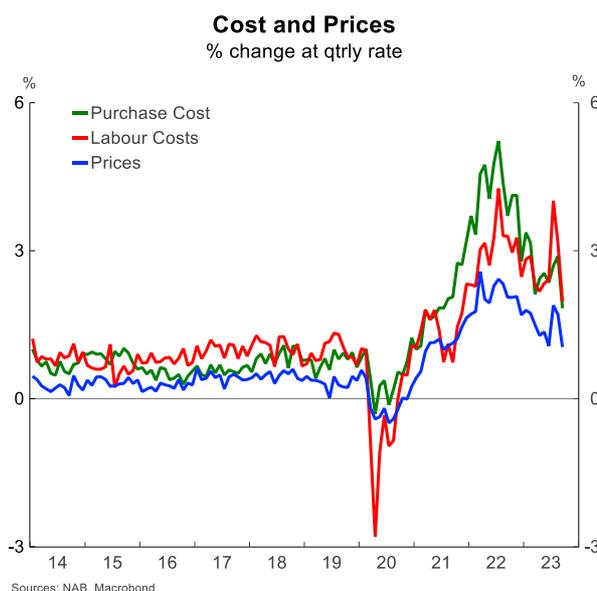
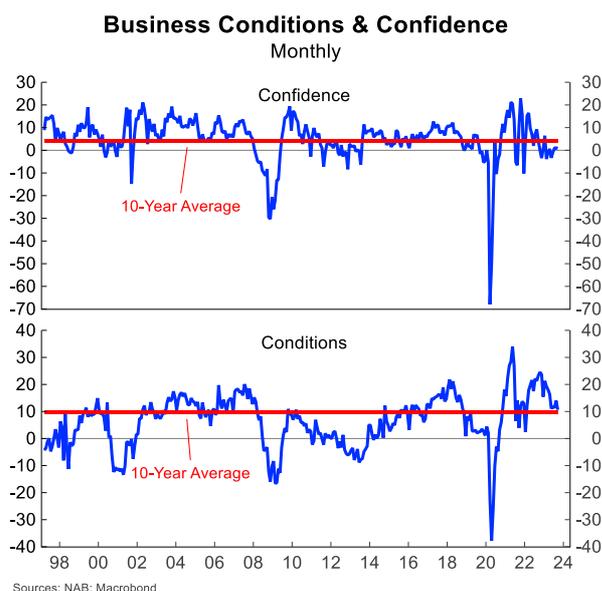


Business Confidence & Conditions One Step Closer to a Soft Landing

- Business conditions fell 3 points to +11 index points in September. Despite the fall, conditions remain around average levels. Business confidence was unchanged and has now been at +1 index point for three consecutive months.
- All three sub-indices eased over September – trading (down 3 points to +16), profitability (down 6 points to +8) and employment (down 2 points to +8). Profitability recorded the largest decline and is now below its 10-year average.
- Despite the resilience in conditions, we continue to see cost pressures ease with quarterly growth in both labour and input costs moderating by around 1 percentage point.
- Growth in labour costs eased to 2.0% over the quarter to September following the sharp spike in July, which resulted from the 2023-24 minimum and award wage increase. In fact, growth in labour costs is well below the 3.3% rate recorded over the quarter to September 2022, suggesting that underlying momentum in wages growth is moderating.
- Leading indicators point to resilience with forward orders ticking up back into positive territory and capacity utilisation remaining well above average despite a slight decline over September. This should continue to support business investment and credit growth.
- Looking ahead, the stabilisation in leading indicators over recent months suggests that while growth is slowing, the softening in demand is likely to remain orderly. The resilience in conditions is reflective of this and suggests we are one step closer to achieving a soft landing.



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