



NAB Monthly Business Survey Dec-24

Business conditions edge higher in December

NAB Economics

Summary

Business conditions rose in December, largely reversing the fall seen in November and almost returning to the long-run average. Most industries recorded an improvement in business conditions, with retail re-entering positive territory for the first time since November 2023. However, conditions in retail remain significantly weaker than most industries, with services sectors continuing to outperform the goods sectors. Confidence also edged up but remains well below the long-run average – with forward orders following a similar trajectory. Overall, the survey points to improvements across most activity measures, though confidence remains weak. Capacity utilisation increased slightly and continues to track at above average levels but has eased substantially from the levels seen through late 2022 and early 2023. Most industries reported an uptick in both purchase cost and final product price growth in the month. Labour cost growth on the other hand continues to ease despite the ongoing strength in the labour market. Overall, the survey continues to show some resilience in activity but also that businesses continue to face a challenging cost environment amid slower output price growth in late 2024.

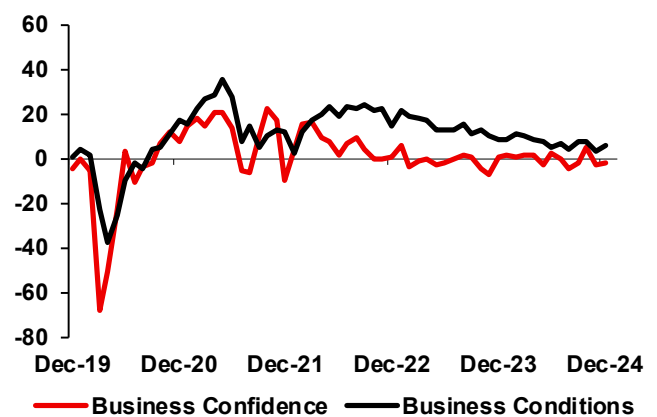
Survey Details

- **Business confidence** edged up 1pt to -2 index points, remaining well below the long-run average. In trend terms, confidence remains weakest in retail (-9 index points), wholesale (-4 index points) and construction (-3 index points).
- **Business conditions** rose 3pts to +6 index points, partly reversing the fall in November. The trading and profitability sub-indexes both rose (up 3pts and 4pts respectively), while employment conditions improved marginally (up 1pt).
- **By industry**, conditions improved in all industries except transport & utilities, construction and wholesale (which was flat). There was a notable improvement in retail, which re-entered positive territory for the first time since November 2023. In trend terms, conditions are weakest in manufacturing and strongest in finance, business & property, and rec & personal.
- **By State**, conditions improved in all states except WA and Qld (which was flat). SA saw a sharp rise and its first positive read since April 2024. In trend terms, conditions are strongest in Qld and weakest in SA.
- **Forward orders** improved by 3pts to -2 index points. **Capex** was broadly flat at +11 index points (remaining above the long-run average of 6 index points) while **capacity utilisation** ticked up to 82.8%.
- **Purchase cost growth** ticked up again to 1.5% in quarterly equivalent terms, **while labour cost growth** edged down to 1.4%.
- **Product price growth** rose from 0.6% to 0.9% while **retail price growth** edged up marginally to 0.7%.

Table 1: Key Monthly Business Survey Statistics

	Oct-24	Nov-24	Dec-24
	Net balance		
Business confidence	5	-3	-2
Business conditions	8	3	6
Trading	14	6	9
Profitability	5	0	4
Employment	4	3	4
Forward Orders	-3	-5	-2
Capex	9	10	11
Stocks	8	3	2
Exports	0	-1	1
	% change at quarterly rate		
Labour costs	1.5	1.5	1.4
Purchase costs	1.0	1.3	1.5
Final products prices	0.6	0.6	0.9
Retail prices	1.1	0.6	0.7
	Percent		
Capacity utilisation rate	82.4	82.4	82.8

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



All data seasonally adjusted and subject to revision. Survey conducted from 9 to 20 January 2025, covering around 300 businesses across the non-farm business sector. **Next release date: 11 February 2025.**

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

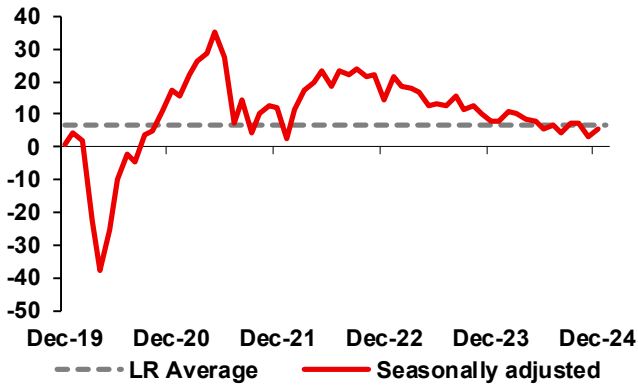


Chart 3: Components of Conditions, SA (Net Balance)

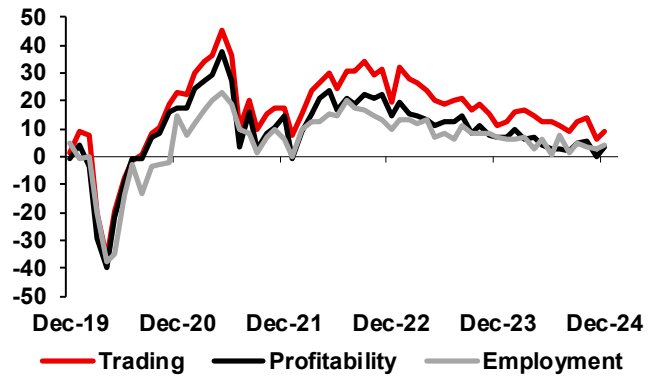


Chart 4: Business Confidence, SA (Net Balance)

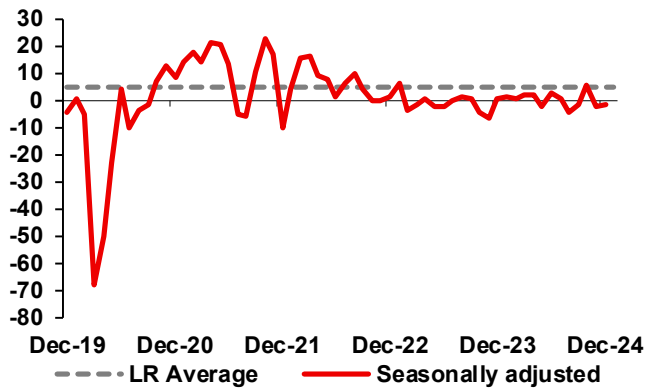


Chart 5: Conditions & Confidence, Trend (Net Balance)

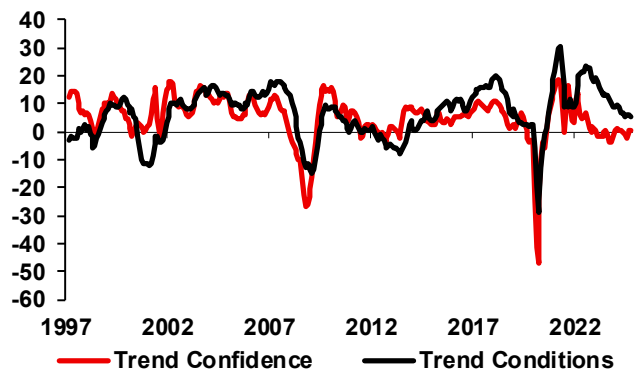


Chart 6: Conditions & Confidence by Industry, Trend (Net Balance)

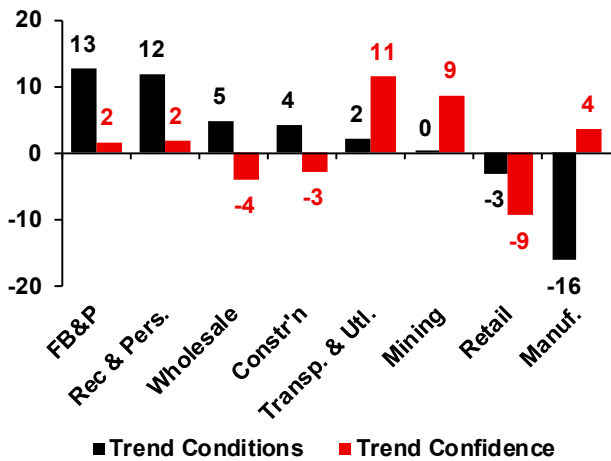
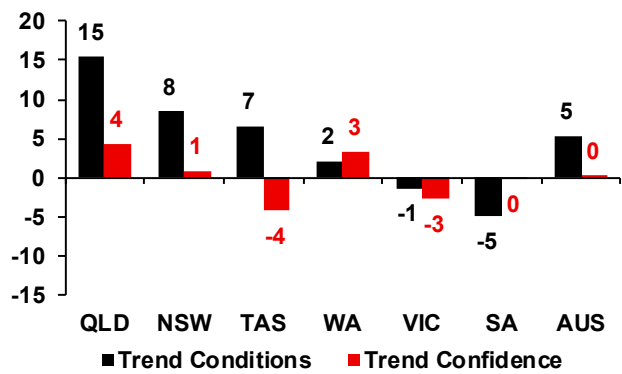


Chart 7: Conditions & Confidence by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

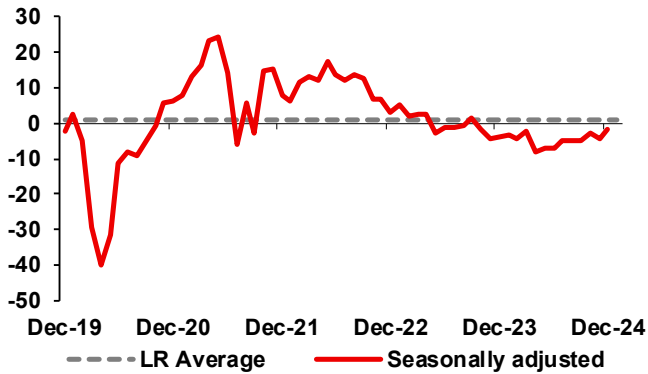


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

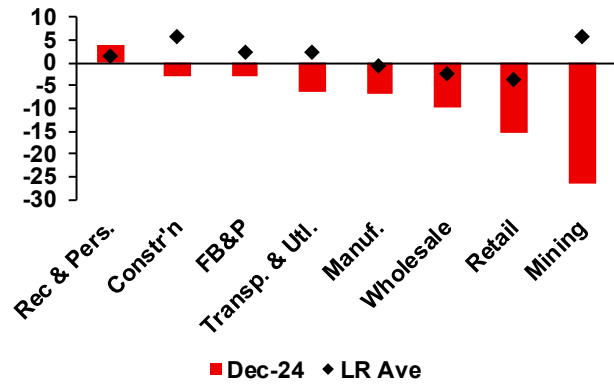


Chart 10: Capacity Utilisation, SA (%)

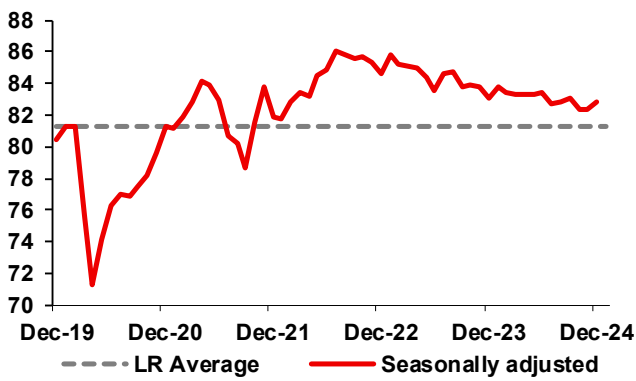


Chart 11: Capacity Util. by Industry, Trend

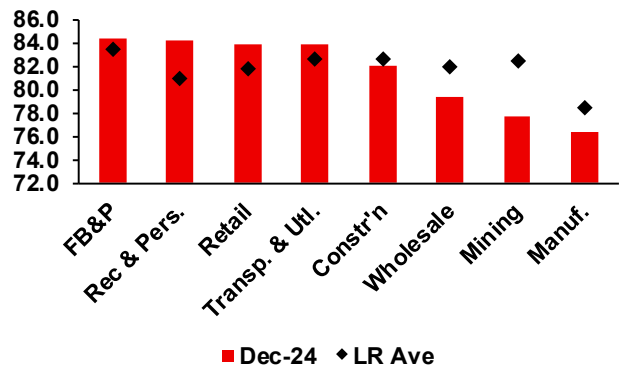


Chart 12: Capital Expenditure, SA (Net Balance)

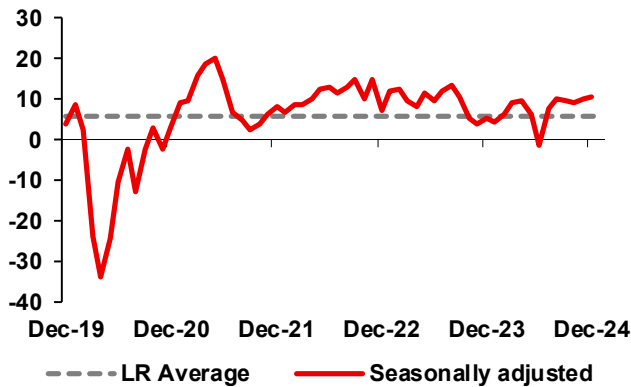


Chart 13: Exports & Stocks, SA (Net Balance)

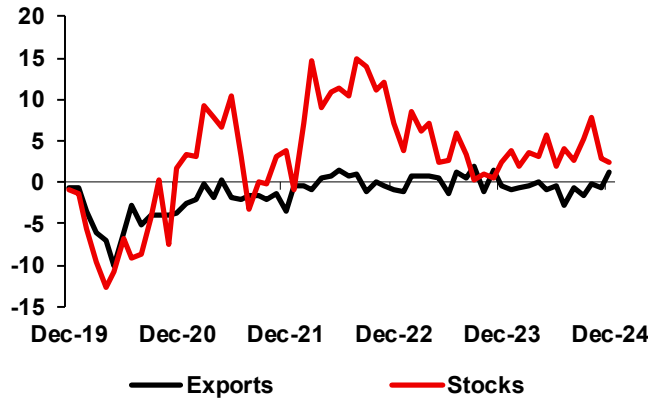


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

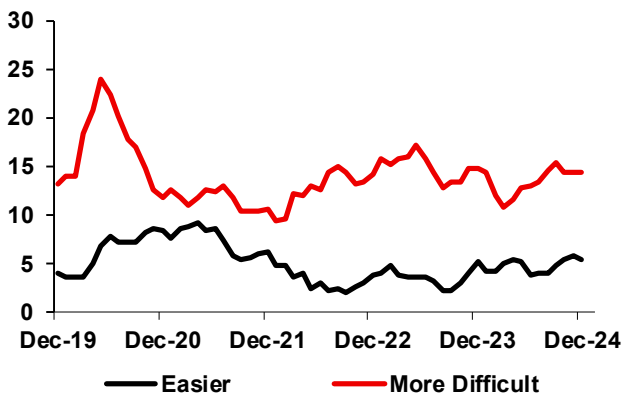
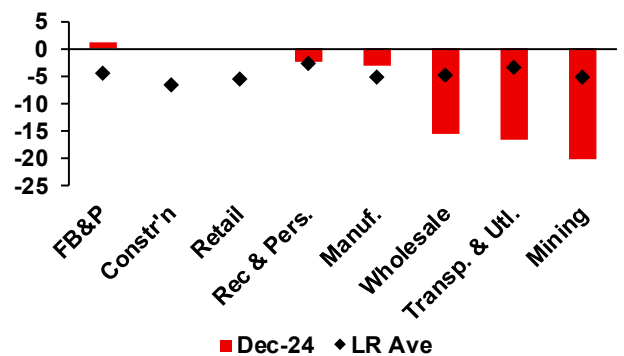


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

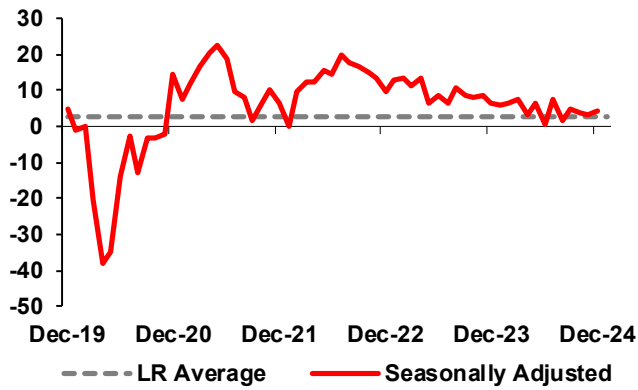


Chart 17: Employment, Selected Industries, Trend

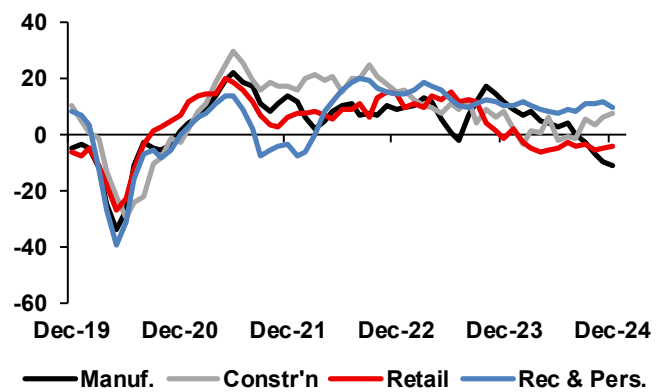


Chart 18: Cost Growth, SA (% Qtly Eq.)

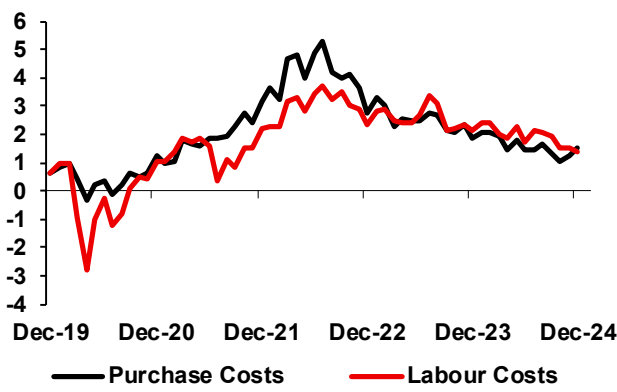


Chart 19: Labour Costs, Selected Industries, Trend (%)

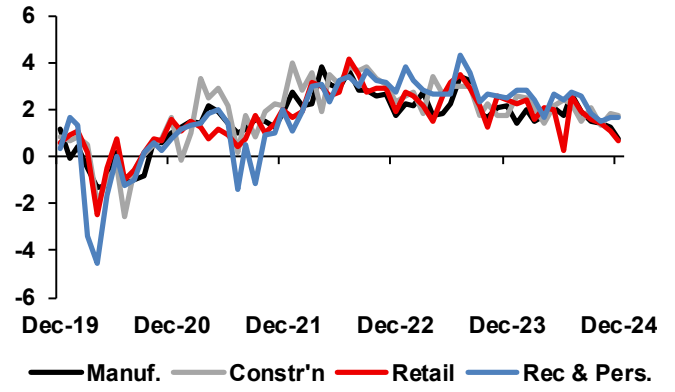


Chart 20: Output Price Growth, SA (% Qtly Eq.)

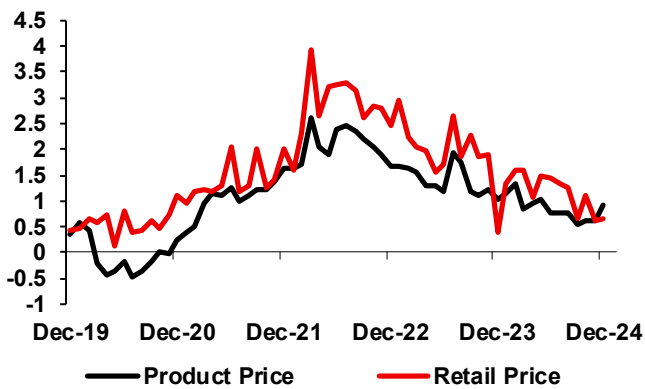
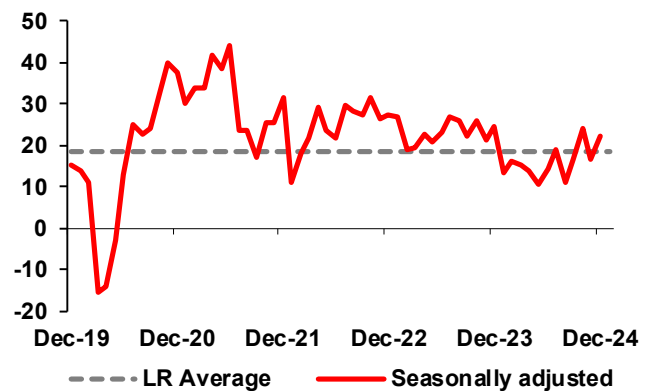


Chart 21: Cash Flow, SA (Net Balance)



Conditions and Confidence by State and Industry

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

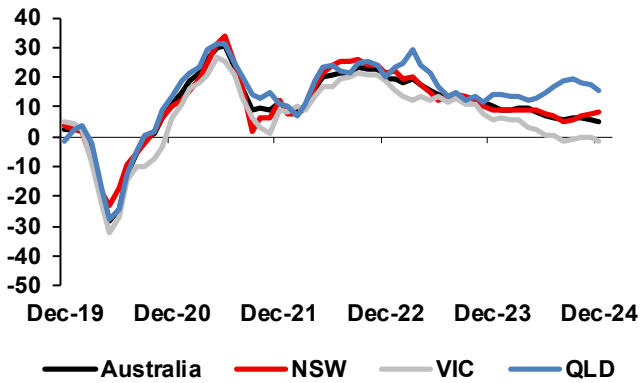


Chart 23: Conditions by State (Net Balance, Trend)

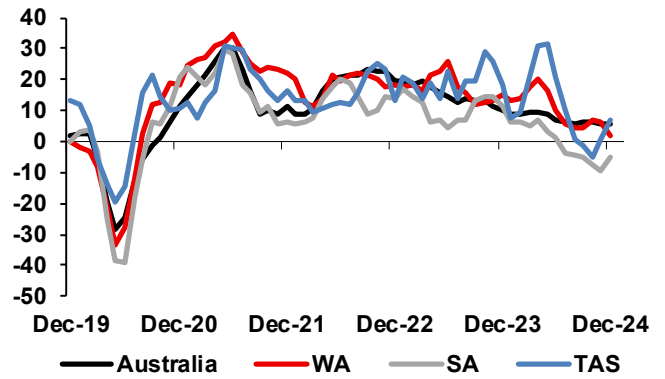


Chart 24: Confidence by State (Net Balance, Trend)

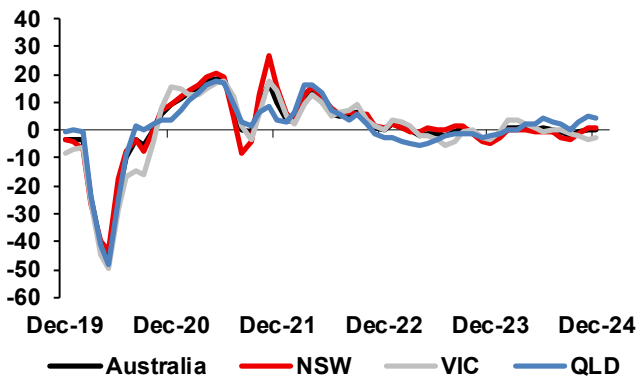


Chart 25: Confidence by State (Net Balance, Trend)

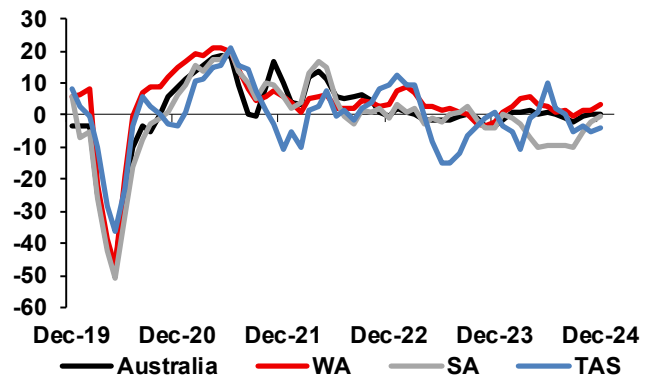


Chart 26: Conditions by Industry (Net Balance, Trend)

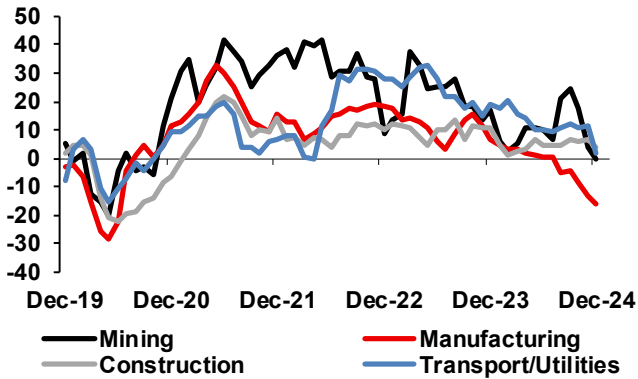


Chart 27: Conditions by Industry (Net Balance, Trend)

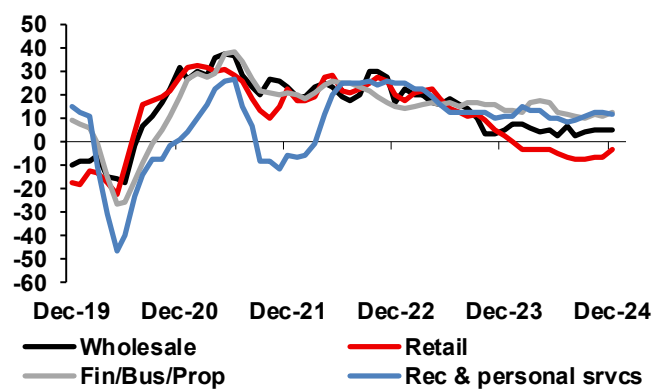


Chart 28: Confidence by Industry (Net Balance, Trend)

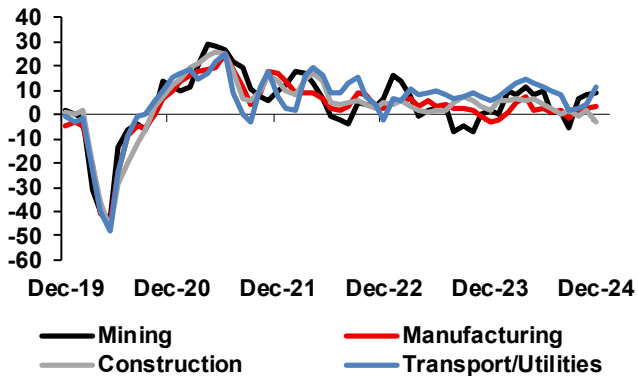
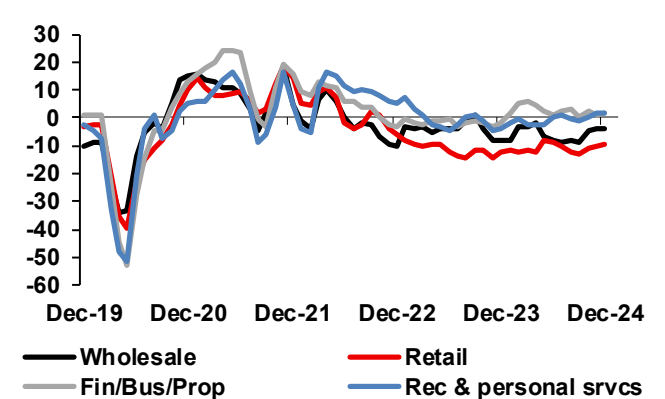


Chart 29: Confidence by Industry (Net Balance, Trend)



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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.