Embargoed until 11:30am AEDT, 26 March 2026

NAB Quarterly Business Survey Q1 2026

Conditions and Confidence down in Q1

NAB Economics and Markets Research

Summary

Business confidence fell to -4 index points to its lowest level since December 2024. Business conditions fell 1pt to 7 index points with small declines seen across all three sub-components. Expected conditions for the next 3-months rose but fell over a 12-month horizon. Other forward-looking indicators were slightly more positive with both capex plans and forward orders edging up in the quarter. Capacity utilisation fell to 82.9% unwinding some of the rises seen over the past two quarters but remaining well above the long-run average. Wage costs remained the biggest issue affecting business confidence and the share of firms reporting labour as a significant constraint rose in the quarter, highlighting that the labour market has remained tight to start 2026. Overall, the Q1 survey shows that while confidence has weakened, conditions have broadly held up and that there remained some momentum in activity, though this survey largely predates the conflict in the Middle East.

Survey Details

- **Business conditions** fell 1pt to 7 index points. All three subcomponents unwound rises in the prior quarter to sit at or marginally below their Q3 levels. Conditions have largely sustained the gains made through 2025.
- **By industry,** conditions fell in all sectors except wholesale (+3pts), manufacturing (+2pts) and construction (+2pts). Despite falls in most industries in the quarter, conditions remained positive in 5 of 8 industries, with finance, property & business services the strongest, followed by construction.
- **By state**, conditions fell across all regions, however all remained at positive levels. Tas and Qld were the strongest states sitting at 14 and 12 index points respectively.
- **Business confidence** fell 4pts, to now sit 6pts below its recent peak. Confidence has retraced gains made over 2025 and is back around its end 2024 levels. Confidence was lower across all industries except mining, and is now negative in all industries except mining, manufacturing and construction.
- **Leading indicators** were mixed in Q1 and moves were generally small. Expected business conditions rose 2pts in the near-term but fell 1pt for longer-term expectations. Both forward orders and capex plans over the next 12-months rose (2pts and 1pt respectively). Capacity utilisation fell 0.4ppt from an 18-month high in Q4 to 82.9%.
- **Constraints on output** showed the share of businesses reporting significant constraints from both labour and premises rose for the third consecutive quarter. Business constrained by a lack of sales fell.

Table 1: Key Quarterly Business Survey Statistics

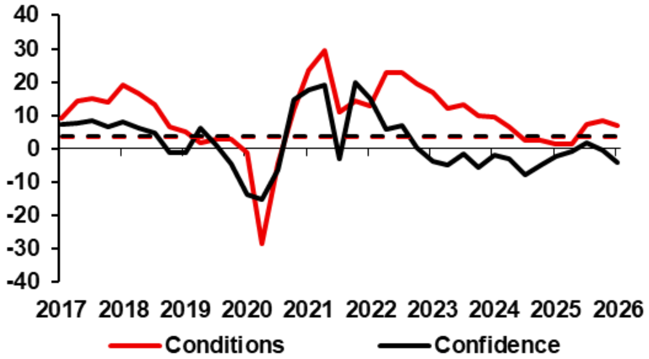
	2025q3	2025q4	2026q1
		Net balance	
Business confidence	2	0	**-4**
Business conditions	7	8	**7**
Next 3 months	17	12	**14**
Next 12 months	21	18	**17**
Trading	12	13	**11**
Profitability	4	5	**3**
Employment	6	7	**6**
Forward orders	1	2	**4**
Stocks	6	5	**4**
Exports	1	0	**0**
Capex plans (next 12m)	20	20	**21**
		% Change, quarterly	
Labour costs	1.1	1.0	**1.0**
Purchase costs	0.9	0.8	**0.9**
Final products prices	0.5	0.4	**0.4**
Retail prices	0.5	0.5	**0.6**
		Percent	
Capacity utilisation rate	83.0	83.3	**82.9**

All data seasonally adjusted, except purchase costs and exports. Survey conducted from 16 February to 12 March 2026, covering around 740 firms across the non-farm business sector. **Next release date: 25 June 2026.**

- **Reported costs growth** remained broadly steady – labour costs rose to 0.9% while purchase costs held at 1.0%.
- **Retail price growth** edged up 0.1ppt to 0.6% qoq. Final product price growth was flat at 0.4%.
- Wage costs were again the top **issue affecting business confidence**, followed by pressure on margins as the second most reported issue.

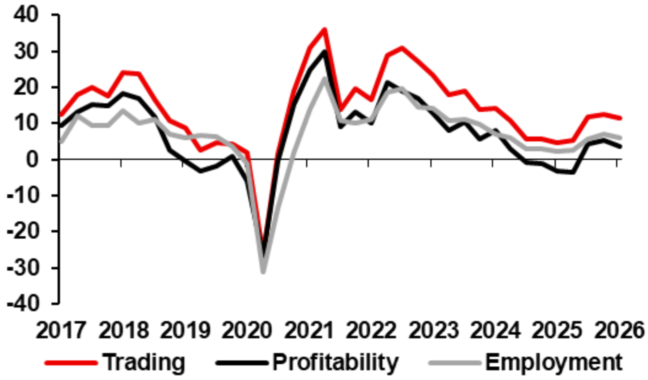
Business Conditions and Confidence

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



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

Chart 2: Conditions Components (Net Balance, SA)



Issues Affecting Business Confidence

Chart 3: Issues Affecting Confidence (Share of Firms)

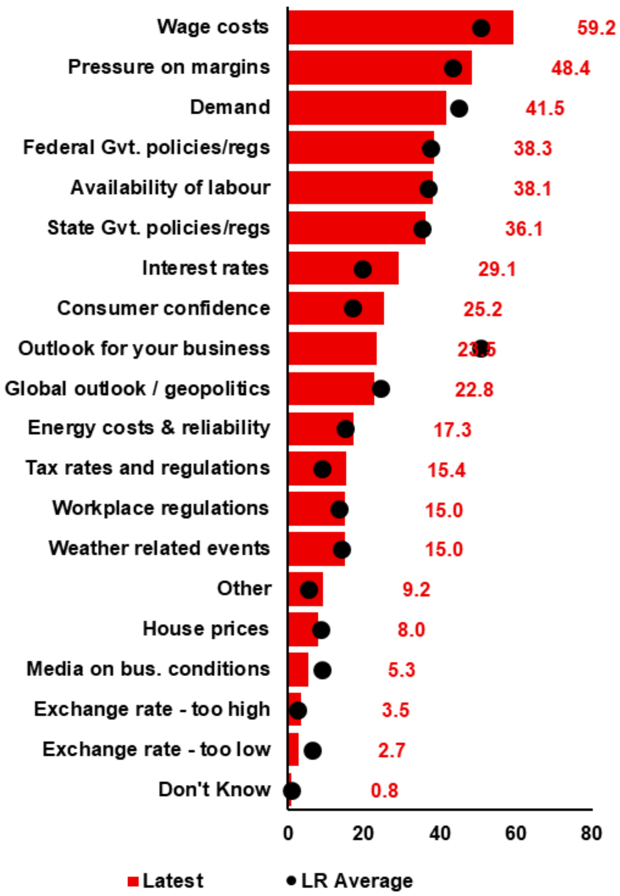
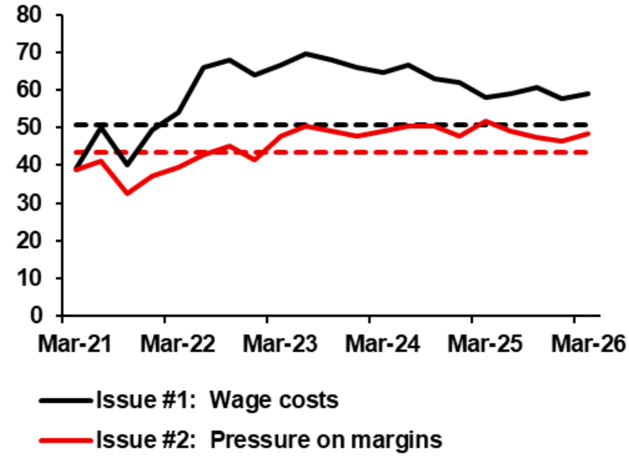
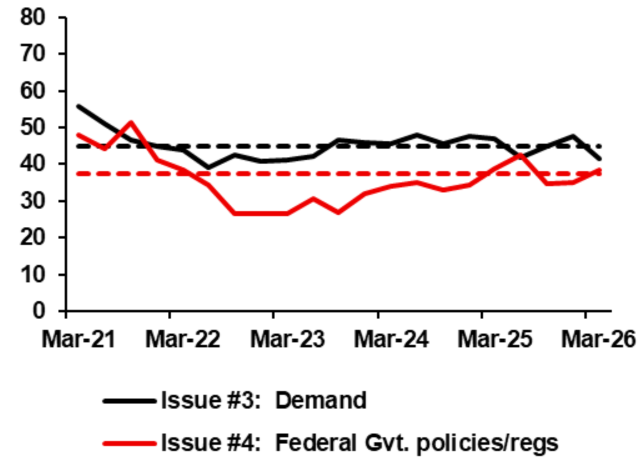


Chart 4: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #1 and #2



Dotted lines show average since 2017.

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



Dotted lines show average since 2017.

Leading Indicators and Business Investment

Chart 6: Expected Conditions (Net Balance, SA)

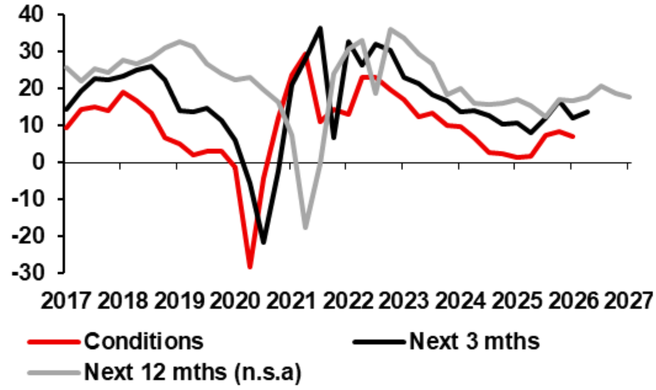


Chart 7: Expected Forward Orders (Net Balance, SA)

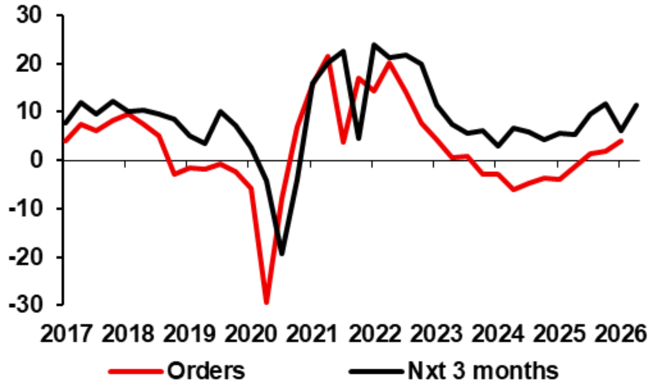


Chart 8: Capacity Utilisation (Percent, SA)

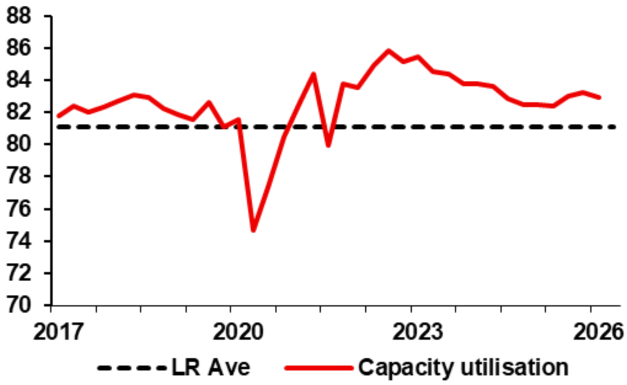


Chart 9: Capacity Utilisation (3qtr average deviation from long run average.)

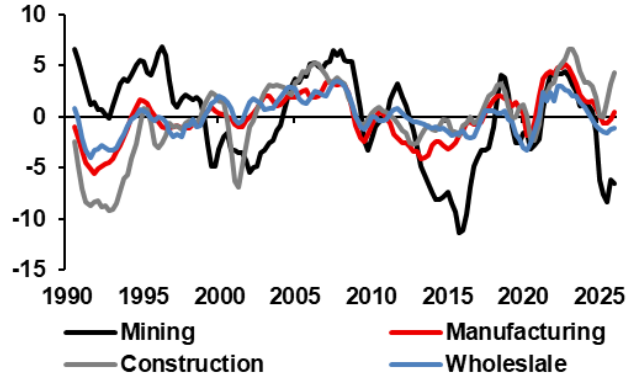


Chart 10: Stocks (Net Balance, SA)

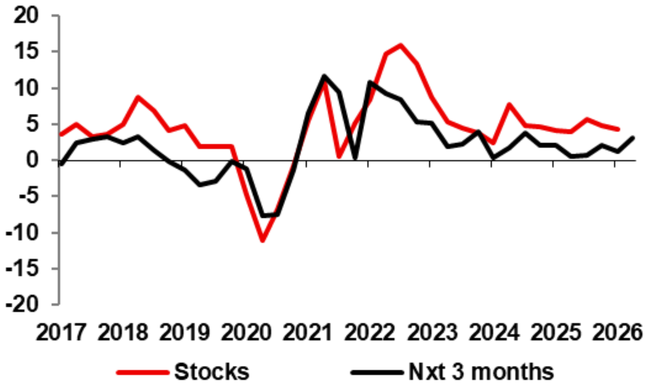
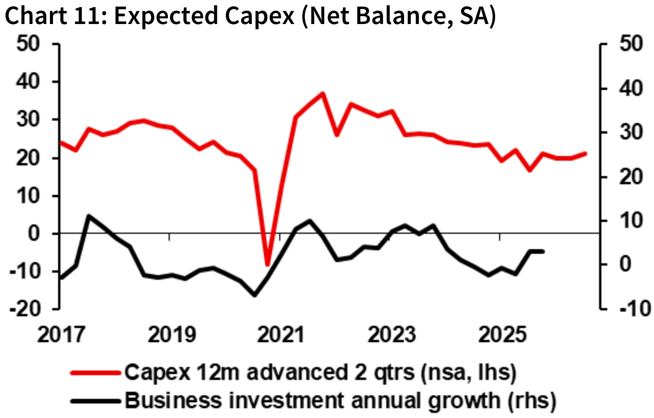


Chart 11: Expected Capex (Net Balance, SA)



Labour Market Indicators

Chart 12: Employment Expectations (Net Balance, SA)

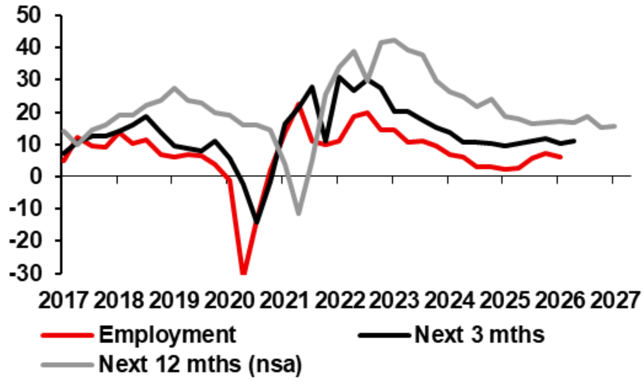


Chart 13: Labour Constraints & Unemployment Rate

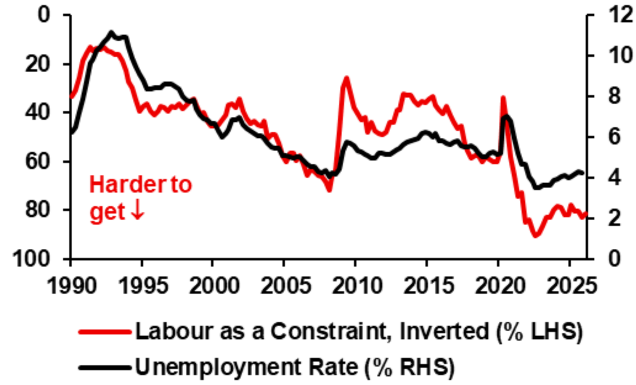


Chart 14: Change in Average Hours Worked (NSA)

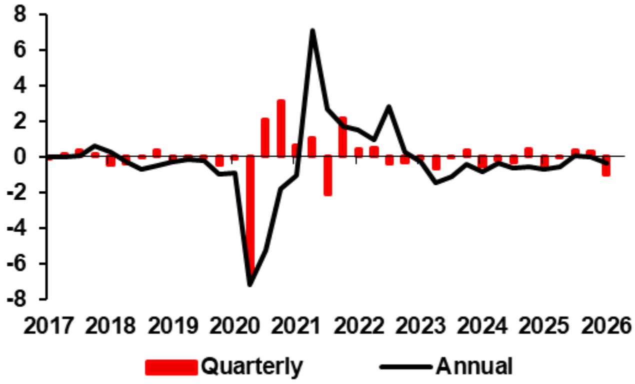


Chart 15: Average Hours Worked by Industry (NSA)

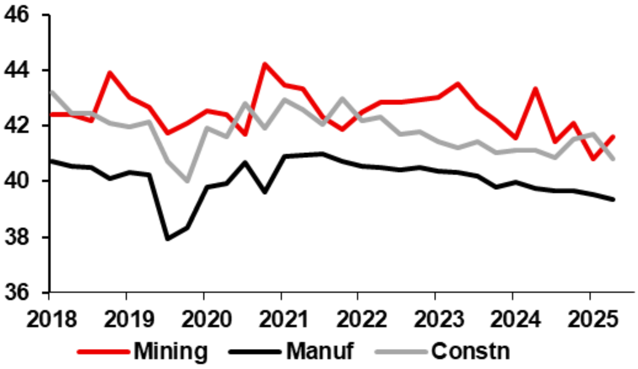


Chart 16: Average Hours Worked by Industry (NSA)

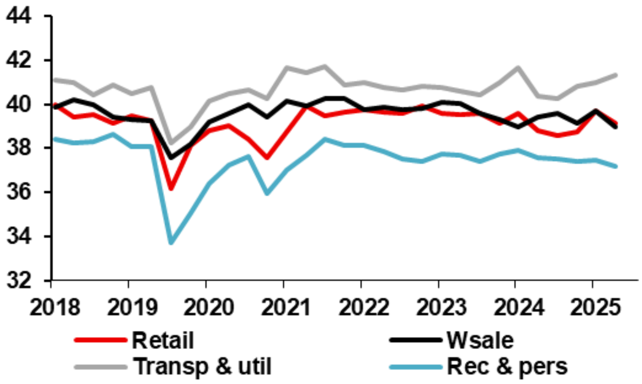
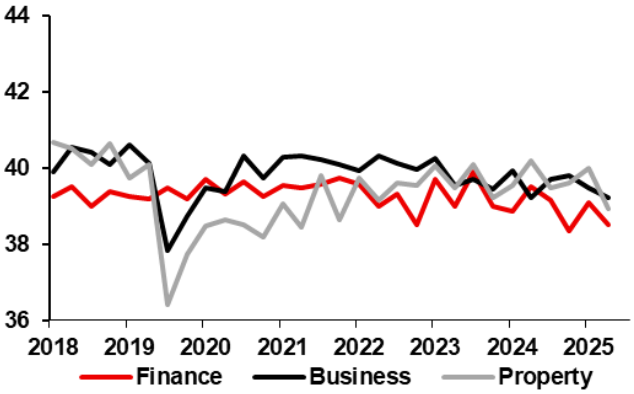


Chart 17: Average Hours Worked by Industry (NSA)



Major Constraints on Firm Output

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

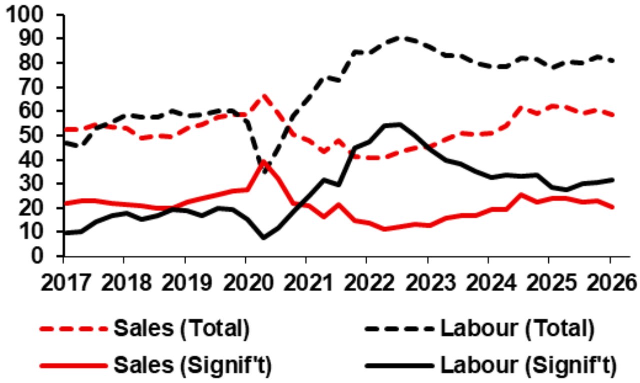
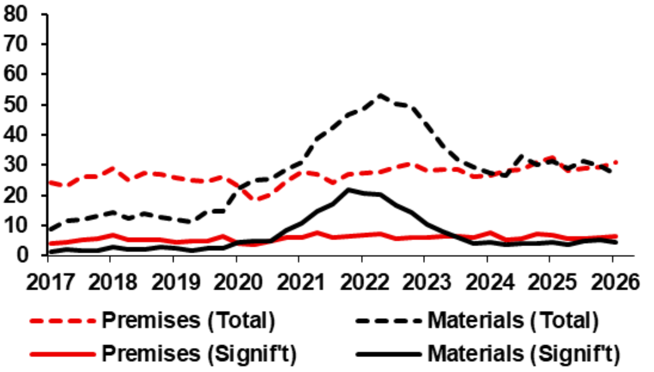


Chart 19: Main Constraints on Firm Output (% of Firms)



Inflation Pressures

Chart 20: Annualised Price Growth (Percent, SA)

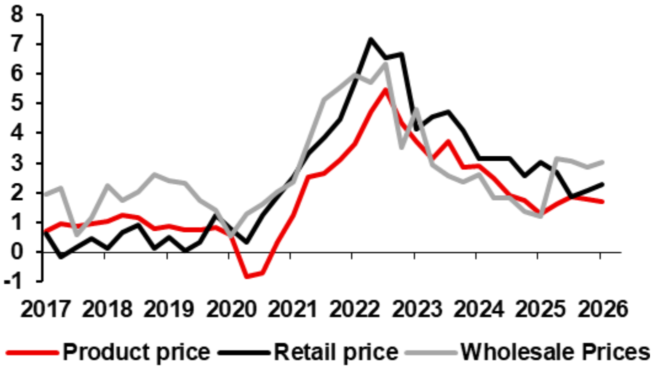
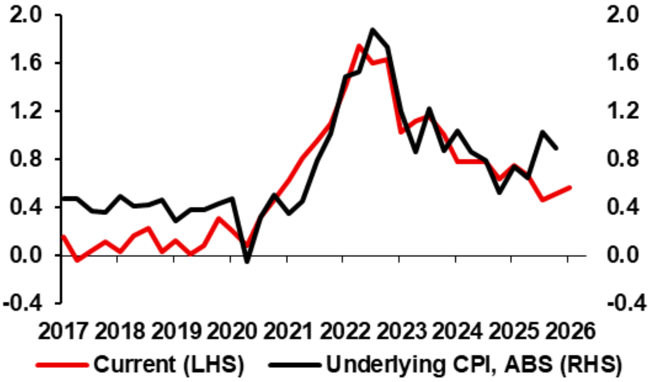


Chart 21: Retail Price Growth (Percent, SA)



Labour Costs

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

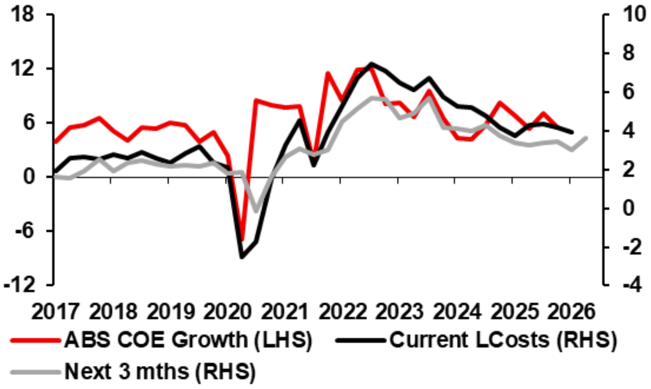
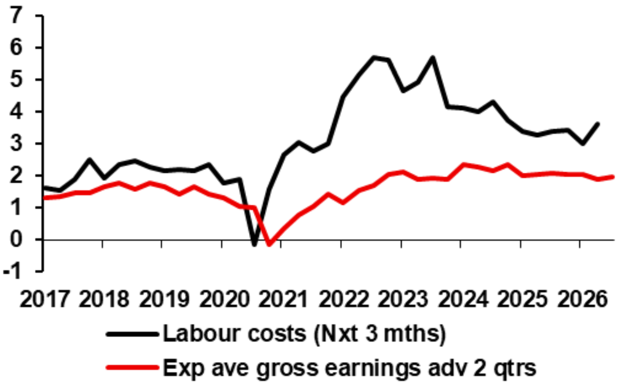


Chart 23: Expected Labour Costs & Average Earnings Growth (Percent, SA)



Details by Industry

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

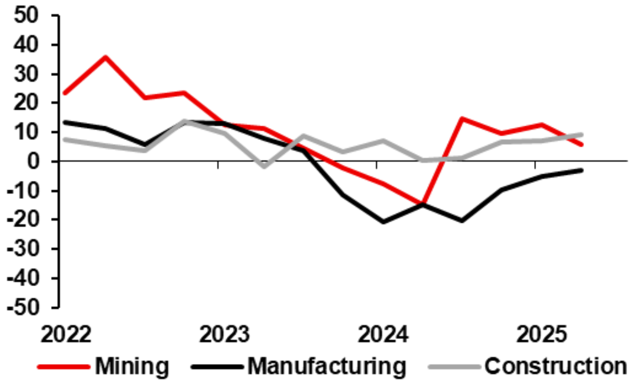


Chart 25: Confidence by Industry (Net Balance, SA)

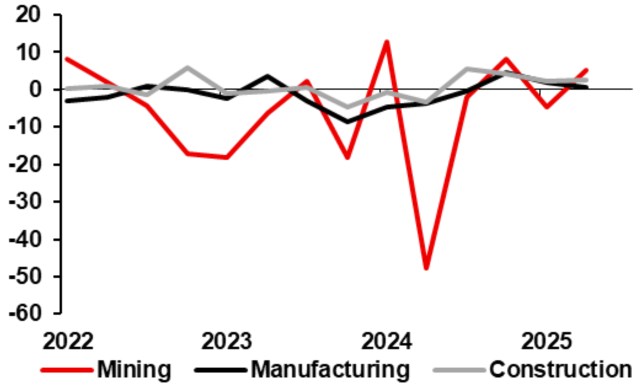


Chart 26: Conditions by Industry (Net Balance, SA)

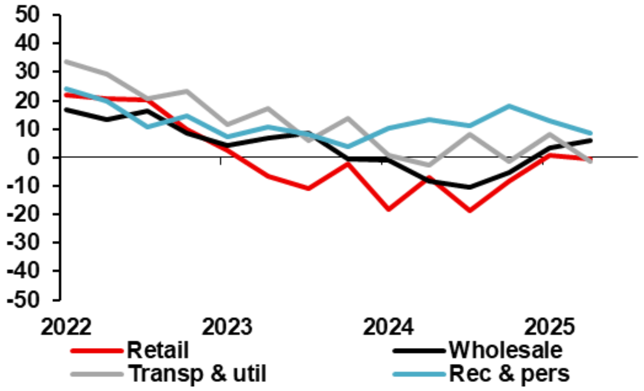


Chart 27: Confidence by Industry (Net Balance, SA)

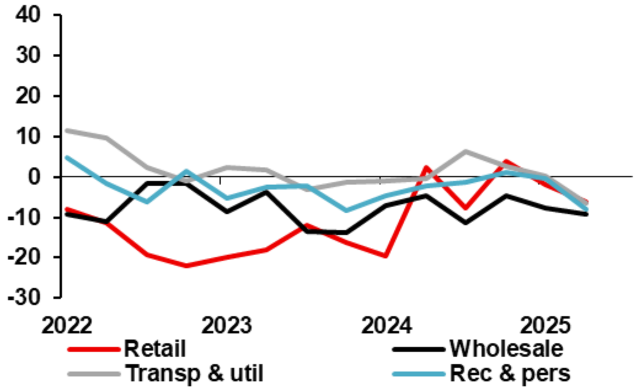


Chart 28: Conditions by Industry (Net Balance, SA)

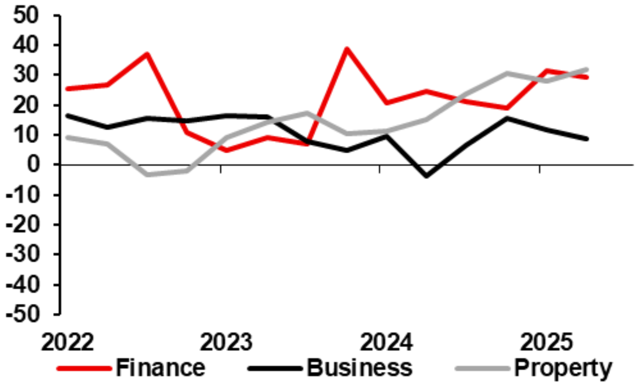
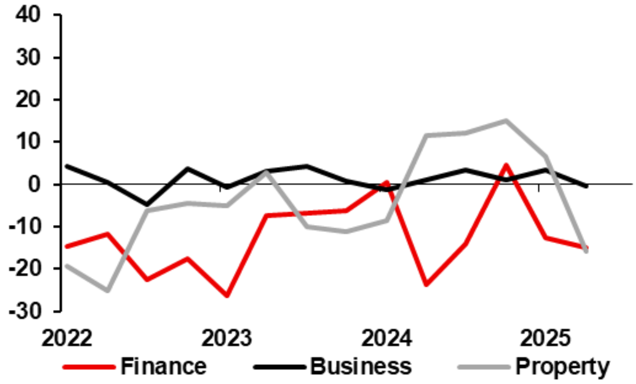


Chart 29: Confidence by Industry (Net Balance, SA)



Construction Sub-Industry Details

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

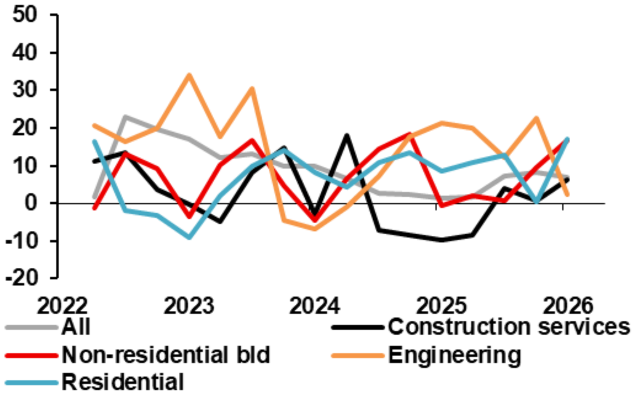


Chart 31: Confidence by Construction Sub-Industry (Net Balance, SA)

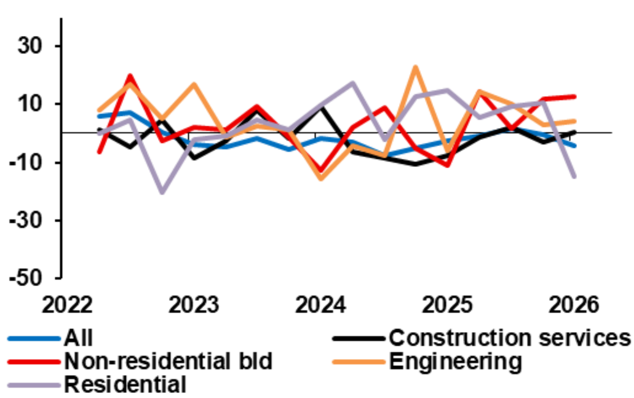


Chart 32: Employment by Construction Sub-Industry (Net Balance, SA)

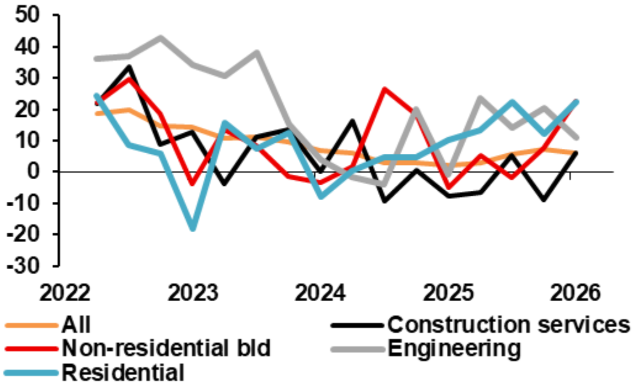
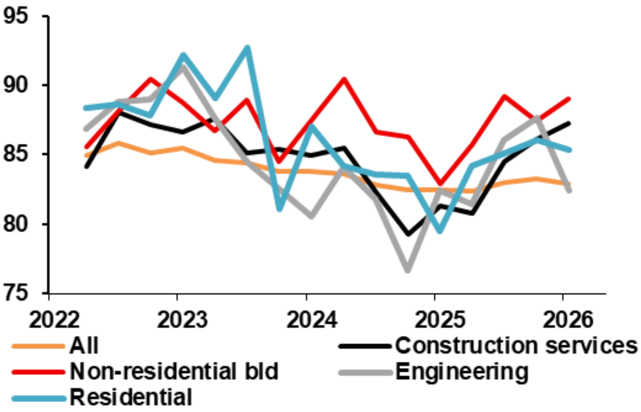


Chart 33: Capacity Utilisation by Construction Sub-Industry (Percent, SA)



Details by State

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

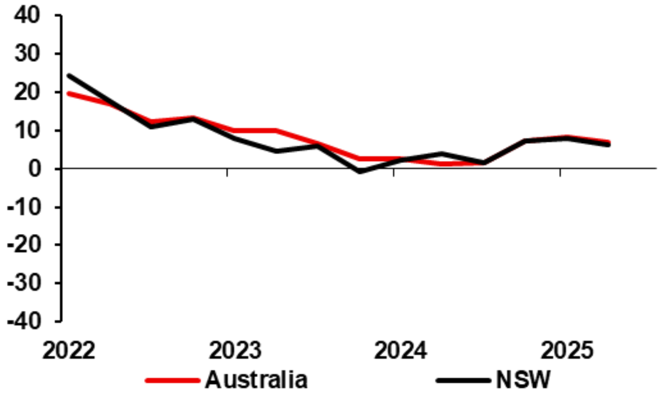


Chart 35: Confidence by State (Net Balance, SA)

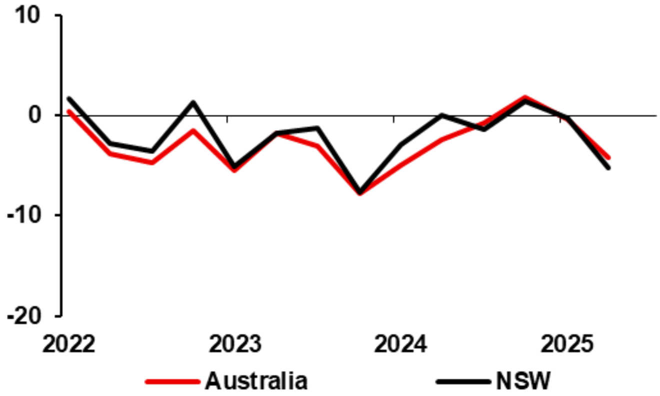


Chart 36: Conditions by State (Net Balance, SA)

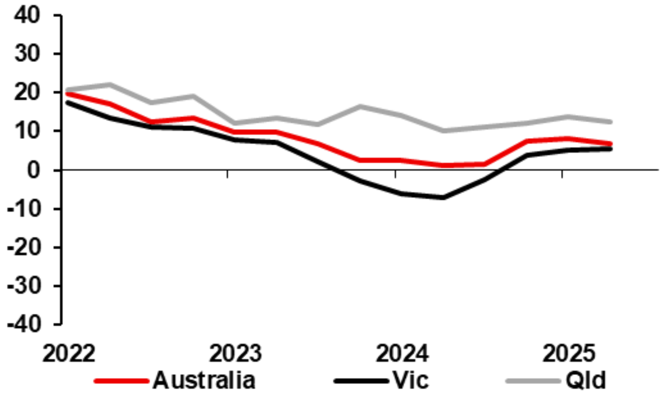


Chart 37: Confidence by State (Net Balance, SA)

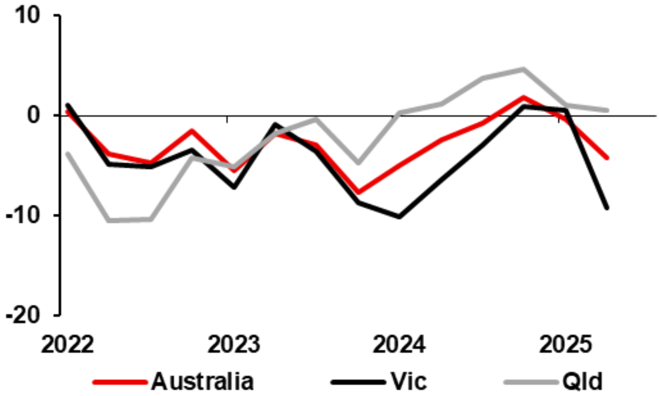


Chart 38: Conditions by State (Net Balance, SA)

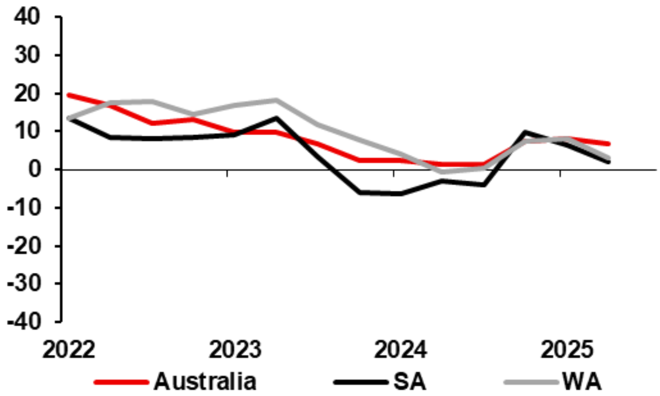
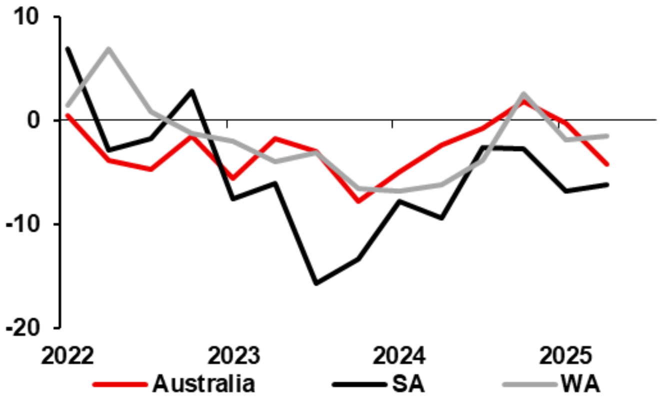


Chart 39: Confidence by State (Net Balance, SA)



Data Appendix

	Quarterly					Monthly				
	2025q1	2025q2	2025q3	2025q4	**2026q1**	2025m10	2025m11	**2025m12**	**2026m1**	**2026m2**
Confidence	-2	-1	2	0	**-4**	7	1	3	4	-1
Conditions	1	2	7	8	**7**	11	8	10	7	7

	Quarterly					Monthly				
	2025q1	2025q2	2025q3	2025q4	**2026q1**	2025m10	2025m11	**2025m12**	**2026m1**	**2026m2**
Trading	5	5	12	13	**11**	19	14	17	11	12
Profitability	-3	-3	4	5	**3**	10	5	8	4	4
Employment	2	3	6	7	**6**	3	5	5	5	3

		Quarterly[a]					Monthly				
		2025q4	2026q1	2026q2	2026q4	**2027q1**	2025m10	2025m11	**2025m12**	**2026m1**	**2026m2**
Conditions	#	8	**7**	NA	NA	NA	11	8	10	7	7
Conds. next 3m	#	17	12	**14**	NA	NA					
Conds. nxt 12m	#	17	17	18	18	**17**					
Orders	1	2	**4**	NA	NA	**NA**	3	1	0	2	6
Orders next 3m	5	12	6	**11**	NA	NA					

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

	Quarterly[a]					Monthly				
	2025q2	2025q3	2025q4	2026q1	**2026q2**	2025m10	2025m11	**2025m12**	**2026m1**	**2026m2**
Capacity utilis.	82.4	83.0	83.3	82.9	NA	83.4	83.5	83.1	82.8	82.8
Stocks current	4	6	5	**4**	NA	8	3	11	-2	5
Stocks next 3m	1	1	2	1	**3**					

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

	Quarterly[a]					Monthly				
	2025q4	2026q1	2026q2	2026q4	**2027q1**	2025m10	2025m11	**2025m12**	**2026m1**	**2026m2**
Empl current	7	**6**	NA	NA	NA	3	5	5	5	3
Empl next 3m	12	10	**11**	NA	NA					
Empl nxt 12m	17	17	17	15	**15**					

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

	2025q1	2025q4	**2026q1**
Constraints on output (% of firms)*			
Sales & orders	62.4	60.8	**58.8**
Labour	78.0	82.8	**81.1**
Premises & plant	32.5	29.3	**30.9**
Materials	31.3	29.9	**27.1**

** not s.a.*

Data Appendix - States

	Quarterly					*Monthly*				
	2025q1	2025q2	2025q3	2025q4	**2026q1**	2025m10	2025m11	**2025m12**	**2026m1**	**2026m2**
Business conditions										
NSW	2	5	0	7	**7**	11	11	10	0	10
VIC	-7	-6	-3	4	**5**	5	3	4	7	1
QLD	13	13	11	12	**12**	17	11	9	16	13
SA	-6	-3	-4	10	**6**	9	7	32	3	-1
WA	4	0	0	8	**7**	23	4	24	9	2
TAS	5	3	-19	-4	**16**	6	23	23	-5	45

	Quarterly					*Monthly*				
	2025q1	2025q2	2025q3	2025q4	**2026q1**	2025m10	2025m11	**2025m12**	**2026m1**	**2026m2**
Business confidence										
NSW	-3	-1	-1	2	**0**	9	2	4	4	1
VIC	-10	-7	-3	1	**1**	6	1	3	-2	-8
QLD	0	1	4	5	**1**	1	7	2	13	4
SA	-7	-11	-2	-2	**-6**	7	-8	6	4	-3
WA	-7	-7	-4	3	**-2**	12	0	-10	6	0
TAS	-8	1	15	11	**7**	18	12	8	7	12

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Important notice

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.

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)

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)

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

*Data available in original, seasonally adjusted and trend terms.