

# NAB Monthly Business Survey Jan-26



## Confidence edges up but conditions fall

### NAB Economics and Markets Research

#### Summary

Business confidence rose 1pt in January but remains just below its long-run average. Business conditions fell 3pts (unrounded) in the month, driven by declines in trading conditions and profitability. That said, in trend terms they continue to track at a level a little above average - broadly consistent with trend growth in the economy. The services industries continue to show the most strength, though wholesale and retail improved somewhat in H2 2025, while construction industry is also stronger than in late 2024. Capacity utilisation has declined 0.6ppt from its recent peak, but it remains high. Capacity utilisation was above average in 6 of 8 industries (with manufacturing and mining the exceptions). Of note, measures of cost and price growth in the survey fell to new post-pandemic lows though reported input costs continue to outpace output price increases. Overall, the January survey showed the economy has retained most of its momentum gained through the past year and the level of activity remains high, notwithstanding some easing in capacity utilisation over recent months. Encouragingly, price pressures continue to moderate gradually, while private sector activity has held up.

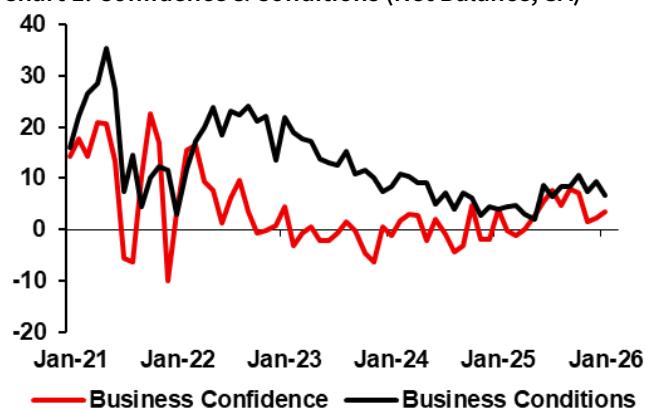
#### Survey Details

- **Business confidence** rose 1pt to 3 index points. Confidence softened in late 2025 but remains above levels seen through 2023 and 2024 when private sector growth was soft.
- **Business conditions** fell 3pts (unrounded) to +7 index points, more than retracing December's gain. Trading conditions fell 6pts and profitability was down 3pts after both increasing in the previous month. The employment sub-component was unchanged for the third consecutive month.
- **By industry**, conditions fell across all but finance, property & business services and transport & utilities. In trend terms, conditions were weakest in retail and manufacturing. The decline in labour cost growth was driven by the retail industry after a spike in December unwound. Final prices growth slowed the most in mining and recreation & personal services industries.
- **By State**, the fall in conditions was driven by SA retracing outsized gains from December and a large fall in Tas. Trend conditions now sit broadly in line across the states however NSW and Vic lag marginally.
- **Capacity utilisation** eased further to 82.9%, down from recent highs but still 1.5ppts above its long-run average. **Forward orders** more than retraced the December fall and sits at +2 index points. The series continues to trend up, consistent with improving economic conditions over the past year.
- **Purchase cost growth** slowed to 1.1% in quarterly equivalent terms and **labour cost** growth fell to 1.3%. **Product price growth** and retail prices growth fell to 0.5% and 0.3% respectively. All costs and prices growth measures sit at their lowest levels since 2021.

Table 1: Key Monthly Business Survey Statistics

	Nov-25	Dec-25	Jan-26
	Net balance		
Business confidence	2	2	3
Business conditions	7	9	7
Trading	13	16	10
Profitability	4	8	5
Employment	5	5	5
Forward Orders	1	-1	2
Capex	12	10	9
Stocks	3	11	-1
Exports	0	0	1
% change at quarterly rate			
Labour costs	1.6	1.7	1.3
Purchase costs	1.3	1.3	1.1
Final products prices	0.6	0.8	0.5
Retail prices	0.8	0.5	0.3
Percent			
Capacity utilisation rate	83.5	83.1	82.9

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



All data seasonally adjusted and subject to revision. Survey conducted from 19 January to 2 February, covering around 322 businesses across the non-farm business sector. **Next release date: 10 March 2026.**

## Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

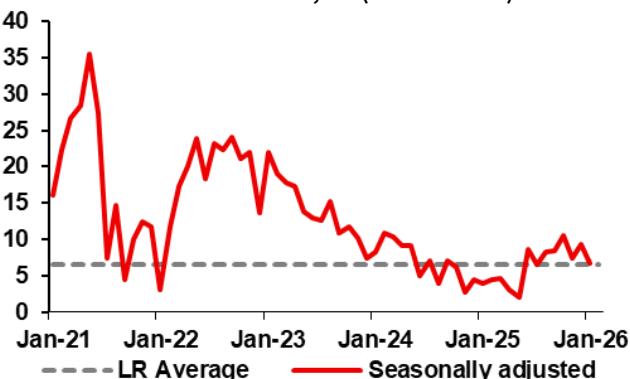


Chart 3: Components of Conditions, SA (Net Balance)

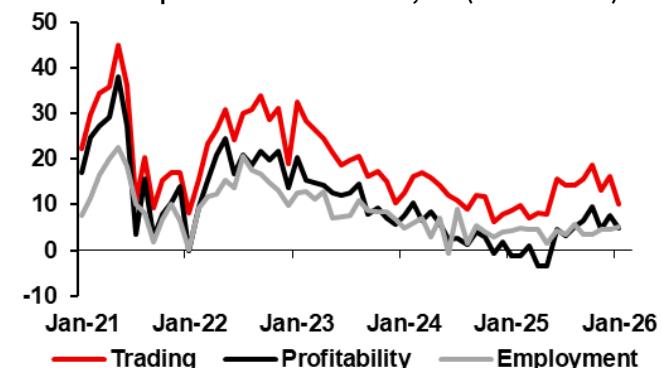


Chart 4: Business Confidence, SA (Net Balance)

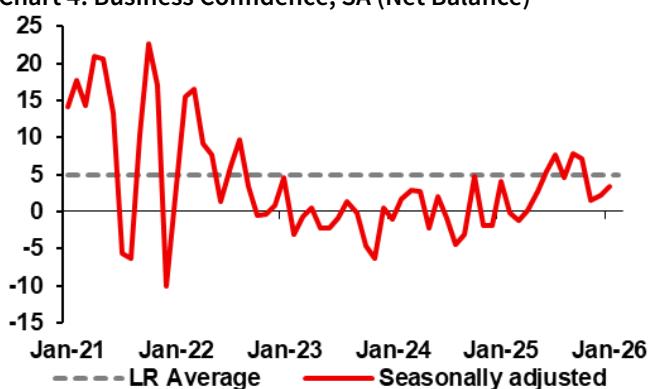


Chart 5: Conditions &amp; Confidence, Trend (Net Balance)

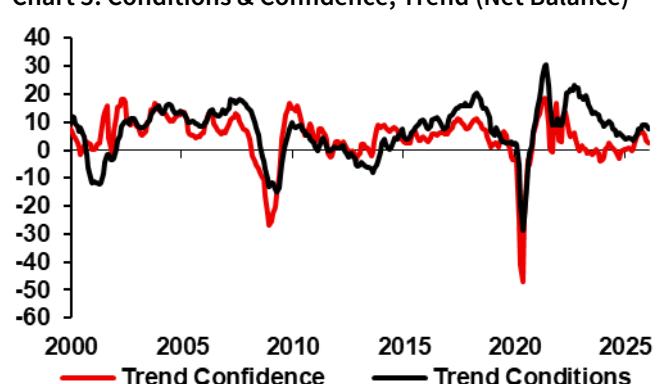


Chart 6: Conditions &amp; Confidence by Industry, Trend (Net Balance)

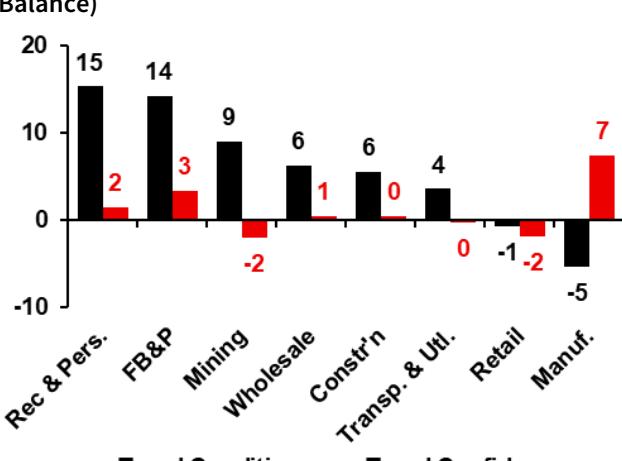
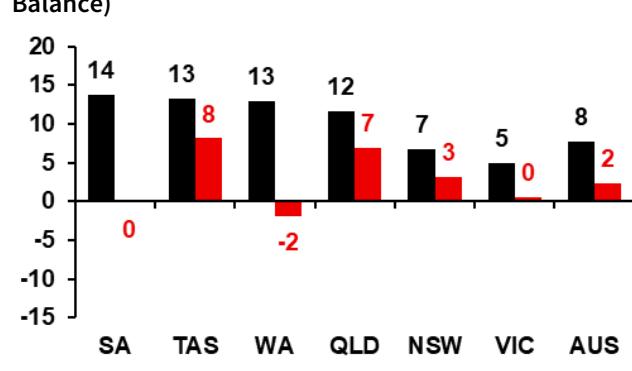


Chart 7: Conditions &amp; Confidence by State, Trend (Net Balance)



## Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

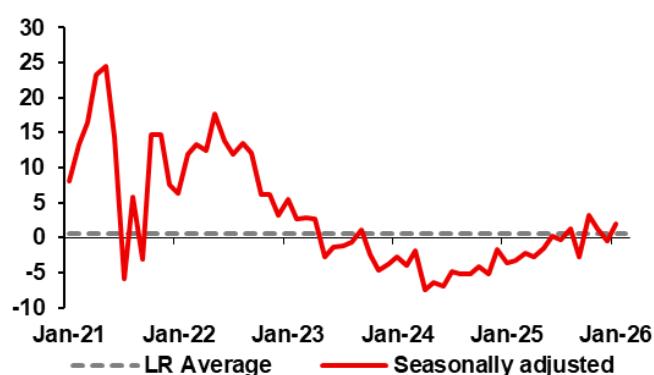


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

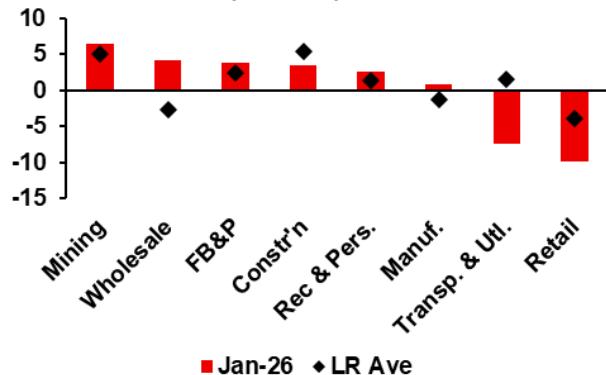


Chart 10: Capacity Utilisation, SA (%)

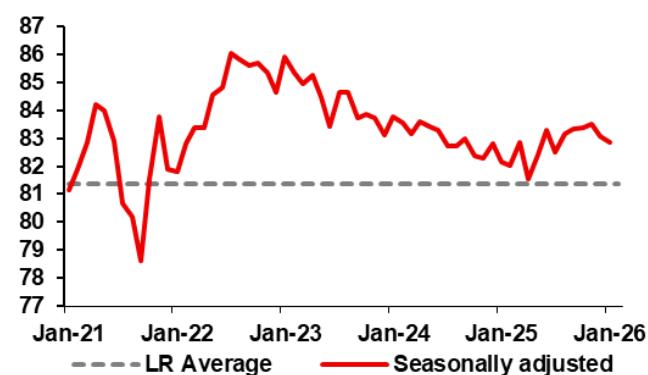


Chart 11: Capacity Util. by Industry, Trend

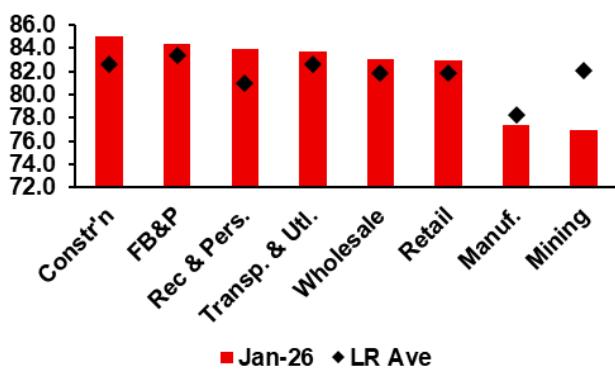


Chart 12: Capital Expenditure, SA (Net Balance)

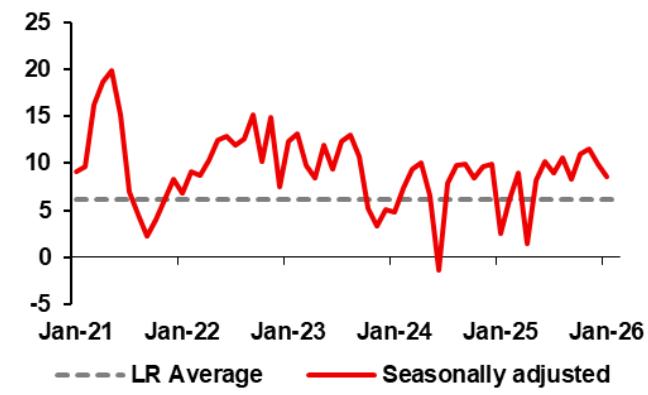


Chart 13: Exports &amp; Stocks, SA (Net Balance)

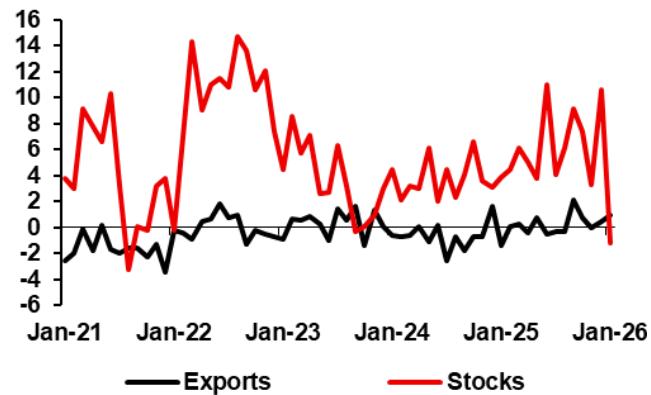


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

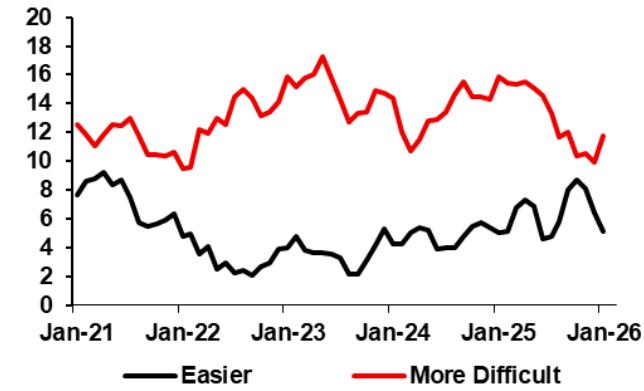
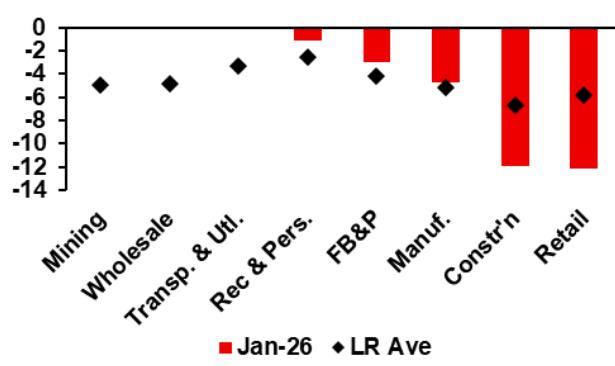


Chart 15: Borrowing Conditions by Industry (Net Balance)



## Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)



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

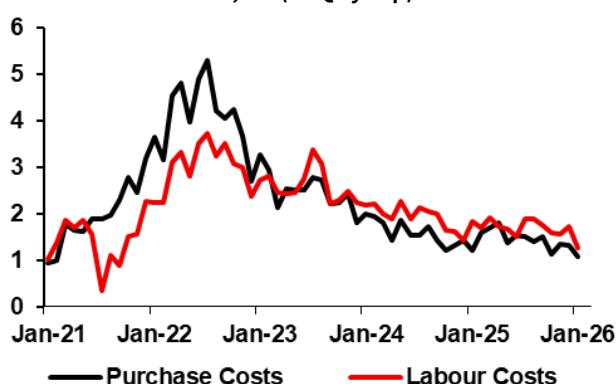


Chart 20: Output Price Growth, SA (% Qtly Eq.)

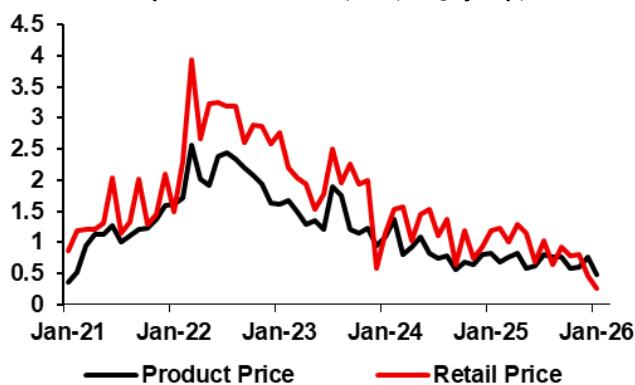


Chart 17: Employment, Selected Industries, Trend

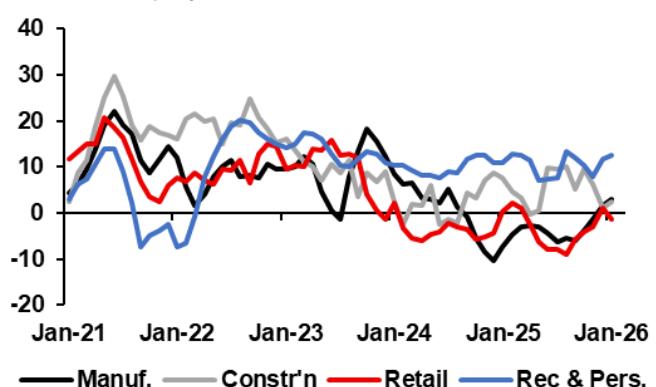


Chart 19: Labour Costs, Selected Industries, Trend (%)

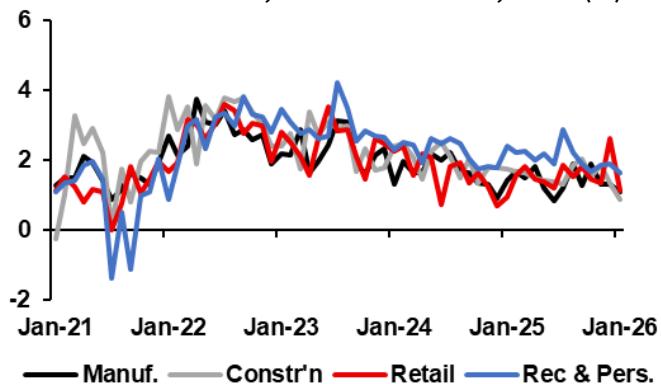
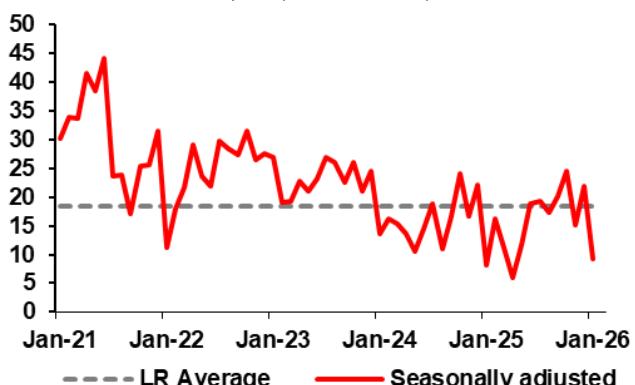


Chart 21: Cash Flow, SA (Net Balance)



## Conditions and Confidence by State and Industry

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

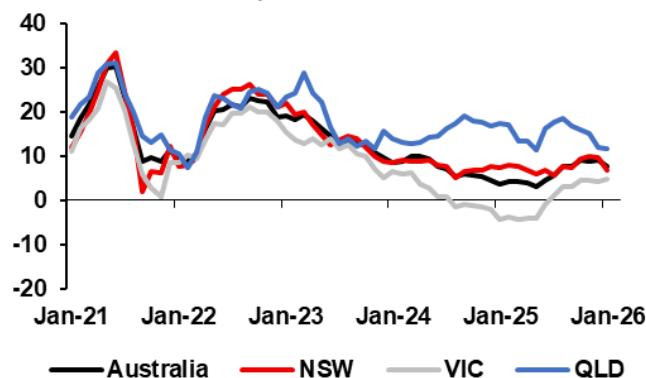


Chart 24: Confidence by State (Net Balance, Trend)

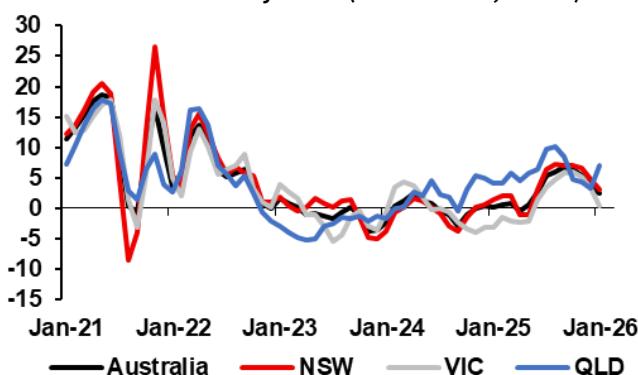


Chart 26: Conditions by Industry (Net Balance, Trend)

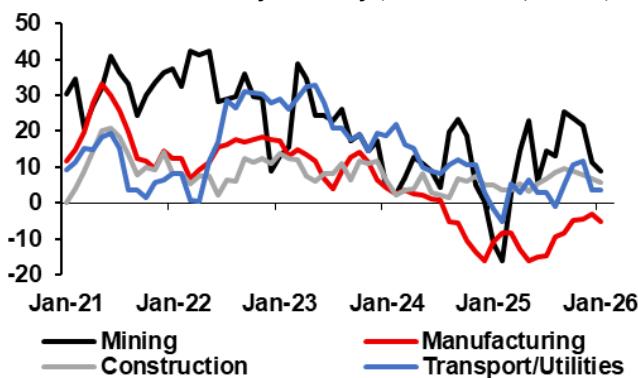


Chart 28: Confidence by Industry (Net Balance, Trend)

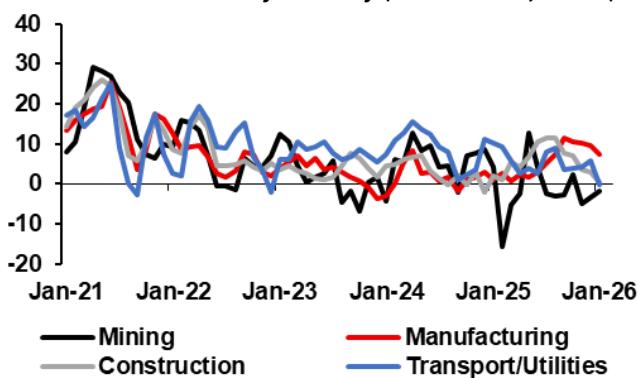


Chart 23: Conditions by State (Net Balance, Trend)

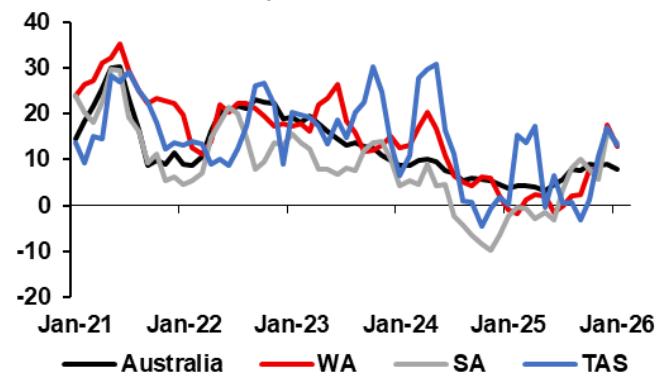


Chart 25: Confidence by State (Net Balance, Trend)

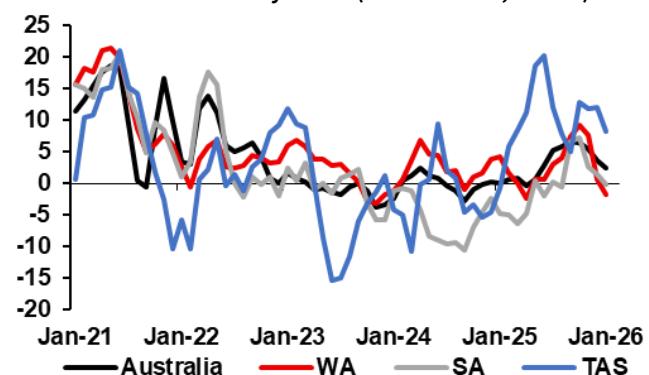


Chart 27: Conditions by Industry (Net Balance, Trend)

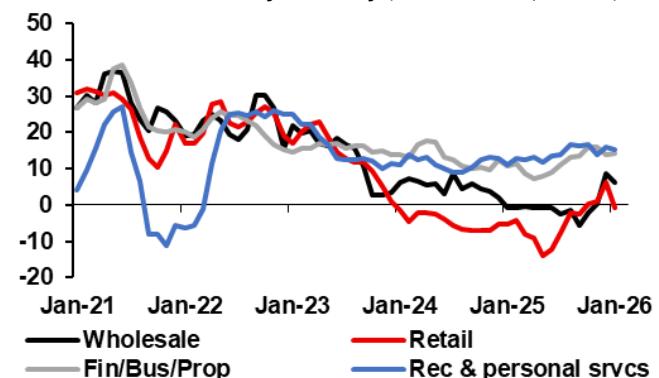
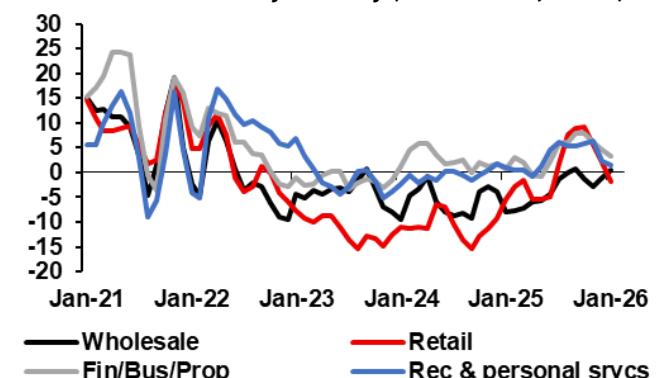


Chart 29: Confidence by Industry (Net Balance, Trend)



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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.

## 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.