

October 2026

# NAB Monthly Business Survey

**-15** Index points

## Business Confidence

Fell 1pt to -15 index points, below its long-run average of 4 index points.

**-2** Index points

## Business Conditions

Fell 1pt to -2 index points, below its long-run average of 7 index points.

## Summary

Both business confidence and conditions edged down in October and continue to track below their respective long-run averages. The weakening trend through 2026 in conditions continues to be driven by softer trading conditions and profitability, while the employment index has been resilient. A notable softening in forward orders this month points to the risk that trading conditions will soften further over coming months. In addition, input cost growth continues to well outpace output price growth, suggesting that margins and cashflows will continue to be pressured in the near-term. This may drive some softening in labour demand over coming months. Capacity utilisation continues to paint a slightly different picture, however, remaining above average despite the softening in the activity indicators we have seen through 2026. While the broad contours of the survey are consistent across all industries, a key call out remains the consumer facing sectors where retail shows the weakest activity metrics, and recreation & personal services has also softened through 2026. In contrast, finance, business & property services continues to hold up. Overall, the business survey suggests that growth has slowed further through H2 2026 and that cost push inflation will likely remain a challenge in the near-term. However, despite the slowing in activity, the survey suggests the economy continues to operate near its capacity. This may be one reason for the RBA's recently expressed concerns about the supply side capacity of the domestic economy.

# Monthly Moves

**+5pts**

## Employment

To **+4** index points

**-4pts**

## Trading

To **-1** index point

**-2pts**

## Profitability

To **-8** index points

**-0.3ppt**

## Labour costs

To **1.5%** at quarterly rate

**+0.1ppt**

## Purchase costs

To **2.4%** at quarterly rate

**-0.2ppt**

## Product prices

To **0.6%** at quarterly rate

**-0.1ppts**

## Capacity utilisation

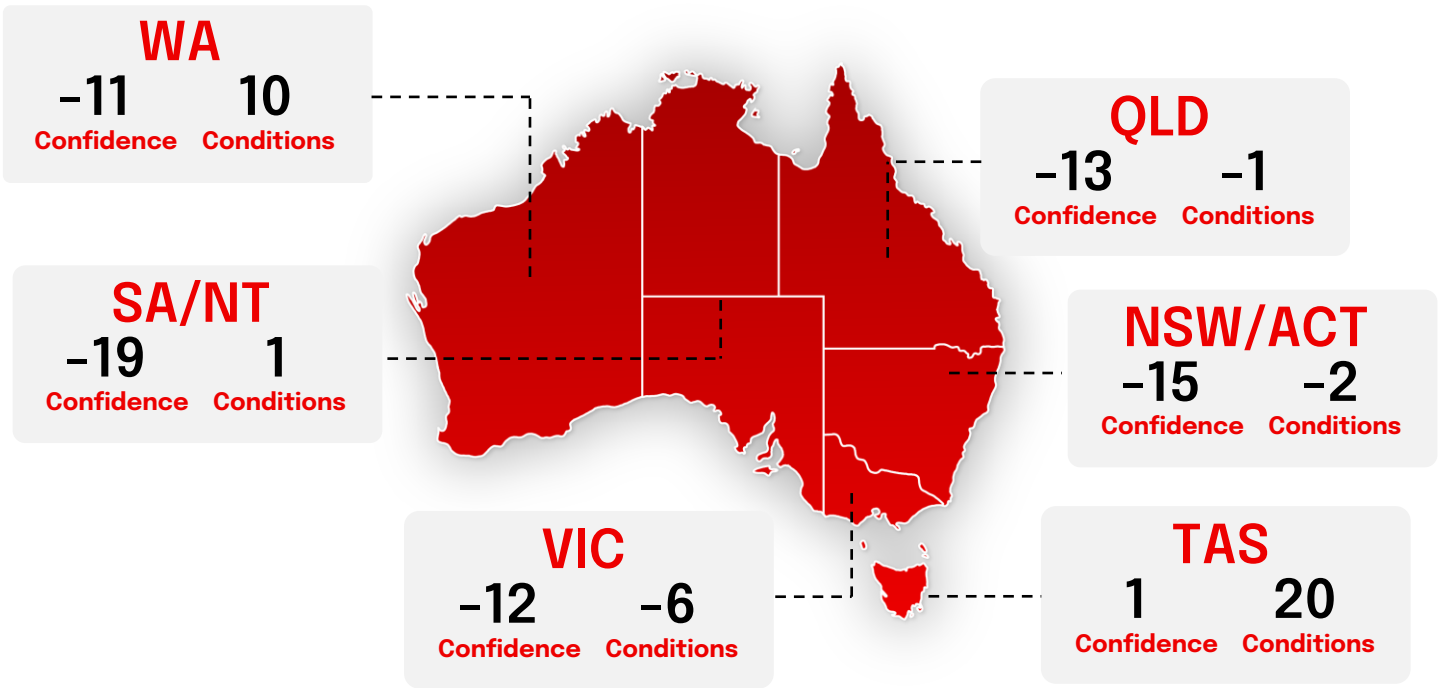
To **82.1%**

**-11pts**

## Forward orders

To **-12** index points

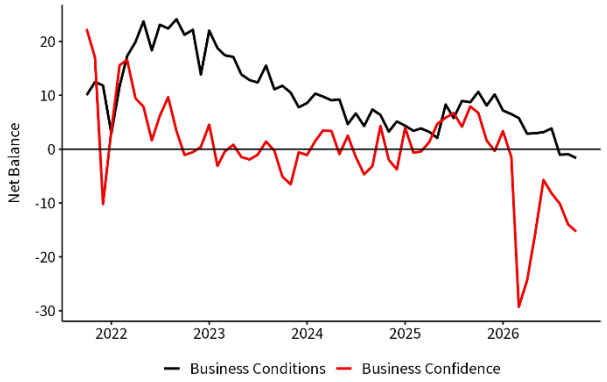
# Monthly levels by state (trend, index points)



## Business confidence remains weak

Confidence edged down to -15 index points in October – a level significantly below average – with elevated cost pressures, rising interest rates and a weaker outlook for the consumer likely weighing on respondents' perceptions of the outlook.

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




## Conditions edge lower despite an employment rebound

Business conditions declined 1pt to -2 index points and are now 8pts below their long-run average. Both the trading conditions (down 4pts) and profitability (down 2pts) sub-indexes declined – and both are now more than 10pts below their respective long-run averages. The employment index rebounded (up 5pts) in the month and at 4 index points is now back above its average level.

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




## Confidence fell in most industries, but conditions were mixed

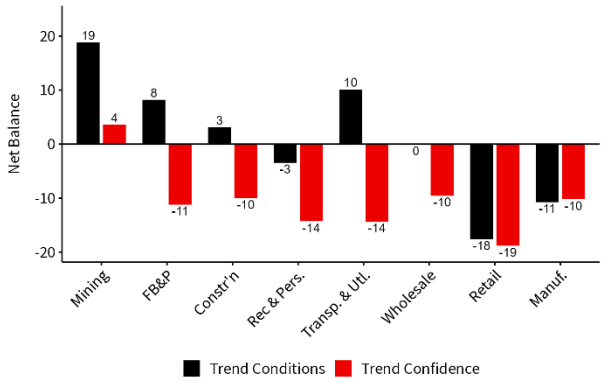
In the month, business confidence fell in 5 out of 8 industries. Mining, manufacturing, wholesale, retail and recreation & personal services all declined. Partially offsetting some of these declines were increases in confidence in construction, transport & utilities and finance, business & property.

In trend terms, conditions are weakest in retail at -19 index points, though the weakness in confidence is broad-based with most industries now between -10 to -14 index points. Mining remains the exception and the only industry with confidence still in positive territory. Strong global growth and elevated commodity prices are likely helping mining relative to other more domestically focused industries.

Business conditions were mixed across industries with four falling and four rising. Conditions rose the most in wholesale, up 6pts, and fell the most in recreation & personal and finance, property & business which fell 5pts and 4pts respectively.

Trend conditions remain weakest in retail, manufacturing and recreation & personal industries (all in negative territory). Mining and transport & utilities were strongest in October.

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



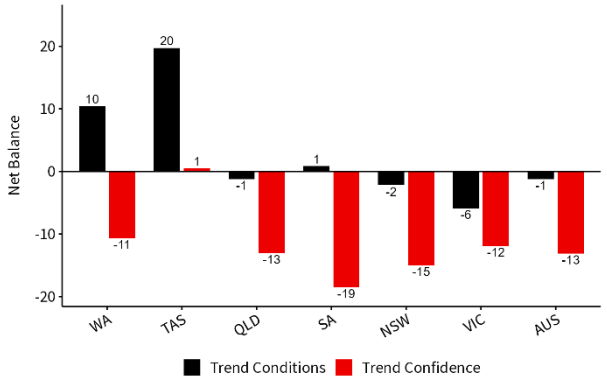

## Confidence remains weak across the states

Confidence fell sharply in SA and declined in WA, Vic and NSW. Confidence rose in Tas after a sharp fall last month and lifted in Qld. In trend terms, confidence is now weakest in SA, although is below -10 index points across the remaining mainland states.

Business conditions fell in WA, NSW and SA, down 11pts, 6pts and 4pts respectively. Vic, Qld and Tas each saw solid rises, up between 6 to 8 pts. Trend conditions are strongest in Tas, followed by WA. Conditions in the remaining states are all now at 1 index point or below.

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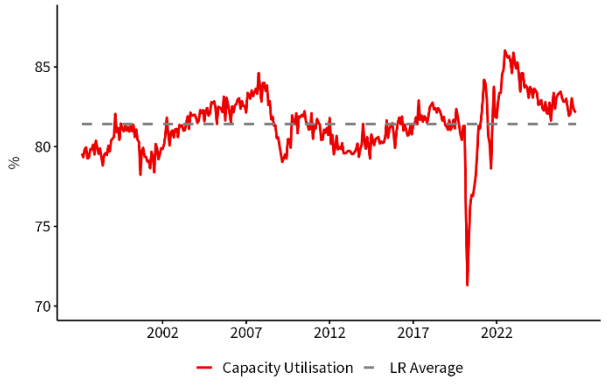
Chart 4: Conditions and Confidence by State, Trend (Net Balance)




## Capacity utilisation remains elevated

Capacity utilisation fell by 0.1ppts to 82.1%, easing for a third consecutive month, but remains above its long-run average. In trend terms, capacity utilisation remains above average in 5 of 8 industries.

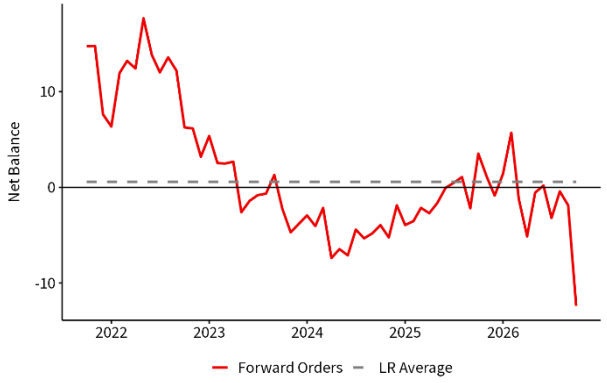
Chart 5: Capacity Utilisation, SA (%)




## Forward orders fell sharply

Forward orders fell 11pts in October to -12 index points. The decline in forward orders was broad-based but led by large falls in construction and manufacturing. Despite the relatively large falls in construction and manufacturing in the month, retail and wholesale remain the weakest in trend terms, reflecting the slowing in goods retailing we have seen in other data sources.

Chart 6: Forward Orders, SA (Net Balance)




## Costs growth remains elevated

Survey-wide purchase cost growth remains elevated, edging up 0.1ppts to 2.4% (at a quarterly rate) in the month. Purchase costs growth is tracking most strongly in mining and manufacturing, but is well above 2.0% in all industries outside of the services sectors.

In contrast, labour costs growth eased 0.3ppts in the month to 1.5% in quarterly terms. The easing in labour costs was driven by falls in the transport & utilities, mining and construction industries which all previously were at elevated levels.

While input cost growth remains strong, output prices continue to rise at a slower rate. Overall product price growth edged down to 0.6% in the month, broadly in line with its long-run average. There was a sharp slowing in the retail component where price growth fell 0.8ppts to 0.2% in the month.

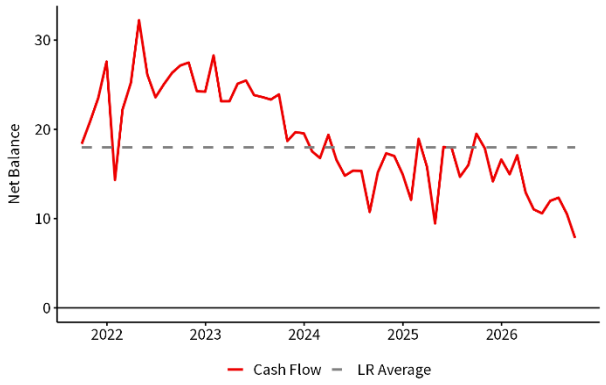
Chart 7: Cost and Price Growth, SA (% Qtly Eq.)




## The survey continues to point to slowing activity growth amid elevated cost pressures

Business conditions have continued to gradually trend lower over recent months, suggesting that growth has slowed further in H2 2026 from the already slower pace seen in H1 2026. Cost pressures clearly remain a key dynamic for business, with profitability now weak and reported cashflow having declined sharply over recent months as trading conditions have softened.

Chart 8: Cash Flows, SA (Net Balance)




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Interestingly, the employment index has held up relatively well amid margin pressure and weak confidence. The employment outcome is broadly in line with the resilience we have seen in official labour market data as well as the suite of forward-looking labour market indicators, but pressure on profits points to a growing risk that this will soften.

In addition, despite the persistent weakening in the survey's growth indicators, there are also some interesting sectoral dynamics evident in the survey. The softer consumer backdrop remains evident with the retail industry reporting the weakest confidence, conditions and forward orders. Capacity utilisation in retail is also the most below average. In addition, while retail has been weak for some time, rec & personal services also softened through 2026.

Elsewhere the construction sector looks to also be softening after having held up relatively well through H1 2026. The sharp fall in forward orders in the month in construction is notable. That said, construction continues to report the highest level of capacity utilisation of all industries given the demand for both residential and commercial construction across the country.

For the RBA, the survey reflects the challenge at hand. Cost pressure remains a serious risk to the inflation outlook, but growth is slowing and there are risks that labour demand may soften going forward.

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Table 1: Confidence and Conditions by Industry and State

| | Aug-26 | Sep-26 | Oct-26 |
|---|---|---|---|
| | Net Balance | | |
| **Mining** | | | |
| Business Confidence (S.A.) | -5 | 13 | 2 |
| Business Confidence (Trend) | -1 | 4 | 4 |
| Business Conditions (S.A.) | 6 | 26 | 25 |
| Business Conditions (Trend) | 13 | 16 | 19 |
| **Manufacturing** | | | |
| Business Confidence (S.A.) | -5 | -9 | -16 |
| Business Confidence (Trend) | -4 | -6 | -10 |
| Business Conditions (S.A.) | -11 | -12 | -9 |
| Business Conditions (Trend) | -8 | -9 | -11 |
| **Construction** | | | |
| Business Confidence (S.A.) | -9 | -13 | -7 |
| Business Confidence (Trend) | -4 | -8 | -10 |
| Business Conditions (S.A.) | -7 | 7 | 9 |
| Business Conditions (Trend) | 8 | 5 | 3 |
| **Retail** | | | |
| Business Confidence (S.A.) | -21 | -16 | -20 |
| Business Confidence (Trend) | -7 | -12 | -19 |
| Business Conditions (S.A.) | -16 | -17 | -20 |
| Business Conditions (Trend) | -11 | -14 | -18 |
| **Wholesale** | | | |
| Business Confidence (S.A.) | -13 | -3 | -13 |
| Business Confidence (Trend) | -14 | -11 | -10 |
| Business Conditions (S.A.) | 5 | -6 | 0 |
| Business Conditions (Trend) | 1 | 1 | 0 |
| **Transport & Utilities** | | | |
| Business Confidence (S.A.) | -4 | -23 | -16 |
| Business Confidence (Trend) | -15 | -14 | -14 |
| Business Conditions (S.A.) | 13 | 7 | 10 |
| Business Conditions (Trend) | 7 | 7 | 10 |
| **Finance, Business & Property** | | | |
| Business Confidence (S.A.) | -9 | -14 | -10 |
| Business Confidence (Trend) | -7 | -11 | -11 |
| Business Conditions (S.A.) | 11 | 9 | 5 |
| Business Conditions (Trend) | 11 | 11 | 8 |
| **Recreation & Personal Services** | | | |
| Business Confidence (S.A.) | -9 | -16 | -18 |
| Business Confidence (Trend) | -9 | -11 | -14 |
| Business Conditions (S.A.) | -6 | 0 | -5 |
| Business Conditions (Trend) | -1 | -2 | -3 |

| | Aug-26 | Sep-26 | Oct-26 |
|---|---|---|---|
| | Net Balance | | |
| **New South Wales** | | | |
| Business Confidence (S.A.) | -11 | -16 | -18 |
| Business Confidence (Trend) | -9 | -13 | -15 |
| Business Conditions (S.A.) | -1 | 0 | -6 |
| Business Conditions (Trend) | 1 | -1 | -2 |
| **Victoria** | | | |
| Business Confidence (S.A.) | -11 | -11 | -13 |
| Business Confidence (Trend) | -9 | -9 | -12 |
| Business Conditions (S.A.) | -6 | -10 | -2 |
| Business Conditions (Trend) | -1 | -3 | -6 |
| **Queensland** | | | |
| Business Confidence (S.A.) | -8 | -17 | -14 |
| Business Confidence (Trend) | -4 | -8 | -13 |
| Business Conditions (S.A.) | 0 | -5 | 1 |
| Business Conditions (Trend) | 3 | 0 | -1 |
| **South Australia** | | | |
| Business Confidence (S.A.) | -9 | -11 | -36 |
| Business Confidence (Trend) | -16 | -11 | -19 |
| Business Conditions (S.A.) | 1 | 3 | -1 |
| Business Conditions (Trend) | 2 | 2 | 1 |
| **Western Australia** | | | |
| Business Confidence (S.A.) | -10 | -8 | -14 |
| Business Confidence (Trend) | -10 | -10 | -11 |
| Business Conditions (S.A.) | 9 | 17 | 6 |
| Business Conditions (Trend) | 15 | 15 | 10 |
| **Tasmania** | | | |
| Business Confidence (S.A.) | 6 | -6 | 2 |
| Business Confidence (Trend) | 4 | 2 | 1 |
| Business Conditions (S.A.) | 3 | 25 | 32 |
| Business Conditions (Trend) | 18 | 8 | 20 |
| **Australia** | | | |
| Business Confidence (S.A.) | -10 | -14 | -15 |
| Business Confidence (Trend) | -8 | -11 | -13 |
| Business Conditions (S.A.) | -1 | -1 | -2 |
| Business Conditions (Trend) | 2 | 1 | -1 |

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 October to 31 October, covering around 296 businesses across the non-farm sector.

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