

September 2026

NAB Monthly Business Survey



-13 Index points

Business Confidence

Fell 4pts (unrounded) to -13 index points, below its long-run average of 4 index points.



-1 Index points

Business Conditions

Was flat in September at -1 index points, below its long-run average of 7 index points.

Summary

Business confidence fell further in September and is now 18pts below its long-run average, and 22pts lower than a year ago – reflecting both global uncertainty and domestic challenges. Business conditions were broadly unchanged in the month, though the employment index declined to its lowest level in five years, offsetting small rebounds in profitability and trading conditions, both of which remain well below average levels. Costs and price growth were largely unchanged, but purchase costs remain well above their long-run average and continue to outpace final prices growth. Overall, the survey remains consistent with some modest further slowing in growth in Q3 and highlights risks that labour demand will slow a little from here. However, despite pointing to a slower pace of growth through 2026 to date, capacity utilisation remains above average in 5 out of 8 industries, suggesting some breadth to capacity pressures. Costs growth remains elevated, continuing to highlight the risk of further pass through to final product prices. The combination of weak confidence, cost pressures, above average capacity utilisation and softer profitability is unusual and may suggest a further softening in activity in the final quarter of 2026.

Monthly Moves



-3pts

Employment

To -1 index points



+1pt

Trading

To 4 index points



+3pts

Profitability

To -5 index points



-0.1ppt

Labour costs

To 1.7% at quarterly rate



+0.1ppt

Purchase costs

To 2.4% at quarterly rate



0ppt

Product prices

To 0.8% at quarterly rate



-0.2ppts

Capacity utilisation

To 82.3%

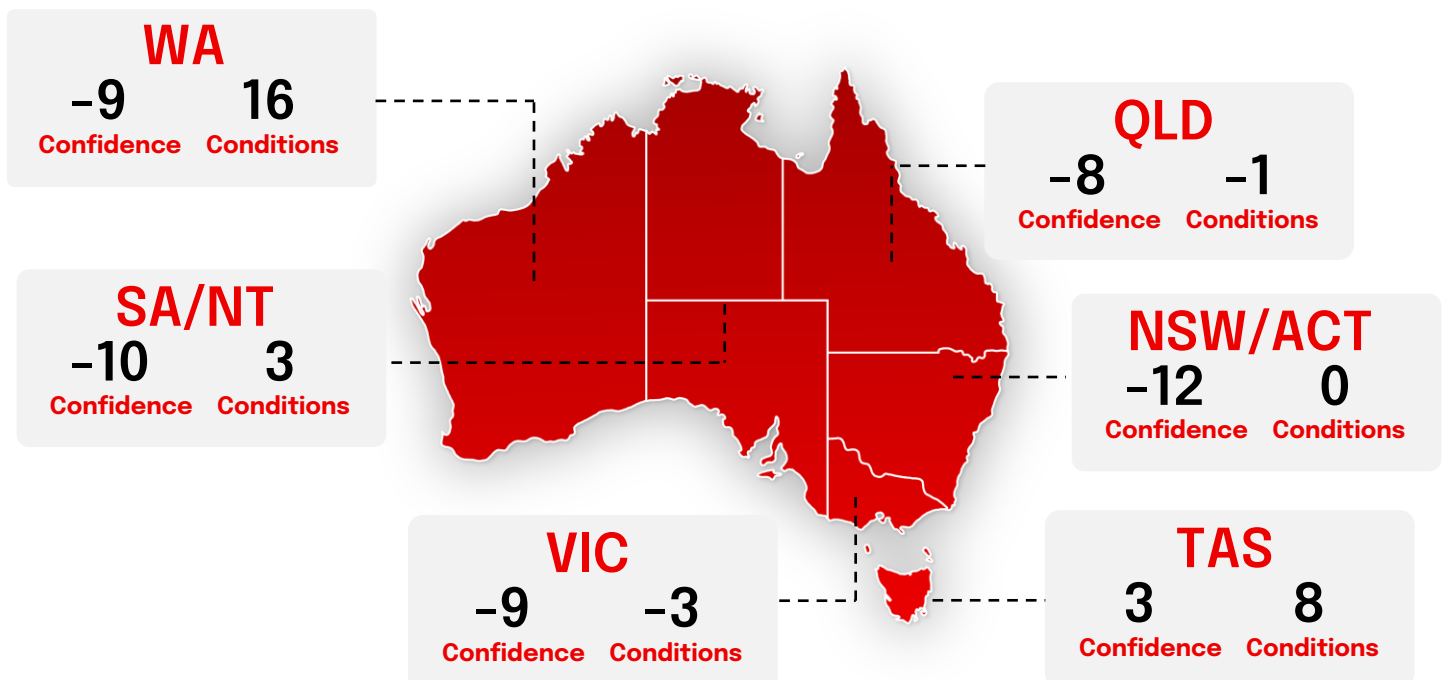


-1pts

Forward orders

To -1 index points

Monthly levels by state (trend, index points)

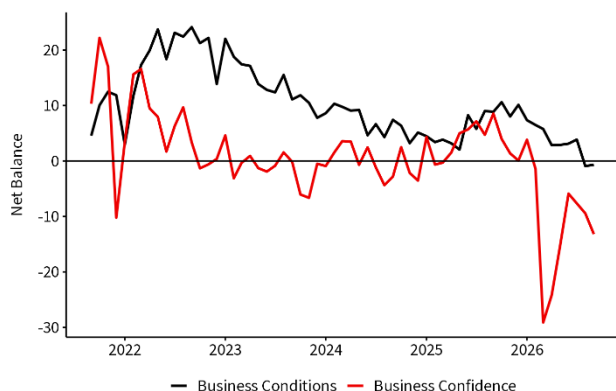




Business confidence has trended down through Q3

The outlook for interest rates and inflation amid ongoing global uncertainty, the conflict in the Middle East and higher fuel costs saw business confidence fall for the third consecutive month to -13 index points. September's level of business confidence is now in the bottom 5% of observations in the history of the survey. After reaching a post-pandemic peak in September last year, business confidence has fallen 22pts.

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

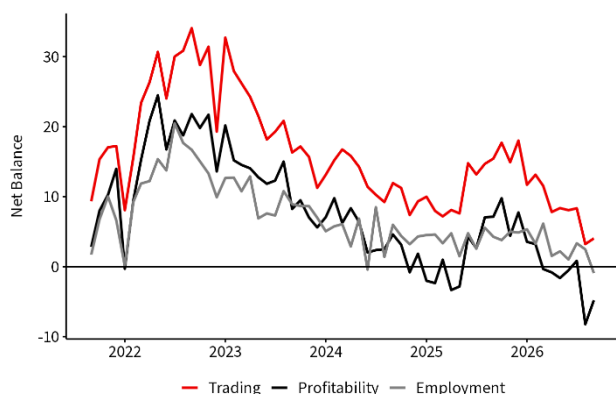


Conditions remain in negative territory

Business conditions were unchanged in the month at -1 index point and remain 7pts below the long-run average. Despite holding steady this month, the trend decline in confidence suggests that conditions will likely fall further.

After sharp falls last month both trading conditions and profitability subcomponents improved marginally. However, these gains were offset by a 3pt fall in the employment index. All three subcomponents of business conditions now sit well below their long-run averages.

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



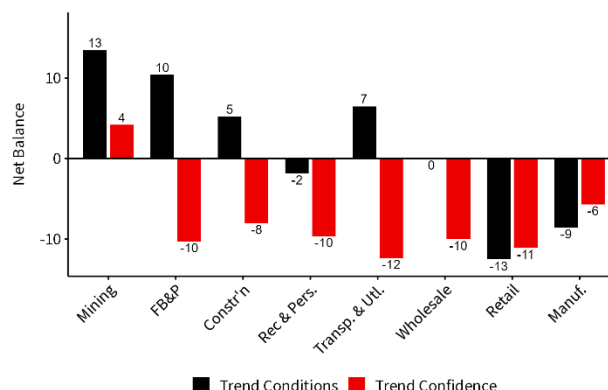
Conditions and confidence weakened in most industries

In the month, business confidence fell in 5 out of 8 industries; however, mining, wholesale and retail saw some improvement in sentiment. In trend terms, confidence remains negative in all industries except mining, with the bulk of industries sitting within the range of -10 to -12 index points.

Business conditions were also lower in more than half of industries, led by falls in wholesale and transport & utilities. Gains in mining, construction and recreation & personal meant the overall index remained stable.

Trend conditions remain weakest in retail, manufacturing and recreation & personal services industries (all in negative territory). Mining and finance, business & property were strongest in September.

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



Confidence & conditions saw mixed moves across the states

Across the states, confidence rose in WA (+2pts) and edged up in Vic (+1pt) but fell across all other states. Confidence in Tas and Qld saw the sharpest declines, though NSW and SA also saw solid declines. Trend confidence is now weakest in NSW and remains strongest in Tas.

Business conditions rose in all states except Vic and Qld (both down 4pts). Tas and WA saw the strongest rises, up 23pts and 10pts, respectively. Business conditions vary across the country, with the weakest readings in the large eastern states (Vic, NSW and Qld).

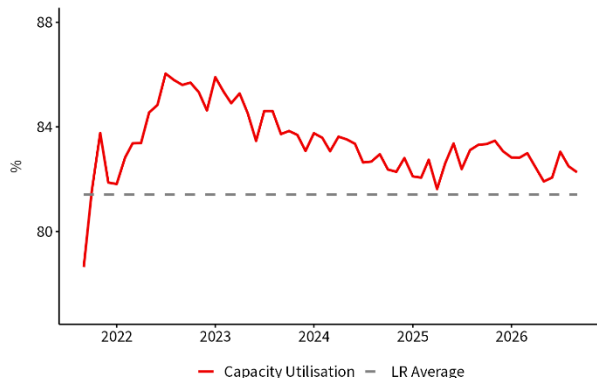
Capacity utilisation eased further from the spike in July

Capacity utilisation fell by 0.2ppts to 82.3% but remains around 1ppt above its long-run average. Despite the aggregate measure easing for a second month, capacity utilisation rose in 5 of 8 industries. Given the broad-based rises in capacity utilisation across industries, in



trend terms 5 of 8 industries now sit above their long-run averages, up from 3 last month.

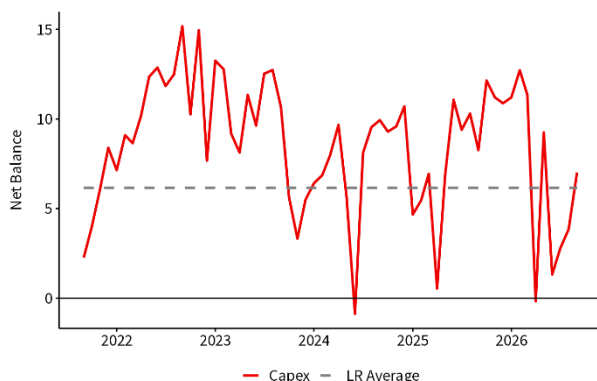
Chart 4: Capacity Utilisation, SA (%)



Capex rebounds, forward orders fall

After notable volatility from the outbreak of conflict in the Middle East, the capex index has made a solid recovery, rising for three consecutive months to now sit above its long-run average. In contrast, forward orders fell 1pt in the month to -1 index point. Forward orders remain around 7pts below both its pre-conflict (February) level and its long-run average.

Chart 5: Capital Expenditure, SA (Net Balance)

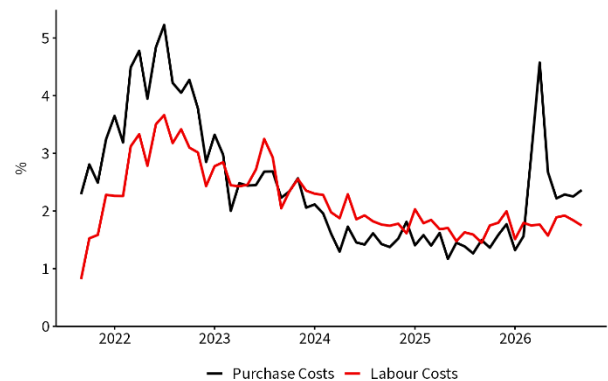


Cost and price growth was largely unchanged in the month

Purchase cost growth edged up 0.1ppts to 2.4% at a quarterly rate while final price growth was flat at 0.8%. Labour costs edged down 0.1ppt to 1.7%. The gap between purchase costs growth and product prices growth continued to widen as businesses continue to face pressure on margins.

Purchase cost growth has fallen back from its peak following the onset of the conflict in the Middle East but has steadied over recent months at levels well above its long-run average. The impact of cost pressures was evident in the Q3 NAB quarterly business survey as the margins measure deteriorated further.

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

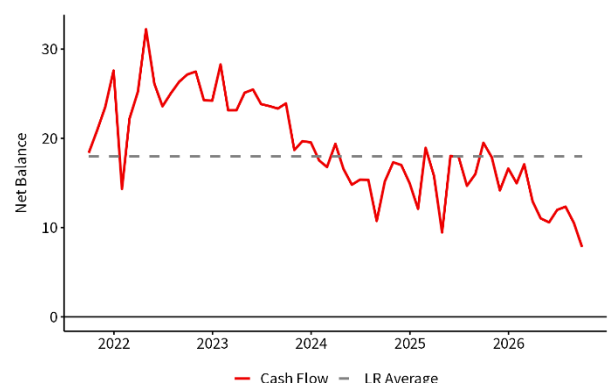


The survey is consistent with a gradual further slowing in growth but signals that cost pressures remain a key challenge

Australian businesses are facing both global and domestic challenges. Energy prices remain elevated, funding costs have risen and domestic growth has slowed in 2026. Against this backdrop, it is not surprising that both business confidence and business conditions are well below their respective long-run averages.

The softer confidence - alongside weak profitability - appears to have weighed further on the employment index in September. This suggests that despite most forward-looking indicators of labour demand remaining healthy at present, there is some risk that labour demand slows in coming months. Another negative reading on business cashflow underscores the risk to profitability and labour demand and highlights the existing cost challenges for businesses.

Chart 7: Cash Flows, SA (Net Balance)



One unusual aspect of the survey remains the above average readings for capacity utilisation in recent months amid softening conditions. History suggests it is unusual for capacity utilisation and business conditions to diverge for sustained periods of time. While business conditions have been below average for most of 2026, input cost pressures (both purchase and labour costs) are elevated. This is consistent with the RBA continuing to view inflation as the predominant policy concern for a while yet.

Table 1: Confidence and Conditions by Industry and State

	Jul-26	Aug-26	Sep-26		Jul-26	Aug-26	Sep-26
	Net Balance				Net Balance		
Mining				New South Wales			
Business Confidence (S.A.)	4	-5	14	Business Confidence (S.A.)	-11	-10	-15
Business Confidence (Trend)	1	-1	4	Business Confidence (Trend)	-10	-8	-12
Business Conditions (S.A.)	15	5	20	Business Conditions (S.A.)	-1	0	0
Business Conditions (Trend)	14	12	13	Business Conditions (Trend)	2	1	0
Manufacturing				Victoria			
Business Confidence (S.A.)	-4	-4	-8	Business Confidence (S.A.)	-5	-11	-10
Business Confidence (Trend)	-9	-3	-6	Business Confidence (Trend)	-10	-8	-9
Business Conditions (S.A.)	-3	-11	-12	Business Conditions (S.A.)	8	-6	-10
Business Conditions (Trend)	-8	-8	-9	Business Conditions (Trend)	-1	-1	-3
Construction				Queensland			
Business Confidence (S.A.)	-1	-9	-14	Business Confidence (S.A.)	2	-8	-18
Business Confidence (Trend)	-4	-4	-8	Business Confidence (Trend)	-4	-3	-8
Business Conditions (S.A.)	15	-6	6	Business Conditions (S.A.)	4	-1	-5
Business Conditions (Trend)	12	8	5	Business Conditions (Trend)	5	2	-1
Retail				South Australia			
Business Confidence (S.A.)	2	-20	-15	Business Confidence (S.A.)	-14	-8	-10
Business Confidence (Trend)	-8	-6	-11	Business Confidence (Trend)	-19	-15	-10
Business Conditions (S.A.)	-8	-14	-16	Business Conditions (S.A.)	3	1	3
Business Conditions (Trend)	-8	-10	-13	Business Conditions (Trend)	4	2	3
Wholesale				Western Australia			
Business Confidence (S.A.)	-15	-12	-3	Business Confidence (S.A.)	-12	-9	-7
Business Confidence (Trend)	-13	-13	-10	Business Confidence (Trend)	-12	-9	-9
Business Conditions (S.A.)	2	6	-8	Business Conditions (S.A.)	21	9	19
Business Conditions (Trend)	1	2	0	Business Conditions (Trend)	15	15	16
Transport & Utilities				Tasmania			
Business Confidence (S.A.)	-16	-1	-20	Business Confidence (S.A.)	6	7	-5
Business Confidence (Trend)	-17	-14	-12	Business Confidence (Trend)	1	4	3
Business Conditions (S.A.)	0	13	7	Business Conditions (S.A.)	-4	2	25
Business Conditions (Trend)	-1	7	7	Business Conditions (Trend)	29	18	8
Finance, Business & Property				Australia			
Business Confidence (S.A.)	-8	-9	-14	Business Confidence (S.A.)	-8	-9	-13
Business Confidence (Trend)	-9	-7	-10	Business Confidence (Trend)	-10	-8	-10
Business Conditions (S.A.)	13	11	8	Business Conditions (S.A.)	4	-1	-1
Business Conditions (Trend)	12	10	10	Business Conditions (Trend)	3	2	1
Recreation & Personal Services							
Business Confidence (S.A.)	-8	-8	-13				
Business Confidence (Trend)	-12	-9	-10				
Business Conditions (S.A.)	0	-6	1				
Business Conditions (Trend)	1	-1	-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 23 September to 30 September, covering around 296 businesses across the non-farm sector.

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