August 2026

NAB Monthly Business Survey

-8 Index points

Business Confidence

Fell 2pts (unrounded) to -8 index points and is 13pts below its long-run average of +5 index points.

-1 Index points

Business Conditions

Fell 5pts to be in negative territory for the first time in 6 years and is now well below the long run average of +6 index points.

Summary

Business confidence fell 2pts in August and remains well below its long-run average. Ongoing global uncertainty, volatility in oil prices and continued cost pressures appear to be weighing on business confidence. Business conditions also declined this month, falling 5pts and turning negative for the first time in 6 years. The decline in conditions in the month was broad-based across industries and was driven by a 10pt fall in profitability and a 5pt fall in trading conditions, with both subcomponents now sitting at new post-Covid lows. The decline in the profitability index bears watching, given its leading relationship with broader labour market conditions. Cost and price growth measures remained broadly unchanged in the month and remain elevated compared to their long-run averages. The spike in capacity utilisation seen last month partially unwound in August, declining 0.6ppts to 82.5% and remains around its levels seen at the start of the year. Overall, the key signals from this month's survey are slowing growth amid a backdrop of persistence in cost and price pressures. The slowing in growth in H1 2026 has led to some easing in capacity pressures, although the capacity utilisation series remains above its long-run average.

Monthly Moves

-1pt
Employment
To **3** index points

-5pts
Trading
To **3** index points

-10pts
Profitability
To **-9** index points

-0.1ppt
Labour costs
To **1.9%** at quarterly rate

+0.1ppt
Purchase costs
To **2.3%** at quarterly rate

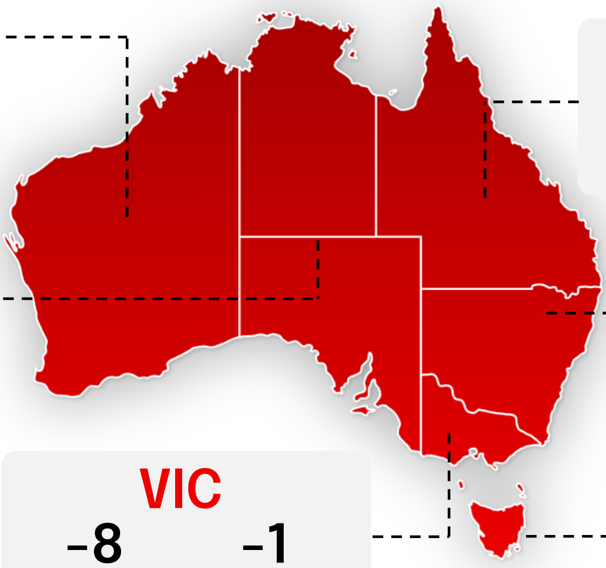
-0.2ppts
Product prices
To **0.8%** at quarterly rate

-0.6ppts
Capacity utilisation
To **82.5%**

+3pts
Forward orders
To **0** index points

Monthly levels by state (trend, index points)

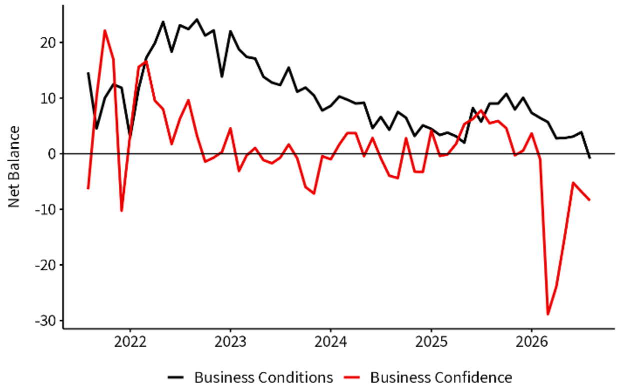
	Confidence	Conditions
WA	-9	14
SA/NT	-14	1
QLD	-3	2
NSW/ACT	-7	1
VIC	-8	-1
TAS	5	17



The recovery in confidence has started to unwind

Business confidence fell for the second consecutive month to -8 index points and remains well below the long-run average of 5 index points. Despite recovering much of the initial fall driven by the Middle East conflict, business confidence remains ~7pts lower than its February (pre-conflict) level.

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

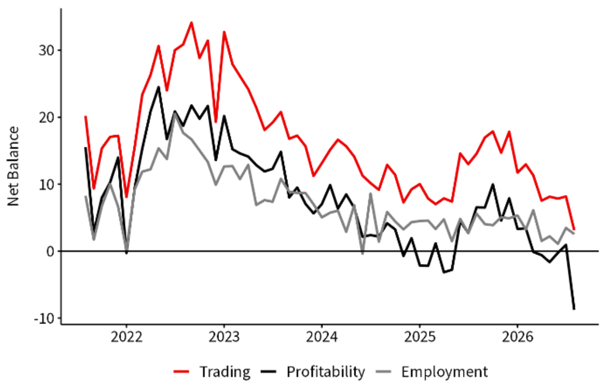


Conditions are beginning to follow the fall in confidence

Business conditions fell 5pts in the month to -1 index point, the lowest level since August 2020. Conditions have begun to converge towards confidence, of which the latter has been notably more negative over the past 6 months.

The weakness in business conditions this month was driven by declines in the profitability and trading subcomponents. These measures are now at multi-year lows and sit well below their respective long-run averages. Meanwhile, the employment indicator has held up better. As the chart below shows, the divergence between the employment index and the profitability index is unusual, and unlikely to be sustained. Should the profitability index remain at depressed levels, we would expect weaker employment outcomes to follow.

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

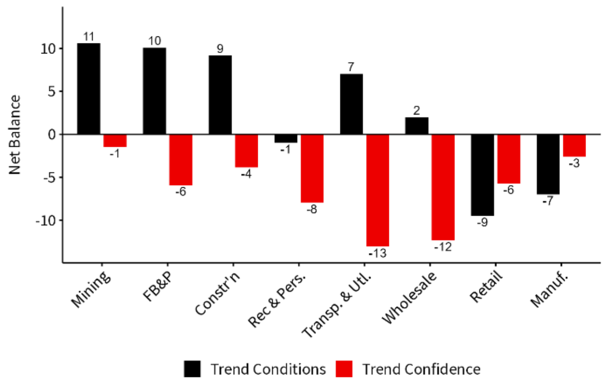


Weakening in conditions was broad across industries

At an industry level, conditions fell in 6 of 8 industries, led by construction, mining and manufacturing. In trend terms conditions are weakest in retail, manufacturing and recreation & personal services industries while all other industries remain in positive territory.

Business confidence was unchanged or improved in most industries; however, this was offset by large falls across retail, construction and mining. Trend confidence continues to be in negative territory across all industries with transport & utilities and wholesale the weakest.

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



Confidence & conditions saw mixed moves across the states

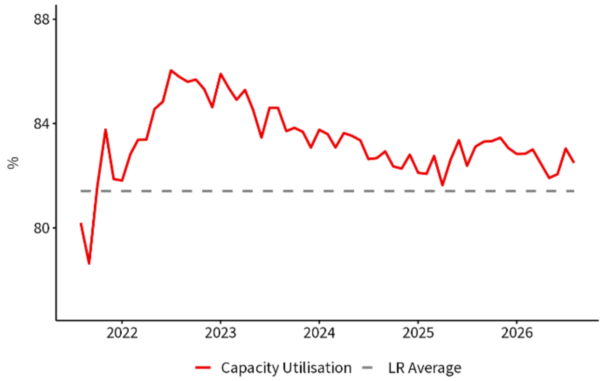
Confidence in August rose in WA (+3pts) and edged up in NSW (+1pt), was flat in Tas but fell across all other states. Qld and Vic saw the largest falls in the month, declining 8pts and 5pts respectively. In trend terms, confidence remained weakest in SA and strongest in Tas but the margin between them closed.

Business conditions fell in all states except NSW (+1pt) and Tas (+5pts). Vic and WA saw notable declines, both falling 13pts. Trend conditions remained strongest in Tas and WA, both sitting above +10 index points, while Vic was the only state in negative territory. All other states sit in weakly positive territory.

Capacity utilisation partially unwound its July spike

Capacity utilisation fell 0.6ppts to 82.5%, partially unwinding the spike seen in July. Despite softening in the month capacity utilisation remains more than 1ppt above its long-run average. The fall this month was broad based with 5 of 8 industries reporting a fall in utilisation while in trend terms only 3 industries sit above their long-run average (down from 4 last month).

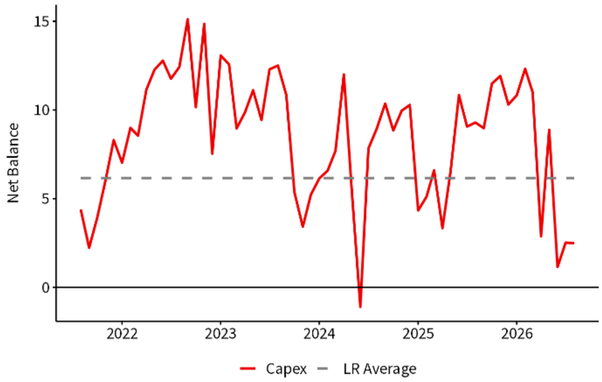
Chart 4: Capacity Utilisation, SA (%)



Additional survey measures remain weak

Forward orders rose 3pts in the month, unwinding last month's fall. Capex was also flat (unrounded) in the month at +2 index points. Both the forward orders and capex measures remain well below their long-run averages and pre-conflict levels.

Chart 5: Capital Expenditure, SA (Net Balance)

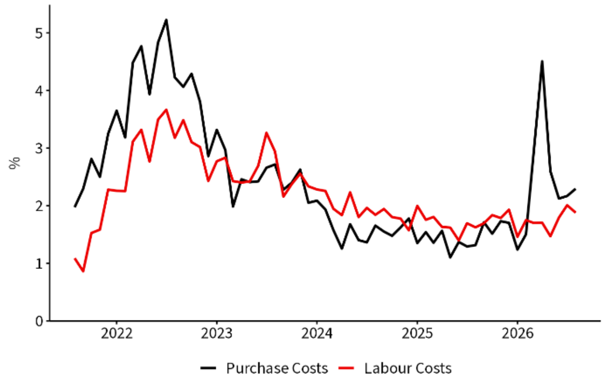


Cost and price growth

Cost and price growth saw relatively small moves in the month but remain elevated. The gap between purchase cost growth and product prices is at historically high levels suggesting that businesses face increasing pressure on margins, and validate the decline in the survey's profitability indicator. After almost 6 months of cost growth significantly outpacing price growth the profitability indicator has fallen by around 12pts.

Purchase cost growth in August rose a further 0.1ppt to 2.3% at a quarterly rate which is around 1ppt above its pre-conflict pace and long-run average. At an industry level, most saw modest declines in purchase cost growth, but this was offset by a 1.2ppt rise in construction and a 0.6ppt rise in manufacturing costs. Labour costs growth fell 0.1ppt mostly unwinding the rise from July. Labour cost growth also remains well above its long-run average of 1.2% at a quarterly rate.

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



Final product price growth fell 0.2ppt to 0.8% and is around the pace observed before the Middle East conflict. Price growth across industries broadly sits between 1–2ppt below the pace of costs growth.

The survey suggests that economic conditions are weakening as elevated uncertainty and cost pressure persist

The August business survey shows a material softening in conditions which - until August - had remained relatively robust to the Middle East conflict and rising interest rates. The softening in conditions suggests that growth could be slowing further in H2 2026.

While capacity utilisation has eased marginally, businesses have had to absorb higher input costs which have not been fully passed through, and this may be beginning to have more of an impact in hiring and capex decisions. Looking ahead, we will be watching the margins measure in the Q3 quarterly NAB business survey released later this month, as well as the employment indicator in next September's monthly survey.

The construction industry is also likely to be an area of focus in coming months, given recent dynamics in dwelling prices, construction costs and developer solvency. This month's survey shows that purchase cost growth has started rising again after partially recovering from the initial shock of the Middle East conflict and remains well above its pre-conflict levels.

Table 1: Confidence and Conditions by Industry and State

	Jun-26	Jul-26	Aug-26
	Net Balance		
Mining			
Business Confidence (S.A.)	-3	3	-4
Business Confidence (Trend)	-16	0	-1
Business Conditions (S.A.)	15	14	3
Business Conditions (Trend)	15	13	11
Manufacturing			
Business Confidence (S.A.)	0	-4	-4
Business Confidence (Trend)	-18	-9	-3
Business Conditions (S.A.)	-9	-3	-10
Business Conditions (Trend)	-8	-7	-7
Construction			
Business Confidence (S.A.)	-2	-1	-9
Business Confidence (Trend)	-11	-3	-4
Business Conditions (S.A.)	16	17	-5
Business Conditions (Trend)	9	12	9
Retail			
Business Confidence (S.A.)	0	2	-19
Business Confidence (Trend)	-13	-7	-6
Business Conditions (S.A.)	-7	-8	-14
Business Conditions (Trend)	-6	-8	-9
Wholesale			
Business Confidence (S.A.)	-11	-15	-11
Business Confidence (Trend)	-20	-13	-12
Business Conditions (S.A.)	-3	3	6
Business Conditions (Trend)	-1	1	2
Transport & Utilities			
Business Confidence (S.A.)	-23	-14	-2
Business Confidence (Trend)	-21	-15	-13
Business Conditions (S.A.)	8	-1	14
Business Conditions (Trend)	-2	-1	7
Finance, Business & Property			
Business Confidence (S.A.)	-2	-8	-8
Business Confidence (Trend)	-13	-8	-6
Business Conditions (S.A.)	8	12	10
Business Conditions (Trend)	12	12	10
Recreation & Personal Services			
Business Confidence (S.A.)	-9	-7	-7
Business Confidence (Trend)	-14	-11	-8
Business Conditions (S.A.)	3	0	-6
Business Conditions (Trend)	1	1	-1

	Jun-26	Jul-26	Aug-26
	Net Balance		
New South Wales			
Business Confidence (S.A.)	-2	-10	-9
Business Confidence (Trend)	-16	-10	-7
Business Conditions (S.A.)	4	-1	0
Business Conditions (Trend)	2	2	1
Victoria			
Business Confidence (S.A.)	-8	-5	-10
Business Confidence (Trend)	-15	-10	-8
Business Conditions (S.A.)	-5	8	-5
Business Conditions (Trend)	-3	0	-1
Queensland			
Business Confidence (S.A.)	-4	1	-7
Business Confidence (Trend)	-11	-5	-3
Business Conditions (S.A.)	4	3	-1
Business Conditions (Trend)	7	5	2
South Australia			
Business Confidence (S.A.)	-23	-13	-7
Business Confidence (Trend)	-24	-18	-14
Business Conditions (S.A.)	1	2	0
Business Conditions (Trend)	5	4	1
Western Australia			
Business Confidence (S.A.)	-7	-11	-8
Business Confidence (Trend)	-13	-12	-9
Business Conditions (S.A.)	14	21	8
Business Conditions (Trend)	13	14	14
Tasmania			
Business Confidence (S.A.)	-1	7	7
Business Confidence (Trend)	-16	2	5
Business Conditions (S.A.)	55	-4	1
Business Conditions (Trend)	20	29	17
Australia			
Business Confidence (S.A.)	-5	-7	-8
Business Confidence (Trend)	-15	-9	-7
Business Conditions (S.A.)	3	4	-1
Business Conditions (Trend)	3	3	2

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 24 August to 31 August, covering around 455 businesses across the non-farm sector.

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