



# NAB Quarterly SME Survey Q4 2024

## SME conditions and confidence remain negative

### NAB Economics

#### Summary

SME business confidence improved in Q4 but remains firmly in negative territory. In contrast, conditions fell for SME businesses, led by a large decline in business services. Confidence and conditions were negative across all SME tiers and notably weaker than for larger firms captured in the NAB Quarterly Business Survey. This reinforces that the business environment remains challenging for SMEs. Input cost pressures eased, especially for labour costs, while the pace of output price growth also eased. Labour availability remains a significant constraint for around 30% of firms (though this level has stabilised in recent surveys) while the share of firms reporting sales as a significant constraint eased slightly in Q4 which may reflect the pick-up in trading conditions at the end of 2024.

#### Survey Details

- **SME business conditions** fell 1pt to -4 index points. Conditions for the smallest SMEs fell by 3pts to -5 index points, and larger SMEs saw conditions ease by 2pts. Conditions remain weakest for mid-tier SMEs, even with a small improvement in Q4 (up 1pt to -7 index points).
- **By industry**, SME conditions declined materially in business services (down 18pts). This was followed by smaller declines in finance (down 6pts), construction (down 4pts), transport (down 2pts) and retail (down 1 pt). However, finance and business remain the strongest industries for SME conditions in level terms. Conditions are weakest in manufacturing, accommodation and retail.
- **SME business confidence** improved by 3pts to -11 index points but remains well below average (+2 index points). The improvement was driven by large increases in accommodation, health, transport and manufacturing. However, SME confidence is negative across all industries except transport (which is only just positive at +1 index point).
- **Across the states**, SME conditions fell everywhere with the largest decline in SA. In level terms, SME conditions remain weakest in Vic (-8 index points) and NSW (-7 index points). SME confidence rose in all states, but all states remain in negative territory.
- **Compared to larger firms** (as measured in the NAB Quarterly Business Survey), SME business confidence and conditions remained notably weaker.
- **Leading indicators** were mixed. Capacity utilisation fell to 80.3%, almost matching the long-run average of 80.2%. Capex fell sharply by 5pts to +3 index points, Forward orders on the other hand rose slightly, up 2pts to -8 index points.

Table 1: Key SME Business Survey Statistics

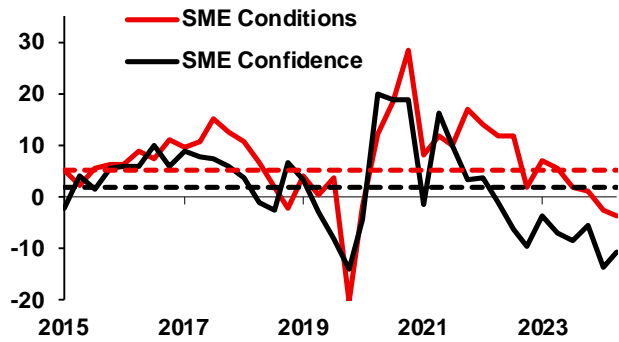
	2024 q2	2024 q3	2024 q4
	Net balance		
<b>SME Business Confidence</b>	<b>-5</b>	<b>-14</b>	<b>-11</b>
Low -tier firms	3	-14	-8
Mid-tier firms	-8	-17	-13
High-tier firms	-6	-13	-12
QBS Conf. (Non-SMEs)	-3	-7	-4
<b>SME Business Conditions</b>	<b>1</b>	<b>-3</b>	<b>-4</b>
Low -tier firms	-1	-2	-5
Mid-tier firms	-3	-8	-7
High-tier firms	5	0	-2
QBS Cond. (Non-SMEs)	5	3	3
<b>SME Trading Conditions</b>	<b>9</b>	<b>6</b>	<b>1</b>
Low -tier firms	5	8	-4
Mid-tier firms	1	-2	-5
High-tier firms	15	10	6
<b>SME Profitability</b>	<b>0</b>	<b>-6</b>	<b>-7</b>
Low -tier firms	-5	0	-6
Mid-tier firms	-3	-13	-11
High-tier firms	3	-4	-4
<b>SME Employment</b>	<b>-5</b>	<b>-7</b>	<b>-5</b>
Low -tier firms	-8	-11	-4
Mid-tier firms	-8	-8	-5
High-tier firms	-2	-6	-7

- **Cost pressures** eased, especially for labour costs. Purchase cost growth was 1.3% (down from 1.4%) while labour costs fell to 1.0% (from 1.4%).
- **Final prices** grew at 0.6% overall (down from 0.8%) while the sales margin index weakened slightly to -18 index points.

All data seasonally adjusted, except purchase costs and exports. Survey conducted from 18 November to 06 December 2024, covering around 600 firms across the non-farm business sector. **Next release date: 24 April 2025 (TBC).**

## SME Conditions, Confidence & Prices

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



Note: Dotted lines denote long-run averages.

Chart 2: SME Conditions Components (Net Balance, SA)

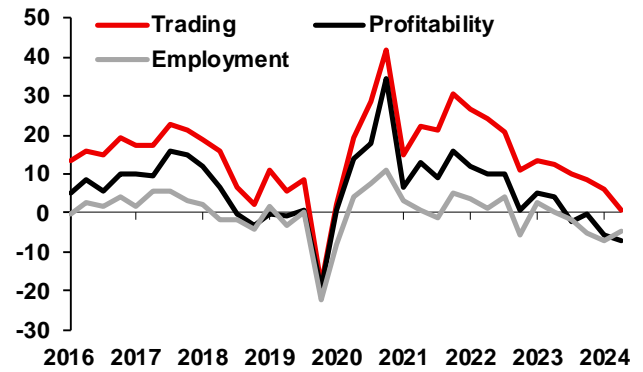


Chart 3: SME Conditions & Cash Flow (Net Balance, SA)

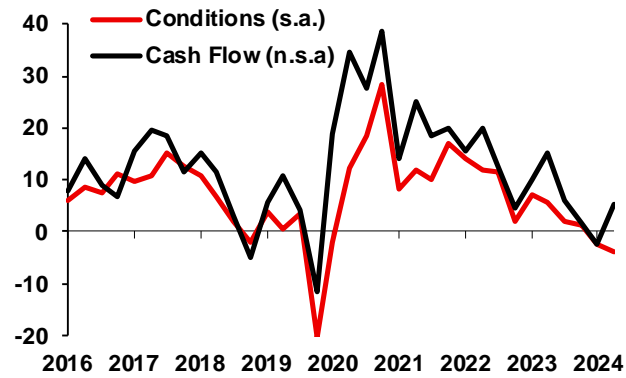
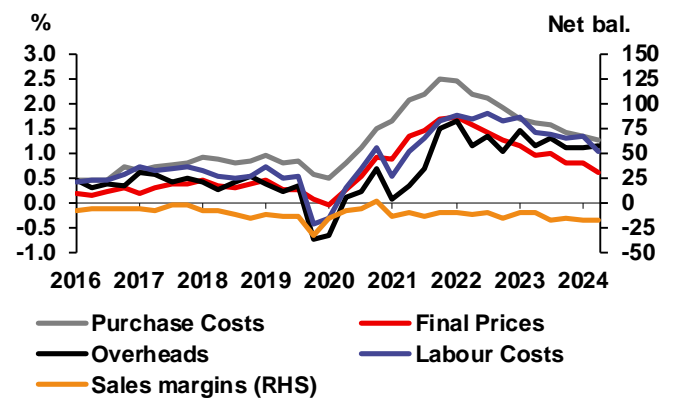


Chart 4: SME Input Costs, Price Growth & Margins



## Constraints on SME Output

Chart 5: Factors Constraining SME Output (% of Firms)

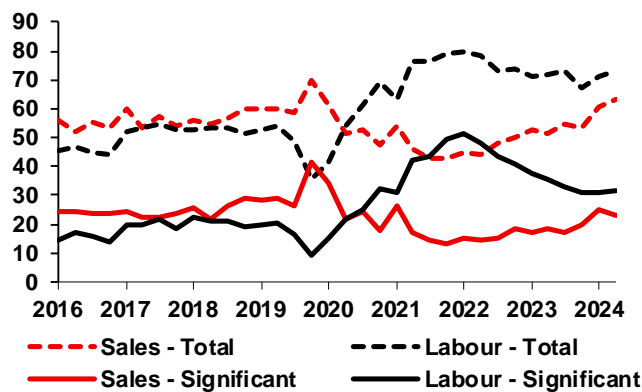
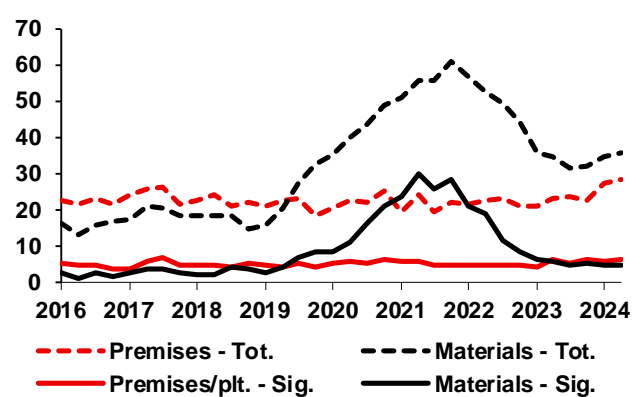


Chart 6: Factors Constraining SME Output (% of Firms)



## SME Indicators by Firm Size

Chart 7: SME Conditions by Firm Size (Net Balance, SA)

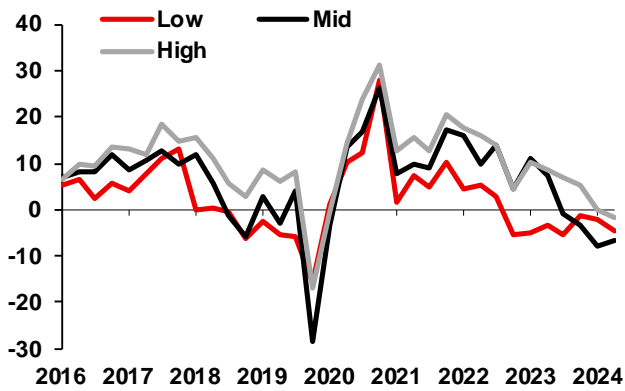


Chart 8: SME Confidence by Firm Size (Net Balance, SA)

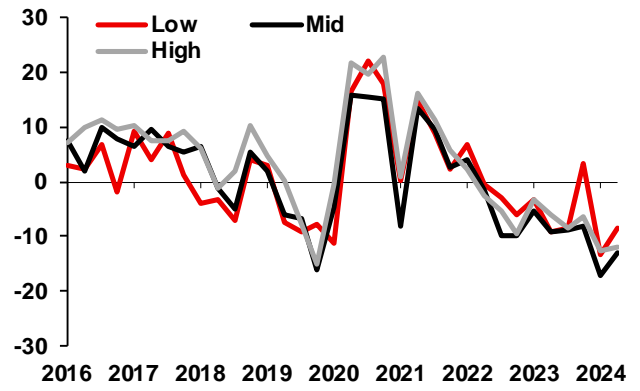


Chart 9: Trading Conds. by Firm Size (Net Balance, SA)

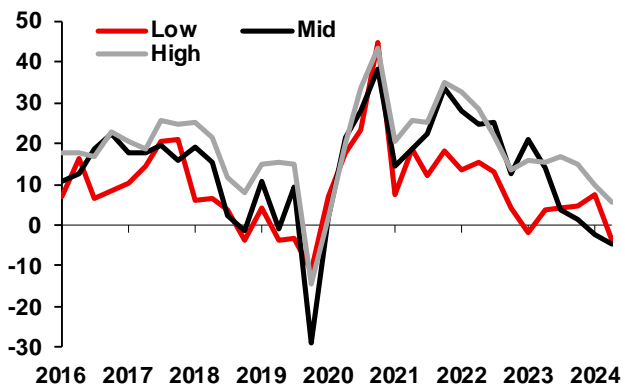


Chart 10: Profitability by Firm Size (Net Balance, SA)

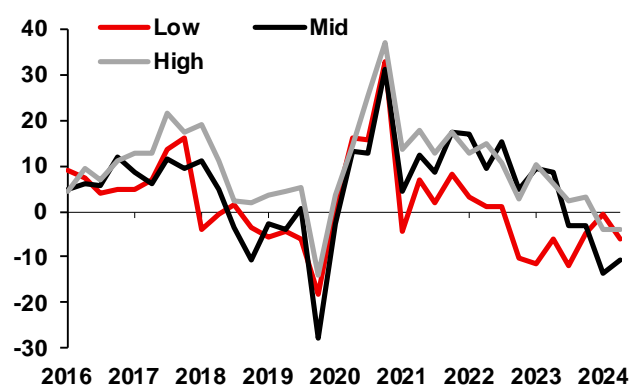


Chart 11: Employment by Firm Size (Net Balance, SA)

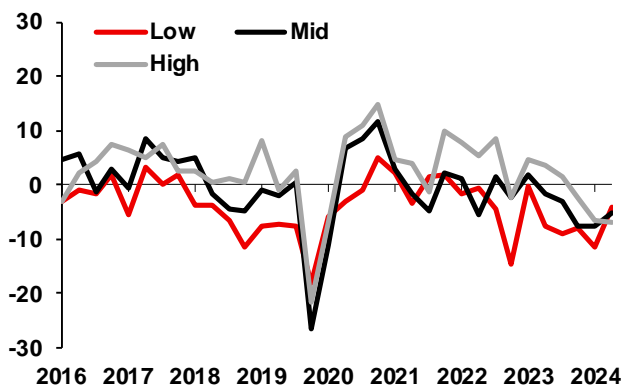


Chart 12: Cash Flow by Firm Size (Net Balance, NSA)

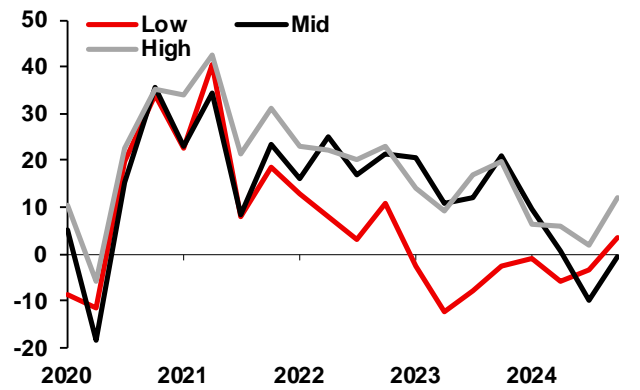


Chart 13: Capacity Utilisation by Firm Size (% , SA)

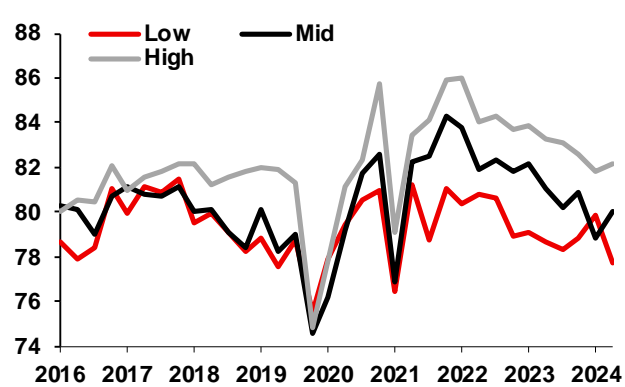
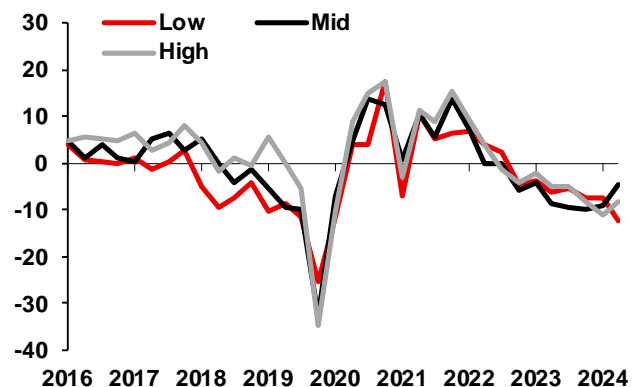


Chart 14: Forward Orders by Firm Size (Net Balance, SA)



## SME Indicators by State

Chart 15: SME Conds. & Conf. by State (Net Balance, SA)

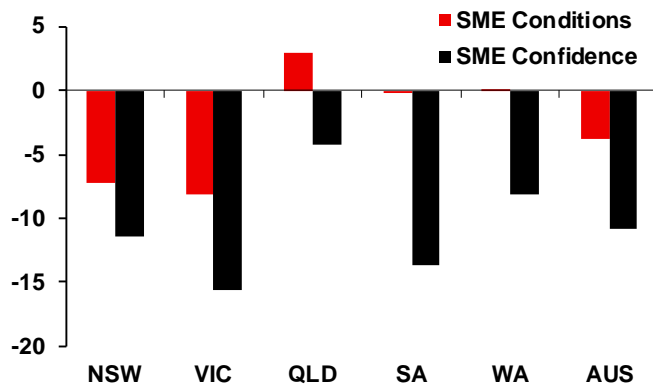


Chart 16: SME Conditions by State (Net Balance, SA)

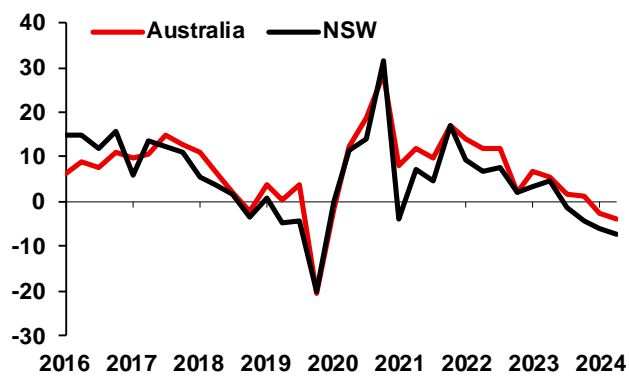


Chart 17: SME Confidence by State (Net Balance, SA)

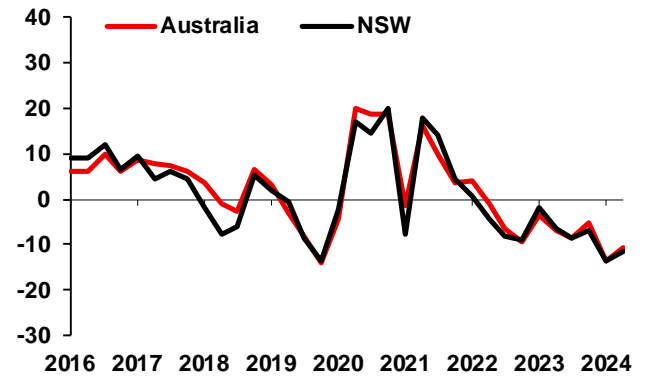


Chart 18: SME Conditions by State (Net Balance, SA)

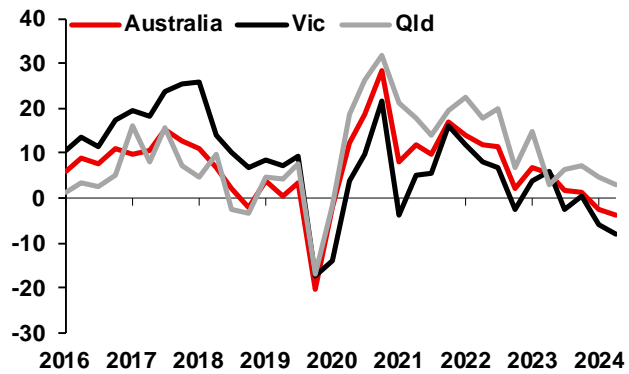


Chart 19: SME Confidence by State (Net Balance, SA)

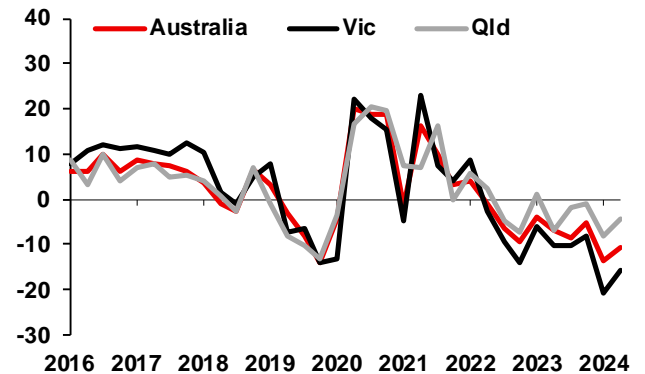


Chart 20: SME Conditions by State (Net Balance, SA)

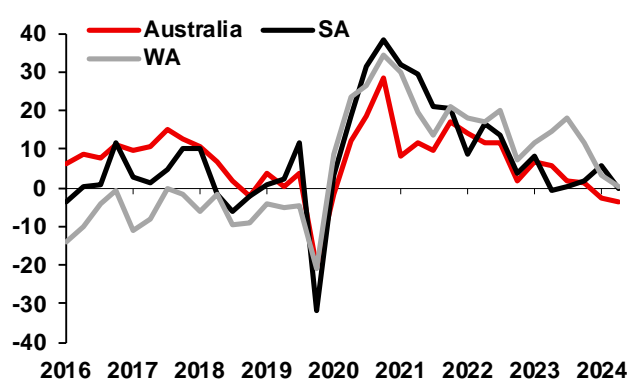
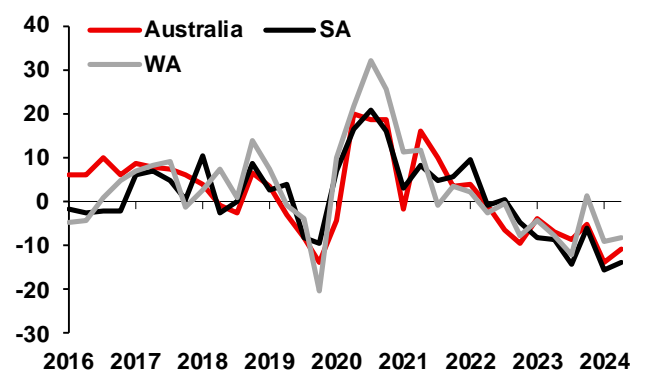


Chart 21: SME Confidence by State (Net Balance, SA)



## SME Indicators by Industry

Chart 22: SME Conds. & Conf. by Industry (Net Bal., SA)

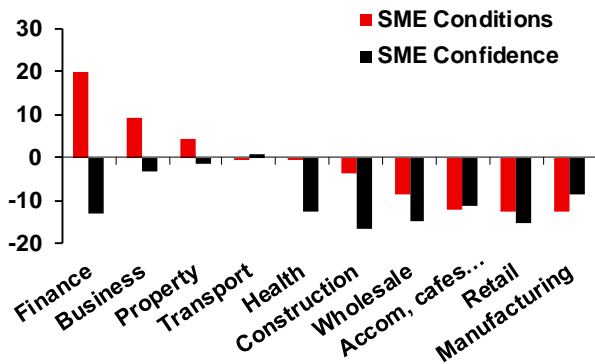


Chart 23: SME Conditions by Industry (Net Balance, SA)

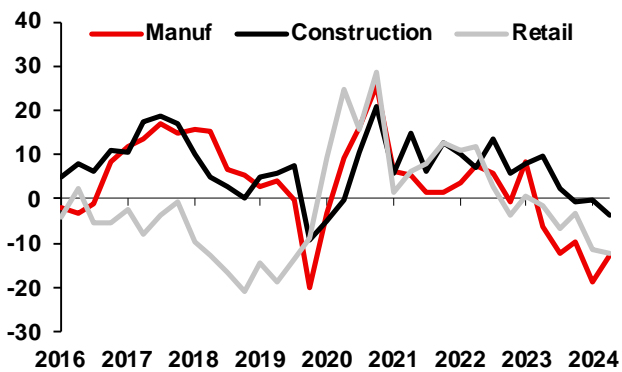


Chart 24: SME Confidence by Industry (Net Balance, SA)

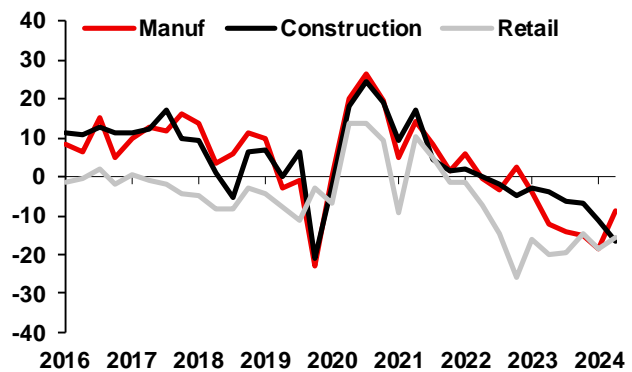


Chart 25: SME Conditions by Industry (Net Balance, SA)

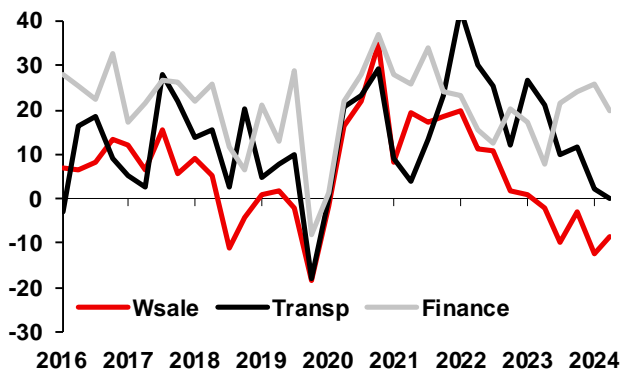


Chart 26: SME Confidence by Industry (Net Balance, SA)

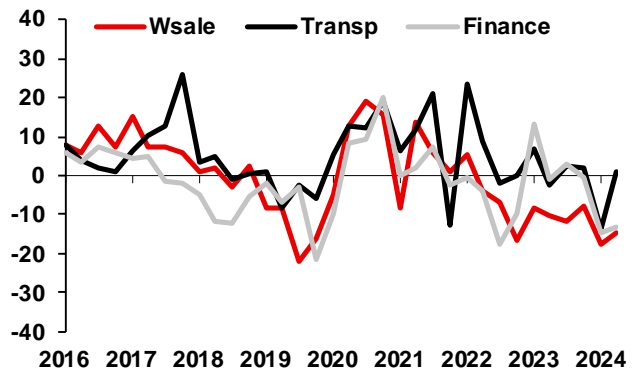


Chart 27: SME Conditions by Industry (Net Balance, SA)

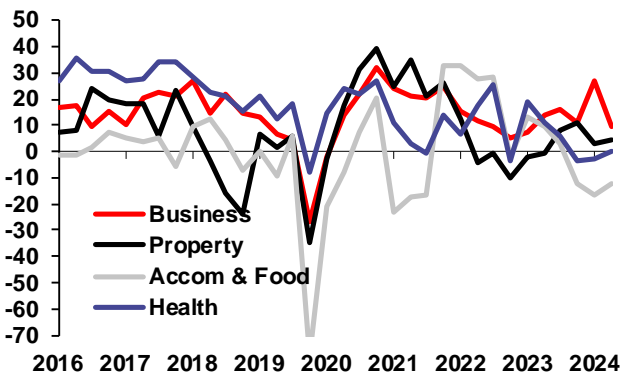
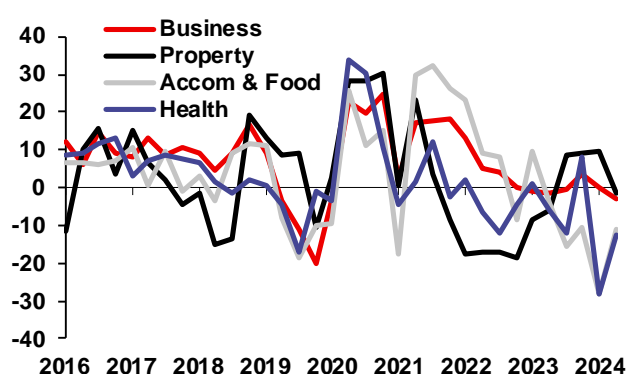


Chart 28: SME Confidence by Industry (Net Balance, SA)



## SME Indicators - Comparison to Larger Businesses

Chart 29: Business Conditions (Net Balance, SA)

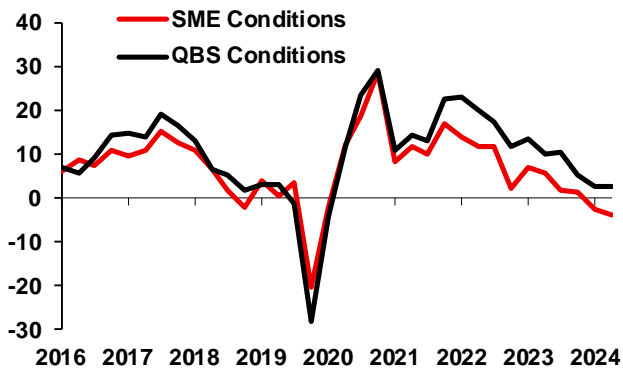


Chart 30: Business Confidence (Net Balance, SA)

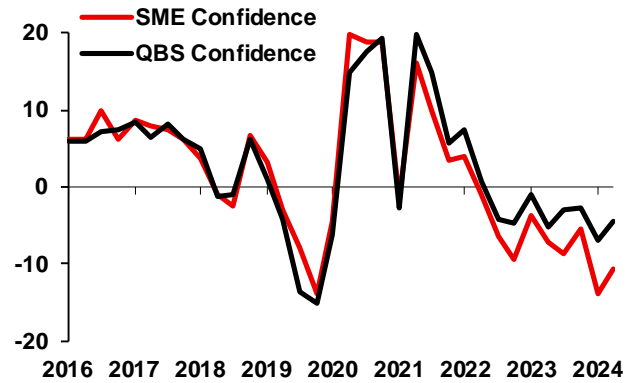


Chart 31: Trading Conditions (Net Balance, SA)

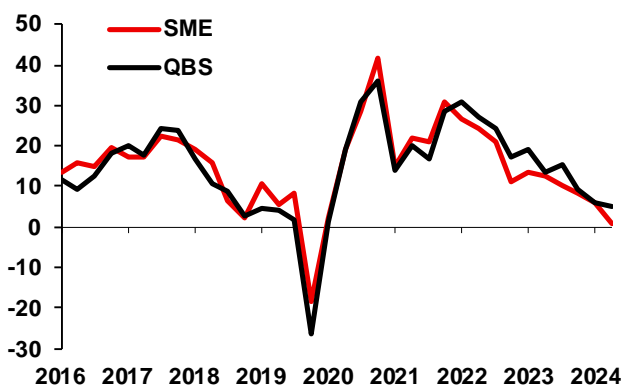


Chart 32: Profitability (Net Balance, SA)

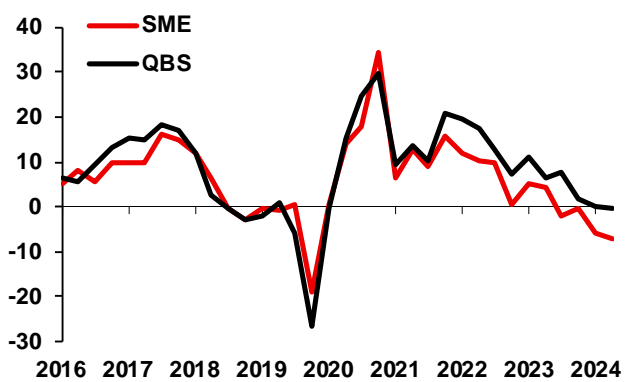


Chart 33: Employment (Net Balance, SA)

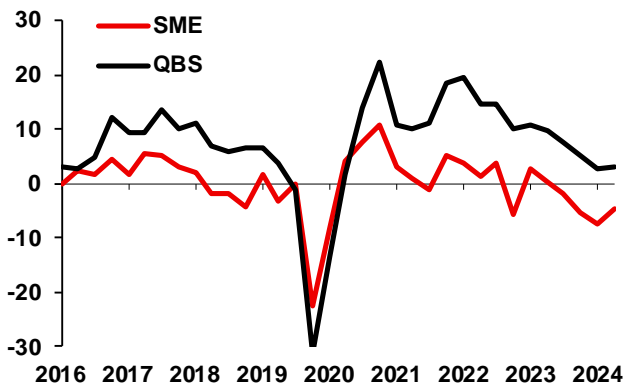


Chart 34: Forward Orders (Net Balance, SA)

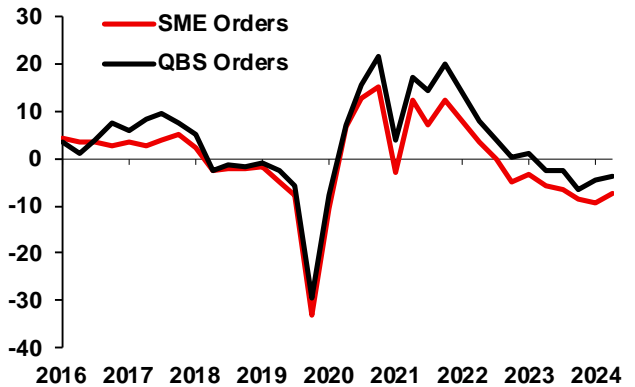


Chart 35: Capacity Utilisation (% , SA)

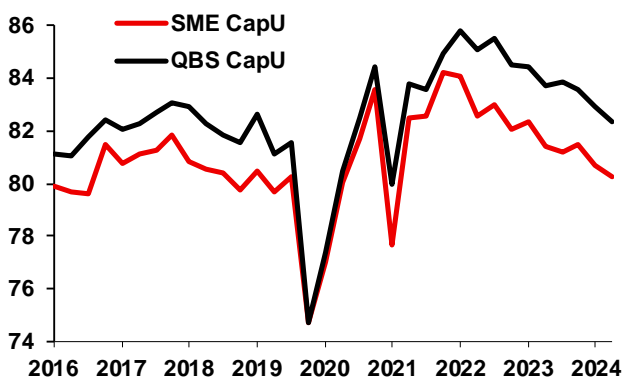
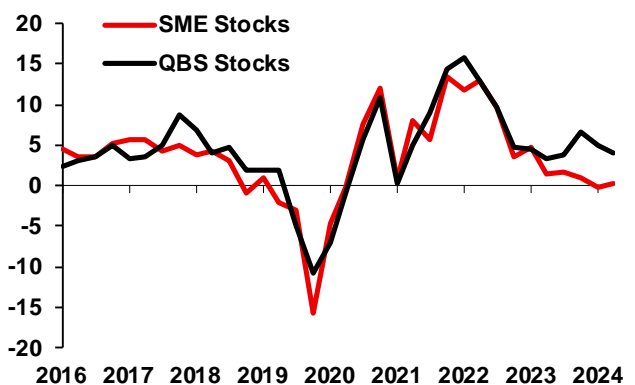


Chart 36: Stocks (Net Balance, SA)



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