

# NAB Monthly Business Survey July-24



## Conditions still soft but inflationary pressures easing

### NAB Economics

#### Summary

Business conditions recorded their first improvement in five months, due to gains in the employment index, but continued to ease in trend terms. Business confidence gave up some of last month's gains and remains low as do forward orders, despite ticking up in the month. The survey continues to show that supply and demand in the economy are moving back into balance and that inflationary pressures continue to ease. Capacity utilisation continued its gradual decline, but remains above average, despite a sharp fall in the month. Final product price growth was unchanged but confirms the shift down in June – which was the lowest reading since early 2021. Purchase cost growth eased again and is not far away from its pre-COVID pace. While the labour cost index picked up, it is a total wage bill indicator and may have been impacted by the lift in the employment index as well as the rise in Award and Minimum wages in July resulting from the Fair Work Commission's Annual Wage Review.

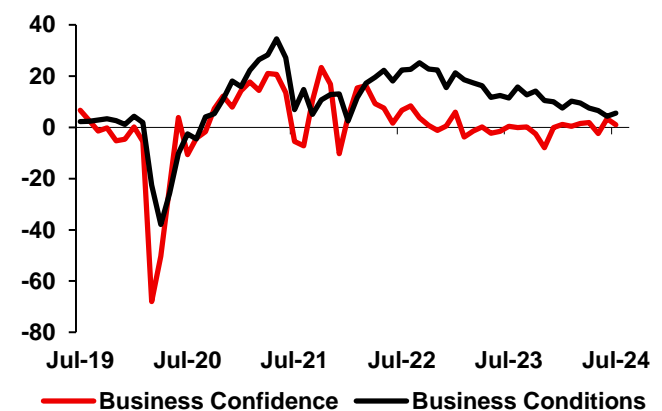
#### Survey Details

- **Business confidence** fell 2pts to +1 index point, with falls across all industries other than construction and recreation & personal services. In trend terms, confidence remains weakest in retail and wholesale.
- **Business conditions** rose 1pt (unrounded) to +6 index points. The improvement was due to employment (up 7 pts) with profitability unchanged and trading conditions falling 2pts.
- **By industry**, conditions rose in wholesale (up 18pts), construction (up 8pts) and transport & utilities (up 6pts), with other sectors flat or only down slightly except mining (down 15pts). In trend terms, conditions remain weakest in retail at -5 index points.
- **By State**, conditions rose sharply in Tas (up 22pts), largely reversing last month's fall, and were also up in NSW and SA (both by 5pts), while they edged down in WA, Qld and WA. In trend terms, conditions are strongest in Qld and Tas, and weakest in SA and Vic.
- **Forward orders** were up 2pts but still negative at -4 index points. In trend terms they are weakest in retail, wholesale, manufacturing and mining, and only positive in construction. **Capex** rose 7pts to 6 index points, while **capacity utilisation** declined to 82.7%.
- **Labour cost growth** rose to 2.5% in quarterly equivalent terms (from 1.5%), which could reflect the increase in Award and Minimum wages. In contrast **purchase cost growth** eased to 1.1%.
- **Product price growth** was unchanged at 0.7%. Of the consumer sectors, **Retail price growth** fell to 0.9%, while **recreation & personal services prices** growth rose to 1.6% (from 0.6%).

Table 1: Key Monthly Business Survey Statistics

	May-24	Jun-24	Jul-24
	Net balance		
Business confidence	-2	3	1
Business conditions	7	4	6
Trading	11	11	9
Profitability	3	2	2
Employment	6	0	7
Forward Orders	-7	-6	-4
Capex	5	-1	6
Stocks	5	1	3
Exports	-1	0	-3
	% change at quarterly rate		
Labour costs	2.0	1.5	2.5
Purchase costs	1.6	1.3	1.1
Final products prices	1.0	0.7	0.7
Retail prices	1.3	1.3	0.9
	Percent		
Capacity utilisation rate	83.3	83.4	82.7

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



All data seasonally adjusted and subject to revision. Survey conducted from 19 to 31 July 2024, covering around 380 firms across the non-farm business sector.  
 Next release date: 10 September 2024.

## Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

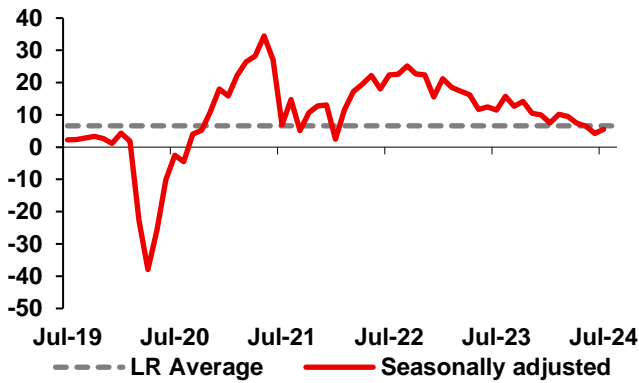


Chart 3: Components of Conditions, SA (Net Balance)

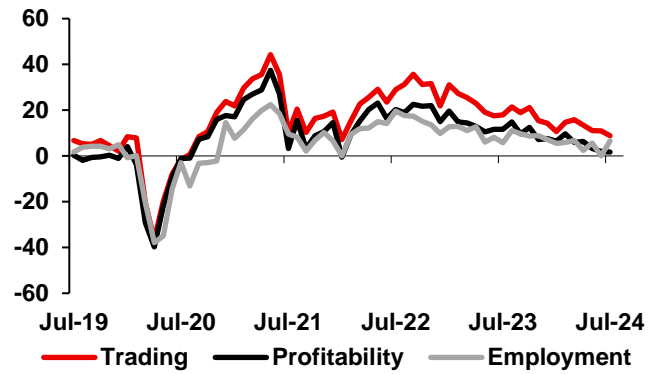


Chart 4: Business Confidence, SA (Net Balance)

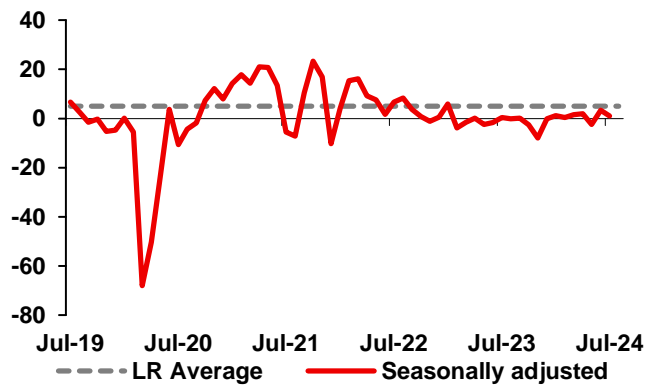


Chart 5: Conditions & Confidence, Trend (Net Balance)

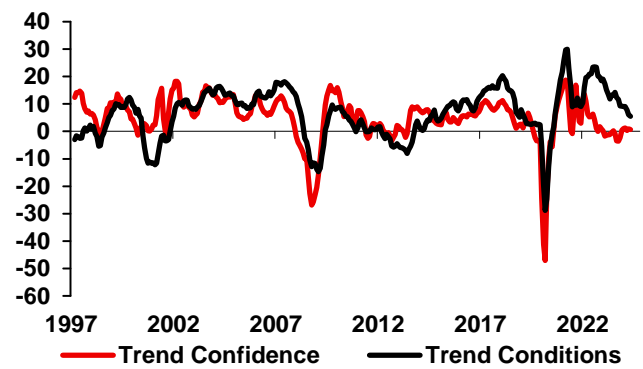


Chart 6: Conditions & Confidence by Industry, Trend (Net Balance)

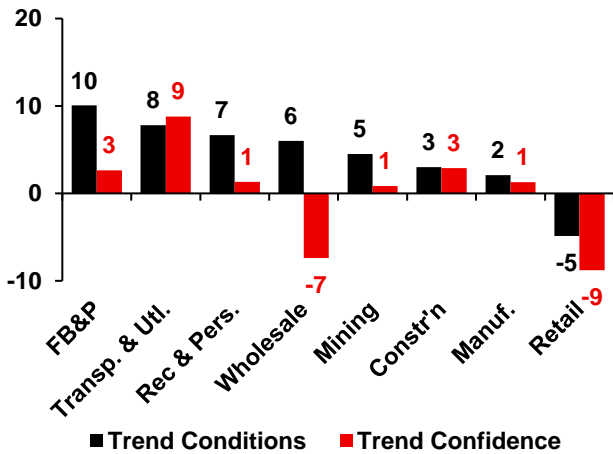
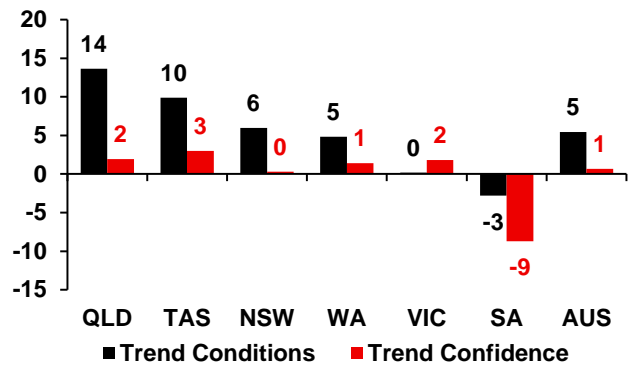


Chart 7: Conditions & Confidence by State, Trend (Net Balance)



## Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

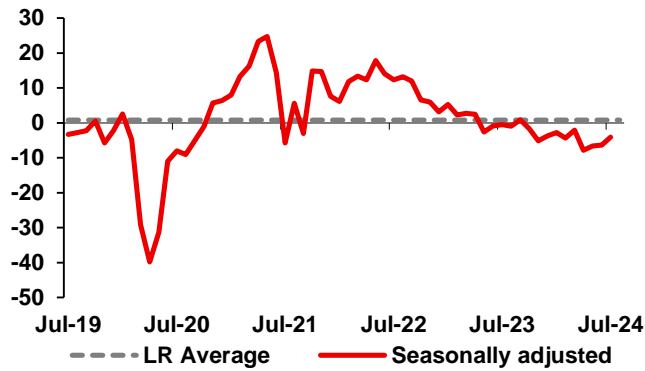


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

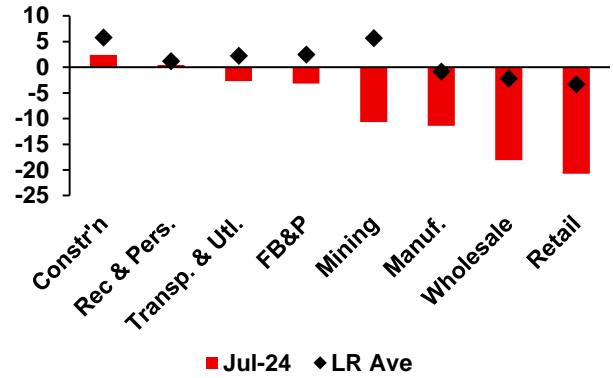


Chart 10: Capacity Utilisation, SA (%)

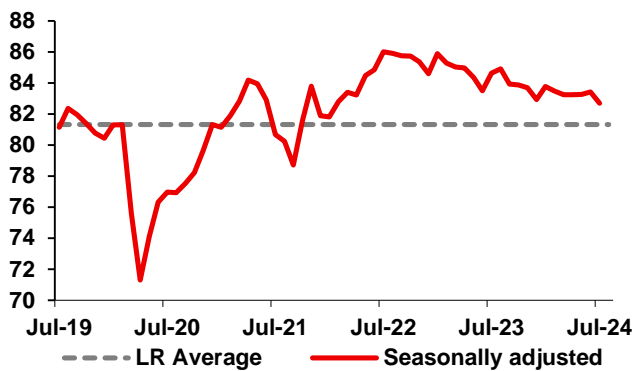


Chart 11: Capacity Util. by Industry, Trend

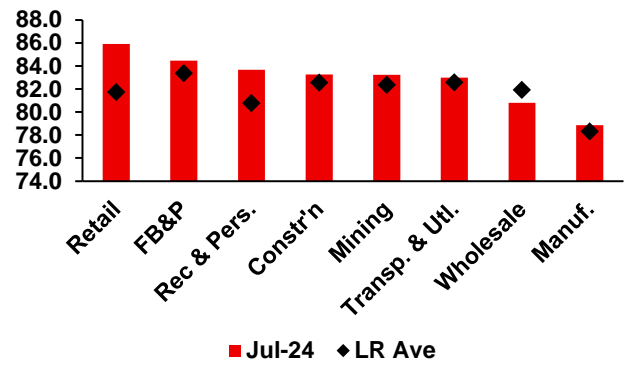


Chart 12: Capital Expenditure, SA (Net Balance)

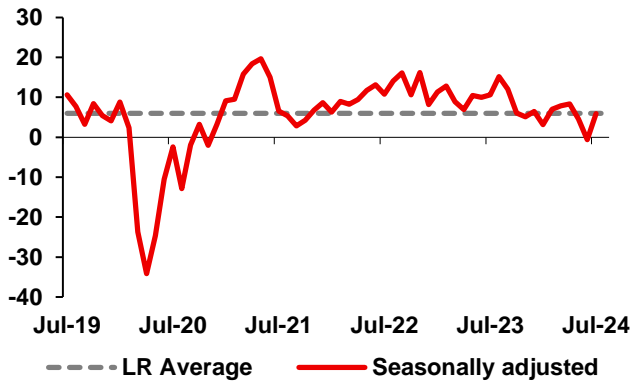


Chart 13: Exports & Stocks, SA (Net Balance)

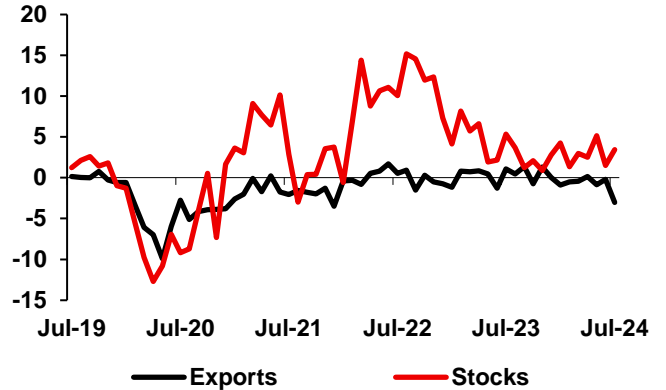


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

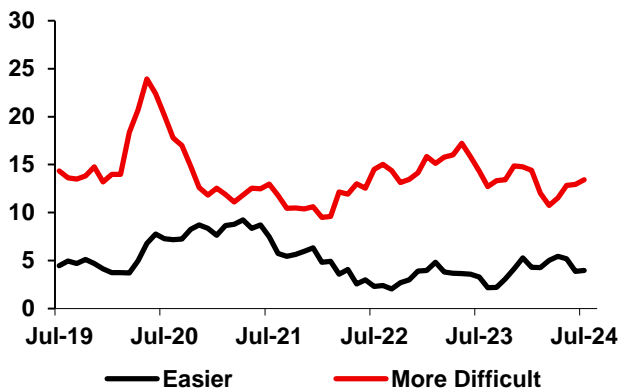
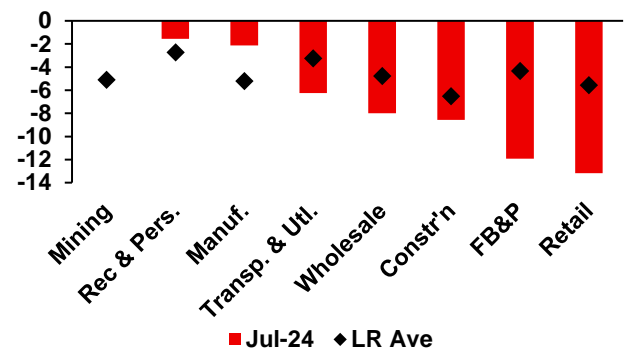


Chart 15: Borrowing Conditions by Industry (Net Balance)



## Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

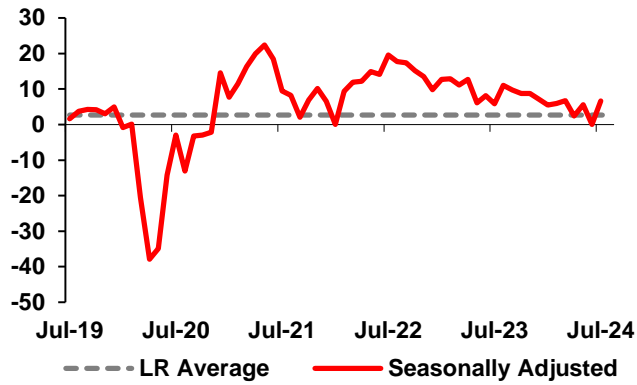


Chart 17: Employment, Selected Industries, Trend

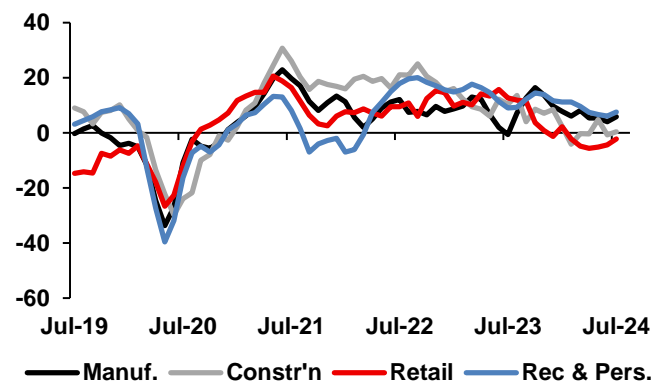


Chart 18: Cost Growth, SA (% Qtly Eq.)

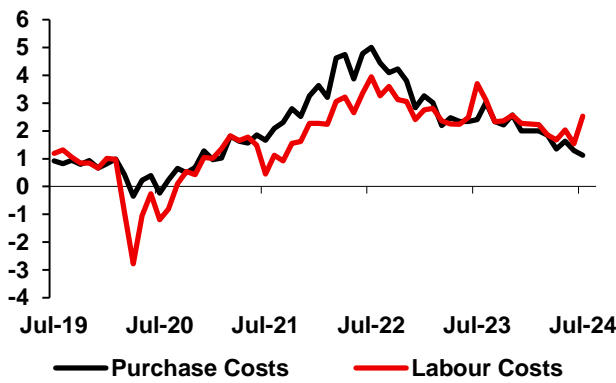


Chart 19: Labour Costs, Selected Industries, Trend (%)

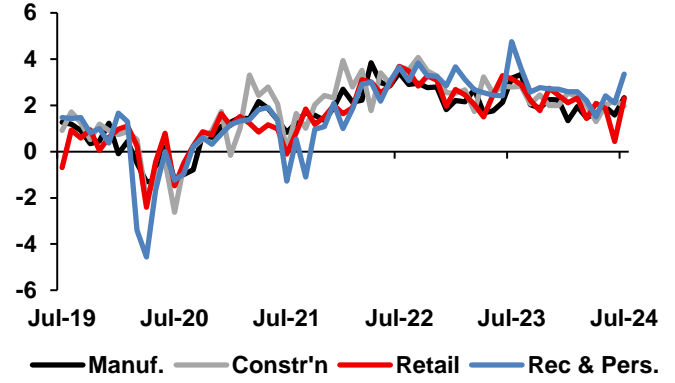


Chart 20: Output Price Growth, SA (% Qtly Eq.)

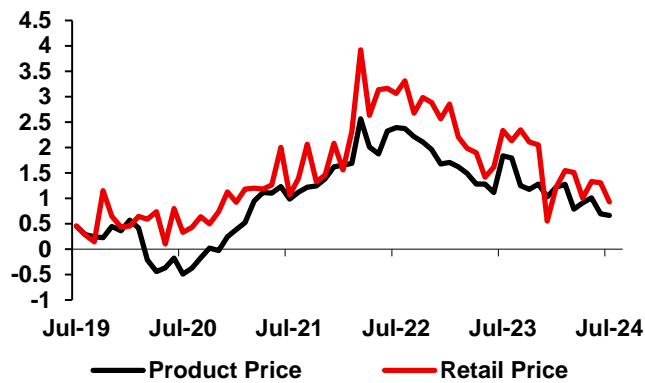
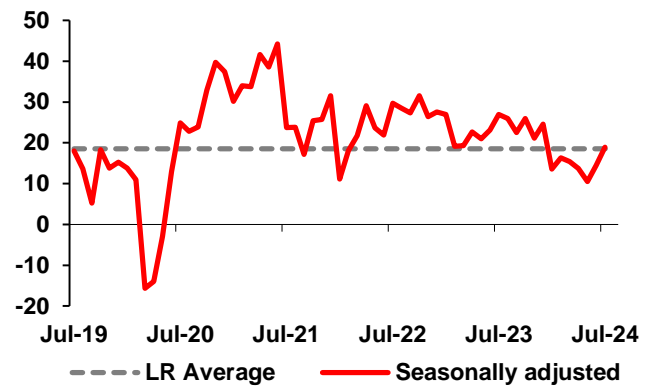


Chart 21: Cash Flow, SA (Net Balance)



## Conditions and Confidence by State and Industry

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

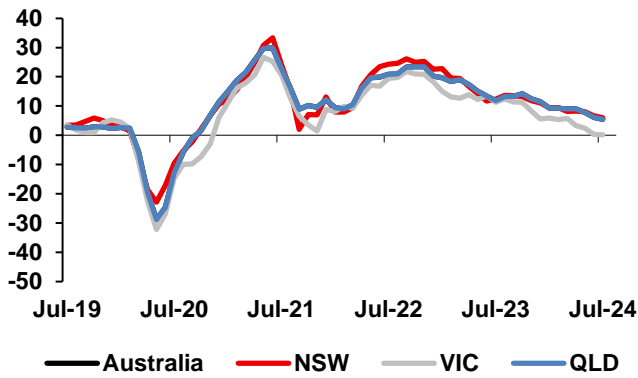


Chart 23: Conditions by State (Net Balance, Trend)

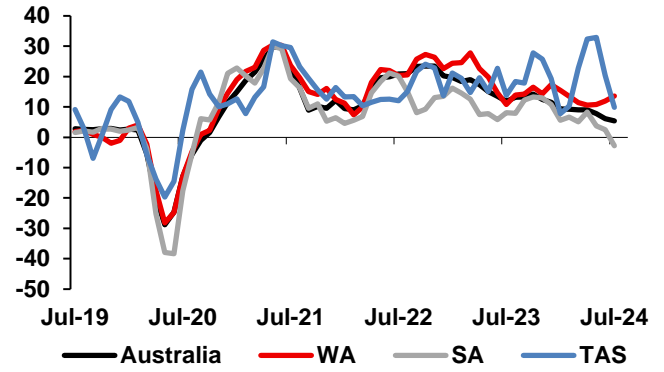


Chart 24: Confidence by State (Net Balance, Trend)

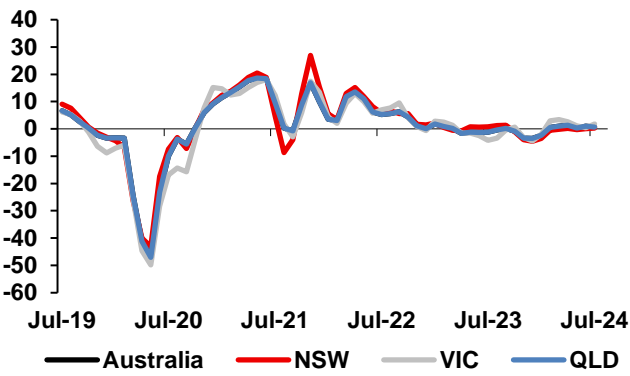


Chart 25: Confidence by State (Net Balance, Trend)

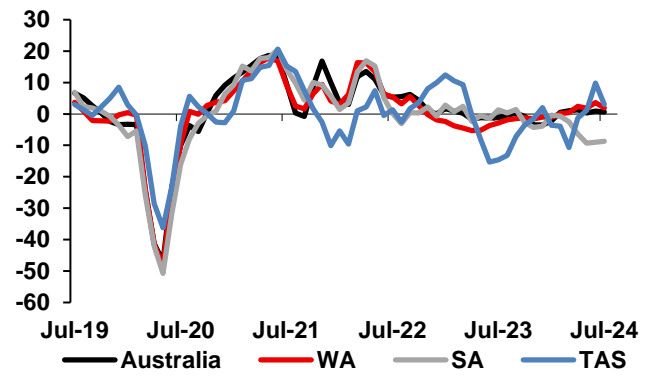


Chart 26: Conditions by Industry (Net Balance, Trend)

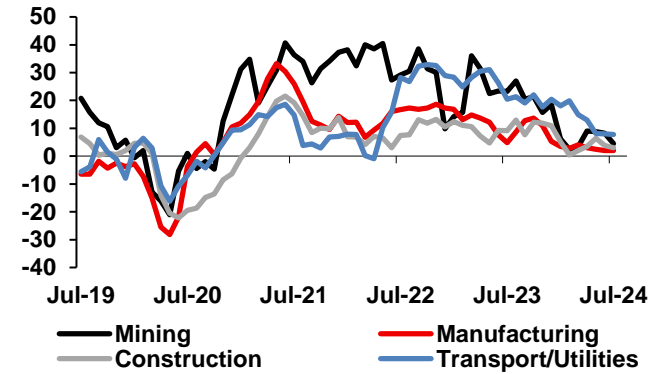


Chart 27: Conditions by Industry (Net Balance, Trend)

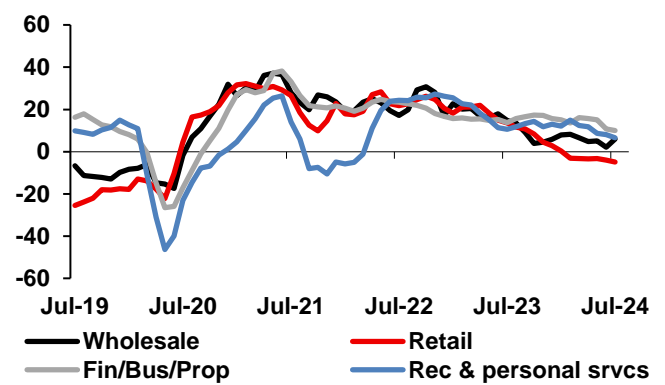


Chart 28: Confidence by Industry (Net Balance, Trend)

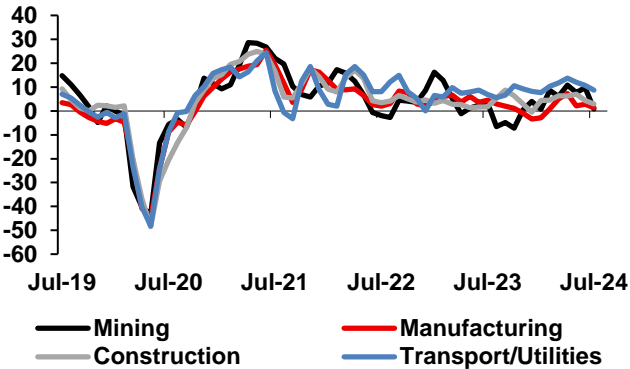
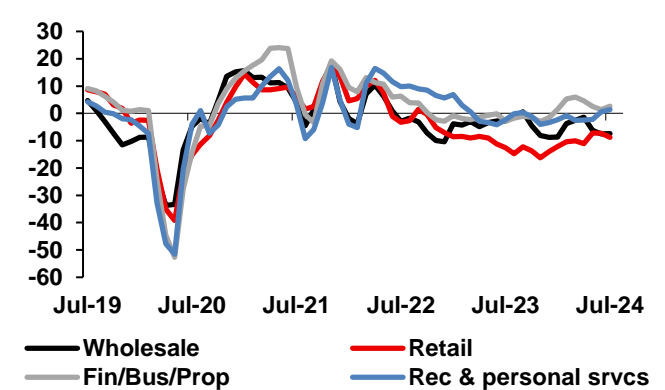


Chart 29: Confidence by Industry (Net Balance, Trend)



## Authors

**Brody Viney**

Senior Economist  
Brody.Viney@nab.com.au  
+61 0 452 673 400

**Gareth Spence**

Head of Australian Economics  
Gareth.Spence@nab.com.au  
+61 0 422 081 046

**Alan Oster**

Group Chief Economist  
Alan.Oster@nab.com.au  
+61 0 414 444 652

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## Appendix: list of series available to subscribers<sup>^</sup>

### 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.

<sup>^</sup>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.