

NAB Monthly Business Survey Dec-25



Confidence and conditions rebound in December

NAB Economics and Markets Research

Summary

Both business conditions and confidence rose in December, partially retracing falls from the month prior. Confidence rose 1pt to 3 index points, and remains a touch below its long-run average. Conditions rose 2pts to +9 index points, holding above its long-run average. The increase in conditions was driven by a 3pt rise in both the trading and profitability sub-components. Indicators of cost growth and final prices rose in the month, but remain within their respective one-year ranges. Business conditions rose in 7 out of 8 industries in the month. Despite mixed moves across geographies in the month, all states now register positive readings for both trend confidence and conditions. This is the first time this has occurred in a number of years. After 4 consecutive monthly increases, capacity utilisation eased 0.3%pts in December, but at 83.2% remains around 2ppts above its long run average. In trend terms, capacity utilisation remains above long-run averages in 5 of 8 industries, suggesting breadth to the recent rise in utilisation. Forward orders and capital expenditure eased a little in the month. Final prices accelerated to 0.9%, despite a fall in retail prices. Overall, the survey suggests momentum in the economy remained solid into year-end, with most indicators in the survey modestly higher relative to levels at the end of the third quarter. For the RBA, the small easing in capacity utilisation will do little to soothe worries that the economy is pushing up against capacity constraints as we enter the new year.

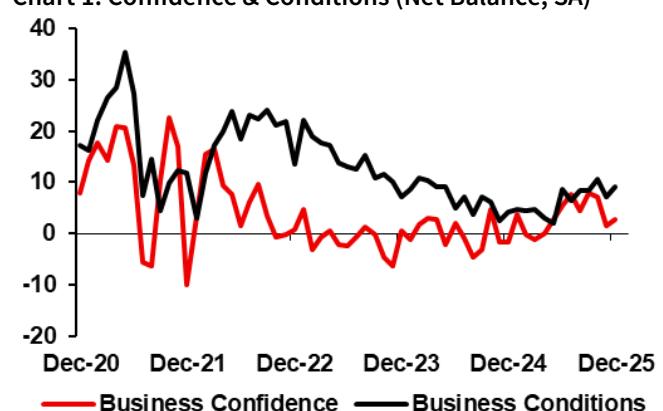
Survey Details

- **Business confidence** rose 1pt after falling 7pts over the two prior months. December's reading remains consistent with the gentle upward trend in this measure in recent years. Movements in confidence were mixed across industries in the month.
- **Business conditions** rose 2pts to +9 index points, driven by gains in trading and profitability. The employment sub-component was unchanged in the month. Despite recent volatility, all three sub-components continue to sit above long-run averages.
- **By industry**, cyclically sensitive industries such as retail and manufacturing continue to show gains in both business conditions and employment. Trend conditions are strongest in the services sectors, and encouragingly, is in positive territory in 6 of 8 industries (mining and wholesale the exceptions).
- **By State**, SA and WA saw conditions rise notably while moves were more muted in the eastern states. In trend terms, conditions sit above 10 index points in all geographies except Victoria.
- **Capacity utilisation** edged down to 83.2%, off its recent high but still well above its long-run average. **Forward orders** remain volatile, falling 2pts. However, the series remains in an upward trend, consistent with the improvement in cyclical economic conditions.
- **Purchase cost growth** edged up to 1.4% in quarterly equivalent terms. **Labour cost** growth rose to 1.8% and **product price growth** rose to 0.9% while retail prices growth slowed to 0.4% from 0.8% in November.

Table 1: Key Monthly Business Survey Statistics

	Oct-25	Nov-25	Dec-25
Net balance			
Business confidence	7	2	3
Business conditions	10	7	9
Trading	18	13	16
Profitability	10	4	7
Employment	3	4	4
Forward Orders	3	1	-1
Capex	11	11	10
Stocks	7	3	10
Exports	1	0	0
% change at quarterly rate			
Labour costs	1.5	1.5	1.8
Purchase costs	1.1	1.3	1.4
Final products prices	0.6	0.6	0.9
Retail prices	0.8	0.8	0.4
Percent			
Capacity utilisation rate	83.4	83.5	83.2

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



All data seasonally adjusted and subject to revision. Survey conducted from 6 to 20 January, covering around 300 businesses across the non-farm business sector. **Next release date: 10 February 2026.**

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

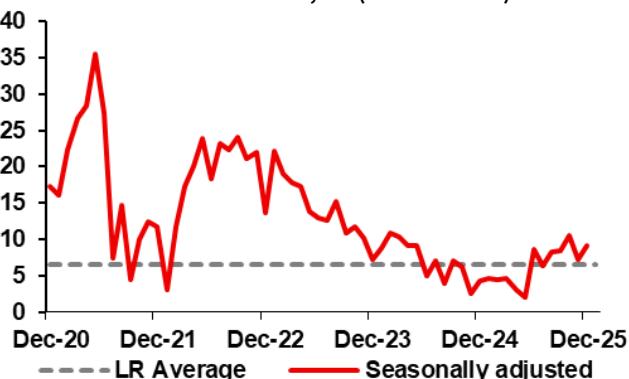


Chart 3: Components of Conditions, SA (Net Balance)

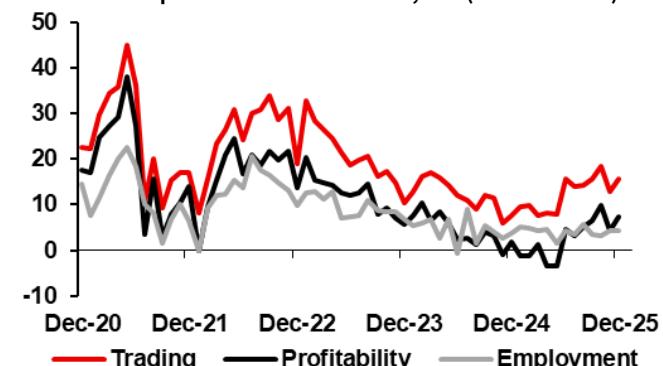


Chart 4: Business Confidence, SA (Net Balance)

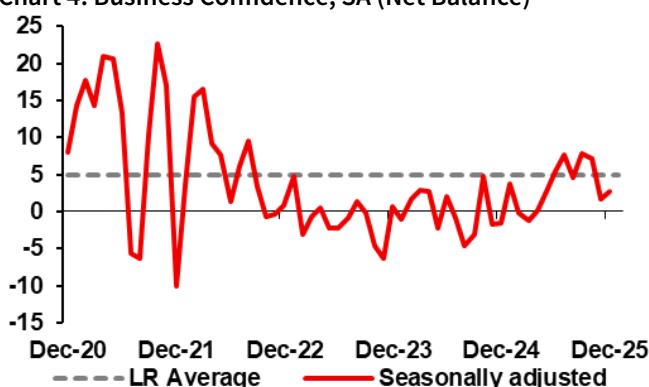


Chart 5: Conditions & Confidence, Trend (Net Balance)

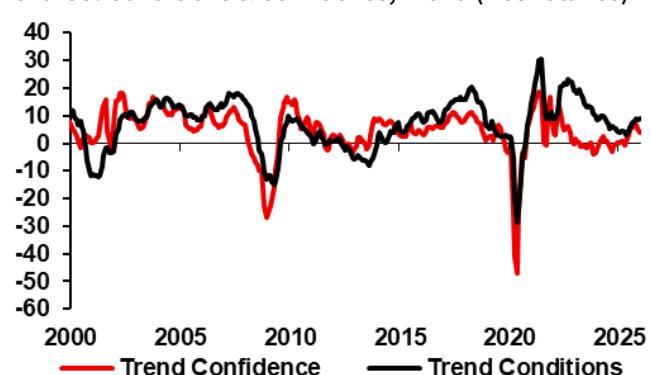


Chart 6: Conditions & Confidence by Industry, Trend (Net Balance)

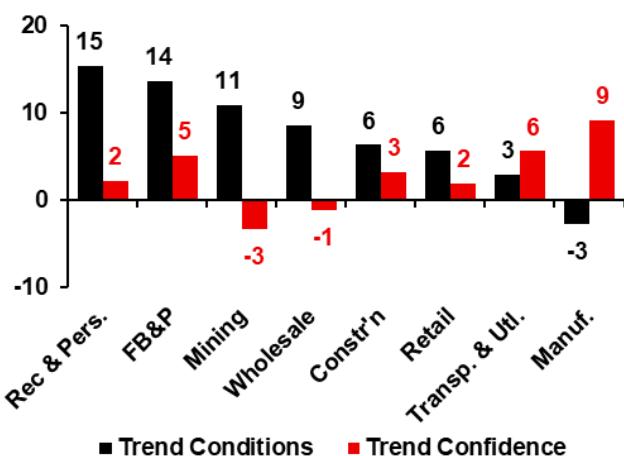
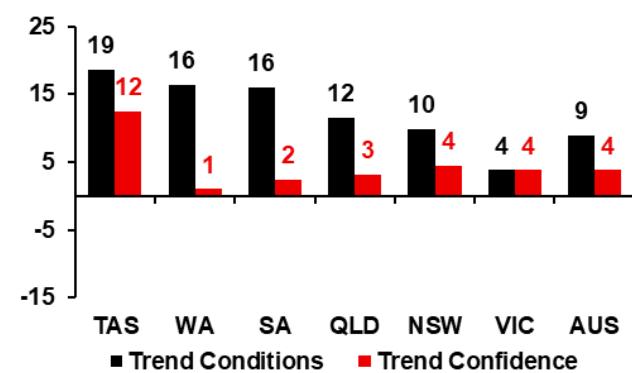


Chart 7: Conditions & Confidence by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

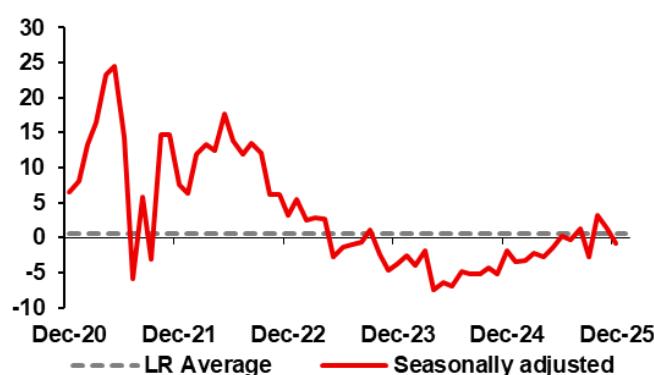


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

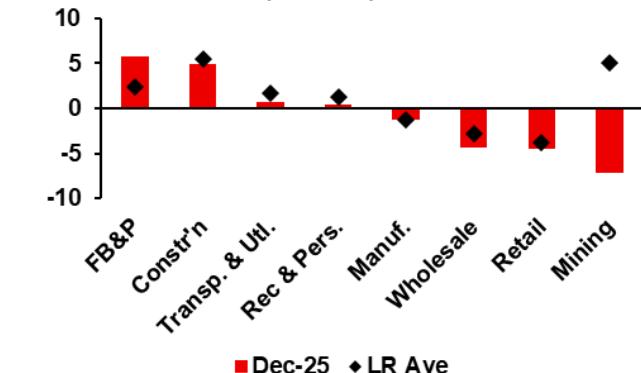


Chart 10: Capacity Utilisation, SA (%)

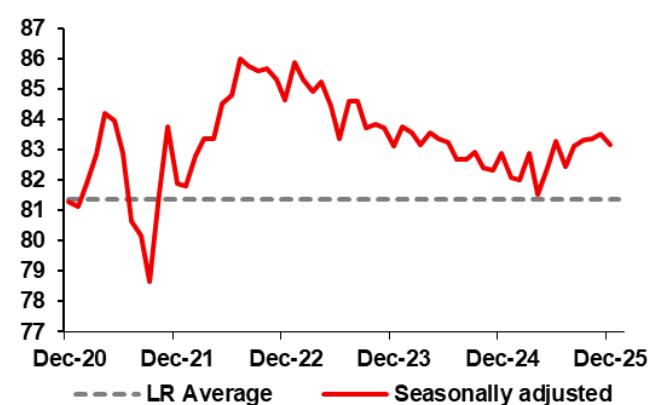


Chart 11: Capacity Util. by Industry, Trend

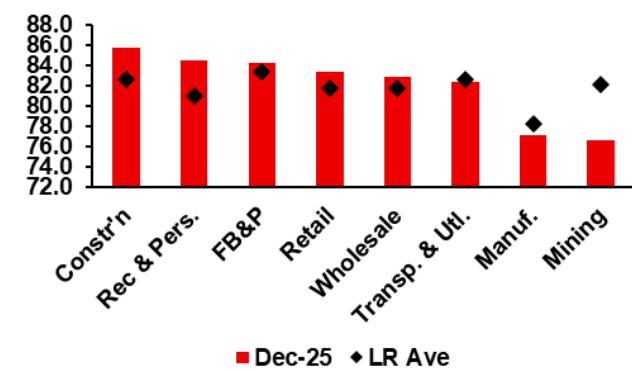


Chart 12: Capital Expenditure, SA (Net Balance)

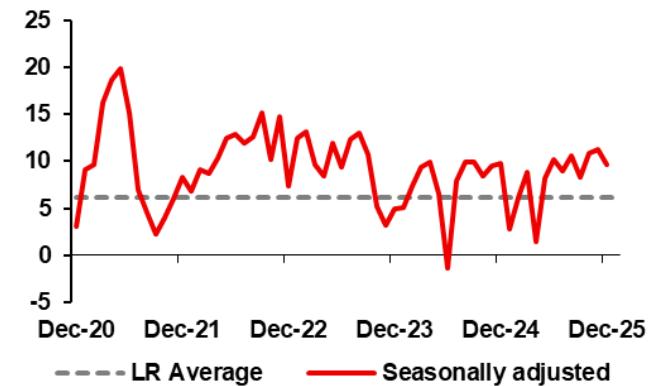


Chart 13: Exports & Stocks, SA (Net Balance)

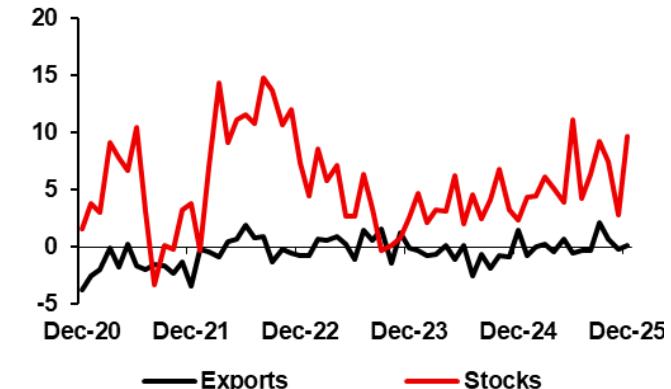


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

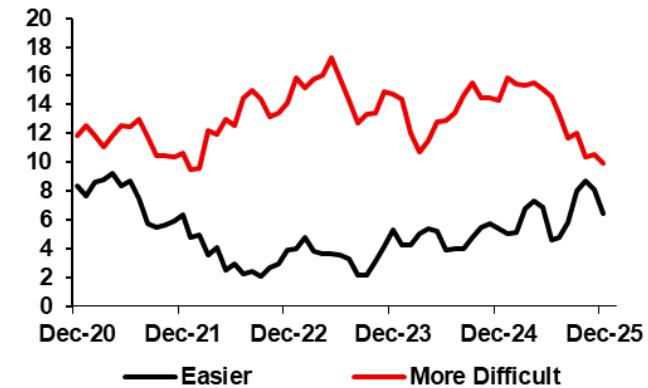
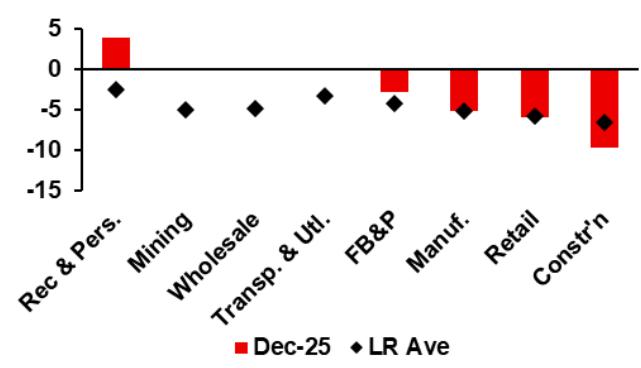


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

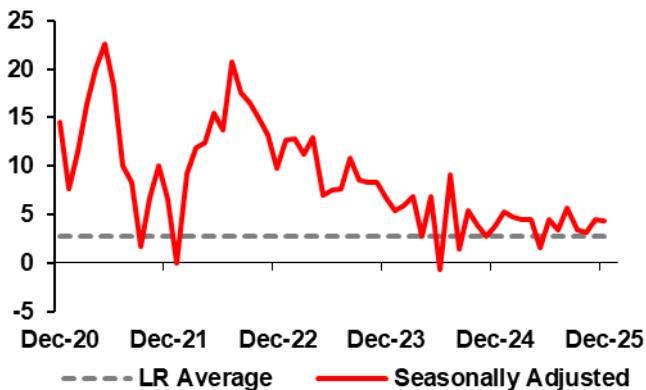


Chart 18: Cost Growth, SA (% Qtly Eq.)

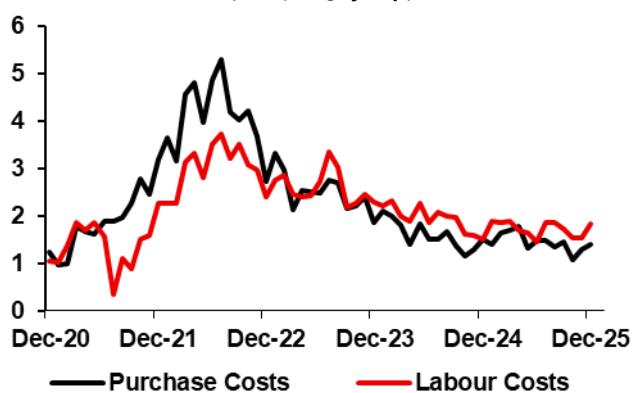


Chart 20: Output Price Growth, SA (% Qtly Eq.)

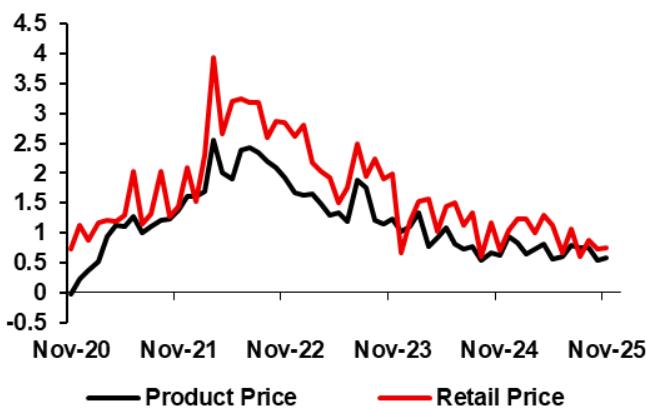


Chart 17: Employment, Selected Industries, Trend

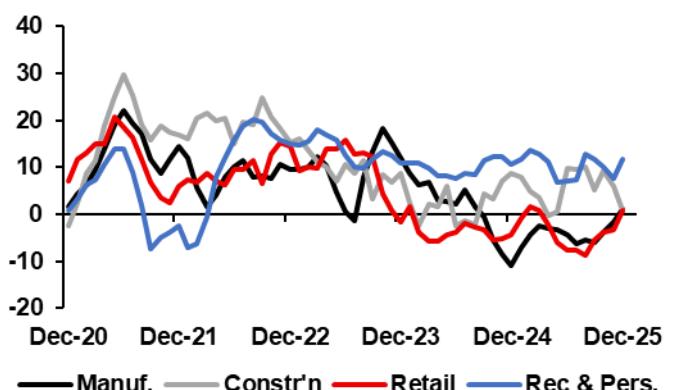


Chart 19: Labour Costs, Selected Industries, Trend (%)

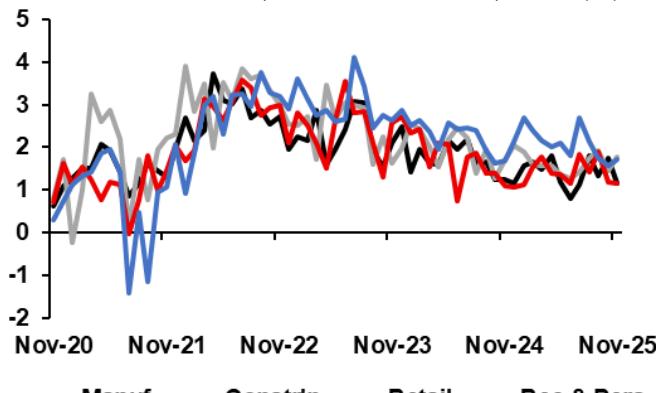


Chart 21: Cash Flow, SA (Net Balance)



Conditions and Confidence by State and Industry

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

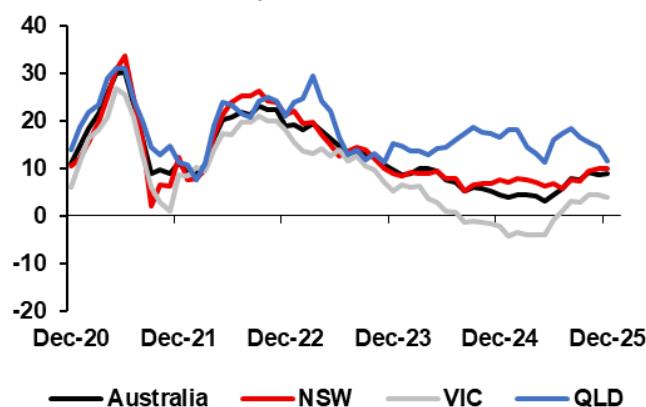


Chart 24: Confidence by State (Net Balance, Trend)

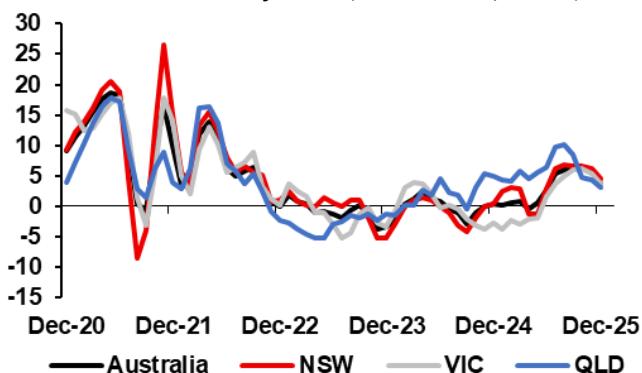


Chart 26: Conditions by Industry (Net Balance, Trend)

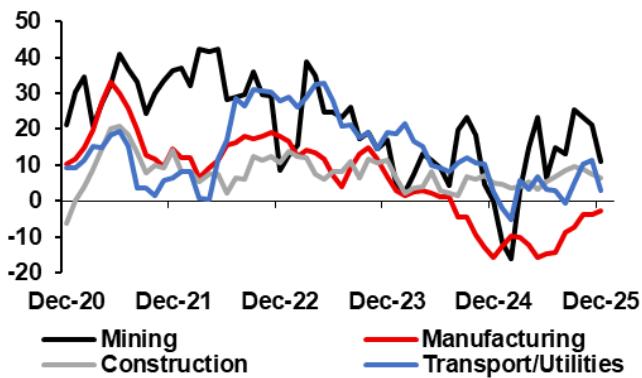


Chart 28: Confidence by Industry (Net Balance, Trend)

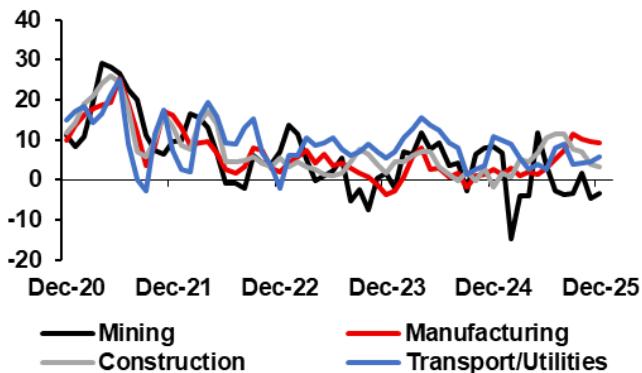


Chart 23: Conditions by State (Net Balance, Trend)

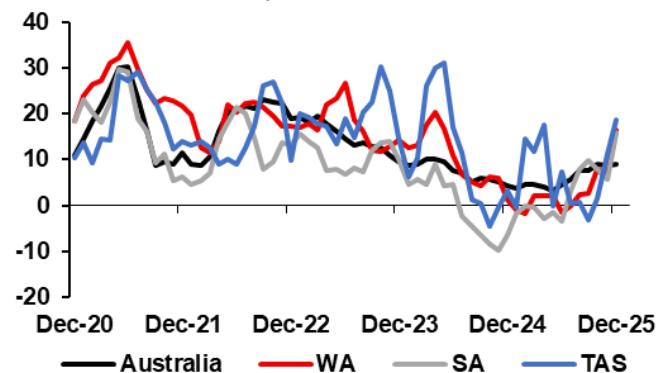


Chart 25: Confidence by State (Net Balance, Trend)

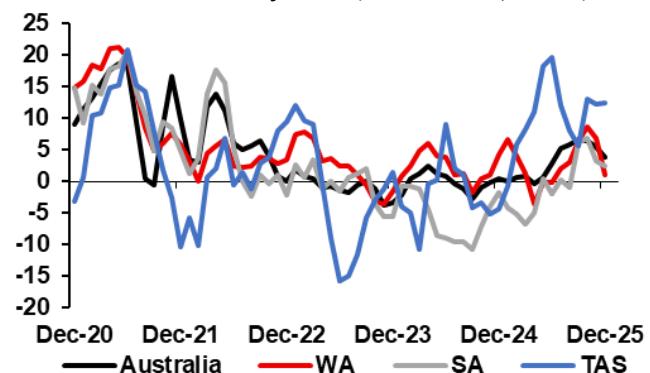


Chart 27: Conditions by Industry (Net Balance, Trend)

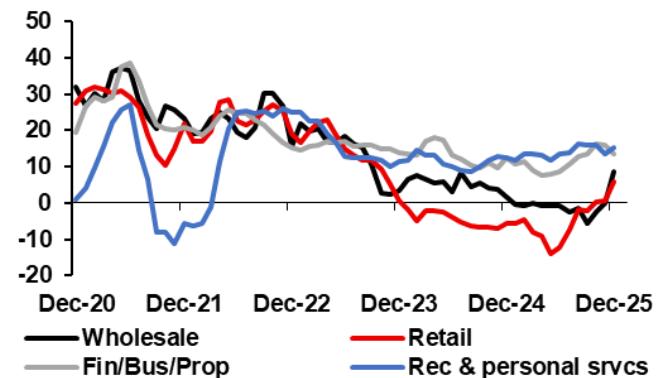
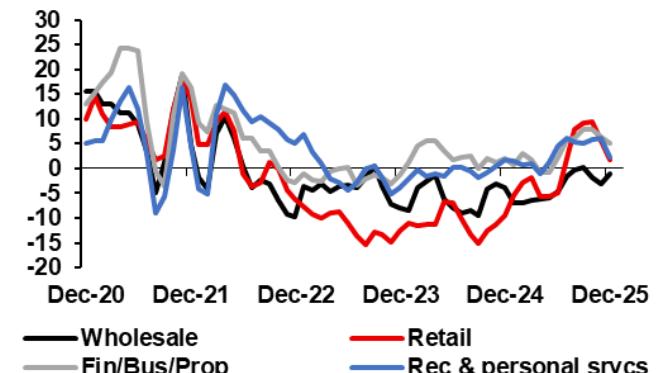


Chart 29: Confidence by Industry (Net Balance, Trend)



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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	Margins (current, next 3 mth)
Business Conditions (current, next 3 mth, next 12 mth)	Overheads (current, next 3 mth)
Trading conditions (current, next 3 mth, next 12 mth)	Productivity growth
Profitability (current, next 3 mth, next 12 mth)	Number of employees
Employment (current, next 3 mth, next 12 mth)	Hours worked
Forward orders (current, next 3 mth)	Gross Sales
Stocks (current, next 3 mth)	Output/sales growth (current fiscal year)
Export orders (current, next 3 mth)	Average earnings (current fiscal year)
Capital expenditure (current, next 3 mth, next 12 mth, fiscal year)	Short term interest rate
Required rate of return on investment	Exporters hedged FX exposure (%)
Cash flow	Importers hedged FX exposure (%)
Labour costs (current, next 3 mth)	Months hedged (exporters)
Purchase costs (current, next 3 mth)	Months hedged (importers)
Final prices (current, next 3 mth)	Favourable hedge position (% of exporters)
Capacity Utilisation	Favourable hedge position (% of importers)
Borrowing index (current, next 3 mth)	Affected vs not affected by AUD
Borrowing demand (current, next 3 mth)	Response to AUD (downsized, reduced, overheads, hedging, import substitution, focus on domestic market, other, don't know)
Constraints on output (demand, labour, materials, premises & plant, finance/working capital)	Driver of trading conditions (demand, wages/jobs, house prices, rates, exchange rate, tax/govt policy, seasonal, finance/working capital, company specific, other)
Constraints on profit (capital, demand, high AUD, low AUD, interest rates, labour, tax, wages, energy costs, other)	What will improve confidence (lower rates, more suitable labour, easier funding, government policy, higher demand, higher AUD, lower AUD, easier compliance, 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

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