



# SME Business Activity.

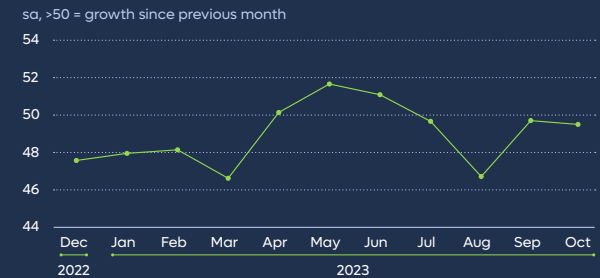
## Judo Bank Australia PMI

“SME business conditions softened in October after an improvement the month prior. SMEs and larger organisations are experiencing similar conditions as the economy weakens, with margin pressures becoming more alike through October.”

### Key Charts

#### SME New Orders Index

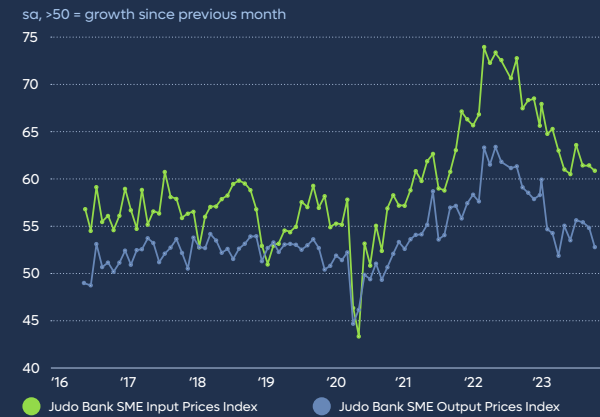
New orders held flat through October, slightly under the neutral level



Sources: Judo Bank, S&P Global.

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

Margin pressure continues to weigh on SMEs



Sources: Judo Bank, S&P Global.

#### Business Activity

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

#### New Business

**19%** of SMEs saw new business increase in October, 8pts below pre-Covid average

#### Employment

**9%** of SMEs saw employment fall in October, 1pts above pre-Covid average

#### Input Prices

**26%** of SMEs saw input prices increase in October, 8pts above pre-Covid average

#### Outstanding Business

**75%** of SMEs saw outstanding business remain level in October, 8pts above pre-Covid average

After reaching the neutral level in September, the SME Output index has softened to 47.6, a level historically consistent with a mild economic slowdown. The Output index for larger organisations also fell to 47.6, despite seeing a more significant increase into expansion territory over the month prior.

Similarly, new orders softened for SMEs through October, but to a lesser degree than larger organisations. The New Orders index eased only to 49.5, slightly under the neutral level, reflecting the strength in services consumer demand witnessed in official economic data releases. Larger organisations, on the other hand, saw one of the steepest declines in new orders on record, with the index falling from 54.1 to 45.0.



Larger business margin pressure has worsened through October and is now inline with SMEs

#### Future Activity

**10%** of SMEs expect future activity to fall over the next 12 months, 4pts above pre-Covid average

#### Prices Charged

**9%** of SMEs saw prices charged increase in October, 1pts above pre-Covid average

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## Judo Bank Australia PMI

In October, both input and output prices experienced a decrease in pressure, although margin pressure still persists. The output price index has returned to pre-pandemic levels, standing at 52.8. However, the input price index remains almost 10% above pre-pandemic levels, currently at 60.9. SMEs have been under more significant margin pressure than larger organisations throughout 2023, but in October, the pressure on larger organisations increased, bringing it in line with the pressure faced by SMEs.

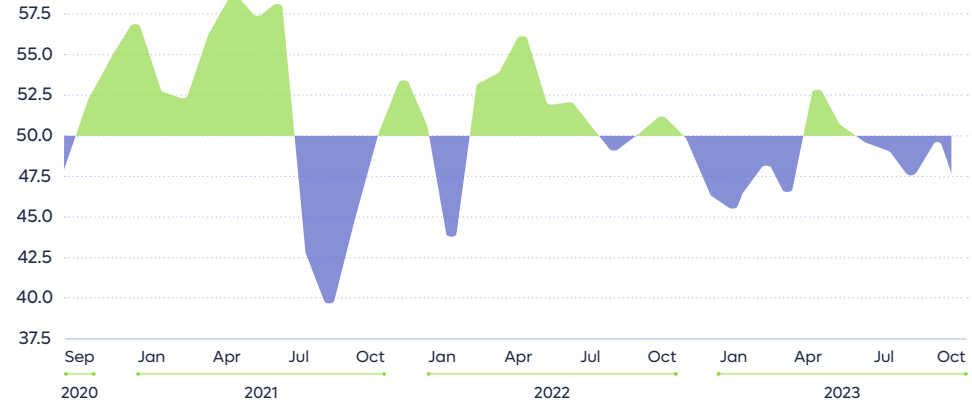
**Matthew De Pasquale**  
Judo Bank Economist



SME business conditions softened in October after an improvement in services sector activity the month prior

SME Business Conditions Index

sa, >50 = growth since previous month



SMEs operating in the services sector have been experiencing better conditions than those in the manufacturing sector

### Services Industry

#### Business Activity



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

#### New Business

**66%** of services sector SMEs saw new business remain level in October, 9pts above pre-Covid average

#### Employment

**9%** of services sector SMEs saw employment fall in October, 1pts above pre-Covid average

### Manufacturing Industry

#### Output



**26%** of manufacturing sector SMEs saw output fall in October, 4pts above pre-Covid average

#### New Orders

**27%** of manufacturing sector SMEs saw new orders fall in October, 4pts above pre-Covid average

#### Employment

**12%** of manufacturing sector SMEs saw employment fall in October, 2pts above pre-Covid average