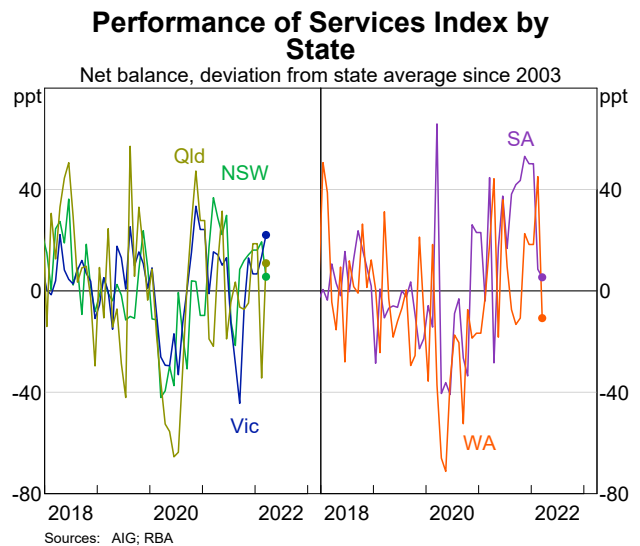
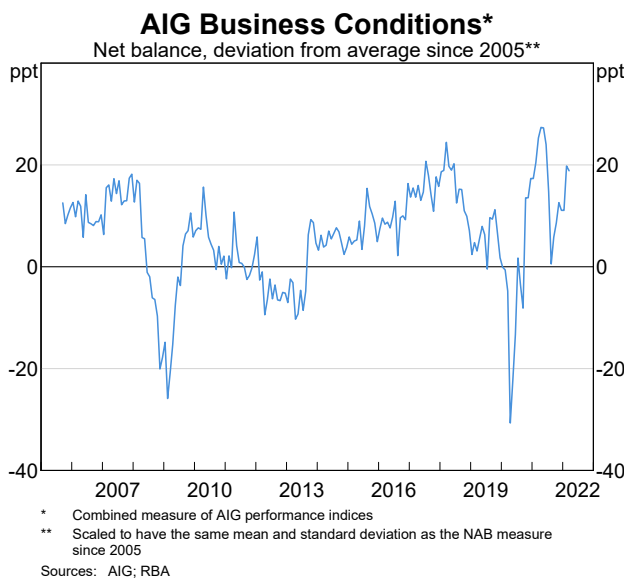
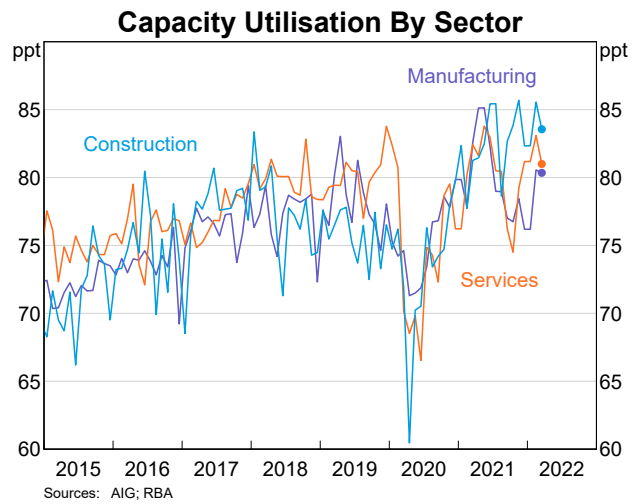
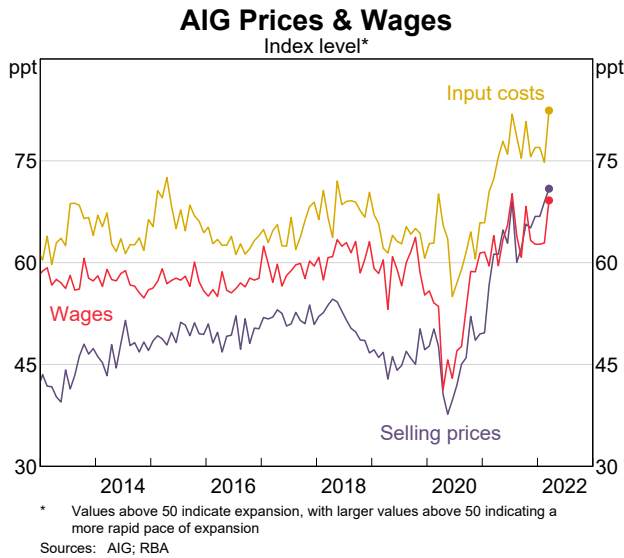


BRIEFING EA: AIG BUSINESS SURVEYS – MARCH 2022

Today’s release of the AIG survey aligns with other recent survey and liaison information; the AIG business conditions index was stable and remains elevated compared with its long run average.

- The composite AIG input costs index increased in March to a new record high, indicating the most rapid pace of acceleration recorded since 2005. The composite selling prices index increased to near record highs, consistent with messages from liaison that businesses are recovering a part of the rising input costs where they can. The composite wages index also increased to near record highs.
- The manufacturing performance index increased further above its long run average.
- Supplier deliveries contracted, and the manufacturing production index remains below its long run average, suggesting supply chains continue to be a constraint on manufacturing activity.

For more charts, please see the [Business Surveys Dashboard](#).



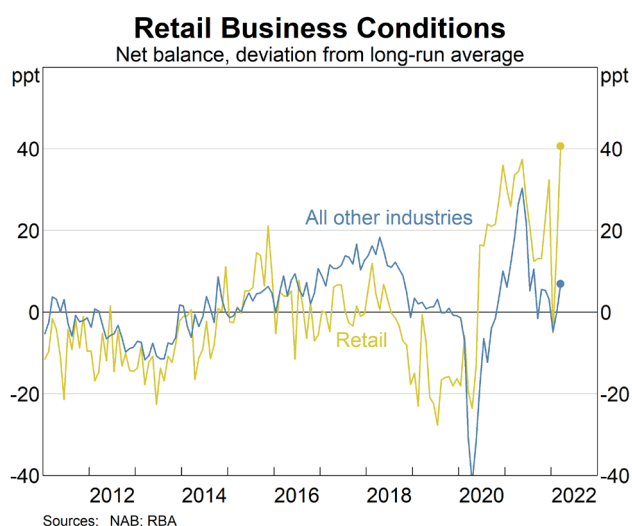
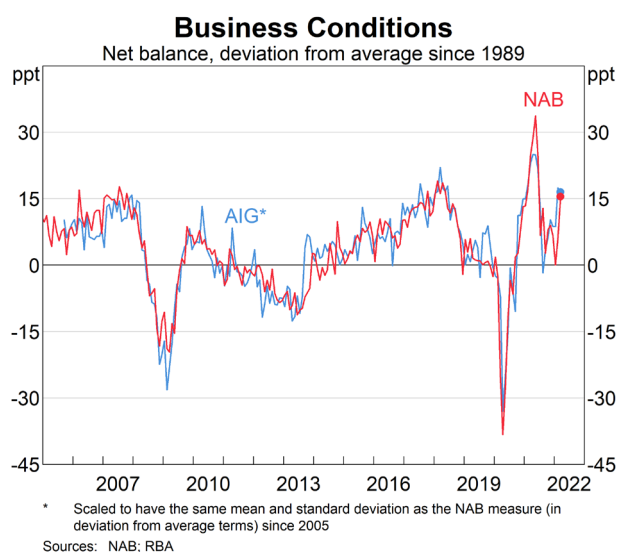
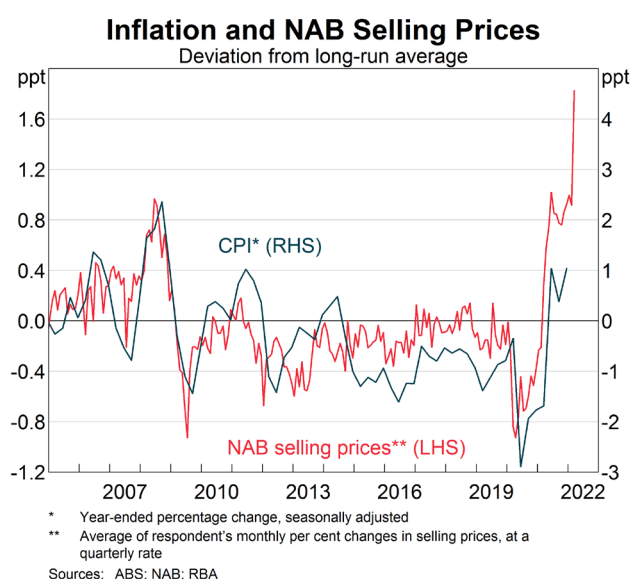
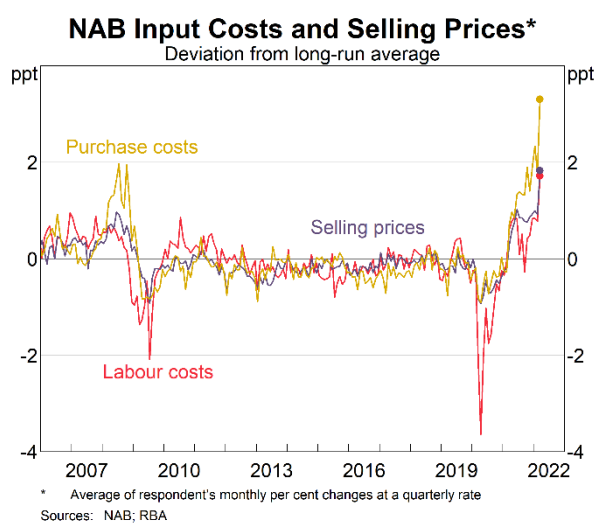
Oliver Cutbill, Regional and Industry Analysis, Economic Analysis Department, 7 April 2022

NAB MONTHLY SURVEY – MARCH 2022¹

The March 2022 NAB monthly survey indicates that nominal pressures have continued to build in the March quarter with the input costs, labour costs and selling prices indices all increasing to record highs. Overall, both business conditions and confidence have rebounded to pre-Delta levels and the increase in business conditions was larger than implied by the March 2022 quarterly survey.

- **Purchase costs increased by 4.2 per cent at a quarterly rate**, and the NAB data indicates that cost pressures are broadening across industries; almost all surveyed industries recorded record growth. The construction, manufacturing and wholesale industries reported the strongest growth. This is consistent with previous survey data that suggest firms exposed to raw materials are experiencing significant inflationary input cost pressure.
- **Labour costs increased by 2.7 per cent at a quarterly rate**; its highest level on record.
- The **NAB selling price index increased by 2.3 per cent** at a quarterly rate, a significant increase from the already elevated growth rates over 2021.
- **Retail drove a rise in business conditions**, which experienced the largest one-month increase since June 2020, with retail selling prices increasing by 3.7 per cent in quarterly terms.

For more charts, please see [Business Surveys Dashboard](#)



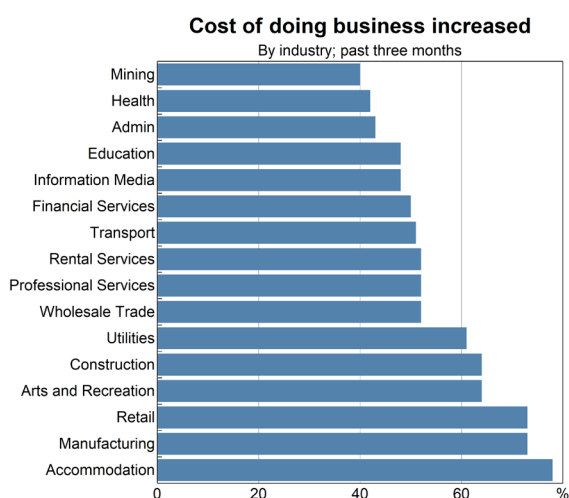
Oliver Cutbill, Analyst, Regional and Industry Analysis, 12 April 2022 (Next release: 10 May)

1 For general information on business surveys and their associated methodologies, see [D19/163730](#).

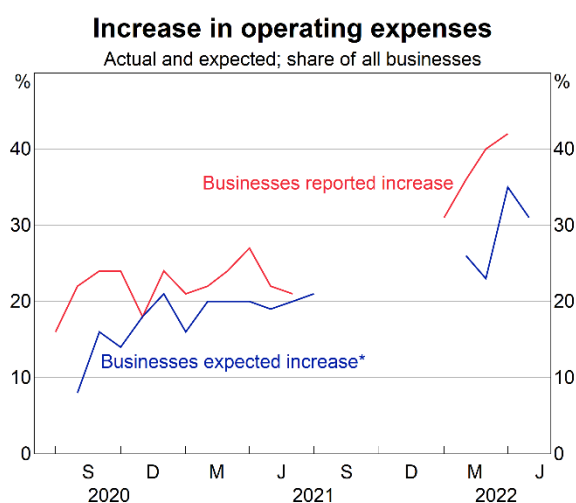
ABS BUSINESS CONDITIONS AND SENTIMENTS – APRIL 2022¹

The ABS published the results of its [April survey](#) on Business Conditions and Sentiments (collected from 6–13 April). Key themes: Operating expenses, costs and supply chain disruptions.

- **Above average increases in material and labour costs were broad-based by industry.** 57 per cent of businesses reported above-average increases in costs, and 48 per cent of these firms had raised prices to reflect this (though only 6 per cent completely passed on the increase).
- **Operating expenses increased for 42 per cent of businesses surveyed.** One in four of these firms did not anticipate this increase.
- **Supply chain disruptions persisted in April 2022.** Pressures were reported to be most acute over this period in retail trade (84 per cent of surveyed retail firms reported experiencing disruptions). This large share of survey respondents experiencing supply chain disruptions is consistent with the firms in RIA’s liaison. Most retail contacts have reported disruptions both global (such as shipping availability) and domestic (such as reduced operations at distribution centres), which for some is limiting supply and constraining revenue growth.

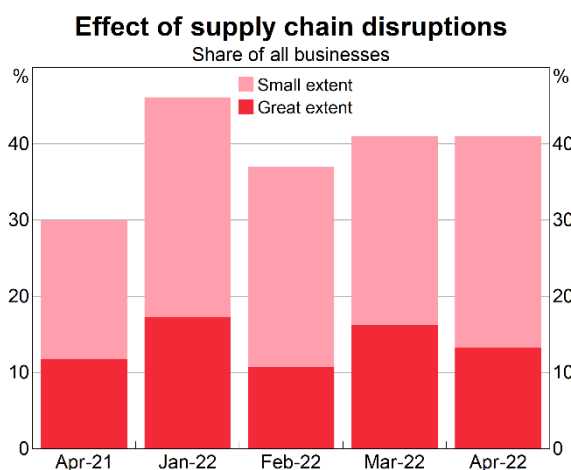


Sources: ABS; RBA



* Expectations for the indicated month as reported by businesses in the previous month of collection.

Sources: ABS; RBA



Sources: ABS; RBA



Sources: ABS; RBA

Next release: 26 May 2022

Oliver Cutbill
Regional and Industry Analysis
Economic Analysis Department
28 April 2022

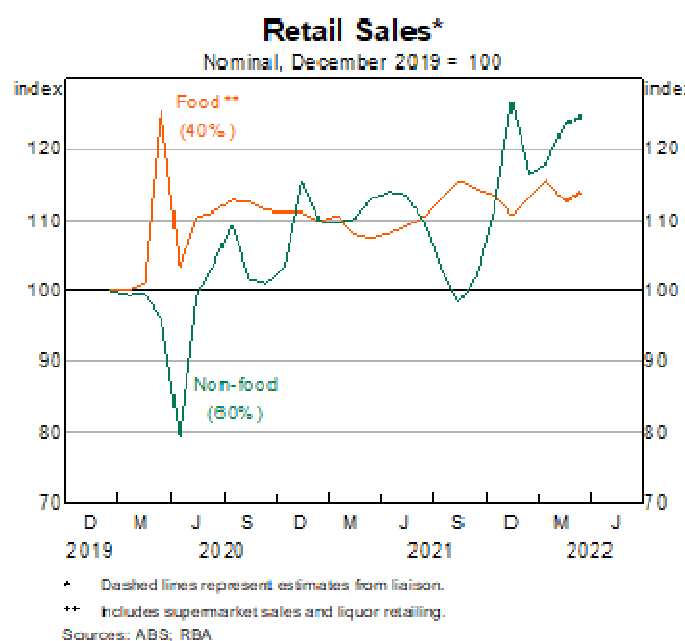
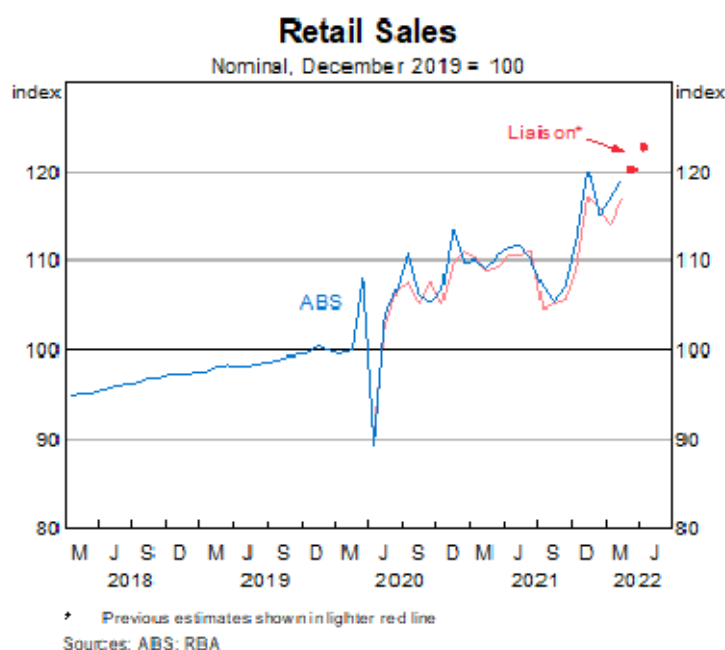
¹ I would like to thank Jonathan Kemp for the liaison read on retail supply chains.

FOI

From: KEMP, Jonathan
Sent: Friday, 29 April 2022 6:06 PM
To: LOWE, Phil; BULLOCK, Michele; EC - Executive plus EST; EA - PWL Prices; TAYLOR, Tim; CARTER, Matthew (EA); HARVEY, Nick
Cc: EA - RIA
Subject: Note EA: Retail Liaison Summary – April 2022 [SEC=OFFICIAL]

Estimates from liaison suggest that nominal retail sales revenues rose by around 2 per cent in April. Both food and non-food sales appeared to increase in April. This follows a revised estimate of around 1 per cent growth for March; firms noted that caution should be taken in interpreting underlying demand from these estimates as the timing of Easter boosted sales in April at the expense of March.

Most retailers noted that price increases in response to higher input costs have become significant drivers of their revenue growth, offset slightly by discounting. Price increases from food suppliers have been broad based. Retailers generally expect higher product and freight costs to persist for at least the next few months, due in part to higher oil prices and lockdowns in Shanghai disrupting shipping. As a result, many retailers expect to increase prices further over the months ahead. Retailers have largely limited price increases to items where cost pressures have been most pronounced and/or where demand is relatively inelastic. Some retailers have also highlighted that the cost of increasing prices has reduced the frequency of price changes. Few have observed significant shifts in consumer behaviour so far following price increases, but they are expected.



For more information, please see: [Retail Liaison Summary – April 2022](#).

Jonathan Kemp | Senior Representative | South Australian Office
 RESERVE BANK OF AUSTRALIA | Level 19, 25 Grenfell St, Adelaide SA 5000

FOI

From: FINK, Matthew
Sent: Monday, 2 May 2022 2:55 PM
To: ELLIS, Luci
Cc: DELANEY, Luc; BLACK, Susan; CHAMBERS, Mark; MCLOUGHLIN, Kate; WILLIAMS, Tom; HOLLOWAY, James
Subject: RE: Board graph changes - please read [SEC=OFFICIAL]
Attachments: Labour Costs Growth.emf; Private Sector Wages Growth.emf

Hi Luci,

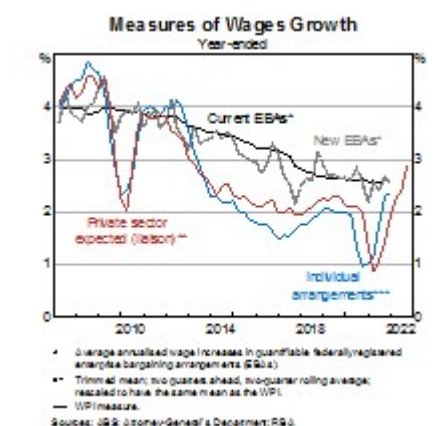
As discussed please find the requested wages graphs attached. I will put them into ECATS now but can stop that process if Phil requests further changes.

Matt

From: ELLIS, Luci
Sent: Monday, 2 May 2022 12:52 PM
To: EA - Management ; EA - ECATS ; ELLIOTT-JEFFS, Rhani
Subject: Board graph changes - please read [SEC=OFFICIAL]
Importance: High

Hi everyone, a few changes to the presentation following the meeting with Phil and Michele. I have updated the spreadsheet already, highlighting the changes.

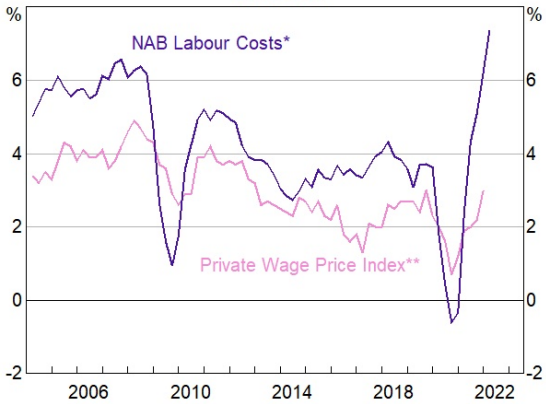
- After Slide 3 on Real Wages Growth, ADD a graph on Consumer Confidence. Phil suggested the one on page 5 of CEC, but with only one line for the US.
- China share of economy in lockdown graph is CUT. Vehicle freight stays.
- Household Saving Ratios – please change the colours so Australia is a warm colour. Perhaps swap the colours for Australia and Japan.
- In between household income/savings slide and unemployment / labour market tightness slide – ADD a slide with the two four-panel graphs of monthly bars of housing price growth.
- CUT the Inflation Rates by Component graph and switch the order of the other two inflation slides.
- Change distribution of wages growth outcomes graph to two graphs showing WPI, NAB Survey measure of labour costs and the one-line presentation of RIA's liaison Likert scales – the red line in the last graph in last month's presentation. *(Phil wants to see these first so can we please put them together as a priority?)*



Please speak to me promptly if you have any questions or envisage any difficulties with this.

Thanks
 Luci

Labour Costs Growth
 Year-ended



* Rate of growth in survey respondents' total labour costs.
 ** Including bonuses and commissions.
 Sources: ABS; RBA

Private Sector Wages Growth
 Year-ended



* Trimmed mean, rescaled to have the same mean as the WPI. Expected line is two quarters ahead.
 ** Excluding bonuses and commissions.
 Sources: ABS; RBA

FOI

From: ELLIS, Luci
Sent: Monday, 2 May 2022 3:02 PM
To: LOWE, Phil
Cc: BULLOCK, Michele
Subject: New wages graphs [SEC=OFFICIAL]

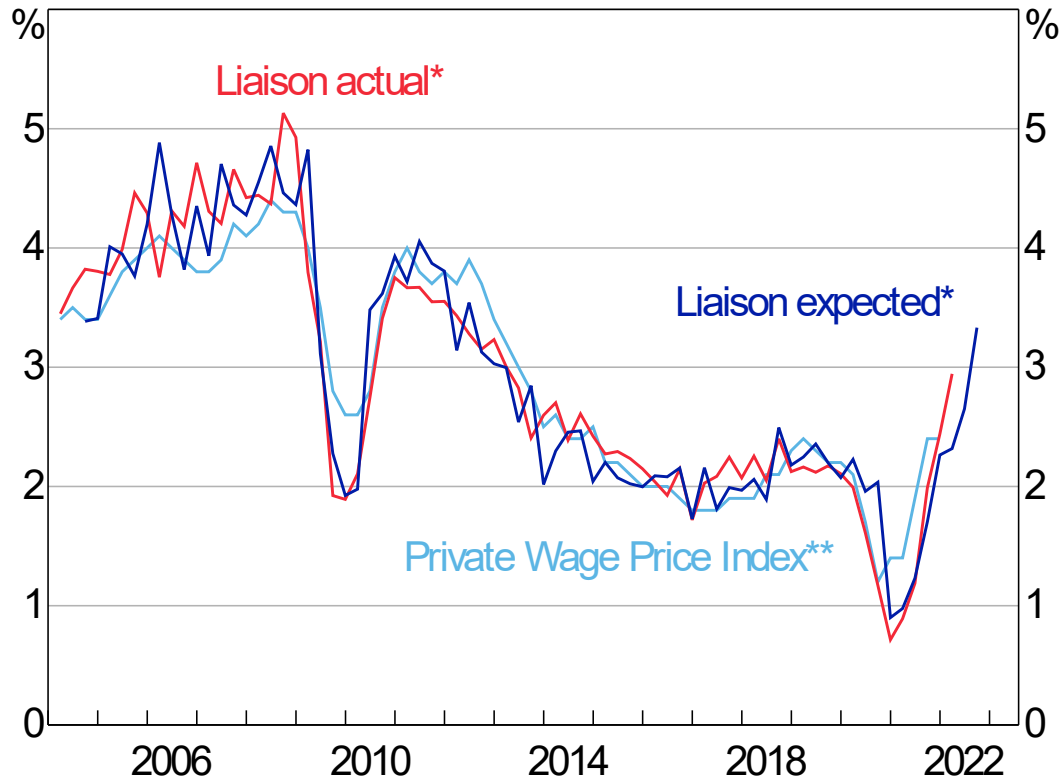
Hi Phil,

These are the two graphs on leading indicators on wages growth. Splitting it into two meant I could show both actual and expected liaison. Only showed expected last month. The upside surprise in the most recent quarter of actuals is also noteworthy.

L

Private Sector Wages Growth

Year-ended



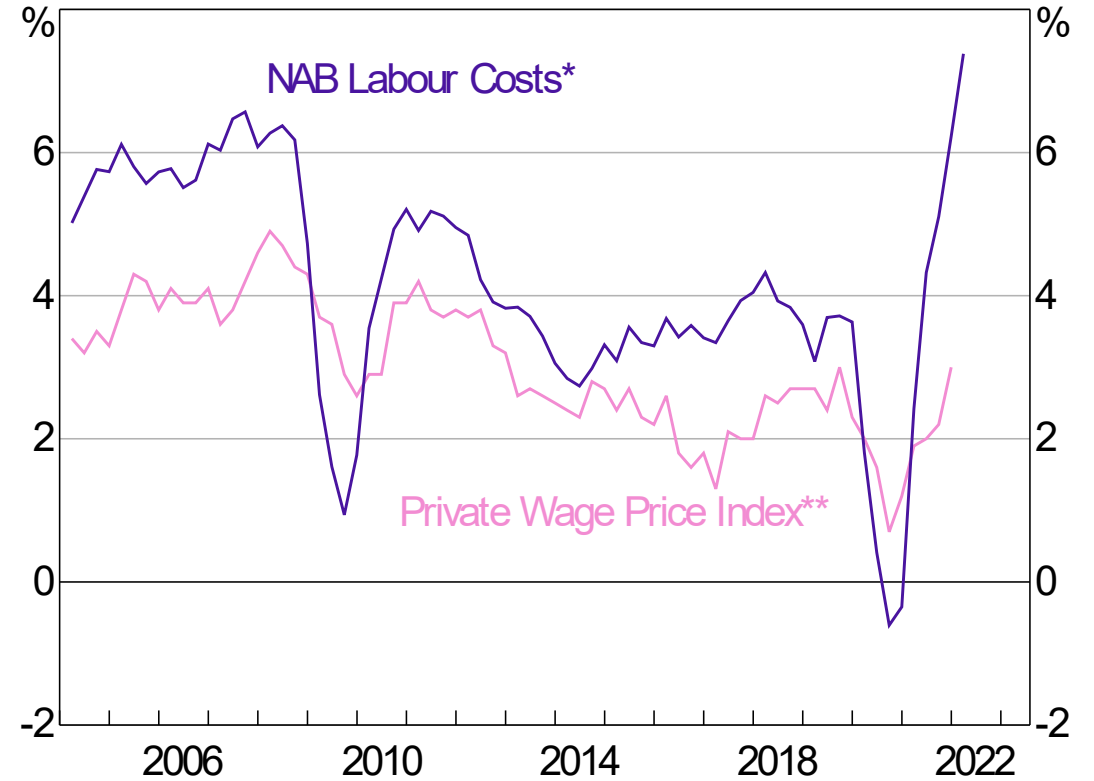
* Trimmed mean, rescaled to have the same mean as the WPI. Expected line is two quarters ahead.

** Excluding bonuses and commissions.

Sources: ABS; RBA

Labour Costs Growth

Year-ended



* Rate of growth in survey respondents' total labour costs.

** Including bonuses and commissions.

Sources: ABS; RBA