

**Quarterly Business Survey**
**June quarter 2013**

**Business conditions struggle in the June quarter and confidence falls back, driven by a pessimistic mining sector. Falling equities and offshore concerns likely to be weighing on sentiment. Little sign yet that lower interest rates and AUD are helping. Conditions still very subdued in trade and consumer dependent sectors. Forward indicators still worrying. Capex expectations a little stronger but mining much weaker. Falling prices imply soft Q2 inflation.**

- Business confidence pared back earlier gains, with the index slipping into negative territory in the June quarter. While better than 2012, confidence remains below long-run average levels. Firms may be worried about falling equity and commodity prices, speculation about US Fed stimulus being unwound and the softening outlook for the Chinese economy. Lower borrowing rates and a falling AUD yet to show up in confidence.
- Business conditions weakened marginally in the June quarter and remain close to four year lows. The Survey points to GDP growth in the June quarter of below trend 2¾%. Already subdued forward indicators of demand generally weakened in Q2 – especially employment conditions and capacity utilisation – providing little sign that activity will improve into the second half of this year. Consistent with this, firms are having little trouble finding suitable labour in the current environment.
- Business conditions were especially weak in mining, manufacturing and retail, suggesting lower borrowing rates and a falling AUD have done little to support activity in these industries. The services sectors continue to outperform all other industries, but even these appear to have been adversely affected by weakness elsewhere. Conditions weakened across all states in the quarter with the exception of NSW. Weakness was particularly evident in WA, where the mining slowdown is gaining traction.
- Business investment intentions (next 12 months) improved a touch in the June quarter but remained low relative to outcomes a year or two ago. While investment intentions of the non-mining sector generally improved, the lift is unlikely to be sufficient to fill the ‘gap’ from the slowing in mining investment. Near and longer term employment expectations fell back, pointing to more labour market weakness. Lack of demand is expected to be the most significant factor impacting profitability over the next 12 months and concerns about tax & government policy remain important.
- Product prices fell for the first time in the history of the survey in the June quarter, recording annualised deflation of 0.2%. Price inflation was less subdued in the retail sector, recording no growth in Q2, but this outcome still points to a very soft June quarter core inflation outcome. Labour and purchase costs remained modestly below-average levels.

**Implications for NAB forecasts:**

- No change to latest [Global and Australian Forecasts](#) (released 9 July).

**Key quarterly business statistics\*\***

	2012q4	2013q1	2013q2		2012q4	2013q1	2013q2
	<i>Net balance</i>				<i>Net balance</i>		
Business confidence	-6	2	-1	Trading	-3	-2	-3
Business conditions				Profitability	-8	-6	-5
Current	-5	-3	-4	Employment	-4	-3	-5
Next 3 months	-2	5	2	Forward orders	-8	-8	-7
Next 12 months	11	17	13	Stocks	-2	-3	0
Capex plans (next 12)	10	13	15	Exports	-2	-1	-3
	<i>% change</i>				<i>% change</i>		
Labour costs	0.5	0.5	0.5	Retail prices	0.0	-0.1	0.0
Purchase costs	0.4	0.4	0.3		<i>Per cent</i>		
Final products prices	0.1	0.0	0.0	Capacity utilisation rate	79.3	80.3	79.4

\*\* All data seasonally adjusted, except purchase costs and exports. Fieldwork for this Survey was conducted from 27 May to 13 June 2013, covering over 900 firms across the non-farm business sector.

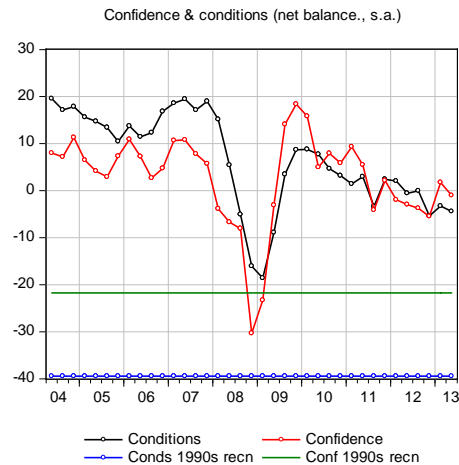
For more information contact:  
Alan Oster, Chief Economist  
(03) 8634 2927 0414 444 652

Next release:  
13 August 2013 (July Monthly)

## Analysis

The tone of the June quarterly business survey is fairly well explained by the relatively lacklustre level of **business confidence**; the confidence index fell by 3 points to -1 index point, partly unwinding a notable rise in the previous quarter. Despite the fall in the quarter, firms are more confident than they were throughout 2012. During the June quarter, equity prices were paring back earlier gains, speculation about the US Fed tapering stimulus plans were intensifying and softness in Chinese activity data was becoming more entrenched. These factors are likely to have weighed on sentiment of domestic firms. Furthermore, uncertainty at home in the lead up to the Federal election (which at the time the Survey was conducted was expected to take place in September) may have played a role. At -1 point, business confidence is below the long-run average of +4 points since 1989. Confidence readings in the quarterly business survey were consistent with average monthly survey readings.

### Conditions turn down



*Confidence = excluding normal seasonal changes, how do you expect the business conditions facing your industry in the next 3 months to change?*

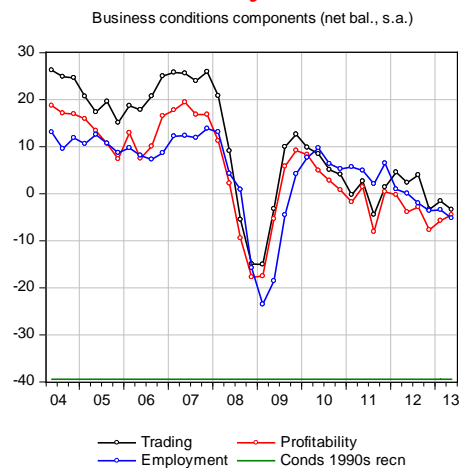
*Conditions = average of the indexes of trading conditions, profitability and employment.*

**Business conditions** edged marginally lower in the June quarter – down 1 to -4 index points – representing the third consecutive quarter of sub-zero activity readings. The quarterly business conditions index was towards the higher end of the range of monthly data.

	Quarterly				Monthly					
	2012q2	2012q3	2012q4	2013q1	2013q2	2013m02	2013m03	2013m04	2013m05	2013m06
Confidence	-3	-4	-6	2	-1	0	2	-1	-1	0
Conditions	-1	0	-5	-3	-4	-4	-7	-6	-4	-8

The slight tick down in the **business conditions** index in the June quarter reflected weaker employment and trading conditions, which were partly offset by an improvement in profitability. By industry, conditions deteriorated most notably in mining – where they were very weak – and finance/ business/ property. In contrast, activity strengthened sharply in wholesale, and improved a touch in transport & utilities and recreation & personal services, where conditions were strongest. Conditions were weakest in mining (consistent with relatively low commodity prices and the unwinding of mining investment), manufacturing and retail. The weakness in the latter two industries suggests that lower borrowing costs and a falling Australian dollar have done little to boost activity in the quarter.

### Activity measures mixed; still relatively subdued



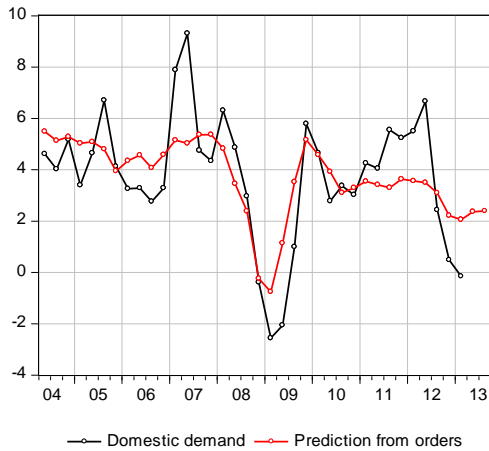
*Net balance of respondents who regard last 3 months' trading / profitability / employment performance as good.*

	Quarterly				Monthly					
	2012q2	2012q3	2012q4	2013q1	2013q2	2013m02	2013m03	2013m04	2013m05	2013m06
Trading	2	4	-3	-2	-3	-1	-5	-3	-1	-7
Profitability	-4	-3	-8	-6	-5	-7	-9	-7	-5	-8
Employment	0	-2	-4	-3	-5	-4	-6	-8	-6	-6

## Analysis (cont.)

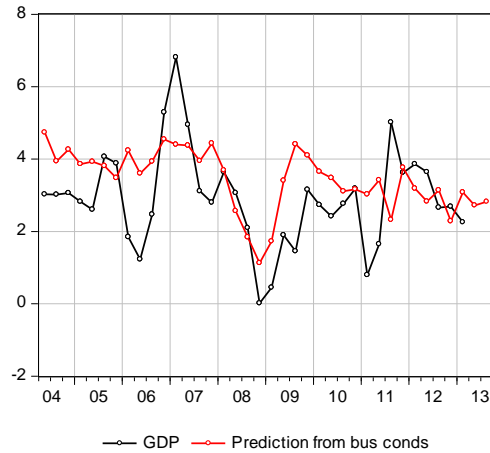
### Demand growth to remain soft

Forward orders (change & level) as an indicator of domestic demand (6-monthly annualised)



### GDP growth to remain modest

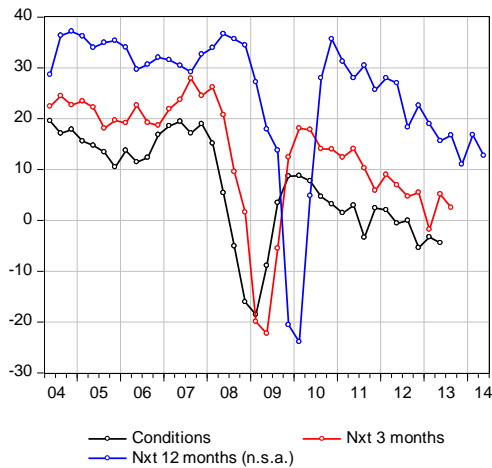
Business conditions (change & level) as an indicator of GDP (6-monthly annualised)



Based on forward orders in the June quarter, the survey implies that 6-monthly annualised demand growth was a fairly modest 2¼-2½% in the June quarter. If we assume forward orders for the June quarter are continued into the September quarter, the survey implies 6-monthly annualised demand growth will remain close to this level. Similarly, based on business conditions in the June quarter, the survey implies that 6-monthly annualised GDP growth was a below-trend 2¾% in the June quarter. If June quarter business conditions are maintained into the September quarter, the implied growth rate would remain close to this level.

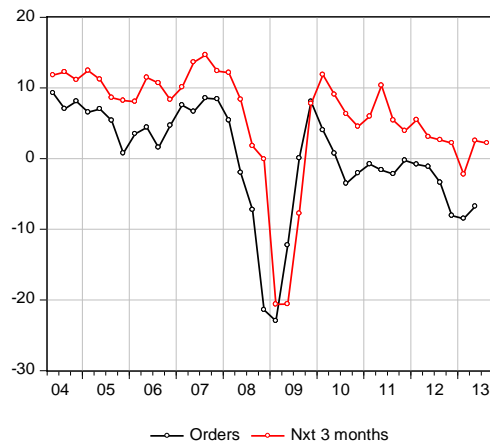
### Expectations trending lower

Business conditions & expectations (net balance)



### Orders still very weak

Forward orders & expectations (net balance, s.a.)



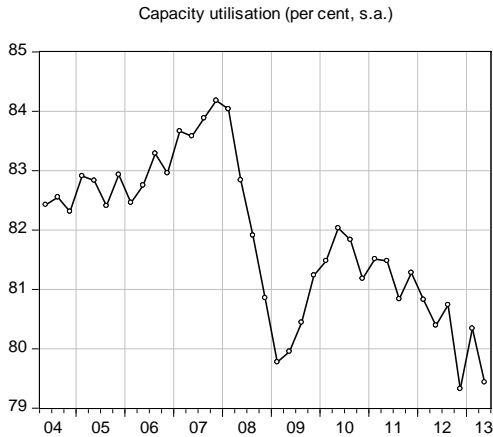
Consistent with actual conditions, short and long-term expectations for business conditions fell back in the June quarter, and they remain weak relative to expectations over the post-GFC period. While marginally higher in the quarter, at -7 index points, the forward orders index remained very subdued implying little improvement in near-term demand. Near-term expectations for orders were marginally softer than in the previous quarter, pointing to little strengthening in activity over the remainder of this year.

	Quarterly <sup>(a)</sup>				Monthly					
	2013q1	2013q2	2013q3	2014q1	2014q2	2013m02	2013m03	2013m04	2013m05	2013m06
Conditions	-3	-4				-4	-7	-6	-4	-8
Conds. next 3m	-2	5	2							
Conds. nxt 12m	19	16	17	17	13					
Orders	-8	-7				-11	-6	-6	-6	-5
Orders next 3m	-2	3	2							

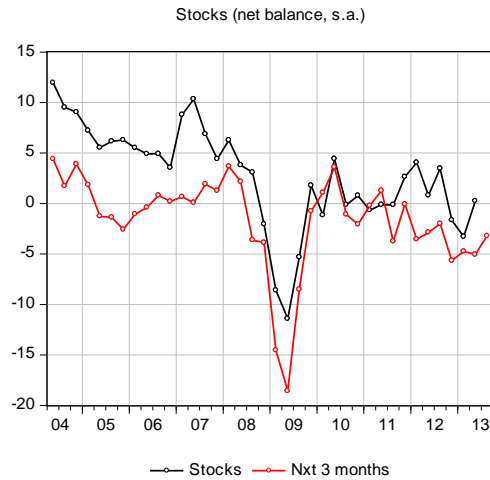
(a) Quarter to which expectation applies. Business conditions next 12 months not seasonally adjusted.

## Analysis (cont.)

### Plenty of spare capacity



### Broad-based rise in stocks, consistent with weaker trading



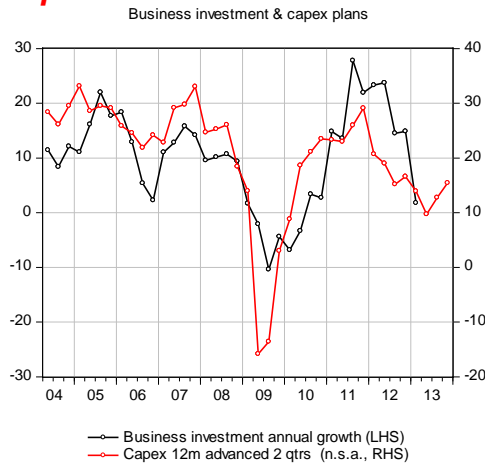
Capacity utilisation fell back considerably in the June quarter, almost entirely offsetting a solid rise in the March quarter. The current rate, at 79.4%, is 1.2 pts below the series long-run average, and 0.4 pts below post-GFC lows. The level of excess capacity implied by this survey suggests that, with the exception of general maintenance and repairs, firms are under no pressure to undertake new investment. The stocks index rose modestly in the quarter, but at zero index points, the outcome suggests that inventory accumulation was only just sufficient to offset the reduction in stock due to sales. Expectations for stocks (over the next three months) were a little better, suggesting firms may commence re-stocking in the next quarter.

	Quarterly <sup>(a)</sup>					Monthly				
	2012q3	2012q4	2013q1	2013q2	2013q3	2013m02	2013m03	2013m04	2013m05	2013m06
Capacity utilis.	80.7	79.3	80.3	<b>79.4</b>		79.9	79.9	<b>79.5</b>	<b>79.5</b>	<b>79.3</b>
Stocks current	3	-2	-3	<b>0</b>		-5	0	<b>-3</b>	<b>-1</b>	<b>-5</b>
Stocks next 3m	-2	-6	-5	-5	<b>-3</b>					

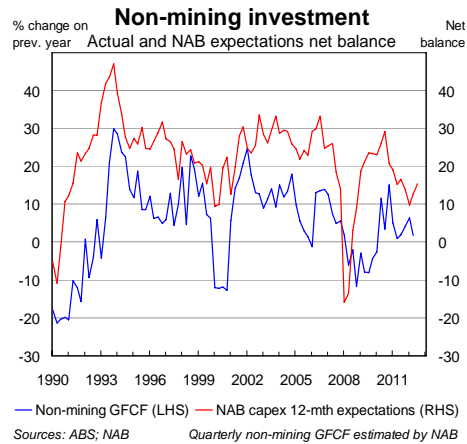
(a) Quarter to which expectation applies. All data are seasonally adjusted.

## Analysis (cont.)

### Capex intentions still subdued...



### ...especially in mining

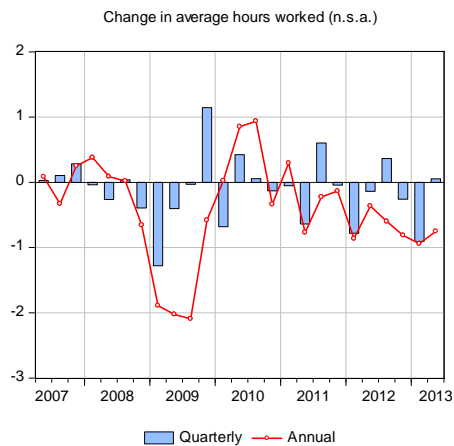


The NAB survey measure of business capital expenditure suggests business investment growth may lift marginally in the next six to 12 months. However, caution should be exercised when interpreting capex data as mining respondents are under represented in our survey, meaning the degree of slowing in mining investment is unlikely to be fully captured. Indeed, expectations for mining capital expenditure fell notably to -3 points in the June quarter. The expectation for mining investment to fall is consistent with the story that the Australian mining boom is transitioning from the investment phase into the production and exports phase, as mining projects approach completion. Furthermore, declines in commodity prices have brought into question the viability of a number of prospective mining projects, suggesting the slowing may occur more abruptly than previously anticipated. Capex intentions across the non-resources sector generally improved in the quarter. However, any pick-up in non-mining investment is unlikely to be sufficient to fully offset the rapid slowing in mining investment.

### Near-term employment expectations deteriorate



### Average hours little changed at low level

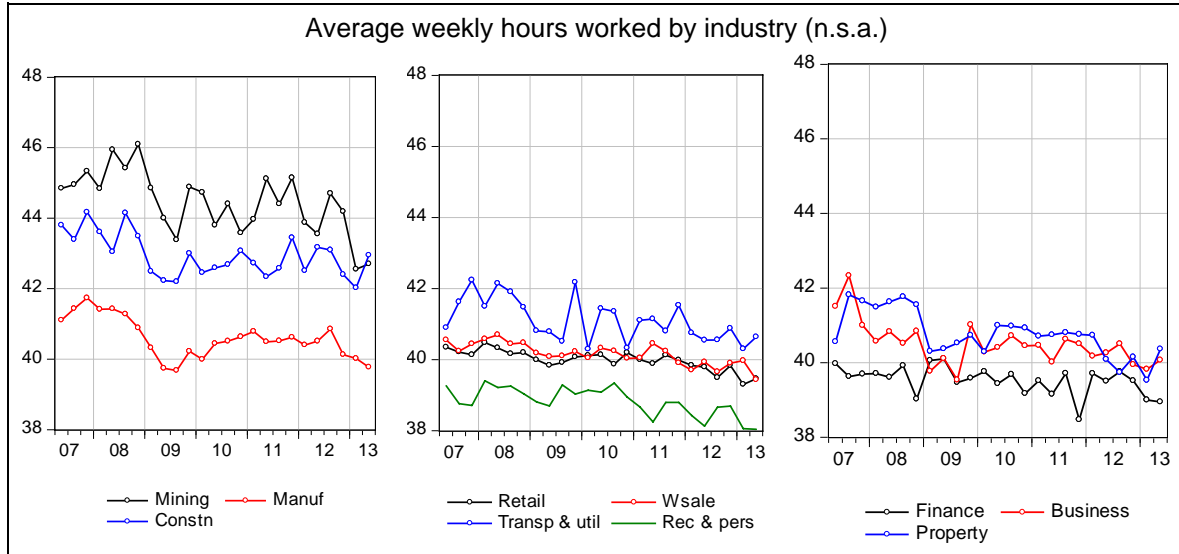


The employment index fell to a four year low in the June quarter, and at -5 points, remained below the long-run average of zero points since 1989. Employment expectations were also subdued relative to average expectations throughout the post-GFC period, which is consistent with other market measures of labour market conditions (including job ads and vacancies data).

Average weekly hours worked were broadly unchanged, at 39.7 hours in the June quarter, after falling notably in the previous quarter. While average hours remained broadly unchanged, a contraction in employment conditions suggests employers are having to reduce heads in the current weak activity environment. By industry, average hours worked was again highest in construction and mining, while they were lowest in recreation & personal services, likely reflecting a greater reliance on casual and part-time workers in this sector.

## Analysis (cont.)

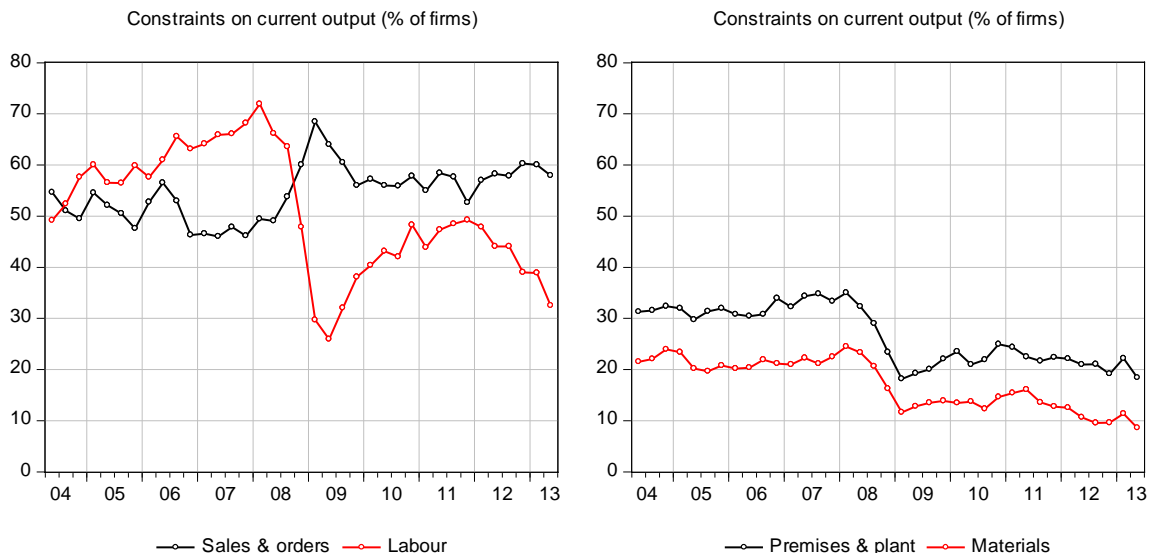
**Average hours highest in mining and construction; much lower in recreation & personal services, probably reflecting part-timers**



	Quarterly <sup>(a)</sup>					Monthly				
	2013q1	2013q2	2013q3	2014q1	2014q2	2013m02	2013m03	2013m04	2013m05	2013m06
Empl current	-3	-5				-4	-6	-8	-6	-6
Empl next 3m	-6	1	-3							
Empl nxt 12m	9	6	4	3	-1					

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

**Output much less constrained by labour availability relative to a year ago**



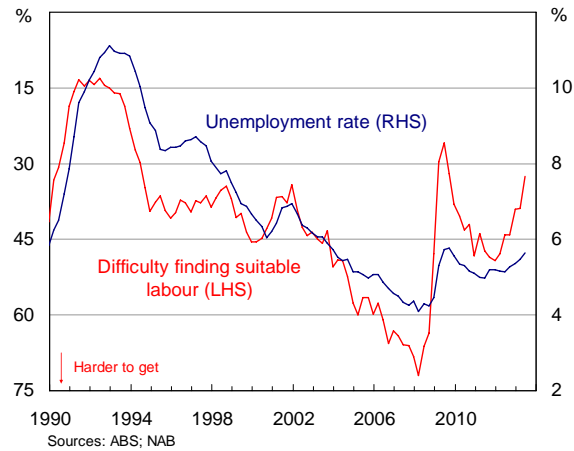
Sales remained the most constraining factor on output in the June quarter, with close to 60% of firms reporting lack of sales and orders as their number one constraint. This outcome is consistent with the weakness in trading conditions and forward orders in the quarter. While still significant, labour is becoming increasingly less of a constraint on firms' output, which is in line with a rising national unemployment rate (ABS data show that the unemployment rate rose to 5.7% in June quarter 2013, up from 5.2% one year earlier). Premises & plant and materials became slightly less constraining in the June quarter and were viewed as fairly minor constraints on output overall. These factors also remain significantly less constraining than they were in the lead up to the GFC, when capacity utilisation was fairly tight (especially compared to the current level).

## Analysis (cont.)

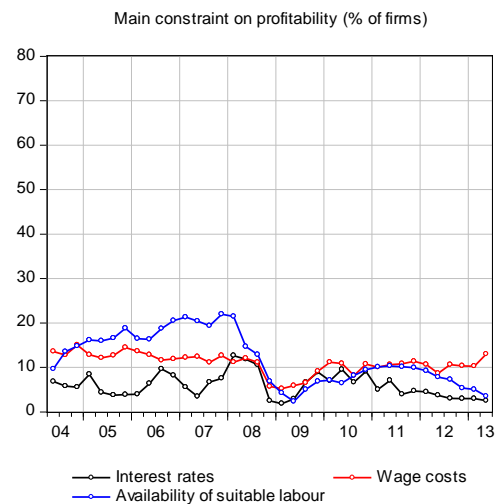
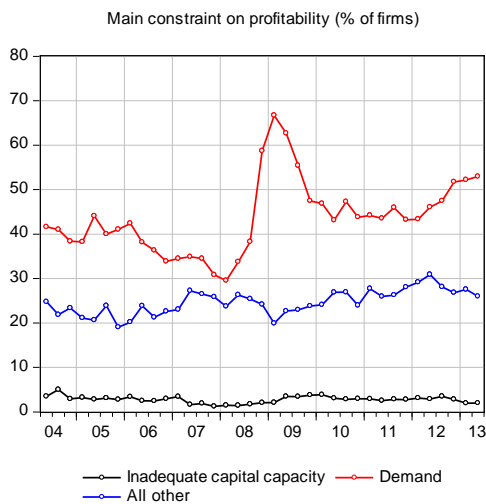
The Survey measure of labour as a constraint on output (reversed) has historically moved quite closely with the unemployment rate. Just prior to the GFC in late 2008, over 70 per cent of firms reported that labour was a significant factor constraining output. The unemployment rate rose rapidly following the GFC, and consistent with this, firms were reporting significantly less difficulty finding access to suitable labour (less than 30 per cent of firms reported it as a constraint on output at the end of 2009). After the unemployment rate peaked in late 2009, it became increasingly difficult for firms to obtain suitable labour in the face of improving labour market conditions and the recommencement of hiring. More recently, the unemployment has started to trend higher, as has the ease of finding suitable labour, suggesting labour market conditions are becoming less constraining.

**Labour relatively easy to find;  
consistent with rising unemployment**

Unemployment rate & labour constraints



### Demand expected to constrain profitability over 2013



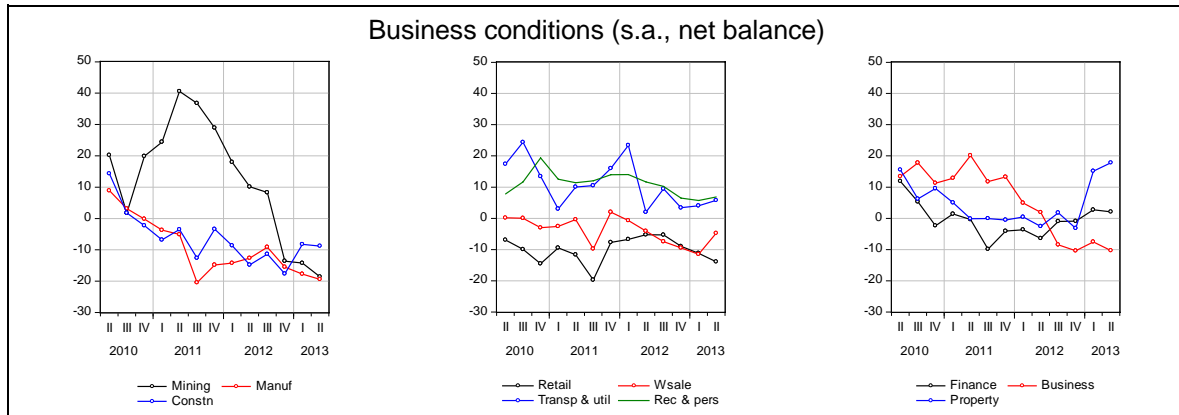
Lack of demand is expected to be the most constraining factor on firms' profitability over the next 12 months, with more than half of respondents reporting demand as a major constraint on future profitability. Firms also reported 'all other' factors as relatively constraining in the June quarter; around half of this category represented concern about the impact of tax & government policy on future profitability, although a slightly smaller proportion of firms reported this as a major constraint compared to in the previous quarter. Consistent with historically low borrowing rates as well as the relatively low rate of capacity utilisation in the economy at present, respondents view interest rates, inadequate capital capacity and the availability of suitable labour as relatively minor constraints on future profitability. The proportion of firms reporting wage costs as constraining factors rose sharply but was still relatively low at around 13%.

	2012q2	2013q1	2013q2		2012q2	2013q1	2013q2
Constraints on output (% of firms)*				Main constraints on profitability (% of firms)*			
Sales & orders	60.3	60.0	<b>57.9</b>	Interest rates	3.0	3.0	<b>2.5</b>
Labour	39.0	38.9	<b>32.5</b>	Wage costs	10.4	10.3	<b>13.0</b>
Premises & plant	19.1	22.2	<b>18.4</b>	Labour	5.3	5.0	<b>3.5</b>
Materials	9.6	11.4	<b>8.6</b>	Capital	2.8	1.9	<b>2.0</b>
				Demand	51.7	52.2	<b>53.0</b>
				All other	26.8	27.5	<b>26.0</b>

\* not s.a.

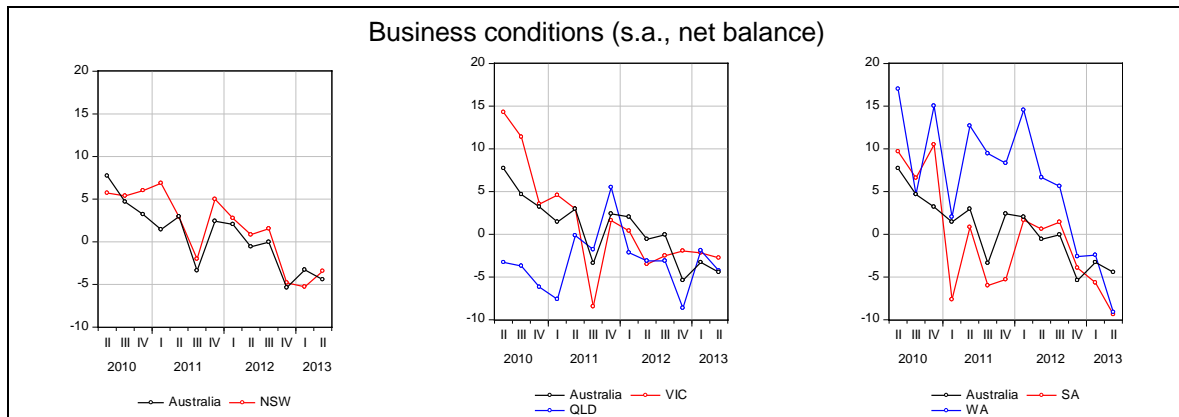
## Industry and state analysis

### Business conditions: manufacturing, mining & retail still very weak



Business conditions were mixed across industries in the June quarter. Conditions deteriorated notably in mining and finance/ business/ property (both down 5), while they were a touch weaker in retail (down 3), construction and manufacturing (both down 1). In contrast, conditions strengthened in wholesale (up 7), transport & utilities (up 2) and recreation & personal services (up 1). There were some marked variations in conditions within the finance/ business/ property sector; property services performed strongly, with conditions lifting to a three and a half year high, while business services conditions were at the other end of the spectrum. Financial services conditions have trended higher over the past two years, but remain reasonably soft. Mining and manufacturing (both -19 points) had the weakest conditions of all industries; for mining, this is consistent with lower commodity prices, while it appears that manufacturing is yet to benefit from the lower Australian dollar. Conditions were also weak in retail (-14), which is consistent with weakness in official sales data, while conditions were relatively strong in recreation & personal services (+7) and transport & utilities (+6).

### Business conditions: Very weak in WA & SA, esp. compared to a year ago



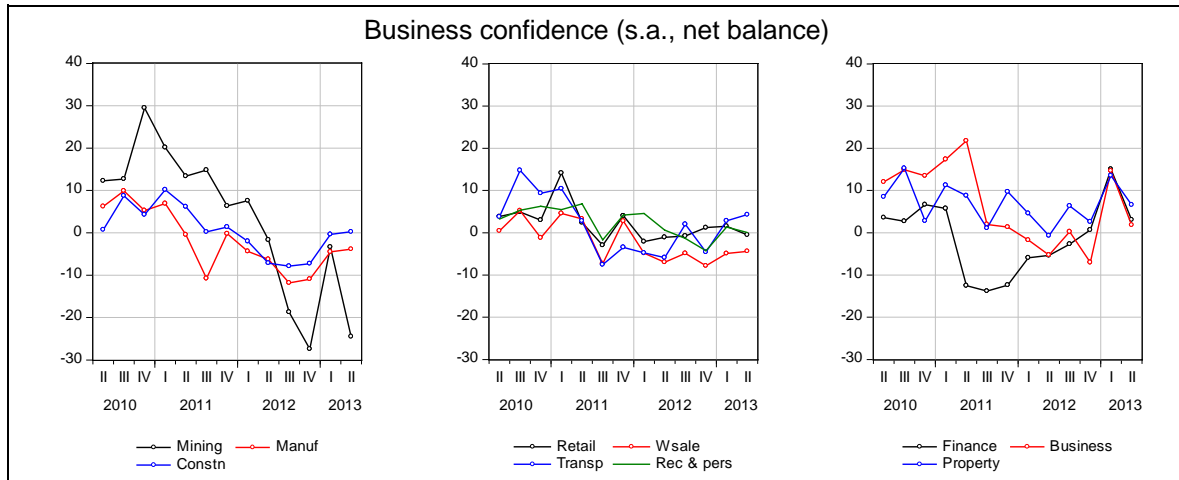
Business conditions deteriorated across all mainland states in the quarter, with the exception of NSW, where they were modestly better (up 2). The largest deterioration was reported in WA (down 7), in accordance with a notable weakening in mining conditions. Conditions also fell in SA (down 3), which could partly reflect public sector cut backs. Tasmanian conditions declined heavily (down 6 to -9 points), with this state struggling with soft tourism activity and public sector fiscal restraint. WA and SA were the weakest performing mainland states (both -9), while conditions were least subdued (albeit still poor) in NSW, Victoria (both -3) and Queensland (-4).

	Quarterly					Monthly				
	2012q2	2012q3	2012q4	2013q1	2013q2	2013m02	2013m03	2013m04	2013m05	2013m06
Business conditions										
NSW	1	2	-5	-5	<b>-3</b>	-7	-8	<b>-12</b>	-3	-5
VIC	-4	-3	-2	-2	<b>-3</b>	-1	-6	0	-3	-10
QLD	-3	-3	-9	-2	<b>-4</b>	-6	-5	-6	-5	-9
SA	1	1	-4	-6	<b>-9</b>	-4	-4	-20	-13	-3
WA	7	6	-3	-2	<b>-9</b>	1	-13	-4	-7	-10



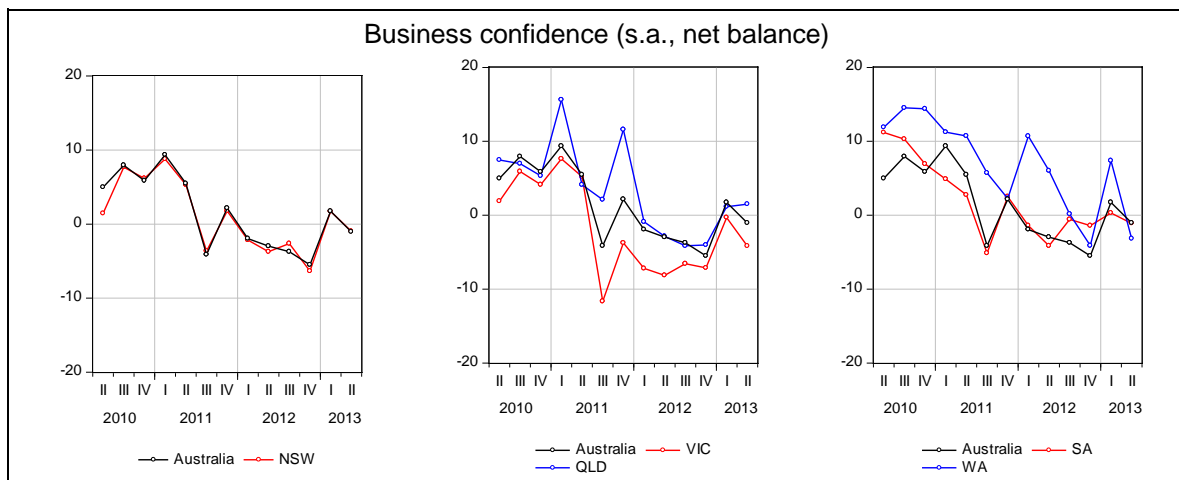
## Industry and state analysis (cont.)

### Business confidence: mining very pessimistic, other industries less so



Business confidence fell heavily in mining in the June quarter (down 21) almost entirely unwinding a sharp pick-up in the previous quarter. At -24 points, the mining sector is by far the least confident industry, with a falling terms of trade and softening outlook for the Chinese economy likely to be weighing heavily on sentiment. Elsewhere, confidence fell back in finance/ business/ property (down 11), while it lifted marginally in manufacturing, construction, wholesale and transport & utilities (all up 1). With the exception of mining, confidence levels across industries were broadly similar, ranging from -4 points for manufacturing, to +4 points for transport & utilities.

### Business confidence: confidence deteriorates in all states but QLD

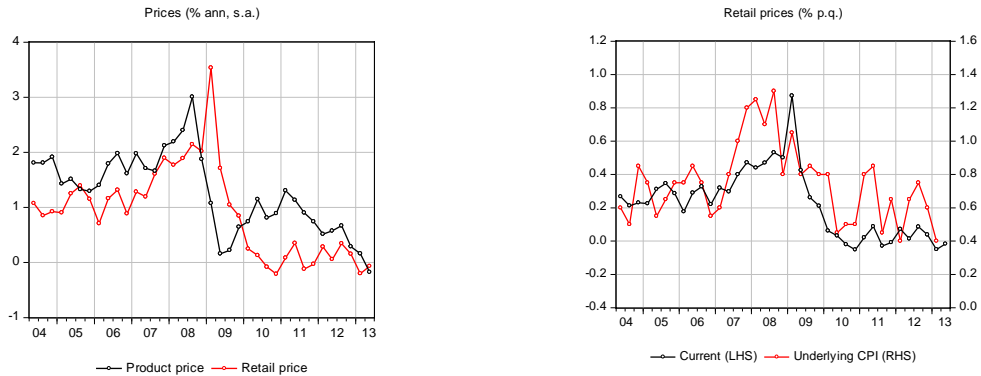


Business confidence weakened across all mainland states, with the exception of Queensland, where it was unchanged. At +1 point, Queensland was the only state with a positive confidence reading in the June quarter. Consistent with a sharp deterioration in business conditions, confidence fell significantly in WA (down 10 to -3 points), while it was modestly lower in Victoria (down 4) and NSW (down 3). Confidence also softened in Tasmania, falling from +2 points in the March quarter, to zero points. In levels terms, confidence in the mainland states was weakest in Victoria (-4) and WA (-3), and least subdued in Queensland (+1), NSW and SA (both -1).

	Quarterly					Monthly				
	2012q2	2012q3	2012q4	2013q1	2013q2	2013m02	2013m03	2013m04	2013m05	2013m06
Business confidence										
NSW	-4	-3	-6	2	-1	1	-1	-1	-2	-1
VIC	-8	-7	-7	0	-4	1	-1	-3	-6	-4
QLD	-3	-4	-4	1	1	-1	2	2	3	1
SA	-4	-1	-1	0	-1	1	3	-4	-1	3
WA	6	0	-4	7	-3	0	5	-1	0	-3

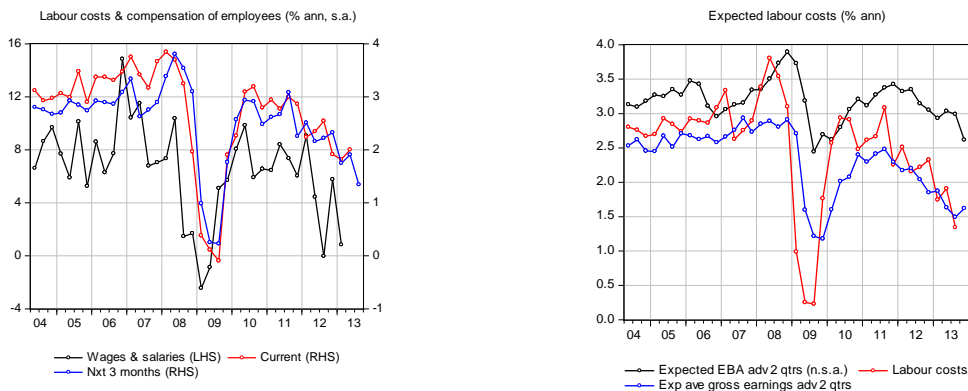
## Inflation and costs

### Prices fall for most industries; retail prices point to soft Q2 core inflation



Consistent with the softness in domestic demand, product price pressures were very subdued in the June quarter. In aggregate, prices fell marginally – representing the first quarterly decline in product prices in the history of the quarterly business survey (since 1989). This outcome reflected weaker price pressures in mining (quarterly price growth was 0.4 pts lower in the quarter), manufacturing (0.3 pts lower) and to a lesser extent construction, wholesale, transport & utilities and finance/ business/ property (all down 0.1 pts). The only industry to report stronger price growth was retail, where prices were unchanged in the quarter, after falling by 0.1% in the March quarter. Deflation was most apparent in mining (-0.9%, quarterly rate), which is consistent with falling commodity prices through the quarter, followed by manufacturing, construction (both -0.3%) and wholesale (-0.1%), while price inflation was least subdued in transport & utilities and recreation & personal services (both +0.2%). The lack of inflationary pressures indicated by the survey point to a softening in underlying CPI in the June quarter.

### Labour cost pressures remain subdued



Quarterly annualised **labour costs** growth picked up modestly to 2.0% in the quarter, from 1.8% previously. While the pace of annualised growth increased in the quarter, at 2.0%, it remains well below the series average of 3.0%. The relative softness in growth is in line with weak employment conditions and limited capacity pressures, which are likely to be keeping wages growth well contained. Wage increases under EBAs are expected to average 2.6% over the next year – down from 3.0% in the previous quarter – or 1.6% after allowing for productivity offsets.

On average, businesses expect short-term interest rates to fall by a further 16 bps (down from 7 bps in the March quarter). Given that the RBA has lowered the cash rate by a further 25 bps since the March quarter survey was conducted, the expectation for further cash rate cuts suggested businesses view the Australian economy less favourably than they did three months prior to the June quarter survey. Exchange rate expectations (6-months-ahead) fell to US\$0.92 in the June quarter, from US\$1.02 in the March quarter.

Medium-term inflation expectations remained soft, with 57% of respondents expecting inflation to remain below 3% (up from 52% in the previous quarter) and 36% expecting inflation of 3-4% (was 41%). Only 3% of respondents believe inflation is a serious problem (unchanged from previous quarter), while 25% believe it is a minor problem (29% in previously).

House prices are expected to rise by 1.4% over the next 12 months, down from 1.7% in the previous survey.

# Macroeconomic, Industry & Markets Research

## Australia

Alan Oster	Group Chief Economist	+ (61 3) 8634 2927
Jacqui Brand	Personal Assistant	+ (61 3) 8634 2181
Rob Brooker	Head of Australian Economics & Commodities	+ (61 3) 8634 1663
Alexandra Knight	Economist – Australia	+ (61 3) 9208 8035
Vyanne Lai	Economist – Agribusiness	+ (61 3) 8634 0198
Dean Pearson	Head of Industry Analysis	+ (61 3) 8634 2331
Gerard Burg	Economist – Industry Analysis	+ (61 3) 8634 2788
Robert De Iure	Economist – Property	+ (61 3) 8634 4611
Brien McDonald	Economist – Industry Analysis & Risk Metrics	+ (61 3) 8634 3837
Tom Taylor	Head of International Economics	+ (61 3) 8634 1883
John Sharma	Economist – Sovereign Risk	+ (61 3) 8634 4514
Tony Kelly	Economist – International	+ (61 3) 9208 5049
James Glenn	Economist – Asia	+ (61 3) 9208 8129

## Global Markets Research - Wholesale Banking

Peter Jolly	Global Head of Research	+ (61 2) 9237 1406
Robert Henderson	Chief Economist Markets - Australia	+ (61 2) 9237 1836
Spiros Papadopoulos	Senior Economist – Markets	+ (61 3) 8641 0978
David de Garis	Senior Economist – Markets	+ (61 3) 8641 3045

## New Zealand

Tony Alexander	Chief Economist – BNZ	+ (64 4) 474 6744
Stephen Toplis	Head of Research, NZ	+ (64 4) 474 6905
Craig Ebert	Senior Economist, NZ	+ (64 4) 474 6799
Doug Steel	Markets Economist, NZ	+ (64 4) 474 6923

## London

Nick Parsons	Head of Research, UK/Europe & Global Head of FX Strategy	+ (44 20) 7710 2993
Tom Vosa	Head of Market Economics – UK/Europe	+ (44 20) 7710 1573
Gavin Friend	Markets Strategist – UK/Europe	+ (44 20) 7710 2155

## Foreign Exchange

Sydney	+800 9295 1100
Melbourne	+800 842 3301
Wellington	+800 64 642 222
London	+800 747 4615
New York	+1 800 125 602
Singapore	+ (65) 338 0019

## Fixed Interest/Derivatives

Sydney	+ (61 2) 9295 1166
Melbourne	+ (61 3) 9277 3321
Wellington	+800 64 644 464
London	+ (44 20) 7796 4761
New York	+1877 377 5480
Singapore	+ (65) 338 1789

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**SECTION 1 - NATIONAL RESULTS**

Mar Qtr 2013	Jun Qtr 2013		Sep Qtr 2013
Actual	Actual	Prev Survey	
Experience	Experience	Outlook	Outlook
%	%	%	%

**1. Business Conditions**

AVERAGE INDEX	-7	-8	6	0
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**2. Trading**

Very poor	4	4	1	3
Poor	26	25	16	19
Satisfactory	44	48	55	53
Good	22	20	25	23
Very good	3	2	3	3
INDEX	-5	-7	11	5

**3. Profitability**

Very poor	7	6	2	3
Poor	27	27	20	20
Satisfactory	41	45	51	52
Good	21	20	24	22
Very good	4	3	3	3
INDEX	-9	-10	6	2

**4. Cash flow**

Very poor	4	4	2	3
Poor	20	19	15	17
Satisfactory	44	50	52	52
Good	26	24	26	24
Very good	6	3	4	3
INDEX	7	4	14	7

**SECTION 1 - NATIONAL RESULTS**

Mar Qtr 2013	Jun Qtr 2013	Prev Survey	Sep Qtr 2013
Actual	Actual	Outlook	Outlook
Experience	Experience		
%	%	%	%

**5. Employment**

Much less	2	2	1	1
Less	17	17	14	17
Unchanged	68	68	70	69
More	13	12	15	13
Much more	1	1	1	0
INDEX	-5	-7	1	-5

**6. Forward Orders**

Much less	3	3	1	1
Less	17	16	10	9
Unchanged	26	26	29	31
More	8	9	15	13
Much more	1	1	1	1
INDEX	-11	-8	5	3

**7. Stocks**

Much less	2	1	1	1
Less	14	15	15	14
Unchanged	39	37	40	40
More	10	11	9	9
Much more	1	1	1	1
INDEX	-5	-4	-5	-5

**8. Sales Margins**

Much less	2	3	1	2
Less	21	25	14	16
Unchanged	63	60	68	64
More	10	8	13	13
Much more	0	0	0	0
INDEX	-13	-20	-2	-5
PREVIOUS INDEX	-13	-13	-9	-2
CHANGE IN INDEX	0	-6	7	-3
MEANS	-7.82	-11.41	-1.22	-3.4

**SECTION 1 - NATIONAL RESULTS**

Mar Qtr 2013	Jun Qtr 2013	Prev Survey	Sep Qtr 2013
Actual	Actual	Outlook	Outlook
Experience	Experience		
%	%	%	%

**9. Export Sales**

Much less	1	1	2	3
Less	3	5	10	11
Unchanged	15	15	70	67
More	2	3	17	17
Much more	0	0	0	0
INDEX	-1	-3	5	4

**10. Forward Orders of Export Sales**

Much less	1	1	0	1
Less	16	18	11	10
Unchanged	59	56	58	56
More	7	8	14	14
Much more	0	0	0	1
INDEX	-9	-11	3	5

**11. Capital Expenditure**

Much less	6	5	4	4
Less	17	17	14	15
Unchanged	55	55	53	53
More	17	17	23	22
Much more	3	4	5	5
INDEX	-3	-2	9	8

**SECTION 1 - NATIONAL RESULTS**

Mar Qtr 2013	Jun Qtr 2013	Prev Survey	Sep Qtr 2013
Actual	Actual	Outlook	Outlook
Experience	Experience		
%	%	%	%

**12. Labour Costs**

3% or more	6	6	5	10
2% to less than 3%	6	6	6	14
1.5% to less than 2%	3	3	2	5
1% to less than 1.5%	4	3	4	4
0.5% to less than 1%	3	4	3	5
Less Than 0.5%	2	2	2	3
No change	67	67	71	51
Less Than -0.5%	1	0	1	0
-0.5% to less than -1%	1	1	1	1
-1% to less than -1.5%	1	1	0	1
-1.5% to less than -2%	1	1	1	1
-2% to less than -3%	1	2	2	2
-3% or more	4	4	2	3
AVERAGE CHANGE	0.32	0.27	0.32	0.74

**13. Purchase Costs**

3% or more	4	4	2	5
2% to less than 3%	5	5	3	8
1.5% to less than 2%	4	3	3	5
1% to less than 1.5%	5	4	5	5
0.5% to less than 1%	4	5	5	6
Less Than 0.5%	3	1	3	3
No change	62	67	69	60
Less Than -0.5%	1	1	1	1
-0.5% to less than -1%	1	1	1	1
-1% to less than -1.5%	1	1	1	0
-1.5% to less than -2%	1	1	0	0
-2% to less than -3%	1	1	0	1
-3% or more	2	1	1	1
AVERAGE CHANGE	0.34	0.36	0.27	0.54

**14. Overheads**

3% or more	5	4	2	4
2% to less than 3%	5	4	4	6
1.5% to less than 2%	4	4	1	4
1% to less than 1.5%	7	5	6	5
0.5% to less than 1%	6	6	5	6
Less Than 0.5%	3	3	4	4
No change	63	66	70	64
Less Than -0.5%	1	1	1	1
-0.5% to less than -1%	1	1	1	1
-1% to less than -1.5%	1	2	1	1
-1.5% to less than -2%	1	1	1	1
-2% to less than -3%	2	2	2	1
-3% or more	2	2	2	2
AVERAGE CHANGE	0.38	0.24	0.19	0.33

**SECTION 1 - NATIONAL RESULTS**

Mar Qtr 2013	Jun Qtr 2013	Prev Survey	Sep Qtr 2013
Actual	Actual	Outlook	Outlook
Experience	Experience		
%	%	%	%

**15. Price of Final Products**

3% or more	4	2	3	5
2% to less than 3%	3	2	3	8
1.5% to less than 2%	2	1	2	4
1% to less than 1.5%	3	2	4	3
0.5% to less than 1%	2	2	3	2
Less Than 0.5%	1	1	2	1
No change	72	75	74	69
Less Than -0.5%	1	2	1	1
-0.5% to less than -1%	2	2	1	1
-1% to less than -1.5%	1	1	1	1
-1.5% to less than -2%	1	1	1	1
-2% to less than -3%	3	3	2	2
-3% or more	3	5	2	1
AVERAGE CHANGE	0.08	-0.11	0.18	0.38



**SECTION 1 - NATIONAL RESULTS**

Dec Qtr 2012	Mar Qtr 2013	Jun Qtr 2013
Actual	Actual	Actual
Experience	Experience	Experience
%	%	%

**16. Current Output Level**

Full capacity	12	11	12
90% of full capacity	25	26	22
80% of full capacity	28	27	28
70% of full capacity	18	20	21
60% of full capacity	8	8	9
Below 60% full capacity	5	4	5
NATIONAL CAPACITY UTILISATION RATE (%)	80.13	80	79.15

**17. To What Extent Are These Factors Constraining Output**

**(a) Premises and plant**

Significant constraint	4	4	4
Minor constraint	15	18	15
No constraint	74	72	76
Not applicable	7	6	6

**(b) Availability of suitable labour**

Significant constraint	9	8	6
Minor constraint	30	31	26
No constraint	57	58	64
Not applicable	4	3	3

**(c) Sales and orders**

Significant constraint	32	31	34
Minor constraint	29	29	24
No constraint	32	34	35
Not applicable	7	6	7

**(d) Availability of materials**

Significant constraint	1	2	1
Minor constraint	9	10	7
No constraint	66	65	69
Not applicable	24	23	22

**(e) Availability of finance/working capital**

Significant constraint	6	6	7
Minor constraint	15	14	13
No constraint	68	70	71
Not applicable	11	10	9

**18. Anticipated Capital Expenditure (Next 12 Months)**

Decline strongly	9	7	8
Decline moderately (by less than 5%)	10	11	9
Remain steady	50	48	48
Increase moderately (by less than 5%)	17	17	18
Increase strongly	13	15	15
INDEX	10	13	15

**SECTION 2 - 12 MONTH OUTLOOK**

	Industry										
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %

**1. During the next twelve months, what change do you expect in your company's profitability?**

Decline strongly	6	26	8	9	5	3	15	4	3	0	0
Decline moderately	16	16	17	8	17	18	13	18	17	0	9
Remain steady	38	42	38	38	36	43	45	31	42	25	45
Increase moderately	27	10	27	28	29	21	15	30	27	38	36
Increase strongly	12	3	10	17	13	14	13	17	9	38	9
INDEX	17	-29	13	28	20	14	0	25	16	75	36

**2. What do you consider will be the most constraining factor on your profitability over the next twelve months?**

Interest rates	3	0	0	0	1	4	0	11	0	0	0
Wage costs	13	10	12	12	8	7	5	11	22	13	18
Availability of suitable labour	4	3	3	0	3	0	10	7	3	0	9
Inadequate capital capacity	2	3	2	4	1	0	3	2	3	0	0
Government policy and regulation	13	16	7	11	5	4	13	12	24	38	0
Demand	53	45	60	64	72	63	55	46	37	50	64
Exchange rate - too high	2	0	7	0	1	1	3	2	2	0	9
Exchange rate - too low	2	0	4	0	2	14	0	0	0	0	0
Other (please specify)	7	19	6	8	7	3	10	8	6	0	0
No response	2	3	1	1	2	4	3	4	3	0	0

**3. After allowing for inflation, what change do you expect in your output or sales over the next twelve months?**

Strong decline	5	6	8	9	5	6	8	1	2	0	0
Moderate decline (by less than 3%)	12	10	16	12	14	8	10	9	12	0	27
Steadiness	43	48	38	46	37	50	48	43	46	38	36
Moderate increase (by less than 3%)	24	19	22	20	27	24	15	29	24	25	27
Strong increase	15	13	15	13	15	13	20	17	12	38	9
INDEX	22	16	13	12	23	22	18	36	22	63	9

**SECTION 2 - 12 MONTH OUTLOOK**

	<b>Industry</b>										
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %

**4. During the next twelve months, what changes do you expect in the number of employees?**

Decline strongly	4	0	9	11	3	6	5	4	2	0	0
Decline moderately (by less than 5%)	17	26	23	26	21	21	5	11	13	13	18
Remain steady	58	58	61	45	61	61	53	53	63	38	64
Increase moderately (by less than 5%)	16	6	6	14	9	10	33	24	20	25	18
Increase strongly	4	10	1	4	5	3	5	8	2	25	0
INDEX	-1	-10	-24	-18	-11	-14	28	18	7	38	0

**5. Business Conditions (next 12 months)**

AVERAGE INDEX	13	-8	0	7	11	7	15	26	15	58	15
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**SECTION 3 - STATE RESULTS**

	<b>Actual Jun 2013 Quarter</b>					
	NSW %	Vic %	Qld %	WA %	SA %	Tas %
<b>1. Trading</b>						
Very poor	3	3	5	5	4	0
Poor	25	22	25	31	30	18
Satisfactory	52	49	44	41	49	64
Good	18	22	23	21	15	14
Very good	1	4	3	2	3	5
INDEX	-9	0	-5	-13	-16	0
<b>2. Profitability</b>						
Very poor	4	5	6	10	11	0
Poor	27	24	28	25	32	14
Satisfactory	47	46	43	42	35	73
Good	21	20	21	19	19	9
Very good	2	4	3	3	3	0
INDEX	-9	-4	-11	-13	-22	-5
<b>3. Cash flow</b>						
Very poor	4	4	5	4	5	5
Poor	17	17	24	18	19	9
Satisfactory	53	48	43	54	49	68
Good	24	25	25	21	23	14
Very good	2	5	3	4	4	0
INDEX	5	9	-1	4	3	0
<b>4. Employment</b>						
Much less	1	3	3	4	1	0
Less	15	21	16	17	22	18
Unchanged	71	65	66	69	61	82
More	13	10	14	9	16	0
Much more	1	1	1	1	0	0
INDEX	-2	-12	-4	-11	-7	-18

**SECTION 3 - STATE RESULTS**

	<b>Expected Sep 2013 Quarter</b>					
	<b>NSW %</b>	<b>Vic %</b>	<b>Qld %</b>	<b>WA %</b>	<b>SA %</b>	<b>Tas %</b>
<b>5. Capacity Utilisation</b>						
Full capacity	12	12	9	11	15	9
90% of full capacity	23	24	22	17	26	23
80% of full capacity	26	29	24	37	30	18
70% of full capacity	22	17	25	19	20	36
60% of full capacity	10	9	12	6	3	14
Below 60% full capacity	3	7	6	5	5	0
<b>CAPACITY UTILISATION RATE (%)</b>	<b>79.76</b>	<b>79.25</b>	<b>77.37</b>	<b>79.17</b>	<b>81.37</b>	<b>77.73</b>
<b>1. Trading</b>						
Very poor	1	4	2	3	4	5
Poor	18	15	23	20	23	9
Satisfactory	57	57	44	52	47	68
Good	23	20	29	23	22	14
Very good	1	4	2	3	4	5
<b>INDEX</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>3</b>	<b>-1</b>	<b>5</b>
<b>2. Profitability</b>						
Very poor	2	4	2	3	5	5
Poor	18	16	26	21	24	9
Satisfactory	58	54	44	51	43	68
Good	20	23	25	22	22	14
Very good	2	3	2	3	5	0
<b>INDEX</b>	<b>3</b>	<b>6</b>	<b>-1</b>	<b>1</b>	<b>-3</b>	<b>0</b>

**SECTION 3 - STATE RESULTS**

	<b>Expected Sep 2013 Quarter</b>					
	NSW %	Vic %	Qld %	WA %	SA %	Tas %
<b>3. Cash flow</b>						
Very poor	2	4	2	3	4	5
Poor	16	17	22	15	18	9
Satisfactory	55	50	46	53	55	73
Good	24	24	28	26	18	9
Very good	3	5	2	4	5	0
INDEX	8	7	6	12	1	-5
<b>4. Employment</b>						
Much less	1	2	0	1	0	0
Less	16	20	17	16	18	14
Unchanged	72	67	67	72	62	73
More	11	11	15	11	20	14
Much more	0	0	1	0	0	0
INDEX	-6	-12	-1	-5	3	0

**SECTION 3 - STATE RESULTS**

	<b>Actual Jun 2013 Quarter</b>					
	NSW %	Vic %	Qld %	WA %	SA %	Tas %
<b>5. Prices Of Final Products</b>						
3% or more	2	1	1	2	4	5
2% to less than 3%	2	3	2	2	0	0
1.5% to less than 2%	2	1	1	3	1	0
1% to less than 1.5%	3	2	2	1	1	0
0.5% to less than 1%	2	3	1	1	3	0
Less Than 0.5%	2	1	1	1	0	0
No change	75	77	76	75	70	68
Less Than -0.5%	3	2	1	0	3	5
-0.5% to less than -1%	1	1	3	2	3	5
-1% to less than -1.5%	1	1	2	3	0	0
-1.5% to less than -2%	1	0	2	2	3	0
-2% to less than -3%	1	2	5	3	7	0
-3% or more	3	4	4	7	5	18
AVERAGE CHANGE (%)	0.03	-0.05	-0.23	-0.24	-0.24	-0.59

	<b>Expected Sep 2013 Quarter</b>					
	NSW %	Vic %	Qld %	WA %	SA %	Tas %
<b>5. Prices Of Final Products</b>						
3% or more	4	5	6	5	7	5
2% to less than 3%	7	4	11	6	12	9
1.5% to less than 2%	5	2	4	4	3	0
1% to less than 1.5%	3	4	2	1	3	0
0.5% to less than 1%	2	5	0	1	4	5
Less Than 0.5%	2	0	1	3	1	0
No change	68	74	64	69	66	77
Less Than -0.5%	3	0	1	0	1	5
-0.5% to less than -1%	1	0	1	2	0	0
-1% to less than -1.5%	1	0	2	3	0	0
-1.5% to less than -2%	1	0	3	1	0	0
-2% to less than -3%	1	2	2	2	1	0
-3% or more	1	1	1	4	0	0
AVERAGE CHANGE (%)	0.37	0.3	0.45	0.21	0.66	0.43

**SECTION 4 - INDUSTRY RESULTS**

	Actual Jun 2013 Quarter										
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %
<b>1. Trading</b>											
Very poor	4	26	5	7	7	1	0	2	1	0	0
Poor	25	10	33	33	36	25	40	14	22	0	9
Satisfactory	48	52	45	26	42	51	43	57	53	63	55
Good	20	13	15	30	14	19	18	24	21	38	36
Very good	2	0	2	4	1	3	0	3	3	0	0
INDEX	-7	-23	-21	-5	-28	-4	-23	11	1	38	27
<b>2. Profitability</b>											
Very poor	6	26	10	9	8	6	5	1	2	0	0
Poor	27	16	32	33	38	25	28	22	21	0	9
Satisfactory	45	45	40	30	36	51	45	50	51	50	55
Good	20	6	15	24	17	15	23	22	23	50	36
Very good	3	6	1	4	1	3	0	5	2	0	0
INDEX	-10	-29	-26	-14	-28	-13	-10	4	1	50	27
<b>3. Cash flow</b>											
Very poor	4	6	7	9	6	3	3	2	3	0	0
Poor	19	29	23	26	20	13	15	14	17	13	9
Satisfactory	50	48	52	39	52	58	50	49	49	50	55
Good	24	10	16	24	20	22	33	31	25	38	27
Very good	3	6	2	1	1	4	0	4	5	0	9
INDEX	4	-19	-11	-11	-6	11	15	20	10	25	27



**SECTION 4 - INDUSTRY RESULTS**

**Actual Jun 2013 Quarter**

National % Mining % Manufacturing % Construction % Retail % Wholesale % Transport % Finance % Recreation % Electricity % Telecoms %

**4. Employment**

Much less	2	13	7	3	0	1	0	2	0	0	0
Less	17	26	21	24	15	18	10	17	14	25	27
Unchanged	68	42	62	57	74	67	85	66	75	38	36
More	12	13	10	14	11	14	5	14	10	38	36
Much more	1	6	1	3	0	0	0	1	0	0	0
INDEX	-7	-19	-18	-9	-5	-6	-5	-4	-3	13	9

**5. Capacity Utilisation**

Full capacity	12	16	5	12	5	11	13	14	16	13	36
90% of full capacity	22	23	14	30	18	25	20	35	18	13	27
80% of full capacity	28	19	27	22	33	33	35	24	28	38	27
70% of full capacity	21	13	22	22	30	21	23	16	20	25	9
60% of full capacity	9	16	19	11	6	4	5	7	9	0	0
Below 60% full capacity	5	13	13	3	2	4	5	2	4	0	0
CAPACITY UTILISATION RATE (%)	79.15	77.1	72.65	80.26	77.74	80.56	79.75	82.87	79.95	81.43	89.09

**SECTION 4 - INDUSTRY RESULTS**

	Expected Sep 2013 Quarter											
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %	
<b>1. Trading</b>												
Very poor	3	13	5	4	4	1	0	0	1	0	0	
Poor	19	26	26	24	27	18	23	11	13	0	9	
Satisfactory	53	45	47	45	53	53	65	58	54	38	64	
Good	23	16	18	25	14	25	13	30	28	50	27	
Very good	3	0	4	3	2	3	0	1	4	13	0	
INDEX	5	-23	-10	0	-15	8	-10	21	18	63	18	
<b>2. Profitability</b>												
Very poor	3	10	7	5	5	3	0	1	1	0	0	
Poor	20	29	27	24	26	17	23	17	13	0	9	
Satisfactory	52	48	43	50	52	56	65	54	54	38	73	
Good	22	6	21	18	15	22	10	25	29	50	18	
Very good	3	6	3	3	2	3	3	2	3	13	0	
INDEX	2	-26	-10	-8	-14	6	-10	10	18	63	9	
<b>3. Cash flow</b>												
Very poor	3	6	9	3	3	0	0	0	2	0	0	
Poor	17	32	21	24	23	19	25	12	11	0	9	
Satisfactory	52	48	51	53	51	51	48	51	55	38	64	
Good	24	10	17	18	21	26	28	33	24	63	27	
Very good	3	3	2	1	1	3	0	3	7	0	0	
INDEX	7	-26	-10	-7	-4	10	3	24	18	63	18	
<b>4. Employment</b>												
Much less	1	3	2	3	0	1	0	0	1	0	0	
Less	17	26	26	36	17	17	5	14	9	13	27	
Unchanged	69	52	66	51	71	76	75	66	77	75	64	
More	13	19	6	11	11	6	20	20	13	13	9	
Much more	0	0	0	0	0	0	0	1	0	0	0	
INDEX	-5	-10	-22	-28	-6	-13	15	6	3	0	-18	

**Actual Jun 2013 Quarter**

	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %
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**5. Prices Of Final Products**

3% or more	2	6	1	1	1	1	5	2	2	0	9
2% to less than 3%	2	0	2	1	4	6	0	1	1	0	9
1.5% to less than 2%	1	0	2	1	0	0	0	1	3	13	0
1% to less than 1.5%	2	0	1	4	6	0	0	1	3	0	0
0.5% to less than 1%	2	0	2	1	4	1	3	0	2	13	0
Less Than 0.5%	1	0	0	0	1	3	3	2	1	0	0
No change	75	52	74	70	71	75	85	78	80	75	73
Less Than -0.5%	2	0	2	1	2	0	0	8	0	0	0
-0.5% to less than -1%	2	3	1	7	2	3	0	2	1	0	0
-1% to less than -1.5%	1	6	3	1	2	1	0	1	0	0	9
-1.5% to less than -2%	1	0	1	0	2	0	0	1	1	0	0
-2% to less than -3%	3	3	5	7	3	4	5	1	1	0	0
-3% or more	5	29	5	5	3	6	0	4	3	0	0
AVERAGE CHANGE (%)	-0.11	-1.09	-0.23	-0.28	-0.04	-0.15	0.1	-0.07	-0.01	0.31	0.48

**SECTION 4 - INDUSTRY RESULTS**

**Expected Sep 2013 Quarter**

	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %
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**5. Prices Of Final Products**

3% or more	5	0	7	3	4	3	10	3	8	13	0
2% to less than 3%	8	0	10	3	5	7	10	11	9	13	0
1.5% to less than 2%	4	0	2	4	2	1	0	5	6	13	0
1% to less than 1.5%	3	0	4	4	2	0	3	1	4	13	0
0.5% to less than 1%	2	0	4	1	5	4	0	1	1	0	0
Less Than 0.5%	1	0	0	0	2	3	3	1	2	0	9
No change	69	71	63	74	75	75	75	66	66	50	82
Less Than -0.5%	1	3	1	1	1	0	0	5	0	0	0
-0.5% to less than -1%	1	0	1	1	1	1	0	2	0	0	0
-1% to less than -1.5%	1	3	3	1	2	0	0	1	0	0	9
-1.5% to less than -2%	1	0	2	3	2	1	0	1	0	0	0
-2% to less than -3%	2	10	3	3	2	3	0	1	0	0	0
-3% or more	1	6	1	3	0	1	0	2	1	0	0
AVERAGE CHANGE (%)	0.38	-0.59	0.47	0.05	0.27	0.19	0.69	0.36	0.62	1.19	-0.09

**SECTION 5 - EMPLOYMENT RESULTS**

	<b>No. of employees</b>								
	Actual			Actual			Expected		
	Mar 2013 Quarter			Jun 2013 Quarter			Sep 2013 Quarter		
	35-99	100-199	200+	35-99	100-199	200+	35-99	100-199	200+
<b>1. Trading</b>									
Very poor	6	4	2	5	2	4	3	3	2
Poor	28	25	26	26	26	24	20	19	17
Satisfactory	43	45	45	47	47	51	51	50	57
Good	20	23	24	20	23	18	22	26	23
Very good	3	3	4	3	2	2	4	2	1
INDEX	-12	-2	-1	-8	-3	-9	3	7	5
<b>2. Profitability</b>									
Very poor	8	6	7	7	5	4	4	2	2
Poor	29	26	25	26	27	27	20	21	18
Satisfactory	43	40	41	44	45	46	50	52	55
Good	17	23	23	20	19	20	22	23	22
Very good	3	5	4	3	3	2	3	2	2
INDEX	-17	-5	-4	-10	-10	-9	1	2	3
<b>3. Cash flow</b>									
Very poor	5	3	3	6	4	3	3	2	2
Poor	22	20	19	19	21	16	19	18	15
Satisfactory	44	44	44	50	48	52	49	53	56
Good	24	26	28	23	23	25	25	23	24
Very good	4	7	6	3	4	3	3	3	3
INDEX	1	10	11	1	3	9	6	6	10

**SECTION 5 - EMPLOYMENT RESULTS**

<b>No. of employees</b>								
Actual			Actual			Expected		
Mar 2013 Quarter			Jun 2013 Quarter			Sep 2013 Quarter		
35-99	100-199	200+	35-99	100-199	200+	35-99	100-199	200+

**4. Employment**

Much less	3	2	1	2	2	3	1	2	0
Less	17	15	18	17	18	17	14	17	21
Unchanged	71	67	65	71	65	66	73	69	64
More	9	15	15	10	15	12	12	11	14
Much more	0	1	1	1	1	1	0	0	0
INDEX	-9	-2	-3	-8	-4	-8	-3	-7	-7

**5. Capacity Utilisation**

Full capacity	9	13	13	10	12	13			
90% of full capacity	22	25	31	20	26	22			
80% of full capacity	27	28	27	28	25	31			
70% of full capacity	24	17	18	20	20	23			
60% of full capacity	9	9	7	12	10	5			
Below 60% full capacity	6	5	1	7	5	2			
CAPACITY UTILISATION RATE (%)	77.98	80.12	82.16	77.47	79.41	80.96			

**5. Prices Of Final Products**

3% or more	2	7	3	2	2	2	7	4	4
2% to less than 3%	4	4	3	2	2	1	7	6	10
1.5% to less than 2%	2	2	2	1	2	2	3	5	3
1% to less than 1.5%	3	2	3	3	2	1	2	2	3
0.5% to less than 1%	2	2	2	2	2	2	2	3	2
Less Than 0.5%	1	2	1	1	2	1	1	2	1
No change	74	68	71	76	73	76	71	68	67
Less Than -0.5%	1	1	2	2	2	3	1	2	2
-0.5% to less than -1%	2	3	2	1	3	2	1	0	1
-1% to less than -1.5%	1	1	2	1	2	1	1	1	1
-1.5% to less than -2%	1	2	1	1	0	1	1	2	1
-2% to less than -3%	4	3	3	3	3	2	1	1	3
-3% or more	3	2	3	5	4	5	2	2	0
AVERAGE CHANGE (%)	0.02	0.22	0.06	-0.12	-0.1	-0.13	0.39	0.32	0.41

**SECTION 6 - SPECIAL QUESTIONS**

	Industry										
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %
<b>Q16. GROWTH IN OUTPUT/SALES (NEXT FINANCIAL YEAR)</b>											
Decline of 5% or more (please specify)	3	6	7	9	3	3	8	1	0	0	0
Decline of between 3% but less than 5%	5	6	9	7	5	7	3	4	4	0	0
Decline of between 1% but less than 3%	4	0	4	5	8	4	3	2	4	0	9
Decline of less than 1%	2	0	1	1	2	1	0	2	2	0	9
No change	25	39	23	33	16	28	33	24	26	25	0
Increase of less than 1%	4	3	6	3	3	8	0	3	6	0	0
Increase of between 1% but less than 2%	7	6	6	4	9	10	18	4	9	0	18
Increase of between 2% but less than 3%	13	6	7	5	19	10	13	18	13	0	36
Increase of between 3% but less than 4%	10	10	9	7	14	10	3	8	12	13	0
Increase of between 4% but less than 5%	8	6	7	8	7	6	5	8	9	13	9
Increase of between 5% but less than 7.5%	9	6	7	9	7	11	13	12	8	13	9
Increase of between 7.5% but less than 10%	4	6	6	3	2	1	3	4	3	25	9
Increase of between 10% but less than 15%	3	3	4	4	2	0	0	4	3	13	0
Increase of 15% or more (please specify)	2	0	3	1	2	1	3	4	0	0	0
MEAN	2.22	1.61	1.96	1.39	2.05	1.54	1.71	3.35	2.19	5.53	2.73
<b>Q17A. INFLATION RATE MAINTAINED OVER THE MEDIUM TERM</b>											
Less than 3%	57	71	62	58	51	53	73	53	57	75	73
3% to less than 4%	36	29	32	37	39	40	25	41	34	13	18
4% or more	2	0	3	3	4	1	0	2	1	0	9
<b>Q17B. CURRENT RATE OF INFLATION</b>											
A serious problem	3	0	3	1	2	4	10	2	3	13	18
A minor problem	25	35	24	22	23	22	18	19	34	50	9
Not a problem	69	61	70	75	70	71	73	78	58	38	73
Don't know	3	3	3	1	5	3	0	1	5	0	0

**SECTION 6 - SPECIAL QUESTIONS**

	Industry										
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %
<b>Q18. CHANGE IN AVERAGE GROSS EARNINGS PER EMPLOYEE (NEXT FINANCIAL YEAR)</b>											
Decline of 5% or more (please specify)	1	3	1	3	0	1	0	0	1	0	0
Decline of between 3% but less than 5%	1	19	1	0	2	0	0	1	0	0	0
Decline of between 1% but less than 3%	2	0	5	3	0	0	0	1	2	0	0
Decline of less than 1%	2	0	1	1	1	1	3	3	2	0	0
No change	19	23	15	29	26	14	20	21	16	0	9
Increase of less than 1%	6	3	5	4	8	11	5	6	5	13	9
Increase of between 1% but less than 3%	47	32	44	39	52	53	50	44	52	38	45
Increase of between 3% but less than 5%	20	19	26	18	11	18	23	21	20	50	36
Increase of 5% or more (please specify)	1	0	1	3	0	0	0	2	2	0	0
MEAN	1.72	0.47	1.77	1.49	1.46	1.77	1.91	1.82	1.89	2.81	2.41
<b>Q19. CHANGE IN CAPITAL EXPENDITURE (NEXT FINANCIAL YEAR)</b>											
Decline of 15% or more (please specify)	4	10	2	4	5	0	8	4	5	0	9
Decline of between 10% but less than 15%	3	6	4	4	2	4	10	1	4	0	0
Decline of between 5% but less than 10%	4	10	8	7	2	4	0	3	3	0	0
Decline of less than 5%	5	6	5	1	3	6	10	6	5	13	9
No change	44	42	46	55	50	53	48	41	39	50	9
Increase of less than 5%	17	10	14	12	14	11	3	26	20	13	27
Increase of between 5% but less than 10%	10	0	10	12	10	10	15	7	9	25	27
Increase of between 10% but less than 15%	3	6	3	3	3	4	0	2	4	0	9
Increase of between 15% but less than 20%	2	3	0	3	0	3	0	5	2	0	0
Increase of between 20% but less than 25%	1	3	1	0	4	0	3	1	1	0	0
Increase of between 25% but less than 50%	2	3	2	0	4	0	0	2	3	0	9
Increase of 50% or more (please specify)	3	0	4	0	4	6	5	2	5	0	0
MEAN	3.52	0.16	3.71	0.26	4.68	4.38	1.94	3.15	4.51	1.88	5.45

**SECTION 6 - SPECIAL QUESTIONS**

	Industry										
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %
<b>Q20. ANNUAL RATE OF PRODUCTIVITY MAINTAINED OVER THE MEDIUM TERM</b>											
Decline of 5% or more (please specify)	0	0	0	1	1	0	3	0	0	0	0
Decline of between 4% but less than 5%	1	0	1	4	1	0	0	0	0	0	0
Decline of between 3% but less than 4%	0	0	1	0	0	0	0	1	0	0	0
Decline of between 2% but less than 3%	1	0	4	1	1	1	0	1	1	0	0
Decline of between 1% but less than 2%	1	6	1	1	3	0	3	0	1	0	0
Decline of less than 1%	1	0	1	0	2	0	0	1	2	0	0
No change	35	45	28	37	33	36	48	30	41	25	55
Increase of less than 1%	7	0	10	7	8	6	5	8	6	0	9
Increase of between 1% but less than 2%	16	10	21	18	17	22	10	12	13	25	18
Increase of between 2% but less than 3%	15	6	15	17	12	18	15	22	14	0	0
Increase of between 3% but less than 4%	7	10	10	9	5	10	3	7	4	25	0
Increase of between 4% but less than 5%	5	3	1	0	5	3	5	8	6	25	0
Increase of 5% or more (please specify)	5	6	7	3	5	4	10	5	3	0	18
MEAN	1.36	1.24	1.43	0.92	1.24	1.49	1.27	1.77	1.19	2.38	1.41
<b>Q21A. EXPECT TO COMPLETE A NEW WORKPLACE AGREEMENT DURING NEXT YEAR</b>											
Yes	22	39	33	22	16	13	25	11	27	25	9
No	74	58	63	78	80	83	73	85	67	75	73
<b>Q21B. EXPECTED WAGE INCREASE</b>											
No change	9	25	9	12	10	0	0	16	6	0	0
Less than 2%	13	25	7	18	14	22	0	21	13	0	0
2% to less than 4%	68	42	80	59	67	67	90	47	68	100	100
4% to less than 5%	6	8	4	0	0	0	10	11	8	0	0
5% or more (please specify)	3	0	0	0	5	0	0	5	5	0	0
MEANS	2.62	1.88	2.67	2.2	2.55	2.5	3.15	2.42	2.81	3	3
<b>Q21C. EXPECTED PRODUCTIVITY OFFSET</b>											
No change	53	67	40	29	62	33	60	63	63	0	100
Less than 2%	23	8	42	29	19	22	10	21	16	0	0
2% to less than 4%	13	8	13	24	10	33	10	5	13	0	0
4% to less than 5%	5	8	2	0	0	0	0	11	6	100	0
5% or more (please specify)	2	0	0	6	0	0	10	0	2	0	0
MEANS	0.98	0.77	0.94	1.53	0.53	1.38	1.11	0.84	0.94	4.5	0



**SECTION 6 - SPECIAL QUESTIONS**

	Industry										
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %
<b>Q22. EXPECTED POSITION OF THE AUSTRALIAN DOLLAR V US DOLLAR IN SIX MONTHS</b>											
115 cents or over	0	0	1	0	1	0	0	0	0	0	0
Between 112.5 cents but less than 115 cents	0	0	0	0	0	0	0	0	0	0	0
Between 110 cents but less than 112.5 cents	0	0	0	0	0	0	0	0	0	0	0
Between 107.5 cents but less than 110 cents	0	0	0	0	0	0	0	0	0	0	0
Between 105 cents but less than 107.5 cents	0	0	0	0	1	0	0	1	0	0	0
Between 102.5 cents but less than 105 cents	2	3	1	0	2	1	0	1	3	0	0
Between 100 cents but less than 102.5 cents	8	10	10	5	8	8	10	8	7	0	9
Between 97.5 cents but less than 100 cents	18	6	19	25	18	15	23	17	18	13	18
Between 95 cents but less than 97.5 cents	22	39	18	20	20	25	18	25	23	50	9
Between 92.5 cents but less than 95 cents	17	23	21	12	23	15	20	15	13	0	45
Between 90 cents but less than 92.5 cents	21	10	19	22	17	24	20	19	25	25	9
Less than 90 cents	7	10	7	11	5	10	8	9	5	0	9
MEANS	95.29	95.36	95.5	94.86	95.6	94.84	95.22	95.18	95.4	95.18	94.89

**Q26A. IMPORTS v EXPORTS**

Export more than it imports (ie is a net exporter)	10	39	24	13	2	10	5	10	2	0	9
Import more than it exports (ie is a net importer)	17	6	39	4	26	60	13	3	2	0	27
Only trade within Australia	73	55	37	83	72	31	83	87	96	100	64

**Q26B. PROPORTION OF NET EXPOSURE USUALLY HEDGED (NET EXPORTER)**

None	60	58	52	70	67	43	50	71	80	0	100
1 - 10	1	0	3	0	0	0	0	0	0	0	0
11 - 20	1	8	0	0	0	0	0	0	0	0	0
21 - 30	3	0	6	10	0	0	0	0	0	0	0
31 - 40	2	0	0	0	0	0	0	12	0	0	0
41 - 50	9	8	9	10	0	29	0	6	0	0	0
51 - 60	1	0	0	0	0	0	0	6	0	0	0
61 - 70	1	0	0	0	0	0	0	0	20	0	0
71 - 80	2	8	3	0	0	0	0	0	0	0	0
81 - 90	1	0	3	0	0	0	0	0	0	0	0
91 - 100	14	8	24	0	33	29	50	0	0	0	0
Mean	25.97	22.73	35.73	8.33	33.33	42.86	50	11.56	14	0	0

**SECTION 6 - SPECIAL QUESTIONS**

	Industry										
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %
<b>Q26B. PROPORTION OF NET EXPOSURE USUALLY HEDGED (NET IMPORTER)</b>											
None	39	50	36	100	50	26	40	60	80	0	0
1 - 10	3	0	8	0	3	0	0	0	0	0	0
11 - 20	3	0	0	0	0	7	0	0	20	0	0
21 - 30	5	0	6	0	9	0	20	20	0	0	0
31 - 40	3	0	2	0	6	2	0	0	0	0	0
41 - 50	10	0	8	0	12	14	20	0	0	0	0
51 - 60	2	0	4	0	0	0	0	0	0	0	33
61 - 70	7	0	8	0	3	12	0	0	0	0	0
71 - 80	9	0	8	0	12	12	0	20	0	0	0
81 - 90	3	0	6	0	6	0	0	0	0	0	0
91 - 100	14	50	15	0	0	23	20	0	0	0	67
Mean	39.05	50	41.19	0	27.35	51.83	35	21	4	0	86.67

<b>Q26C. HOW FAR OUT IN MONTHS USUALLY HEDGED (NET EXPORTER)</b>											
0	0	0	0	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0	0	0
2	6	0	13	0	0	0	0	0	0	0	0
3	18	25	31	0	0	0	0	0	0	0	0
4	6	0	13	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0	0	0
6	33	0	31	100	0	50	0	25	100	0	0
7 - 9	9	25	0	0	100	25	0	0	0	0	0
10 or more	21	50	13	0	0	25	0	50	0	0	0
Average	7.58	10.5	6.56	6	7	8.25	0	10	6	0	0

<b>Q26C. HOW FAR OUT IN MONTHS USUALLY HEDGED (NET IMPORTER)</b>											
0	0	0	0	0	0	0	0	0	0	0	0
1	6	0	3	0	6	7	0	0	0	0	33
2	7	0	9	0	0	3	33	0	0	0	33
3	40	100	45	0	47	30	67	50	0	0	0
4	4	0	6	0	0	7	0	0	0	0	0
5	1	0	0	0	0	3	0	0	0	0	0
6	21	0	18	0	24	23	0	50	0	0	33
7 - 9	6	0	0	0	12	10	0	0	0	0	0
10 or more	14	0	15	0	12	17	0	0	100	0	0
Average	5.89	3	5.25	0	5.65	7.3	2.67	4.5	12	0	3

**SECTION 6 - SPECIAL QUESTIONS**

	Industry										
	National %	Mining %	Manufacturing %	Construction %	Retail %	Wholesale %	Transport %	Finance %	Recreation %	Electricity %	Telecoms %

**Q26D. CURRENT HEDGING POSITION RELATIVE TO CURRENT EXCHANGE RATE (NET EXPORTER)**

Very favourable	6	0	13	0	0	0	0	0	0	0	0
Favourable	24	25	19	50	0	0	0	75	0	0	0
Neutral	45	50	44	50	100	50	100	25	0	0	0
Unfavourable	21	25	19	0	0	50	0	0	100	0	0
Very unfavourable	3	0	6	0	0	0	0	0	0	0	0
MEANS	4.55	0	6.25	25	0	-25	0	37.5	-50	0	0

**Q26D. CURRENT HEDGING POSITION RELATIVE TO CURRENT EXCHANGE RATE (NET IMPORTER)**

Very favourable	11	0	9	0	0	20	0	50	0	0	0
Favourable	34	0	39	0	41	27	100	0	0	0	0
Neutral	36	100	33	0	41	37	0	0	100	0	33
Unfavourable	18	0	18	0	18	13	0	50	0	0	67
Very unfavourable	1	0	0	0	0	3	0	0	0	0	0
MEANS	18.33	0	19.7	0	11.76	23.33	50	25	0	0	-33.33

**Subscriber details**
**June quarter 2013**

**Business conditions struggle in the June quarter and confidence falls back, driven by a pessimistic mining sector. Falling equities and offshore concerns likely to be weighing on sentiment. Little sign yet that lower interest rates and AUD are helping. Conditions still very subdued in trade and consumer dependent sectors. Forward indicators still worrying. Capex expectations a little stronger but mining much weaker. Falling prices imply soft Q2 inflation.**

- Business confidence pared back earlier gains, with the index slipping into negative territory in the June quarter. While better than 2012, confidence remains below long-run average levels. Firms may be worried about falling equity and commodity prices, speculation about US Fed stimulus being unwound and the softening outlook for the Chinese economy. Lower borrowing rates and a falling AUD yet to show up in confidence.
- Business conditions weakened marginally in the June quarter and remain close to four year lows. The Survey points to GDP growth in the June quarter of below trend 2¾%. Already subdued forward indicators of demand generally weakened in Q2 – especially employment conditions and capacity utilisation – providing little sign that activity will improve into the second half of this year. Consistent with this, firms are having little trouble finding suitable labour in the current environment.
- Business conditions were especially weak in mining, manufacturing and retail, suggesting lower borrowing rates and a falling AUD have done little to support activity in these industries. The services sectors continue to outperform all other industries, but even these appear to have been adversely affected by weakness elsewhere. Conditions weakened across all states in the quarter with the exception of NSW. Weakness was particularly evident in WA, where the mining slowdown is gaining traction.
- Business investment intentions (next 12 months) improved a touch in the June quarter but remained low relative to outcomes a year or two ago. While investment intentions of the non-mining sector generally improved, the lift is unlikely to be sufficient to fill the ‘gap’ from the slowing in mining investment. Near and longer term employment expectations fell back, pointing to more labour market weakness. Lack of demand is expected to be the most significant factor impacting profitability over the next 12 months and concerns about tax & government policy remain important.
- Product prices fell for the first time in the history of the survey in the June quarter, recording annualised deflation of 0.2%. Price inflation was less subdued in the retail sector, recording no growth in Q2, but this outcome still points to a very soft June quarter core inflation outcome. Labour and purchase costs remained modestly below-average levels.

**Implications for NAB forecasts:**

- No change to latest [Global and Australian Forecasts](#) (released 9 July).

**Key quarterly business statistics\*\***

	2012q4	2013q1	2013q2		2012q4	2013q1	2013q2
	<i>Net balance</i>				<i>Net balance</i>		
Business confidence	-6	2	-1	Trading	-3	-2	-3
Business conditions				Profitability	-8	-6	-5
Current	-5	-3	-4	Employment	-4	-3	-5
Next 3 months	-2	5	2	Forward orders	-8	-8	-7
Next 12 months	11	17	13	Stocks	-2	-3	0
Capex plans (next 12)	10	13	15	Exports	-2	-1	-3
	<i>% change</i>				<i>% change</i>		
Labour costs	0.5	0.5	0.5	Retail prices	0.0	-0.1	0.0
Purchase costs	0.4	0.4	0.3		<i>Per cent</i>		
Final products prices	0.1	0.0	0.0	Capacity utilisation rate	79.3	80.3	79.4

\*\* All data seasonally adjusted, except purchase costs and exports. Fieldwork for this Survey was conducted from 27 May to 13 June 2013, covering over 900 firms across the non-farm business sector.

For more information contact:  
Alan Oster, Chief Economist  
(03) 8634 2927 0414 444 652

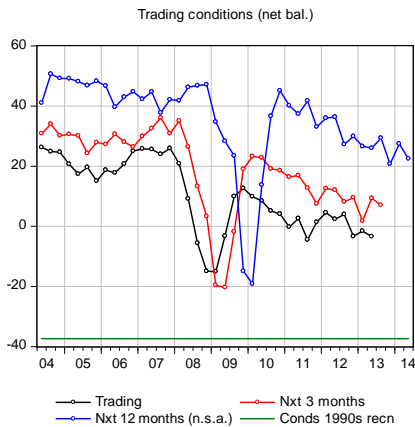
Next release:  
13 August 2013 (July Monthly)

## Subscriber details

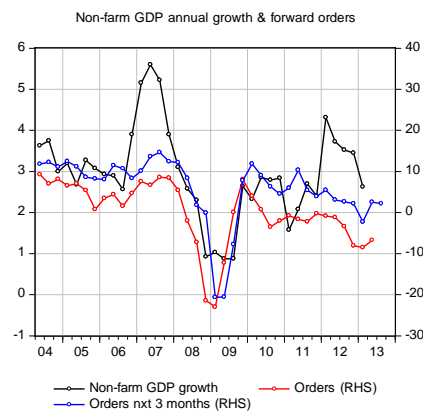
The **trading conditions** index fell to -3 points in the June quarter, from -2 points previously, and remained well below the series long-run average of +6 points since 1989. Trading activity in the quarter turned sharply lower in mining (down 16 to -15 points), in line with a softening in Chinese commodities demand. Wholesale (up 4), transport & utilities (up 3) and recreation & personal services (up 2) were the only industries to report better trading activity. Weakness in trading conditions was most pronounced in retail (-21), consistent with weak official ABS retail trade data for April and May. The weakness in actual trading conditions appears to have dampened expectations, with near-term (three-months-ahead) and longer term expectations (12-months-ahead) deteriorating in the quarter. Near-term expected trading conditions fell heavily in mining and manufacturing, where they were weakest, while they improved a little in wholesale and retail.

**Forward orders** improved slightly in the June quarter, but remained very subdued at -7 points. There was little expected change in near-term expectations (3-months-ahead), which imply fairly subdued new orders in the September quarter, though expectations remain much better than they were during the GFC. The weakness in expected orders, coupled with below-average employment conditions and capacity utilisation, provides little indication that near-term domestic demand will strengthen; this is consistent with NAB's expectation for GDP to grow below trend over 2013 and for labour market conditions to weaken.

### Trading conditions expected to weaken



### Orders outlook still subdued



Mining was the only industry to report a deterioration in forward orders in the June quarter, with the level of orders also weakest in this industry (down 16 to -25 points). Elsewhere, orders improved solidly in wholesale (up 13) and construction (up 8). Aside from mining, orders were weakest in retail (-14) and manufacturing (-13), and least subdued in construction (+1).

Historically, orders in wholesale have tended to have a leading relationship with retail orders. As such, the recent improvement in wholesale orders suggests retail orders, which are currently very poor, may improve in coming months. Within retail, orders deteriorated in personal & household goods, while they strengthened in cars, food and other retailing.

### Employment outlook weakens



The labour market appears to be responding to the weakness in domestic activity, with employment conditions falling to the lowest level in four years. The weakness in employment conditions is consistent with rising unemployment reported by official ABS labour force data; the unemployment rate rose to 5.7% in June, which is just 0.2 pts points lower than the peak during the post-GFC period. During that period, employers attempted to limit job losses by reducing hours. The survey measure of average hours is currently below the level during the worst of the GFC period, suggesting firms may be more limited in their ability to cushion further job cuts. Near and longer term expectations for employment conditions fell in the quarter and remain low compared to history.

## Subscriber details (cont.)

**Labour costs growth** ticked up, from 1.8% in the March quarter to 2.0% in the June quarter (at an annualised rate), largely as expected last quarter. This rate of growth remains well below the average of the survey (3.0% since 1989). Consistent with the relatively soft outlook for employment conditions, expectations for labour costs growth fell back in the quarter, and imply very limited cost pressures in the September quarter.

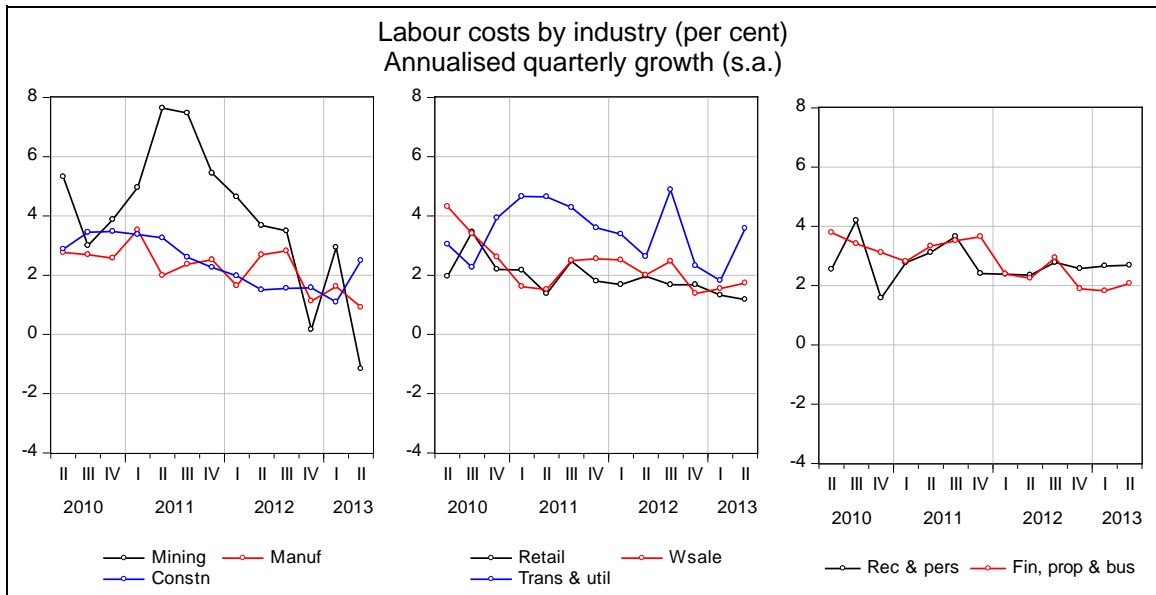
The tick-up in labour costs growth reflected modest increases in transport & utilities and construction cost pressures, partly offset by a softening in mining and manufacturing cost pressures. Elsewhere, labour costs growth was broadly unchanged. Growth in labour costs was strongest in transport & utilities, recreation & personal services and construction, while costs fell in mining.

The expected increase in annual average earnings under EBAs fell to 2.6% in the June quarter, from 3.0% previously. While the anticipated productivity offset eased to 1.0%, from 1.2% in the March quarter, overall expected net EBA growth still softened to 1.6%.

### Labour cost pressures ease in soft labour market environment



### Labour costs growth strongest in transport; costs decline in mining



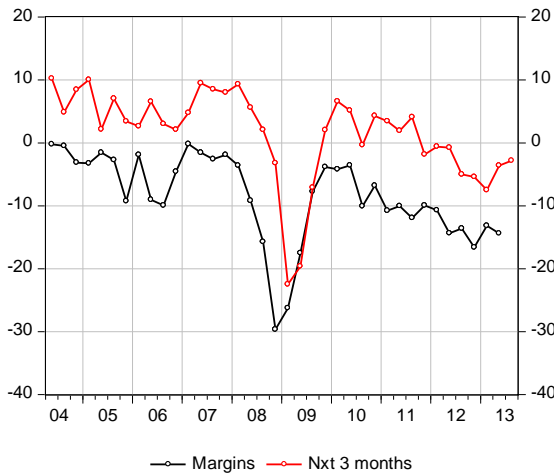
### Expected net EBA growth highest in retail and transport & utilities; lowest in construction

	Mining	Manuf	Const	Retail	Wsale	Trans	Rec. & pers.	Fin. prop. & bus.	Aust.
Expected EBA growth	1.9	2.7	2.2	2.5	2.5	3.2	2.8	2.4	2.6
Productivity offset	0.8	0.9	1.5	0.5	1.4	1.1	0.9	0.8	1.0
Net EBA growth	1.1	1.7	0.7	2.0	1.1	2.0	1.9	1.6	1.6

## Subscriber details (cont.)

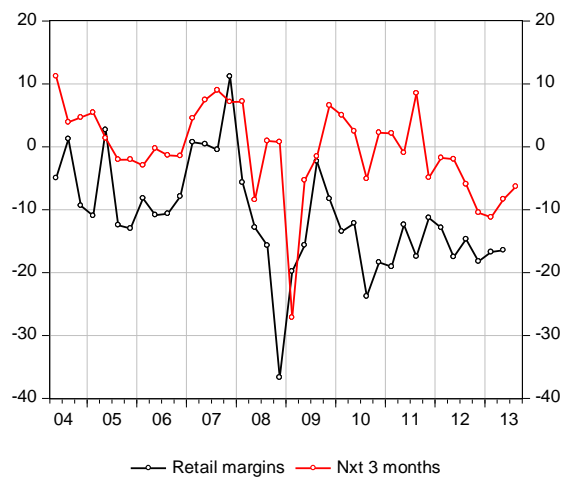
### Margins tighten, further

Sales margins (net balance)



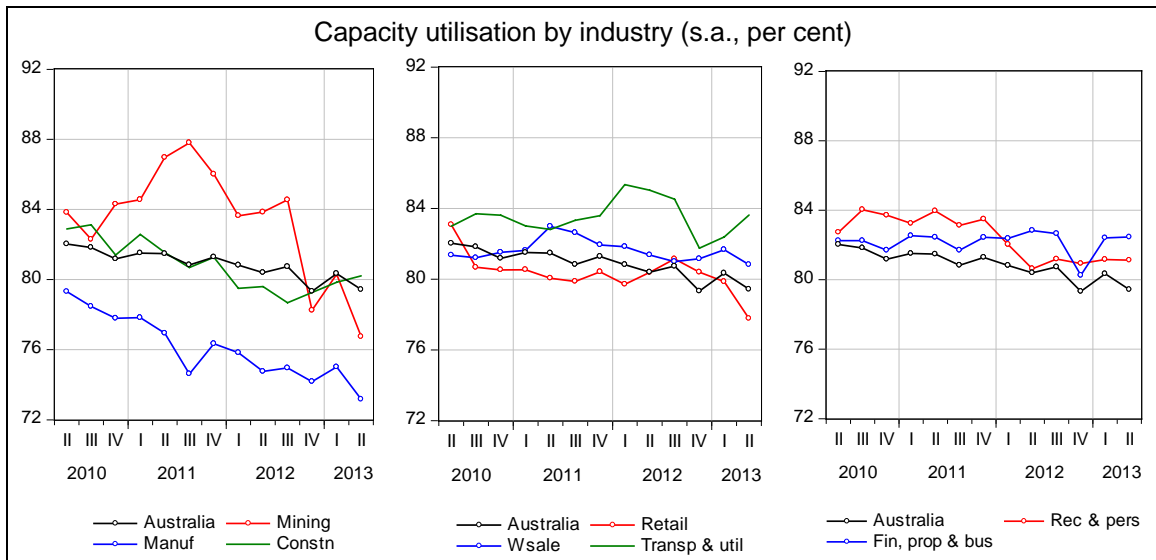
### Retail margins still tight

Retail sales margins (net balance)



According to the survey, **margins** continued to be squeezed in the June quarter, with the index easing from -13 points in the March quarter to -14 points. This is consistent with the weakness in product price inflation and soft trading conditions, which has prompted discounting by some industries. Three-month-ahead expectations have ticked up but remain low compared to history, implying margins will remain tight in the September quarter; this is consistent with firms' expectations for near-term purchase and labour costs growth to outpace product price inflation. The margins index remained negative for all industries for the fifth consecutive quarter, with particularly weak outcomes reported in mining, construction and manufacturing. Retail margins edged marginally higher in the quarter, but remained tight overall.

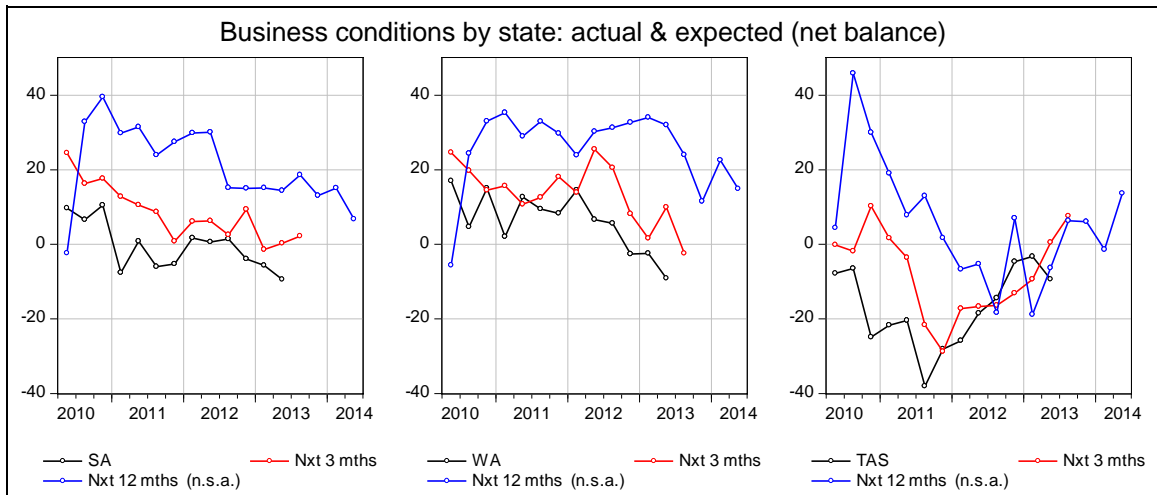
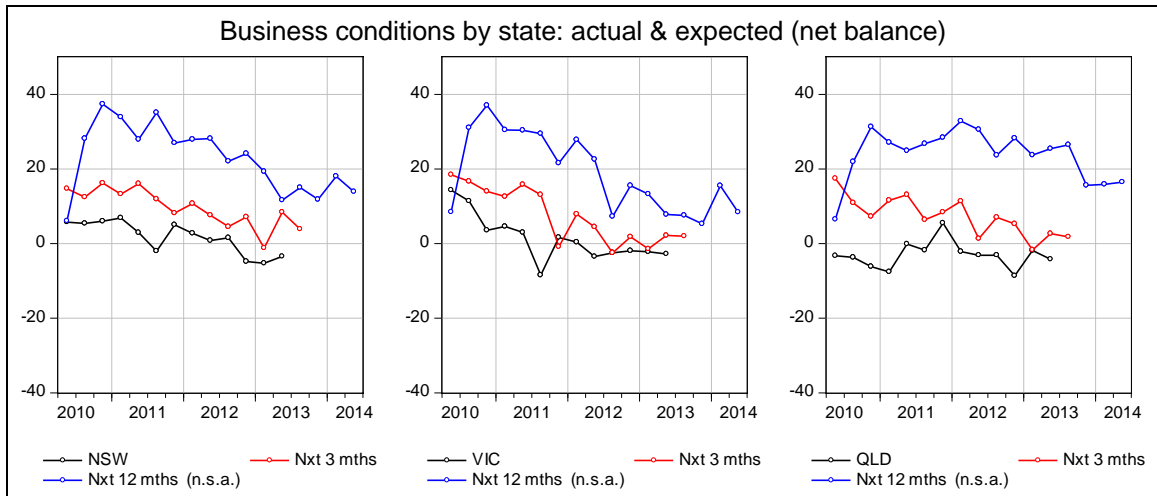
### Capacity utilisation extremely low in manufacturing; holding up in transport & utilities



**Capacity utilisation** (seasonally adjusted) fell to 79.4% in the June quarter, which is lower than the very low level reported during the GFC. The drop in utilised capacity was driven by notable declines in mining, retail and manufacturing – consistent with very weak business conditions, these industries also reported the lowest level of utilised capacity in the quarter. Partly offsetting these declines were increases in capacity utilisation for transport & utilities and construction. The level of utilised capacity was highest in transport & utilities, finance/ business/ property and recreation & personal services.

## Subscriber details (cont.)

**Long-term expected conditions generally pare back earlier gains across all mainland states, and still poor relative to recent history**



Business' expectations for near-term business conditions (next three months) ticked down in the June quarter, and while better than expectations at the end of 2012, they point to relatively poor conditions in the September quarter. WA reported the largest deterioration in near-term expected business conditions, with the index falling into negative territory for the first time in four years. Expectations also weakened in NSW, while they were little changed in Victoria, SA and Queensland.

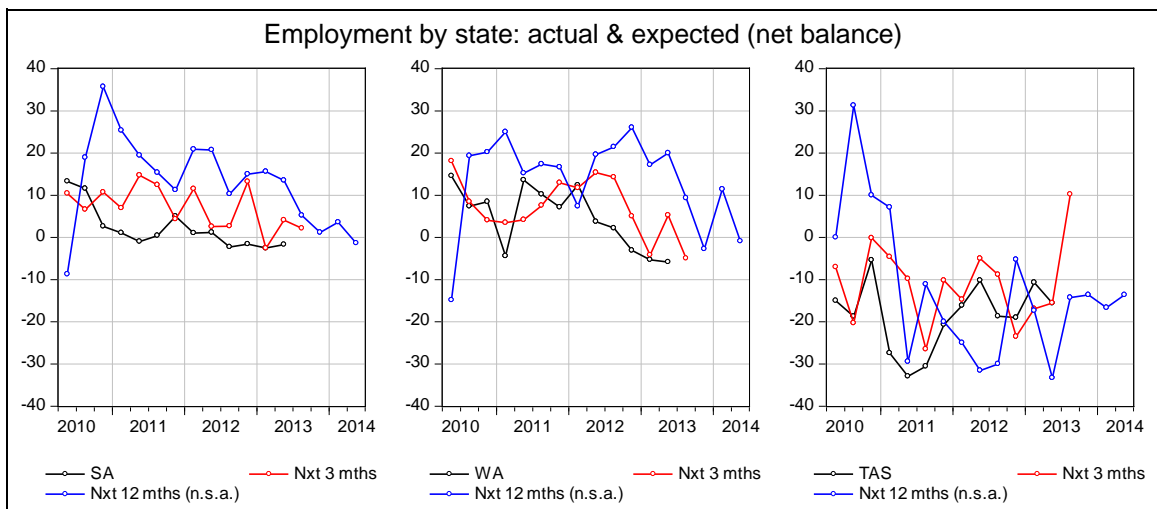
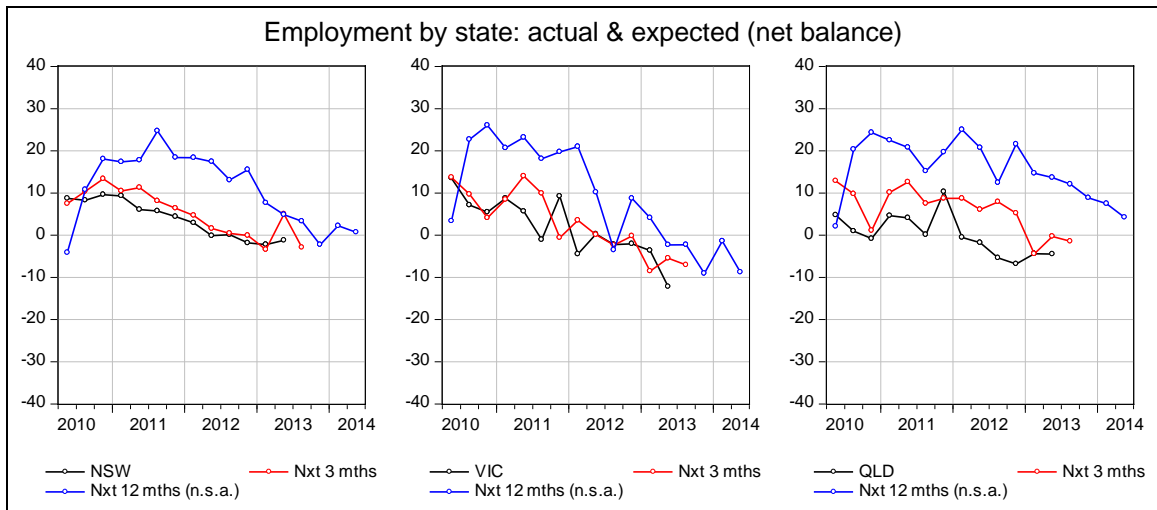
Longer term expected business conditions (next 12 months) weakened across all of the mainland states, with the exception of Queensland, where they were broadly unchanged. The overall level of expectations across the mainland states remained below average expectations reported over the past four years, suggesting businesses have materially lowered their expectations for activity. Overall expectations were strongest in WA, and weakest in SA.

Business conditions in Tasmania fell back in the June quarter, to be modestly weaker than the national average. Near-term and longer term expectations improved in the quarter, and are generally better than expectations for the mainland states. Care should be taken when interpreting data for Tasmania due to small sample size.



## Subscriber details (cont.)

### Employment expectations remain low across all states relative to history



Employment conditions fell back sharply in Victoria, to the weakest level in four years (-12 points). Employment conditions were little changed across the other mainland states, where they ranged from -6 points in WA, to -1 point in NSW.

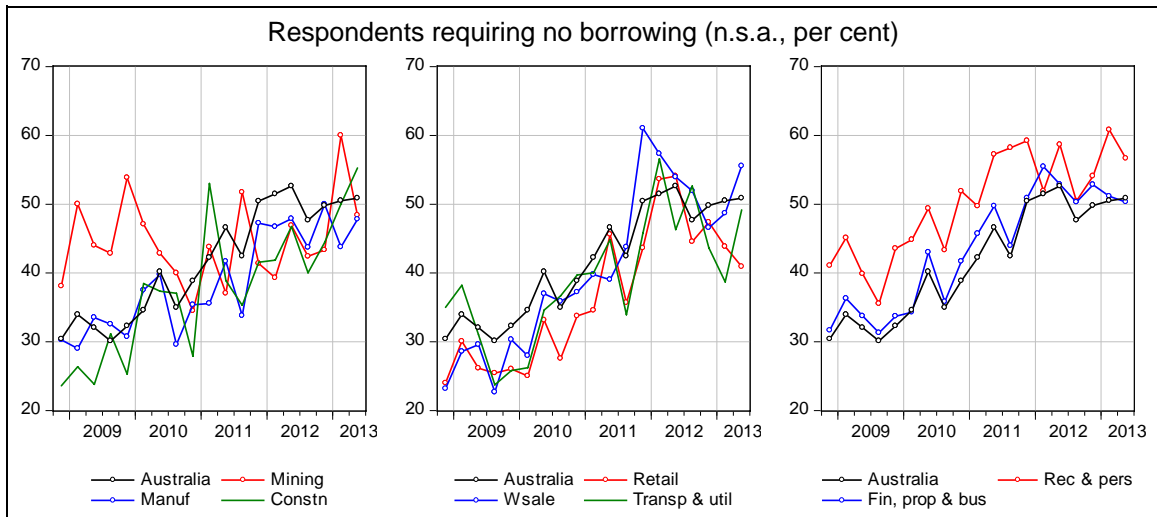
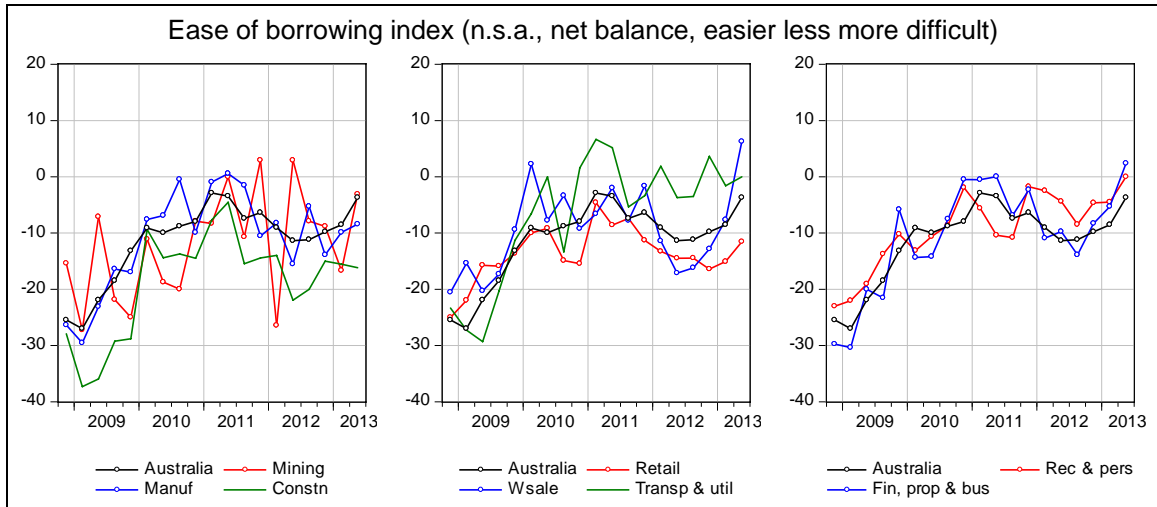
Near-term expectations (next three months) for employment conditions fell sharply in WA and NSW, while they were a touch softer across the other mainland states. The general deterioration in near-term expected employment conditions is consistent with market measures, which imply only modest employment growth in the second half of this year. SA was the only mainland state to report (slightly) positive near-term employment expectations – expectations were negative elsewhere.

Longer term expectations of employment conditions (next 12 months) weakened across all mainland states. The most significant deteriorations were reported in WA and Victoria. The level of expectations varied across states; longer term expectations were most optimistic for Queensland, while they were weakest for Victoria. Elsewhere expectations were broadly similar, hovering close to zero points. Overall expectations for employment conditions remained low across all of the states compared to recent history, implying relatively subdued employment growth over the year ahead.

Employment conditions fell back in Tasmania, consistent with a deterioration in activity in the quarter, and were relatively poor when compared to the other states. However, near-term expectations lifted substantially – care should be taken when interpreting Tasmanian survey data due to small sample size. Longer term employment expectations improved marginally and remained well below expectations for the mainland states.

## Subscriber details (cont.)

**Finance hardest to obtain for construction; demand for borrowing highest for recreation services and lowest for retail**



Borrowing conditions were relatively easier for all firms in the June quarter, with the exception of construction, where conditions were a touch more difficult. Borrowing was easiest for wholesale, finance/ business/ property, recreation & personal services and transport & utilities, while it was most difficult for construction and retail firms.

About half of all responding firms required borrowing in the June quarter – broadly unchanged from the previous two quarters. Substantially less borrowing was required for transport & utilities, wholesale and construction, while demand for borrowing increased strongly for mining, recreation & personal services and retail firms. Demand for borrowing was lowest for recreation & personal services, wholesale and construction, and highest for retail.

# Macroeconomic, Industry & Markets Research

## Australia

Alan Oster	Group Chief Economist	+ (61 3) 8634 2927
Jacqui Brand	Personal Assistant	+ (61 3) 8634 2181

Rob Brooker	Head of Australian Economics & Commodities	+ (61 3) 8634 1663
Alexandra Knight	Economist – Australia	+ (61 3) 9208 8035
Vyanne Lai	Economist – Agribusiness	+ (61 3) 8634 0198

Dean Pearson	Head of Industry Analysis	+ (61 3) 8634 2331
Gerard Burg	Economist – Industry Analysis	+ (61 3) 8634 2788
Robert De Iure	Economist – Property	+ (61 3) 8634 4611
Brien McDonald	Economist – Industry Analysis & Risk Metrics	+ (61 3) 8634 3837

Tom Taylor	Head of International Economics	+ (61 3) 8634 1883
John Sharma	Economist – Sovereign Risk	+ (61 3) 8634 4514
Tony Kelly	Economist – International	+ (61 3) 9208 5049
James Glenn	Economist – Asia	+ (61 3) 9208 8129

## Global Markets Research - Wholesale Banking

Peter Jolly	Global Head of Research	+ (61 2) 9237 1406
Robert Henderson	Chief Economist Markets - Australia	+ (61 2) 9237 1836
Spiros Papadopoulos	Senior Economist – Markets	+ (61 3) 8641 0978
David de Garis	Senior Economist – Markets	+ (61 3) 8641 3045

## New Zealand

Tony Alexander	Chief Economist – BNZ	+ (64 4) 474 6744
Stephen Toplis	Head of Research, NZ	+ (64 4) 474 6905
Craig Ebert	Senior Economist, NZ	+ (64 4) 474 6799
Doug Steel	Markets Economist, NZ	+ (64 4) 474 6923

## London

Nick Parsons	Head of Research, UK/Europe & Global Head of FX Strategy	+ (44 20) 7710 2993
Tom Vosa	Head of Market Economics – UK/Europe	+ (44 20) 7710 1573
Gavin Friend	Markets Strategist – UK/Europe	+ (44 20) 7710 2155

	Foreign Exchange	Fixed Interest/Derivatives
Sydney	+800 9295 1100	+ (61 2) 9295 1166
Melbourne	+800 842 3301	+ (61 3) 9277 3321
Wellington	+800 64 642 222	+800 64 644 464
London	+800 747 4615	+ (44 20) 7796 4761
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Singapore	+ (65) 338 0019	+ (65) 338 1789

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