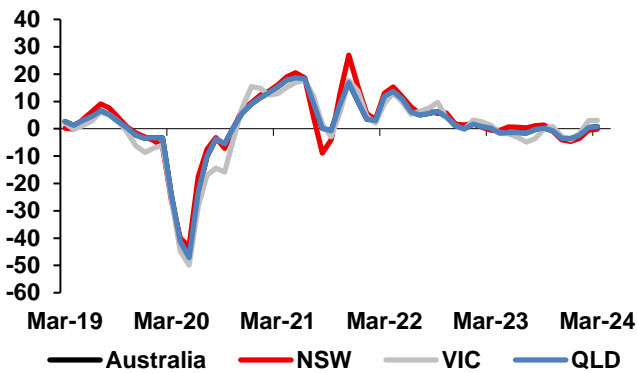


Chart 25: Confidence by State (Net Balance, Trend)

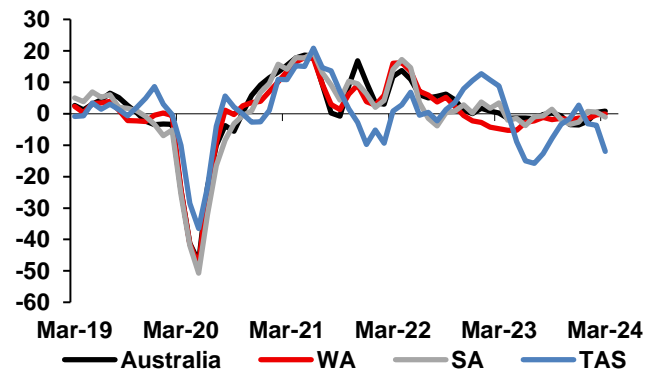


Chart 26: Conditions by Industry (Net Balance, Trend)

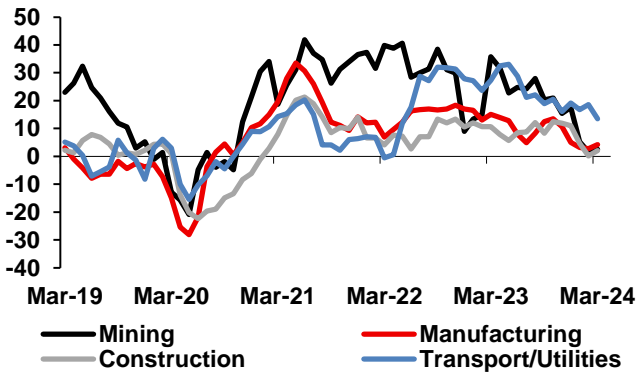


Chart 27: Conditions by Industry (Net Balance, Trend)

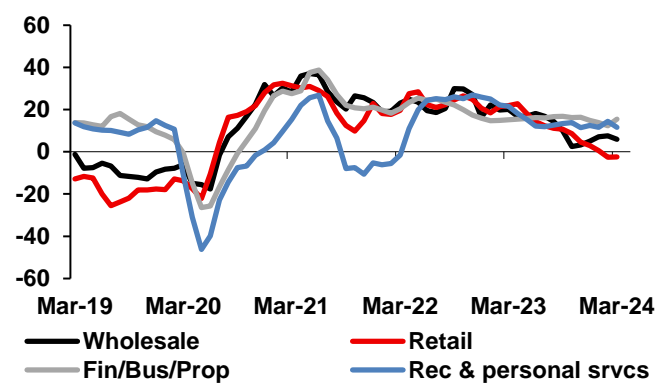


Chart 28: Confidence by Industry (Net Balance, Trend)

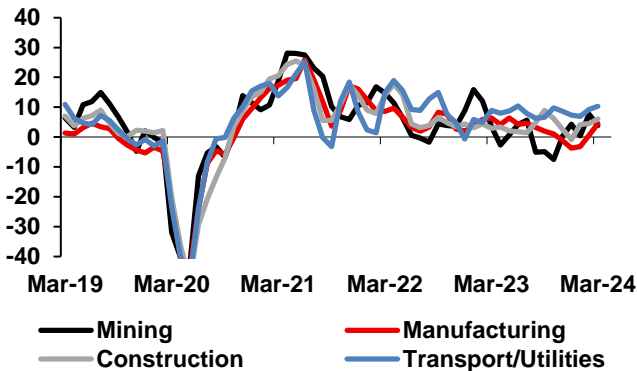
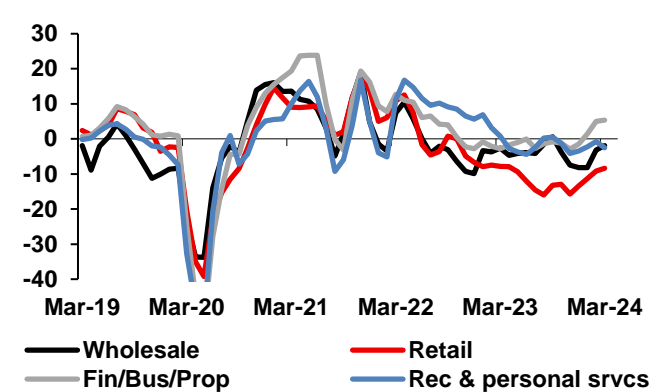


Chart 29: Confidence by Industry (Net Balance, Trend)



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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.