

# NAB Quarterly Business Survey Q1 2025



## Softer conditions to start the year

## NAB Economics

### Summary

Business conditions eased slightly in the first quarter of the year and are now below average, with declines across all three sub-components. Business confidence improved again, but remains in negative territory and well below the long run average. Some forward looking indicators also weakened: capex plans over the next 12m fell (largely reversing the improvement in Q4) as did expected business conditions over the next three months. This suggests that businesses have remained cautious in the first quarter of the year. Labour as a significant constraint on output fell notably in quarter (but remains well above 2019 levels), while demand as a significant constraint continued to rise. A similar trend was seen in the top issues affecting business confidence – while wage costs remain the top concern, the share of firms reporting this factor has been steadily easing, while pressure on margins and demand have increasingly become a top issue for businesses. Labour cost growth eased this quarter from 1.0% q/q to 0.9%, but there was an uptick in purchase costs growth and retail price growth. Note that this survey was conducted before the April 2<sup>nd</sup> tariff announcements and does not reflect firms' perceptions of the outlook post tariff announcements.

### Survey Details

- **Business conditions** eased slightly, falling 1pt to +2 index points. The profitability sub-component fell 2pts to -3 index points, while trading and employment conditions eased by 1pt each.
- **By industry**, conditions fell most in mining (-9pts), transport & utilities (-7pts), financial, property & business services (-7pts) and wholesale (-6pts). Retail conditions rebounded (up 9pts) but remained negative at -6 index points. Retail conditions have not been positive since 2023 Q4.
- **By state**, conditions eased in all states except NSW and SA. WA saw the largest decline in conditions (down 7pts) followed by Qld (down 5pts). In level terms, conditions remain weakest in Victoria and SA.
- **Business confidence** improved 1pt to -4 index points. Retail recorded a significant increase in confidence and is now almost back to positive territory. Mining confidence fell significantly in the quarter.
- **Leading indicators** largely eased. Expected business conditions at the 3-month horizon fell by 3pts to +7 index points while expected conditions at the 12-month horizon were flat. Capex plans over the next 12m eased 3pts. Forward orders remained negative at -3 index points, and capacity utilisation rose marginally to 82.5%.
- **Labour indicators** eased. The share of businesses reporting that labour was a significant constraint on output fell from 34% to 29%. This is the first time since September 2021 that this measure has come in below 30%. Sales as a significant constraint on output has risen to 24%.

Table 1: Key Quarterly Business Survey Statistics

	2024q3	2024q4	2025q1
	Net balance		
Business confidence	-7	-5	-4
Business conditions	3	3	2
Next 3 months	11	10	7
Next 12 months	12	17	17
Trading	6	6	5
Profitability	0	0	-3
Employment	3	3	2
Forward orders	-5	-4	-3
Stocks	5	5	4
Exports	0	0	0
Capex plans (next 12m)	19	22	17
	% Change, quarterly		
Labour costs	1.2	1.0	0.9
Purchase costs	1.0	0.8	0.9
Final products prices	0.5	0.4	0.3
Retail prices	0.7	0.6	0.8
	Percent		
Capacity utilisation rate	82.9	82.4	82.5

All data seasonally adjusted, except purchase costs and exports. Survey conducted from 19 February to 7 March 2025, covering over 650 firms across the non-farm business sector. **Next release date: 17 July 2025.**

- **Reported costs growth** was broadly flat. Labour cost growth was 0.9% q/q (down from 1.0%) and purchase costs growth rose from 0.8% q/q to 0.9% q/q.
- **Price growth measures** saw final product price growth ease to 0.3% q/q (down from 0.4%) while retail price rose from 0.6% q/q to 0.8% q/q.
- Wage costs remained the top **issue affecting business confidence**, though this measure has continued to ease. Reported pressures on margins and demand have risen over recent quarters.

## Business Conditions and Confidence

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

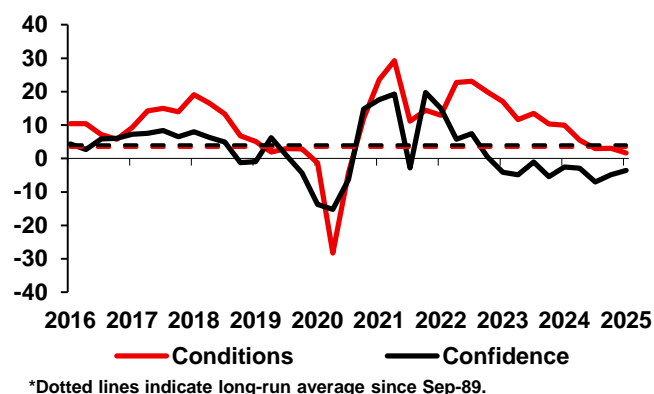
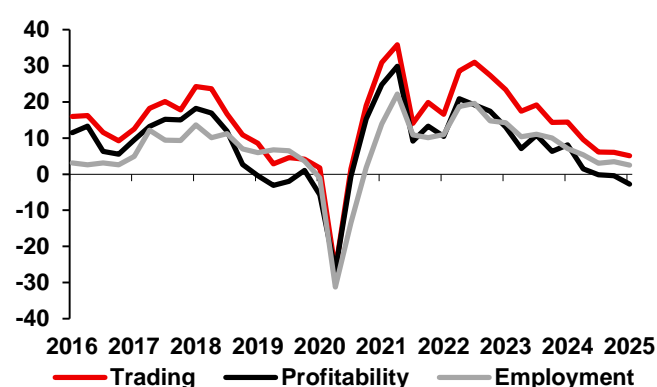


Chart 2: Conditions Components (Net Balance, SA)



## Issues Affecting Business Confidence

Chart 3: Issues Affecting Confidence (Share of Firms)

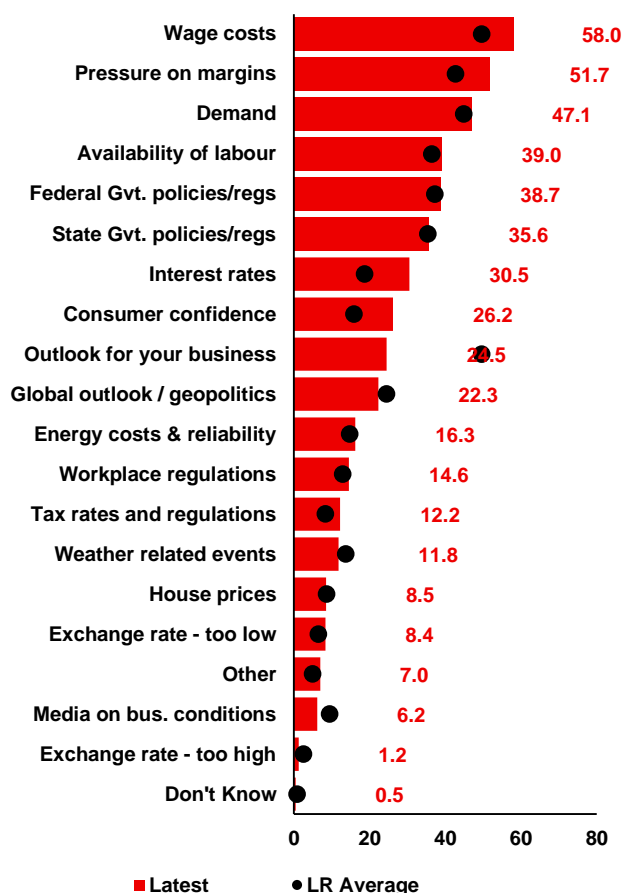


Chart 4: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #1 and #2

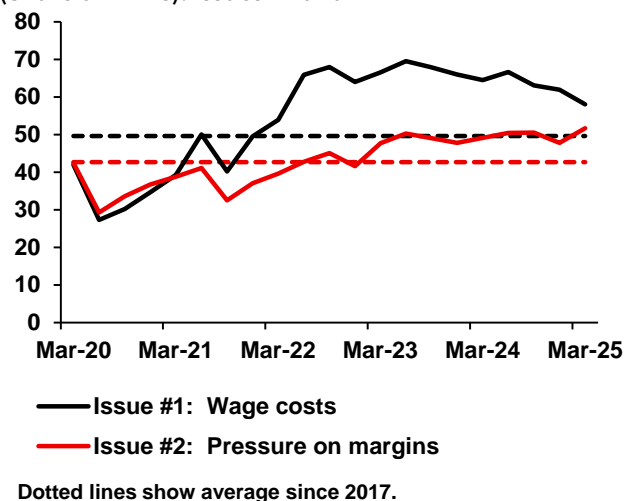
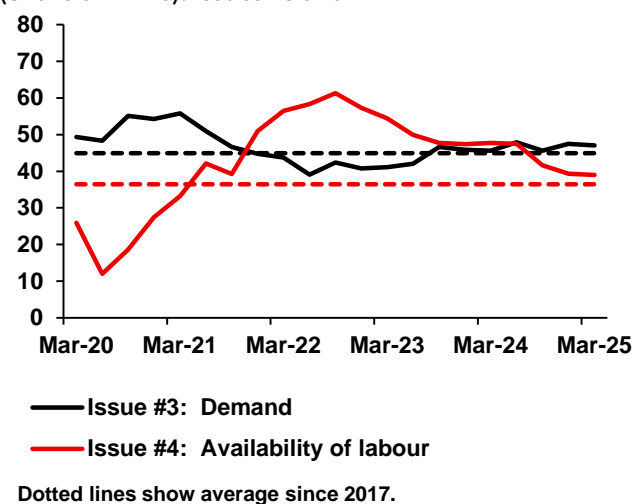


Chart 5: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #3 and #4



## Leading Indicators and Business Investment

Chart 6: Expected Conditions (Net Balance, SA)

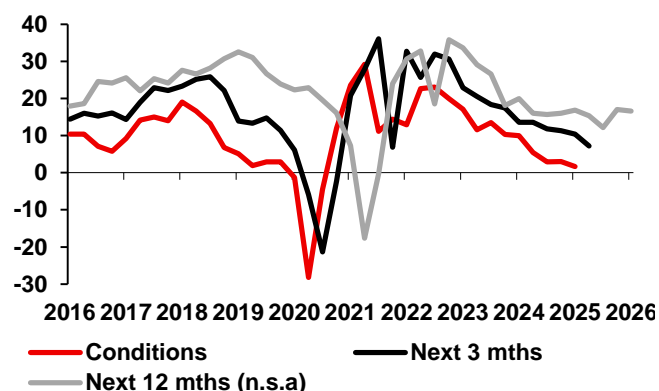


Chart 7: Expected Forward Orders (Net Balance, SA)

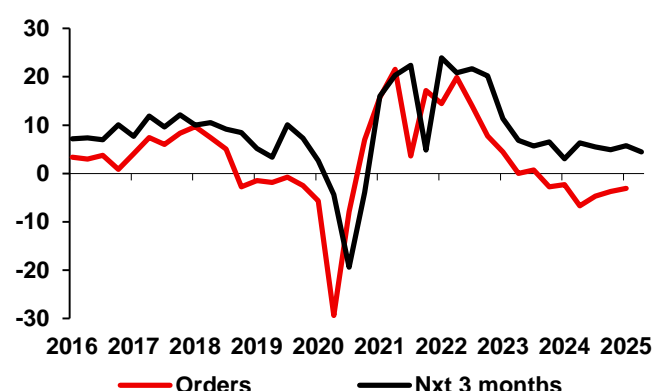


Chart 8: Capacity Utilisation (Percent, SA)

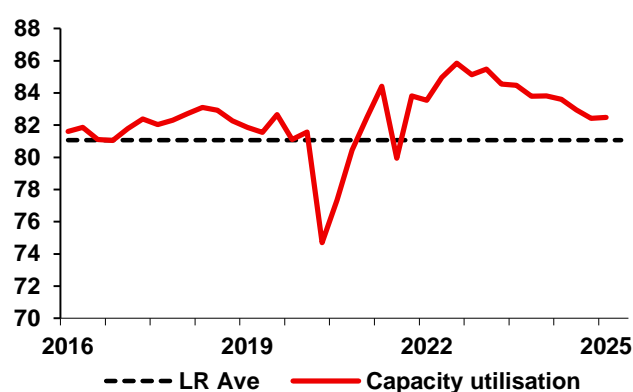


Chart 9: Capacity Utilisation (3qtr average deviation from long run average.)

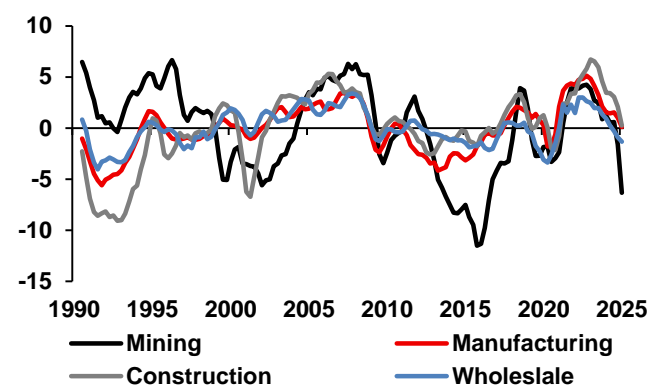


Chart 10: Stocks (Net Balance, SA)

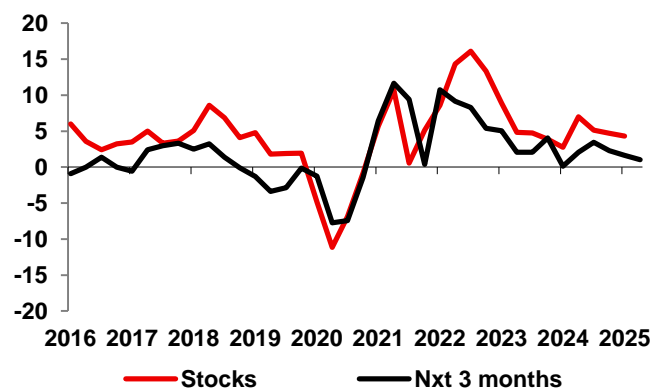
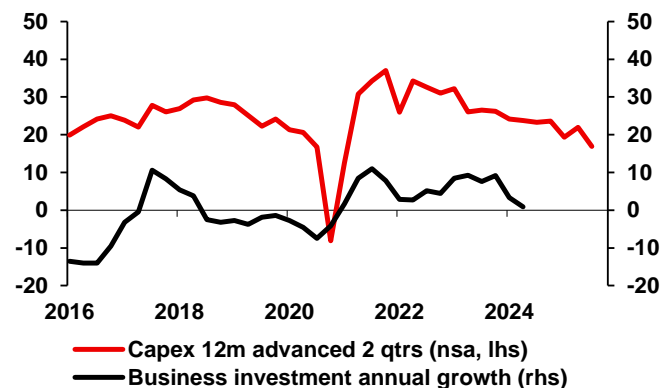


Chart 11: Expected Capex (Net Balance, SA)



## Labour Market Indicators

Chart 12: Employment Expectations (Net Balance, SA)

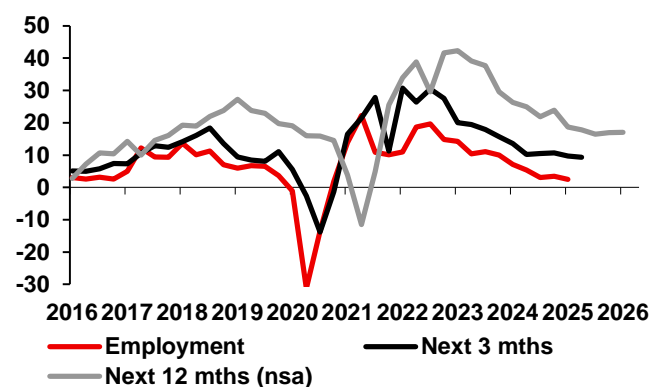


Chart 13: Labour Constraints &amp; Unemployment Rate

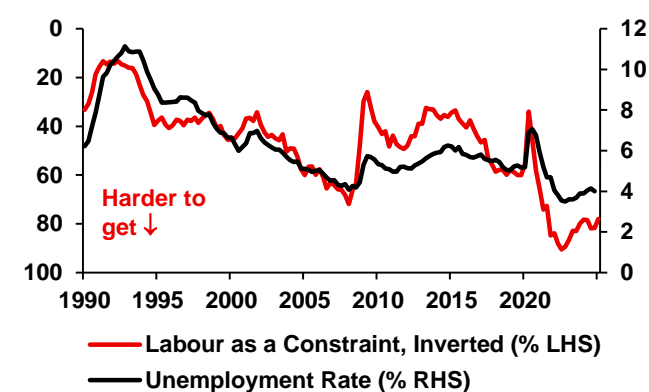


Chart 14: Change in Average Hours Worked (NSA)

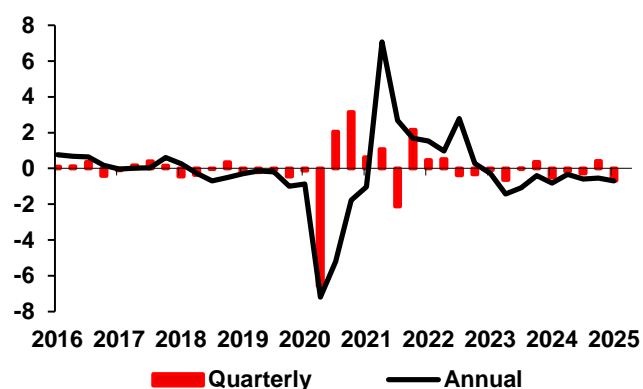


Chart 15: Average Hours Worked by Industry (NSA)

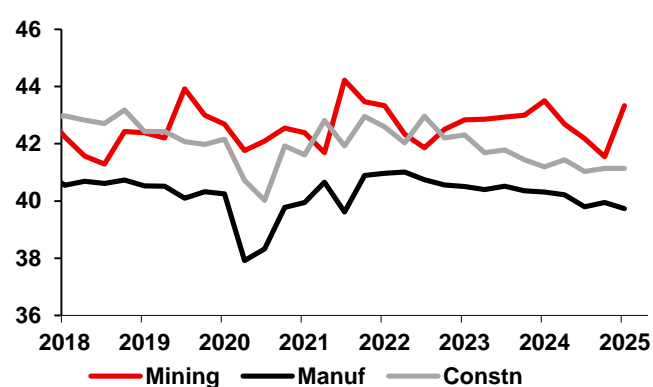


Chart 16: Average Hours Worked by Industry (NSA)

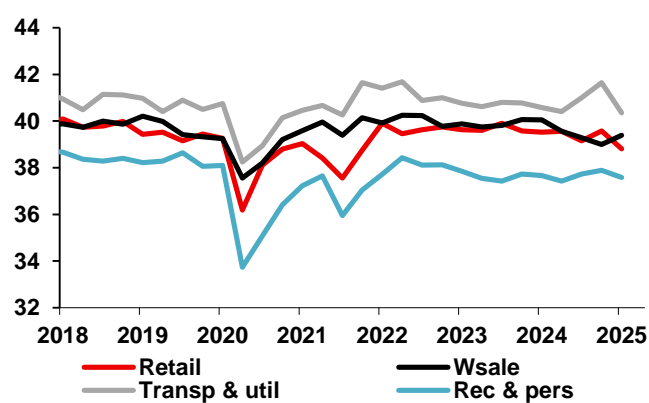
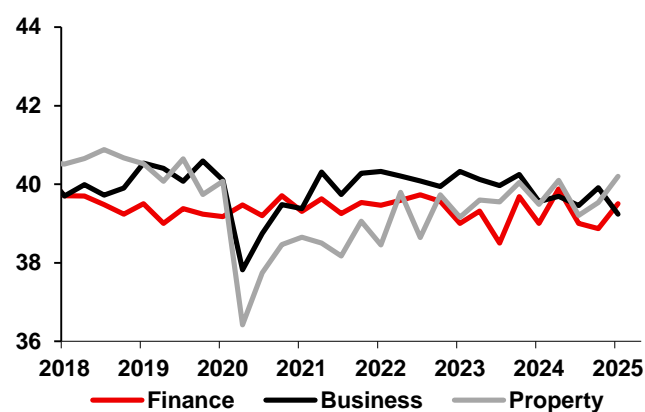


Chart 17: Average Hours Worked by Industry (NSA)



## Major Constraints on Firm Output

Chart 18: Main Constraints on Firm Output (% of Firms)

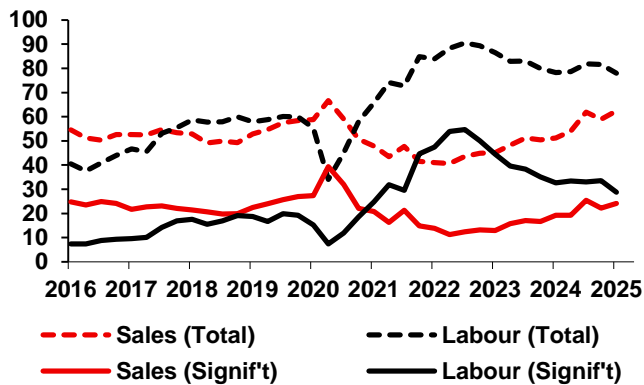
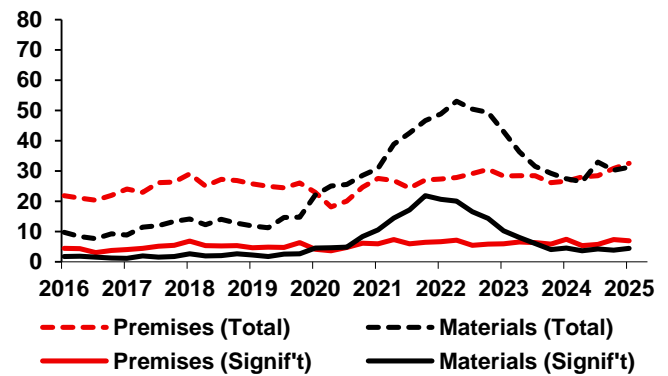


Chart 19: Main Constraints on Firm Output (% of Firms)



## Inflation Pressures

Chart 20: Annualised Price Growth (Percent, SA)

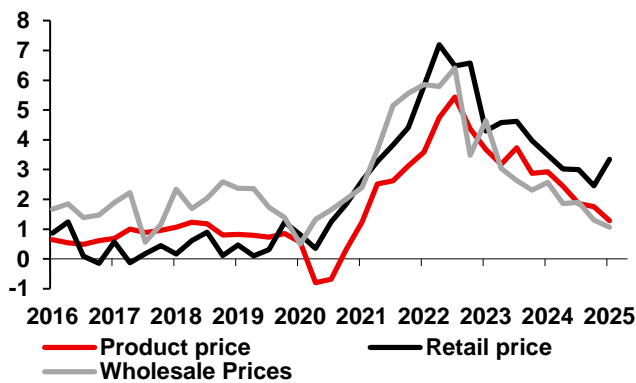
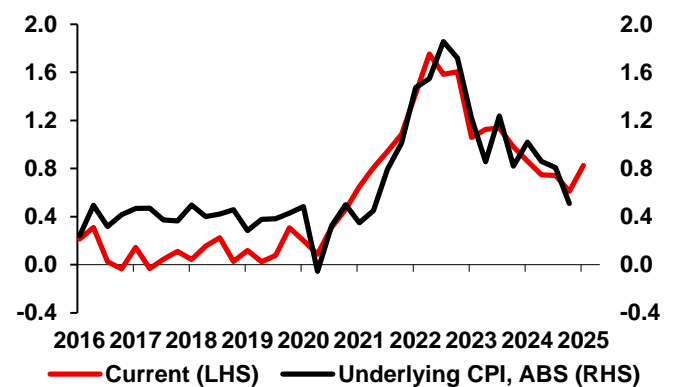


Chart 21: Retail Price Growth (Percent, SA)



## Labour Costs

Chart 22: Labour Costs &amp; Compensation of Employees Growth (Percent, SA)

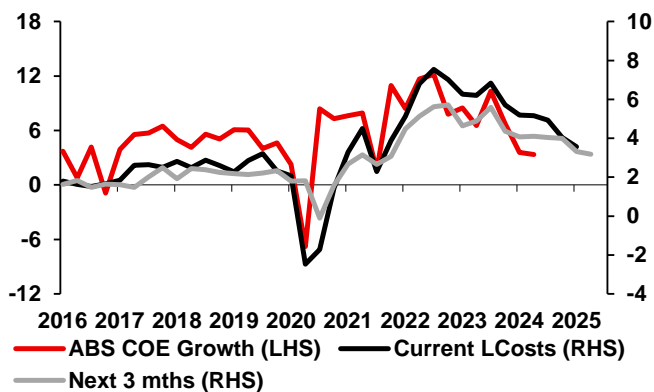
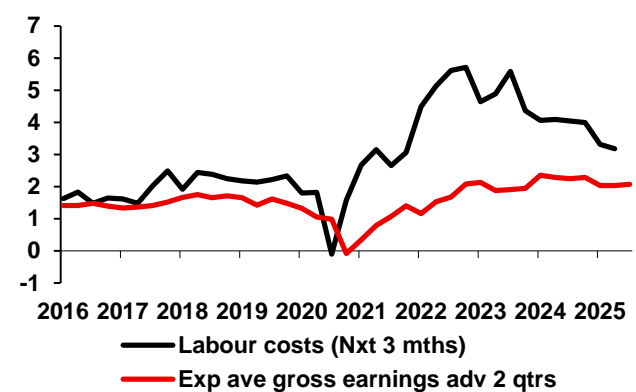


Chart 23: Expected Labour Costs &amp; Average Earnings Growth (Percent, SA)



## Details by Industry

Chart 24: Conditions by Industry (Net Balance, SA)

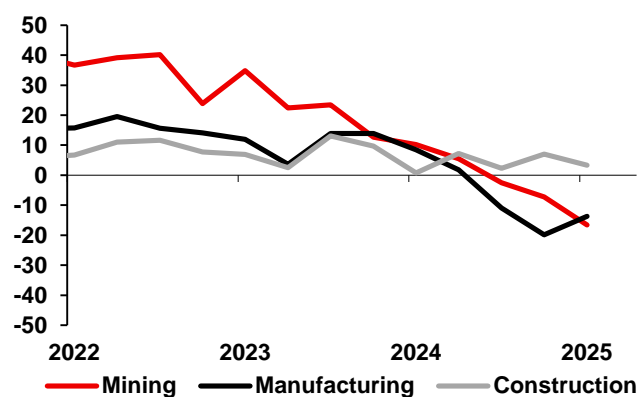


Chart 25: Confidence by Industry (Net Balance, SA)

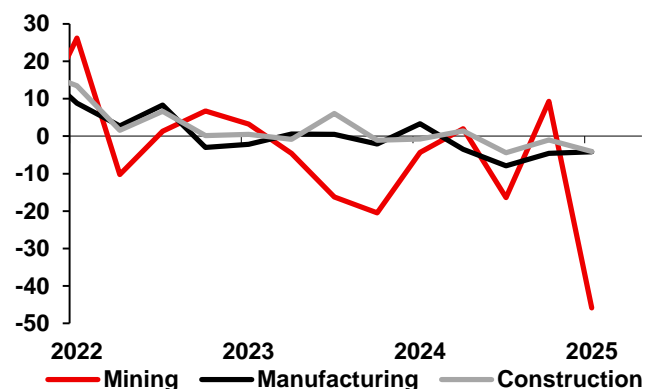


Chart 26: Conditions by Industry (Net Balance, SA)

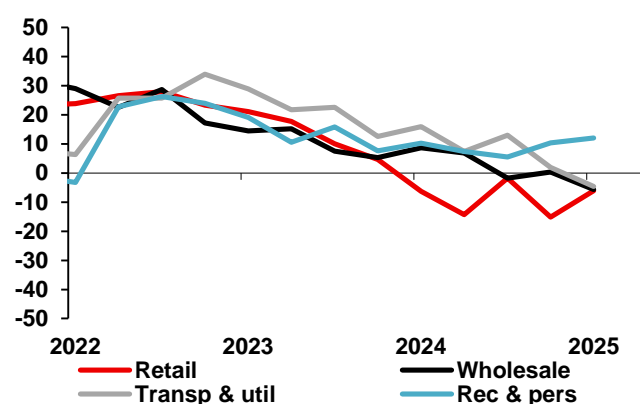


Chart 27: Confidence by Industry (Net Balance, SA)

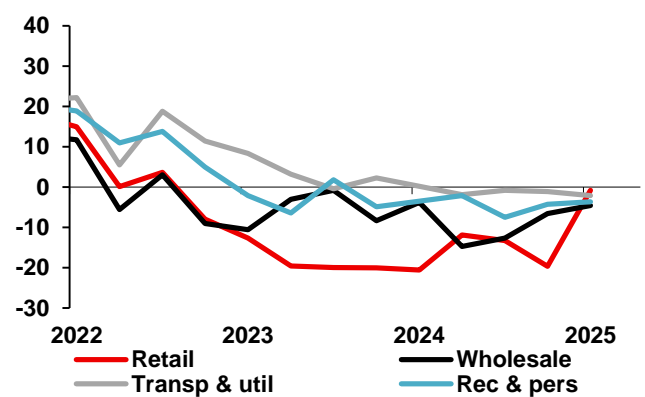


Chart 28: Conditions by Industry (Net Balance, SA)

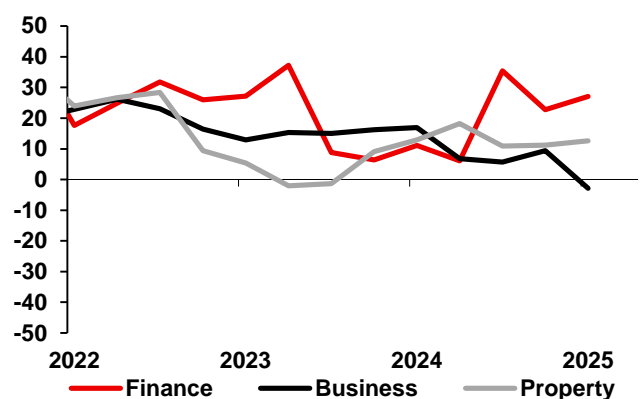
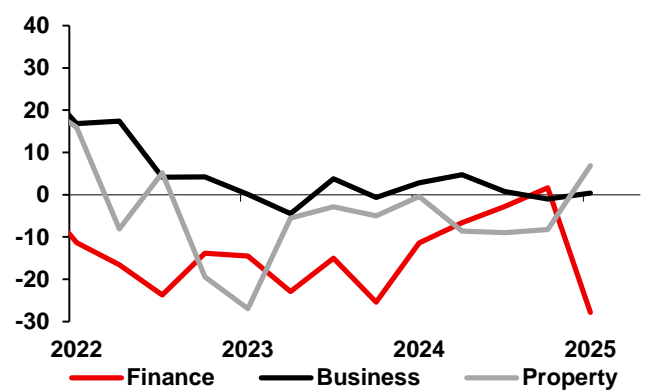


Chart 29: Confidence by Industry (Net Balance, SA)



Construction Sub-Industry Details

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

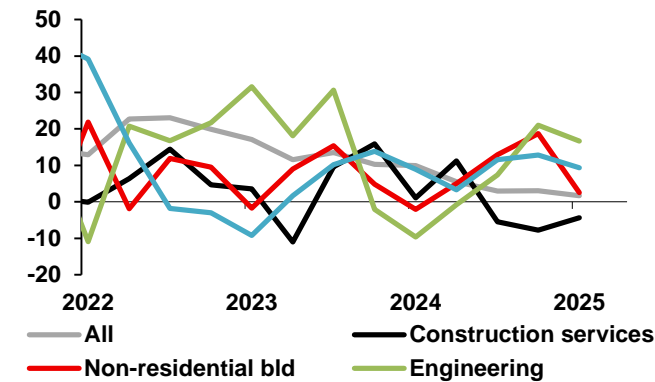


Chart 31: Confidence by Construction Sub-Industry (Net Balance, SA)

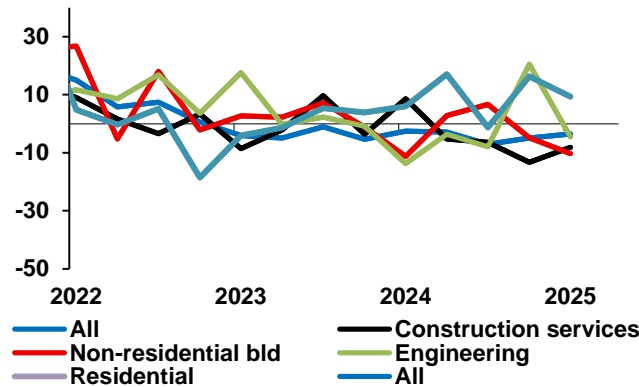


Chart 32: Employment by Construction Sub-Industry (Net Balance, SA)

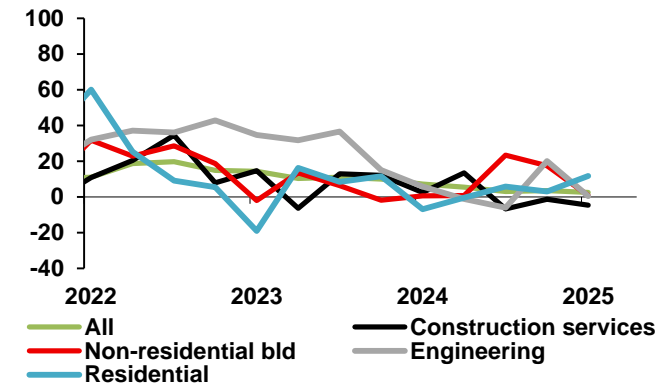
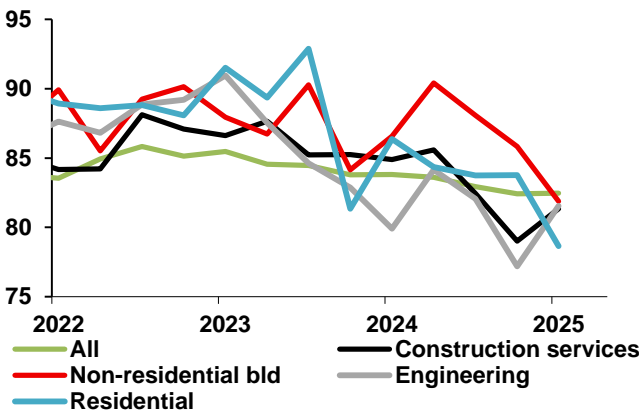


Chart 33: Capacity Utilisation by Construction Sub-Industry (Percent, SA)



## Details by State

Chart 34: Conditions by State (Net Balance, SA)

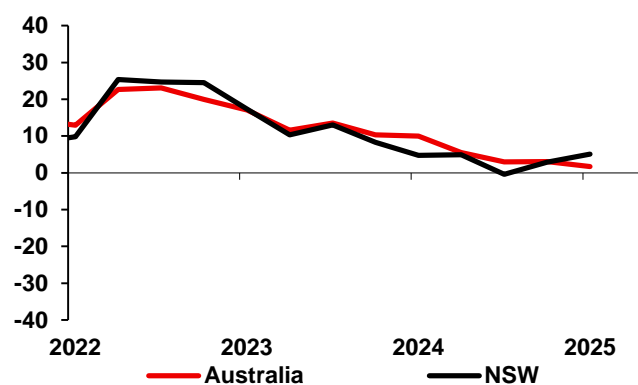


Chart 35: Confidence by State (Net Balance, SA)

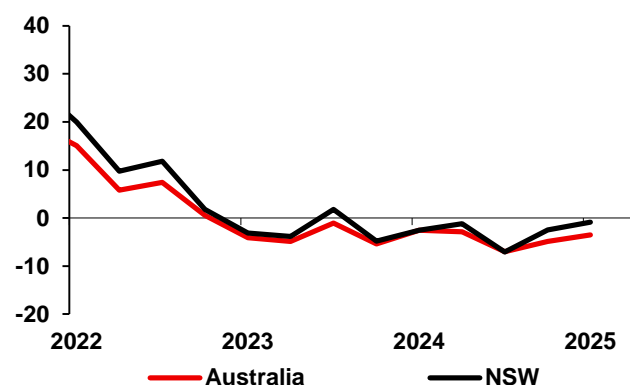


Chart 36: Conditions by State (Net Balance, SA)

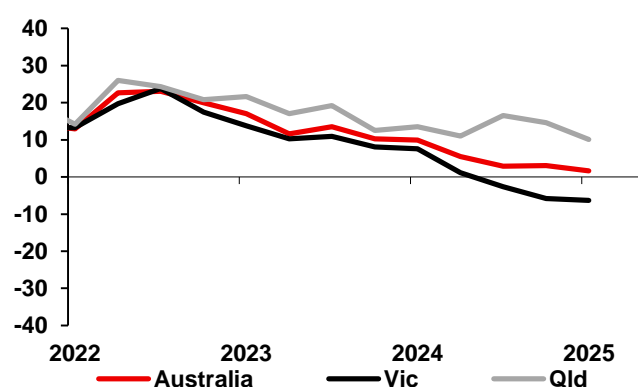


Chart 37: Confidence by State (Net Balance, SA)

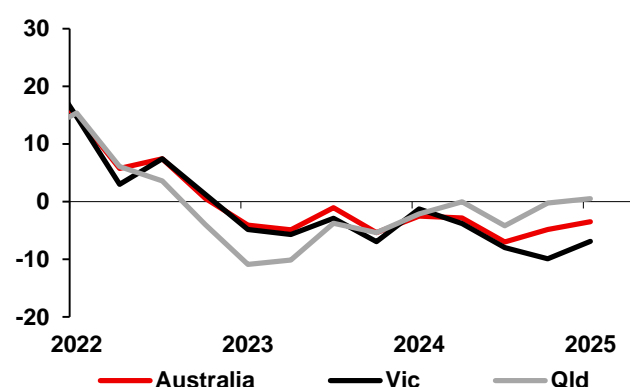


Chart 38: Conditions by State (Net Balance, SA)

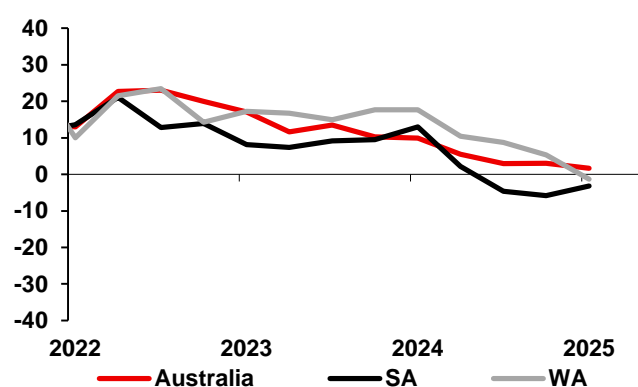
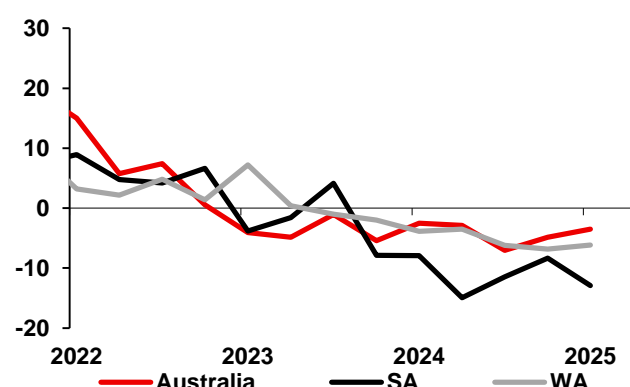


Chart 39: Confidence by State (Net Balance, SA)





## Data Appendix

	2024q1	2024q2	Quarterly		2025q1	2024m11	2024m12	Monthly		
			2024q3	2024q4				2025m1	2025m2	2025m3
Confidence	-3	-3	-7	-5	-4	-3	-2	5	-2	-3
Conditions	10	5	3	3	2	3	6	3	3	4

	2024q1	2024q2	Quarterly		2025q1	2024m11	2024m12	Monthly		
			2024q3	2024q4				2025m1	2025m2	2025m3
Trading	14	10	6	6	5	7	10	7	7	6
Profitability	8	1	0	0	-3	0	4	-2	-1	1
Employment	7	5	3	3	2	3	5	5	4	4

	2024q4	Quarterly <sup>(a)</sup>				2024m11	2024m12	Monthly		
		2025q1	2025q2	2025q4	2026q1			2025m1	2025m2	2025m3
Conditions	3	2	NA	NA	NA	3	6	3	3	4
Conds. next 3m	11	10	7	NA	NA					
Conds. nxt 12m	16	17	15	17	17					
Orders	-4	-3	NA	NA	NA	-5	-2	-3	-3	-2
Orders next 3m	5	6	NA	NA	NA					

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

	2024q2	Quarterly <sup>(a)</sup>				2024m11	2024m12	Monthly		
		2024q3	2024q4	2025q1	2025q2			2025m1	2025m2	2025m3
Capacity utilis.	84	83	82	82	NA	82.4	82.7	82.1	82.0	82.9
Stocks current	7	5	5	4	NA	3	3	3	3	5
Stocks next 3m	2	3	2	2	NA					

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

	2024q4	Quarterly <sup>(a)</sup>				2024m11	2024m12	Monthly		
		2025q1	2025q2	2025q4	2026q1			2025m1	2025m2	2025m3
Empl current	3	2	NA	NA	NA	3	5	5	4	4
Empl next 3m	11	10	9	NA	NA					
Empl nxt 12m	24	19	18	17	17					

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

	2024q1	2024q4	2025q1
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

	Quarterly					Monthly				
	2024q1	2024q2	2024q3	2024q4	2025q1	2024m11	2024m12	2025m1	2025m2	2025m3
Business conditions										
NSW	5	5	0	3	<b>5</b>	5	11	7	4	6
VIC	8	1	-3	-6	<b>-6</b>	-5	0	-6	-3	-2
QLD	14	11	17	15	<b>10</b>	17	18	16	14	6
SA	13	2	-5	-6	<b>-3</b>	-9	3	3	-5	1
WA	18	10	9	5	<b>-1</b>	3	-6	3	-1	1
TAS	19	7	-4	6	<b>4</b>	3	5	-6	46	-8

	Quarterly					Monthly				
	2024q1	2024q2	2024q3	2024q4	2025q1	2024m11	2024m12	2025m1	2025m2	2025m3
Business confidence										
NSW	-3	-1	-7	-3	<b>-1</b>	-1	-3	8	0	-4
VIC	-1	-4	-8	-10	<b>-7</b>	-6	-4	-1	-2	-7
QLD	-2	0	-4	0	<b>0</b>	4	3	6	2	7
SA	-8	-15	-11	-8	<b>-13</b>	-8	0	-5	-10	-7
WA	-4	-4	-6	-7	<b>-6</b>	-3	5	14	-9	-2
TAS	-3	-8	-7	-8	<b>-3</b>	-15	3	9	1	7

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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.