



NAB Quarterly Business Survey Q4 2024

Conditions steady with a small lift in confidence

NAB Economics

Summary

Business conditions held steady in Q4 as businesses wrapped up a challenging year. There was a slight improvement in business confidence, though confidence remains in negative territory. However, expected business conditions in the next 12 months and capex plans in the next 12 months both improved – possibly boosted by the prospect of rate cuts, recovering consumer demand and easing costs growth over 2025. Medium term inflation expectations improved in Q4, with a sharp drop in the share of businesses expecting medium term inflation of 3.5% or more. Labour costs and purchase costs both eased in Q4 (in line with expectations from the Q3 survey) though wage costs remained the top issue affecting business confidence. Easing cost pressures and the stabilising of business conditions, if sustained, may be a sign that businesses are now passing the trough in sluggish growth. However, uncertainty around the extent of the consumer recovery and the timing of rate cuts may continue to weigh on both business conditions and confidence in 2025.

Survey Details

- **Business conditions** was unchanged at +3 index points, with little change across components. Trading and profitability both fell by 1pt while employment was unchanged.
- **By industry**, conditions fell most in retail (-15pts), finance (-13pts), manufacturing (-12pts) and transport & utilities (-11pts). Manufacturing conditions weakened for the sixth consecutive quarter and is now at -21 index points. Recreation & personal services, construction, wholesale, and business services industries recorded small upticks.
- **By state**, conditions eased slightly across all states except NSW and Tas. SA and Vic became more negative, while Qld and WA remained firmly positive.
- **Business confidence** improved 3pts to -4 index points. There was a substantial jump in mining confidence (up 25pts) to re-enter positive territory. Smaller gains were recorded across most other industries though there was a notable 6pt fall in retail (taking it to -19 index points).
- **Leading indicators** were more mixed. Expected business conditions at the 3-month horizon was marginally lower, but there was a strong uptick in the 12-month horizon (up 5pts), which aligned with an uptick in capex plans over the next 12 months (up 3pts). This suggests that, though current conditions remain challenging, businesses are anticipating better conditions across the next year. Forward orders remained negative at -4 index points, and capacity utilisation eased to 82.4%.
- **Labour indicators** were largely unchanged. The share of firms reporting availability of labour as a constraint was steady at 82%.

Table 1: Key Quarterly Business Survey Statistics

	2024q2	2024q3	2024q4
	Net balance		
Business confidence	-3	-7	-4
Business conditions	5	3	3
Next 3 months	12	11	10
Next 12 months	15	12	17
Trading	9	6	5
Profitability	2	0	-1
Employment	5	3	3
Forward orders	-7	-5	-4
Stocks	7	5	4
Exports	1	0	0
Capex plans (next 12m)	24	19	22
	% Change, quarterly		
Labour costs	1.2	1.2	0.9
Purchase costs	1.0	1.0	0.7
Final products prices	0.6	0.4	0.4
Retail prices	0.8	0.7	0.5
	Percent		
Capacity utilisation rate	83.6	82.9	82.4

All data seasonally adjusted, except purchase costs and exports. Survey conducted from 18 November to 06 December 2024, covering above 700 firms across the non-farm business sector. **Next release date: 17 April 2025 (TBC).**

- **Reported cost growth** eased with labour costs growing at 0.9% q/q (down from 1.2%) and purchase costs growing at 0.7% (down from 1.0%).
- **Price growth measures** mostly eased in Q4, though overall final product price growth was unchanged at 0.4% q/q. Retail prices were at 0.5% q/q, down from 0.7% in the previous survey.
- Wage costs remained the top **issue affecting business confidence**. Pressure on margins, demand and availability of labour remain near to the top of the list, though are converging with long-run averages.

Quarterly Focus: Wage Pressures & Price Expectations

The share of firms reporting a moderate or substantial increase in wage pressures in the past six months eased to 35% in Q4 (Chart 1), down from 39% in Q3. Overall, the share of firms reporting at least some increase eased slightly to 83%.

The rate of quarterly labour cost growth slowed from 1.2% to 0.9% q/q in Q4 (Chart 2), largely in line with the expectations by firms in the prior quarter. Looking ahead, firms expect labour cost growth of 0.8% q/q in the next three months.

As with labour costs, purchase cost growth also eased in Q4, to 0.7% q/q (Chart 3). This aligns with a broadening disinflationary pulse in the economy, especially for goods, and was close to firm expectations in the prior quarter (0.6%). Expected purchase cost growth for the next three months remained at 0.6% q/q.

Despite easing in both labour and purchase costs, final product price growth held steady at 0.4% q/q in Q4 (Chart 4). However, retail price growth eased from 0.7% to 0.5% q/q, the lowest quarterly rate since Q4 2020. This may reflect discounting activity during retail sales periods like Black Friday and Cyber Monday in Q4. Retail price growth over the next three months is expected to be 0.5% q/q.

In recreation & personal services, price growth ticked up marginally to 0.5% q/q in Q4 and expected price growth was 0.6% q/q for the next three months. Overall, these results suggest that cost pressures eased in Q4 and were closely aligned with expected price growth from the previous survey. Firms expect further easing across most cost measures over the next three months, suggesting the inflation outlook may continue to improve in early 2025.

Medium term (3-5 years) inflation expectations are improving. There has been a sharp drop in the share of firms expecting medium term inflation of 3.5% or more. 30% of firms now expect medium term inflation expectations to be about 2.5%, up from 20% of firms in the Q3 survey. This aligns with an improving 12 month outlook across other survey measures, and continued easing across cost measures.

Chart 1: Wage Pressures – Past 6 Months (% S.A.)

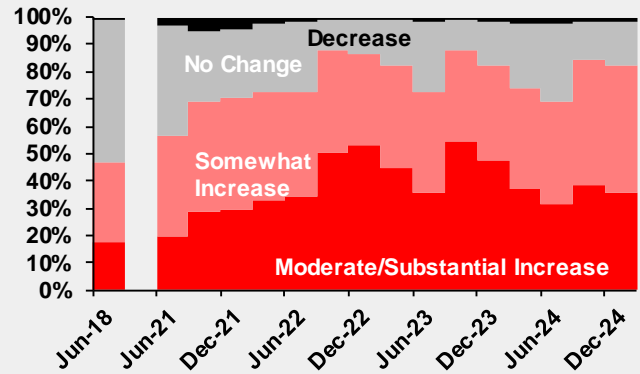


Chart 2: Q/Q Labour Cost Growth (% S.A.)

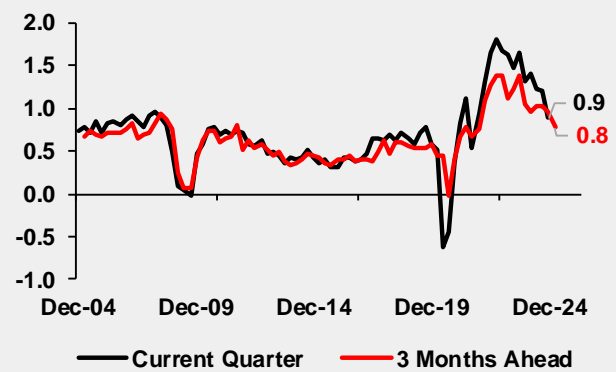


Chart 3: Q/Q Purchase Cost Growth (% S.A.)

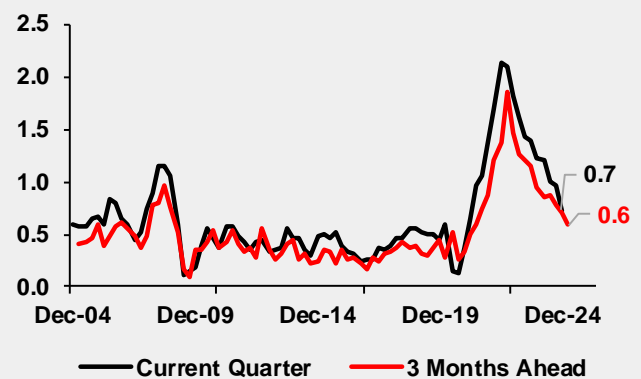


Chart 4: Q/Q Final Price Growth (% S.A.)

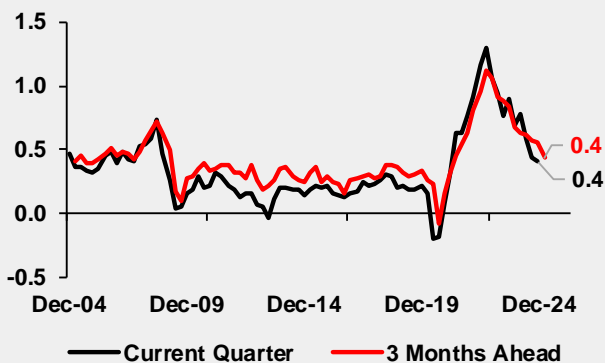
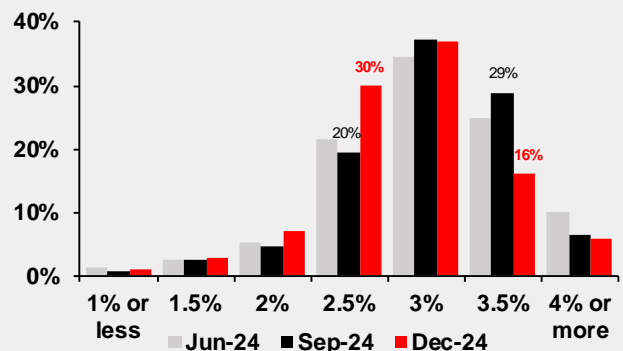
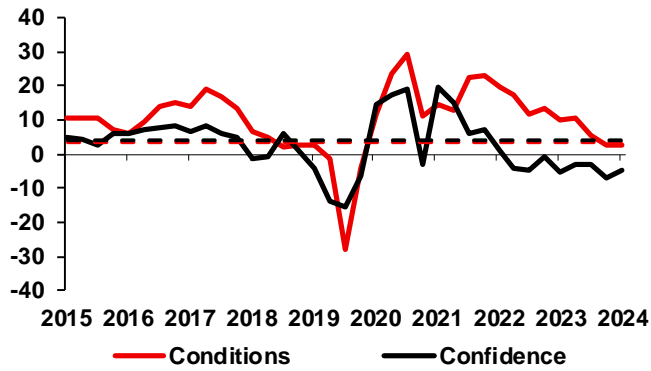


Chart 5: Medium term inflation expectations (%)



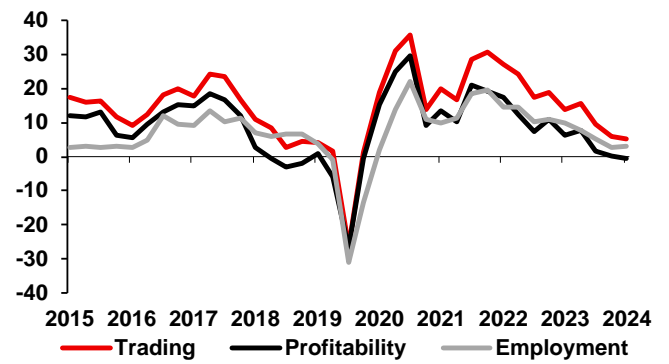
Business Conditions and Confidence

Chart 3: Conditions & Confidence (Net Balance, SA)



*Dotted lines indicate long-run average since Sep-89.

Chart 4: Conditions Components (Net Balance, SA)



Issues Affecting Business Confidence

Chart 5: Issues Affecting Confidence (Share of Firms)

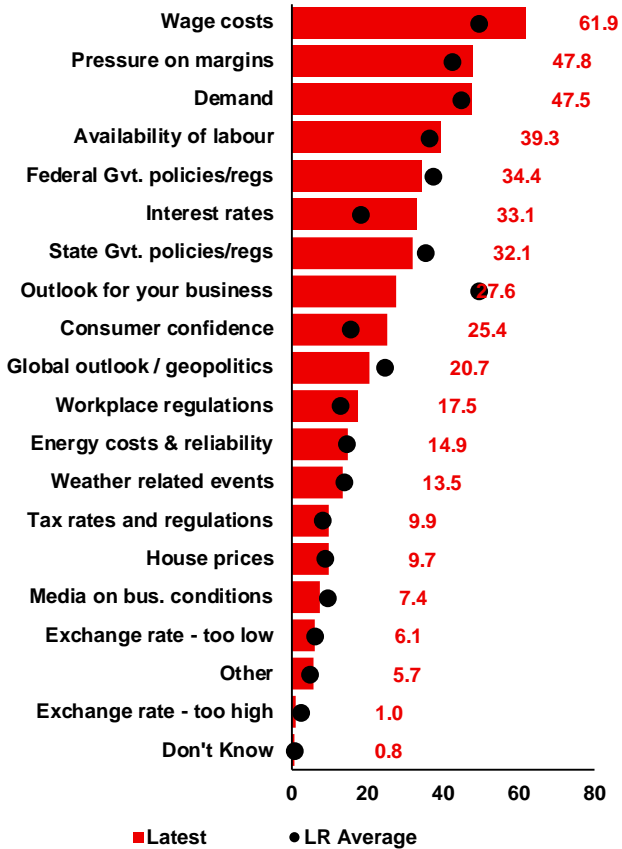


Chart 6: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #1 and #2

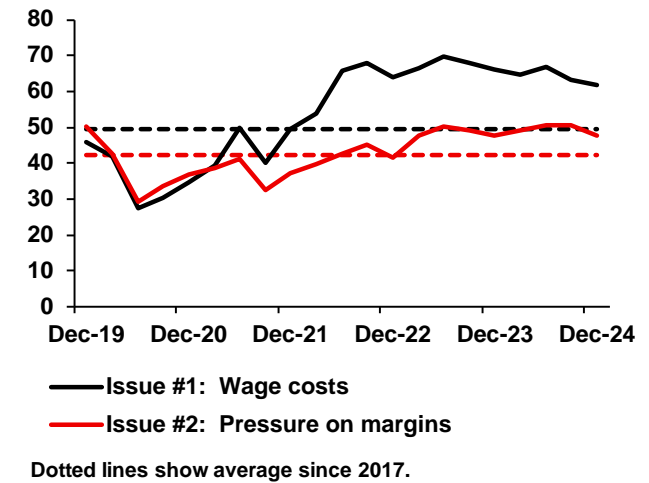
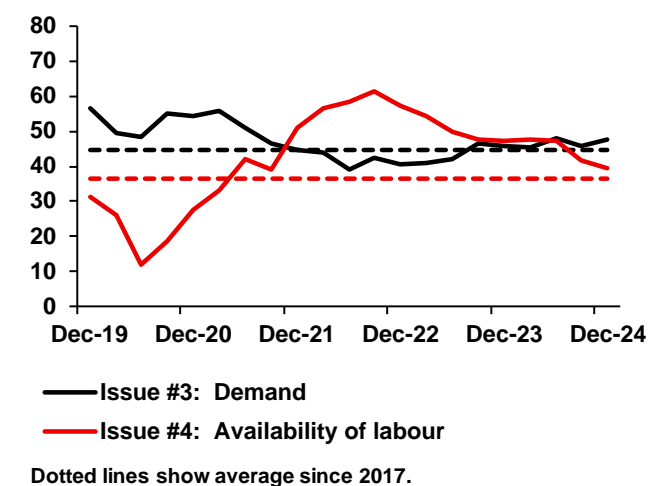


Chart 7: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #3 and #4



Leading Indicators and Business Investment

Chart 8: Expected Conditions (Net Balance, SA)

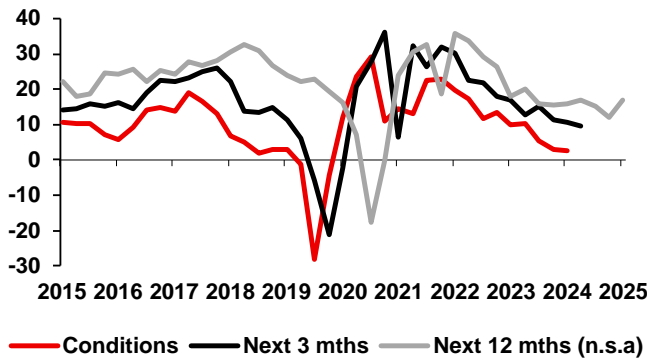


Chart 9: Expected Forward Orders (Net Balance, SA)

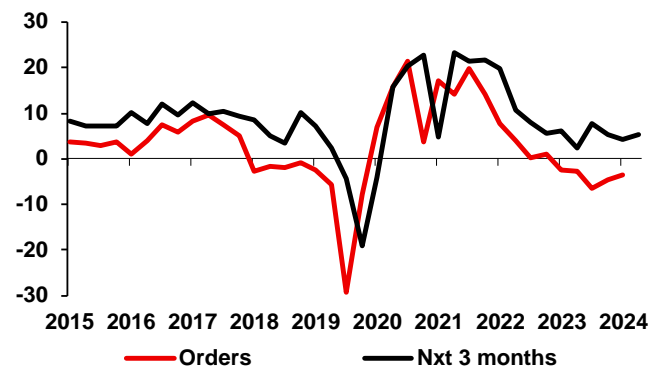


Chart 10: Capacity Utilisation (Percent, SA)

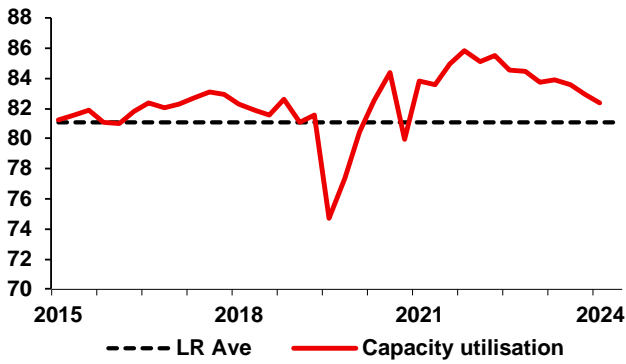


Chart 11: Capacity Utilisation (3qtr average deviation from long run average.)

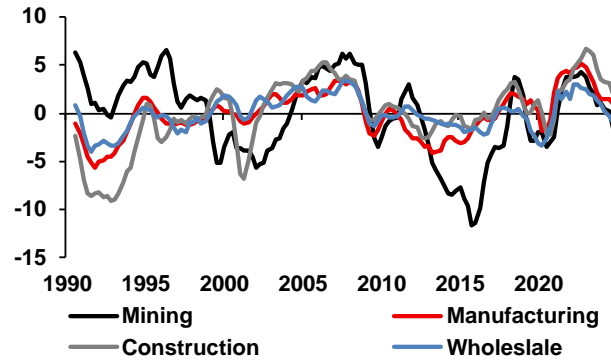


Chart 12: Stocks (Net Balance, SA)

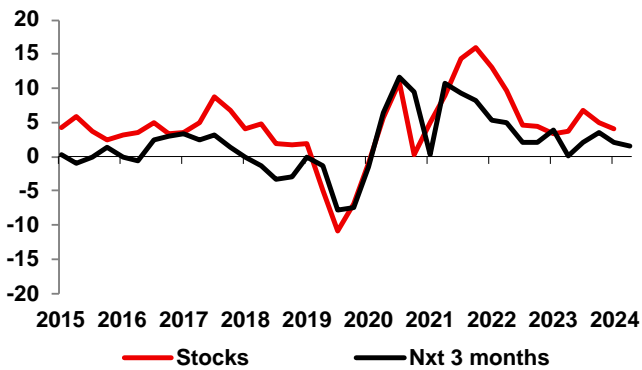
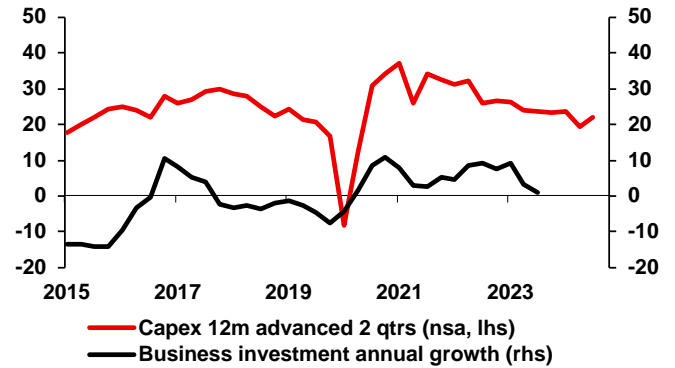


Chart 13: Expected Capex (Net Balance, SA)



Labour Market Indicators

Chart 14: Employment Expectations (Net Balance, SA)

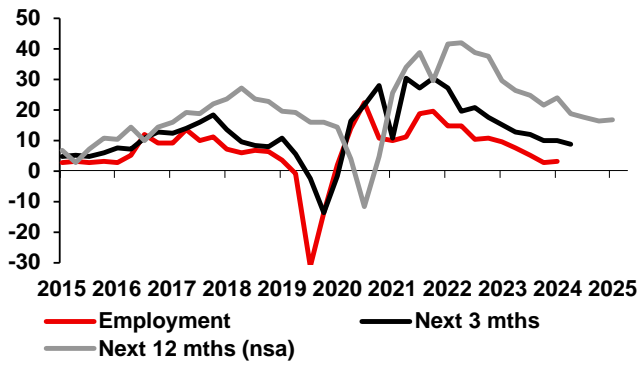


Chart 15: Labour Constraints & Unemployment Rate

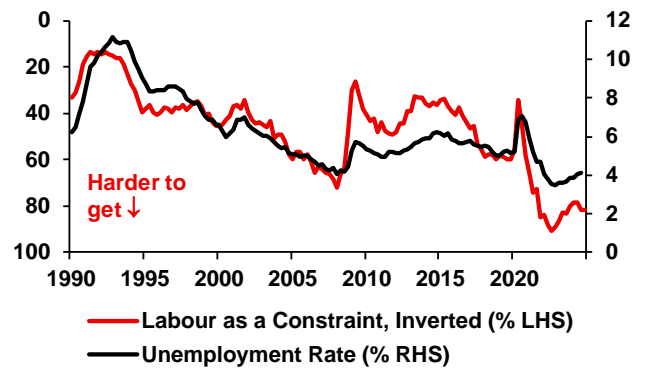


Chart 16: Change in Average Hours Worked (NSA)

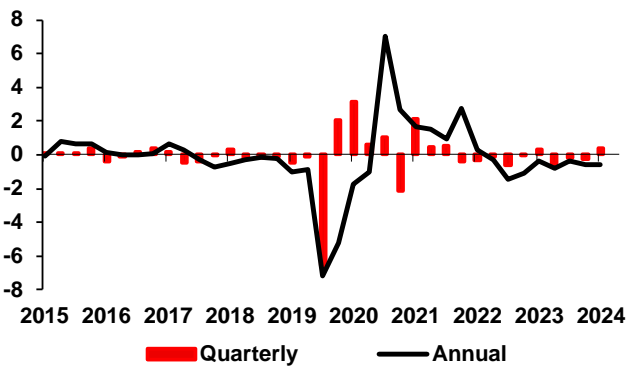


Chart 17: Average Hours Worked by Industry (NSA)

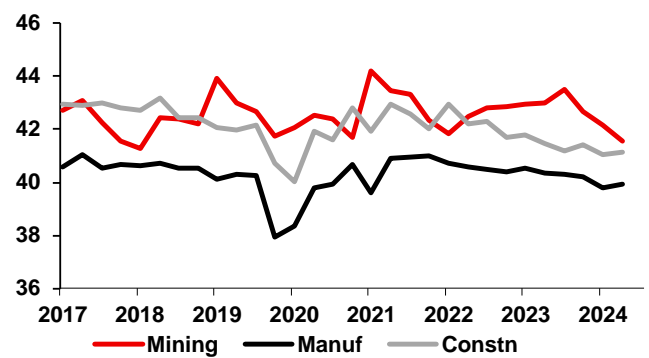


Chart 18: Average Hours Worked by Industry (NSA)

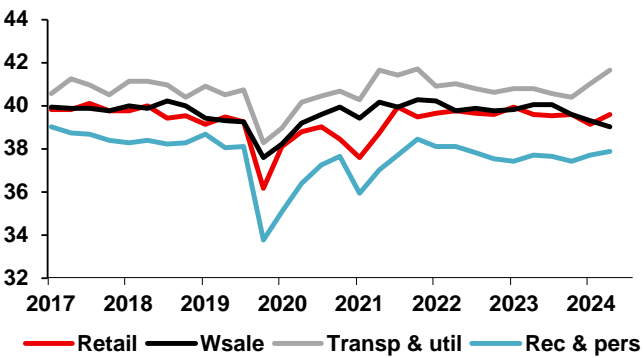
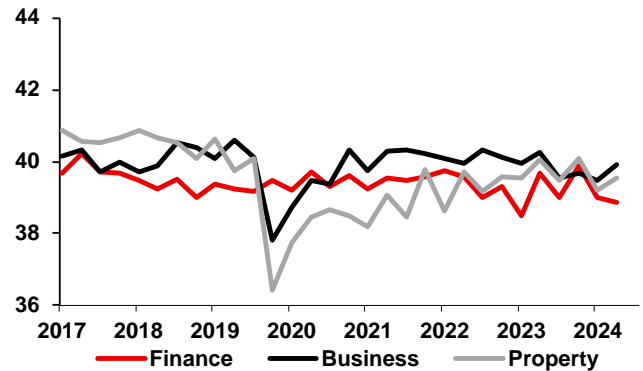


Chart 19: Average Hours Worked by Industry (NSA)



Major Constraints on Firm Output

Chart 20: Main Constraints on Firm Output (% of Firms)

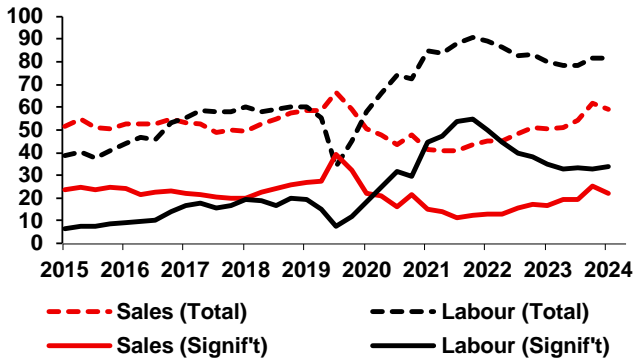
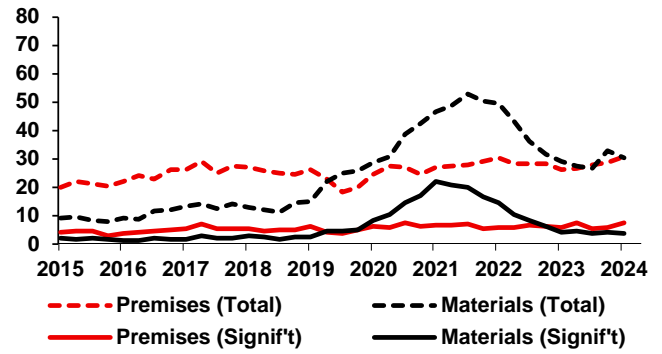


Chart 21: Main Constraints on Firm Output (% of Firms)



Inflation Pressures

Chart 22: Annualised Price Growth (Percent, SA)

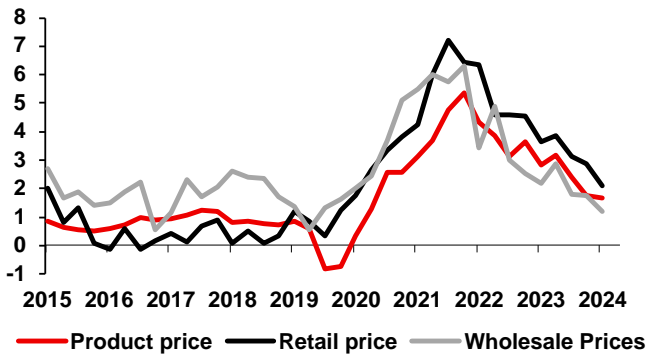
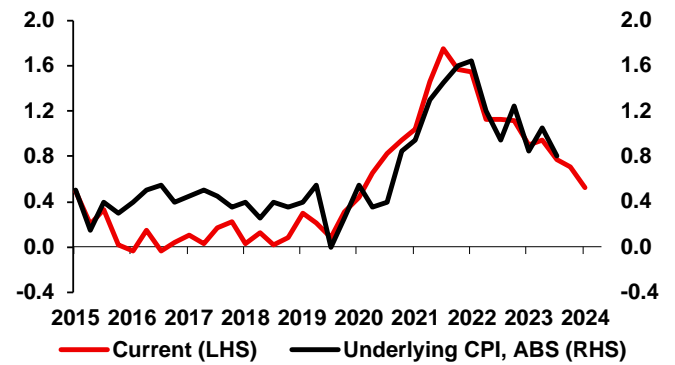


Chart 23: Retail Price Growth (Percent, SA)



Labour Costs

Chart 24: Labour Costs & Compensation of Employees Growth (Percent, SA)

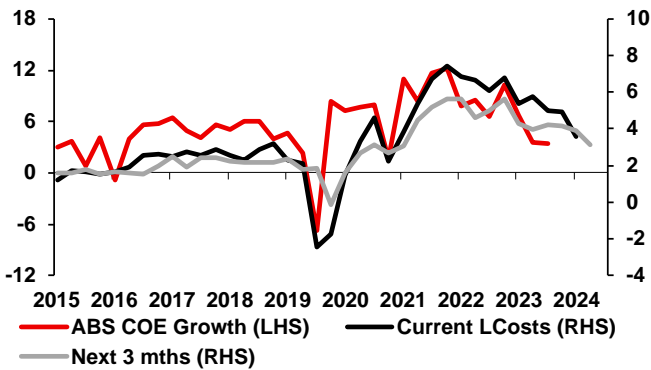
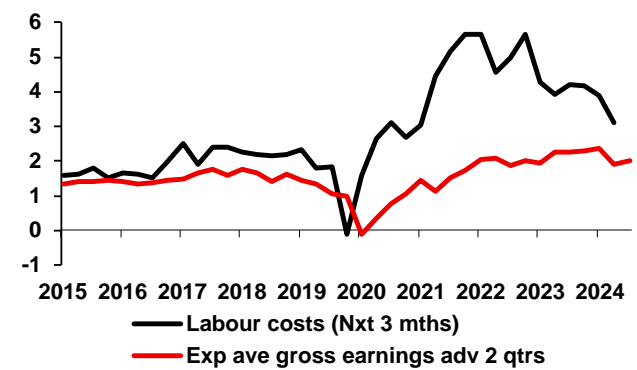


Chart 25: Expected Labour Costs & Average Earnings Growth (Percent, SA)



Details by Industry

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

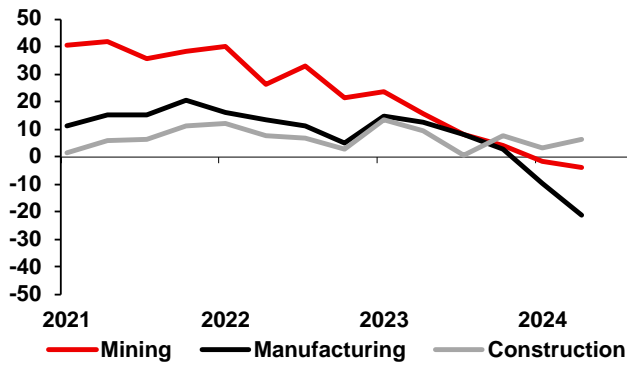


Chart 27: Confidence by Industry (Net Balance, SA)

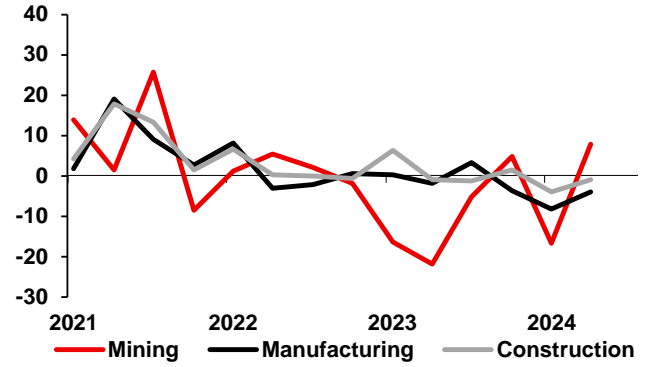


Chart 28: Conditions by Industry (Net Balance, SA)

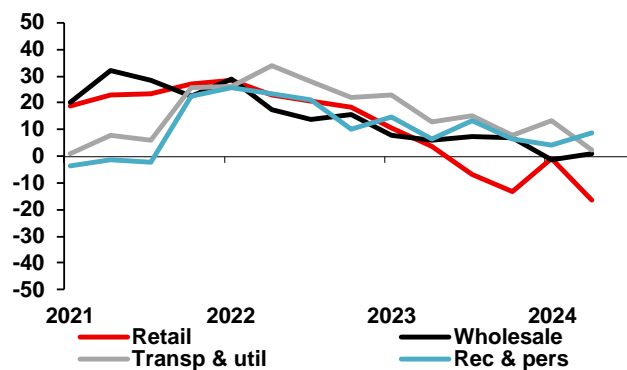


Chart 29: Confidence by Industry (Net Balance, SA)

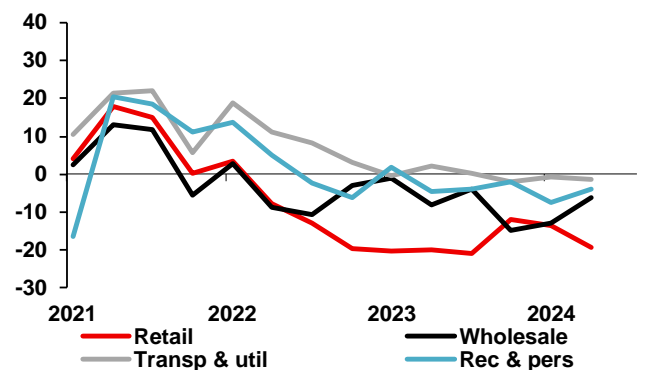


Chart 30: Conditions by Industry (Net Balance, SA)

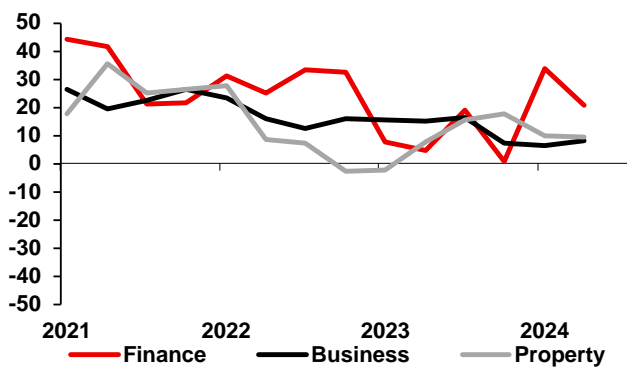
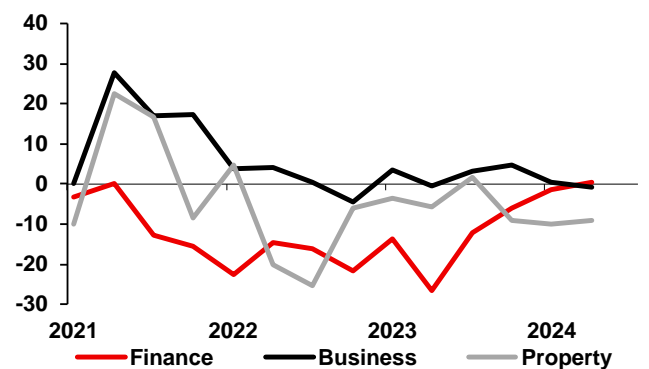


Chart 31: Confidence by Industry (Net Balance, SA)



Construction Sub-Industry Details

Chart 32: Conditions by Construction Sub-Industry (Net Balance, SA)

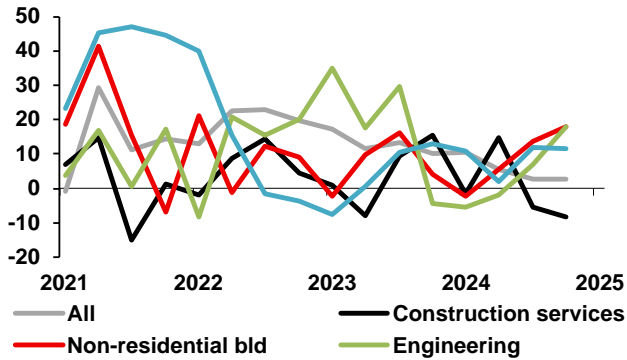


Chart 33: Confidence by Construction Sub-Industry (Net Balance, SA)

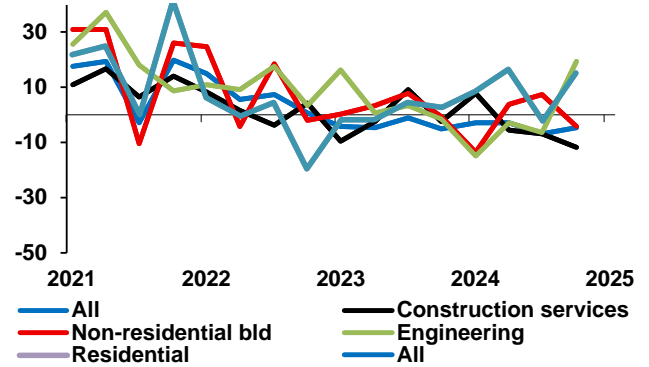


Chart 34: Employment by Construction Sub-Industry (Net Balance, SA)

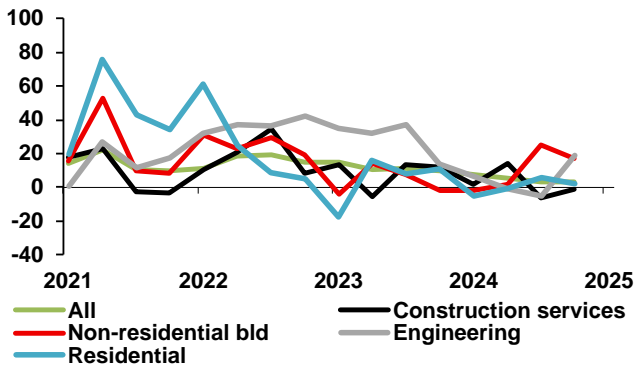
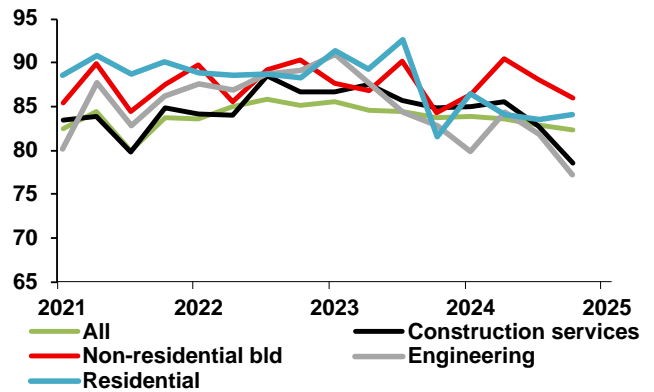


Chart 35: Capacity Utilisation by Construction Sub-Industry (Percent, SA)



Details by State

Chart 36: Conditions by State (Net Balance, SA)

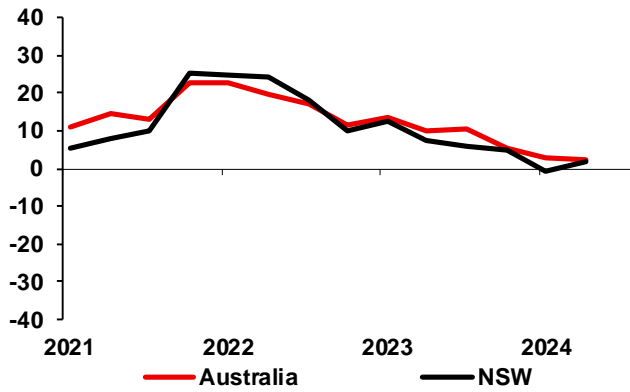


Chart 37: Confidence by State (Net Balance, SA)

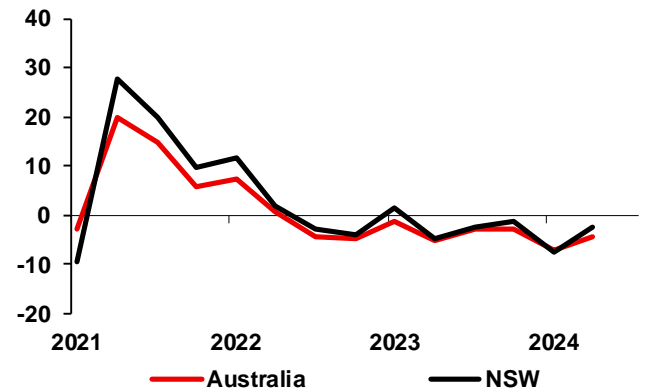


Chart 38: Conditions by State (Net Balance, SA)

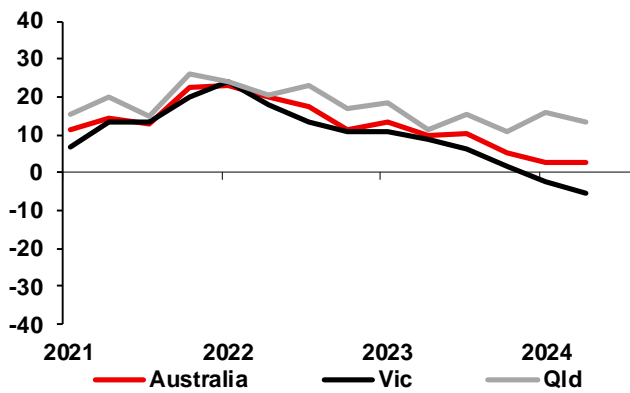


Chart 39: Confidence by State (Net Balance, SA)

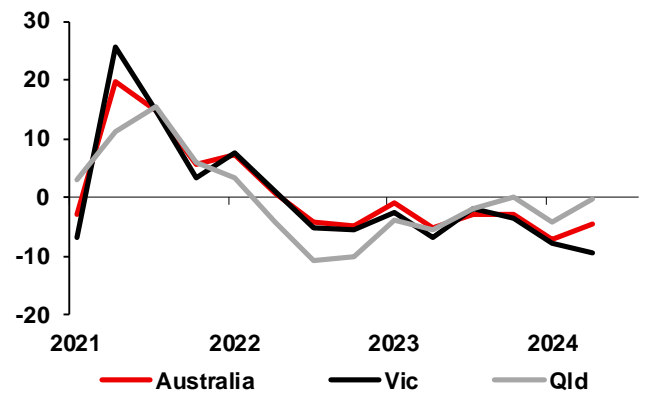


Chart 40: Conditions by State (Net Balance, SA)

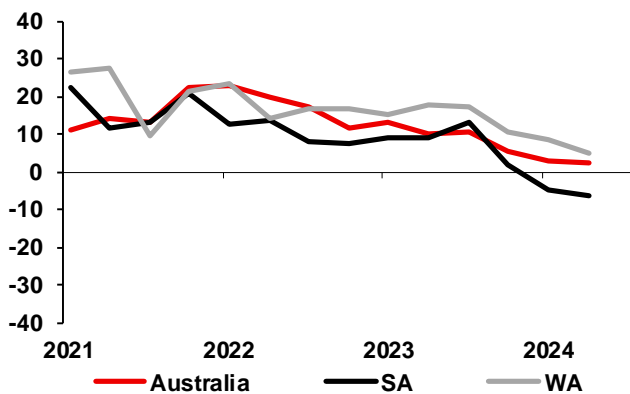
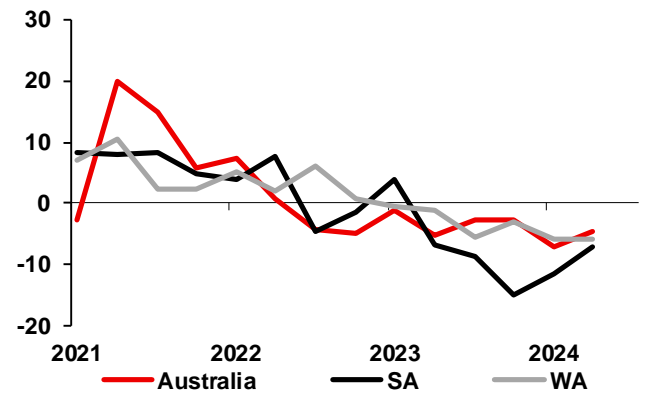


Chart 41: Confidence by State (Net Balance, SA)



Data Appendix

	2023q4	2024q1	Quarterly			2024q4	2024m8	2024m9	Monthly		
			2024q2	2024q3					2024m10	2024m11	2024m12
Confidence	-5	-3	-3	-7	-4	-5	-2	5	-3	-2	
Conditions	10	10	5	3	3	4	8	8	3	6	

	2023q4	2024q1	Quarterly			2024q4	2024m8	2024m9	Monthly		
			2024q2	2024q3					2024m10	2024m11	2024m12
Trading	14	16	9	6	5	9	13	14	6	9	
Profitability	6	8	2	0	-1	2	5	5	0	4	
Employment	10	8	5	3	3	2	5	4	3	4	

	Quarterly ^(a)					Monthly				
	2024q3	2024q4	2025q1	2025q3	2025q4	2024m8	2024m9	2024m10	2024m11	2024m12
Conditions	3	3	NA	NA	NA	4	8	8	3	6
Conds. next 3m	12	11	10	NA	NA					
Conds. nxt 12m	16	16	17	12	17					
Orders	-5	-4	NA	NA	NA	-5	-5	-3	-5	-2
Orders next 3m	5	4	NA	NA	NA					

(a) Quarter to which expectation applies. Business conditions next 12 months not seasonally adjusted.

	Quarterly ^(a)					Monthly				
	2024q1	2024q2	2024q3	2024q4	2025q1	2024m8	2024m9	2024m10	2024m11	2024m12
Capacity utilis.	84	84	83	82	NA	82.9	83.0	82	82	83
Stocks current	4	7	5	4	NA	3	5	8	3	2
Stocks next 3m	0	2	3	2	NA					

(a) Quarter to which expectation applies. All data are seasonally adjusted.

	Quarterly ^(a)					Monthly				
	2024q3	2024q4	2025q1	2025q3	2025q4	2024m8	2024m9	2024m10	2024m11	2024m12
Empl current	3	3	NA	NA	NA	2	5	4	3	4
Empl next 3m	10	10	9	NA	NA					
Empl nxt 12m	22	24	19	17	17					

(a) Quarter to which expectation applies. Employment conditions next 12 months not seasonally adjusted.

	2023q4	2024q3	2024q4
Constraints on output (% of firms)*			
Sales & orders	51.2	54.1	61.9
Labour	83.1	78.6	81.9
Premises & plant	28.5	28.0	28.5
Materials	31.6	26.5	33.0

* not s.a.

Data Appendix - States

	<i>Quarterly</i>					<i>Monthly</i>				
	<u>2023q4</u>	<u>2024q1</u>	<u>2024q2</u>	<u>2024q3</u>	2024q4	<u>2024m8</u>	<u>2024m9</u>	2024m10	2024m11	2024m12
Business conditions										
NSW	8	6	5	-1	2	5	6	7	7	8
VIC	9	7	1	-2	-5	-1	-1	0	0	-1
QLD	12	15	11	16	13	19	20	18	17	15
SA	9	13	2	-5	-6	-5	-5	-7	-9	-5
WA	18	18	11	9	5	5	5	7	6	2
TAS	7	21	7	-5	6	1	-1	-5	1	7

	<i>Quarterly</i>					<i>Monthly</i>				
	<u>2023q4</u>	<u>2024q1</u>	<u>2024q2</u>	<u>2024q3</u>	2024q4	<u>2024m8</u>	<u>2024m9</u>	2024m10	2024m11	2024m12
Business confidence										
NSW	-5	-2	-1	-7	-2	-2	-3	-1	1	1
VIC	-7	-2	-4	-8	-9	0	-1	-2	-3	-3
QLD	-5	-2	0	-4	0	2	0	3	5	4
SA	-7	-9	-15	-12	-7	-10	-10	-5	-2	0
WA	-1	-5	-3	-6	-6	1	-1	2	1	3
TAS	-1	-3	-8	-6	-9	0	-5	-3	-5	-4

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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.