

NAB Quarterly Business Survey Q2 2025



Conditions again fell in Q2, but confidence stabilising

NAB Economics

Summary

Business conditions eased to their lowest level since Q3 2020. Falls in the trading and employment components were the drivers, while the profitability component remained weak. Business confidence trends are more positive, with another gain but it is still below its long run average. Forward looking indicators saw some modest gains, but remain on the soft side. Forward orders have clearly come off their trough but were still below their long-run average, while future capex intentions reversed a large part of the Q1 decline. However, there was a fall in the capacity utilisation rate. While capacity utilisation has been trending down it remains above its historical average. Other potential indicators of demand/supply imbalances also showed signs of moderating or were unchanged. The number of businesses indicating that labour availability remains a significant constraint again fell – that said, it is still high relative to pre-COVID levels and many businesses still flag it as an issue (even if now more minor). In line with this, while there was little movement in cost growth this survey, product prices have moderated; retail price growth was at its lowest since early 2021. Wage costs remained the top issue affecting confidence (but less so than in the recent past), followed by margins and federal government policies, with demand seen as less of an issue this quarter.

Survey Details

- **Business conditions** declined by 1pt (based on unrounded numbers), to 0 index points. Profitability remained negative at -4 index points, while trading conditions and employment both eased (by 2 and 1pts respectively).
- **By industry**, conditions fell most in finance (down 16pts) and retail (-13pts). There were notable gains in mining (up 35 pts) as well as transport, business services and property. Conditions were weakest in retail, manufacturing and wholesale.
- **By state**, conditions eased NSW (down 4pts) and there were small falls in Qld and SA. They improved by 4pts in Vic and also nudged up in WA (but both remained negative). In level terms, conditions remain weakest in SA and Victoria, and strongest in Qld.
- **Business confidence** rose by 3pts (unrounded). While it is at a low -1 index points, this is the best reading since late 2022. The rise was broad based - with the largest gains in mining, finance construction and transport - but retail and wholesale confidence fell.
- **Leading indicators** generally showed modest gains. Expected business conditions (3 and 12-month horizons) rose 1pt, and forward orders by 2pts (unrounded). Capex plans over the next 12m rose 4pts but capacity utilisation declined to 82.3%.
- **Constraints on output** eased. The share of businesses reporting significant constraints from labour, sales, premises and material was either unchanged or declined. By historical standards, labour constraints remain an issue, although increasingly it is seen as a minor issue.

Table 1: Key Quarterly Business Survey Statistics

	2024q4	2025q1	2025q2
	Net balance		
Business confidence	-5	-3	-1
Business conditions	3	2	0
Next 3 months	11	8	9
Next 12 months	17	17	18
Trading	6	5	3
Profitability	-1	-4	-4
Employment	3	3	1
Forward orders	-4	-3	-2
Stocks	5	5	3
Exports	0	0	1
Capex plans (next 12m)	22	17	21
	% Change, quarterly		
Labour costs	1.0	0.9	1.0
Purchase costs	0.8	0.9	0.8
Final products prices	0.4	0.4	0.4
Retail prices	0.7	0.8	0.6
	Percent		
Capacity utilisation rate	82.4	82.5	82.3

All data seasonally adjusted, except purchase costs and exports. Survey conducted from 26 May to 13 June 2025, covering around 680 firms across the non-farm business sector. **Next release date: 23 October 2025.**

- **Reported costs growth** was little changed – labour cost ticked up 0.1ppts higher, while purchases costs edged down by the same amount.
- **Retail price growth** eased to 0.6% qoq, its lowest level since early 2021. Final product price growth remains more muted, and at 0.4% q/q was unchanged from recent quarters.
- Wage costs were again the top **issue affecting business confidence**, followed by pressure on margins.

Business Conditions and Confidence

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

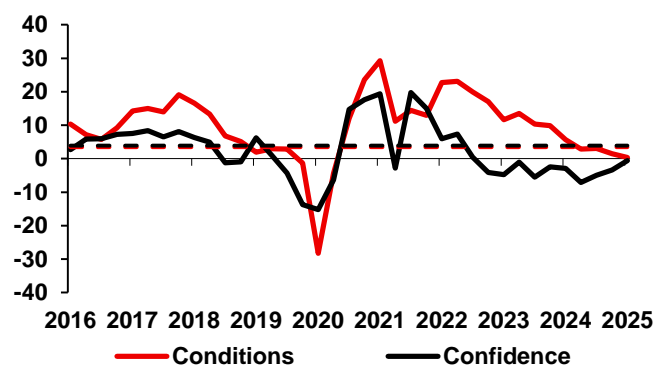
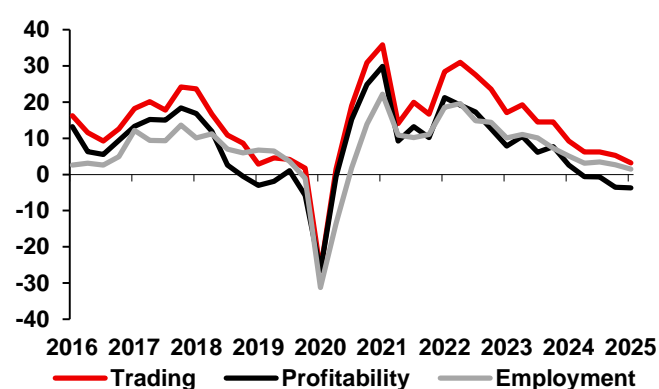


Chart 2: Conditions Components (Net Balance, SA)



Issues Affecting Business Confidence

Chart 3: Issues Affecting Confidence (Share of Firms)

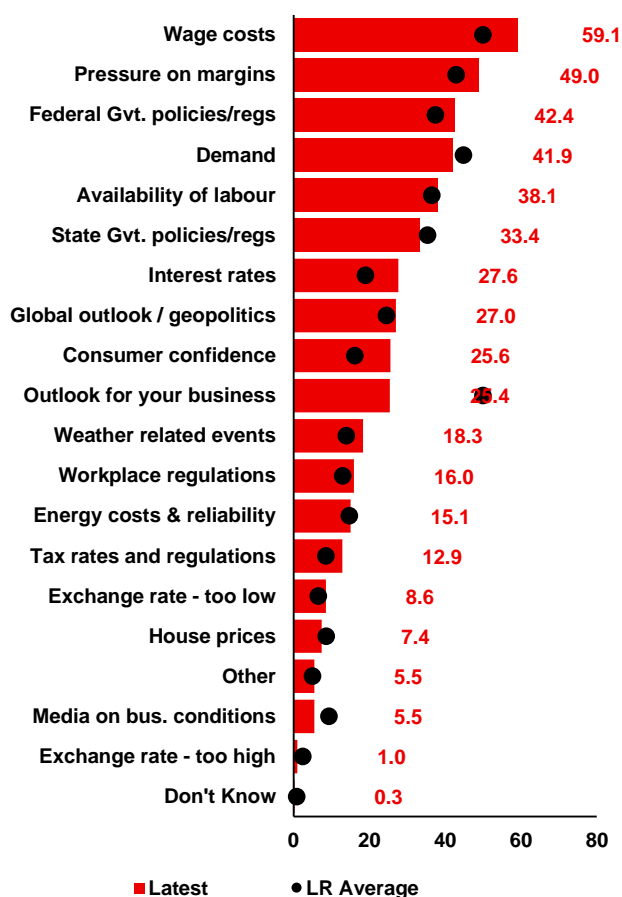


Chart 4: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #1 and #2

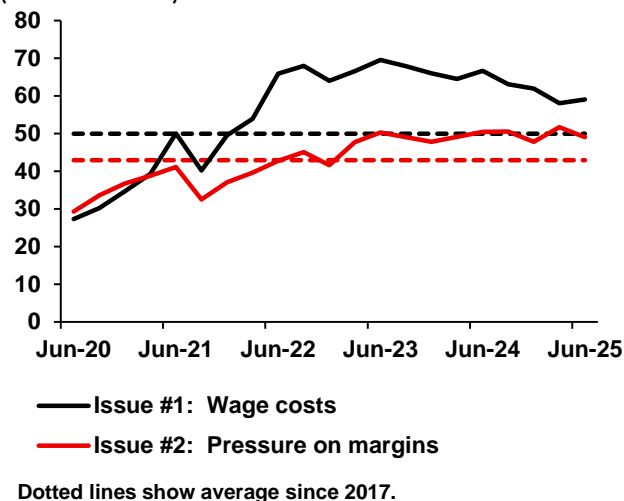
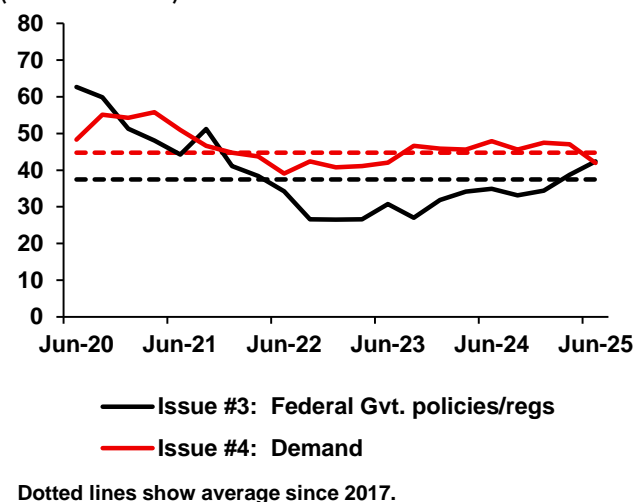


Chart 5: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #3 and #4



Leading Indicators and Business Investment

Chart 6: Expected Conditions (Net Balance, SA)

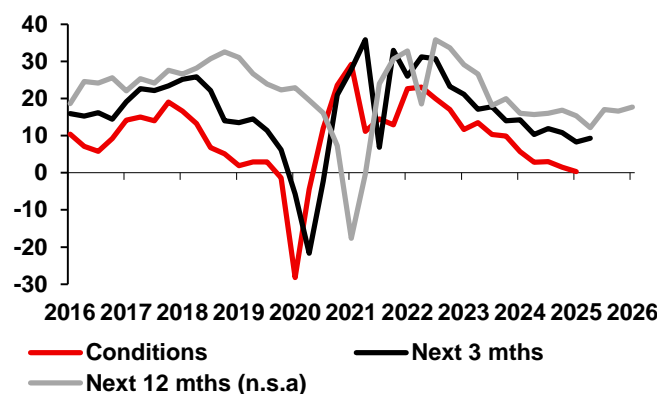


Chart 7: Expected Forward Orders (Net Balance, SA)

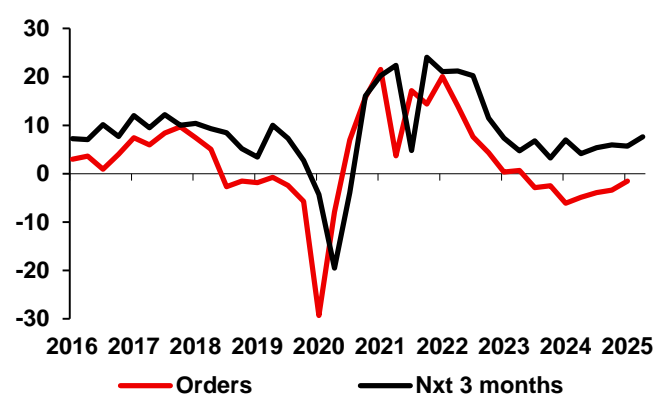


Chart 8: Capacity Utilisation (Percent, SA)

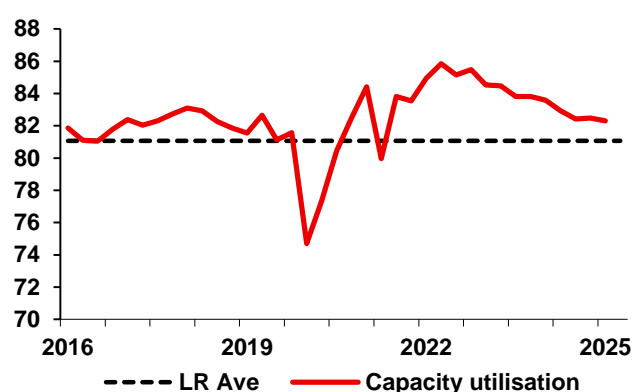


Chart 9: Capacity Utilisation (3qtr average deviation from long run average.)

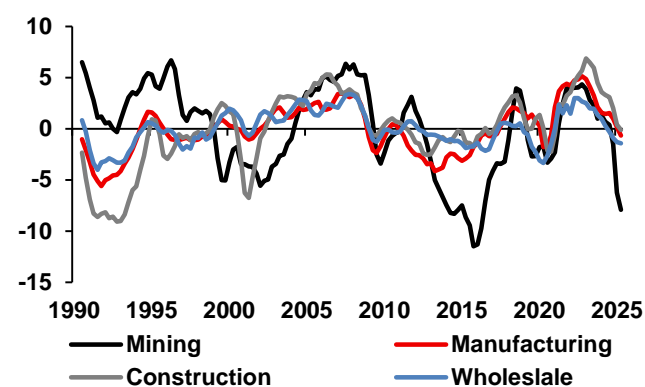


Chart 10: Stocks (Net Balance, SA)

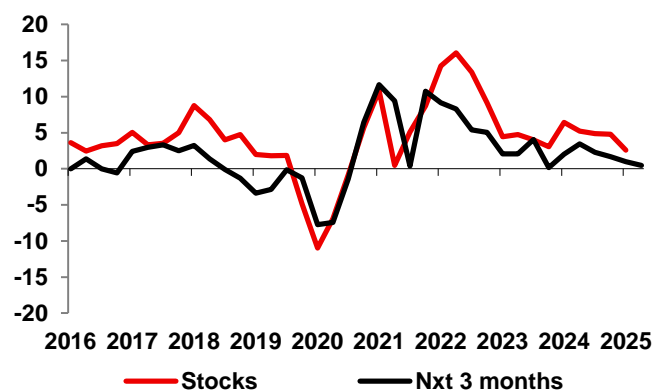
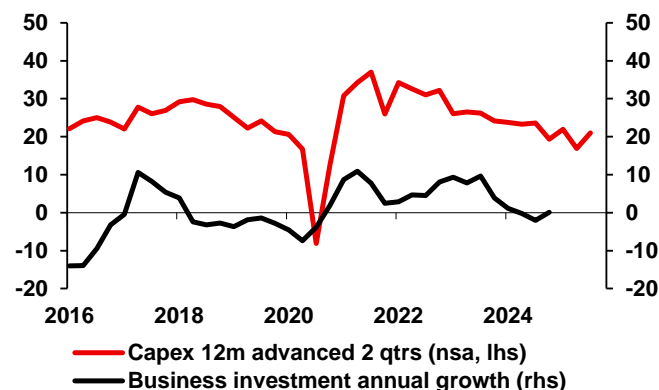


Chart 11: Expected Capex (Net Balance, SA)



Labour Market Indicators

Chart 12: Employment Expectations (Net Balance, SA)

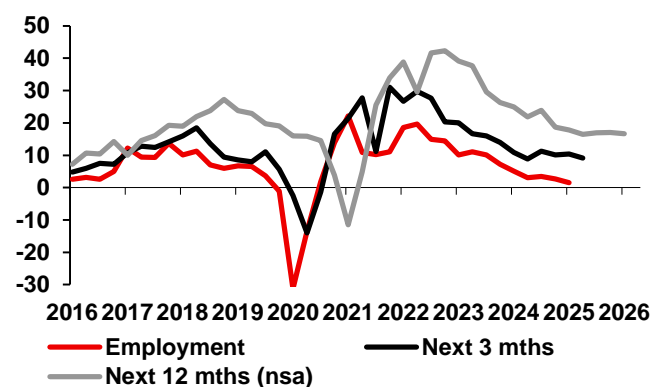


Chart 13: Labour Constraints & Unemployment Rate

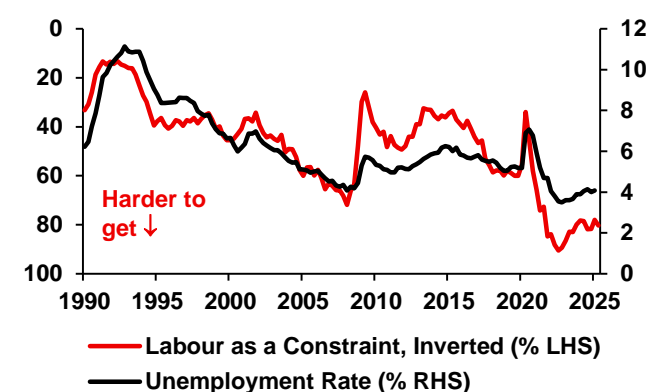


Chart 14: Change in Average Hours Worked (NSA)

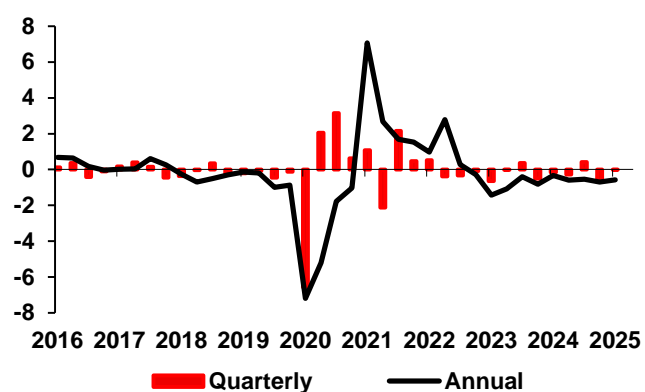


Chart 15: Average Hours Worked by Industry (NSA)

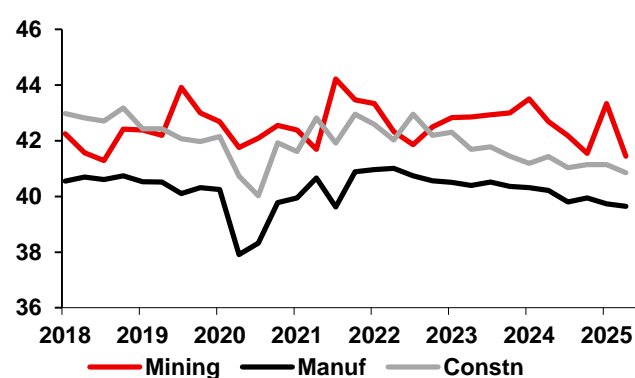


Chart 16: Average Hours Worked by Industry (NSA)

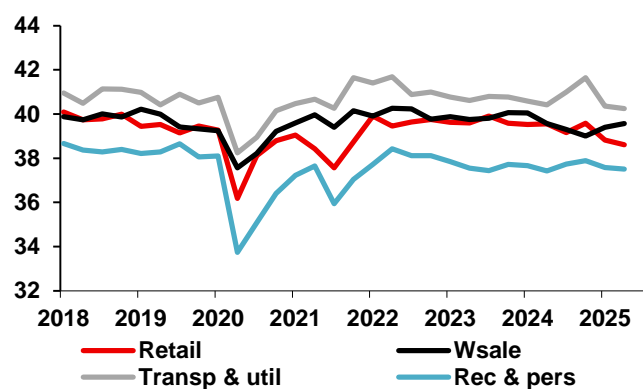
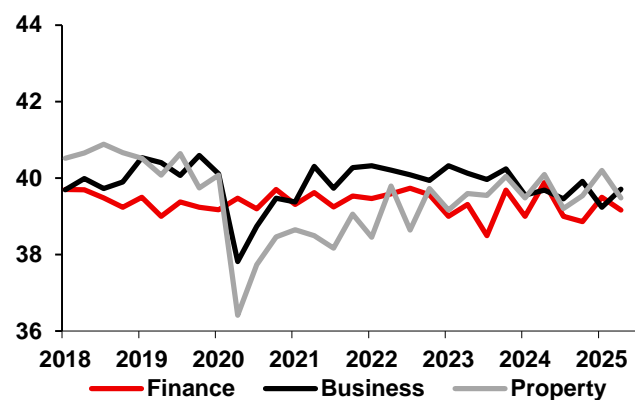


Chart 17: Average Hours Worked by Industry (NSA)



Major Constraints on Firm Output

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

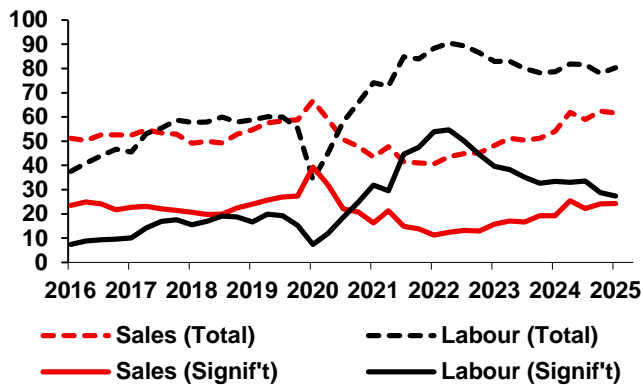
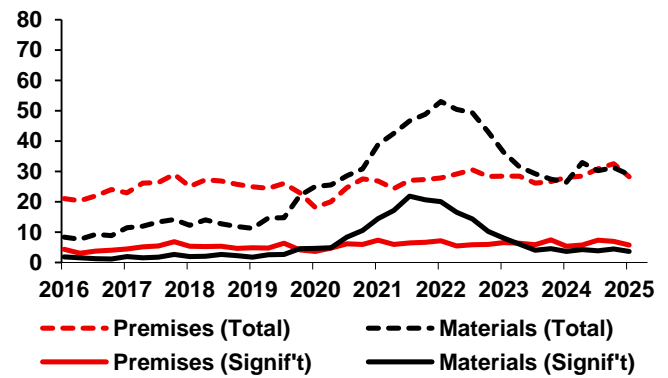


Chart 19: Main Constraints on Firm Output (% of Firms)



Inflation Pressures

Chart 20: Annualised Price Growth (Percent, SA)

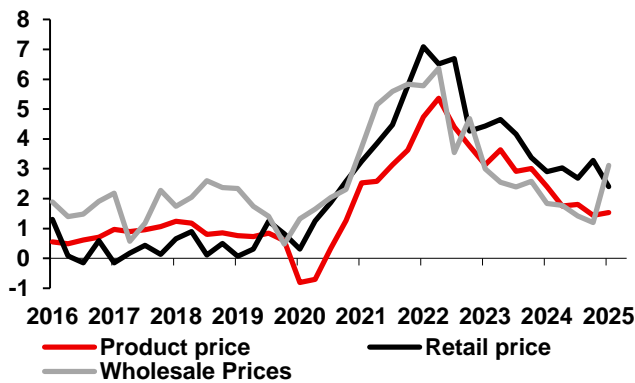
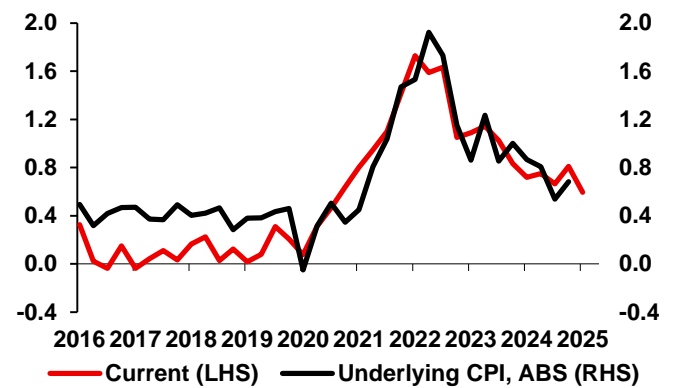


Chart 21: Retail Price Growth (Percent, SA)



Labour Costs

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

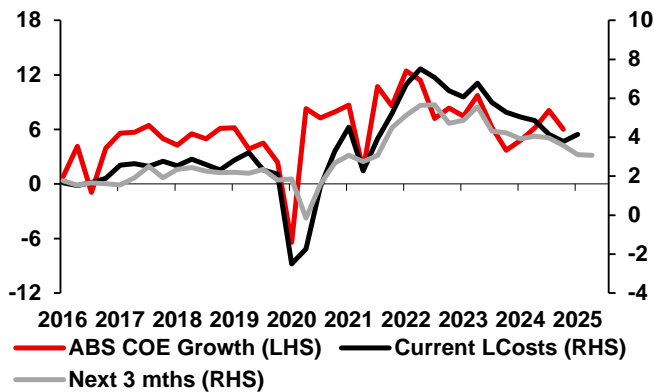
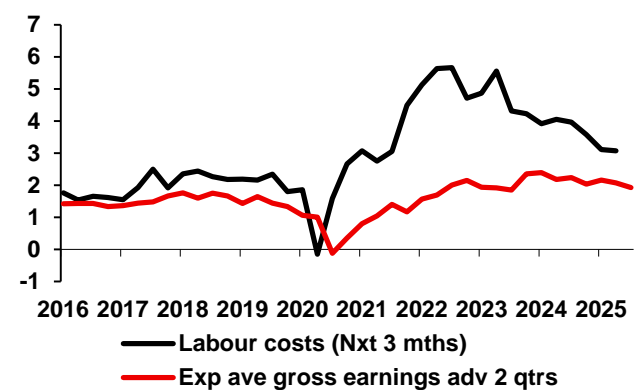


Chart 23: Expected Labour Costs & Average Earnings Growth (Percent, SA)



Details by Industry

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

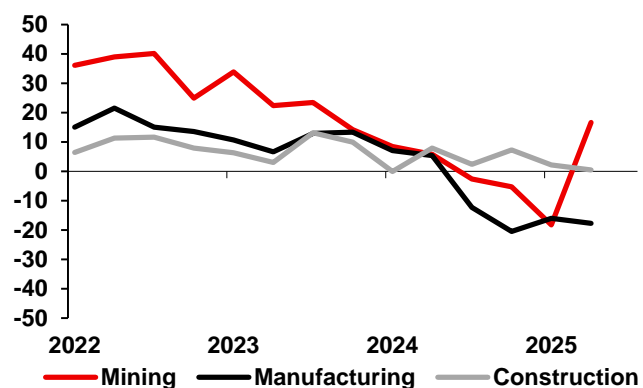


Chart 25: Confidence by Industry (Net Balance, SA)

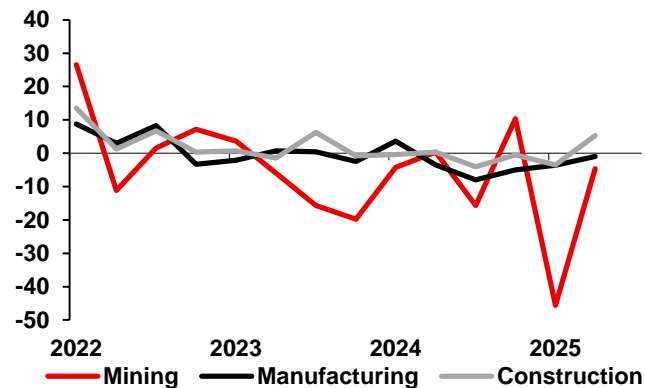


Chart 26: Conditions by Industry (Net Balance, SA)

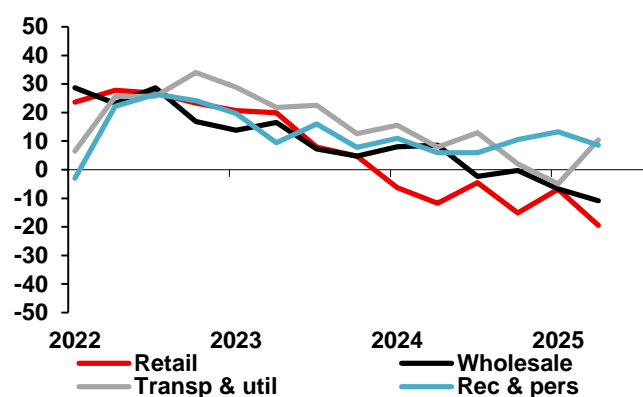


Chart 27: Confidence by Industry (Net Balance, SA)

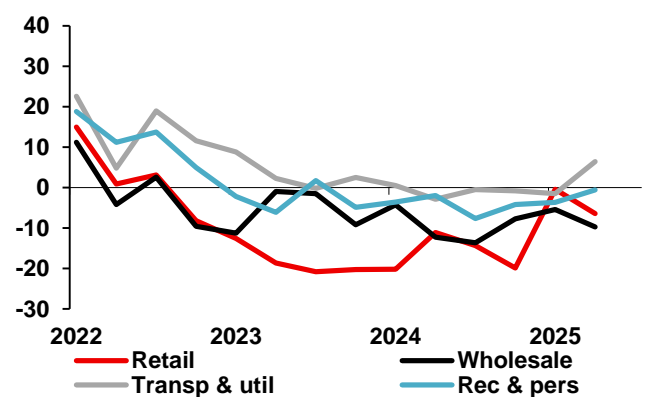


Chart 28: Conditions by Industry (Net Balance, SA)

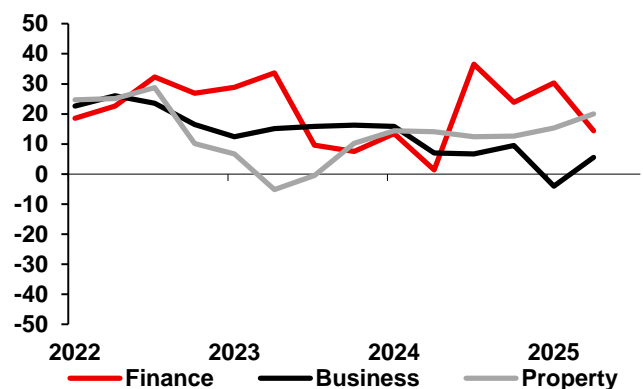
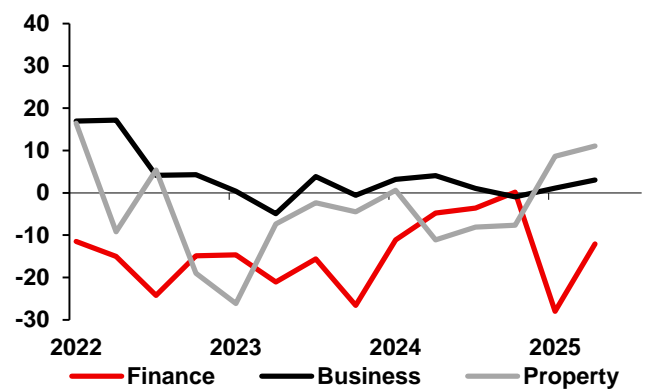


Chart 29: Confidence by Industry (Net Balance, SA)



Construction Sub-Industry Details

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

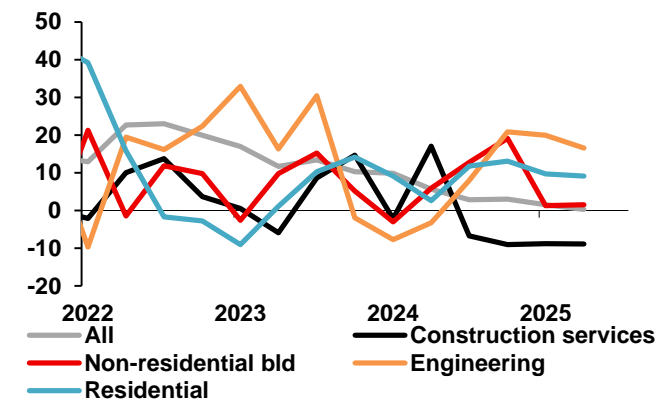


Chart 31: Confidence by Construction Sub-Industry (Net Balance, SA)

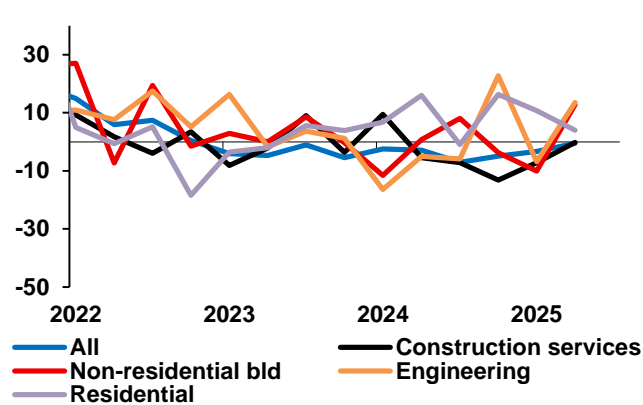


Chart 32: Employment by Construction Sub-Industry (Net Balance, SA)

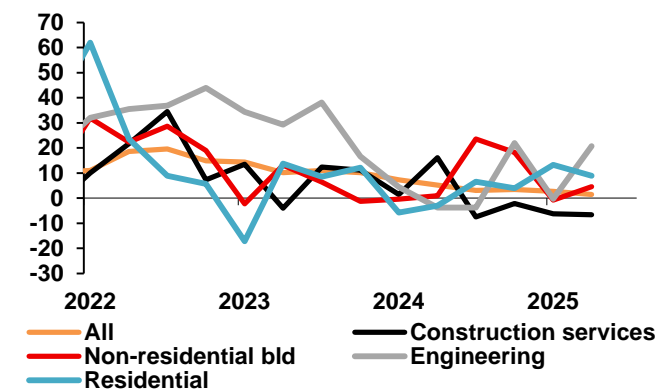
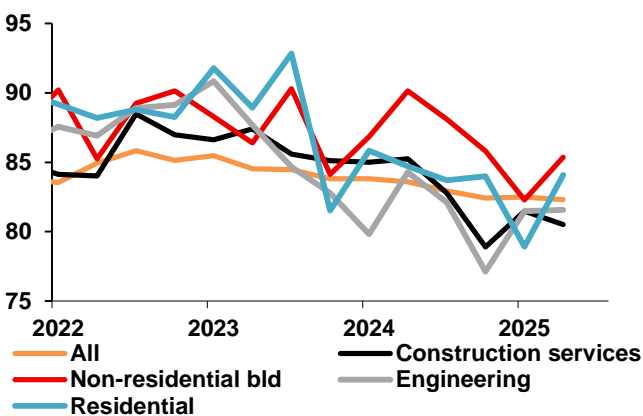


Chart 33: Capacity Utilisation by Construction Sub-Industry (Percent, SA)



Details by State

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

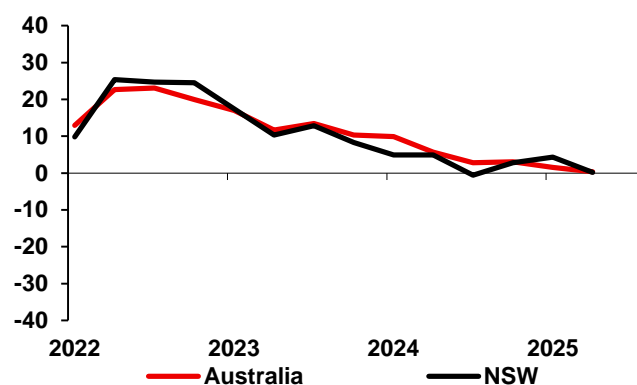


Chart 35: Confidence by State (Net Balance, SA)

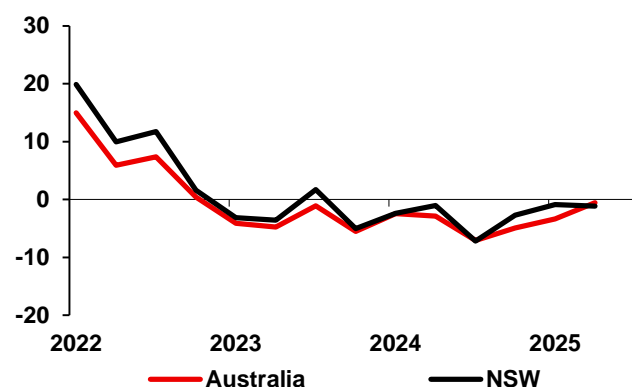


Chart 36: Conditions by State (Net Balance, SA)

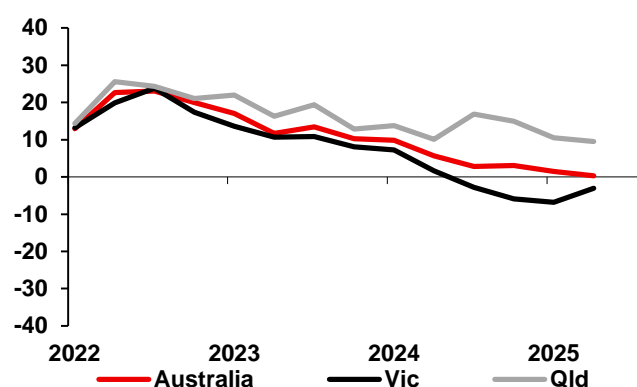


Chart 37: Confidence by State (Net Balance, SA)

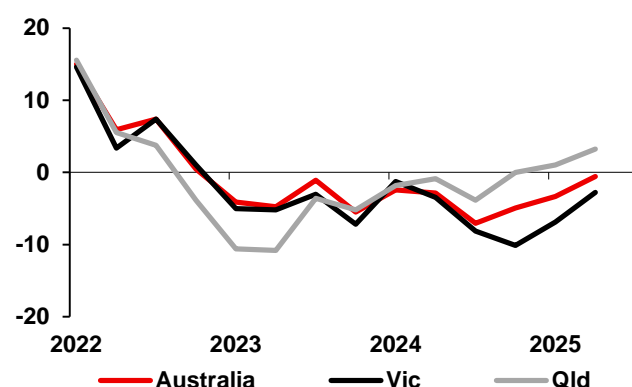


Chart 38: Conditions by State (Net Balance, SA)

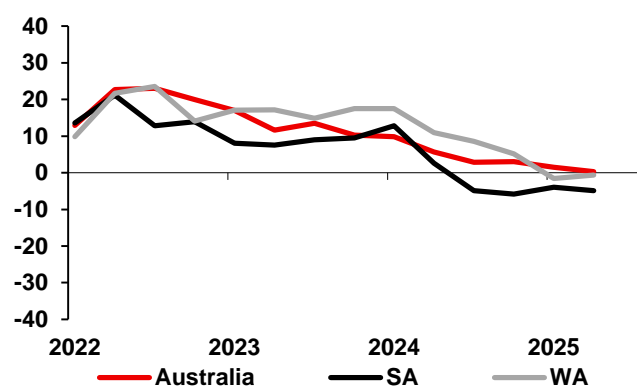
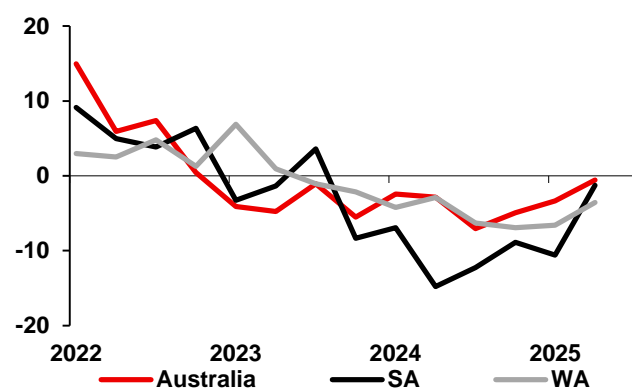


Chart 39: Confidence by State (Net Balance, SA)



Data Appendix

	2024q2	2024q3	Quarterly		2025q2	Monthly				
			2024q4	2025q1		2025m2	2025m3	2025m4	2025m5	2025m6
Confidence	-3	-7	-5	-3	-1	-1	-2	-1	2	5
Conditions	6	3	3	2	0	3	3	2	0	9

	2024q2	2024q3	Quarterly			Monthly				
			2024q4	2025q1	2025q2	2025m2	2025m3	2025m4	2025m5	2025m6
Trading	9	6	6	5	3	8	6	6	5	15
Profitability	3	-1	-1	-4	-4	-2	0	-4	-5	4
Employment	5	3	3	3	1	5	4	4	1	3

	Quarterly ^(a)					Monthly				
	2025q1	2025q2	2025q3	2026q1	2026q2	2025m2	2025m3	2025m4	2025m5	2025m6
Conditions	2	0	NA	NA	NA	3	3	2	0	9
Conds. next 3m	11	8	9	NA	NA					
Conds. nxt 12m	17	15	12	17	18					
Orders	-3	-2	NA	NA	NA	-4	-2	-3	-2	0
Orders next 3m	6	6	8	NA	NA					

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

	Quarterly ^(a)					Monthly				
	2024q3	2024q4	2025q1	2025q2	2025q3	2025m2	2025m3	2025m4	2025m5	2025m6
Capacity utilis.	82.9	82.4	82.5	82.3	NA	82.0	82.8	81.5	82.4	83.3
Stocks current	5	5	5	3	NA	4	5	4	3	11
Stocks next 3m	3	2	2	1	0					
(a) Quarter to which expectation applies. All data are seasonally adjusted.										

	Quarterly ^(a)					Monthly				
	2025q1	2025q2	2025q3	2026q1	2026q2	2025m2	2025m3	2025m4	2025m5	2025m6
Empl current	3	1	NA	NA	NA	5	4	4	1	3
Empl next 3m	10	10	9	NA	NA					
Empl nxt 12m	19	18	17	17	17					

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

	2024q2	2025q1	2025q2
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

	2024q2	2024q3	Quarterly			2025m2	2025m3	Monthly		
	2024q2	2024q3	2024q4	2025q1	2025q2	2025m2	2025m3	2025m4	2025m5	2025m6
Business conditions										
NSW	5	-1	3	4	0	5	7	6	2	9
VIC	2	-3	-6	-7	-3	-3	-3	-6	-4	4
QLD	10	17	15	11	9	14	6	13	8	24
SA	3	-5	-6	-4	-5	-6	0	-6	-2	-7
WA	11	9	5	-2	-1	-1	1	2	-2	-8
TAS	9	-4	5	4	-19	45	-7	13	-7	15

	2024q2	2024q3	Quarterly			2025m2	2025m3	Monthly		
	2024q2	2024q3	2024q4	2025q1	2025q2	2025m2	2025m3	2025m4	2025m5	2025m6
Business confidence										
NSW	-1	-7	-3	-1	-1	0	-4	-2	0	9
VIC	-3	-8	-10	-7	-3	-2	-7	-1	0	6
QLD	-1	-4	0	1	3	3	8	2	6	7
SA	-15	-12	-9	-11	-1	-10	-7	-2	8	-10
WA	-3	-6	-7	-7	-4	-9	-2	-1	1	0
TAS	-12	-6	-7	-1	14	3	9	16	24	12

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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.