July 2026

NAB Monthly Business Survey

−6 Index points

Business Confidence

Fell 1pt (unrounded) after rising for 3 consecutive months.

+4 Index points

Business Conditions

Rose 1pt but remains below the long-run average (7pts).

Summary

Business confidence fell 1pt (unrounded) in July after rising for three consecutive months as uncertainty around the Middle East conflict and oil prices have continued to weigh on the outlook. Meanwhile, conditions rose 1pt in July to +4 index points, driven by modest improvements in profitability and employment. Measures of costs and prices growth rose in July, but rates of growth remain well below the pace seen at the peak of the Middle East conflict in March. Nonetheless, cost pressures clearly remain an issue for business; labour cost growth, which was not affected by the outbreak of the Middle East conflict, has now risen to its highest level since January 2025, while purchase cost and product prices growth are at or above their pre-conflict levels. Capacity utilisation rose strongly in July, up 0.9ppt to 83.0% to be at levels seen at the beginning of 2026. Other measures in the survey showed mixed signals as capex intentions rose but forward orders fell; despite moving in different directions both of these measures continue to sit well below their pre-conflict levels and their respective long-run averages. Overall, despite improved outcomes relative to those seen at the peak of the impact of the Middle East crisis, the survey shows that the elevated uncertainty has continued to weigh on business confidence. Cost pressures amid a softer forward demand outlook suggest continued pressure on margins if these dynamics are sustained in coming months, consistent with a below average reading for profitability in this month's survey.

Monthly Moves

+2pts
Employment
To **3** index points

0pt
Trading
To **8** index points

+1pt
Profitability
To **1** index points

+0.5ppts
Labour costs
To **2.2%** at quarterly rate

+0.2ppts
Purchase costs
To **2.3%** at quarterly rate

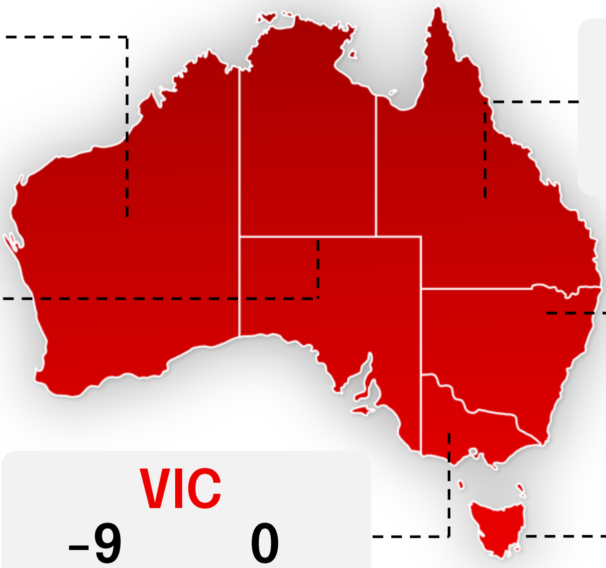
+0.5ppts
Product prices
To **1.1%** at quarterly rate

+0.9ppts
Capacity utilisation
To **83.0%**

−3pts
Forward orders
To **-3** index points

Monthly levels by state (trend, index points)

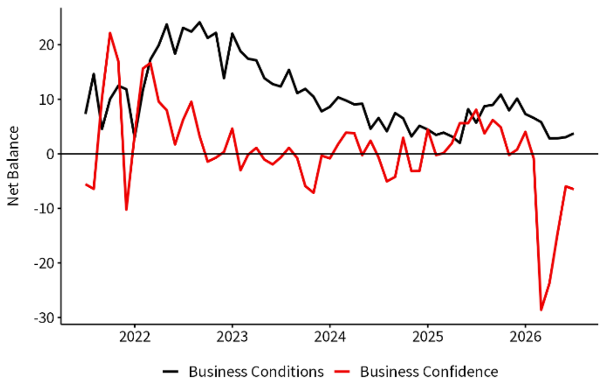
	Confidence	Conditions
WA	−11	15
SA/NT	−18	4
VIC	−9	0
QLD	−4	5
NSW/ACT	−10	2
TAS	1	26



Recovery in confidence stalled

After a couple of months of solid gains, business confidence fell (down 1pt unrounded) in July. Despite recovering around 4/5ths of the initial fall, business confidence remains ~6pts lower than its February (pre-conflict) level.

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

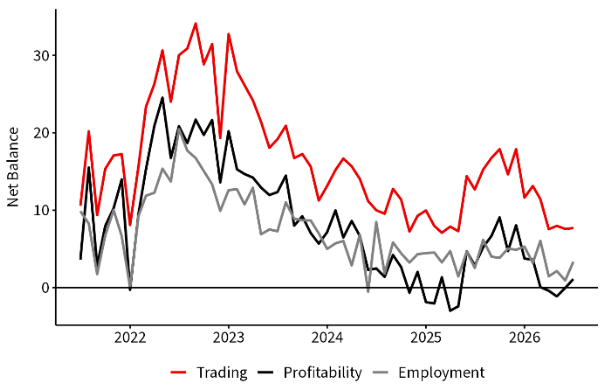


Conditions have held in

Business conditions edged up 1pt to +4 index points but remain below their long-run average of +7 index points. The employment index rose 2pts in the month and profitability rose 1pt, while trading conditions were flat.

Despite the continued weakness in confidence, business conditions have stabilised after declining at the beginning of the year. Stabilisation in headline business conditions is broadly in line with some other activity indicators of late; for example, see: NAB Spend Trend.

Chart 2: Components of Conditions, SA (Net Balance)

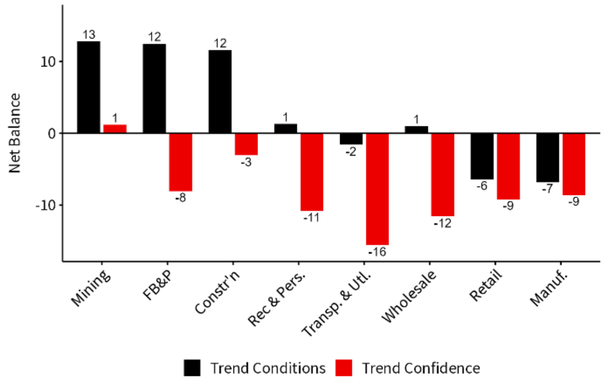


Confidence is mixed across industries

At an industry level, the small fall in confidence in the month was driven by weakness in finance, business & property, manufacturing and wholesale. In trend terms, transport & utilities and wholesale again remained the weakest industries.

Across industries trend confidence broadly continued to improve with one industry now in positive territory (mining at +1 index point) and all industries above -20 index points for the first time in four months.

Chart 3: Conditions and Confidence by Industry, Trend (Net Balance)



In July, falls in conditions across transport & utilities, mining and recreation & personal were more than offset by rises across the other industries.

Trend conditions remained strongest in mining, finance, business & property and construction, while manufacturing again reported the weakest conditions followed by retail.

Confidence & conditions saw mixed moves across the states

Confidence in July rose in all states except NSW and WA. SA (up 9pts) and Tas (up 8pts) saw the largest gains. In trend terms confidence was strongest in Tas, the only region in positive territory, and weakest in SA.

Business conditions rose significantly in Vic (+13pts unrounded) and WA (+8pts), improved marginally in SA (+1pt unrounded) and fell across all other regions. In trend terms, conditions remained strongest in Tas and WA, both more than 10pts above the national average. All regions are now in positive territory as Vic improved in the month, however, it continues to lag the other states despite the gap having narrowed.

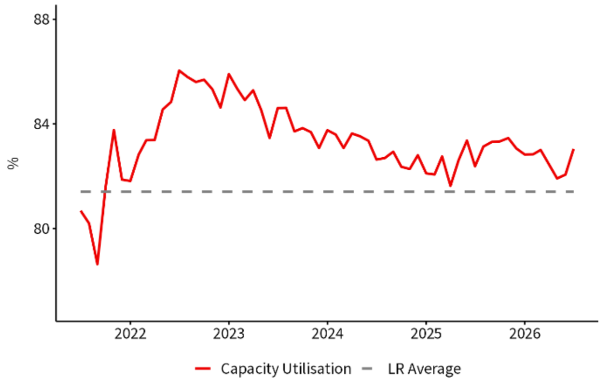
Capacity utilisation jumped in July

Capacity utilisation rose 0.9ppts following a 0.2ppt rise in June and is now at 83.0%. The rise in July was primarily driven by increases in the finance, business & property and wholesale industries. After having closely tracked business conditions the jump in capacity utilisation is a break from the relatively stable result seen in business conditions this month.

The number of industries which reported trend capacity utilisation above their long-run average rose to 4 of 8.

However, this is down from 6 industries that were above their average at the start of the year and suggests that the breadth of above average capacity utilisation has remained narrower than at the beginning of the year.

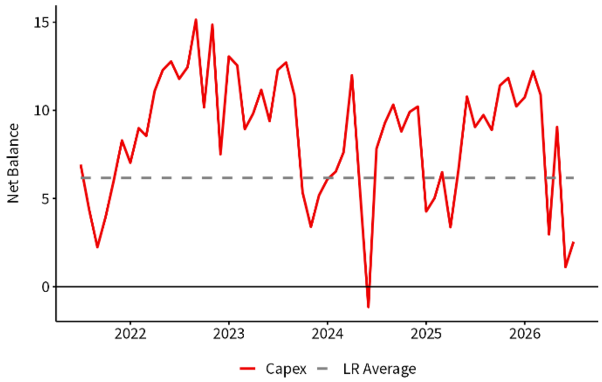
Chart 4: Capacity Utilisation, SA (%)



Forward orders and Capex remain weak

Both the forward orders and capex measures remained weak in July, with both series well below their long-run averages. Forward orders fell 3pts in the month to its second lowest level since September 2025. Capex intentions rose to +3 index points in July. This is well below its level from the first 3 months of the year, when it sat above +10 index points.

Chart 5: Capital Expenditure, SA (Net Balance)

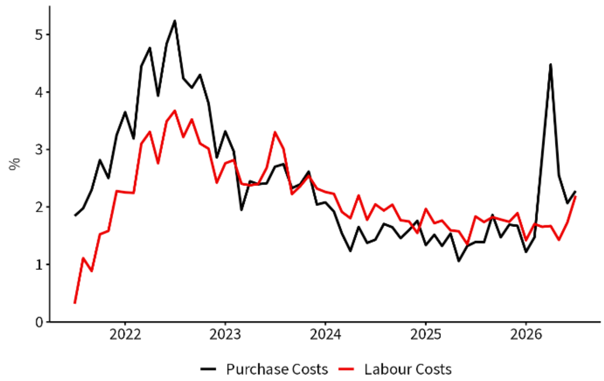


Cost and price growth

Purchase cost growth rose 0.2ppt, partially unwinding the easing seen in June. While this has moderated from a conflict-related spike of 4.5% in quarterly terms in April, it nonetheless remains nearly double its January level. Labour costs growth also rose a further 0.5ppts in the month to 2.2% in quarterly terms. This is likely due to the minimum wage decision which took effect on July 1. Final product price growth nearly doubled to 1.1% and is sitting above the pace observed at the start of the year.

The transport & utilities industry was a key driver of the rise in both final prices and purchase costs growth. Costs growth rose 4.0ppts and final prices growth rose 5.3ppts in quarterly terms for businesses in the transport & utilities industry. This is likely linked to the swings in the oil price and the announcement in July that the Strait of Hormuz would be closed again. In contrast, other industries reported prices and costs growth moving between -0.9ppts and +1.6ppts in July.

Chart 6: Cost Growth, SA (% Qtly Eq.)



The survey suggests that the outlook remains highly uncertain

Overall, the business survey shows that while most survey indicators have largely normalised since the beginning of the Middle East conflict there remains a soft underbelly to the survey's data. Business conditions and confidence remain below their long-run averages, while forward orders have moved back into negative territory. Further, though it rose sharply in the month, capacity utilisation in trend terms remains notably below the level seen in early 2026

Looking back at the first six months of 2026, we observe that most activity related components of the survey unwound the cyclical upswing seen in the second half of 2025.

Overall, the signal from the survey is that activity has slowed through H1 2026 and there are some signs of an easing in capacity pressures. All else equal, this is a positive signal for stability in monetary policy near-term. However, the rise in cost pressures bears watching, especially given a backdrop of softer aggregate demand. Our quarterly NAB Business Survey showed that margins narrowed in Q2, suggesting firms may have limited ability to tolerate an environment of cost pressure and softer final demand.

Table 1: Confidence and Conditions by Industry and State

	May-26	Jun-26	Jul-26
		Net Balance	
Mining			
Business Confidence (S.A.)	1	-2	5
Business Confidence (Trend)	-18	-16	1
Business Conditions (S.A.)	11	14	14
Business Conditions (Trend)	21	14	13
Manufacturing			
Business Confidence (S.A.)	-21	-1	-4
Business Confidence (Trend)	-26	-18	-9
Business Conditions (S.A.)	-9	-9	-3
Business Conditions (Trend)	-8	-8	-7
Construction			
Business Confidence (S.A.)	-6	-2	-1
Business Confidence (Trend)	-21	-11	-3
Business Conditions (S.A.)	4	15	16
Business Conditions (Trend)	5	9	12
Retail			
Business Confidence (S.A.)	-25	-2	0
Business Confidence (Trend)	-29	-14	-9
Business Conditions (S.A.)	-8	-6	-5
Business Conditions (Trend)	-3	-5	-6
Wholesale			
Business Confidence (S.A.)	-12	-10	-12
Business Confidence (Trend)	-27	-19	-12
Business Conditions (S.A.)	4	-3	3
Business Conditions (Trend)	-1	-1	1
Transport & Utilities			
Business Confidence (S.A.)	-10	-23	-14
Business Confidence (Trend)	-31	-21	-16
Business Conditions (S.A.)	-10	8	-2
Business Conditions (Trend)	-1	-1	-2
Finance, Business & Property			
Business Confidence (S.A.)	-14	-3	-7
Business Confidence (Trend)	-18	-13	-8
Business Conditions (S.A.)	15	8	14
Business Conditions (Trend)	14	12	12
Recreation & Personal Services			
Business Confidence (S.A.)	-16	-9	-7
Business Confidence (Trend)	-20	-14	-11
Business Conditions (S.A.)	1	3	0
Business Conditions (Trend)	3	1	1

	May-26	Jun-26	Jul-26
		Net Balance	
New South Wales			
Business Confidence (S.A.)	-17	-4	-10
Business Confidence (Trend)	-24	-15	-10
Business Conditions (S.A.)	2	4	-1
Business Conditions (Trend)	3	2	2
Victoria			
Business Confidence (S.A.)	-17	-7	-4
Business Confidence (Trend)	-20	-14	-9
Business Conditions (S.A.)	-4	-4	8
Business Conditions (Trend)	-5	-3	0
Queensland			
Business Confidence (S.A.)	-10	-4	1
Business Confidence (Trend)	-18	-11	-4
Business Conditions (S.A.)	7	4	3
Business Conditions (Trend)	10	6	5
South Australia			
Business Confidence (S.A.)	-19	-22	-13
Business Confidence (Trend)	-30	-21	-18
Business Conditions (S.A.)	8	1	1
Business Conditions (Trend)	7	4	5
Western Australia			
Business Confidence (S.A.)	-16	-7	-11
Business Confidence (Trend)	-20	-12	-11
Business Conditions (S.A.)	9	14	22
Business Conditions (Trend)	14	13	15
Tasmania			
Business Confidence (S.A.)	-2	-1	7
Business Confidence (Trend)	-21	-16	1
Business Conditions (S.A.)	36	50	-8
Business Conditions (Trend)	14	18	26
Australia			
Business Confidence (S.A.)	-15	-6	-6
Business Confidence (Trend)	-22	-14	-9
Business Conditions (S.A.)	3	3	4
Business Conditions (Trend)	4	3	3

Trend data are three month moving averages of seasonally adjusted series. Full time series are available by direct subscription and/or external data providers (such as Bloomberg, Eikon, or Macrobond).

Survey conducted from 21 July to 31 July, covering around 288 businesses across the non-farm sector.

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