



# NAB Monthly Business Survey Feb-25

## Business confidence falls back in February

### NAB Economics

#### Summary

Business conditions rose marginally in February, with small lifts in both trading conditions and profitability. However, there was a notable reversal in business confidence which fell 6pts, largely offsetting the improvement seen in January. This takes confidence below the long-run average and back into negative territory. Forward orders were steady but by industry there was a notable decline in retail orders, where conditions and confidence remain soft. Alongside below average conditions, capacity utilisation continues to ease, edging down to 81.9% though it remains above average. Overall, the survey suggests that activity measures in the survey continue to point to below average growth, and alongside this input cost pressures are a step above output price growth pointing to the ongoing challenges in the business sector even though economic activity showed some improvement in H2 2024.

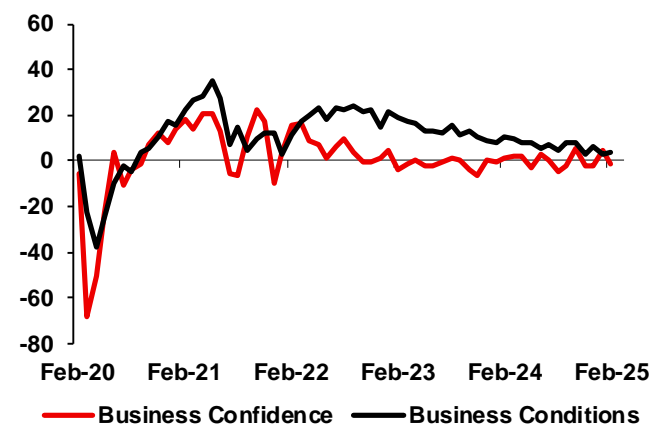
#### Survey Details

- **Business confidence** fell 6pt to -1 index points, largely reversing the improvement seen last month. All industries saw business confidence fall in the month, with the largest declines in mining, recreation & personal and transport & utilities.
- **Business conditions** edged up to +4 index points. The trading and profitability sub-components both improved by 1pt. Employment eased by 1pt but remains slightly above average.
- **By industry**, conditions were mixed. Mining conditions improved (partially reversing the large decline reported last month) but remain very weak in level terms. Construction conditions rose 7pts in January, followed by smaller 3pt increases in transport & utilities and recreation & personal. On the other hand, there were declines in wholesale, manufacturing, finance, business & property, and retail. In trend terms, conditions remain strongest in the services sector and is now weakest in mining.
- **By State**, conditions weakened in all states except Vic and Tas (the two weakest states in January). In trend term, conditions remain negative and weakest in Vic and strongest in Qld. Confidence fell in all states, with a particularly notable decline in WA.
- **Capacity utilisation** eased slightly to 81.9%. **Forward orders** were steady at -3 index points, while **capex** rose 1pt to +5 index points.
- **Purchase cost growth** rose to 1.5% in quarterly equivalent terms while **labour cost growth** softened to 1.5%. **Product price growth** eased from 0.8% to 0.5% while retail prices were unchanged.

Table 1: Key Monthly Business Survey Statistics

	Dec-24	Jan-25	Feb-25
	Net balance		
Business confidence	-2	5	-1
Business conditions	6	3	4
Trading	10	7	8
Profitability	4	-2	-1
Employment	4	5	4
Forward Orders	-2	-3	-3
Capex	11	4	5
Stocks	3	3	3
Exports	2	-1	0
	% change at quarterly rate		
Labour costs	1.4	1.7	1.5
Purchase costs	1.4	1.1	1.5
Final products prices	0.8	0.8	0.5
Retail prices	0.8	1.0	1.0
	Percent		
Capacity utilisation rate	82.7	82.0	81.9

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



All data seasonally adjusted and subject to revision. Survey conducted from 18 February to 3 March, covering around 470 businesses across the non-farm business sector. **Next release date: 8 April 2025.**

## Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

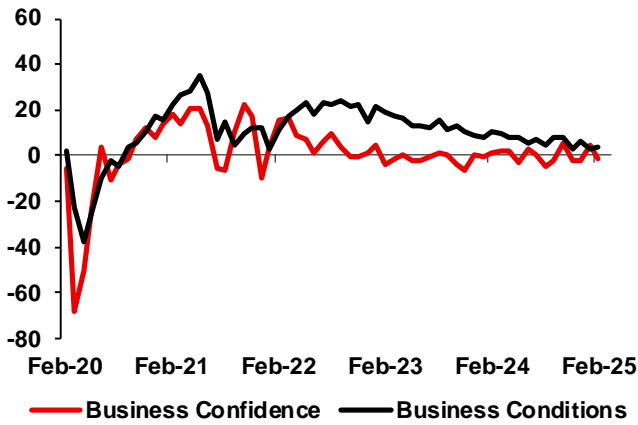


Chart 3: Components of Conditions, SA (Net Balance)

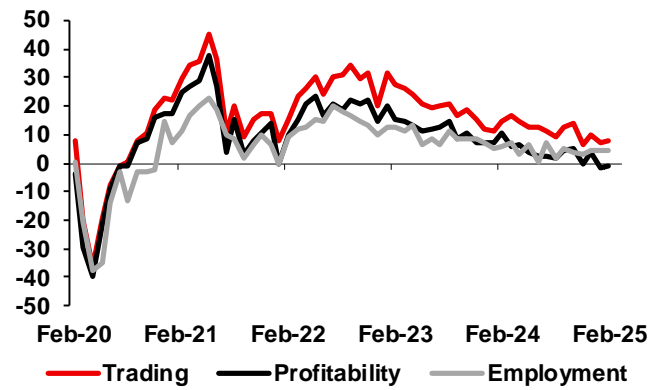


Chart 4: Business Confidence, SA (Net Balance)

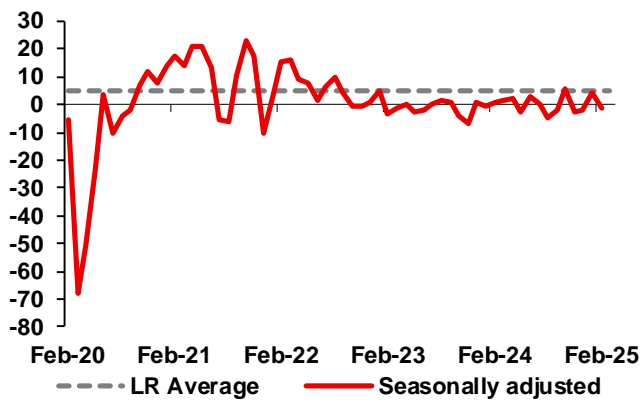


Chart 5: Conditions & Confidence, Trend (Net Balance)

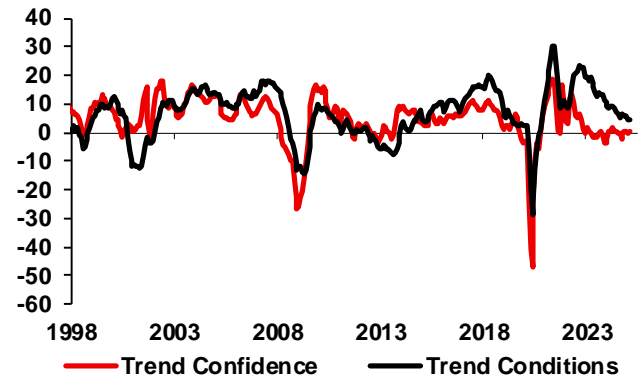


Chart 6: Conditions & Confidence by Industry, Trend (Net Balance)

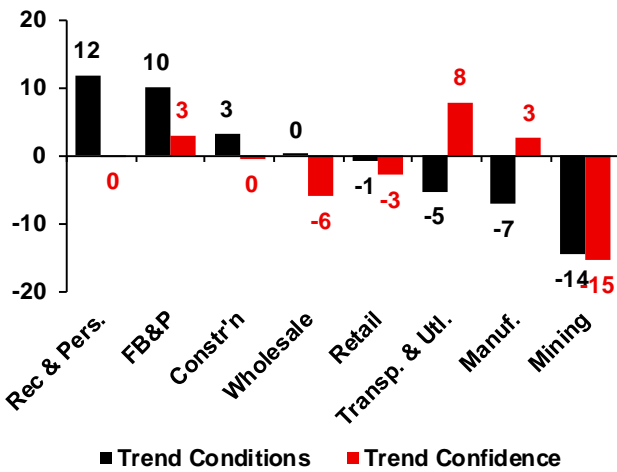
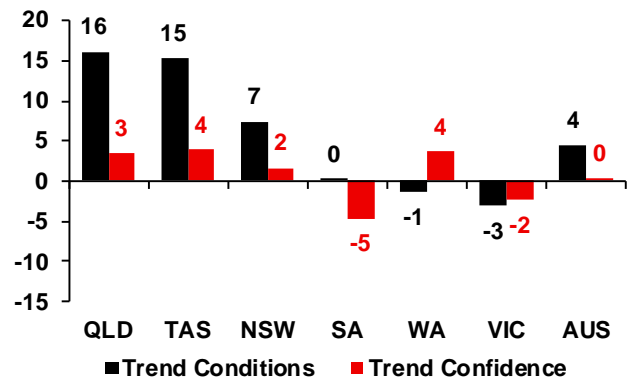


Chart 7: Conditions & Confidence by State, Trend (Net Balance)



## Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

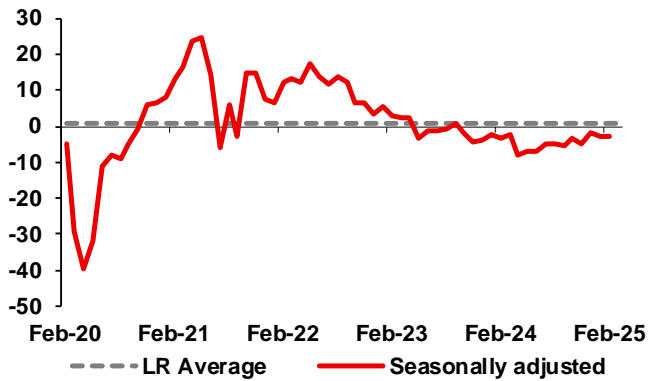


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

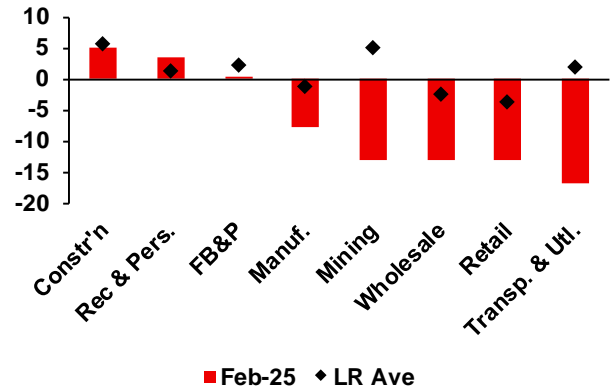


Chart 10: Capacity Utilisation, SA (%)

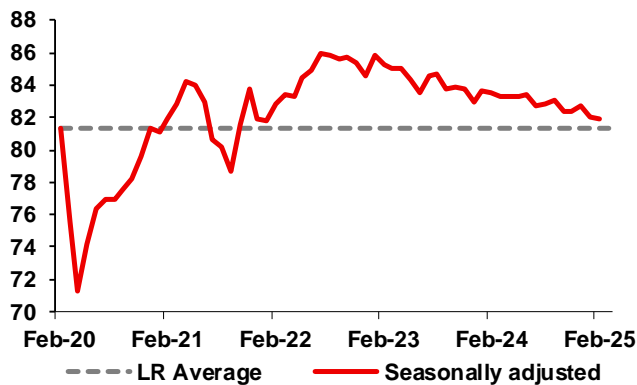


Chart 11: Capacity Util. by Industry, Trend

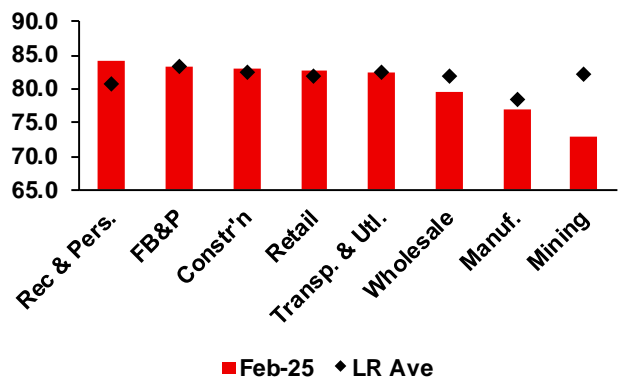


Chart 12: Capital Expenditure, SA (Net Balance)

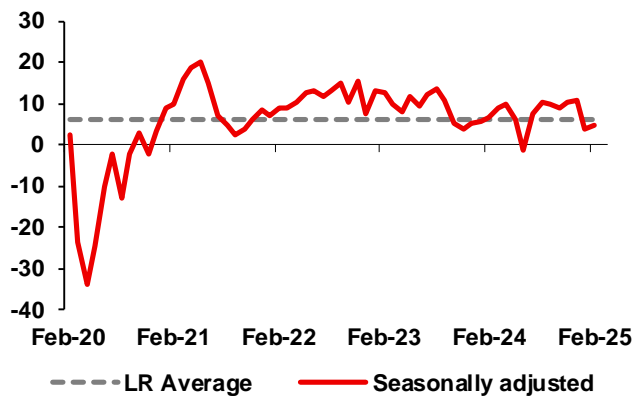


Chart 13: Exports & Stocks, SA (Net Balance)

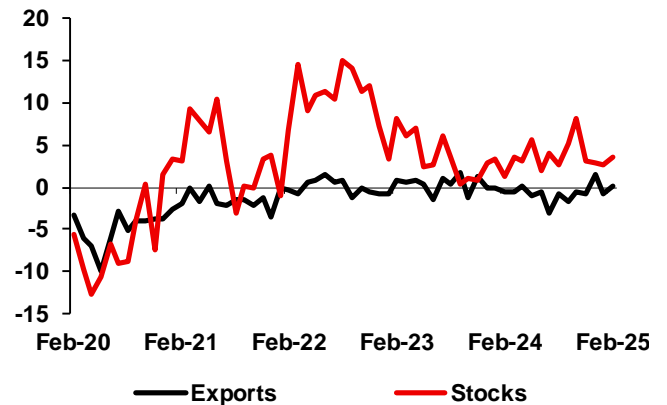


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

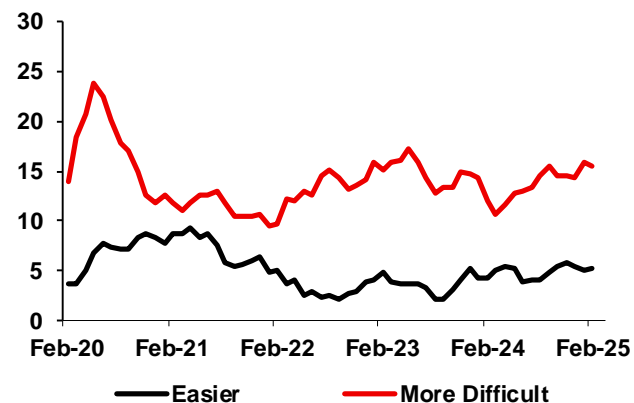
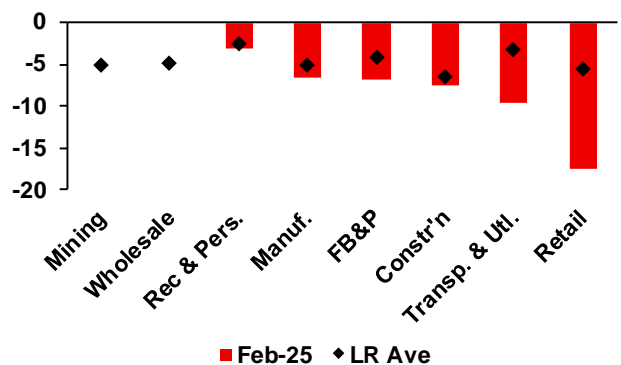


Chart 15: Borrowing Conditions by Industry (Net Balance)



## Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

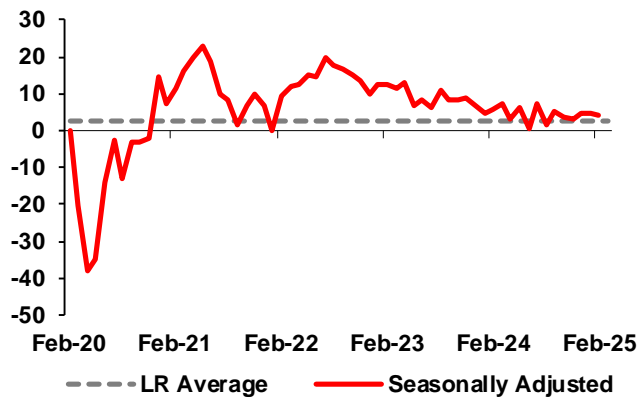


Chart 17: Employment, Selected Industries, Trend

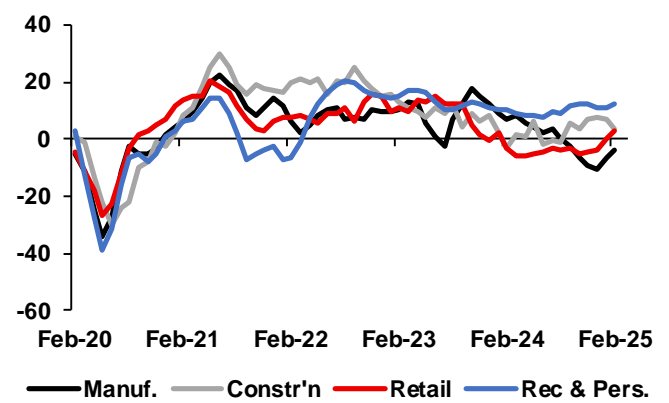


Chart 18: Cost Growth, SA (% Qtly Eq.)

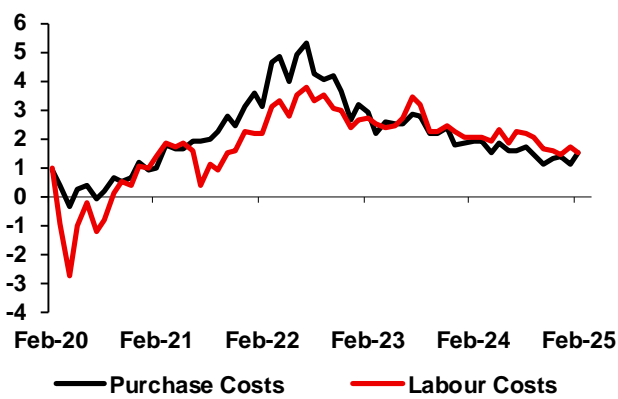


Chart 19: Labour Costs, Selected Industries, Trend (%)

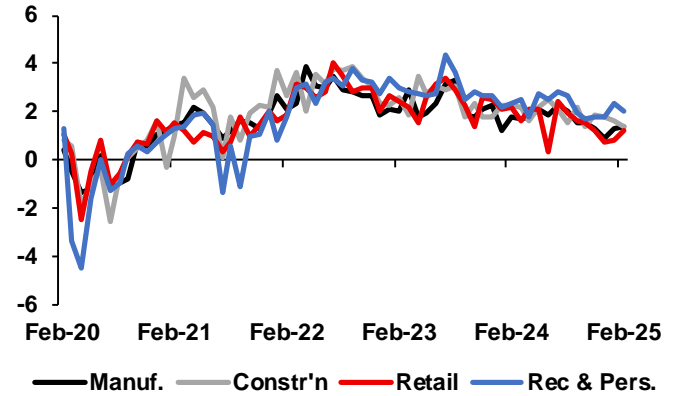


Chart 20: Output Price Growth, SA (% Qtly Eq.)

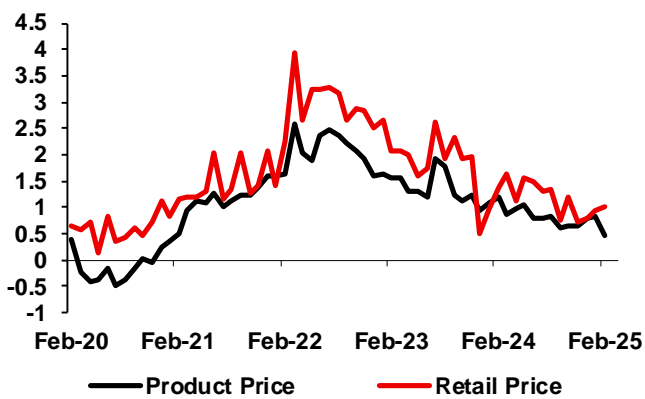
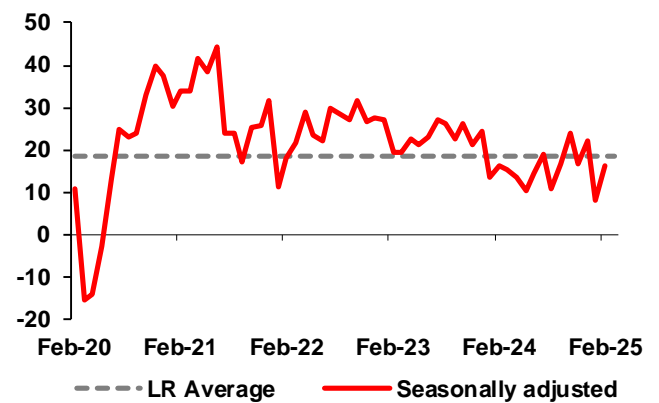


Chart 21: Cash Flow, SA (Net Balance)



## Conditions and Confidence by State and Industry

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

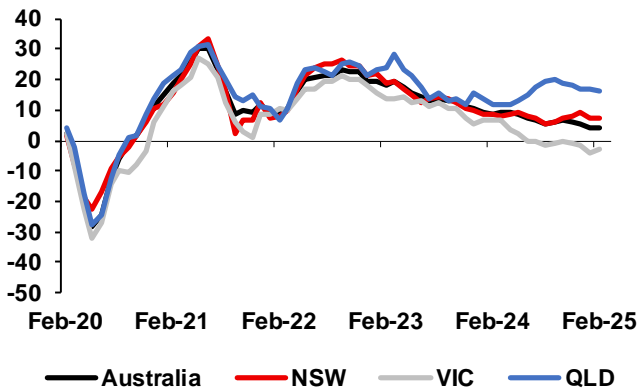


Chart 23: Conditions by State (Net Balance, Trend)

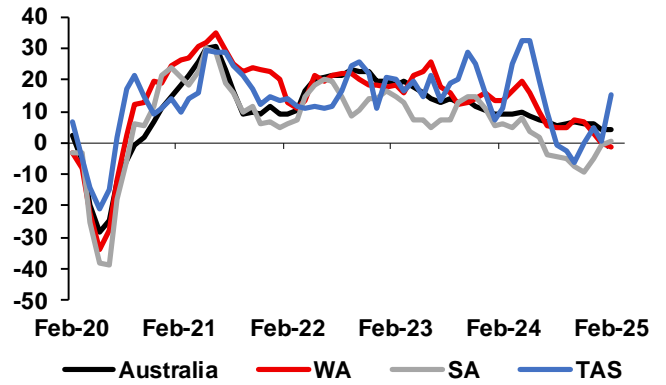


Chart 24: Confidence by State (Net Balance, Trend)

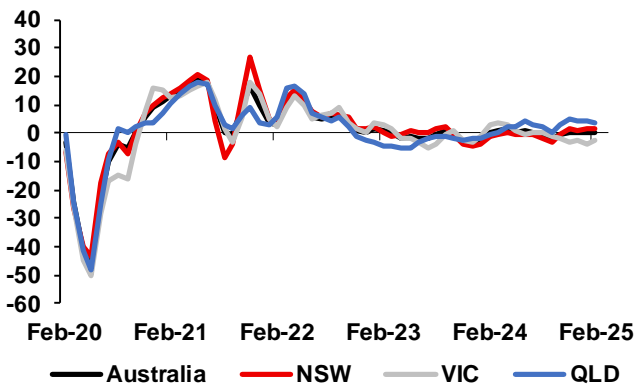


Chart 25: Confidence by State (Net Balance, Trend)

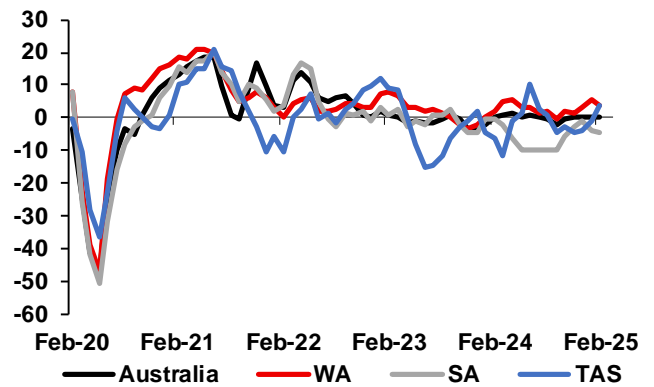


Chart 26: Conditions by Industry (Net Balance, Trend)

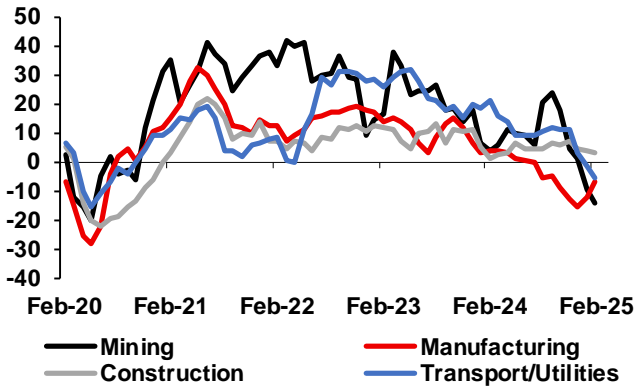


Chart 27: Conditions by Industry (Net Balance, Trend)

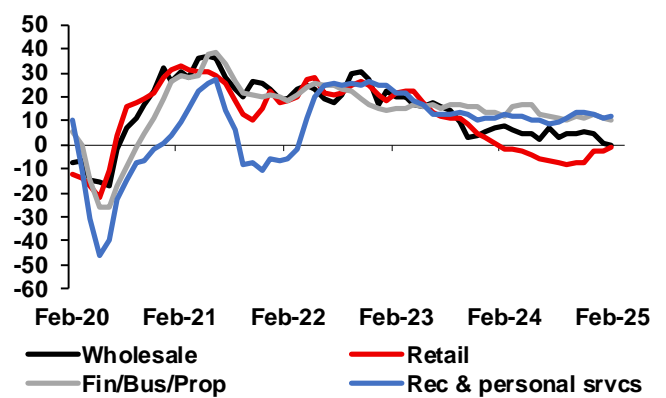


Chart 28: Confidence by Industry (Net Balance, Trend)

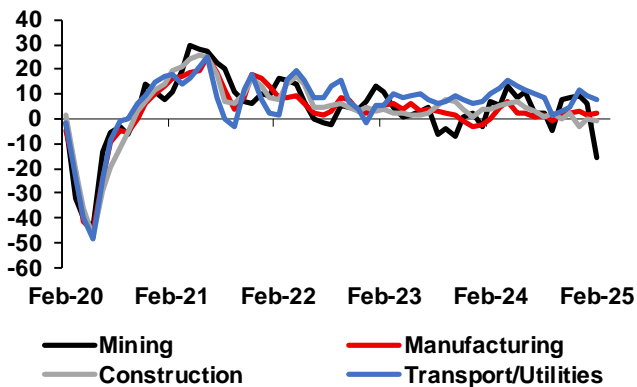
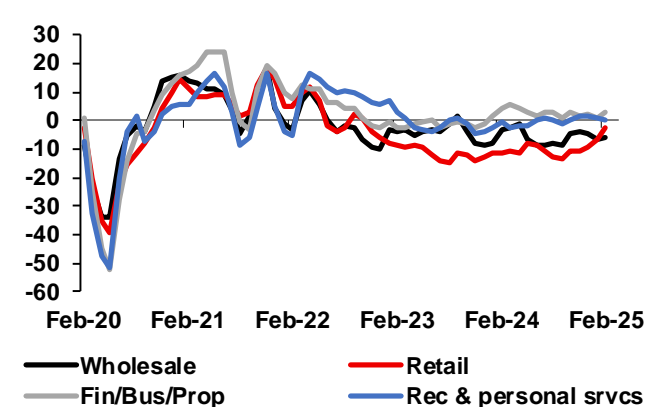


Chart 29: Confidence by Industry (Net Balance, Trend)



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## Appendix: list of series available to subscribers<sup>^</sup>

### 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.

<sup>^</sup>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.