

# SME Business Activity.

## Judo Bank Australia PMI

In April, the SME Business Activity PMI report once again points to an SME-led recovery in early 2024 as activity and employment continued to expand throughout the month.

Over the four months to April 2024, the SME output index has climbed sharply from 43.8 to 55.1. The index currently resides at its highest reading since April 2022 and is greater than the series pre-pandemic average of 53.8. The ongoing solid activity results suggest a recovery in SME business conditions is taking place in 2024, following a slowdown in activity levels in the latter half of 2023. The recovery is aligned with household balance sheets improving at the end of 2023, and the nominal shock of rapidly rising interest rates continuing to fade away.

### Key Charts

#### SME New Orders Index

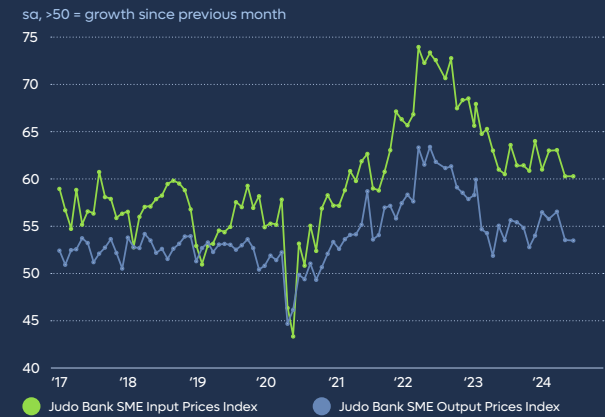
SME new orders increased through April at the quickest rate since May 2022.



Sources: Judo Bank, S&P Global.

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

Both SME input and output price pressures have eased over the past three months.



Sources: Judo Bank, S&P Global.

#### Employment

**15%** of SMEs saw employment increase in April, 3pts above pre-Covid average

#### New Business

**66%** of SMEs saw new business remain level in April, 11pts above pre-Covid average

#### Outstanding Business

**74%** of SMEs saw outstanding business remain level in April, 6pts above pre-Covid average

#### Business Activity

**64%** of SMEs saw business activity remain level in April, 12pts above pre-Covid average

#### Future Activity

**50%** of SMEs expect future activity to remain level over the next 12 months, 16pts above pre-Covid average

#### Input Prices

**22%** of SMEs saw input prices increase in April, 4pts above pre-Covid average

#### Prices Charged

**10%** of SMEs saw prices charged increase in April, 1pt above pre-Covid average



For four consecutive months SMEs have seen an improvement in business conditions, with a significant pick-up in activity measures.

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Whether SMEs continue to see an improvement in overall business conditions is contingent on a recovery in consumer spending throughout 2024. While there are signs a recovery is underway, official retail sales data suggest it's too early to confirm a recovery in consumer spending.

The improvement in Australia's headline PMIs has been driven primarily by an uptick in SME business conditions. While larger organisations have also seen an improvement in the new year, their output and new order readings have been weaker than that of SMEs, only slightly above the neutral level in April.

**Matthew De Pasquale**  
Economist, Judo Bank



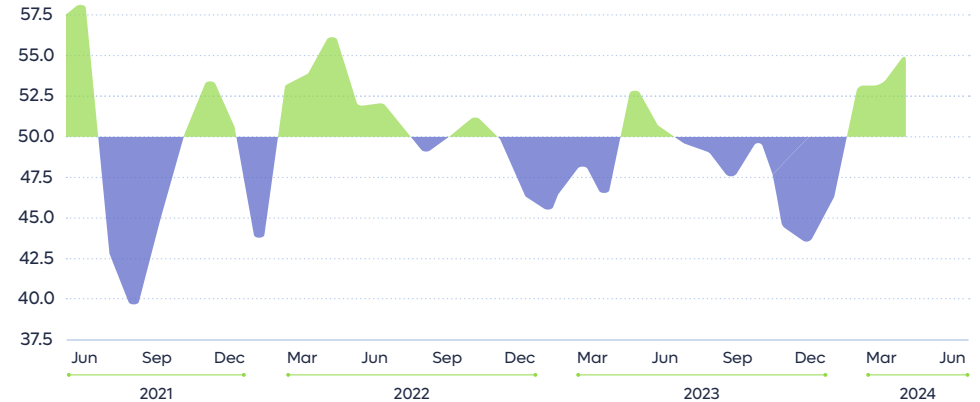
With activity rebounding in early 2024 and expected to continue improving, we expect SMEs will continue expanding headcounts throughout the year.



In April the SME Business Activity Index reached 55.1, the highest reading in two years.

### SME Business Conditions Index

sa, +50 = growth since previous month



Sources: Judo Bank, S&P Global.

#### Services Industry

##### Business Activity



**66%** of services sector SMEs saw business activity remain level in April, 13pts above pre-Covid average

##### New Business

**68%** of services sector SMEs saw new business remain level in April, 12pts above pre-Covid average

##### Employment

**16%** of services sector SMEs saw employment increase in April, 4pts above pre-Covid average

#### Manufacturing Industry

##### Output



**25%** of manufacturing sector SMEs saw output fall in April, 4pts above pre-Covid average

##### New Orders

**29%** of manufacturing sector SMEs saw new orders fall in April, 5pts above pre-Covid average

##### Employment

**13%** of manufacturing sector SMEs saw employment fall in April, 3pts above pre-Covid average