



NAB Monthly Business Survey May-26

Price pressures soften but remain elevated

NAB Economics and Markets Research

Summary

Business confidence rebounded further in May and business conditions held in positive territory, alongside some easing in reported costs growth. Nonetheless, with global uncertainty persisting, the domestic backdrop softening and cost pressures remaining elevated, confidence remains very weak and in negative territory across all industries. Business conditions were unchanged at 3 index points in the month and have now tracked a little below their long-run average for most of 2026 – with employment, trading conditions and profitability having all softened since February. Of note, the profitability sub-component is furthest below its long-run average, suggesting margin pressures persist. Capacity utilisation fell below 82% for the first time since early 2025, and is now 1.4ppts below its recent high in late 2025. While capacity utilisation remains above its long run average of 81.4%, the easing through H1 2026 is consistent with softer economic growth and also reflected in the broader trend in business conditions. Price and costs growth also eased in the month but remain elevated – particularly purchase costs which signal the ongoing risks of the cost shock emanating from the Middle East still making its way through supply chains.

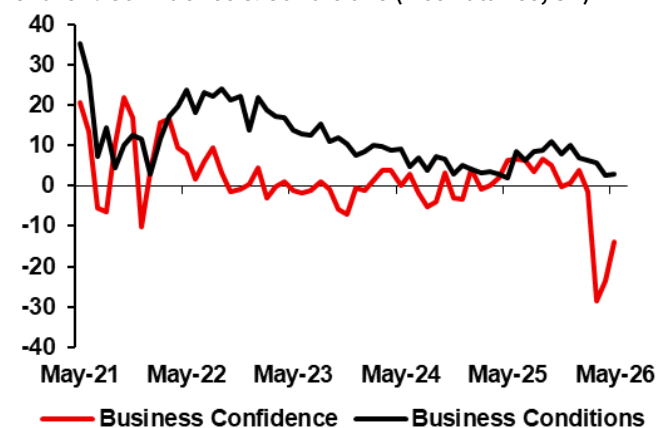
Survey Details

- **Business confidence** rose 10pts (unrounded) to -14 index points. The improvement in confidence was driven by mining, wholesale and transport & utilities (which had seen the weakest reads last month). Nonetheless, trend confidence remains negative in all industries.
- **Business conditions** held at 3 index points - below its long-run average. Conditions sub-indicators only moved marginally in offsetting directions but all three remained around their post-Covid lows.
- **By industry**, conditions rose in wholesale, finance, property and business services as well as recreation & personal services industries. Trend conditions were strongest in mining and finance, property & business services while manufacturing was the weakest industry.
- **By State**, conditions rose modestly in New South Wales and South Australia and spiked sharply in Tasmania, which can be volatile month to month. In trend terms, Victoria remained the only state with business conditions in negative territory.
- **Capacity utilisation** fell to 81.9% and is now below 82% for the first time in 12 months. It remains above its long-run average. **Forward orders** rose 5pts, more than unwinding the fall last month but is still well below its February level. **Capex** rose 6pts to be back above its long-run average.
- **Purchase cost growth** fell to 2.6% in quarterly equivalent terms, but remains elevated, and **labour cost growth** fell marginally to 1.5%. Price growth roughly halved its previous pace with **product price growth** at 0.9% and retail price growth at 1.5%.

Table 1: Key Monthly Business Survey Statistics

	Mar-26	Apr-26	May-26
Net balance			
Business confidence	-29	-23	-14
Business conditions	6	3	3
Trading	11	7	8
Profitability	0	0	-1
Employment	6	1	2
Forward Orders	-1	-5	0
Capex	11	4	10
Stocks	7	4	3
Exports	-1	-2	1
% change at quarterly rate			
Labour costs	1.5	1.7	1.5
Purchase costs	2.8	4.5	2.6
Final products prices	1.1	1.8	0.9
Retail prices	0.6	3.1	1.5
Percent			
Capacity utilisation rate	83.0	82.4	81.9

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



All data seasonally adjusted and subject to revision. Survey conducted from 23 to 30 May, covering around 507 businesses across the non-farm business sector. **Next release date: 14 July 2026.**

Business Conditions and Confidence

Chart 2: Business Conditions, SA (Net Balance)



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

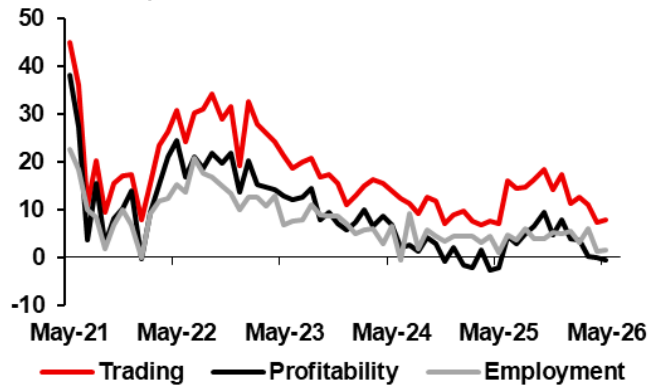


Chart 4: Business Confidence, SA (Net Balance)

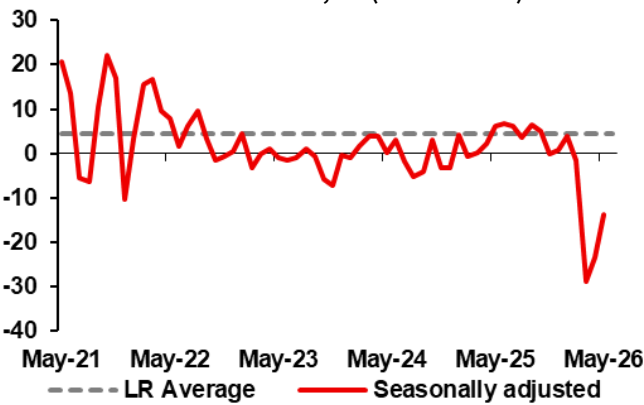


Chart 5: Conditions & Confidence, Trend (Net Balance)

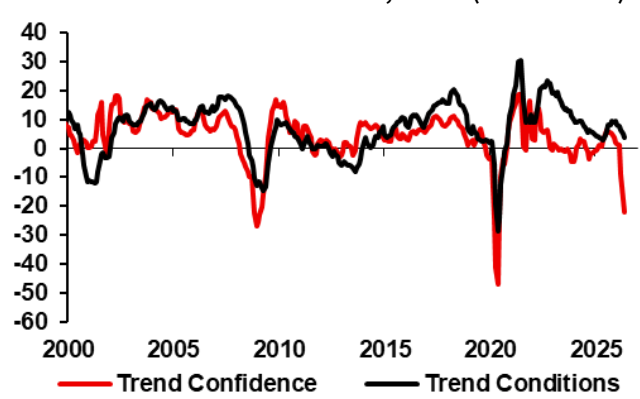


Chart 6: Conditions & Confidence by Industry, Trend (Net Balance)

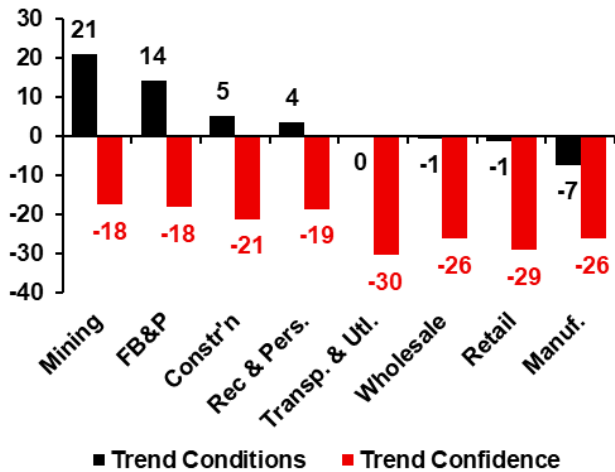
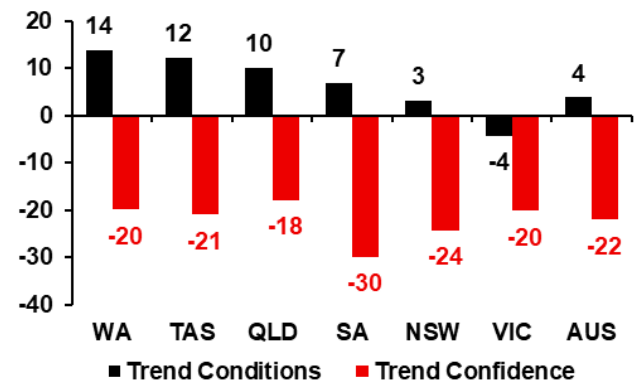


Chart 7: Conditions & Confidence by State, Trend (Net Balance)



Leading Indicators and Other Key Measures

Chart 8: Forward Orders, SA (Net Balance)

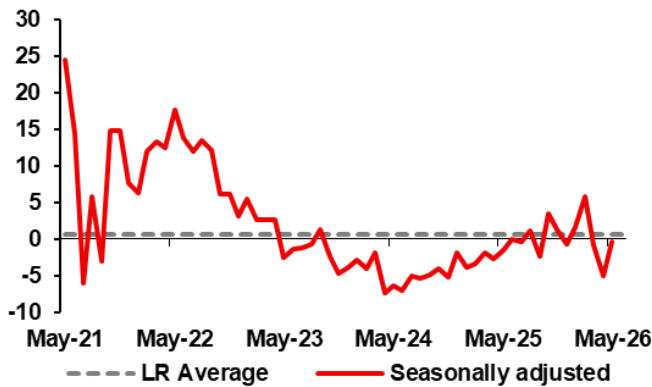


Chart 9: Fwd. Orders by Industry, Trend (Net Balance)

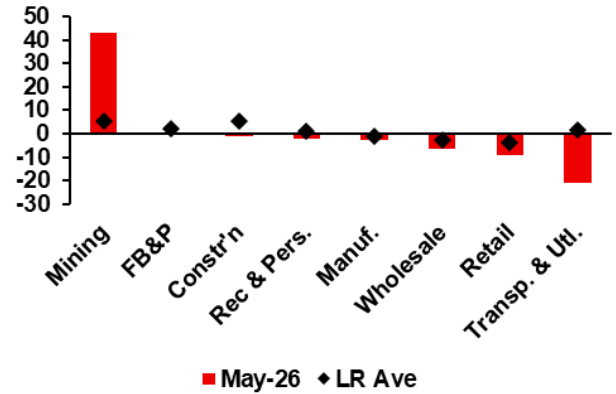


Chart 10: Capacity Utilisation, SA (%)

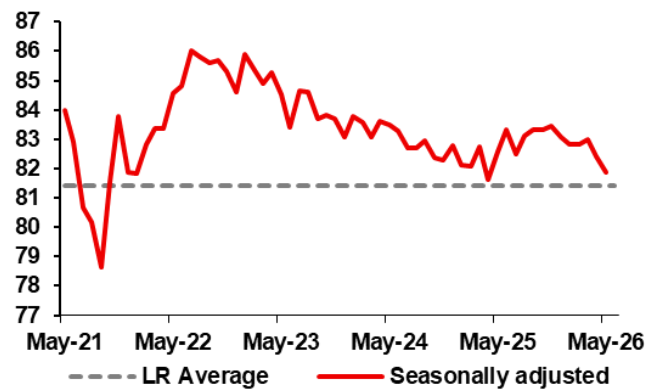


Chart 11: Capacity Util. by Industry, Trend

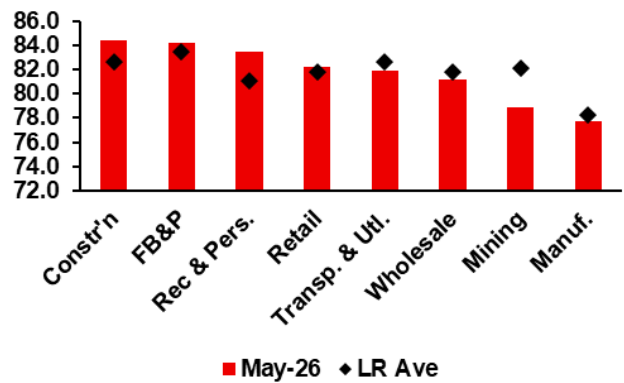


Chart 12: Capital Expenditure, SA (Net Balance)

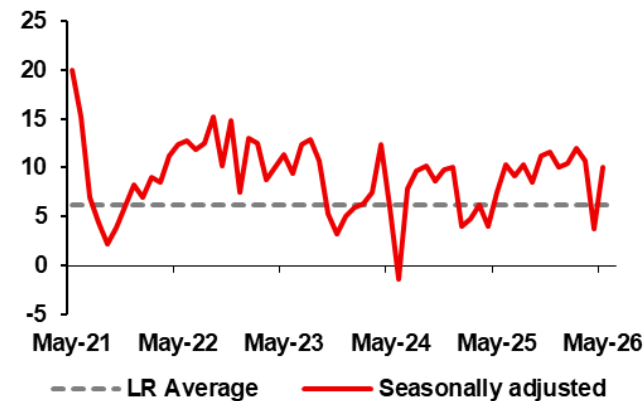


Chart 13: Exports & Stocks, SA (Net Balance)

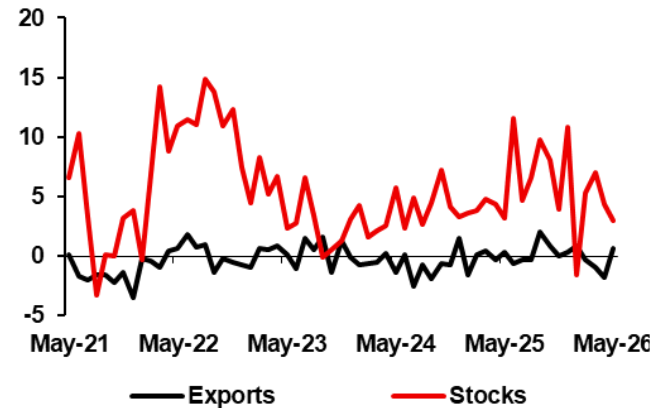


Chart 14: Change in Borrowing Conditions, Trend (% of Firms Requiring Borrowing)

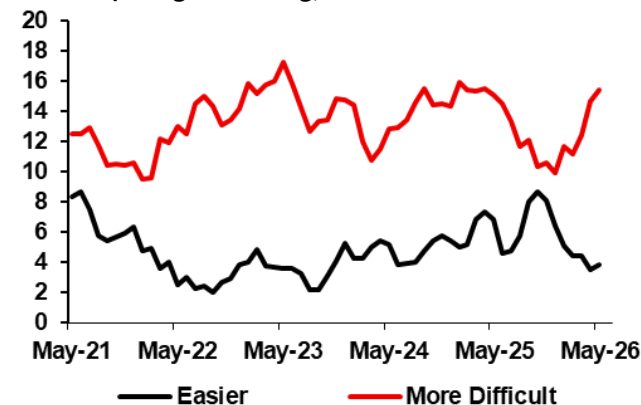
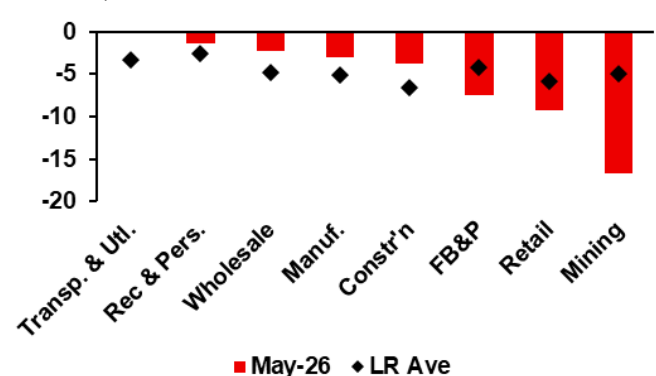


Chart 15: Borrowing Conditions by Industry (Net Balance)



Employment, Wages and Prices

Chart 16: Employment, SA (Net Balance)

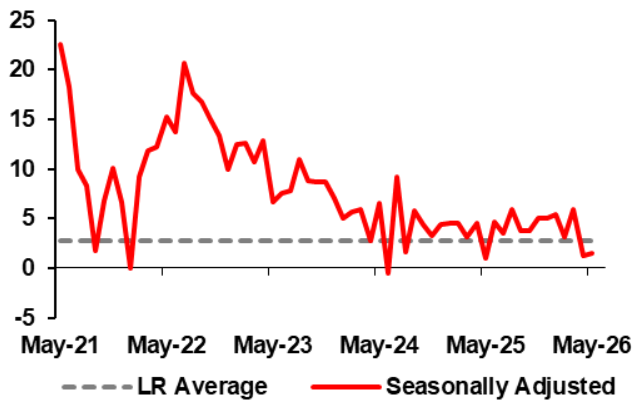


Chart 17: Employment, Selected Industries, Trend

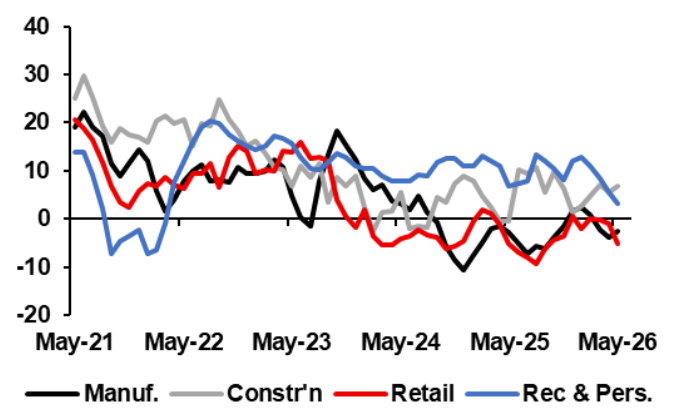


Chart 18: Cost Growth, SA (% Qtly Eq.)

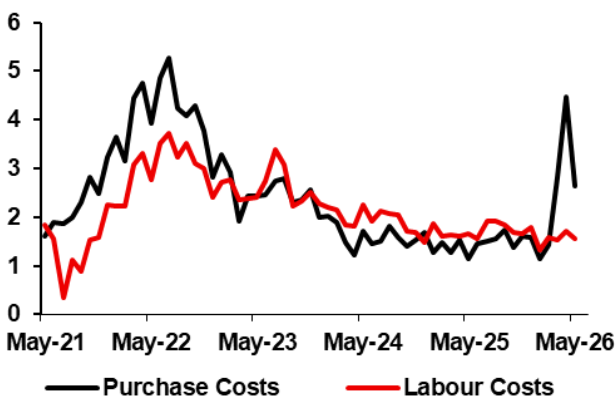


Chart 19: Labour Costs, Selected Industries, Trend (%)

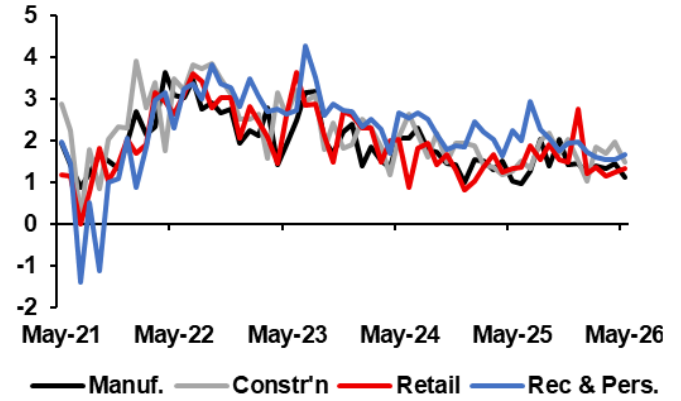


Chart 20: Output Price Growth, SA (% Qtly Eq.)

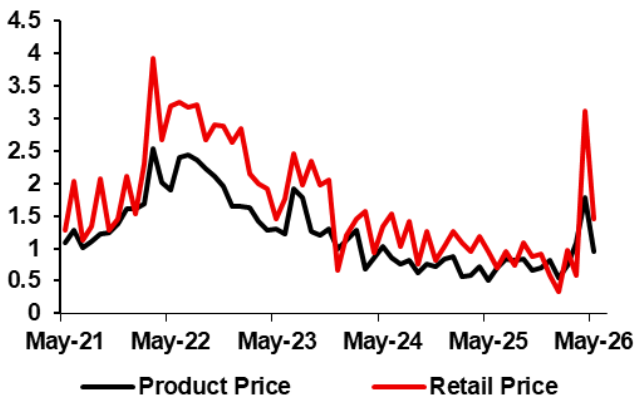
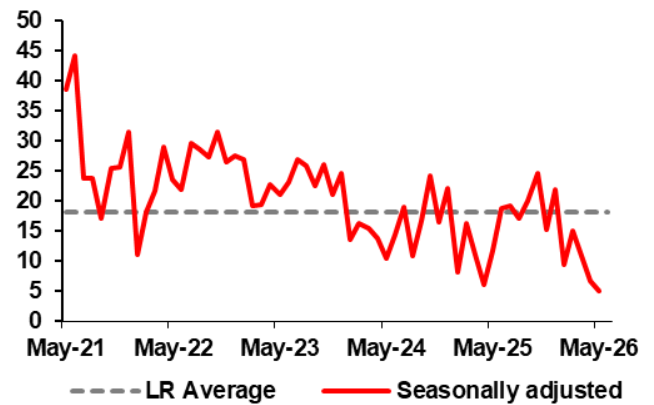


Chart 21: Cash Flow, SA (Net Balance)



Conditions and Confidence by State and Industry

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

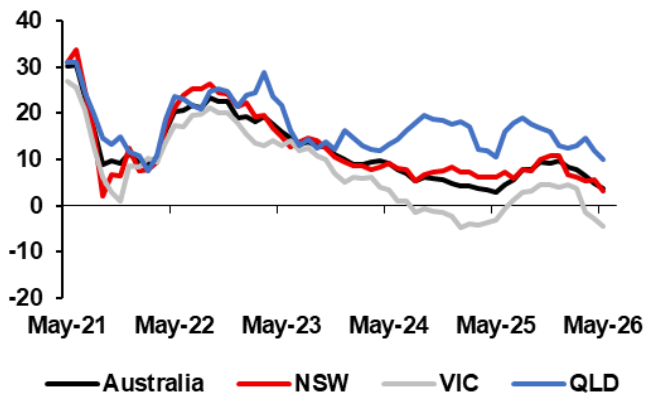


Chart 23: Conditions by State (Net Balance, Trend)

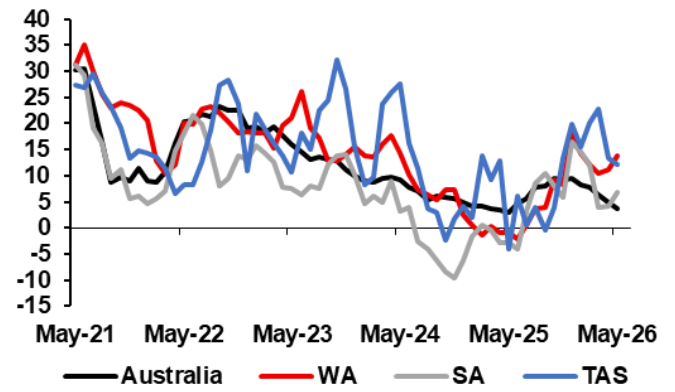


Chart 24: Confidence by State (Net Balance, Trend)

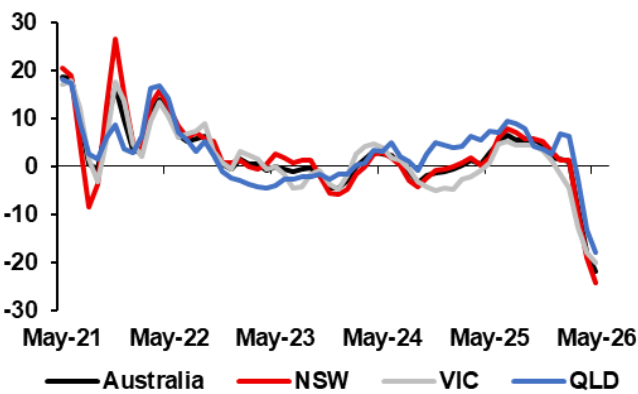


Chart 25: Confidence by State (Net Balance, Trend)

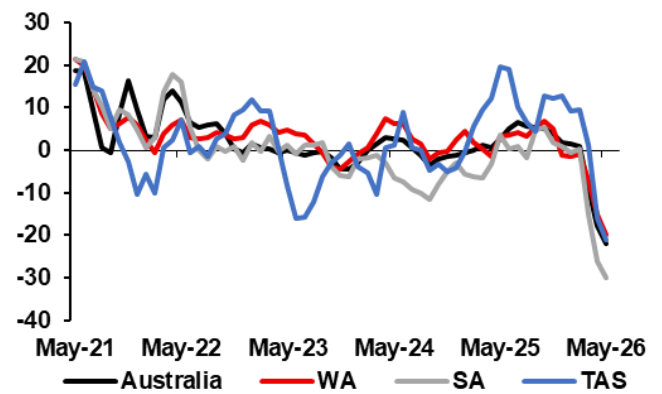


Chart 26: Conditions by Industry (Net Balance, Trend)

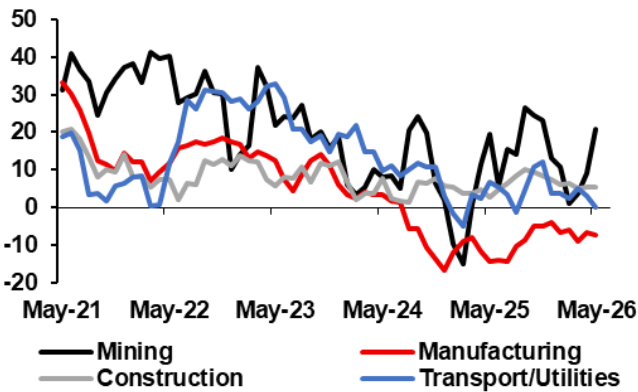


Chart 27: Conditions by Industry (Net Balance, Trend)

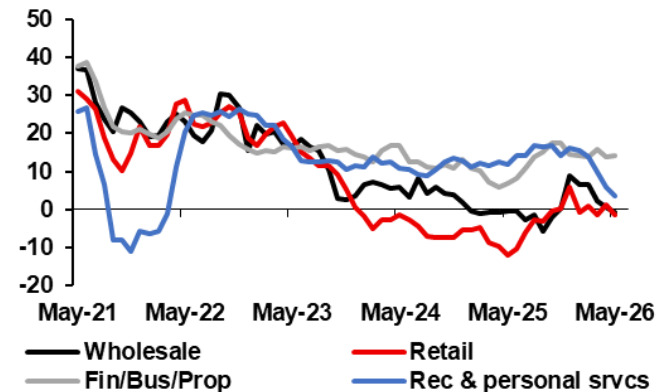


Chart 28: Confidence by Industry (Net Balance, Trend)

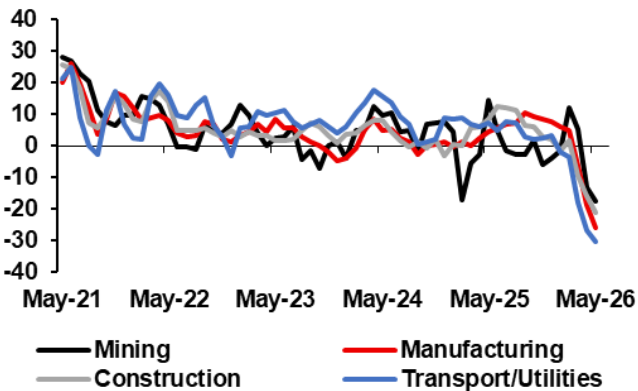
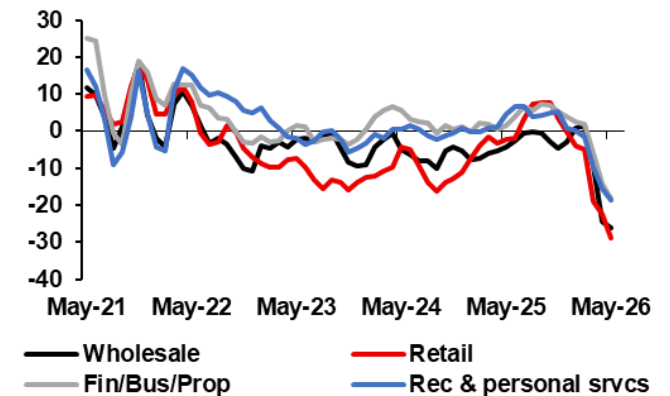


Chart 29: Confidence by Industry (Net Balance, Trend)



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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.