QUARTERLY BUSINESS SNAPSHOT*

Steady as she goes: Recovery grinding slowly ahead

23 May 2025

*The quarterly business snapshot uses Westpac Group's proprietary data of 570,000 businesses to provide you with a timely picture on Australian businesses. Our report analyses the millions of daily transactions made by our business banking clients, unlocking a rich source of data on businesses nationwide.

Key points

Recovery grinding slowly forward

- The Westpac Business Cashflow Gauge (income to expense ratio) edged higher in Q1, rising 0.4% in the quarter.[1] Including debt servicing payments, firms' cash flow positions showed a more marked improvement – supported by February's RBA's policy rate cut.
- Still, broader progress in underlying momentum has been uneven and prone to stalling since the mid-2024 lift, underscoring the patchy and gradual nature of economic recovery still underway.
- Across the SME space there remain pockets of stress, but encouragingly a growing number of SMEs are now seeing their cashflow improve, signalling an emerging stabilisation in SME cashflows. Meanwhile, commercial businesses continued to demonstrate resilience.
- Balance sheets across SME and Commercial business remain strong, although there are nuances. SMEs have shown a preference for rebuilding cash balances and borrowing to facilitate the smooth daily running of their business. In comparison, even though Commercial businesses have built up significant liquidity, they continue to invest, with equipment and financing growing at more than triple the rate of growth in working capital.
- Across industries, more than three quarters of the thirteen industries analysed saw an improvement in their "cashflow" conditions. This was led by services. While non-market industries such as health & social assistance are still seeing solid growth in turnover they are no longer standing out from the market sector as before. The retail sector remains a soft spot, no doubt reflecting the consumer caution seen in other data.
- The divergence in cashflow conditions across States is narrowing. While SA and QLD remain closer to pre-pandemic levels, the more consumer facing states of NSW and Victoria are seeing improvements. Positively, cashflow stress across states is relatively low.
- Following the implementation of broad-based and higher than expected tariffs by the US in April, businesses are facing a more challenging global backdrop. The net impact on Australia is expected to be limited, although it will slightly temper the recovery. Based on the May Market Outlook, Westpac now sees 2025 GDP growth at 1.9% down from 2.2% at the February report.[2]
- At an industry level, we expect most will show resilience and there may even be opportunities given a tariff advantage in some markets and that the USD is still overvalued.
- Businesses will also benefit from moderate wage growth, easing inflation and further RBA rate cuts. These tailwinds should support a gradual lift in private sector demand over the coming year.
- That said, risks remain tilted to the downside. A sharper slowdown across Australia's major trading partners or weaker domestic demand due to global uncertainties would ultimately lead to lower GDP growth and industrial activity.

[1] Total revenues to expenses (excluding debt servicing payments). The ratio has been reindexed to Q1 2020.

[2] All forecasts referred to in this publication are from Westpac Economics' May Market Outlook published 9th May 2025 and can be found in Appendix 2..

Key outcomes for Q1:

- ↑ Westpac Business Cashflow Gauge edged up.
- ↑ Share of SMEs with improving "cashflow" conditions improve
- ↑ More than three quarters of industries saw an improvment.
- ↓ **-1.3%** Debt servicing costs

"Westpac's propriety Cashflow Gauge improved in Q1 but signs of a slower and uneven economic recovery persist"

Cash flow insights:
Cash flow conditions lift but underlying momentum soft

Firms stabilising operating positions even as demand conditions remain subdued

Sian Fenner
Head of Business & Industry Economics

In Q1 2025, the Westpac Business Cashflow Gauge (income to expense ratio) edged higher, rising 0.4% in the quarter (Chart 1). Encouragingly, when debt servicing payments are included, firms' cash flow positions showed a more marked improvement. Helped by the RBA's February policy rate cut, debt servicing costs fell 1.3% in the quarter (Chart 2). However, signs of broader progress in underlying momentum have been uneven and prone to stalling since the mid-2024 lift, underscoring the patchy and gradual nature of economic recovery still underway.

Both total revenues and expenses fell in Q1, though the pace of decline moderated. The ongoing pullback in both reflects the disinflationary environment that has persisted since 2023. Nonetheless, consistent with past quarters, a sharper fall in expenses lifted the cashflow ratio despite weaker turnover. This suggests that firms are managing to stabilise operating positions even as demand conditions remain subdued.

Total revenues fell 0.6% – the seventh consecutive quarterly drop – and stood 3.5% lower than a year ago. Still, this was the slowest decline in turnover in three quarters and a broader base of industry-level gains suggest that a tentative stabilisation is underway.

Total expenses fell by 1% in the quarter, as businesses continue to focus on cost controls. That said, the decline was smaller than experienced over recent quarters. Much of the earlier downward trend in expenses from lower input costs, due to supply chain normalisation, appears to be in the rearview mirror. Indeed, import prices and domestic manufacturing input prices rose in Q1, while an easing in construction input costs provided only limited offset.

Businesses' total wages bill also eased back after several quarters of firm growth. This may, in part, reflect businesses taking a more cautious stance in response to the subdued domestic recovery following signs of greater optimism late last year. Indeed, while ABS data show that employment continued to rise, total hours worked declined slightly, in part reflecting a shift in the composition of labour demand towards part-time employment. Meanwhile, aggregate wage growth remained moderate in Q1.

Chart 1: Westpac Cashflow Gauge (Income to Expenses)

Excluding Debt Servicing Payments, Contribution to Monthly % Change, Rolling 3-month Sum

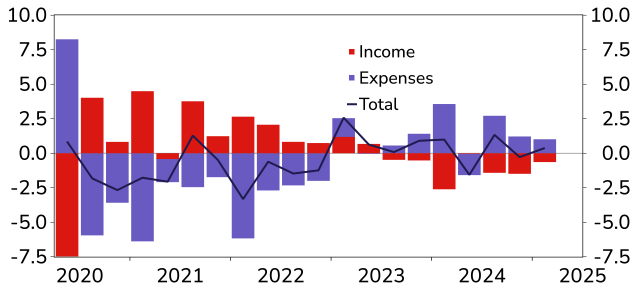
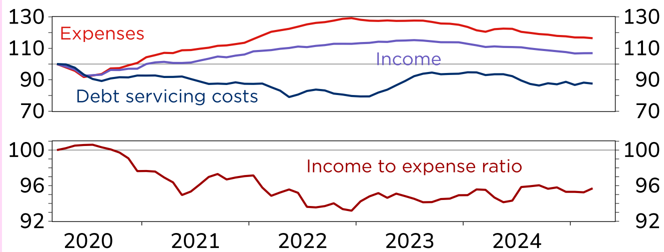


Chart 2: Business cash flow

Including debt servicing, Rolling 3-month sum, Index March 2020 = 100



Source: , Macrobond, Westpac Economics

Key insights: Consumer spending starts 2025 on a soft note

Following a solid increase in Q4, early indicators, including Westpac's internal card tracker and Consumer Panel, point to a soft start to the year for household consumption. Perhaps even more salient, our Westpac DataX Consumer Panel, which looks at the income, saving and spending flows covering more than 1 million customers, signals a strong preference for savings following a lengthy period of declining real income per person. Indeed, even though incomes have improved on the back of tax cuts and the February policy rate cut, Australians have on average saved 80¢ from every extra dollar of income received from the tax cuts.

This is very high compared to history amid some ongoing caution. Indeed, while consumer sentiment has come out of the dark 'cost of living' hole it was in through most of 2023 and 2024 it is still firmly pessimistic. Tariffs and financial market turmoil mostly represents just another reason to remain cautious. This signals limited scope for a 'strong' rebound in real consumer spending. Instead, it suggests the recovery will continue to be very slow going, at least in the near term.

Balance sheet insights: Businesses' cash buffers are still in solid shape

Commercial businesses borrowing is tilted towards investment

Business balance sheets remained in solid shape in Q1. Deposits rose 2.4% over the March quarter to be up 8.1% in annual terms. The liquidity boost was concentrated in commercial businesses, where total deposits increased by 3.0%, while SMEs saw a more modest increase of just 0.3%. Even so, SME deposits remain 7% above their 2023 lows, as firms have focused on rebuilding their cash reserves.

Overall business credit grew by a firm 3% in the quarter, though unevenly across firms and the type of lending. Commercial businesses continued to use equipment and term financing facilities to ramp up capacity (Chart 3). Indeed, over the past year equipment and financing has grown at more than triple the rate of growth in working capital.

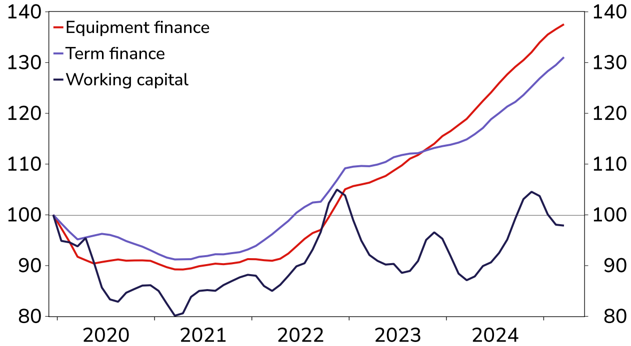
In contrast, SME borrowings remained concentrated in working capital facilities, whereas their investment in plant & equipment has stagnated. The stall in SME lending for investment may reflect firms deferring decisions ahead of the Federal Budget and election. While these policy-related uncertainties have now passed, this was after the end of the period reported here, the first three months of 2025. Looking beyond the quarter, conditions remain mixed. Pockets of soft demand and lingering global uncertainties are likely still weighing on sentiment and investment decisions, which could see businesses continuing to rebuild cash buffers for now. Importantly, given the strength in liquidity and with credit utilisation still below pre-pandemic levels, there is scope for investment to lift if demand and confidence improve.

The Westpac business debt gauge fell 0.6% over the March quarter to be 4.8% lower than a year ago (Chart 4). Still, it remains at very elevated compared to pre-Covid levels, across SME and Commercial businesses. This implies, that firms are in a solid position to meet short-term liabilities and weather any potential income shock. Meanwhile, SMEs' debt gauge has fallen back since its peak in 2023, but it remains elevated and is still around 26% higher than before the pandemic.

Our debt coverage gauge asses the stock of cash relative to businesses' financial liabilities.

Chart 3: Commercial business debt by type

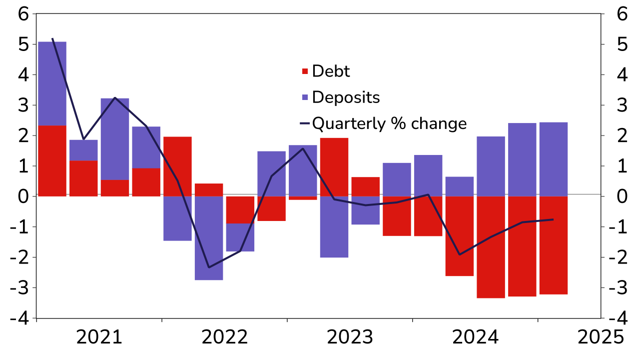
Index March 2020 = 100



Source: , Macrobond, Westpac Economics

Chart 4: Business debt coverage gauge

Contribution to quarterly change



Source: , Macrobond, Westpac Economics

Key insight: SME support and the Budget

The Federal Budget tabled on the 25th March announced several measures aimed at supporting SMEs, focusing on easing cost pressures, improving cash flow, and helping businesses in their day to day running. Indeed, late payment of invoices has been cited as one of the top four challenges for SMEs managing their cash flow.

These policy efforts could further support liquidity among SMEs. While this in itself won't change SMEs' risk appetite it creates a more stable base from which smaller firms can begin to plan, investment and increase capacity. Complementing these measures is stronger protections against unfair contract terms and trading practices and the Industry Growth Program.

In all, these measures should provide support to help small businesses to innovate, commercialise, and scale. In that sense, measures such as improving payment timeliness are not just a relief measure, but quiet enablers of broader business dynamism.

A look under the 'aggregates': Cashflow conditions SME vs Commercial

SMEs see "cashflows" improve for the second consecutive quarter

Aggregates are useful during normal times. However, micro-level analysis can provide greater insights around the turning points of a business cycle. This includes assessing the sustainability of a recovery and identifying pockets of strength and weakness. Such insights serve as an early indicator of future changes to the overall outcome.

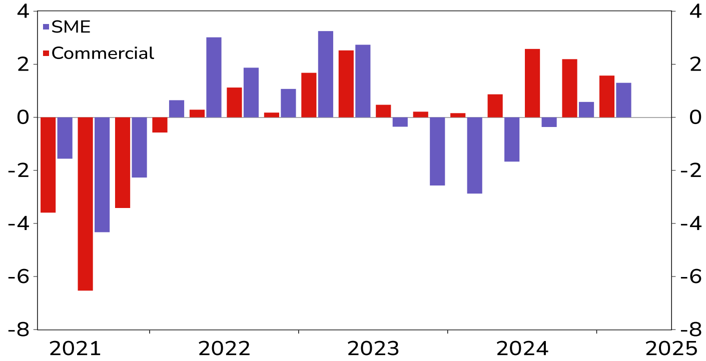
Encouragingly, the share of SMEs experiencing improving cashflow (including debt servicing payments) increased for the second consecutive quarter (Chart 5). This supports our view that deterioration seen over most of last year has reached a turning point and SME cashflow conditions are stabilising.

However, the improvement was modest, and there remain pockets of cashflow stress in the SME space (Chart 6). In particular, they have in general had less scope to pass on higher costs to final consumers.

Commercial businesses showed continued resilience. The share of businesses recording an increase in "cashflows" has now grown in every quarter since Q2 2022 and the share of commercial businesses experiencing cashflow stress remains low in line with reads in previous quarters. These metrics show that commercial businesses have managed to effectively weather the economic headwinds.

Chart 5: Share of businesses with improving cash flow

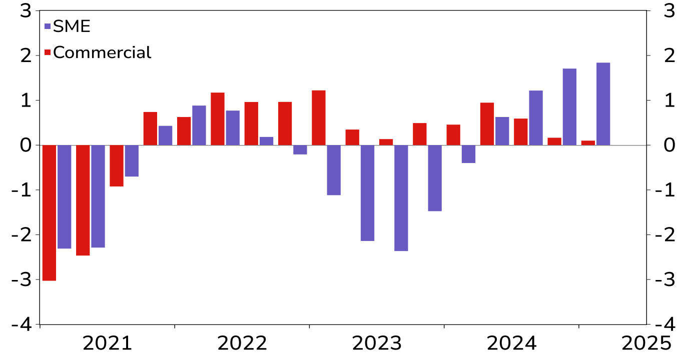
Percentage point deviation from average, Rolling 6-month average



Source: Macrobond, Westpac Economics

Chart 6: Share of cash flow constrained businesses

Percentage point deviation from average, Rolling 12-month average



Source: Macrobond, Westpac Economics

Business size definition:

SME businesses are those with annual aggregated turnover of less than $5m.

Commercial businesses are those with annual aggregated turnover between $5m and $50m.

Industry insights:
Slowly shifting gears from non-market to market sector

Recovery extending to more industries

Looking across the industries, Westpac's Industry Cashflow Gauge (including debt servicing payments) improved across 9 of the 13 industries, up from 6 previously (Appendix 1). The largest gains in the quarter were recorded in the services sectors including Recreation, Accommodation and Healthcare. Notably, though, the gain in the Recreation Sector was driven entirely by a sharp fall in expenses, particularly debt servicing, rather than a lift in turnover, which remains soft in line with broader consumer caution.

The Education sector also improved for the first time in a year reflecting a solid rebound in turnover, reflecting an above-average increase in international university fees and some possible front-loading intake of international students ahead of the informal student cap.

At the other end of the spectrum, the Agriculture sector recorded the largest deterioration in cashflow conditions. Cyclone Alfred caused significant damage to crops in QLD and across Northern NSW in March with turnover losses compounded by logistical delays. This came on top of stronger expenses, including debt servicing.

More positively, turnover grew across 6 industries in the March quarter, up from 5 in December. Non-market sector industries (health & education) are still seeing solid growth in turnover (Chart 8), but they are no longer standing out from the market sector as previously. Notably, Property and Business services both recorded solid gains. The recovery in the retail sector remains soft, reflecting the consumer caution evident in other data.

Uncertainty ahead of the Federal election in May alongside a more challenging external backdrop is likely to have reinforced this conservatism. The recovery in construction turnover also appears to have stalled, despite the RBA rate cut arresting the earlier softening in housing prices.

Cost pressures moderated broadly across industries. Of the 13 industries looked in detail here, 9 saw expenses fall over the March quarter, underpinned by lower debt servicing costs. Further cuts in the RBA policy rate should see these costs fall further over the year.

Chart 7: Westpac Industry Cashflow Gauge (including debt servicing)

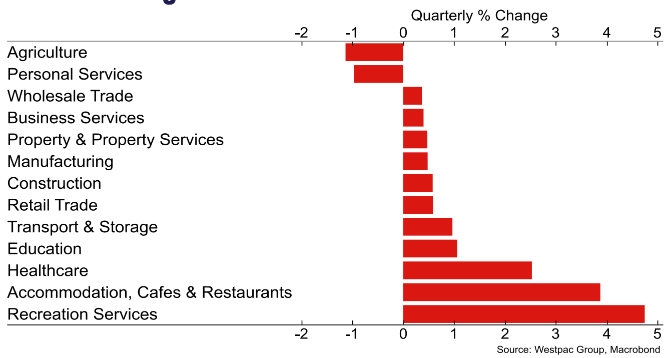
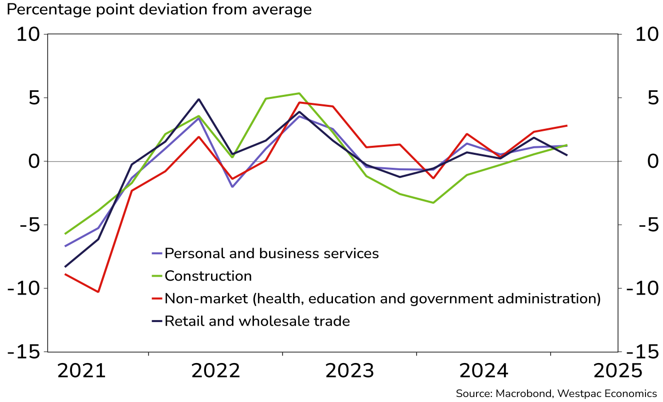


Chart 8: Share of businesses with improving 'cash flow'



Key insight: Trade turmoil can create opportunities

The US's trade protectionist policies will have ripple effects on global trade flows and prices. Still, most Australian industries are relatively well placed to weather the trade shock. The impact will vary, but sectors such as Agriculture and Mining – ranked highly in [our Industry Trade Exposure Index] - are well-positioned to weather these shifts. The US is a relatively small market and these goods can more easily be redirected. A 'tariff advantage', particularly vis-à-vis US exports into China, should also create opportunities for agriculture goods. We also see scope for critical minerals and the Defence industry. These would have positive spillovers to Food Manufacturing, Wholesale, Construction, Professional Services and Transport & Logistics.

The overvalued USD may also provide opportunities. Despite the recent depreciation in the USD, it remains around 15% overvalued. This gives Australian consultants and legal professionals a relative cost advantage. For Australia these sectors matter. In 2024, Australia earned more than $7½ billion from software licencing exports alone, and a similar amount from professional services, with accounting and legal servicing each contributing $1billion. Although not all of these exports are US-bound, the US remains the single largest destination.

A look from coast to coast: Gap across regional economies narrowing

Some temporary factors have weighed on commodity states

Our previous research shows that State trends have diverged in recent years, with stark differences between household consumption sector, public sector support and housing market dynamics. Commodity driven states WA and Queensland have been running ahead of the pack, supported by elevated public sector demand and the boost to household consumption from cost of living support measures.

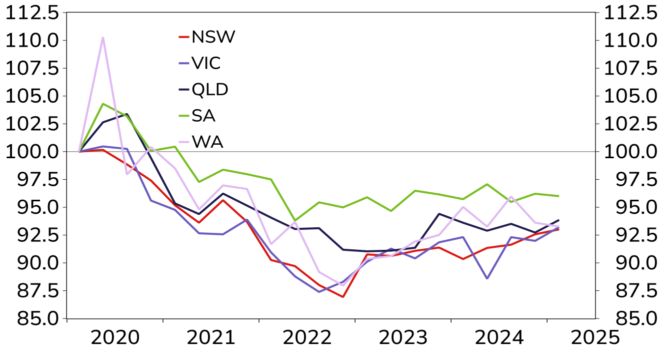
This divergence in economic performance has largely been mirrored in the Business' Cashflow gauge, or "cashflows" conditions. More recently, the gap has narrowed (Chart 9). The recovery in housing and household spending is lifting turnover in NSW and Victoria. In contrast, both WA and QLD saw their cash flows conditions gauge weaken relative to a year ago. Much of this can be explained by some temporary factors that have contributed to a moderation in turnover momentum. Most recently, Cyclone Alfred caused significant damage to agriculture production in QLD and also led to weaker household spending, albeit this has since bounced back. Meanwhile, turnover in WA is still recovering from the large drag due to outages at the Gorgan LNG facility last year.

SA, which includes the Northern Territory, was the only other state to record an annual improvement in cashflows conditions and indeed remains ahead of the pack, yet turnover is moderating despite support from solid public spending and defence projects.

The share of businesses experiencing improving cashflow fell back slightly across all states, outside of WA, likely due to a more moderate contraction in mining revenue in Q1 (Chart 11). In addition, the share of businesses experiencing cashflow stress across the states remains low in line with recent quarters (Chart 12).

Chart 9: Income to Expense Ratio by State

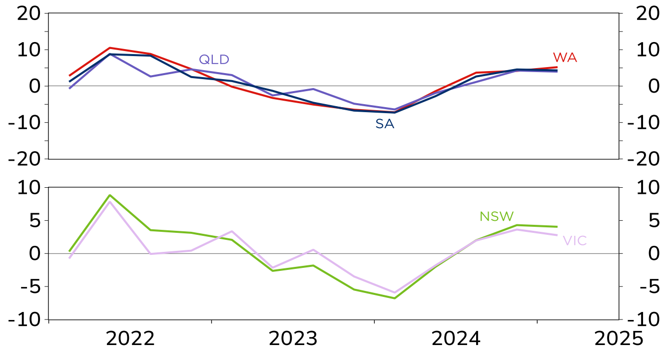
Excluding Debt Servicing Payments, Index March 2020 = 100



Source: , Macrobond, Westpac Economics

Chart 11: Share of businesses growing cash flow

Rolling 12-month percentage point change



Source: Macrobond, Westpac Economics

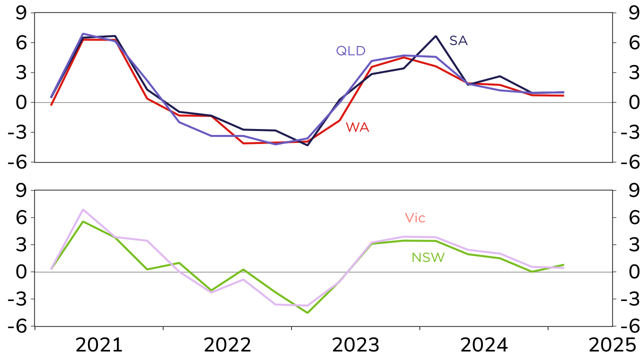
Chart 10: Income to Expense Ratio by State

Including Debt Servicing Payments, Annual % Change

Source: , Macrobond, Westpac Economics

Chart 12: Share of cash flow constrained businesses

Rolling 12-month percentage point change



Source: Macrobond, Westpac Economics

Outlook and risks: Recovery has taken hold but only likely to grind ahead

Recovery on track but softer in the near term

Business "cashflow" positions saw a modest uplift in Q1, though underlying momentum remains subdued. The recovery remains soft with the improvement driven more by stabilisation than renewed strength.

We expect conditions to gradually improve through 2025 and into 2026, but the global environment has become more challenging. Since our last report in February, the US-led tariff escalation and volatility following "Liberation Day" have led to a reassessment of risk and trade dynamics.

Domestically, we revised our 2025 GDP growth forecast slightly lower to 1.9% from 2.2%. While still marking a pickup from 1.3% in 2024, the downgrade reflects a modest drag coming from US tariff measures and associated financial market turmoil. Part of this will flow to a more gradual and cautious recovery in consumer spending and business activity.

Data shows consumers remained restrained in early 2025, underscoring downside risks to spending over the first half of the year. Against this, trade flows have been more positive for Australia, although some of this will be a pre-tariff pull forward, which will be unwound.

Meanwhile, cost pressures are expected to ease further. The extension of the electricity rebates to end-2025 will provide some modest relief for SMEs, while wage growth is projected to moderate further.

Lower oil prices and redirected trade away from the US, particularly from China, could also lead to cheaper intermediate and final goods. Overall, our benign inflation outlook means that we expect the RBA to cut the policy rate by a total of 100bps this year. This would return monetary policy to a relatively neutral stance by the end of the 2025.

Key 2025 economic forecasts

- ↑ **1.9%** GDP
- ↑ **4.5%** Unemployment rate
- ↓ **3.35%** Cash rate (end-year)
- ↓ **2.8%** Trimmed mean CPI
- ↓ **2.9%** Wage growth

Risks are tilted to the downside following US trade shock

Since our last report, one source of uncertainty, the outcome of the Federal election, has been resolved. The return of the incumbent ALP government with an expanded majority in the House of Representatives has lowered the prospect a 'bumpier' transition from public to private demand driven growth.

However, this transition is still dependent on the strength of recovery in the household sector. Households continue to show a strong preference to save or reduce debt rather than spend. Households are also still relatively pessimistic, albeit less than they were last year. In all, ongoing household caution could prove more enduring, capping the projected recovery over this year.

Meanwhile, US tariffs have likely peaked following the 90-day pause on reciprocal tariffs above the 10% baseline and the recent de-escalation in US-China trade tensions. This reduces the risk of a sharp slowdown in global, and in particular US, economic growth.

Still, US tariffs are significantly higher than before and will have ripple effects on global trade flows and prices.

While Australian industries are expected to show resilience in the face of the US trade shock, the escalate to de-escalate experiences with tariffs and general unpredictability of Trump's policies has yielded increased volatility and global uncertainty.

This could have spillover effects on business investment and household spending that would amplify the impact of tariffs on trade flows leading to a sharper slowdown across Australia's major trading partners and possibly weaker domestic demand, ultimately leading to lower GDP growth and industrial activity. In this scenario we would expect the RBA to provide additional support in 2026.

Appendix 1: Major indicators by industry, annual % change

	Income					Expenses					Income to Expense Ratio				
	2025 ytd	2024	2023	2022	2021	2025 ytd	2024	2023	2022	2021	2025 ytd	2024	2023	2022	2021
By Industry															
Accommodation Cafes & Restaurants	-2.5	-7.7	5.4	18.0	16.8	-2.1	-6.9	10.0	23.8	20.1	-0.4	-0.8	-4.2	-4.6	-2.8
Agriculture	8.1	-1.2	1.6	1.3	8.5	-1.4	-1.2	0.2	8.2	13.5	9.6	-0.1	1.4	-6.4	-4.4
Business Services	-2.1	-3.8	5.4	6.5	10.3	-3.5	-4.7	2.3	12.6	18.4	1.4	0.9	3.0	-5.4	-6.8
Recreation Services	5.4	-4.0	5.1	2.0	7.8	-3.5	-7.4	0.6	21.0	7.7	9.1	3.7	4.6	-15.7	0.1
Education	13.0	4.3	12.9	7.7	1.4	0.9	3.4	14.7	10.7	7.3	12.0	0.9	-1.6	-2.8	-5.5
Healthcare	9.3	-1.9	7.8	5.0	5.9	-4.8	-2.4	6.4	10.7	15.6	14.8	0.5	1.3	-5.2	-8.4
Manufacturing	2.4	-3.0	3.6	6.7	4.4	-3.4	-3.6	2.8	10.0	9.5	6.0	0.6	0.9	-3.0	-4.6
Personal Services	6.7	1.3	6.4	11.0	6.1	-0.5	-2.1	8.1	17.1	10.8	7.2	3.5	-1.6	-5.3	-4.3
Retail Trade	2.9	-5.0	-0.1	8.1	2.0	-4.2	-7.1	-0.5	12.5	8.9	7.5	2.2	0.5	-3.9	-6.3
Transport & Storage	10.6	-3.6	6.7	21.9	6.0	-0.7	-3.9	5.3	27.8	6.8	11.3	0.3	1.3	-4.6	-0.7
Wholesale Trade	-4.4	-7.9	-4.5	6.3	4.0	-6.7	-9.7	-5.7	8.7	9.5	2.5	2.0	1.2	-2.3	-5.1
Construction	3.0	-3.1	8.8	11.6	4.9	-3.8	-5.4	6.9	16.2	9.9	7.1	2.4	1.8	-4.0	-4.5
Property & Property Services	-2.5	-5.6	0.9	8.8	16.7	-9.2	-6.8	1.8	13.6	21.2	7.5	1.3	-0.9	-4.2	-3.7
By State															
NSW/ACT	-1.55	-5.05	3.01	5.55	4.91	-4.37	-5.57	0.46	12.48	9.98	2.95	0.55	2.54	-6.16	-4.61
VIC/TAS	-3.44	-5.71	2.76	9.20	8.17	-4.38	-6.08	0.41	14.89	14.63	0.98	0.39	2.35	-4.96	-5.63
QLD	-3.92	-3.87	3.48	9.26	8.93	-4.17	-5.14	4.45	12.16	15.82	0.27	1.33	-0.93	-2.58	-5.95
SA/NT	-2.84	-4.14	4.22	8.44	10.55	-3.12	-4.47	3.78	11.97	14.27	0.29	0.34	0.42	-3.15	-3.25
WA	-1.03	0.42	-0.24	8.26	9.91	0.85	-2.88	-1.04	15.56	15.88	-1.86	3.40	0.81	-6.32	-5.15

*year to date percentage change

Appendix 2: Australian economic forecasts

Activity forecasts*

	2024		2025				2026		Calendar years			
%qtr / %yr avg	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	2023	2024	2025f	2026f
Private consumption	–0.1	0.4	0.3	0.2	0.5	0.5	0.6	0.6	0.9	0.7	1.5	2.4
Dwelling investment	1.5	–0.4	1.5	1.5	1.2	1.2	1.3	1.6	–2.6	2.5	5.5	6.5
Business investment *	–0.4	0.5	0.6	0.7	0.8	0.9	1.1	1.2	8.8	0.3	3	5.2
Private demand *	0	0.4	0.5	0.4	0.6	0.6	0.7	0.8	2.1	0.8	2.2	3.4
Public demand *	2.5	1	0.8	0.7	0.9	0.7	0.7	0.6	4.1	5.5	3	2.4
Domestic demand	0.7	0.5	0.5	0.5	0.7	0.6	0.7	0.7	2.6	2.1	2.4	3.1
Stock contribution	–0.3	0.1	0	0	0	0	0.1	0.1	–1.0	0.2	0	0.2
GNE	0.4	0.6	0.5	0.5	0.7	0.7	0.8	0.8	1.5	2.3	2.4	3.3
Exports	0.2	0.7	0.1	0	0.3	0.4	0.4	0.4	3.7	1.7	0.8	1.7
Imports	–0.2	0.1	0.7	0.3	0.7	0.9	1.5	1.6	5.5	5.8	2.6	6
Net exports contribution	0.1	0.2	–0.1	–0.1	–0.1	–0.1	–0.3	–0.3	–0.2	–0.9	–0.4	–1.0
Real GDP %qtr / yr avg	**0.3**	**0.6**	**0.4**	**0.4**	**0.6**	**0.5**	**0.5**	**0.5**	**2.1**	**1**	**1.8**	**2.2**
%yr end	**0.8**	**1.3**	**1.5**	**1.7**	**2**	**1.9**	**2.1**	**2.2**	**1.5**	**1.3**	**1.9**	**2.2**
Nominal GDP %qtr	0.5	1.6	0.2	0.9	1	0.7	0.9	0.9	5.6	3.9	3	3.4
%yr end	3.5	3.7	2.5	3.2	3.7	2.7	3.4	3.3	4.3	3.7	2.7	3.4

Other macroeconomic variables

	2024		2025				2026		Calendar years			
% change	Q3	Q4	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	2023	2024	2025f	2026f
Employment %qtr	0.8	0.6	0.4	0.2	0.1	0.0	0.3	0.3	–	–	–	–
%yr end	2.4	2.4	2.4	2.0	1.3	0.7	0.6	0.7	3.0	2.4	0.7	1.5
Unemployment rate %	4.1	4.0	4.1	4.2	4.4	4.5	4.5	4.5	3.9	4.0	4.5	4.5
Wages (WPI) (sa) %qtr	0.9	0.7	0.8	0.7	0.7	0.7	0.8	0.8	–	–	–	–
%yr end	3.6	3.2	3.2	3.0	2.9	2.9	3.0	3.0	4.2	3.2	2.9	3.2
Headline CPI %qtr	0.2	0.2	0.9	0.8	0.8	0.8	0.8	0.8	–	–	–	–
%yr end	2.8	2.4	2.4	2.2	2.8	3.4	3.3	3.2	4.1	2.4	3.4	2.8
Trimmed Mean CPI %qtr	0.8	0.5	0.7	0.6	0.7	0.7	0.6	0.6	–	–	–	–
%yr end	3.6	3.3	2.9	2.7	2.6	2.8	2.7	2.7	4.2	3.3	2.8	2.5
Current account $bn, qtr	–13.9	–12.5	–15.6	–14.6	–15.1	–16.3	–18.0	–19.3	–	–	–	–
% of GDP	–2.0	–1.8	–2.2	–2.1	–2.1	–2.3	–2.5	–2.7	–0.2	–1.8	–2.3	–3.2
Terms of trade %yr avg	–4.7	–4.8	–4.6	–4.5	–3.9	–3.7	–2.8	–2.9	–6.2	–4.8	–3.7	–2.8
Population %yr end	1.8	1.7	1.6	1.5	1.5	1.4	1.4	1.4	2.4	1.7	1.4	1.4

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Calendar year changes are (1) period average for GDP, current account and terms of trade, unless otherwise stated (2) through the year for inflation, wages and employment. Unemployment is year end.
* GDP & component forecasts are reviewed following the release of quarterly national accounts.
** Business investment and government spending adjusted to exclude the effect of private sector purchases of public sector assets.

About the report

The quarterly business snapshot uses aggregated and de–identified data from our SME and Commercial business bank customers. Westpac Institutional Bank customers are not included in the scope of this report. This data provides a timely read on aggregate business conditions and the economic trends impacting small and medium businesses (including SME and Commercial businesses), providing our clients with insights to help them grow and prosper.

Turnover is derived by summing inflows paid to the accounts of the Group's business customers. Inflows related to transfers within business groups or capital transactions are excluded. Expense data is derived by summing outflows from the accounts of our business customers. Outflows related to transfers within business groups, capital transactions and outflows direct to any lending facility are excluded from the analysis. Debt servicing cost data is derived by summing the outflows from the accounts of our business customers for servicing any financing facilities or loans. It captures both interest and principal payments as applicable. Sample is adjusted where possible for changes in customer numbers. Therefore, the reported aggregates reflect the experience of the typical or average small and medium business in Australia, as opposed to changes in customer numbers. Due to data limitations, there are differences in sample groups between business cash flow data (i.e. income and expenses) and financial stock data (i.e. cash, debt, financial position). We have tried to control for these sample variations where possible.

SME businesses are those with annual turnover of less than $5m. Commercial businesses are those with annual turnover between $5m and $50m.

Individual series are seasonally adjusted. All data is presented using rolling three month moving averages to smooth volatility related to the flows of income, expenses, debt servicing costs and financial stocks. Given the limited length of the time series available and volatile economic landscape over the past few years, seasonal factors are subject to change – however, different robustness methods are used to help ensure that any changes going forward are small.

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