Embargoed until 11:30am AEST, 24 September 2026

NAB Quarterly Business Survey Q3 2026

Conditions Negative, Confidence Partially Improves

NAB Economics and Markets Research

Summary

Business conditions fell 3pts (unrounded) to -2 index points in Q3, which was the first negative reading since September 2020, led by declines in profitability and trading conditions. Near-term forward indicators were mixed. While expectations for business conditions, employment, and capex over the next 12 months all improved, they remain well below levels at the start of the year. Business confidence partially unwound some of the prior quarter's weakness, driven by uncertainty surrounding the Middle East conflict and the Federal Budget, but confidence remains well below its long-run average. Wage costs remained the most significant issue affecting business confidence. Meanwhile, pressure on margins rose to become the second most important issue affecting confidence, overtaking federal government policy concerns. This was alongside a further deterioration in sales margins, which fell 4pts to -20pts, the lowest level since June 2020. While both purchase cost growth and final product price growth eased in Q3, purchase costs continued to rise faster than final prices (1.2% qoq vs 0.5% qoq). Capacity utilisation rose to 82.5% and remains above its long-run average. Labour as a significant constraint on output rose 2pts to 29%, while materials as a significant constraint eased 1pt to 6% of firms. The Q3 survey suggests capacity pressures were no longer easing even as trading conditions softened, while margins are a growing drag on confidence amid a particularly challenging cost environment.

Survey Details

- **Business conditions** fell 3pts (unrounded) to -2 index points, the first negative reading since Q3 2020 and 5pts below its long-run average. This was led by a 5pt decline (unrounded) in profitability and trading conditions, while employment conditions were broadly unchanged.
- **Expected business conditions** were little changed in the near-term but improved over the next 12 months (+6pts). Firms' expectations for forward orders over the next three months improved by 7pts, while capex plans over the next 12 months rose 1pt.
- **By industry,** conditions fell in all sectors except transport & utilities (+20pts) and wholesale trade (+7pts), with the largest declines in mining (-17pts) and manufacturing (-12pts). 5 of 8 industries now sit in negative territory, up from 4 last quarter.
- **By state**, conditions fell across all regions, with Tas (-17pts), WA (-8pts) and Qld (-7pts) experiencing the largest declines.
- **Business confidence** rose 8pts to -11 index points, partially recovering the Q2 fall, which was driven by the Middle East conflict and the Federal Budget, but remains around 15pts below its long-run average. The improvement was led by manufacturing (+19pts) and finance, property & business services (+12pts).
- Wage costs remained the top **issue affecting business confidence**, while margin pressure rose to second place, overtaking federal government policy. Consistent with this, sales margins fell a further 4pts to -20pts, the lowest level since Q2 2020.

Table 1: Key Quarterly Business Survey Statistics

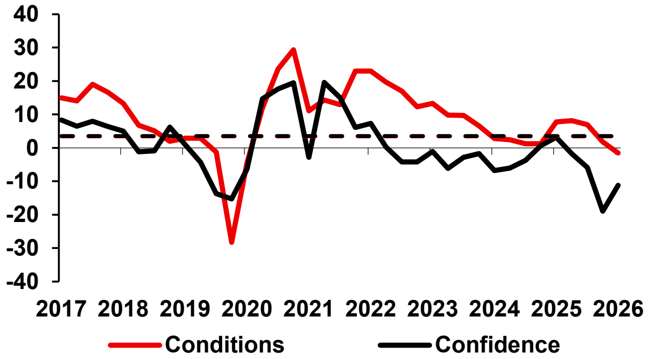
	2026q1	2026q2	2026q3
		Net balance	
Business confidence	-6	-19	**-11**
Business conditions	7	2	**-2**
Next 3 months	15	2	**2**
Next 12 months	17	5	**11**
Trading	12	6	**2**
Profitability	2	-4	**-9**
Employment	6	3	**3**
Forward orders	4	-1	**-1**
Stocks	5	5	**5**
Exports	1	1	**1**
Capex plans (next 12m)	21	13	**14**
		% Change, quarterly	
Labour costs	1.1	1.0	**1.2**
Purchase costs	0.9	1.6	**1.2**
Final products prices	0.5	0.6	**0.5**
Retail prices	0.7	0.9	**0.7**
		Percent	
Capacity utilisation rate	82.8	82.1	**82.5**

All data seasonally adjusted, except purchase costs and exports. Survey conducted from 24 August to 10 September 2026, covering 633 firms across the non-farm business sector. **Next release date: 21 January 2027.**

- **Capacity utilisation** rose 0.4pts to 82.5 to be 1.4pts above its long-run average.
- The share of firms reporting labour (+2pts) and sales (+1pt) as **significant constraints on output** rose, while material (-1pt) and premises (-2pts) eased.
- **Reported costs growth** for labour rose to 1.2% qoq. While purchase costs and final product prices eased to 1.2% qoq and 0.5% qoq, respectively.

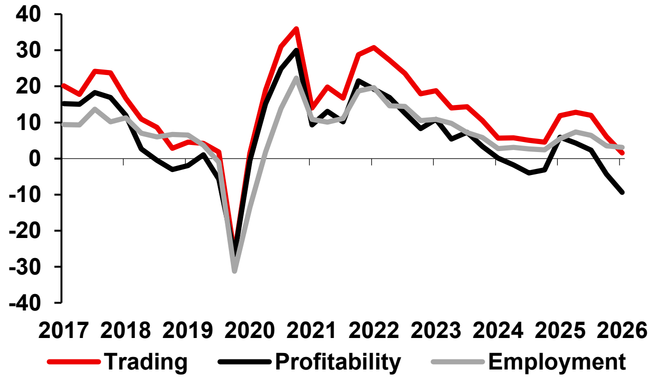
Business Conditions and Confidence

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



*Dotted lines indicate long-run average since Sep-89.

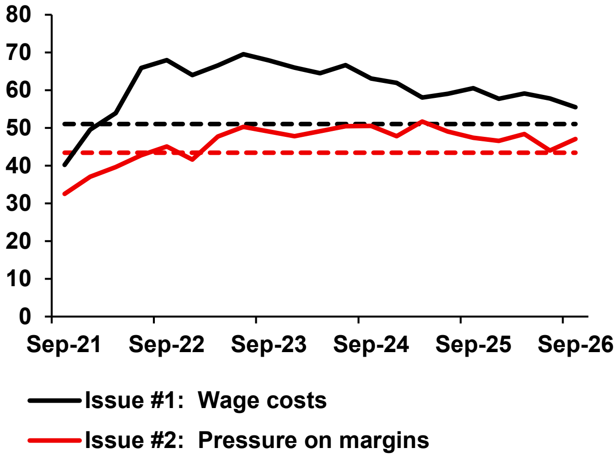
Chart 2: Conditions Components (Net Balance, SA)



Issues Affecting Business Confidence

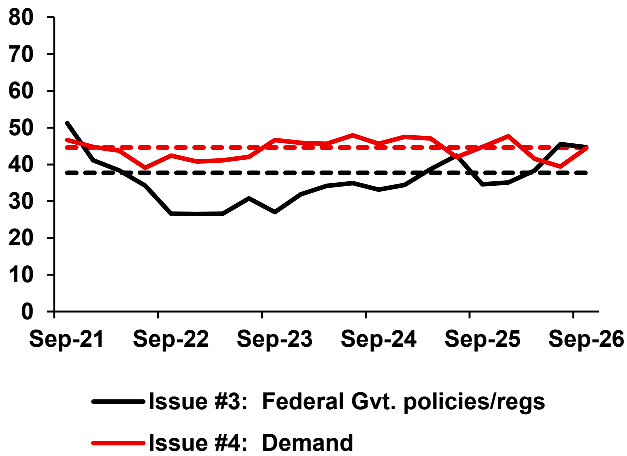
Chart 3: Issues Affecting Confidence (Share of Firms)

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



Dotted lines show average since 2017.

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



Dotted lines show average since 2017.

Leading Indicators and Business Investment

Chart 6: Expected Conditions (Net Balance, SA)

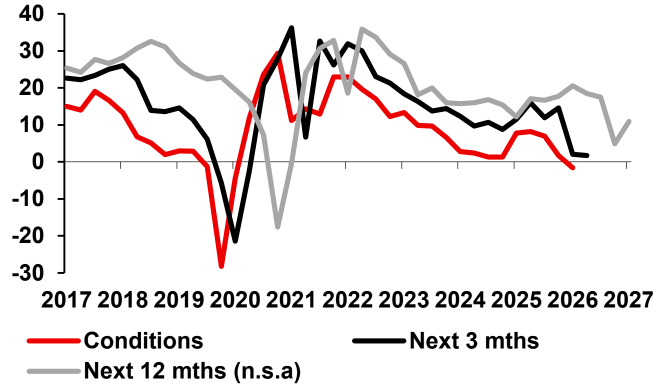


Chart 7: Expected Forward Orders (Net Balance, SA)

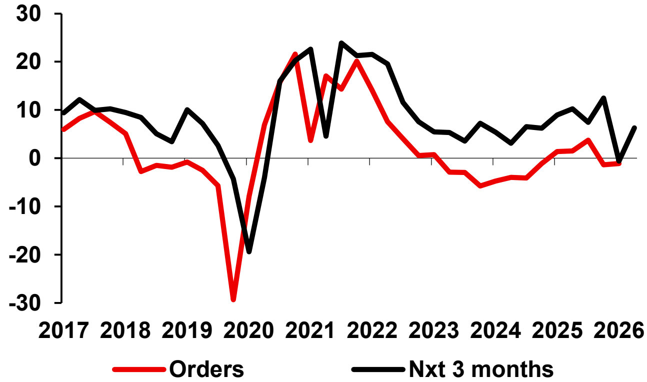


Chart 8: Capacity Utilisation (Percent, SA)

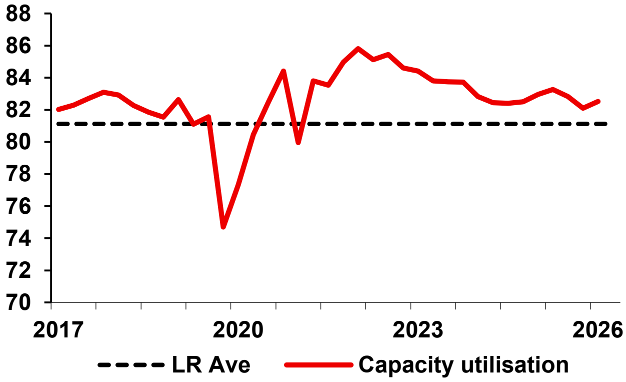


Chart 9: Capacity Utilisation (3qtr average deviation from long run average)

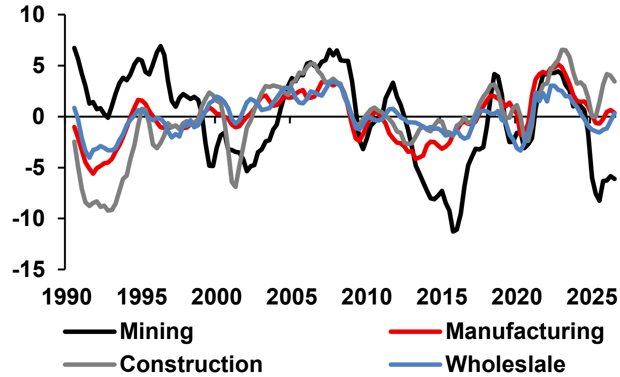


Chart 10: Stocks (Net Balance, SA)

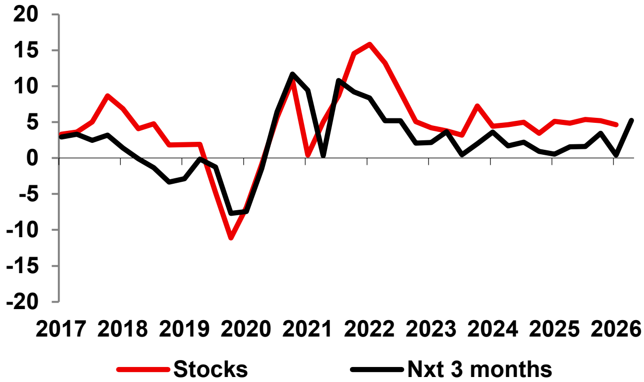
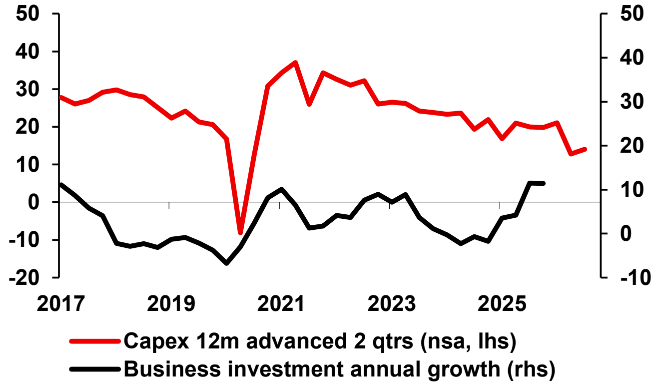


Chart 11: Expected Capex (Net Balance, SA)



Labour Market Indicators

Chart 12: Employment Expectations (Net Balance, SA)

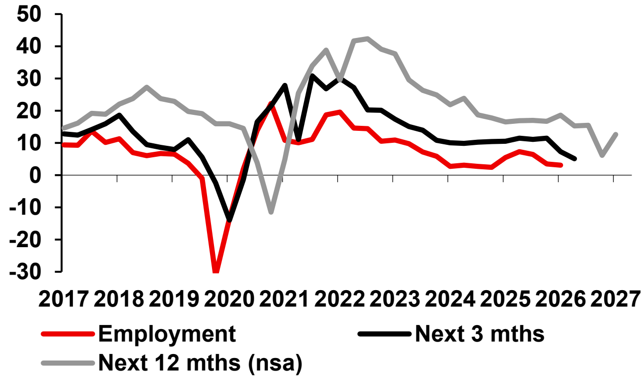


Chart 13: Labour Constraints & Unemployment Rate

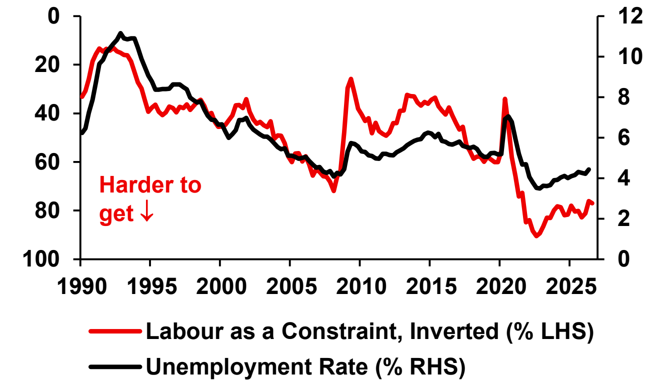


Chart 14: Change in Average Hours Worked (NSA)

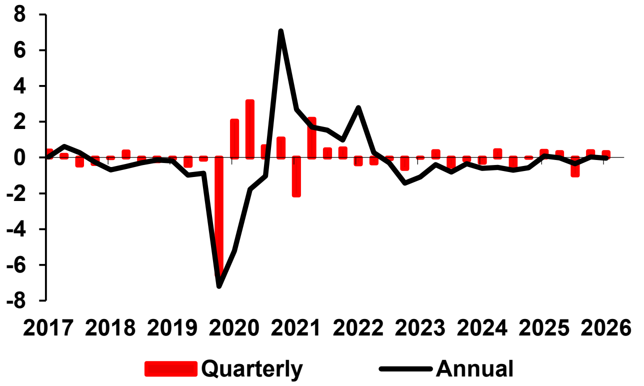


Chart 15: Average Hours Worked by Industry (NSA)

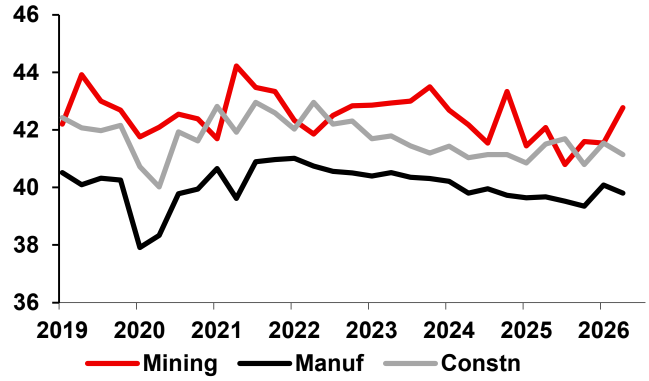


Chart 16: Average Hours Worked by Industry (NSA)

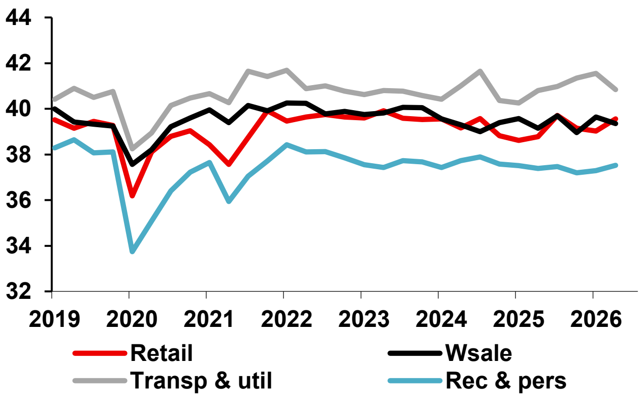
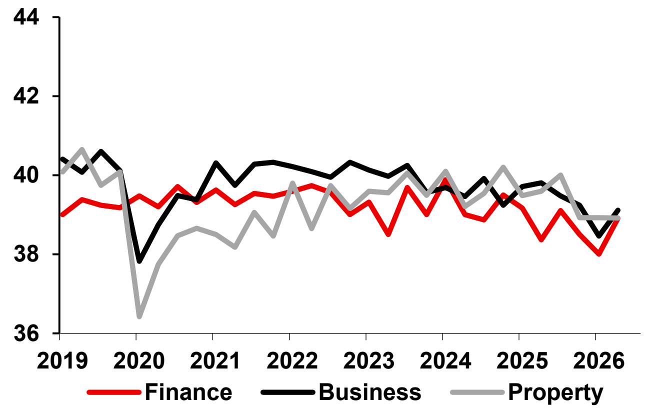


Chart 17: Average Hours Worked by Industry (NSA)



Major Constraints on Firm Output

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

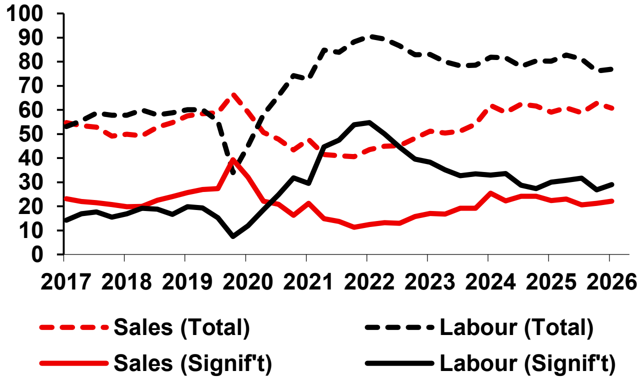
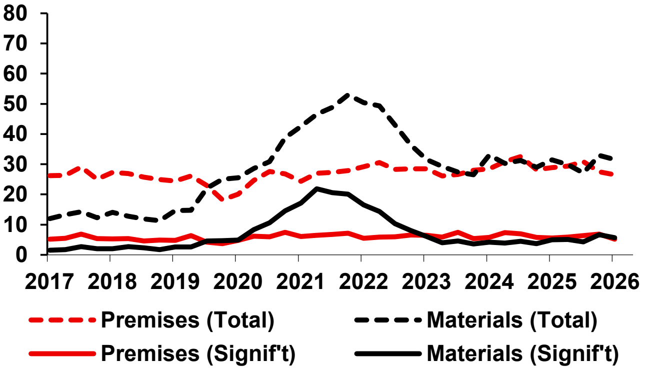


Chart 19: Main Constraints on Firm Output (% of Firms)



Inflation Pressures

Chart 20: Annualised Price Growth (Percent, SA)

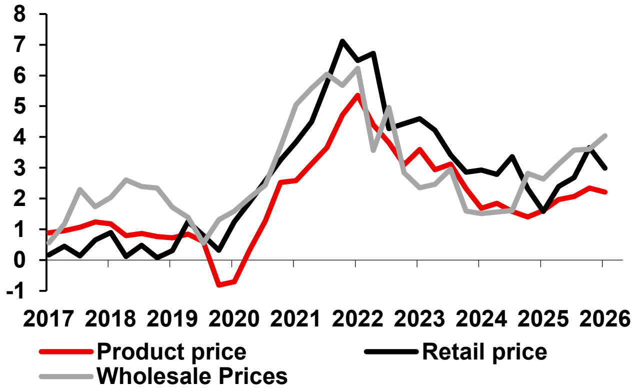
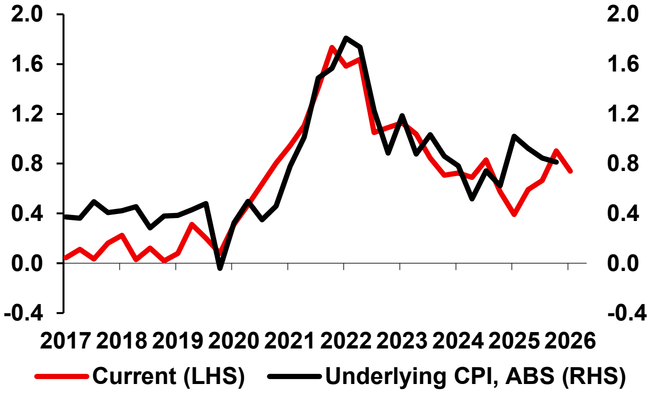


Chart 21: Retail Price Growth (Percent, SA)



Labour Costs

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

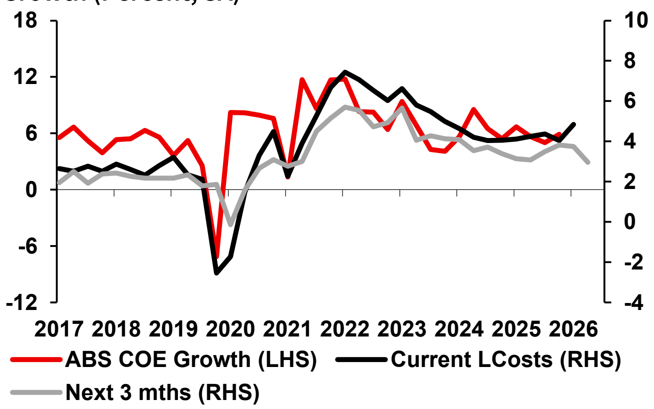
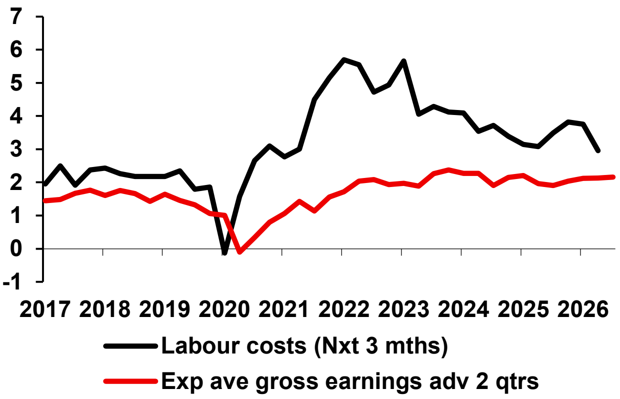


Chart 23: Expected Labour Costs & Average Earnings Growth (Percent, SA)



Margins

Chart 24: Sales margins (Net Balance, SA)

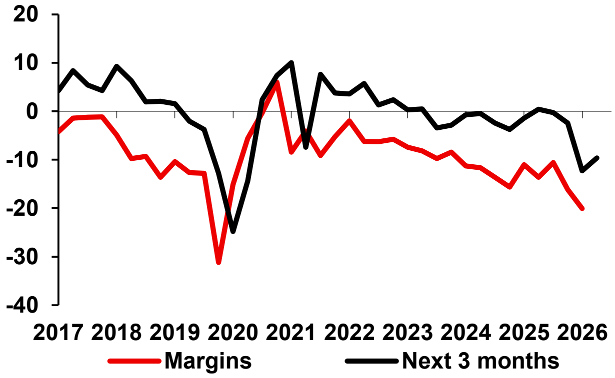
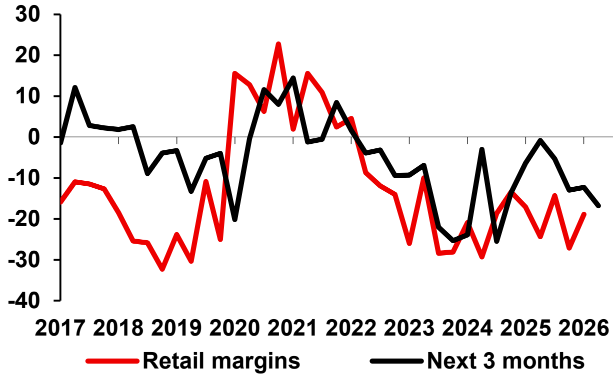


Chart 25: Retail Sales Margins (Net Balance, SA)



Details by Industry

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

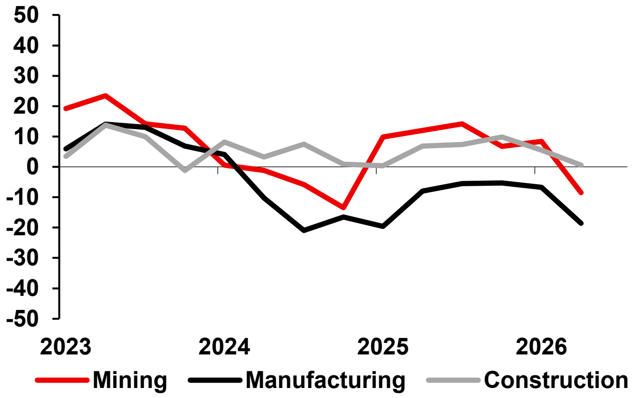


Chart 27: Confidence by Industry (Net Balance, SA)

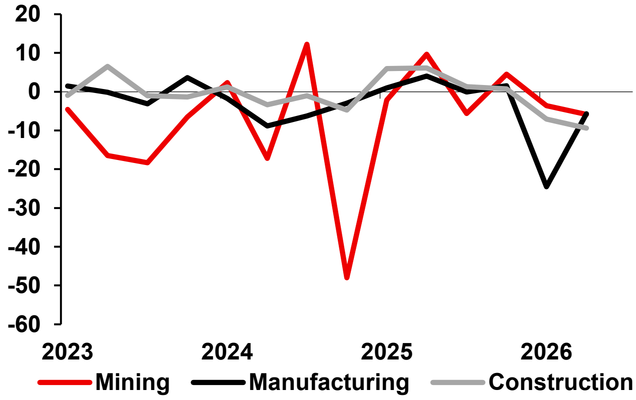


Chart 28: Conditions by Industry (Net Balance, SA)

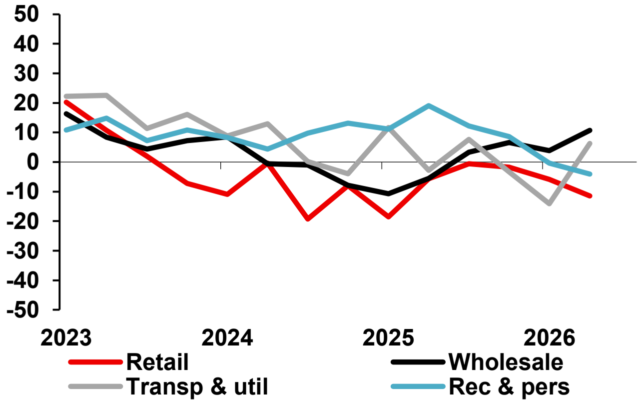


Chart 29: Confidence by Industry (Net Balance, SA)

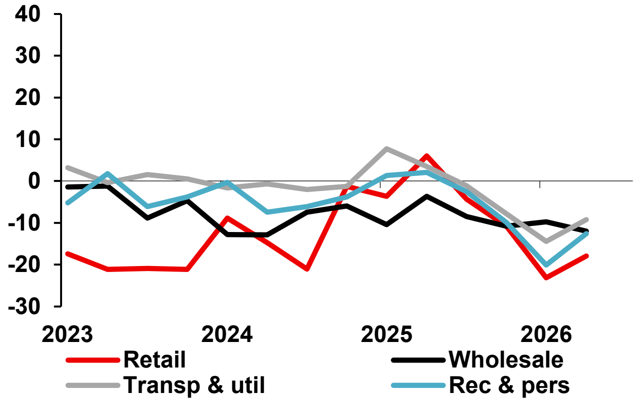


Chart 30: Conditions by Industry (Net Balance, SA)

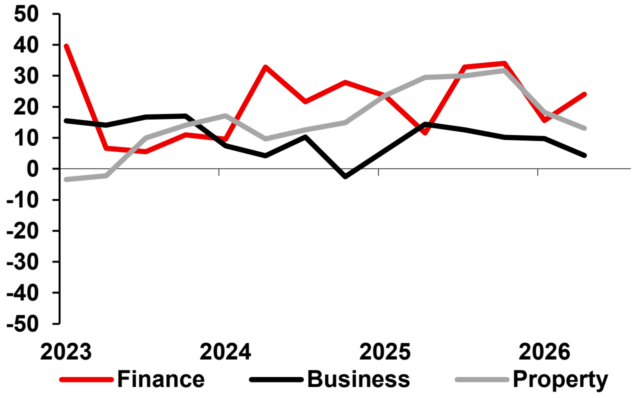
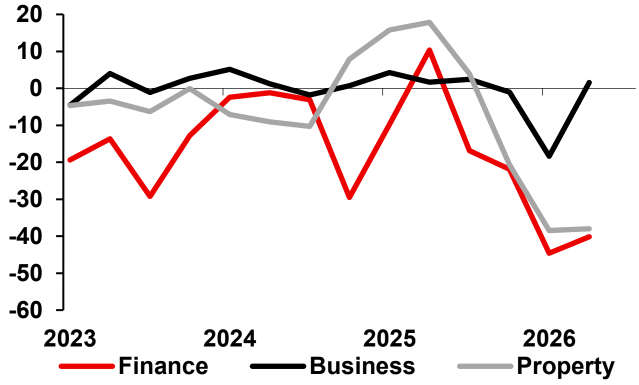


Chart 31: Confidence by Industry (Net Balance, SA)



Construction Sub-Industry Details

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

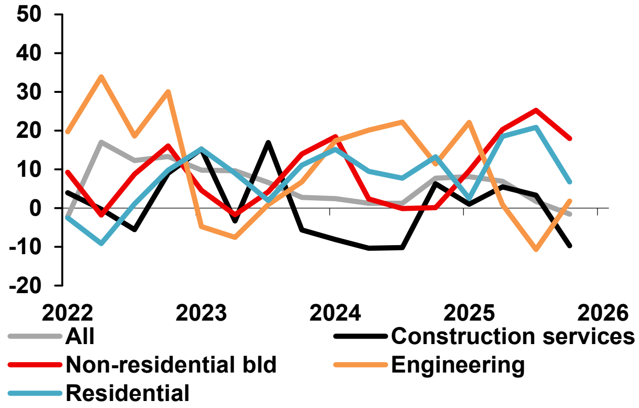


Chart 33: Confidence by Construction Sub-Industry (Net Balance, SA)

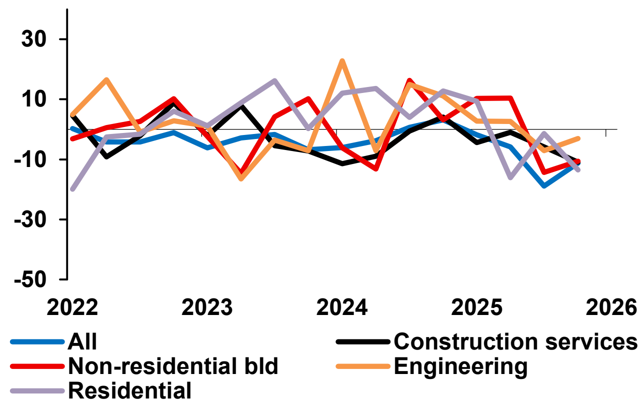


Chart 34: Employment by Construction Sub-Industry (Net Balance, SA)

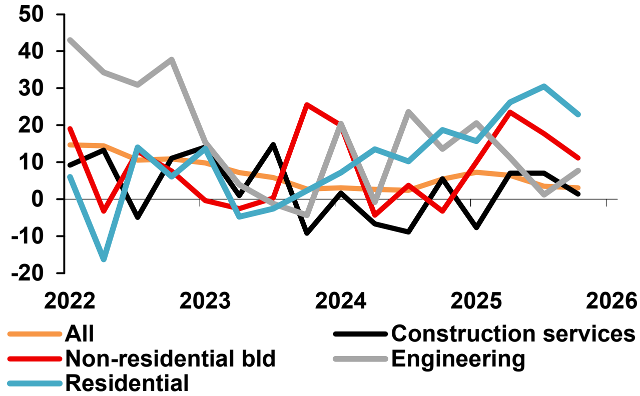
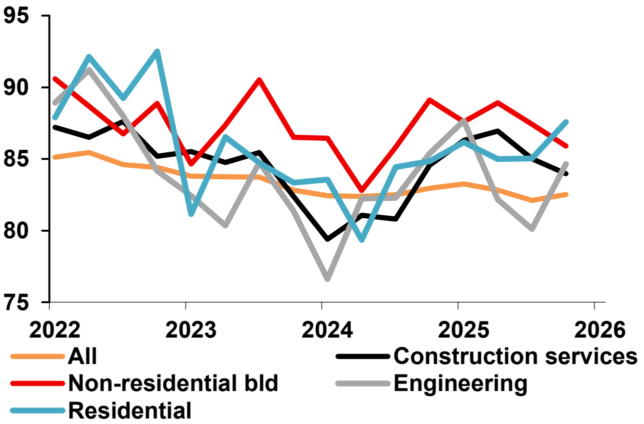


Chart 35: Capacity Utilisation by Construction Sub-Industry (Percent, SA)



Details by State

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

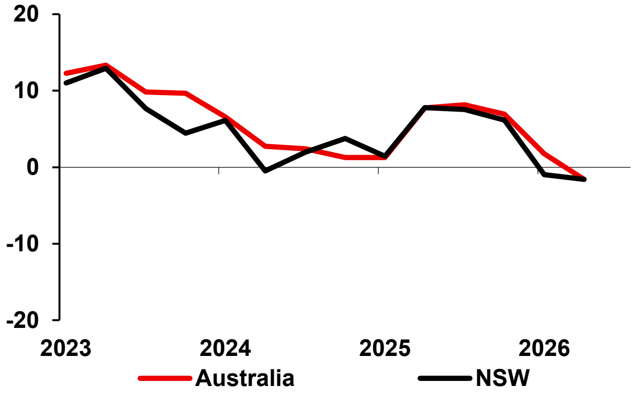


Chart 37: Confidence by State (Net Balance, SA)

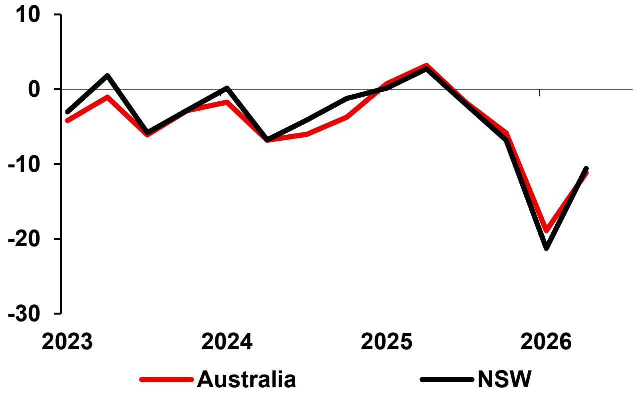


Chart 38: Conditions by State (Net Balance, SA)

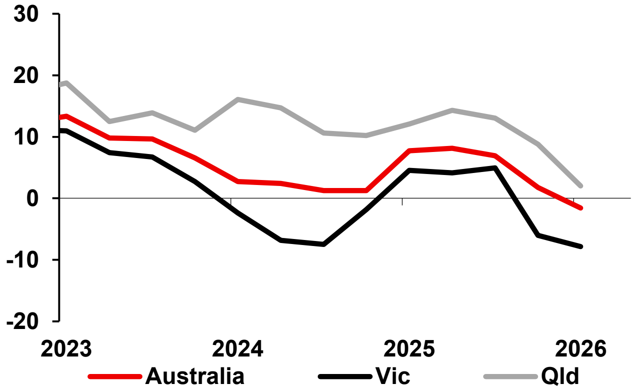


Chart 39: Confidence by State (Net Balance, SA)

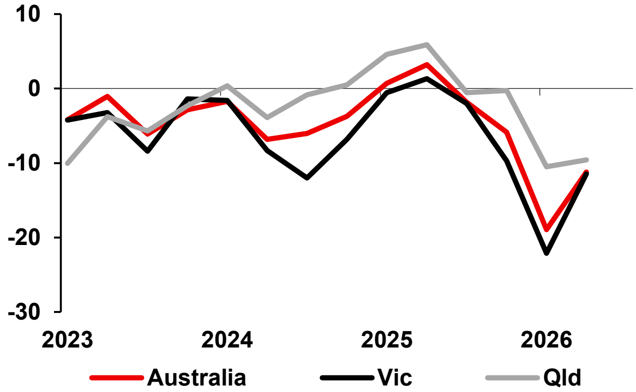


Chart 40: Conditions by State (Net Balance, SA)

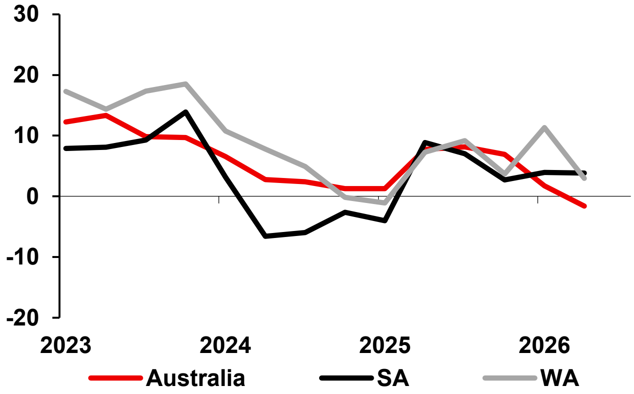
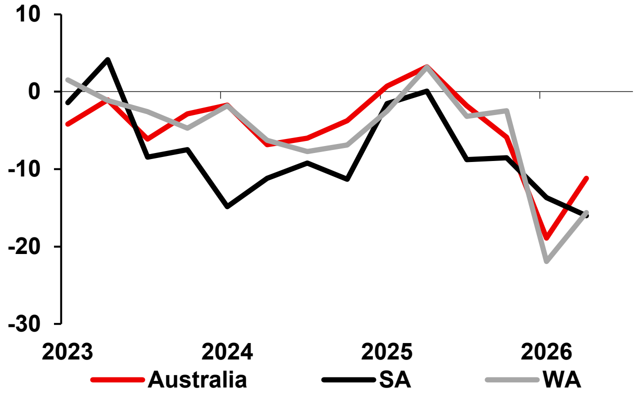


Chart 41: Confidence by State (Net Balance, SA)



Data Appendix

	Quarterly 2025q3	2025q4	2026q1	2026q2	**2026q3**	*Monthly* 2026m4	2026m5	**2026m6**	**2026m7**	**2026m8**
Confidence	3	-2	-6	-19	**-11**	-24	-15	-5	-7	-8
Conditions	8	8	7	2	**-2**	3	3	3	4	-1

	Quarterly 2025q3	2025q4	2026q1	2026q2	**2026q3**	*Monthly* 2026m4	2026m5	**2026m6**	**2026m7**	**2026m8**
Trading	12	13	12	6	**2**	8	8	8	8	3
Profitability	6	4	2	-4	**-9**	-1	-2	0	1	-9
Employment	5	7	6	3	**3**	2	2	1	3	3

	Quarterly [a] 2026q2	2026q3	2026q4	2027q2	**2027q3**	*Monthly* 2026m4	2026m5	**2026m6**	**2026m7**	**2026m8**
Conditions	2	**-2**	NA	NA	NA	3	3	3	4	-1
Conds. next 3m	15	2	**2**	NA	NA					
Conds. nxt 12m	18	21	18	5	**11**					
Orders	-1	**-1**	NA	NA	**NA**	-5	0	0	-3	0
Orders next 3m	13	-1	**6**	NA	NA					

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

	Quarterly [a] 2025q4	2026q1	2026q2	2026q3	**2026q4**	*Monthly* 2026m4	2026m5	**2026m6**	**2026m7**	**2026m8**
Capacity utils.	83.3	82.8	82.1	82.5	NA	82.4	81.9	82.1	83.0	82.5
Stocks current	5	5	5	**5**	NA	5	4	6	5	4
Stocks next 3m	2	2	3	0	**5**					

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

	Quarterly [a] 2026q2	2026q3	2026q4	2027q2	**2027q3**	*Monthly* 2026m4	2026m5	**2026m6**	**2026m7**	**2026m8**
Empl current	3	**3**	NA	NA	NA	2	2	1	3	3
Empl next 3m	11	7	**5**	NA	NA					
Empl nxt 12m	17	19	15	6	**13**					

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

Total constraints on output (% of firms)

	2025q3	2026q2	2026q3
Sales & orders	59.0	62.7	**60.7**
Labour	80.2	76.1	**76.9**
Premises & plant	28.9	27.5	**26.5**
Materials	31.4	32.9	**31.6**

** not seasonally adjusted*

Data Appendix - States

	Quarterly 2025q3	2025q4	2026q1	2026q2	**2026q3**	*Monthly* 2026m4	2026m5	**2026m6**	**2026m7**	**2026m8**
Business conditions										
NSW	8	8	6	-1	**-2**	0	2	4	-1	0
VIC	5	4	5	-6	**-8**	1	-4	-5	8	-5
QLD	12	14	13	9	**2**	8	7	4	3	-1
SA	9	7	3	4	**4**	5	9	1	2	0
WA	7	9	4	11	**3**	17	9	14	21	8
TAS	0	15	18	21	**4**	-31	37	55	-4	1

	Quarterly 2025q3	2025q4	2026q1	2026q2	**2026q3**	*Monthly* 2026m4	2026m5	**2026m6**	**2026m7**	**2026m8**
Business confidence										
NSW	3	-2	-7	-21	**-11**	-27	-17	-2	-10	-9
VIC	1	-2	-10	-22	**-11**	-21	-17	-8	-5	-10
QLD	6	-1	0	-10	**-10**	-19	-11	-4	1	-7
SA	0	-9	-9	-14	**-16**	-29	-19	-23	-13	-7
WA	3	-3	-2	-22	**-16**	-17	-16	-7	-11	-8
TAS	11	8	3	-6	**-3**	-45	-2	-1	7	7

Authors

Jessie Cameron
Economist, Australian Economics
Jessie.Cameron@nab.com.au
+61 0 491 380 0013

Gareth Spence
Head of Australian Economics
Gareth.Spence@nab.com.au
+61 0 422 081 046

Sally Auld
Chief Economist
Sally.Auld@nab.com.au
+61 422 224 752

Important notice

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)

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)

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

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