



NAB Monthly Business Survey Mar-26

Conditions hold but confidence drops sharply

NAB Economics and Markets Research

Summary

The outbreak of the conflict in the Middle East saw business confidence fall 29pts to -29 index points, the second largest monthly fall in the survey's history – with falls of this magnitude previously only seen in the GFC and the onset of COVID. The decline in conditions was broad-based across industries and was largest in transport & utilities, construction and retail, where direct impacts on costs and consumer demand are most obvious. Meanwhile, business conditions fell only 1pt (unrounded) to 6 index points in March – reflecting the fact that while the global news backdrop has impacted sentiment, it is still early in terms of the flow through to activity. However, it does highlight that the economy had carried a healthy level of momentum heading into the unfolding shock. Indeed, capacity utilisation rose 0.2ppts, unwinding some recent easing and remained elevated with 7 of 8 industries sitting about their long-run average in trend terms. That said, the forward orders measure fell 6pts to -1 index points, erasing the gains made so far through 2026 and possibly reflecting rising uncertainty. The impact on measures of costs and prices has been immediately obvious. Purchase cost growth in quarterly terms more than doubled to 3.0% and product price growth rose to 1.1%.

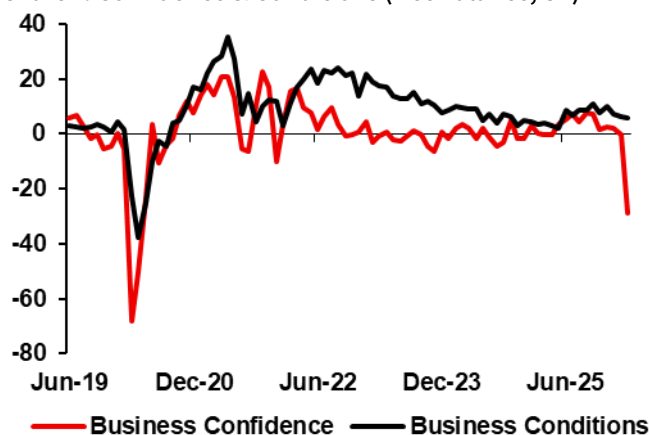
Survey Details

- **Business confidence** fell 29pts to -29 index points, its lowest level since April 2020.
- **Business conditions** remained at +6 index points (just below the long run average of +7 index points). The employment indicator rose 3pts to its highest level since July 2024. However, a 2pt fall in trading and a 3pt fall in profitability more than offset the gain in employment.
- **By industry**, conditions were mixed with 4 industries rising, while 4 industries fell. Mining and transport & utilities rose the most while wholesale saw the largest fall. In trend terms, conditions were positive for all industries except manufacturing.
- **By State**, conditions in WA and SA rose 17pts and 9pts, respectively, while Vic recorded the largest fall (-11pts). In trend terms, conditions remained positive in all regions except Vic while confidence is now in negative territory across all regions.
- **Capacity utilisation** rose to 83.1%, remaining well above its long-run average. **Forward orders** fell 7pts unrounded, unwinding gains seen since the start of 2026 to be back below their long run average. **Capex** fell 3pts, unwinding last month's rise but remaining elevated.
- **Purchase cost growth** rose sharply to 3% in quarterly equivalent terms, doubling the rate reported in February. **Labour cost growth** was flat at 1.5%. **Product price growth** rose to 1.1% while retail price growth fell to 0.5%, partially unwinding the rise in February.

Table 1: Key Monthly Business Survey Statistics

	Jan-26	Feb-26	Mar-26
	Net balance		
Business confidence	2	0	-29
Business conditions	7	6	6
Trading	11	12	11
Profitability	4	4	1
Employment	5	3	6
Forward Orders	2	6	-1
Capex	10	12	10
Stocks	-2	5	7
Exports	1	0	-1
	% change at quarterly rate		
Labour costs	1.3	1.5	1.5
Purchase costs	1.1	1.3	3.0
Final products prices	0.5	0.7	1.1
Retail prices	0.3	0.9	0.5
	Percent		
Capacity utilisation rate	82.8	82.9	83.1

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



All data seasonally adjusted and subject to revision. Survey conducted from 24 to 31 March, covering around 315 businesses across the non-farm business sector. **Next release date: 12 May 2026.**

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)

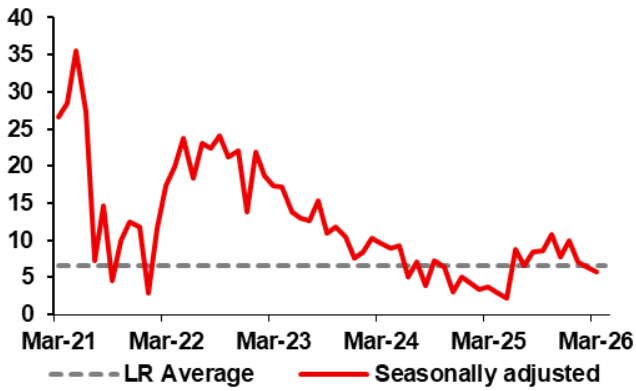


Chart 3: Components of Conditions, SA (Net Balance)

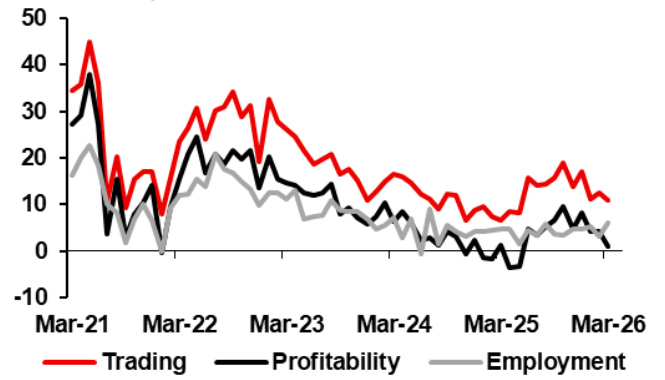


Chart 4: Business Confidence, SA (Net Balance)

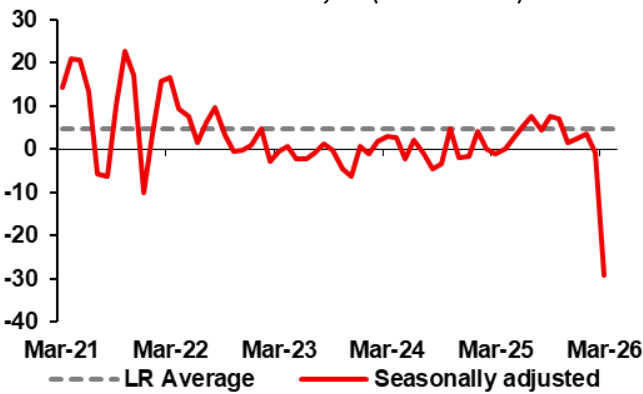


Chart 5: Conditions & Confidence, Trend (Net Balance)

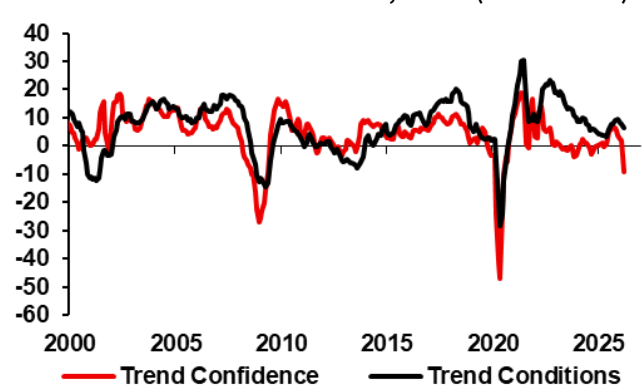


Chart 6: Conditions & Confidence by Industry, Trend (Net Balance)

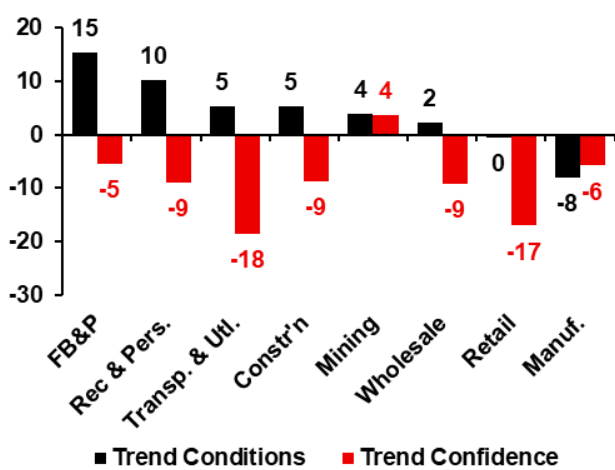
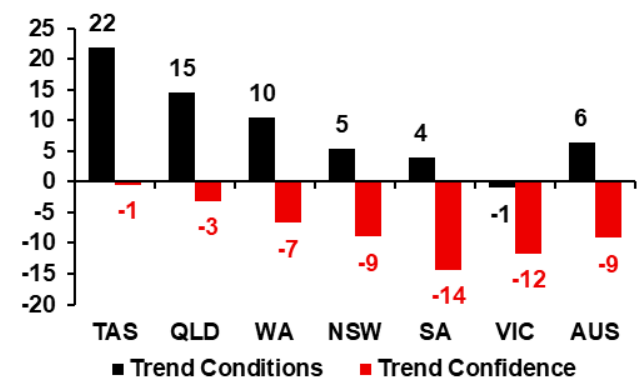


Chart 7: Conditions & Confidence by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

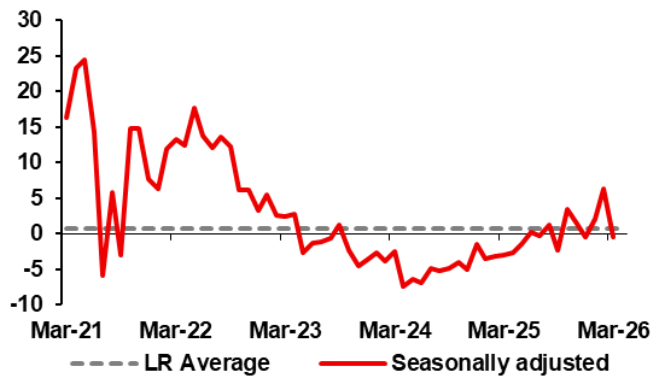


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

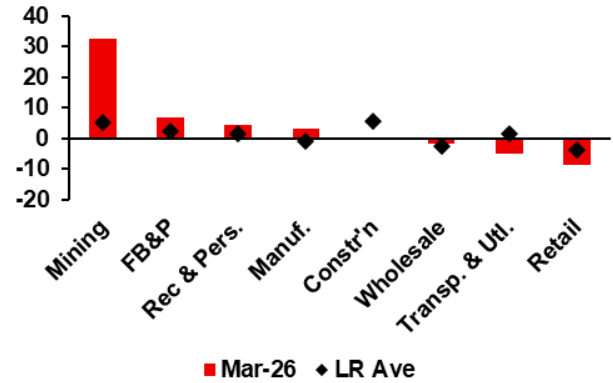


Chart 10: Capacity Utilisation, SA (%)

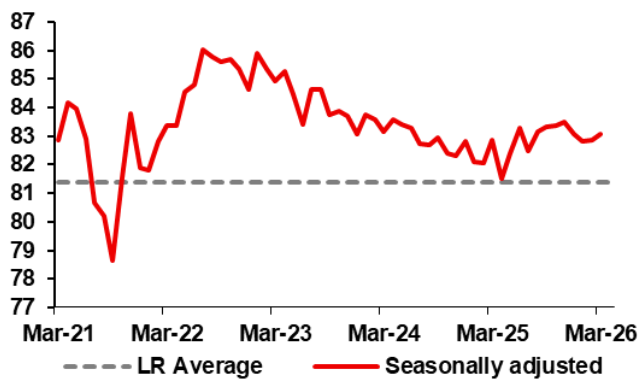


Chart 11: Capacity Util. by Industry, Trend

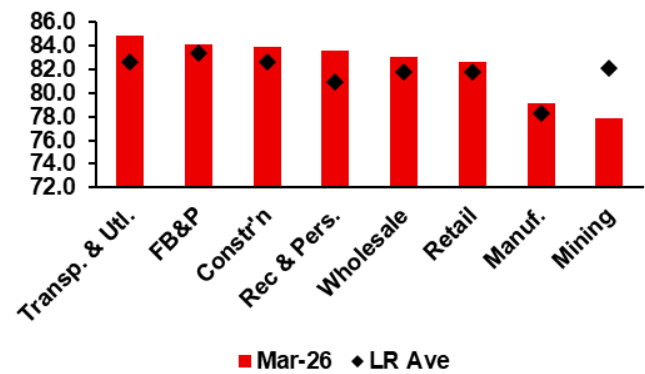


Chart 12: Capital Expenditure, SA (Net Balance)

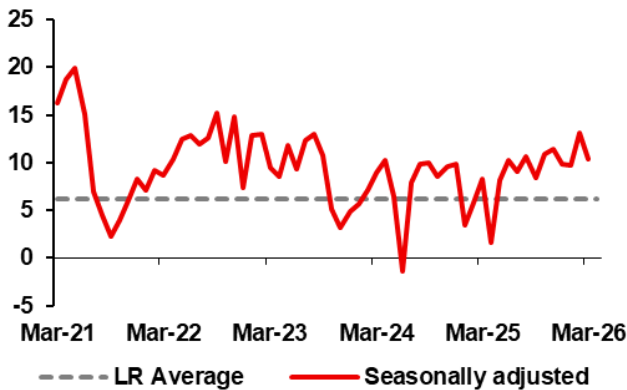


Chart 13: Exports & Stocks, SA (Net Balance)

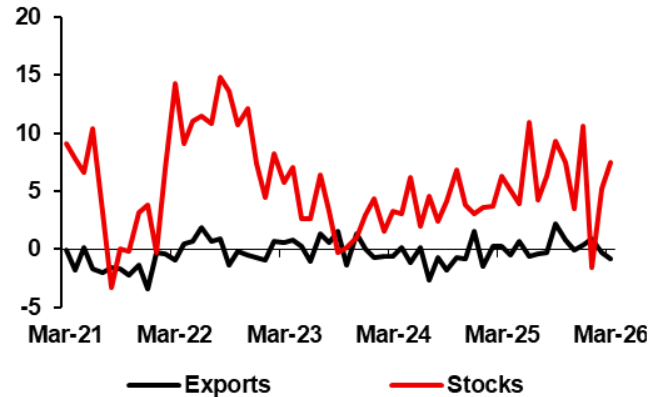


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

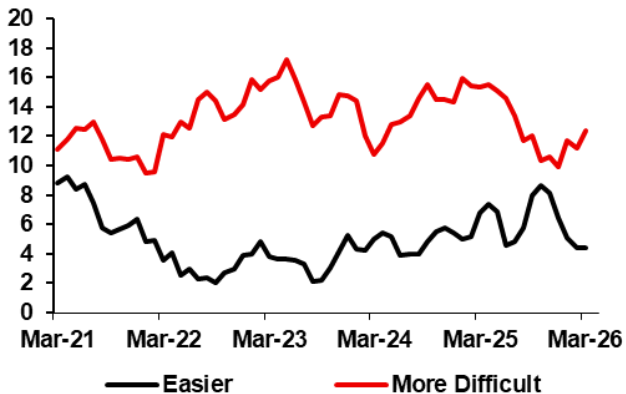
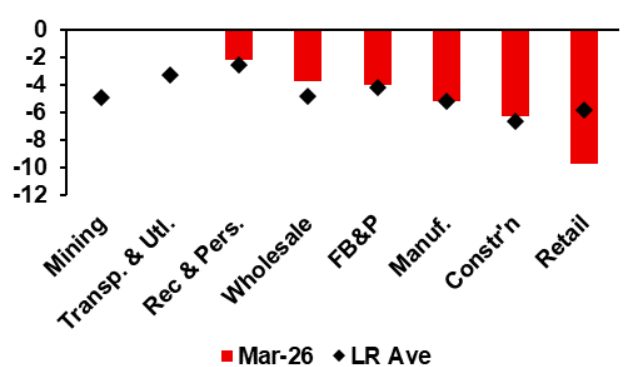


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

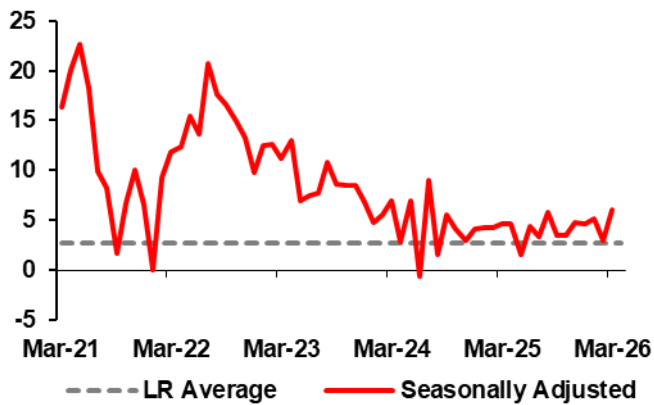


Chart 17: Employment, Selected Industries, Trend

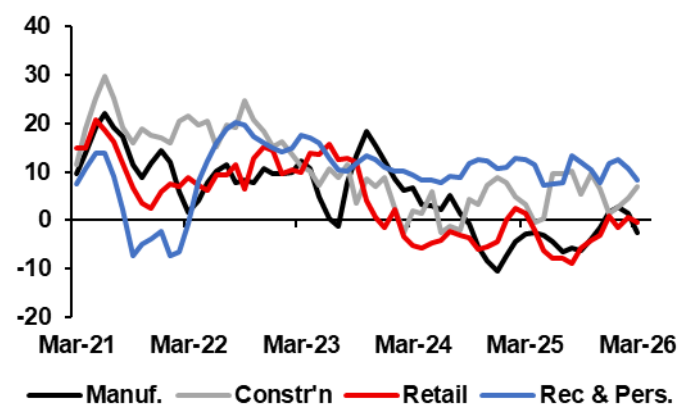


Chart 18: Cost Growth, SA (% Qtly Eq.)

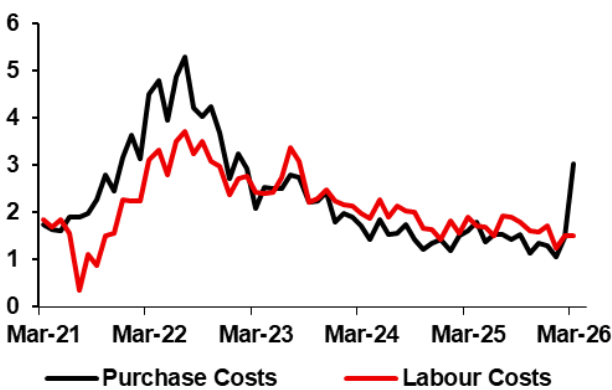


Chart 19: Labour Costs, Selected Industries, Trend (%)

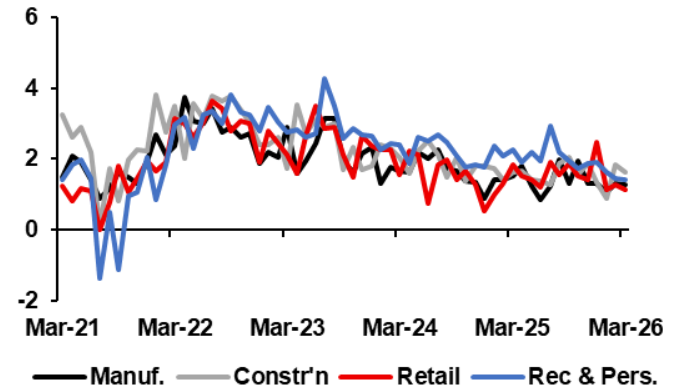


Chart 20: Output Price Growth, SA (% Qtly Eq.)

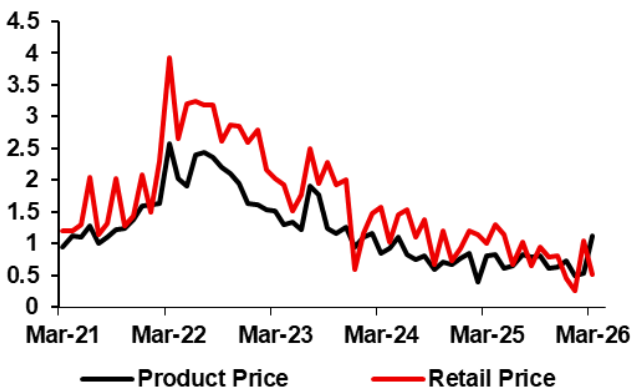
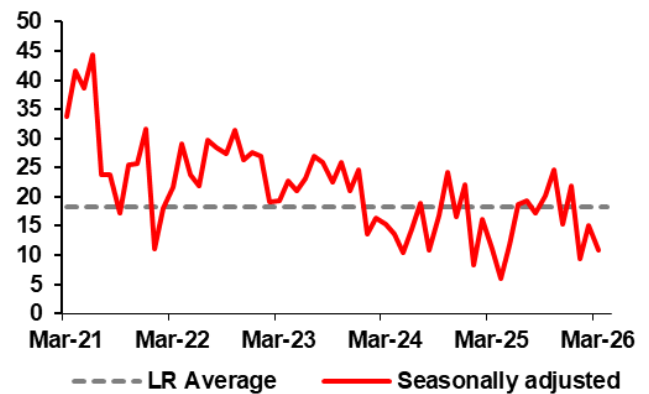


Chart 21: Cash Flow, SA (Net Balance)



Conditions and Confidence by State and Industry

Chart 22: Conditions by State (Net Balance, Trend)

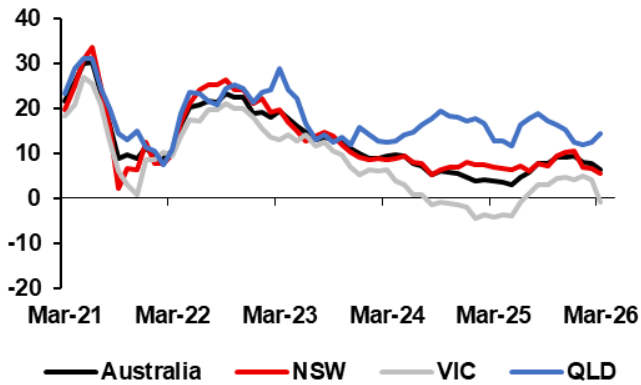


Chart 23: Conditions by State (Net Balance, Trend)

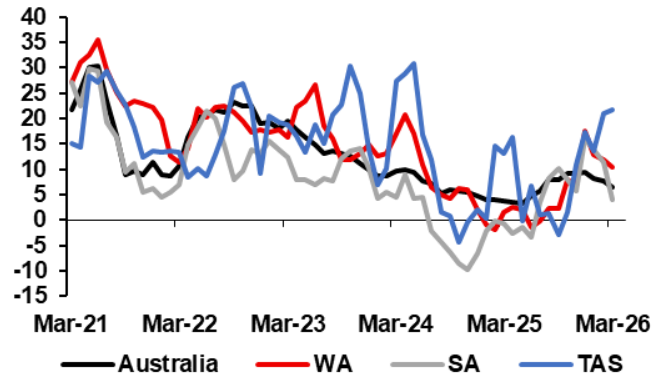


Chart 24: Confidence by State (Net Balance, Trend)

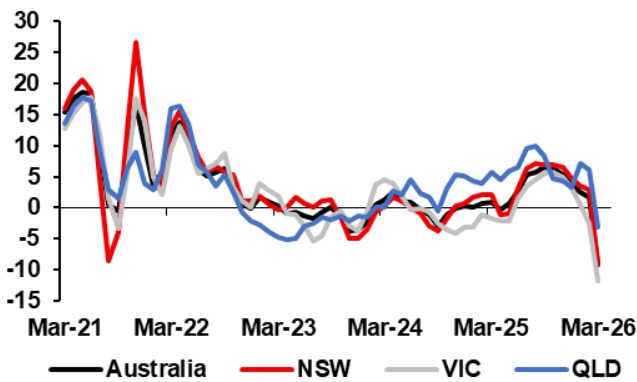


Chart 25: Confidence by State (Net Balance, Trend)

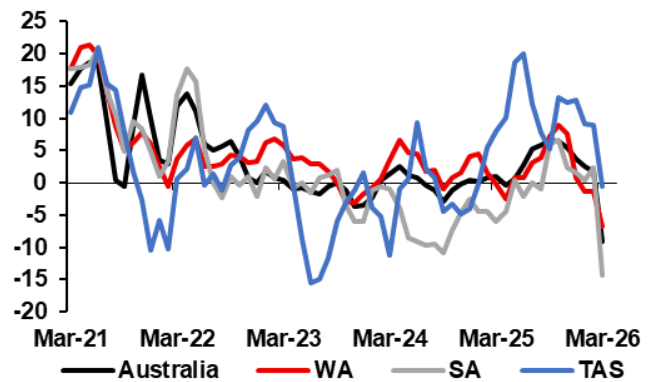


Chart 26: Conditions by Industry (Net Balance, Trend)

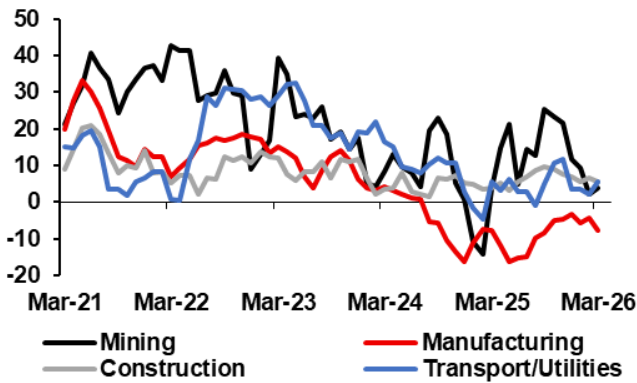


Chart 27: Conditions by Industry (Net Balance, Trend)

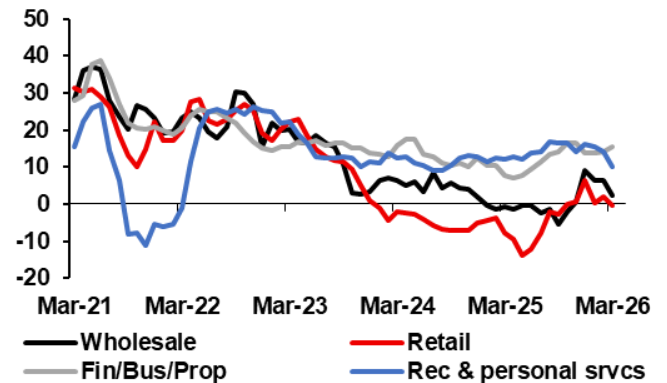


Chart 28: Confidence by Industry (Net Balance, Trend)

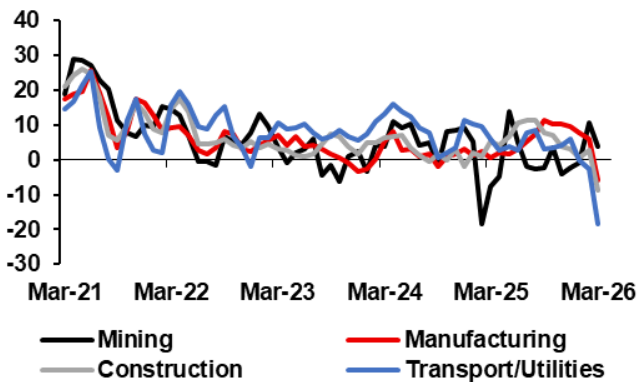
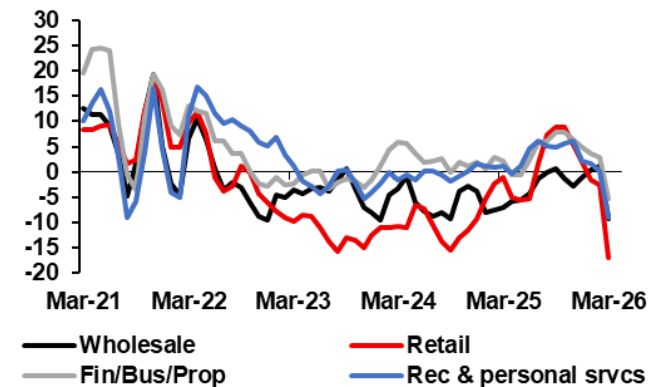


Chart 29: Confidence by Industry (Net Balance, Trend)



Authors

Michael Hayes

Economist, Australian Economics
Michael.Hayes@nab.com.au
+61 0 411 186 777

Gareth Spence

Head of Australian Economics
Gareths.spence@nab.com.au
+61 0 422 081 046

Sally Auld

Chief Economist
Sally.Auld@nab.com.au
+61 0 422 224 752

Important notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances.

NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please click [here](#) to view our disclaimer and terms of use.

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)

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

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)

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