

NAB Monthly Business Survey Aug-24



Conditions and confidence drop as activity slows

NAB Economics

Summary

Business conditions dropped back below average in August after a brief uptick in July, and confidence sank into negative territory in the month. The fall in conditions was driven by a drop in the employment subcomponent, suggesting that weaker trading conditions and profitability may now be more materially feeding into labour demand. The fall in confidence was also marked, while forward orders remained around the negative level that has persisted for some time. Still, capacity utilisation remains elevated and capex rose in the month. In terms of price pressures on the input side, labour cost growth eased but purchase cost growth ticked higher. Retail price growth remains high and continues to outpace broader output price inflation. With the recent National Accounts showing very soft private sector growth in Q2, the business survey suggests this has carried on into the new financial year and may be beginning to translate into a softer labour market.

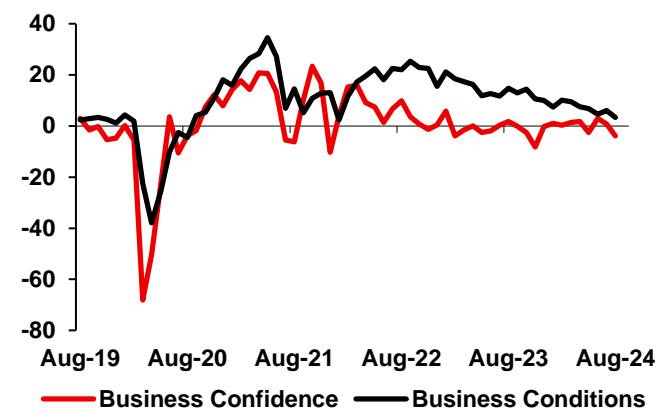
Survey Details

- **Business confidence** fell 5pts to -4 index points, with significant falls in recreation & personal services, transport & utilities, construction and manufacturing. In trend terms, the level of confidence remains weakest in retail and wholesale.
- **Business conditions** fell 3pts to +3 index points. The fall was driven by the employment subcomponent, down 6pts, though there were also small falls in trading conditions and profitability.
- **By industry**, conditions fell in wholesale (down 18pts), manufacturing (down 9pts), retail (down 6pts) transport & utilities (down 5pts), and finance, business & property (down 2pts). Mining rose sharply while construction and recreation & personal services were up 1pt each. In trend terms, conditions remain weakest in retail at -6 index points.
- **By State**, conditions fell in NSW (down 5pts) and Vic (down 3pts) as well as SA, and there was a large negative correction in Tas (albeit based on a small sample size). Qld was flat and WA rose 1pt. In trend terms, conditions remained strongest in Qld, with WA and NSW also in positive territory.
- **Forward orders** were unchanged at -4 index points. **Capex** rose 5pts to +11 index points, while **capacity utilisation** rose to 82.9% and remains well above average, albeit down on June's level.
- **Labour cost growth** eased to 1.7% in quarterly equivalent terms, down from 2.4% in July, while **purchase cost growth** rose to 1.6%.
- **Product price growth** was 0.6% (from 0.7%). **Retail price growth** rose to 1.2% (from 1.0%), while **recreation & personal services price growth** eased to 0.8% (from 1.2%).

Table 1: Key Monthly Business Survey Statistics

	Jun-24	Jul-24	Aug-24
	Net balance		
Business confidence	3	1	-4
Business conditions	5	6	3
Trading	11	10	8
Profitability	2	2	1
Employment	0	7	1
Forward Orders	-6	-4	-4
Capex	-1	6	11
Stocks	2	3	2
Exports	0	-3	-1
	% change at quarterly rate		
Labour costs	1.6	2.4	1.7
Purchase costs	1.4	1.3	1.6
Final products prices	0.7	0.7	0.6
Retail prices	1.3	1.0	1.2
	Percent		
Capacity utilisation rate	83.4	82.7	82.9

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



All data seasonally adjusted and subject to revision. Survey conducted from 19 to 27 August 2024, covering over 500 firms across the non-farm business sector. Next release date: 8 October 2024.

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

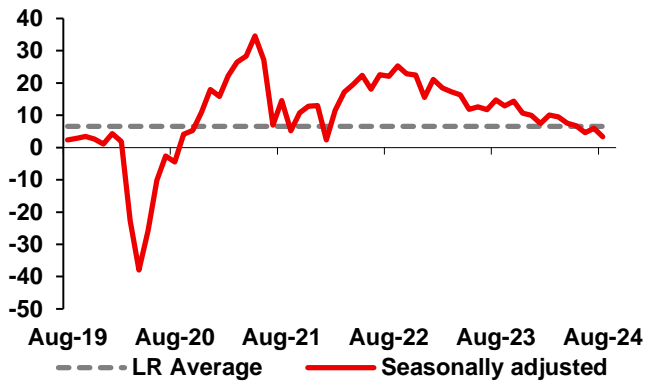


Chart 3: Components of Conditions, SA (Net Balance)

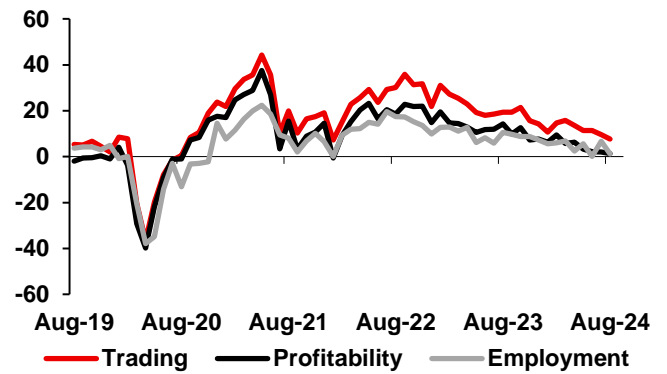


Chart 4: Business Confidence, SA (Net Balance)

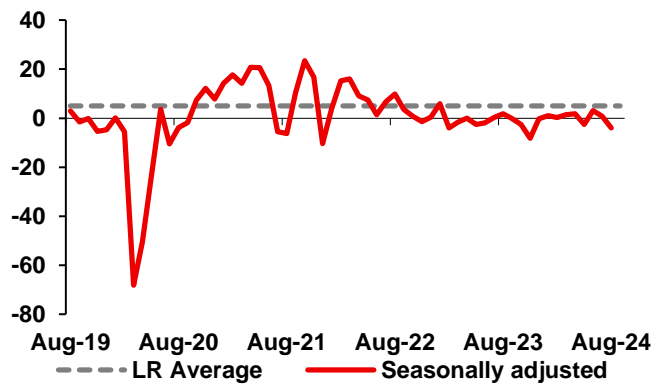


Chart 5: Conditions & Confidence, Trend (Net Balance)

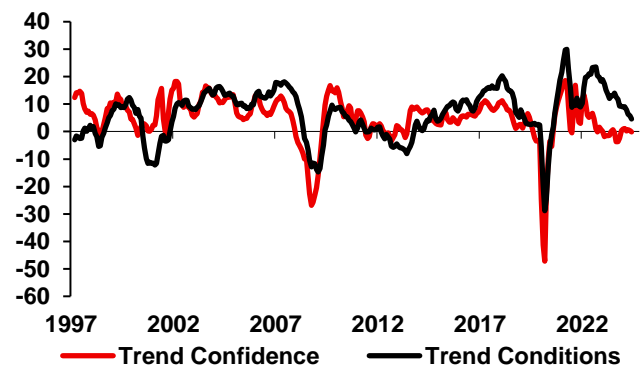


Chart 6: Conditions & Confidence by Industry, Trend (Net Balance)

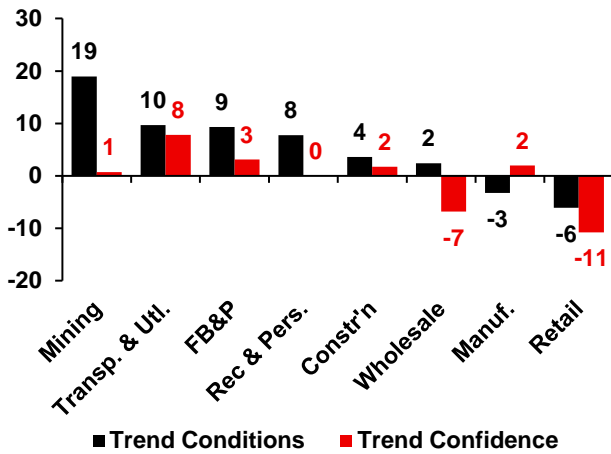
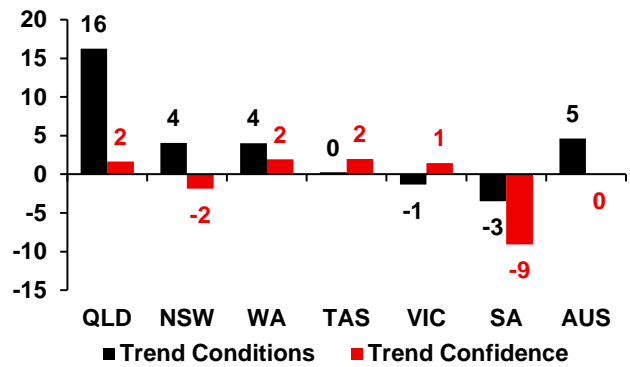


Chart 7: Conditions & Confidence by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

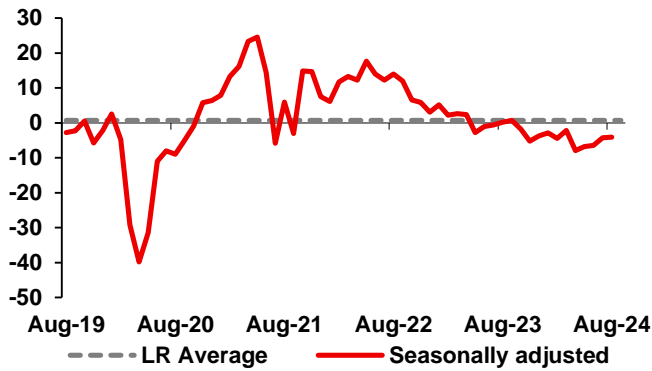


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

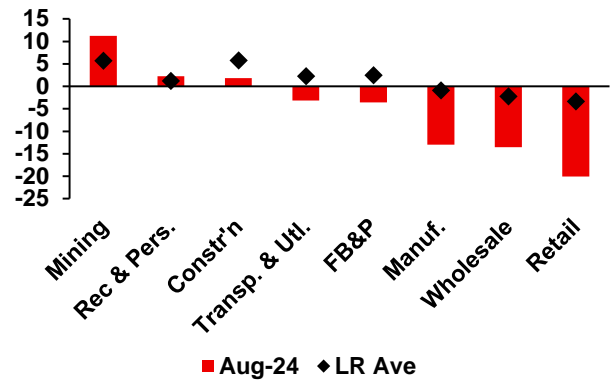


Chart 10: Capacity Utilisation, SA (%)

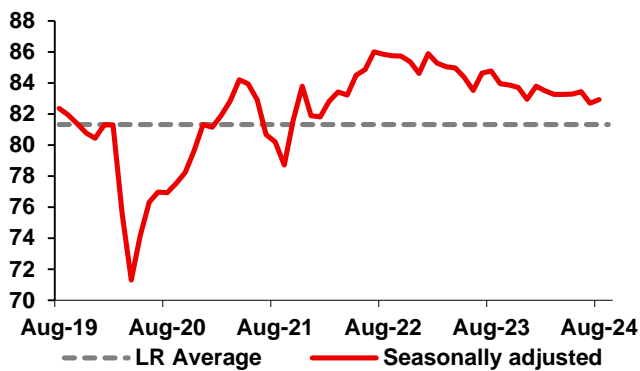


Chart 11: Capacity Util. by Industry, Trend

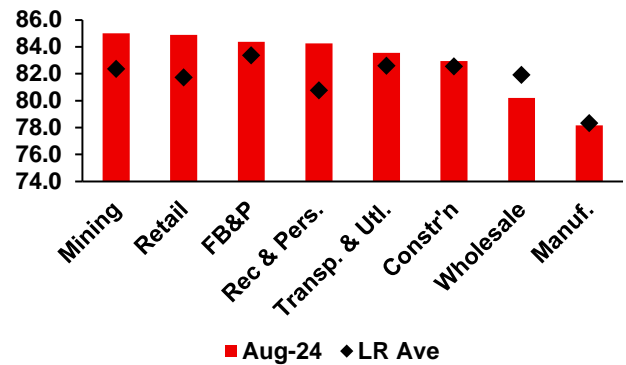


Chart 12: Capital Expenditure, SA (Net Balance)

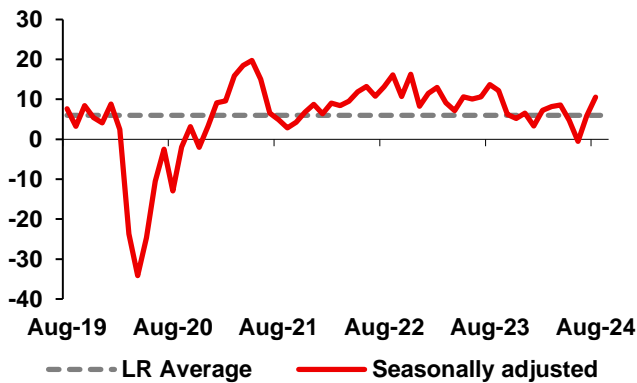


Chart 13: Exports & Stocks, SA (Net Balance)

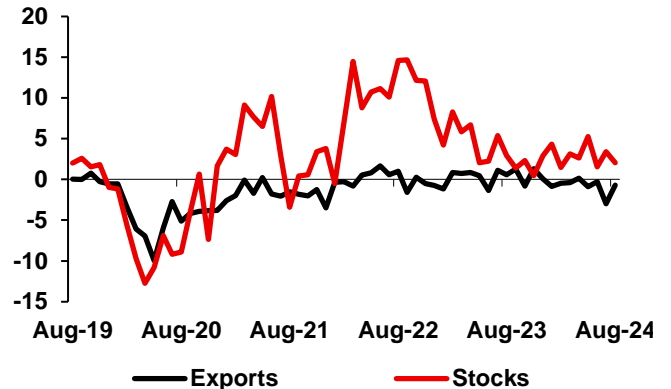


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

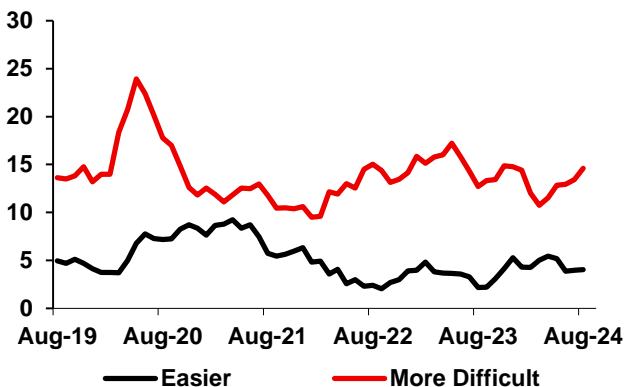
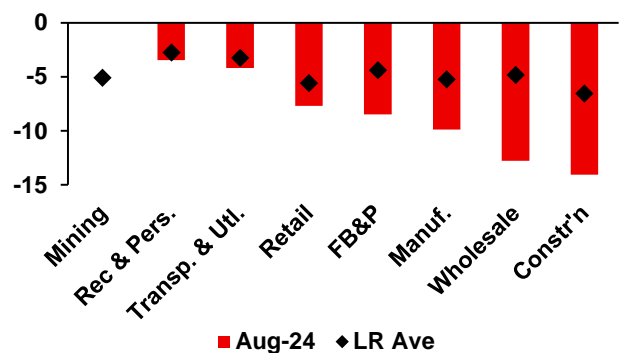


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

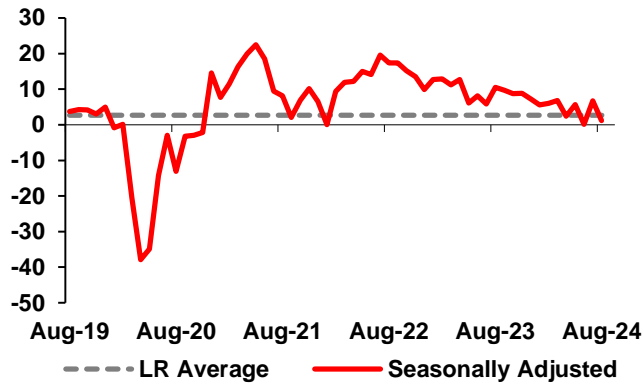


Chart 17: Employment, Selected Industries, Trend

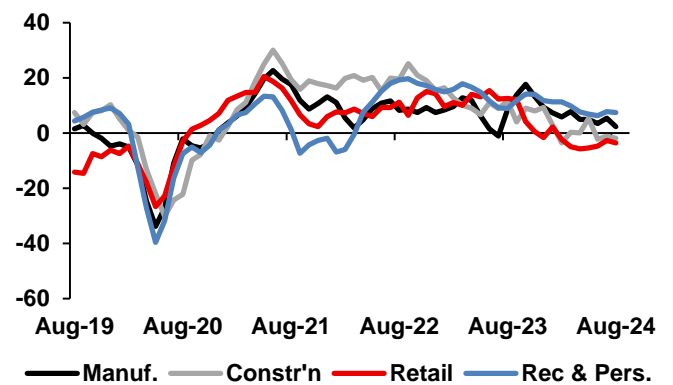


Chart 18: Cost Growth, SA (% Qtly Eq.)

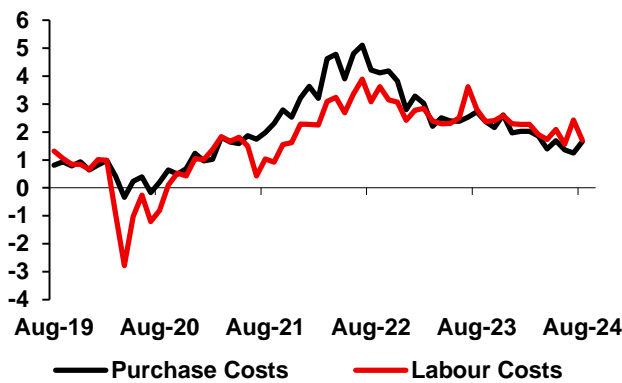


Chart 19: Labour Costs, Selected Industries, Trend (%)

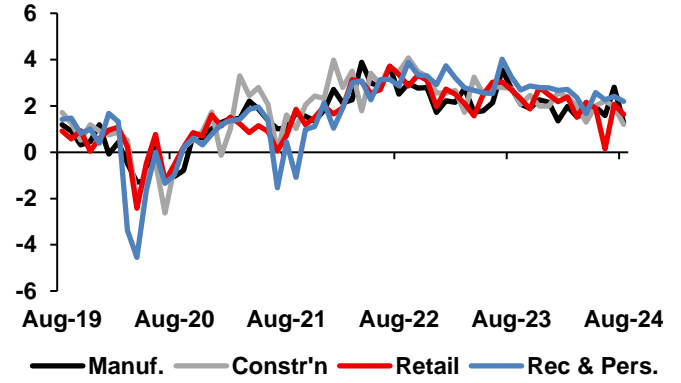


Chart 20: Output Price Growth, SA (% Qtly Eq.)

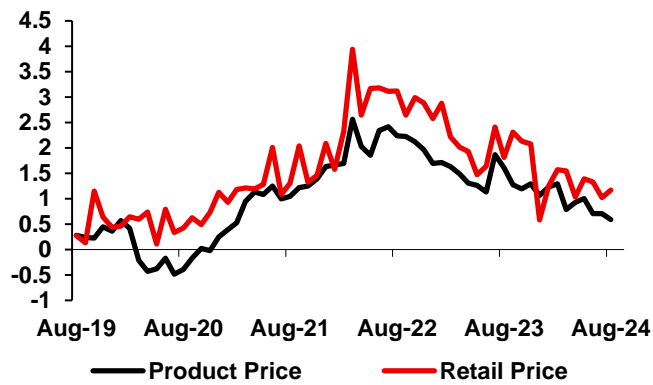
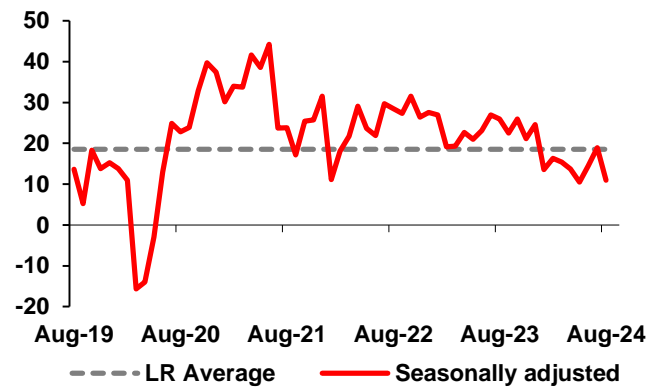


Chart 21: Cash Flow, SA (Net Balance)



Conditions and Confidence by State and Industry

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

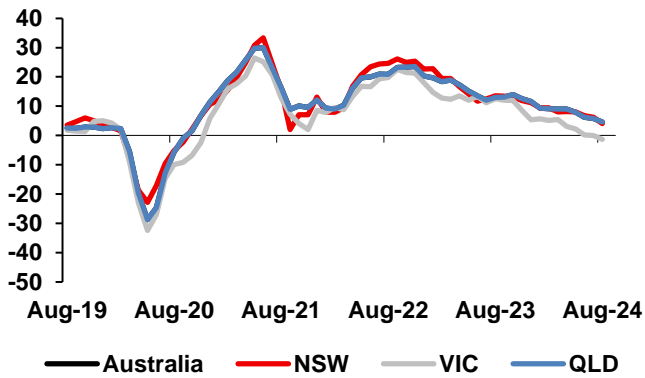


Chart 23: Conditions by State (Net Balance, Trend)

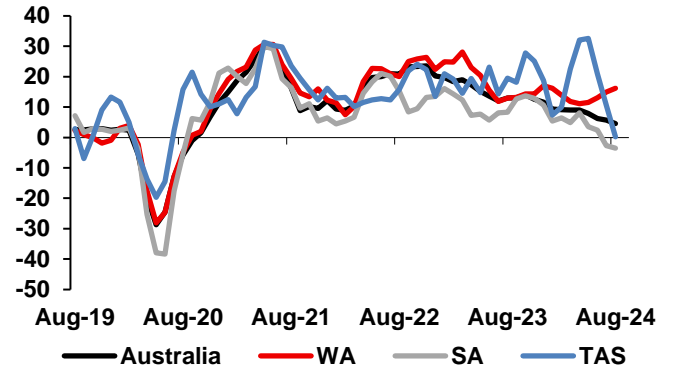


Chart 24: Confidence by State (Net Balance, Trend)

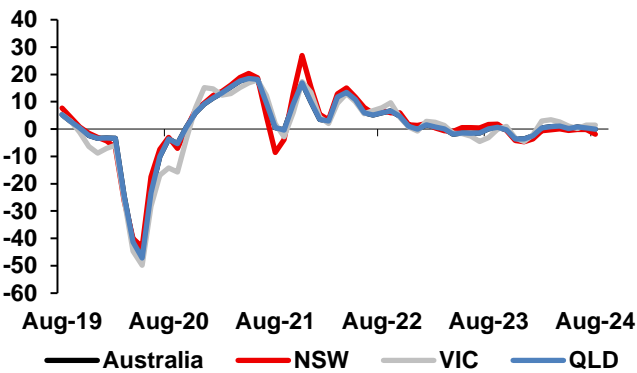


Chart 25: Confidence by State (Net Balance, Trend)

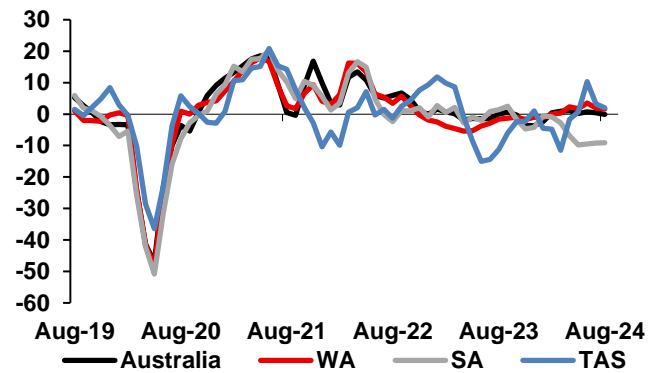


Chart 26: Conditions by Industry (Net Balance, Trend)

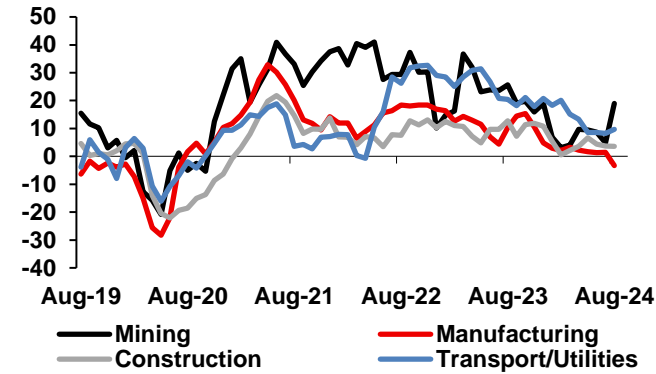


Chart 27: Conditions by Industry (Net Balance, Trend)

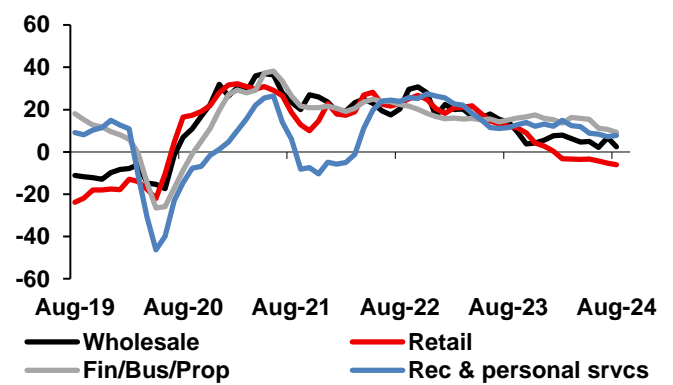


Chart 28: Confidence by Industry (Net Balance, Trend)

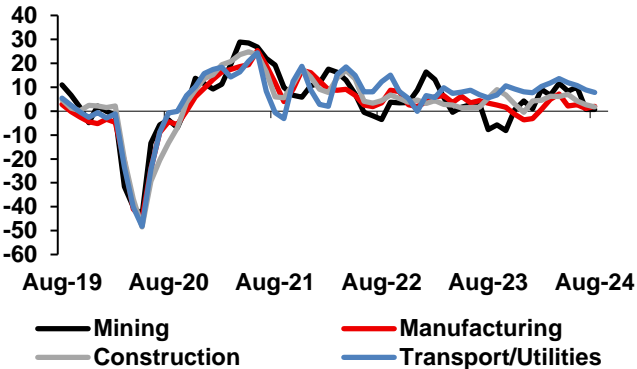
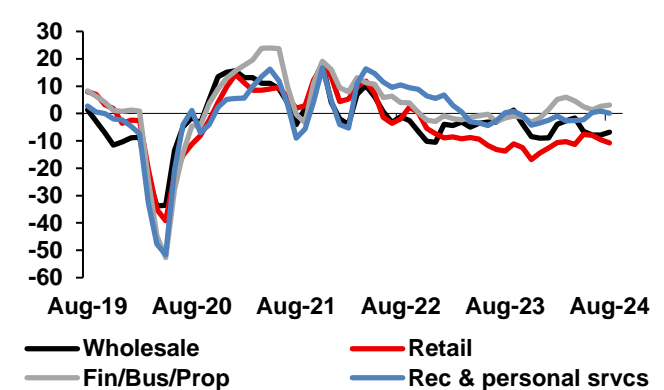


Chart 29: Confidence by Industry (Net Balance, Trend)



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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.