Embargoed until 11:30am AEDT, 23 October 2025

NAB Quarterly Business Survey Q3 2025

Conditions and Confidence positive in Q3

NAB Economics

Summary

Business conditions rose by 5pts to sit at the highest level since Q2 2024 and are now above the long-run average. The rise was driven by gains in all subcomponents, led by profitability which rose from -4pts to +4pts. Business confidence continued its upward trend improving for the fourth consecutive quarter and is now in positive territory for the first time since Q4 2022. Leading indicators point to ongoing momentum with forward orders turning positive after 5 consecutive quarters of improvement and expected conditions over the next 3 & 12 months rose to multi-year highs. However, the two biggest issues impacting confidence continue to be wage costs and margin pressure. Capacity utilisation also picked up in the quarter after remaining relatively flat over the past year, suggesting that the supply-demand balance may be beginning to retighten. Overall businesses in Q3 maintained positive momentum with both conditions and confidence in positive territory for the first time since 2022 despite some indicators implying that there are underlying capacity pressures which remain.

Survey Details

- **Business conditions** improved by 5pts (unrounded) to 6 index points. Profitability rose back into positive territory at +4 index points, while trading conditions and employment more than retraced falls in Q2.
- **By industry,** conditions improved most in manufacturing (+10pts), retail (+9pts) and finance, property & business services (+8pts). Transport and mining conditions fell the most (-12pts and -7pts respectively) partially retracing gains in both industries in the quarter prior. Conditions were weakest in retail and manufacturing.
- **By state**, conditions saw outsized gains in SA (+16pts) and there were more moderate improvements in WA, NSW and Vic (+7, +6 and +5pts respectively). Qld was the only state which fell in the quarter, edging down 0.5pts. In level terms, conditions are now positive in all states and is now strongest in SA.
- **Business confidence** rose 3pts (unrounded). Despite remaining below the long-run average it is the best result since Q3 2022. Confidence improved across all states. Retail, wholesale and mining industries led gains while transport and construction fell.
- **Leading indicators** generally improved in Q3. Expected business conditions over 3 and 12-months rose 4 and 3pts respectively while forward orders rose 2pts (unrounded). Capex plans over the next 12m fell 1pts and capacity utilisation rose to 83.0%.
- **Constraints on output** was mixed. The share of businesses reporting significant constraints from labour and materials rose but fell for sales and premises. By historical standards, labour constraints remain an issue, however labour cost growth has remained subdued.

Table 1: Key Quarterly Business Survey Statistics

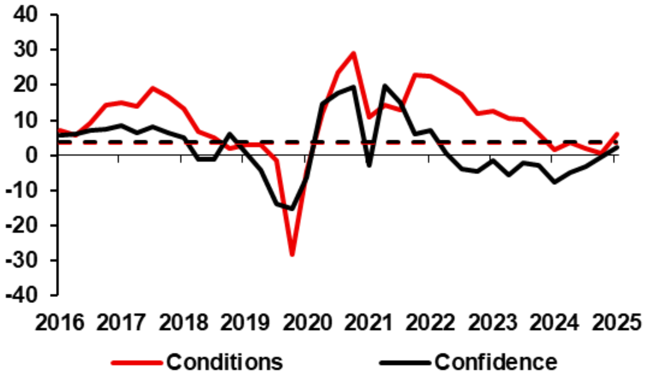
	2025q1	2025q2	2025q3
		Net balance	
Business confidence	-3	0	**2**
Business conditions	2	1	**6**
Next 3 months	9	11	**15**
Next 12 months	17	18	**21**
Trading	6	4	**10**
Profitability	-3	-4	**4**
Employment	3	2	**5**
Forward orders	-3	-2	**1**
Stocks	5	3	**5**
Exports	0	1	**1**
Capex plans (next 12m)	17	21	**20**
		% Change, quarterly	
Labour costs	1.0	1.0	**1.0**
Purchase costs	0.9	0.8	**0.8**
Final products prices	0.4	0.4	**0.4**
Retail prices	0.8	0.6	**0.4**
		Percent	
Capacity utilisation rate	82.5	82.4	**83.0**

All data seasonally adjusted, except purchase costs and exports. Survey conducted from 25 August to 11 September 2025, covering around 680 firms across the non-farm business sector. **Next release date: 23 January 2026.**

- **Reported costs growth** was unchanged – labour cost and purchases costs held at 1.0% and 0.8% respectively.
- **Retail price growth** eased by 0.2ppt to 0.4% qoq, the slowest growth since mid-2020. Final product price growth was unchanged for the third quarter in a row at 0.4% q/q.
- Wage costs were again the top **issue affecting business confidence**, followed by pressure on margins, unchanged from the previous quarter.

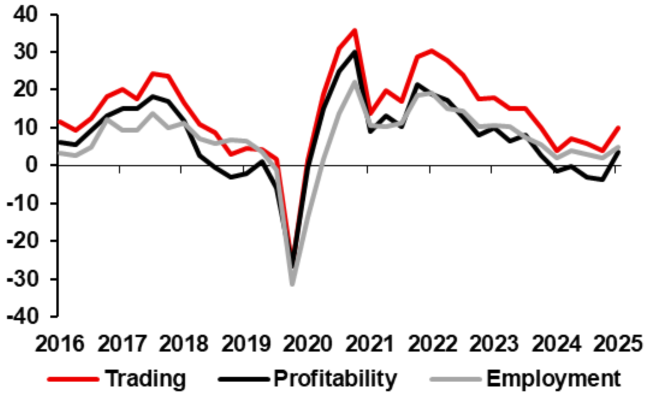
Business Conditions and Confidence

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)

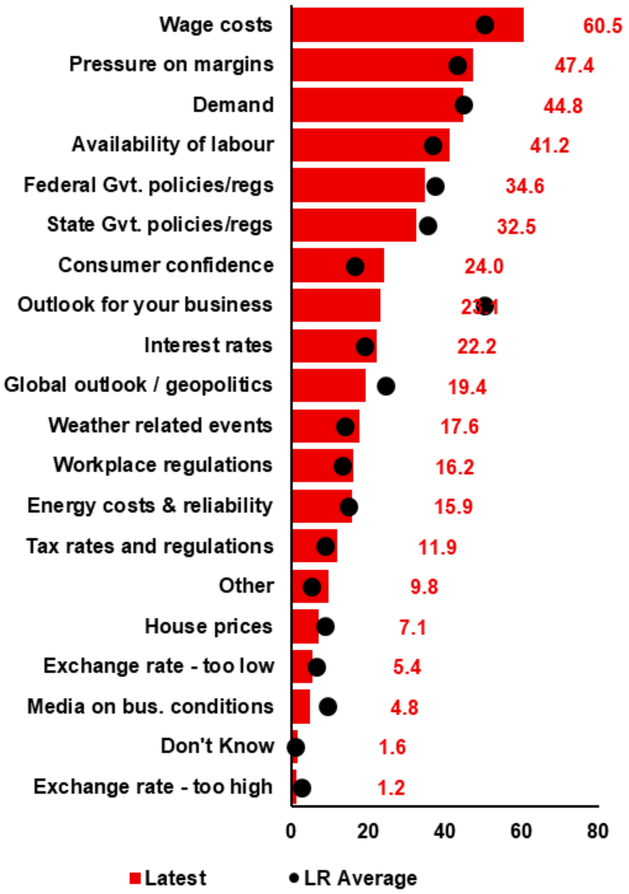
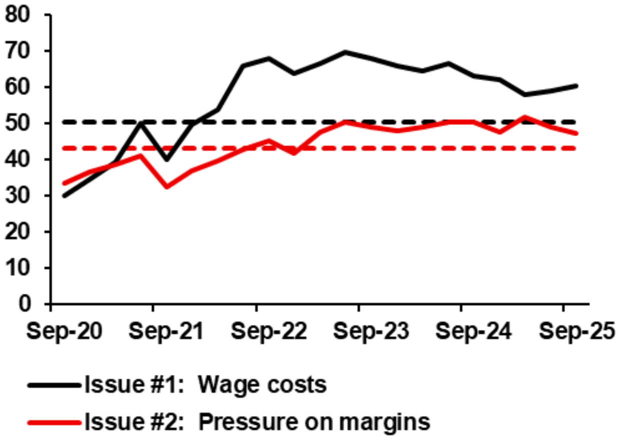
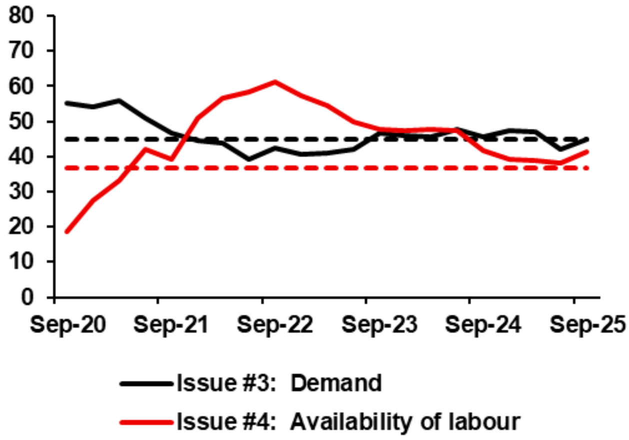


Chart 4: Evolution of Top Issues Affecting Confidence (Share of Firms): Issues #1 and #2



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)

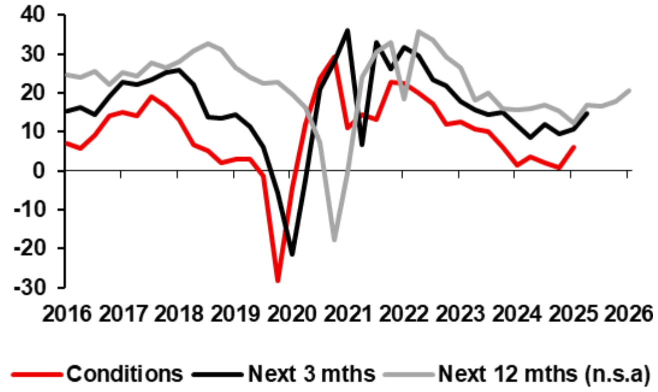


Chart 7: Expected Forward Orders (Net Balance, SA)

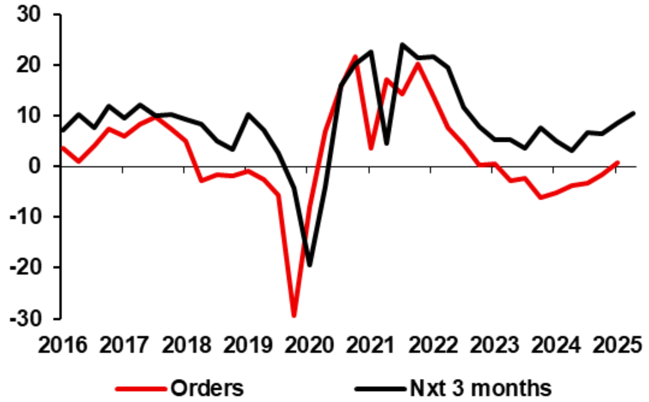


Chart 8: Capacity Utilisation (Percent, SA)

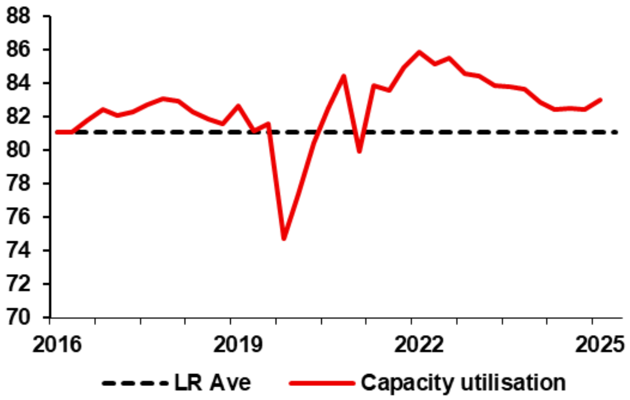


Chart 9: Capacity Utilisation (3qtr average deviation from long run average.)

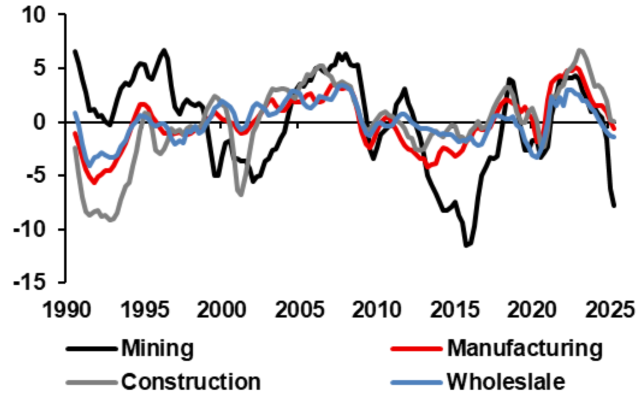


Chart 10: Stocks (Net Balance, SA)

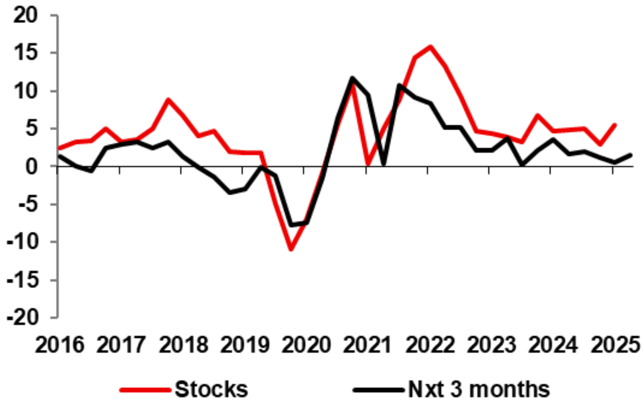
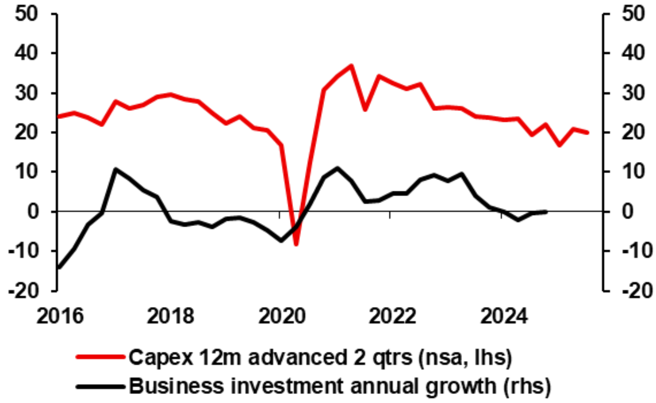


Chart 11: Expected Capex (Net Balance, SA)



Labour Market Indicators

Chart 12: Employment Expectations (Net Balance, SA)

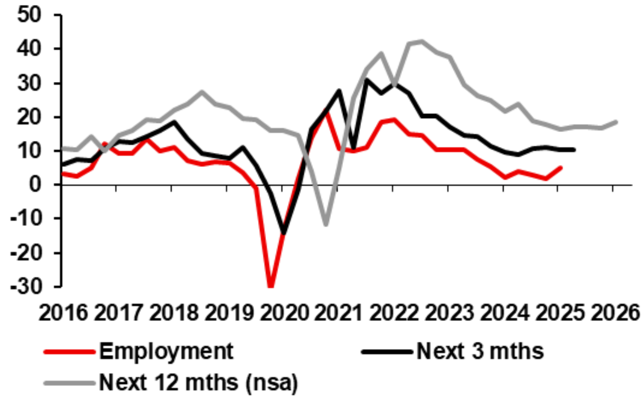


Chart 13: Labour Constraints & Unemployment Rate

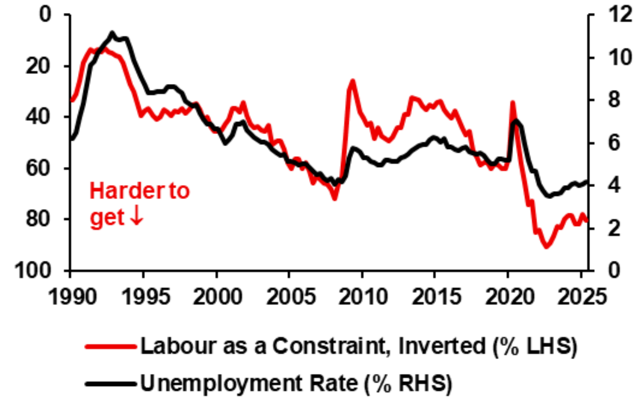


Chart 14: Change in Average Hours Worked (NSA)

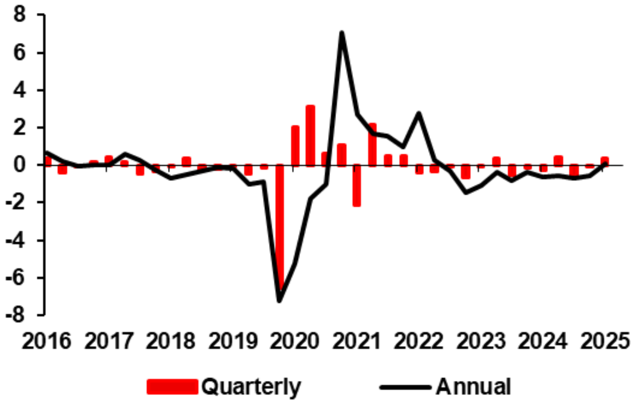


Chart 15: Average Hours Worked by Industry (NSA)

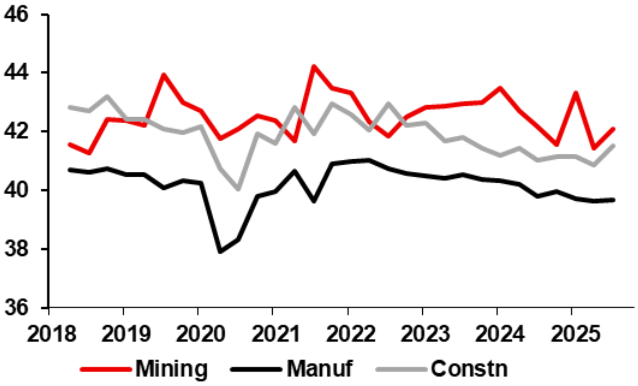


Chart 16: Average Hours Worked by Industry (NSA)

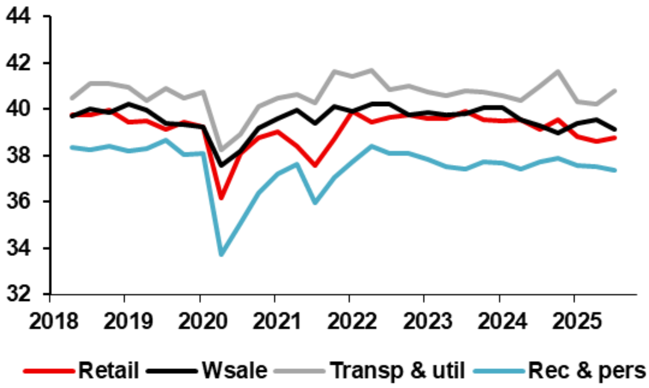
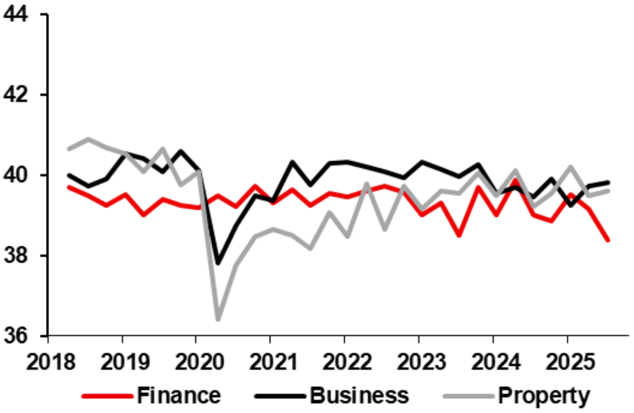


Chart 17: Average Hours Worked by Industry (NSA)



Major Constraints on Firm Output

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

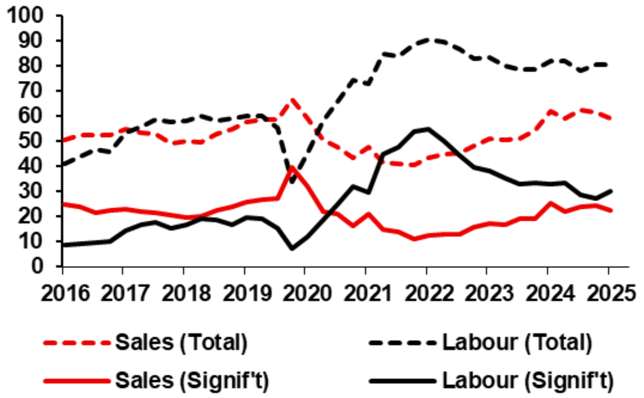
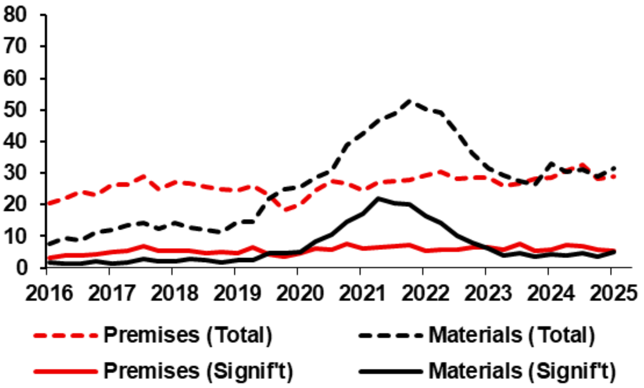


Chart 19: Main Constraints on Firm Output (% of Firms)



Inflation Pressures

Chart 20: Annualised Price Growth (Percent, SA)

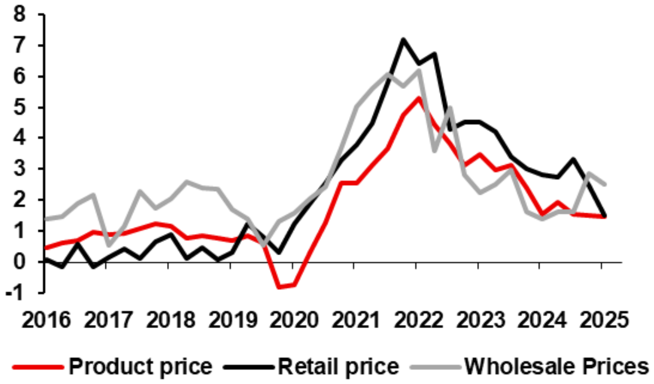
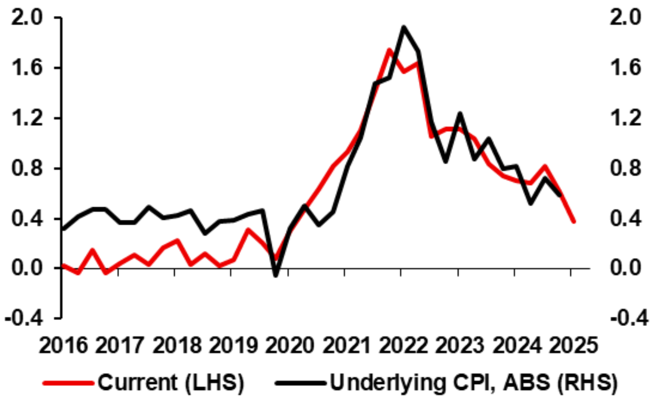


Chart 21: Retail Price Growth (Percent, SA)



Labour Costs

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

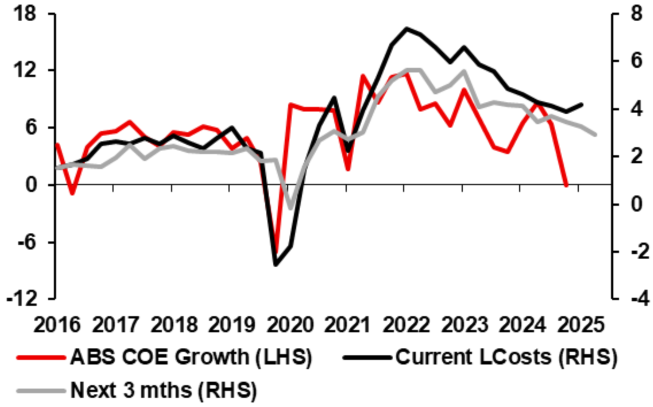
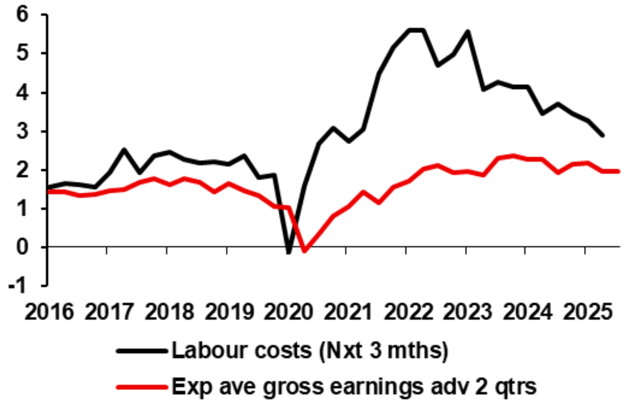


Chart 23: Expected Labour Costs & Average Earnings Growth (Percent, SA)



Details by Industry

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

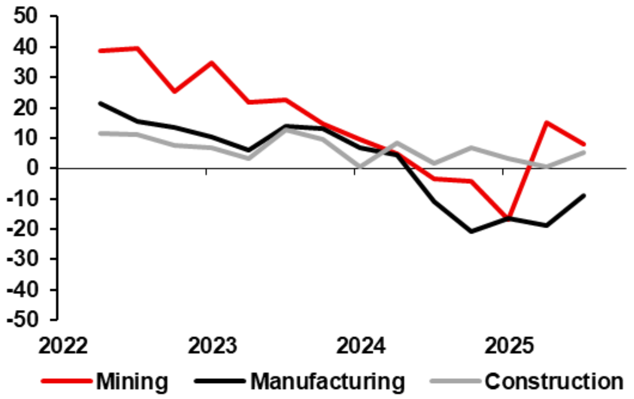


Chart 25: Confidence by Industry (Net Balance, SA

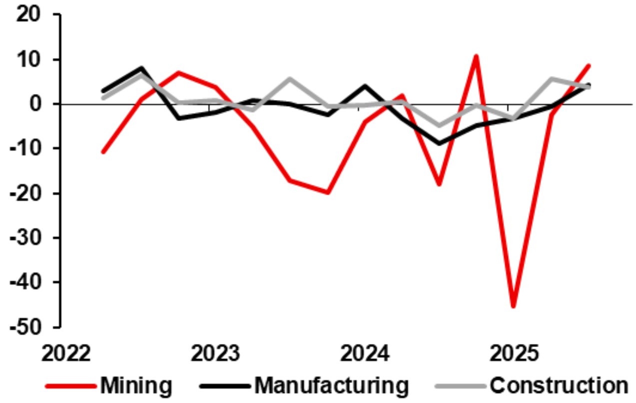


Chart 26: Conditions by Industry (Net Balance, SA)

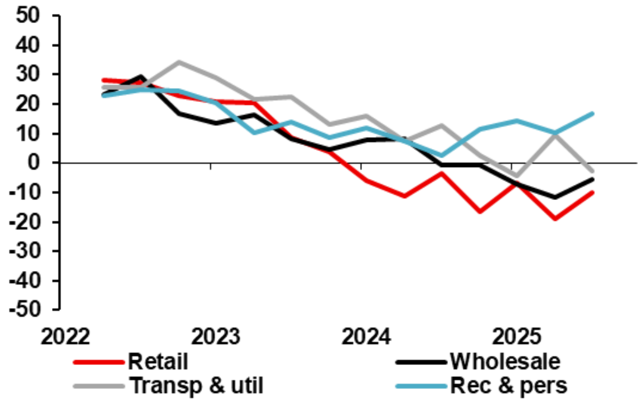


Chart 27: Confidence by Industry (Net Balance, SA)

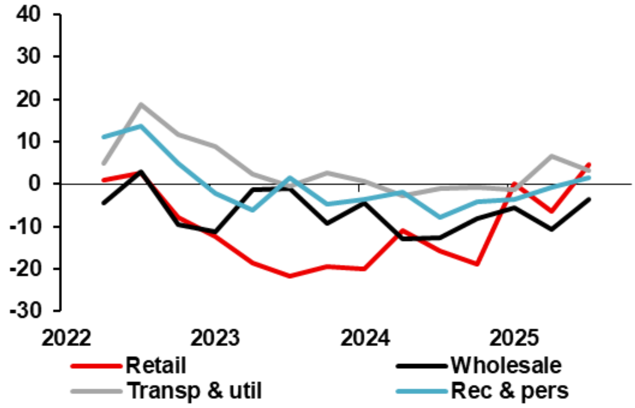


Chart 28: Conditions by Industry (Net Balance, SA)

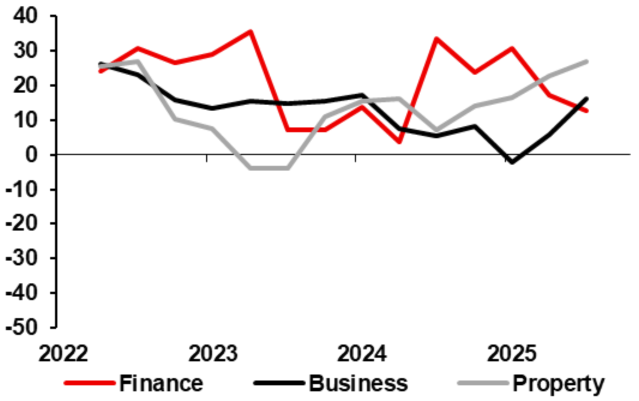
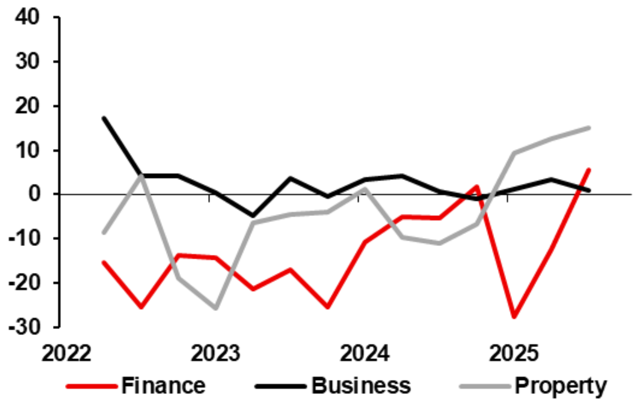


Chart 29: Confidence by Industry (Net Balance, SA)



Construction Sub-Industry Details

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

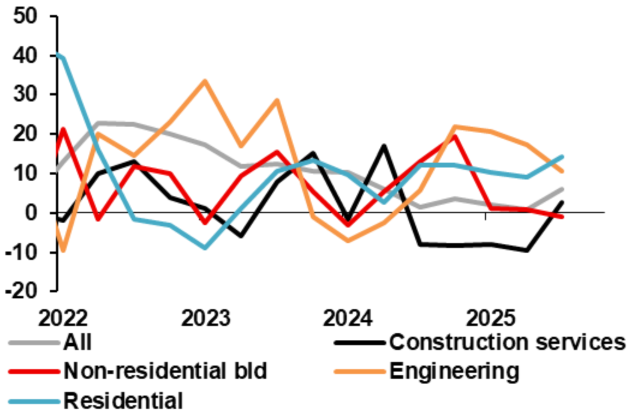


Chart 31: Confidence by Construction Sub-Industry (Net Balance, SA)

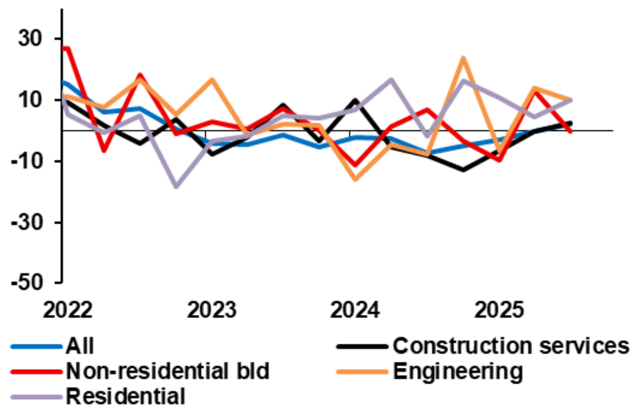


Chart 32: Employment by Construction Sub-Industry (Net Balance, SA)

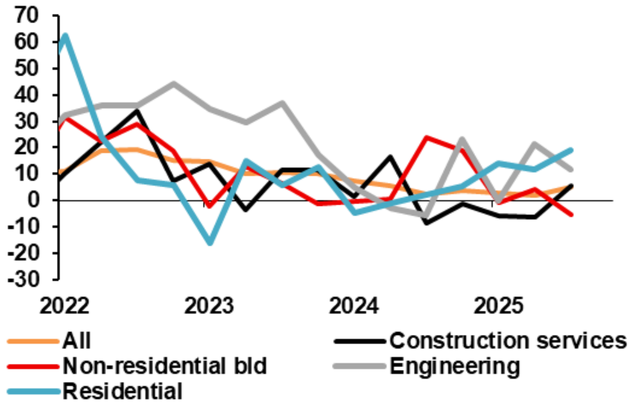
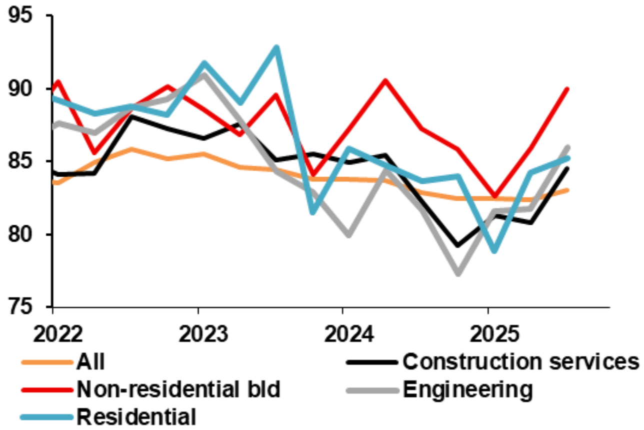


Chart 33: Capacity Utilisation by Construction Sub-Industry (Percent, SA)



Details by State

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

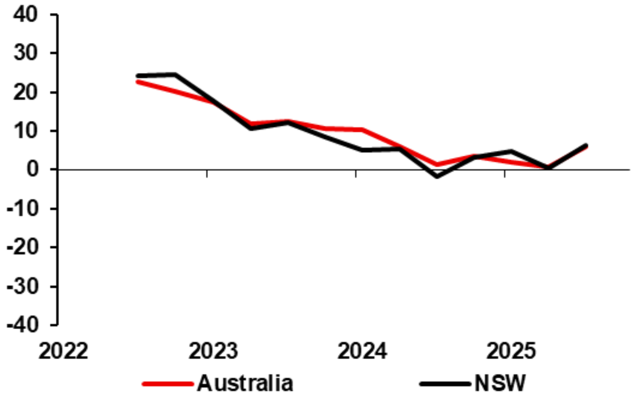


Chart 35: Confidence by State (Net Balance, SA)

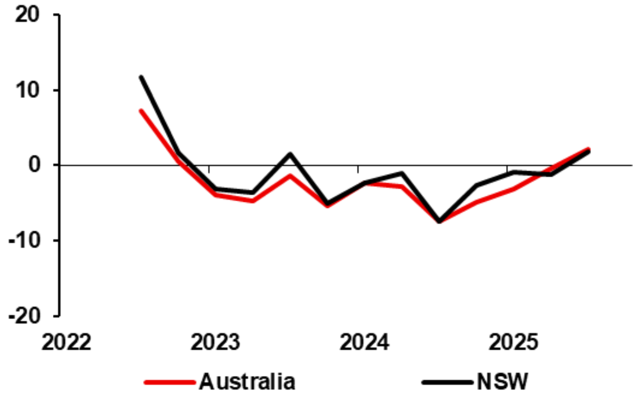


Chart 36: Conditions by State (Net Balance, SA)

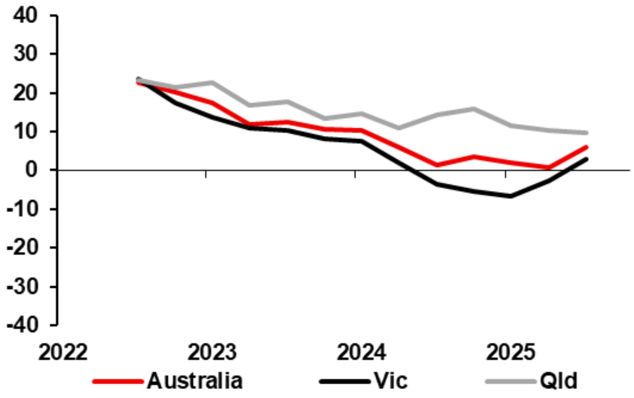


Chart 37: Confidence by State (Net Balance, SA)

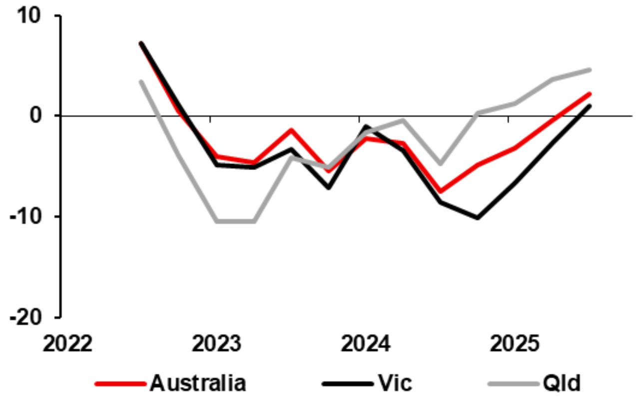


Chart 38: Conditions by State (Net Balance, SA)

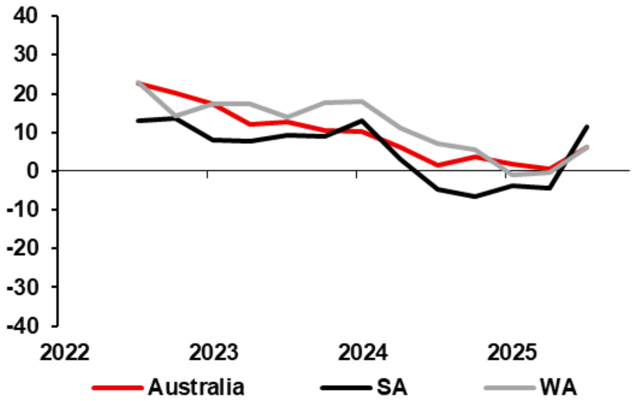
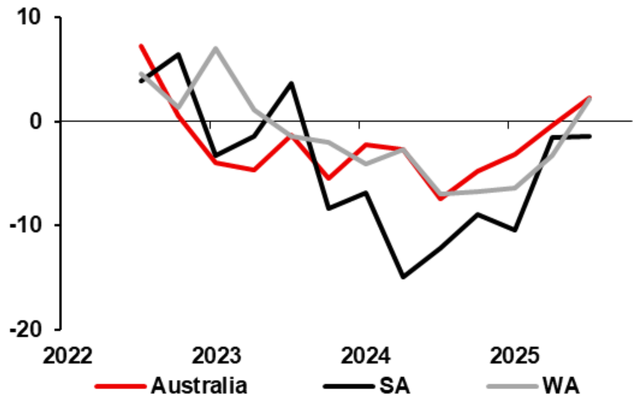


Chart 39: Confidence by State (Net Balance, SA)



Data Appendix

	Quarterly					Monthly				
	2024q3	2024q4	2025q1	2025q2	**2025q3**	2025m5	2025m6	**2025m7**	**2025m8**	**2025m9**
Confidence	-7	-5	-3	0	**2**	3	5	8	4	7
Conditions	1	4	2	1	**6**	1	8	6	8	8

	Quarterly					Monthly				
	2024q3	2024q4	2025q1	2025q2	**2025q3**	2025m5	2025m6	**2025m7**	**2025m8**	**2025m9**
Trading	4	7	6	4	**10**	7	14	13	13	16
Profitability	-2	0	-3	-4	**4**	-4	4	3	5	6
Employment	2	4	3	2	**5**	1	5	2	5	3

	Quarterly [(a)]					Monthly				
	2025q2	2025q3	2025q4	2026q2	**2026q3**	2025m5	2025m6	**2025m7**	**2025m8**	**2025m9**
Conditions	1	**6**	NA	NA	NA	1	8	6	8	8
Conds. next 3m	9	11	**15**	NA	NA					
Conds. nxt 12m	15	12	17	18	**21**					
Orders	-2	**1**	NA	NA	**NA**	-2	0	0	1	-2
Orders next 3m	6	9	**10**	NA	NA					

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

	Quarterly [(a)]					Monthly				
	2024q3	2024q4	2025q1	2025q2	**2025q3**	2025m2	2025m3	**2025m4**	**2025m5**	**2025m6**
Capacity utilis.	82.9	82.4	82.5	82.3	NA	82.0	82.8	81.5	82.4	83.3
Stocks current	5	5	5	**3**	NA	4	5	4	3	11
Stocks next 3m	3	2	2	1	**0**					

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

	Quarterly [(a)]					Monthly				
	2025q2	2025q3	2025q4	2026q2	**2026q3**	2025m5	2025m6	**2025m7**	**2025m8**	**2025m9**
Empl current	2	**5**	NA	NA	NA	1	5	2	5	3
Empl next 3m	11	10	**10**	NA	NA					
Empl nxt 12m	18	17	17	17	**19**					

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

	2024q3	2025q2	**2025q3**
Constraints on output (% of firms)*			
Sales & orders	51.2	54.1	**61.9**
Labour	83.1	78.6	**81.9**
Premises & plant	28.5	28.0	**28.5**
Materials	31.6	26.5	**33.0**

** not s.a.*

Data Appendix - States

	Quarterly					*Monthly*				
	2024q3	2024q4	2025q1	2025q2	**2025q3**	2025m5	2025m6	**2025m7**	**2025m8**	**2025m9**
Business conditions										
NSW	-2	3	5	0	**6**	3	9	3	8	8
VIC	-4	-6	-7	-3	**3**	-3	5	-2	3	5
QLD	14	16	12	10	**10**	10	22	19	12	16
SA	-5	-7	-4	-4	**11**	-1	-6	15	13	1
WA	7	6	-1	0	**6**	-1	-8	6	6	-5
TAS	-3	4	3	-18	**-4**	-7	14	-9	-6	4

	Quarterly					*Monthly*				
	2024q3	2024q4	2025q1	2025q2	**2025q3**	2025m5	2025m6	**2025m7**	**2025m8**	**2025m9**
Business confidence										
NSW	-7	-3	-1	-1	**2**	1	9	8	3	8
VIC	-9	-10	-7	-3	**1**	0	5	6	3	8
QLD	-5	0	1	4	**5**	6	9	12	8	5
SA	-12	-9	-10	-2	**-1**	7	-14	5	4	7
WA	-7	-7	-6	-3	**2**	1	0	6	4	10
TAS	-7	-7	0	15	**10**	25	13	-3	13	7

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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.

^Subscribers also receive a copy of the Subscriber details publication which contains a variety of extra charts and tables.

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.