



NAB Monthly Business Survey Jan-25

Confidence rises amid a softening in conditions

NAB Economics

Summary

Business conditions declined in January reversing last month's gains. Trading conditions and profitability eased, while employment rose marginally. In contrast, business confidence rose to +4 index points with broad-based increases across industries. These moves saw confidence and conditions converge in the month, after an extended period of divergence over the past two years. Alongside the softening in business conditions, capacity utilisation fell to 82.0%, resuming its gradual down trend. That said, capacity utilisation remains above average as does labour costs growth and output price inflation. Overall, despite an uptick in confidence, the survey showed a weakening across most activity metrics including capex in the month. This suggests that while the level of demand has remained resilient, growth in the economy likely remains soft and while recent consumption data for late Q4 shows some rebound in household spending, this will likely need to be maintained before conditions recover more broadly.

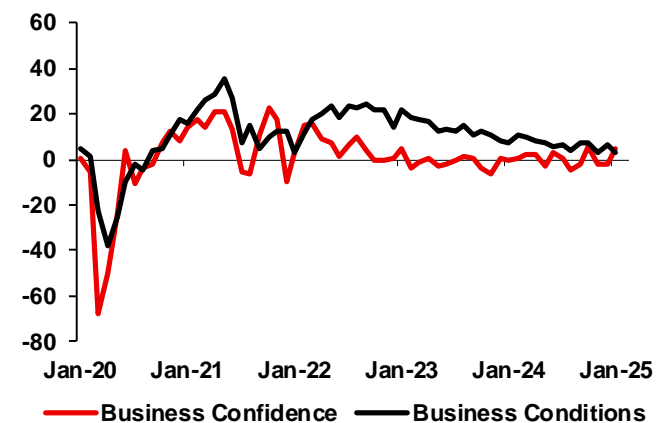
Survey Details

- **Business confidence** improved by 6pts to +4 index points. The increase in confidence was broad-based across industries, except for mining and transport & utilities. In trend terms, confidence remains weakest in retail and wholesale (both -6 index points) and highest in transport & utilities (+9 index point) and mining (+8 index points).
- **Business conditions** fell 3pts to +3 index points and are now below the long-run average of +7 index points. The trading and profitability sub-components both weakened (down 3pts and 6pts, respectively). Employment edged up 1pt in the month.
- **By industry**, conditions were mixed. There was a significant decline in mining conditions. Declines were also recorded in retail (partially reversing the December uptick), finance, business & property, and rec & personal. Wholesale, transport & utilities and manufacturing saw an improvement. In trend terms, conditions remain strongest in the services sector and weakest in manufacturing.
- **By State**, conditions weakened in all states except WA (+6pts) and SA (unchanged). In trend terms, conditions are now weakest in Vic and remain strongest in Qld by a large margin.
- **Capacity utilisation** fell to 82.0%. **Forward orders** eased by 1pt to -3 index points, while **capex** fell 7pts to +4 index points.
- **Purchase cost growth** eased to 1.1% in quarterly equivalent terms while **labour cost growth** edged up to 1.8%. **Product price growth** was unchanged at 0.8%. **Retail price growth** edged up marginally to 0.9%.

Table 1: Key Monthly Business Survey Statistics

	Nov-24	Dec-24	Jan-25
	Net balance		
Business confidence	-3	-2	4
Business conditions	3	6	3
Trading	7	10	6
Profitability	0	4	-2
Employment	3	4	5
Forward Orders	-5	-2	-3
Capex	10	11	4
Stocks	3	3	3
Exports	-1	2	-1
	% change at quarterly rate		
Labour costs	1.6	1.4	1.8
Purchase costs	1.3	1.4	1.1
Final products prices	0.6	0.8	0.8
Retail prices	0.7	0.7	0.9
	Percent		
Capacity utilisation rate	82.4	82.7	82.0

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



All data seasonally adjusted and subject to revision. Survey conducted from 24 to 31 January, covering around 300 businesses across the non-farm business sector. Next release date: 11 March 2025.

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

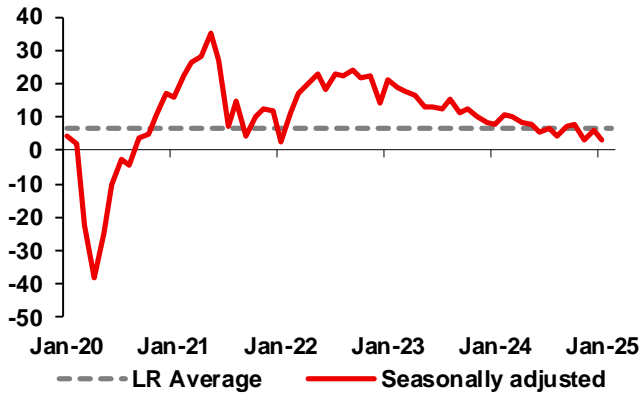


Chart 3: Components of Conditions, SA (Net Balance)

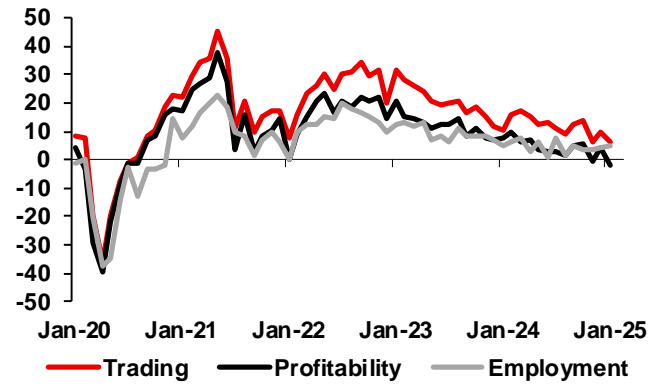


Chart 4: Business Confidence, SA (Net Balance)

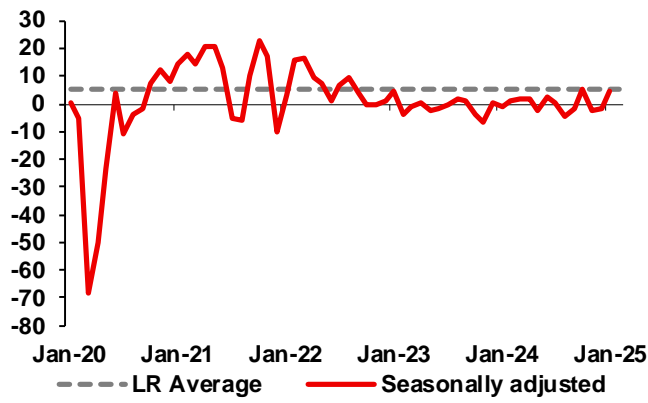


Chart 5: Conditions & Confidence, Trend (Net Balance)

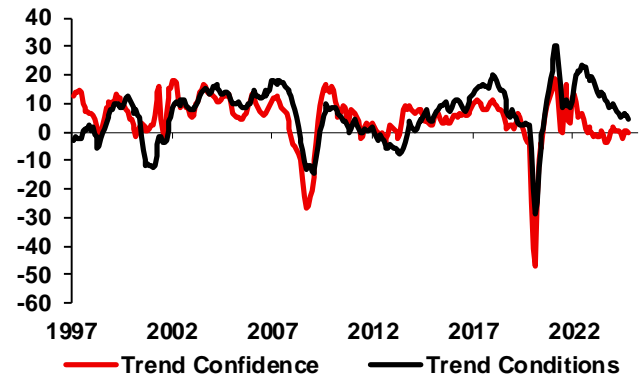


Chart 6: Conditions & Confidence by Industry, Trend (Net Balance)

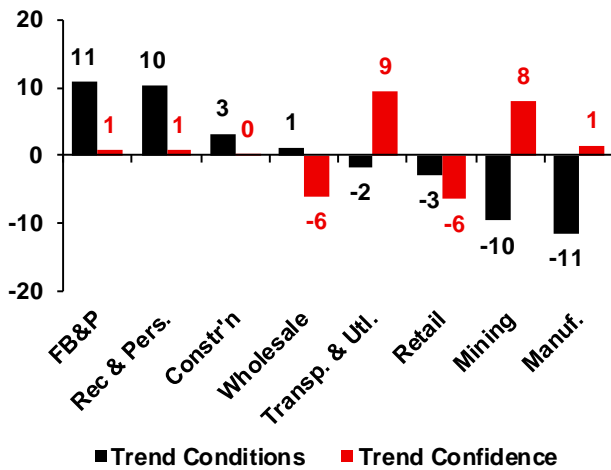
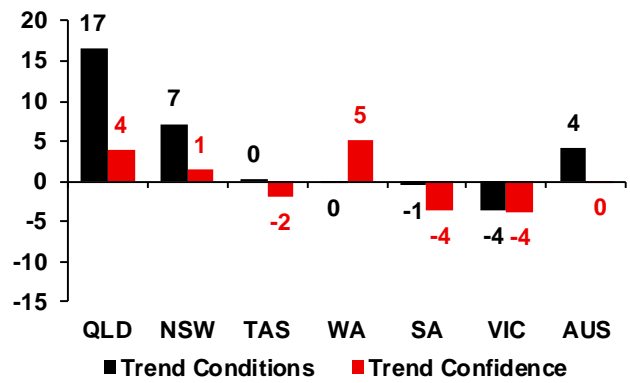


Chart 7: Conditions & Confidence by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

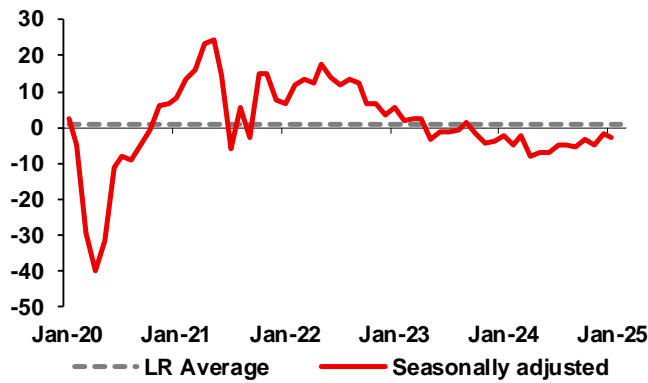


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

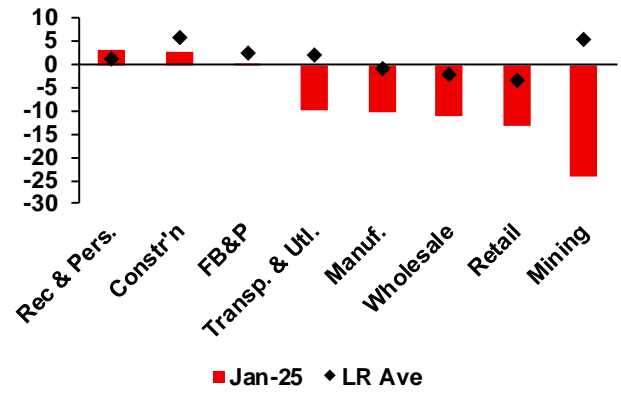


Chart 10: Capacity Utilisation, SA (%)

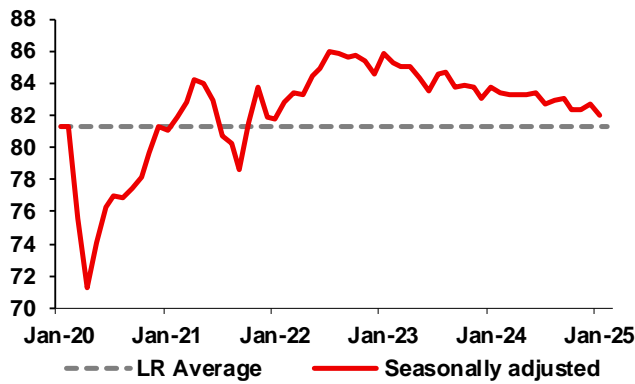


Chart 11: Capacity Util. by Industry, Trend

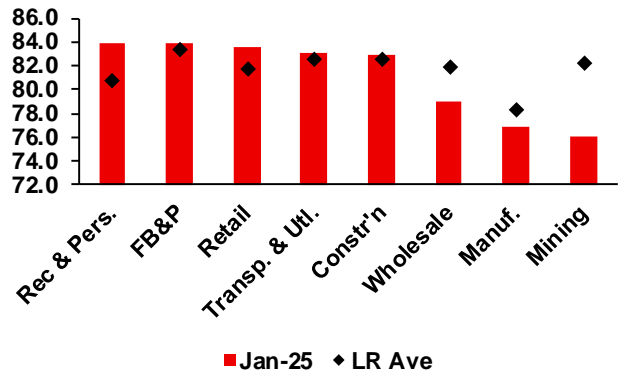


Chart 12: Capital Expenditure, SA (Net Balance)

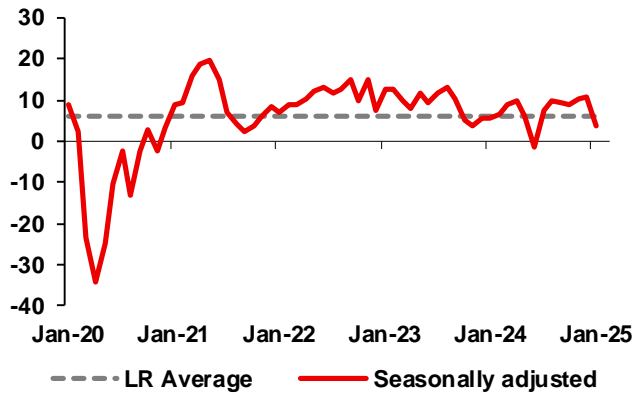


Chart 13: Exports & Stocks, SA (Net Balance)

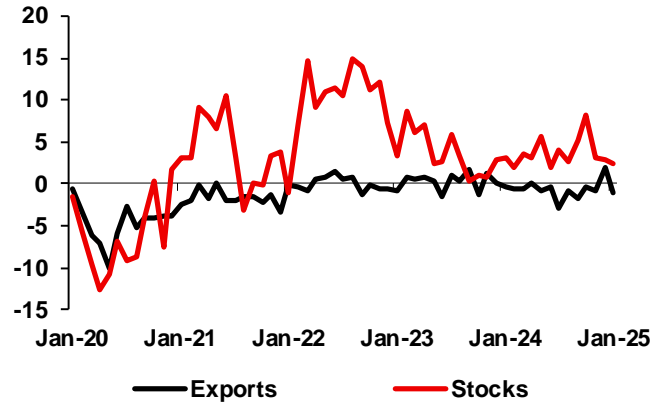


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

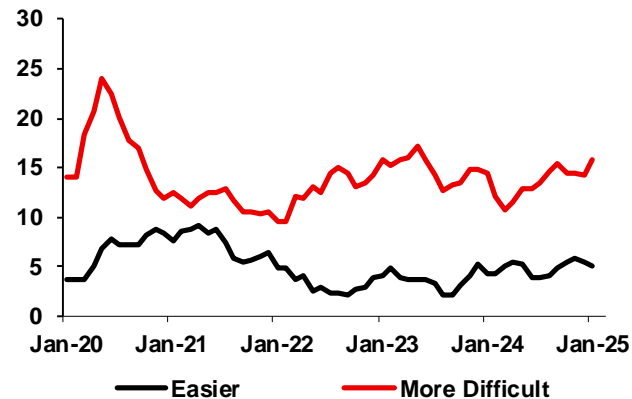
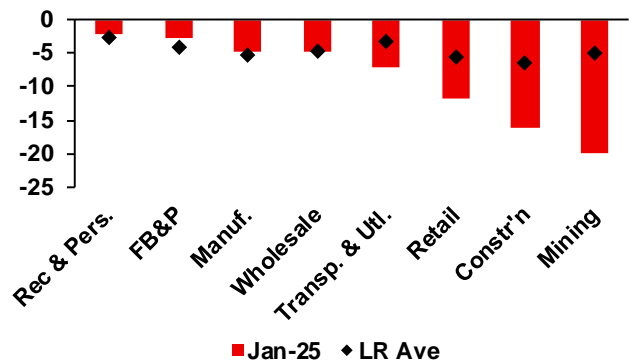


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

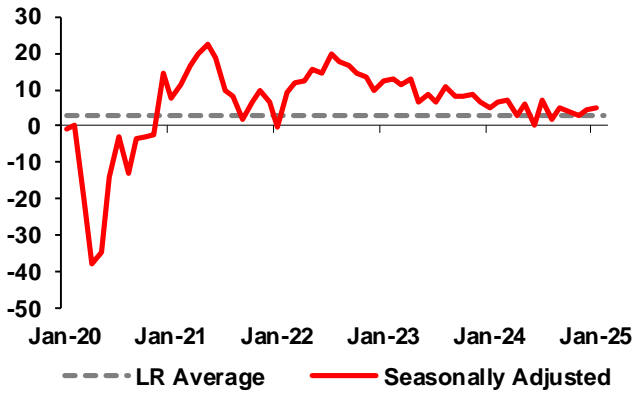


Chart 17: Employment, Selected Industries, Trend

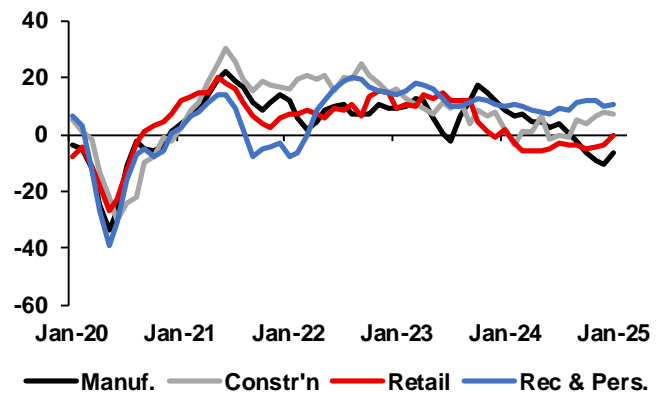


Chart 18: Cost Growth, SA (% Qtly Eq.)

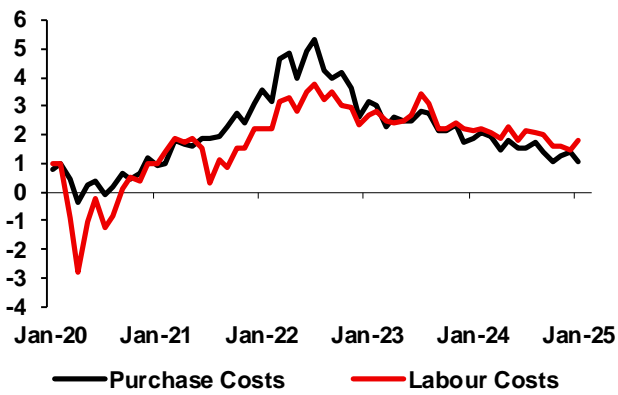


Chart 19: Labour Costs, Selected Industries, Trend (%)

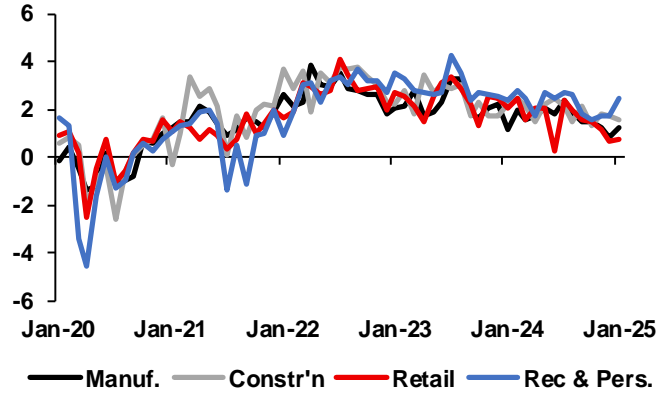


Chart 20: Output Price Growth, SA (% Qtly Eq.)

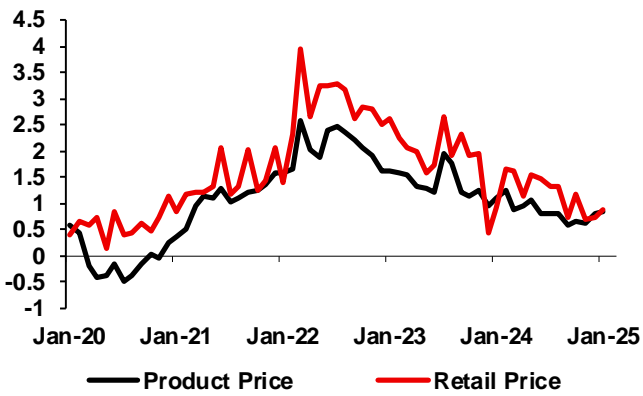
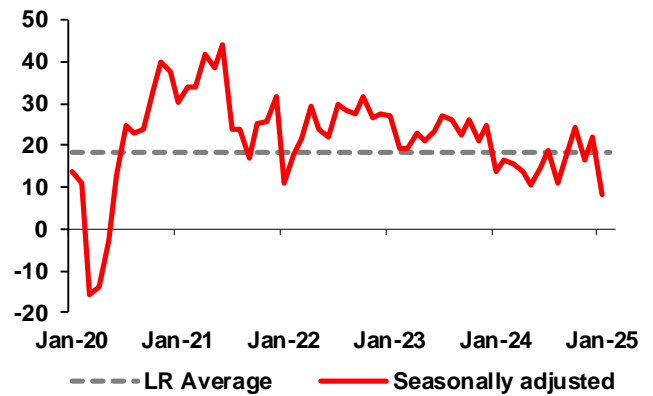


Chart 21: Cash Flow, SA (Net Balance)



Conditions and Confidence by State and Industry

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

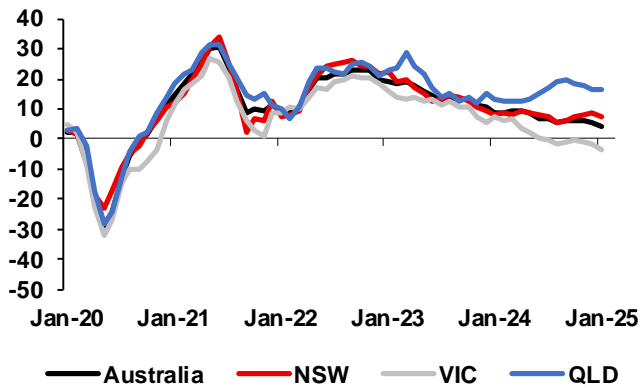


Chart 23: Conditions by State (Net Balance, Trend)

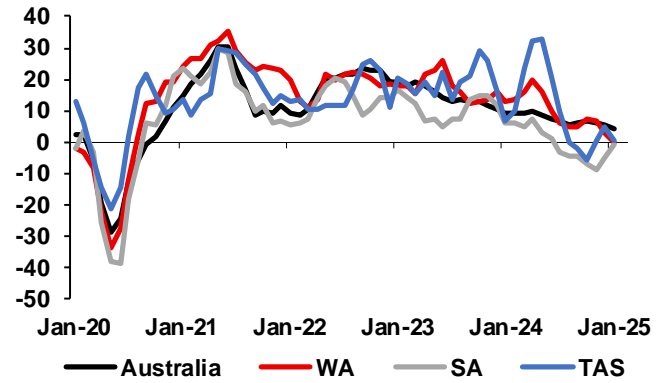


Chart 24: Confidence by State (Net Balance, Trend)

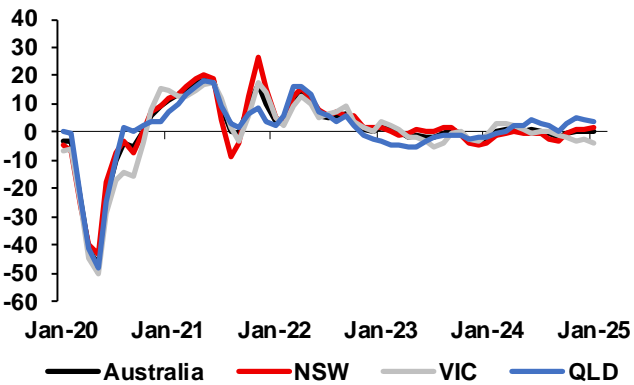


Chart 25: Confidence by State (Net Balance, Trend)

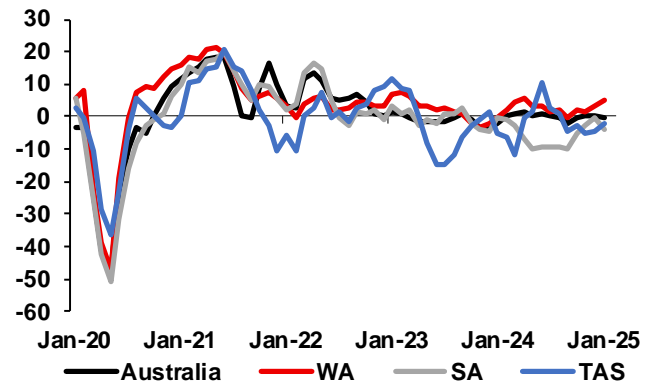


Chart 26: Conditions by Industry (Net Balance, Trend)

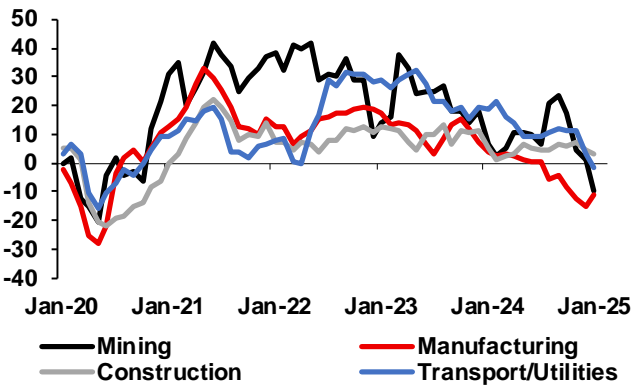


Chart 27: Conditions by Industry (Net Balance, Trend)

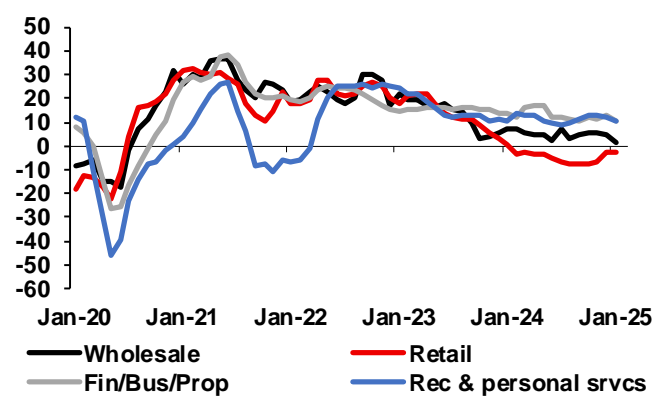


Chart 28: Confidence by Industry (Net Balance, Trend)

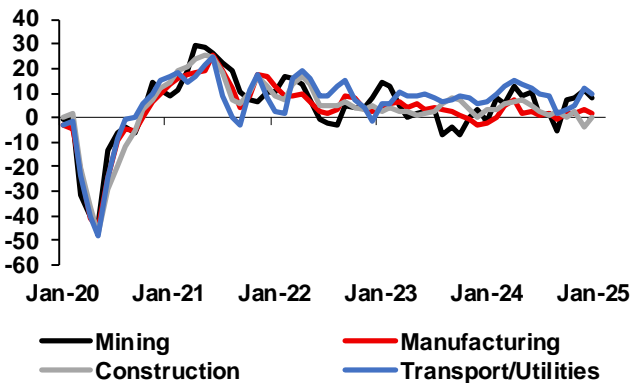
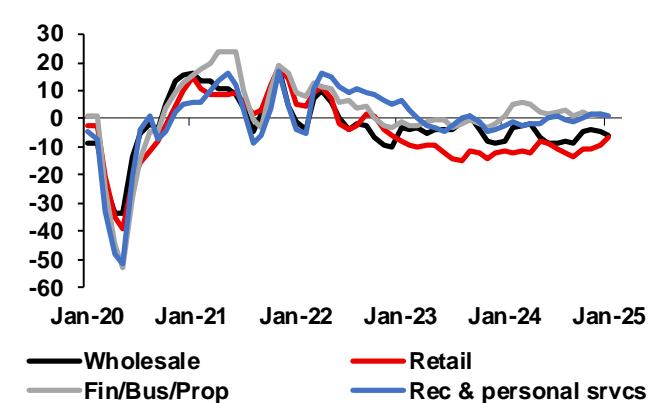


Chart 29: Confidence by Industry (Net Balance, Trend)



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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.