



SME Business Activity.

Judo Bank Australia PMI

“SME business activity is holding up better than what we are seeing among large businesses where activity has weakened at a more rapid pace over the past three months.”

Australian SMEs experienced a small drop in activity in July which is consistent with the broader slowdown in the Australian economy in 2023. The output index dropped below 50 in June and fell further to 49.1 in July, which is broadly consistent with a stable business environment. SME business activity is holding up better than what we are seeing among large businesses where activity has weakened at a more rapid pace over the past three months.

The survey shows that just **26% of Australian SMEs** experienced a decline in activity in July, which although a little higher than the long-run average of 22%, shows that most Australian SMEs are seeing stability in their market or are continuing to grow.

Inflation pressures intensified in July with all the major price indexes rising in the month

The pipeline of work in the services sector is receding. The outstanding business index **fell 1.3 points to 46.5**, which is in contractionary territory. Just 9% of service sector SMEs have recorded an increase in outstanding business while 18% are registering declines.

Employment

13% of SMEs saw employment increase in July, 1pt above the pre-pandemic average

Prices Charged

22% of SMEs saw prices charged increase in July, 13pts above the pre-pandemic average

Future Activity

48% of SMEs expect future activity to remain at current levels over the next 12 months, 15pts above the pre-pandemic average

Outstanding Business

9% of SMEs saw outstanding business increase in July, 9pts below the pre-pandemic average

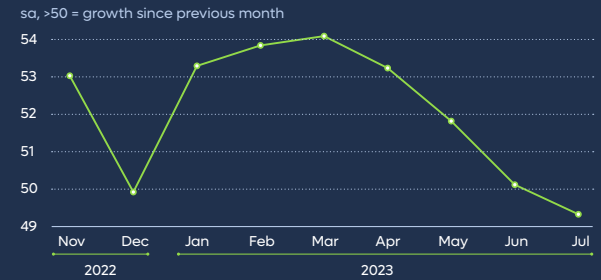
Input Prices

40% of SMEs saw input prices increase in July, 22pts above the pre-pandemic average

Key Charts

SME Employment Index

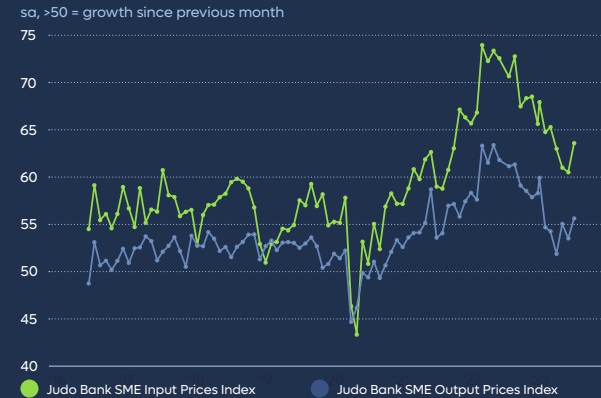
Labour demand cooled in July for SMEs following 6 months of expanding employment



Sources: Judo Bank, S&P Global.

SME Input Prices Index & SME Prices Charged Index

Prices charged by SMEs picked up in July after cooling for three consecutive months



Sources: Judo Bank, S&P Global.

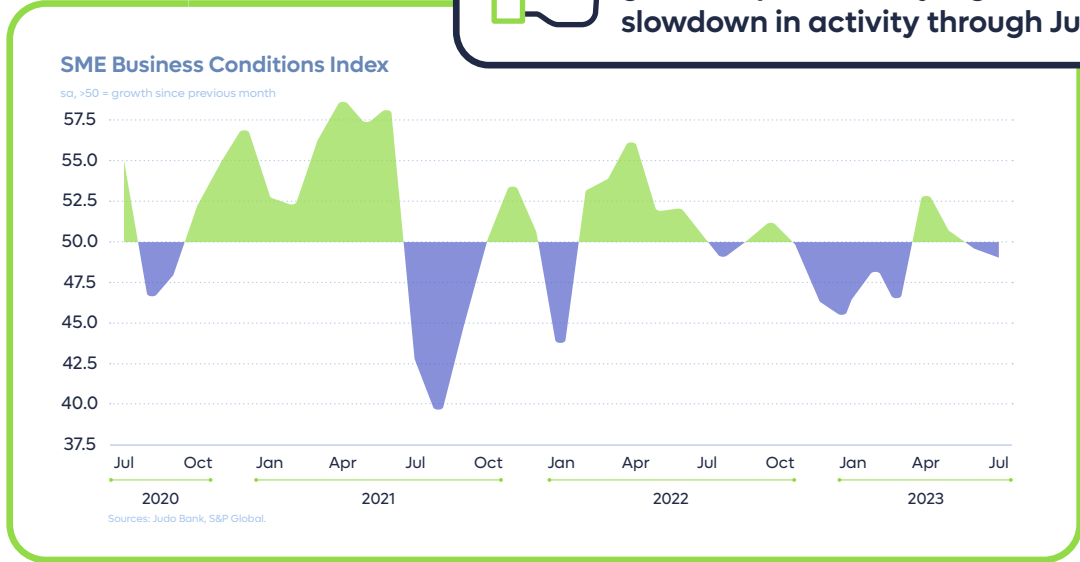
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Overall, the SME sector remains in good shape with only a gradual slowdown in activity evident across both the services and manufacturing sectors. Indeed, the July Judo Bank PMIs point to a better performance from SMEs through the course of the economic slowdown in 2023. This contrasts with 2022, when most of the slowing in business activity was due to weaker trading conditions in the SME sector.

Warren Hogan
Chief Economic Advisor, Judo Bank



 The SME sector remains in good shape with only a gradual slowdown in activity through July




 **16% of SMEs saw new business increase in July, 11pts below the pre-pandemic average**

Services Industry


Business Activity

  **27%** of SMEs saw business activity increase in July, 10pts below the pre-pandemic average

New Business



 **61%** of SMEs saw new business remain level in July, 4pts above the pre-pandemic average

Employment


 **13%** of SMEs saw employment increase in July, 1pt above the pre-pandemic average

Manufacturing Industry


Output

  **21%** of SMEs saw output increase in July, 9pts below the pre-pandemic average

New Orders

 **53%** of SMEs saw new orders remain level in July, 9pts above the pre-pandemic average

Employment

 **13%** of SMEs saw employment increase in July, 2pts below the pre-pandemic average