



NAB Quarterly Business Survey Q2 2026

Conditions and Confidence fall further in Q2

NAB Economics and Markets Research

Summary

Business confidence dropped sharply in Q2, with businesses pointing to uncertainty from the Middle East conflict and the federal budget as drivers. The share of businesses reporting geopolitics or federal government policies as issues affecting confidence rose ~16ppt and ~7ppt respectively, while the remainder of the other top 5 issues last quarter declined. Business conditions fell 5pts to 2 index points with falls in all three subcomponents. The forward-looking indicators were also soft across the board in the Q2 survey. Business expectations for conditions both 3- and 12-months ahead fell notably, while capex plans for the next 12 months and forward orders also declined. Capacity utilisation fell to 82.0%, reaching a new multi-year low but remaining above the long-run average. These themes align with the results of the timelier Monthly Survey. The quarterly survey includes constraints on output, and here the share of firms reporting labour as a significant constraint fell 5ppt, more than unwinding its increase over the past couple of quarters. Overall, the Q2 survey appears to confirm the signal from the Monthly survey: lower confidence, cooler but relatively resilient conditions, and some easing in capacity pressures.

Survey Details

- Business conditions** fell 5pts to 2 index points. Trading conditions and profitability led the fall, both declining 6pts while employment was also soft falling 3pts. Conditions fell below their long-run average for the first time since June 2025.
- By industry**, conditions fell in all sectors except mining (+1pt), the largest falls were seen in recreation & personal services (-8pts) and transport & utilities (-7pts). Following another fall in conditions in most industries, 4 of 8 now sit in negative territory, up from 3 in the previous quarter.
- By state**, conditions fell across all regions except WA and Tas. Vic fell 12pts and is the weakest region by some margin at -6 index points. NSW also saw a large fall, declining 6pts to 0 index points.
- Business confidence** fell 13pts to -19 index points and now sits 22pts below its long-run average. The Middle East conflict and the budget have been evident in the shock to confidence. Confidence saw double-digit falls across manufacturing, services and retail, and sits in negative territory in all industries.
- Leading indicators** were negative or flat in Q2 with some seeing large falls. Expected business conditions in both the near and long-term fell more than 10pts. Both forward orders and capex plans over the next 12 months fell (5pts and 8pts respectively). Capacity utilisation fell 0.8ppt to its lowest level since Q3 2021.
- Constraints on output** showed a notable decline in the share of businesses reporting significant constraints from labour while premises also eased. Both materials and sales were increasingly reported as a constraint on output.

Table 1: Key Quarterly Business Survey Statistics

	2025q4	2026q1	2026q2
	Net balance		
Business confidence	-1	-5	-19
Business conditions	8	7	2
Next 3 months	12	14	3
Next 12 months	18	17	5
Trading	13	12	6
Profitability	5	3	-3
Employment	7	6	3
Forward orders	2	4	-1
Stocks	5	5	5
Exports	0	1	1
Capex plans (next 12m)	20	21	13
	% Change, quarterly		
Labour costs	1.1	1.0	1.0
Purchase costs	0.9	0.9	1.6
Final products prices	0.5	0.5	0.6
Retail prices	0.6	0.6	0.9
	Percent		
Capacity utilisation rate	83.3	82.8	82.0

All data seasonally adjusted, except purchase costs and exports. Survey conducted from 25 May to 11 June 2026, covering around 687 firms across the non-farm business sector. **Next release date: 24 September 2026.**

- Reported costs growth** for labour remained at 1.0% qoq while purchase costs growth rose 0.7ppt to 1.6%.
- Retail price growth** rose 0.3ppt to 0.9% qoq. Final product price growth edged up to 0.6%.
- Wage costs were again the top **issue affecting business confidence**, while federal government policy rose to the second most reported issue. There was also a 16ppt rise in the share of businesses reporting geopolitics as an issue affecting confidence.

Business Conditions and Confidence

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

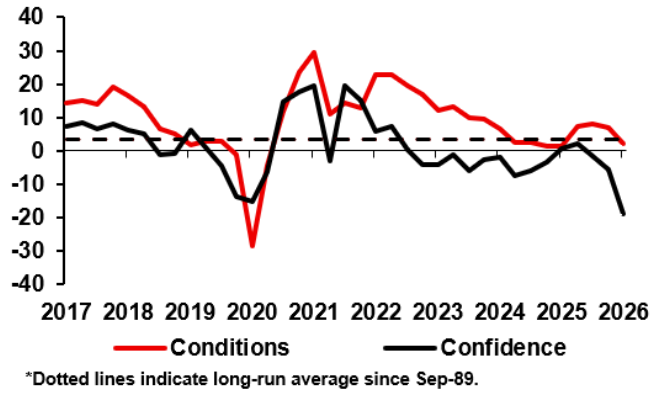
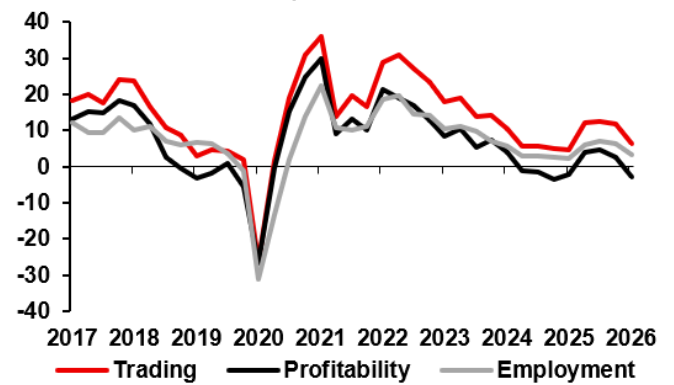


Chart 2: Conditions Components (Net Balance, SA)



Issues Affecting Business Confidence

Chart 3: Issues Affecting Confidence (Share of Firms)

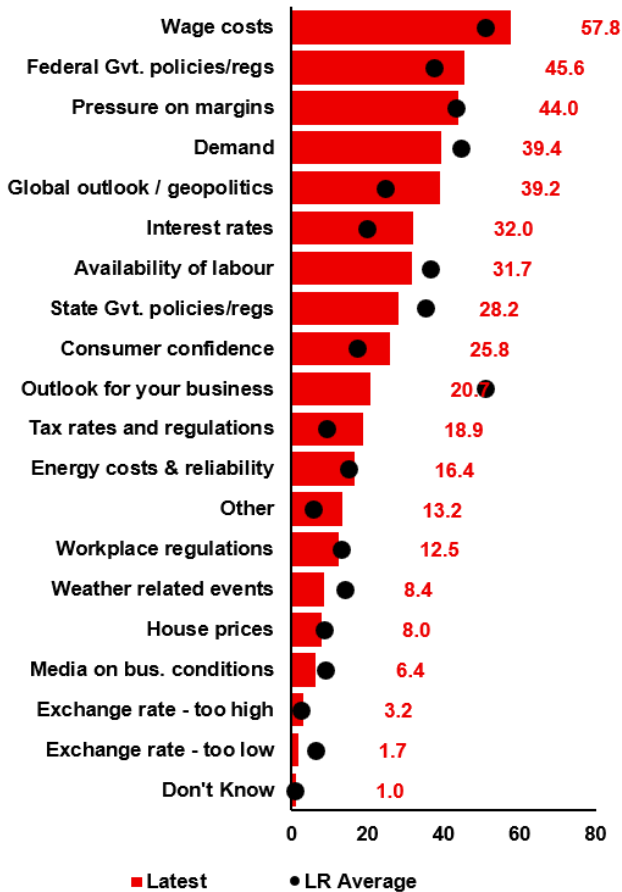


Chart 4: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #1 and #2

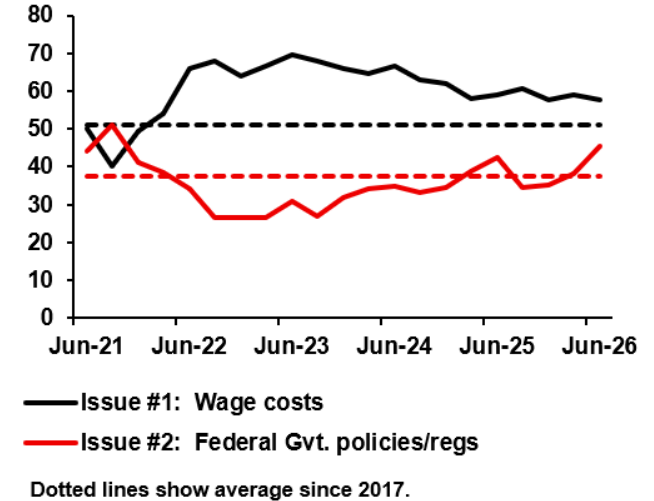
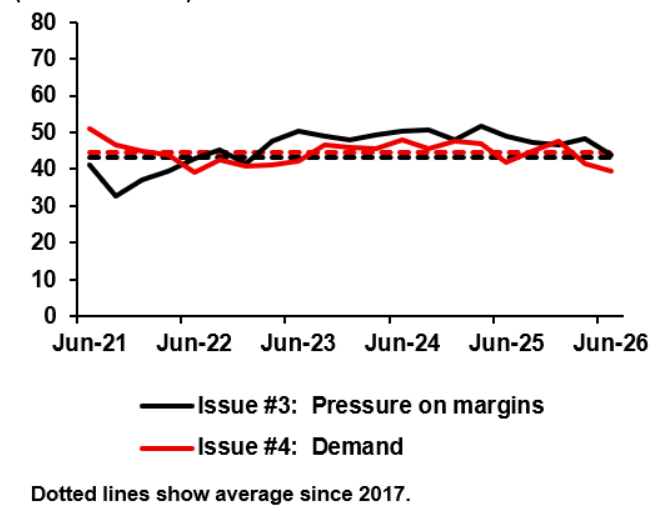


Chart 5: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #3 and #4



Leading Indicators and Business Investment

Chart 6: Expected Conditions (Net Balance, SA)

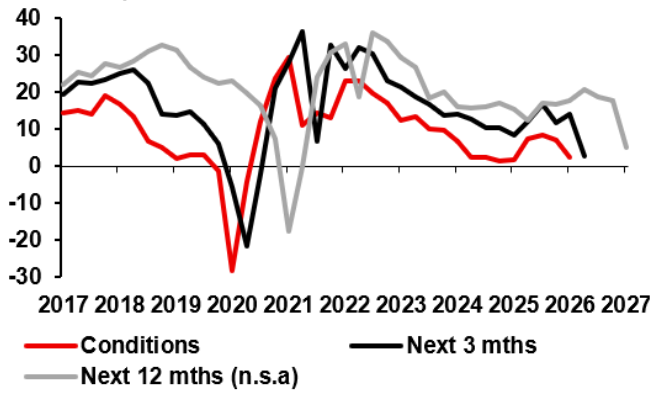


Chart 7: Expected Forward Orders (Net Balance, SA)

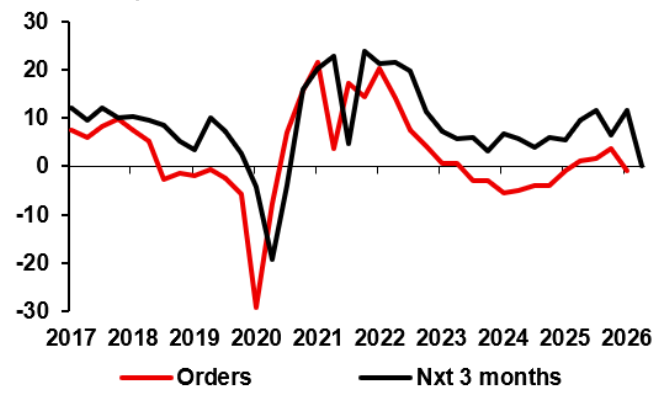


Chart 8: Capacity Utilisation (Percent, SA)

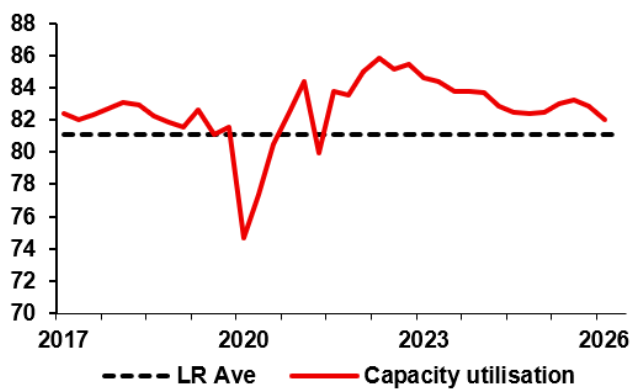


Chart 9: Capacity Utilisation (3qtr average deviation from long run average.)

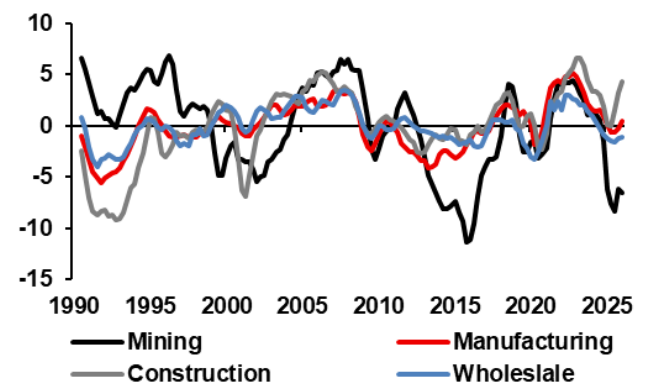


Chart 10: Stocks (Net Balance, SA)

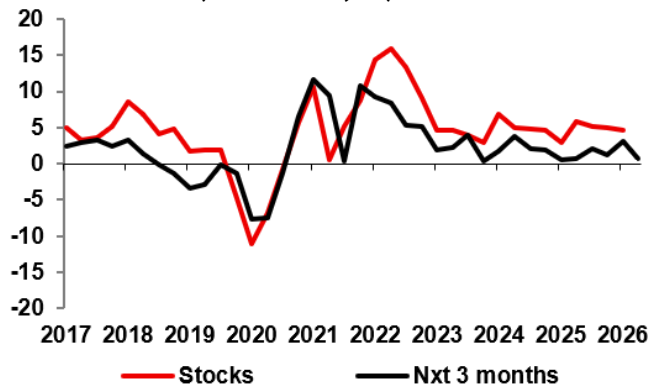
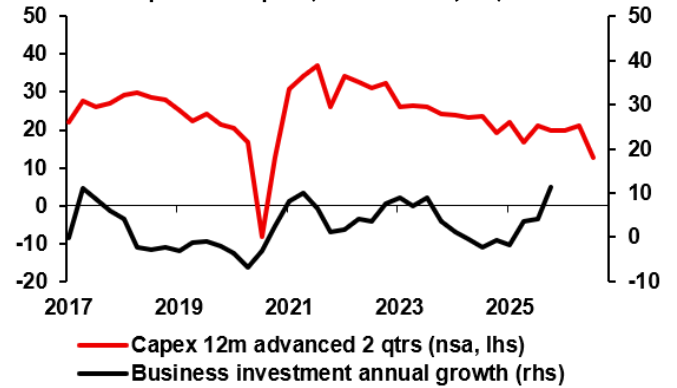


Chart 11: Expected Capex (Net Balance, SA)



Labour Market Indicators

Chart 12: Employment Expectations (Net Balance, SA)

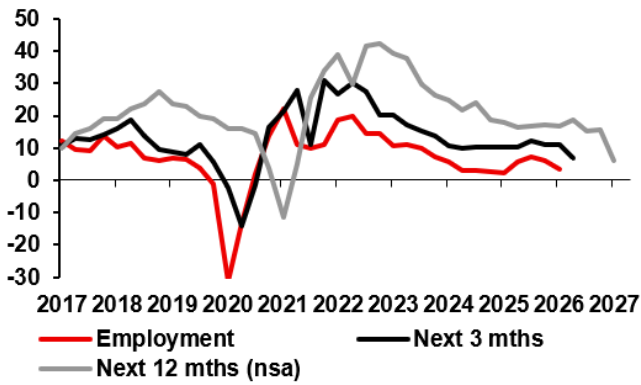


Chart 13: Labour Constraints & Unemployment Rate

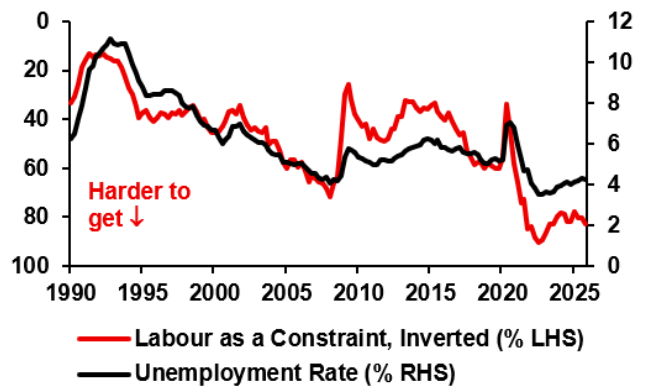


Chart 14: Change in Average Hours Worked (NSA)

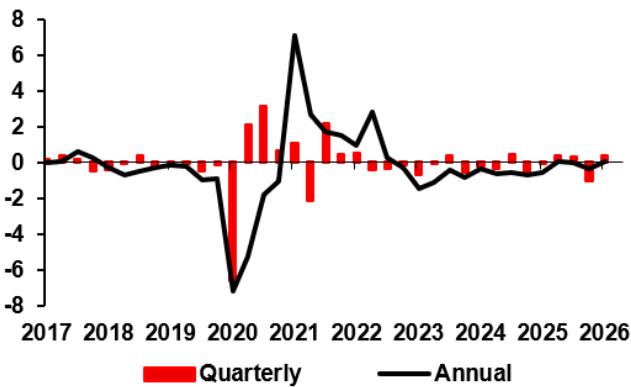


Chart 15: Average Hours Worked by Industry (NSA)

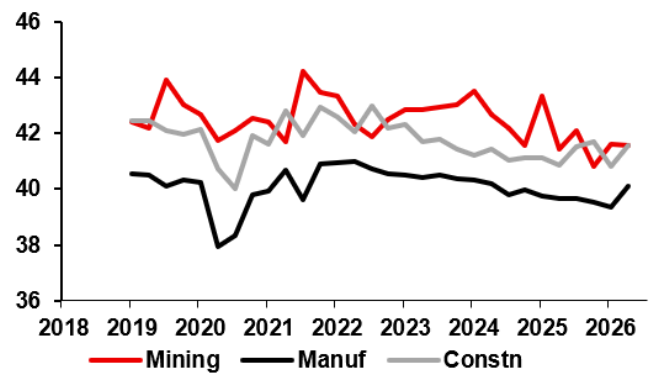


Chart 16: Average Hours Worked by Industry (NSA)

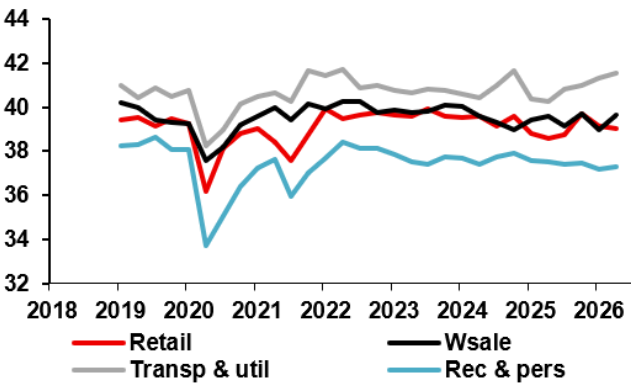
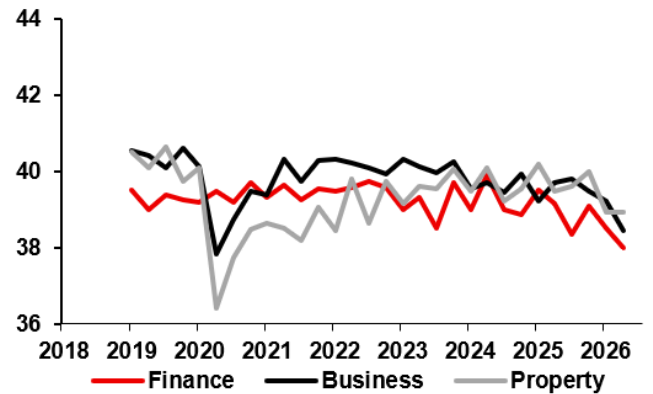


Chart 17: Average Hours Worked by Industry (NSA)



Major Constraints on Firm Output

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

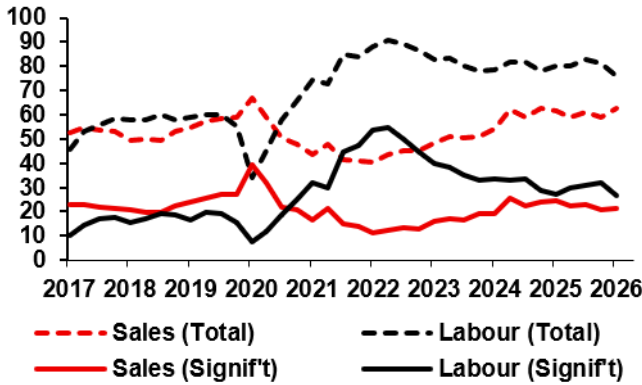
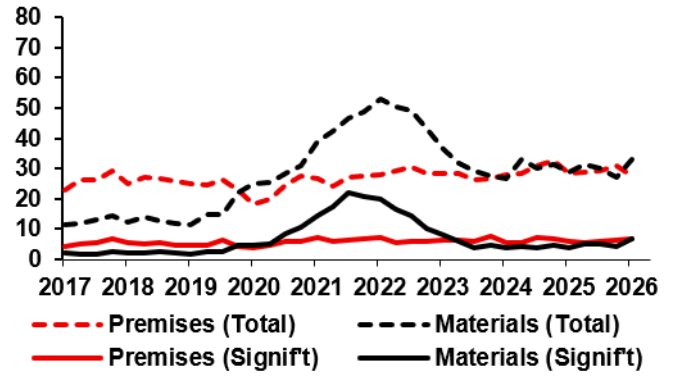


Chart 19: Main Constraints on Firm Output (% of Firms)



Inflation Pressures

Chart 20: Annualised Price Growth (Percent, SA)

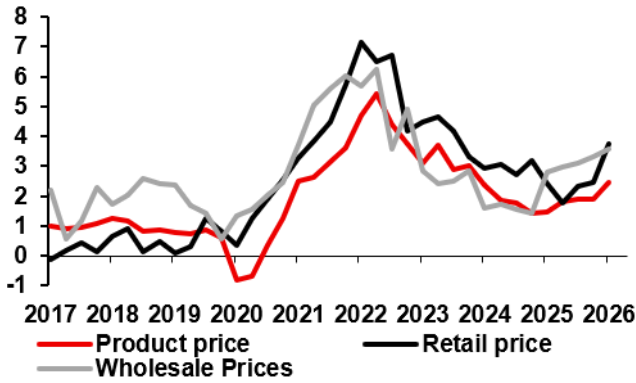
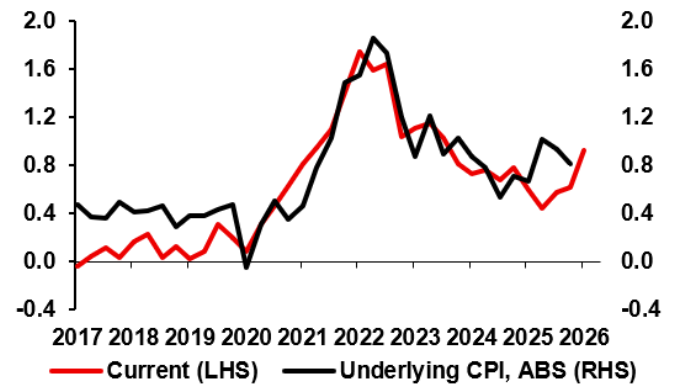


Chart 21: Retail Price Growth (Percent, SA)



Labour Costs

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

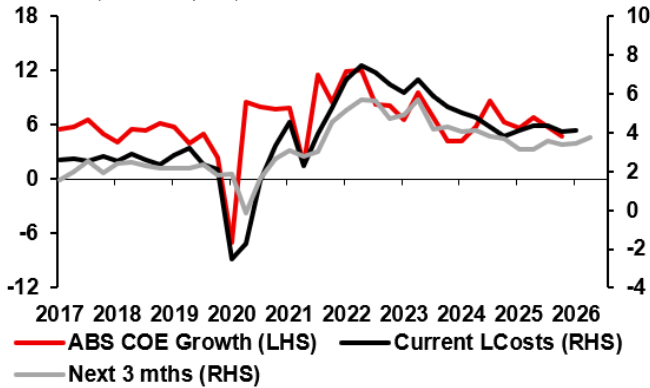
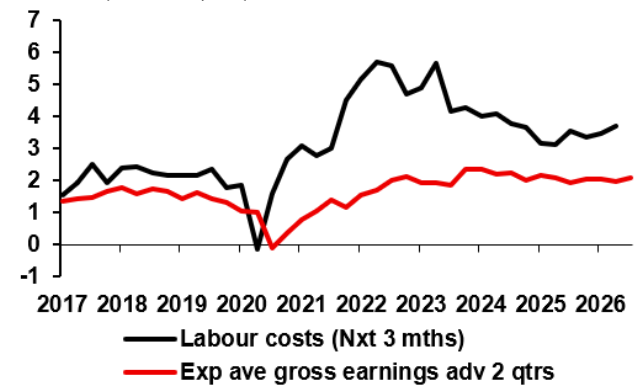


Chart 23: Expected Labour Costs & Average Earnings Growth (Percent, SA)



Details by Industry

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

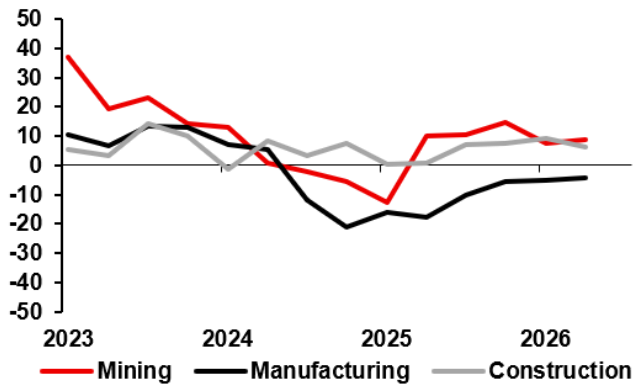


Chart 25: Confidence by Industry (Net Balance, SA)

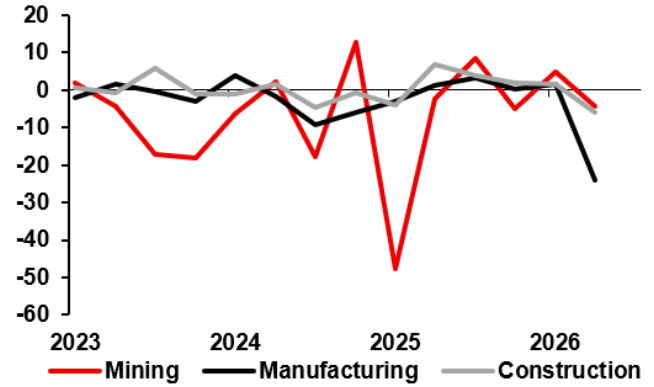


Chart 26: Conditions by Industry (Net Balance, SA)

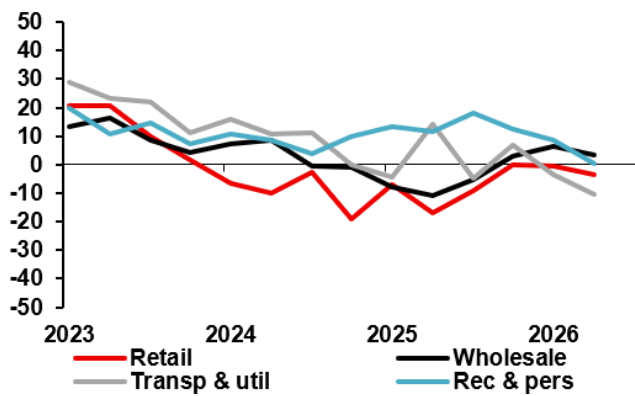


Chart 27: Confidence by Industry (Net Balance, SA)

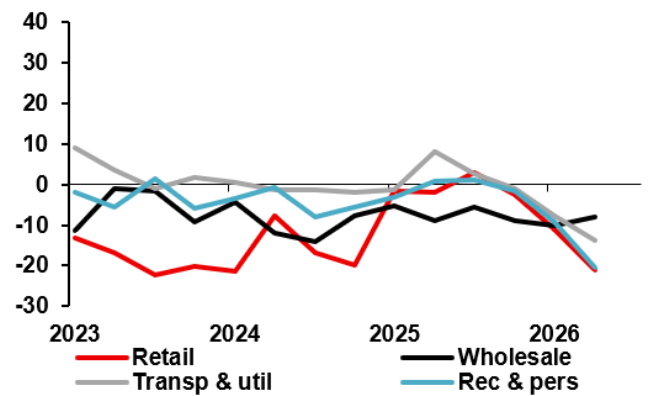


Chart 28: Conditions by Industry (Net Balance, SA)

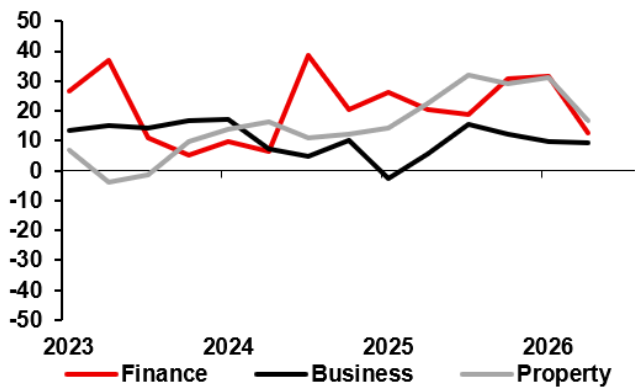
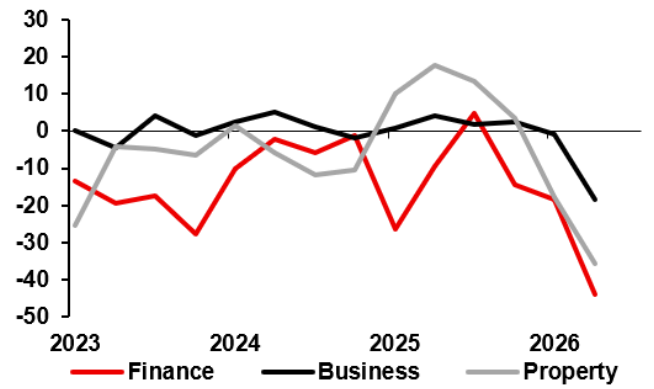


Chart 29: Confidence by Industry (Net Balance, SA)



Construction Sub-Industry Details

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

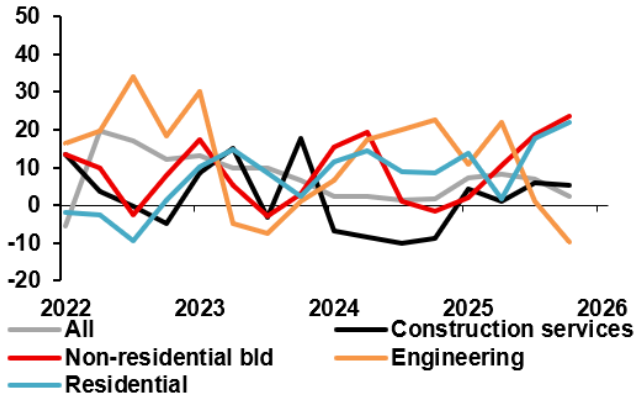


Chart 31: Confidence by Construction Sub-Industry (Net Balance, SA)

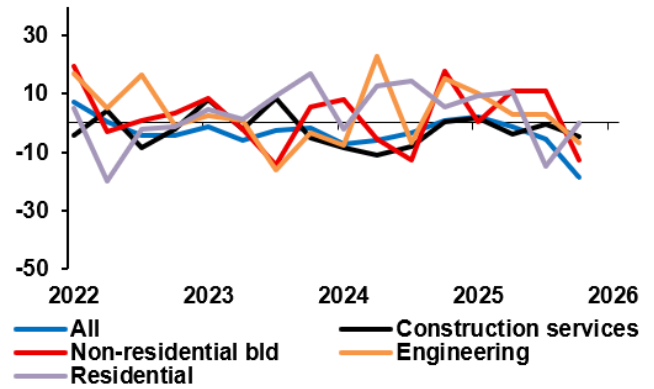


Chart 32: Employment by Construction Sub-Industry (Net Balance, SA)

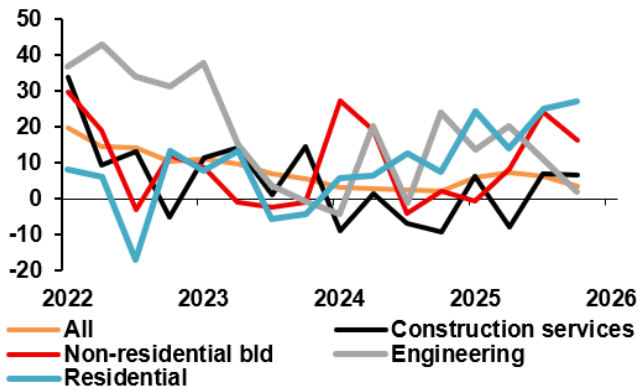
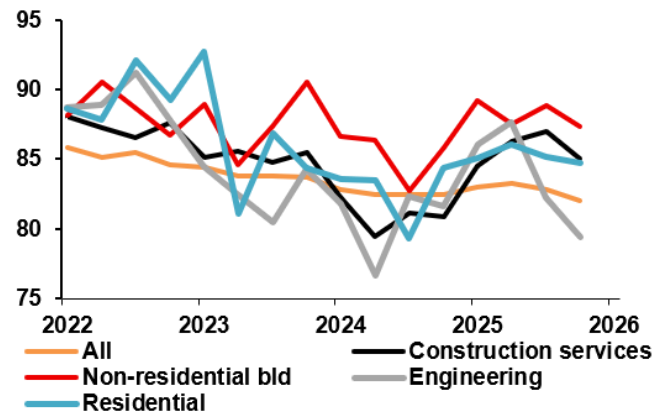


Chart 33: Capacity Utilisation by Construction Sub-Industry (Percent, SA)



Details by State

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

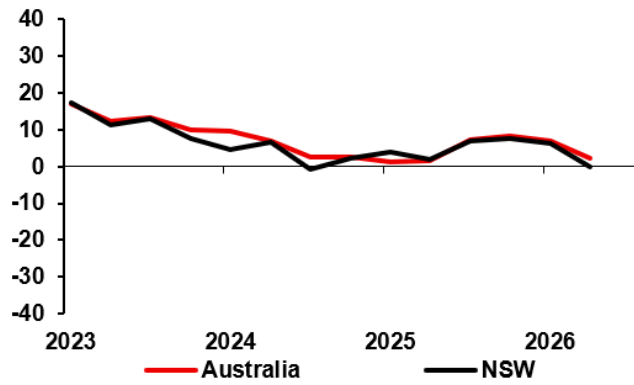


Chart 35: Confidence by State (Net Balance, SA)

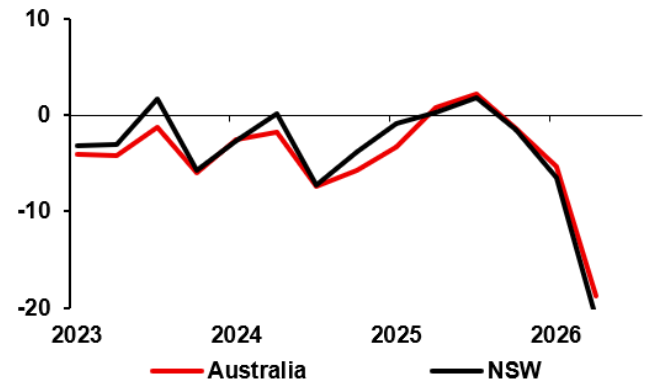


Chart 36: Conditions by State (Net Balance, SA)

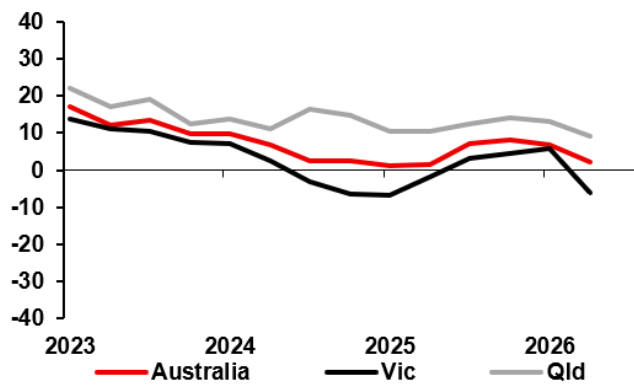


Chart 37: Confidence by State (Net Balance, SA)

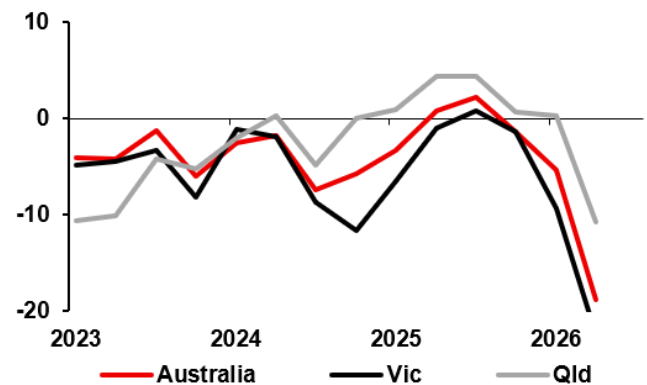


Chart 38: Conditions by State (Net Balance, SA)

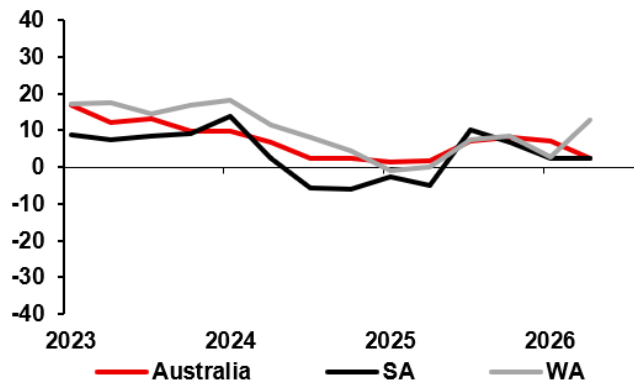
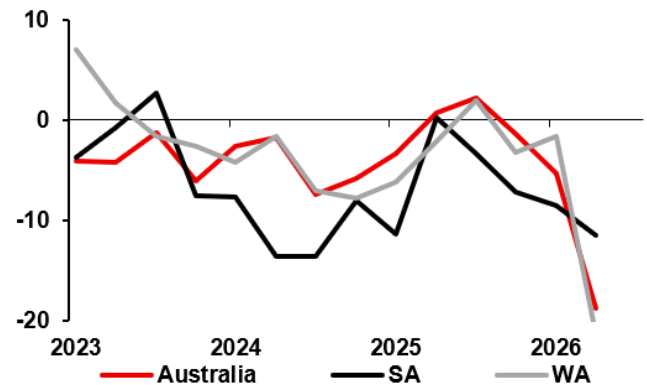


Chart 39: Confidence by State (Net Balance, SA)



Data Appendix

	Quarterly					Monthly				
	2025q2	2025q3	2025q4	2026q1	2026q2	2026m1	2026m2	2026m3	2026m4	2026m5
Confidence	1	2	-1	-5	-19	4	-1	-29	-23	-14
Conditions	2	7	8	7	2	7	6	6	3	3

	Quarterly					Monthly				
	2025q2	2025q3	2025q4	2026q1	2026q2	2026m1	2026m2	2026m3	2026m4	2026m5
Trading	5	12	13	12	6	11	13	11	7	8
Profitability	-2	4	5	3	-3	4	4	0	0	-1
Employment	2	6	7	6	3	5	3	6	1	2

	Quarterly ^(a)					Monthly				
	2026q1	2026q2	2026q3	2027q1	2027q2	2026m1	2026m2	2026m3	2026m4	2026m5
Conditions	# 7	2	NA	NA	NA	7	6	6	3	3
Conds. next 3m	# 12	14	3	NA	NA					
Conds. nxt 12m	# 17	18	21	17	5					
Orders	1 4	-1	NA	NA	NA	2	6	-1	-5	0
Orders next 3m	5 6	12	0	NA	NA					

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

	Quarterly ^(a)					Monthly				
	2025q3	2025q4	2026q1	2026q2	2026q3	2026m1	2026m2	2026m3	2026m4	2026m5
Capacity utilis.	83.0	83.3	82.8	82.0	NA	82.8	82.8	83.0	82.4	81.9
Stocks current	6	5	5	5	NA	-2	5	7	4	3
Stocks next 3m	1	2	1	3	1					

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

	Quarterly ^(a)					Monthly				
	2026q1	2026q2	2026q3	2027q1	2027q2	2026m1	2026m2	2026m3	2026m4	2026m5
Empl current	6	3	NA	NA	NA	5	3	6	1	2
Empl next 3m	11	11	7	NA	NA					
Empl nxt 12m	17	17	19	15	6					

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

	2025q2	2026q1	2026q2
Constraints on output (% of firms)*			
Sales & orders	61.6	58.8	62.7
Labour	80.4	81.1	76.1
Premises & plant	28.2	30.9	27.5
Materials	29.0	27.1	32.9

* not s.a.

Data Appendix - States

	Quarterly					Monthly				
	2025q2	2025q3	2025q4	2026q1	2026q2	2026m1	2026m2	2026m3	2026m4	2026m5
Business conditions										
NSW	2	7	8	6	0	-1	10	7	0	2
VIC	-2	3	5	6	-6	6	1	-11	1	-3
QLD	10	12	14	13	9	16	13	14	8	8
SA	-5	10	7	3	3	4	0	8	4	8
WA	0	8	8	3	13	14	-1	18	16	8
TAS	-22	0	15	18	20	-4	38	34	-33	35

	Quarterly					Monthly				
	2025q2	2025q3	2025q4	2026q1	2026q2	2026m1	2026m2	2026m3	2026m4	2026m5
Business confidence										
NSW	0	2	-2	-6	-21	2	0	-31	-27	-16
VIC	-1	1	-1	-9	-22	-4	-10	-24	-21	-16
QLD	4	4	1	0	-11	13	5	-26	-19	-10
SA	0	-3	-7	-9	-11	2	-5	-43	-31	-16
WA	-2	2	-3	-2	-21	9	-1	-29	-16	-15
TAS	17	10	8	3	-5	7	13	-16	-45	-2

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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

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)

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

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)

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