



# SME Business Activity.

## Judo Bank Australia PMI

“Australia’s economic slowdown is starting to impact the SME sector following a strong performance earlier this year.”

The Judo Bank SME business activity report showed further easing business conditions in August. Both the activity and new business indexes fell to levels historically consistent with a soft landing for the economy. This fall was seen across both the services and manufacturing sector indicators.

SME activity levels are above those seen in 2022, when the initial wave of rate hikes disproportionately impacted SMEs compared to large businesses. The slowdown experienced through 2023 thus far has been similar between SMEs and larger firms.

SMEs remain confident about the future, with an improvement in the future output index in August. This is also reflected in the employment measure, which rose in August and is in expansionary territory. Australian SMEs are planning to expand their workforce in the future, which is consistent with the expectation that the current downturn in economic activity will be temporary.



SME cost pressures remain elevated but are well down on the historically high levels in 2021 and 2022.

### Business Activity

↓ **23%** of SMEs saw business activity fall in August, 3pts above pre-pandemic average

### New Business

↓ **24%** of SMEs saw new business fall in August, 6pts above pre-pandemic average

### Employment

↑ **13%** of SMEs saw employment increase in August, equal to the pre-pandemic average

### Input Prices

↑ **30%** of SMEs saw input prices increase in August, 12pts above pre-pandemic average

### Outstanding Business

↓ **18%** of SMEs saw outstanding business fall in August, 4pts above pre-pandemic average

### Future Activity

↑ **41%** of SMEs expect future activity to increase over the next 12 months, 19pts below pre-pandemic average

### Prices Charged

↑ **17%** of SMEs saw prices charged increase in August, 9pts above pre-pandemic average

### Key Charts

#### SME New Orders Index

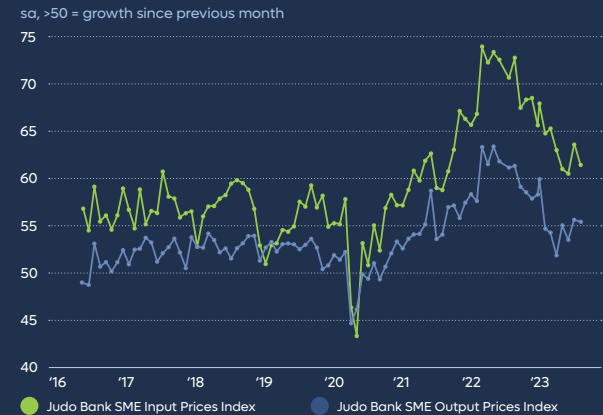
New orders for SMEs fell to their lowest level in five months



Sources: Judo Bank, S&P Global.

#### SME Input Prices Index & SME Prices Charged Index

Both input and output price growth slowed in August after a sharp increase in July



Sources: Judo Bank, S&P Global.



# SME Business Activity.

## Judo Bank Australia PMI

SME cost pressures remain elevated but are well down on the historically high levels in 2021 and 2022. SME cost pressures are not dissimilar to large businesses, with August index readings higher than before the pandemic. All Australian businesses, SMEs included, are still dealing with elevated cost pressures in the middle of 2023.

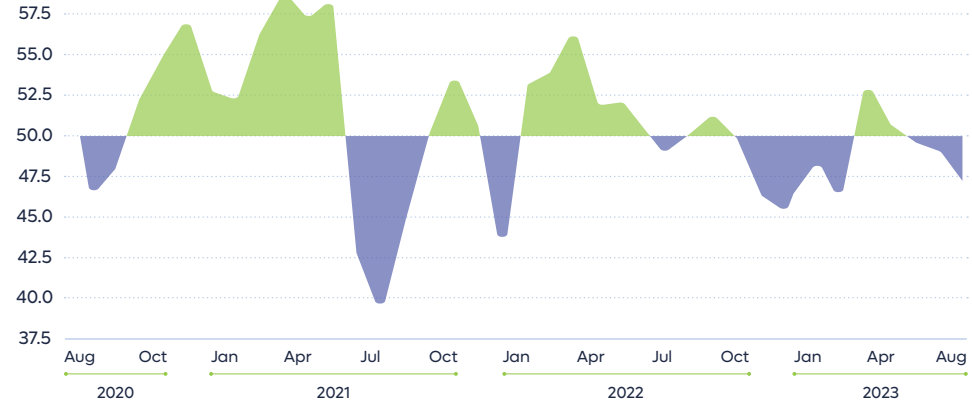
**Warren Hogan**  
Chief Economic Advisor, Judo Bank



Australia's economic slowdown is starting to impact the SME sector following a strong performance earlier this year.

SME Business Conditions Index

sa, >50 = growth since previous month



Sources: Judo Bank, S&P Global.



**13%** of SMEs saw employment increase in August, equal to the pre-pandemic average.

### Services Industry

#### Business Activity



**23%** of SMEs saw business activity fall in August, 4pts above pre-pandemic average

#### New Business



**23%** of SMEs saw new business fall in August, 5pts above pre-pandemic average

#### Employment



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

### Manufacturing Industry

#### Output



**23%** of SMEs saw output fall in August, 2pts above pre-pandemic average

#### New Orders



**32%** of SMEs saw new orders fall in August, 8pts above pre-pandemic average

#### Employment



**14%** of SMEs saw employment fall in August, 3pts above pre-pandemic average