June 2026

NAB Monthly Business Survey

–5 Index points

Business Confidence

Rose 9pts for the third consecutive month to sit at -5 index points.

+3 Index points

Business Conditions

Remained at +3 index points (below the long run average of +7 index points).

Summary

The confidence and costs growth components of the survey continued to recover in June as news about the conflict in the Middle East and the price of oil turned more positive. Business confidence rose 9pts to -5 index points and despite remaining negative has now recovered much of the fall seen in the month of March, immediately after the commencement of the Middle East conflict. Business conditions were flat at 3 index points for the third consecutive month but remain around 5pts lower in trend terms than the start of 2026. Capacity utilisation was stable in June, but has eased around 1ppt over H1 2026. It still remains a little above its long run average. The cost and price picture in the survey remains interesting, with both purchase cost and output price growth continuing to moderate from the spike in March. Product price growth is now back to its February level and retail prices declined for the first time in 7 years. In a broader macro sense, the business survey results remain consistent with a slowing in activity growth through H1 2026, but also show that the impact of the Middle East conflict has been less severe in terms of both activity and price pressures than had been feared.

Monthly Moves

−1pt
Employment
To **1** index point

0pt
Trading
To **7** index points

+2pts
Profitability
To **0** index points

+0.5ppts
Labour costs
To **2.0%** at quarterly rate

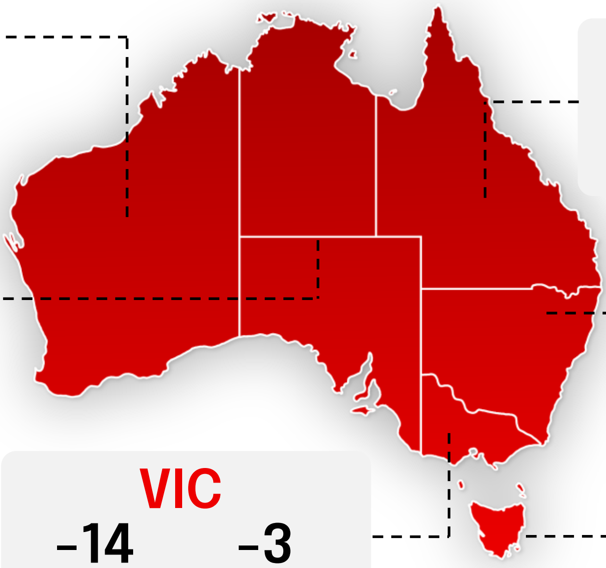
−0.5ppts
Purchase costs
To **2.0%** at quarterly rate

−0.3ppts
Product prices
To **0.6%** at quarterly rate

+0.1ppts
Capacity utilisation
To **82.0%**

+1pt
Forward orders
To **0** index points

Monthly levels by state (trend, index points)

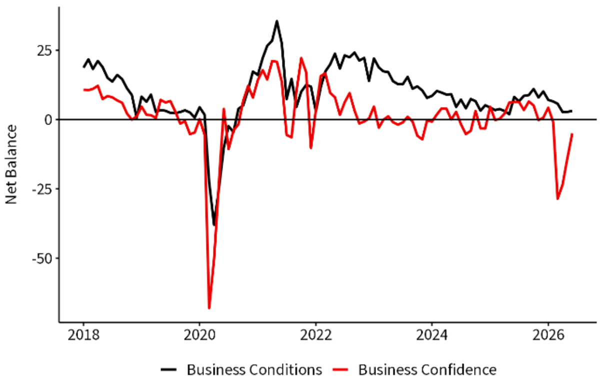


	Confidence	Conditions
WA	−12	13
SA/NT	−21	4
VIC	−14	−3
QLD	−11	6
NSW/ACT	−15	2
TAS	−16	18

Confidence continues to recover but remains weak

Business confidence (up 9pts) rose for a third consecutive month. Business confidence has now recovered 4/5ths of the large drop in March. That said, confidence remains 4pts below its February level and below the long run average of 5 index points.

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

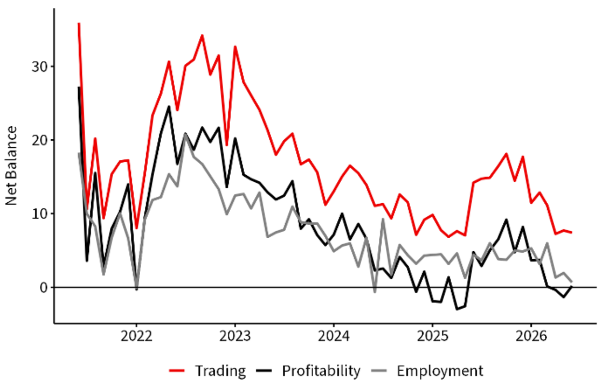


Conditions have stabilised

Business conditions were unchanged at 3pts in the month, with offsetting moves across the three subcomponents. The employment index edged down 1pt to 1 index point in the month, profitability rose 2pts (rounded) to + 0 index points, while trading conditions were broadly flat.

In trend terms, business conditions have declined from above average levels in late 2025 to be slightly below average (though still in positive territory), pointing to some slowing in activity in the economy over H1 2026. The softening in conditions has been led by declines in trading conditions and profitability, though employment has also softened over the past three months.

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

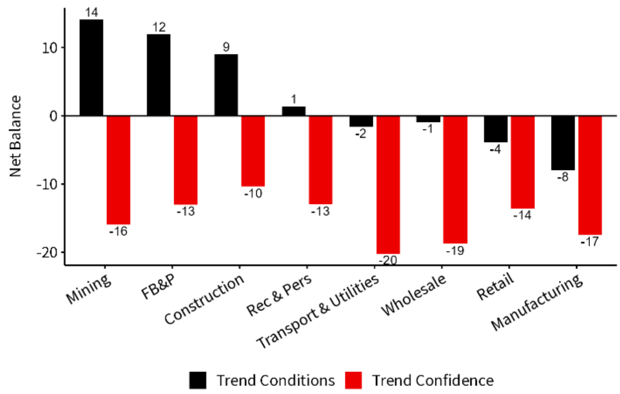


Confidence remains negative in all industries

The increase in confidence was driven by gains in retail and manufacturing (up 23pts and 22pts respectively), which were the least confident industries in May. Confidence also improved across most other industries except for transport & utilities and mining.

While trend confidence in all industries remains in double digit negatives, the number of industries at -20 index points or lower has gone from 5 last month to only transport & utilities in June.

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



In the month, conditions improved notably in transport & utilities and construction, while smaller gains were made in recreation & personal, mining and retail industries.

In trend terms, mining, finance, business & property and construction are strongest, while manufacturing continues to report the weakest conditions followed by retail. Recreation & personal, transport & utilities and wholesale are also a little softer than the national average for conditions.

Confidence rose in all states

Confidence improved in all states led by a 13pt rise in NSW, though WA and Vic also saw solid gains of around 10pts. Qld saw a 7pt improvement, while SA and Tas saw marginal gains of 1pt each. Despite the broad-based improvement in the month, confidence remains negative in all states in trend terms, and clustered around -11 to -16 index points, with the exception of SA which is weakest at -21 index points.

Business conditions were more mixed across the states in the month, with Tas and WA leading the increases, NSW up 2pts and Victoria unchanged. Conditions softened in Qld (down 3pts) and fell 9pts in SA.

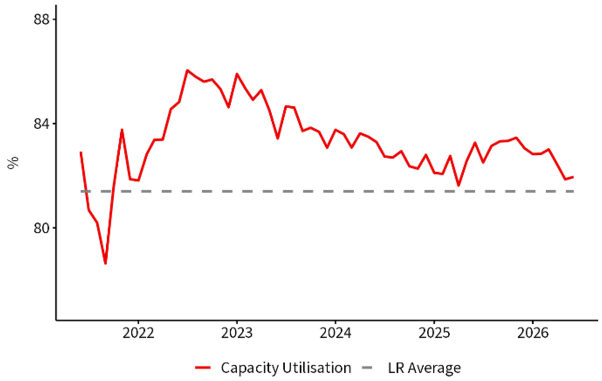
In trend terms, conditions are strongest in Tas and WA, sitting 15pts and 10pts above the national average respectively. Qld, SA and NSW are clustered in a 2 – 6 index point range while VIC lags as the only state in negative territory.

Capacity utilisation has eased this year

Capacity utilisation edged up 0.1pt in the month and remains 0.6ppts above average. That said, alongside the easing in business conditions, capacity utilisation has gradually declined over H1 2026 and is now 1.5ppts down from its peak in November 2025.

While capacity utilisation is still above average, only 3 of 8 industries reported above average capacity utilisation in June. This has fallen from around 6 industries that were reporting above average capacity utilisation at the start of the year and suggests that the breadth of above average capacity utilisation has narrowed in the first half of the year.

Chart 4: Capacity Utilisation, SA (%)



Forward orders edged up in the month

Forward orders, which had remained resilient at the start of the year, softened notably after the beginning of the Middle East conflict. However, since falling in March they have partially recovered and in June rose marginally, in line with most other indicators in the survey.

Cost and price growth

	Apr-26	May-26	Jun-26
	% change at quarterly rate		
Labour costs	1.6	1.5	**2.0**
Purchase costs	4.5	2.5	**2.0**
Final products prices	1.8	0.9	**0.6**
Retail prices	3.1	1.5	**-0.3**

Purchase cost growth eased further in the month, moderating to 2.0% over the past two months from a spike of 4.5% in quarterly terms at the onset of the Middle East conflict.

Labour costs growth rose 0.5ppts in the month to 2.0% in quarterly terms, likely as a consequence of the larger minimum wage decision which took effect on July 1.

Final product price growth edged down to 0.6% in the month, less than half the pace observed in April. Final prices in all industries except wholesale are now back to growing at around the same pace or slower than they were at the start of the year, suggesting inflationary pressures have eased, alongside the fallback in energy and other affected prices.

Chart 7: Cost Growth, SA (% Qtly Eq.)

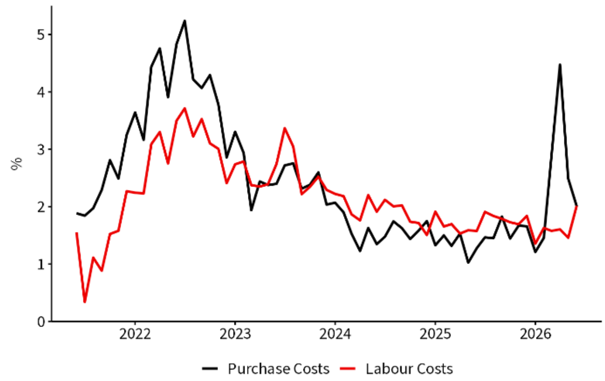
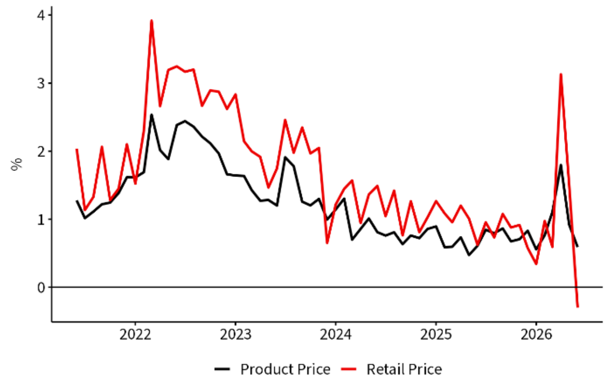


Chart 8: Prices Growth, SA (% Qtly Eq.)



The survey suggests that the backdrop for the RBA has shifted

Overall, the business survey shows that the magnitude of the costs shock as a result of the Middle East conflict has not been as severe as earlier expected.

The trend easing in both business conditions and capacity utilisation is consistent with a slowing in growth in the Australian economy through H1 2026 and some easing of capacity pressures. This is a notably different backdrop to the beginning of the year when both the level of activity and growth were outpacing the supply capacity of the economy. This should allow the central bank time to assess economic developments while leaving the policy rate stable through H2 2026.

Table 1: Confidence and Conditions by Industry and State

	Apr-26	May-26	Jun-26
	Net Balance		
Mining			
Business Confidence (S.A.)	-46	1	-3
Business Confidence (Trend)	-14	-18	-16
Business Conditions (S.A.)	18	10	14
Business Conditions (Trend)	9	21	14
Manufacturing			
Business Confidence (S.A.)	-32	-21	1
Business Confidence (Trend)	-19	-26	-17
Business Conditions (S.A.)	-5	-9	-9
Business Conditions (Trend)	-7	-8	-8
Construction			
Business Confidence (S.A.)	-23	-6	-2
Business Confidence (Trend)	-16	-21	-10
Business Conditions (S.A.)	6	4	17
Business Conditions (Trend)	5	5	9
Retail			
Business Confidence (S.A.)	-14	-25	-2
Business Confidence (Trend)	-22	-29	-14
Business Conditions (S.A.)	0	-7	-5
Business Conditions (Trend)	1	-2	-4
Wholesale			
Business Confidence (S.A.)	-36	-11	-9
Business Confidence (Trend)	-24	-26	-19
Business Conditions (S.A.)	-4	4	-3
Business Conditions (Trend)	1	-1	-1
Transport & Utilities			
Business Confidence (S.A.)	-30	-9	-21
Business Confidence (Trend)	-27	-31	-20
Business Conditions (S.A.)	-2	-11	8
Business Conditions (Trend)	3	-1	-2
Finance, Business & Property			
Business Confidence (S.A.)	-23	-14	-2
Business Confidence (Trend)	-14	-18	-13
Business Conditions (S.A.)	12	16	7
Business Conditions (Trend)	14	14	12
Recreation & Personal Services			
Business Confidence (S.A.)	-16	-15	-8
Business Confidence (Trend)	-16	-19	-13
Business Conditions (S.A.)	0	1	3
Business Conditions (Trend)	6	3	1

	Apr-26	May-26	Jun-26
	Net Balance		
New South Wales			
Business Confidence (S.A.)	-27	-16	-3
Business Confidence (Trend)	-19	-24	-15
Business Conditions (S.A.)	0	2	4
Business Conditions (Trend)	6	3	2
Victoria			
Business Confidence (S.A.)	-21	-16	-6
Business Confidence (Trend)	-18	-20	-14
Business Conditions (S.A.)	1	-4	-5
Business Conditions (Trend)	-4	-5	-3
Queensland			
Business Confidence (S.A.)	-19	-10	-3
Business Confidence (Trend)	-13	-18	-11
Business Conditions (S.A.)	8	7	4
Business Conditions (Trend)	12	10	6
South Australia			
Business Confidence (S.A.)	-29	-17	-16
Business Confidence (Trend)	-26	-30	-21
Business Conditions (S.A.)	5	9	0
Business Conditions (Trend)	4	7	4
Western Australia			
Business Confidence (S.A.)	-16	-15	-6
Business Confidence (Trend)	-15	-20	-12
Business Conditions (S.A.)	17	8	14
Business Conditions (Trend)	12	14	13
Tasmania			
Business Confidence (S.A.)	-44	-2	-1
Business Confidence (Trend)	-16	-21	-16
Business Conditions (S.A.)	-32	36	49
Business Conditions (Trend)	15	14	18
Australia			
Business Confidence (S.A.)	-23	-14	-5
Business Confidence (Trend)	-18	-22	-14
Business Conditions (S.A.)	3	3	3
Business Conditions (Trend)	5	4	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).
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