

Delicate recovery holds course

21 August 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.



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Sian Fenner

Head of Business & Industry Economics

The **Westpac Quarterly Business Snapshot** is produced by Westpac Economics.

Editor: Sian Fenner

Internet: www.westpac.com.au

Email: economics@westpac.com.au

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Key points

- The Westpac Business Cashflow Gauge paints a picture of a steady recovery in underlying cashflow conditions, but one that remains incremental rather than decisive.¹
- In Q2, "cashflow conditions" slipped 0.4% in the quarter, but it retained most of its gains over recent quarters, and was still 1.6% higher than a year ago.
- Across industries, the gains in the cashflow index were narrowly based, with most industries recording a sharper fall in revenues compared to expenses.
- Encouragingly, there was firmer evidence of a broader recovery in private sector activity in the Commercial space, than what the aggregate industry outcomes suggest. Revenues rose across six out of the 13 industries, with the services, both consumer and businesses, outperforming.
- It still holds that Commercial businesses have fared better than SMEs. However, the share of SMEs experiencing an improvement in cashflows rose for the third consecutive quarter and the SME cashflow gauge stood at its highest level since 2022.
- The outperformance of commodity states has abated over recent quarters. In part this reflects the lingering impact of earlier production disruptions. Meanwhile, the recovery in household spending in more consumer-led states in Vic and NSW is starting to provide a tailwind for cashflow conditions. The gap across states is expected to narrow over the coming year, given the improving outlook for NSW and VIC.
- Nationally, a recovery is underway but is expected to remain uneven, as the economy transitions from public to private led growth. Still, the recent pick-up in activity and consumer and business sentiment is encouraging and if sustained will set the stage for a stronger lift in cashflow conditions than the more recent holding pattern.
- The ongoing recovery in household spending will provide a tailwind for consumer facing sectors as well as those in goods distribution. Meanwhile, the construction and business services sectors are expected to gain from the expanding pipeline of dwelling and renewable energy projects, as this will generate downstream demand for legal, accounting and consultants in additional to construction related industries.
- Businesses will also benefit from moderating wage growth, easing inflation and further RBA rate cuts. Westpac expects an additional 75bp in cuts bringing the policy rate to 2.85% by May 2026.²
- Overall, GDP growth is forecast to end-2025 at 1.7%yr, slightly softer than projected in our May report, improving to 2.2% by end-2026.
- The downside risks to the outlook have eased since the last report as the prospect of an extreme trade war scenario has abated. Still, uncertainties remain with attention now turning to prospective sector specific tariffs.
- Domestically, the household sector remains key. Spending may disappoint if households opt to rebuild financial buffers further. Alternatively, a more convincing lift could ignite animal spirits and see firms use their strong cash balances to boost investment and hiring.

Key outcomes for Q2:



Westpac Business Cashflow Gauge slips.



Share of SMEs with improving "cashflow" conditions improve



Nearly a third of industries saw an improvement.



-4.1% Y/Y
Debt servicing costs

“Westpac's proprietary Cashflow Gauge for Q2 points to a recovery still finding its footing with progress remaining uneven and patchy across industries”

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

² All forecasts referred to in this publication are from Westpac Economics' [August Market Outlook](#) published 15th August 2025 and can be found in Appendix 2.

Cash flow insights: Improvement remains range bound

Q2 marks a pause in the broadening improvement in cashflows

Following a solid gain in Q1, the Westpac Business Cashflow Gauge edged 0.4% lower in the June quarter (Chart 1). Still, conditions have improved over the past year, with the cash flow gauge up 1.6% y/y. The inclusion of debt servicing payments paints a similar picture. That is a steady recovery in conditions, but one that remains incremental rather than decisive (Chart 2).

Both revenues and expenses fell again in Q2. This marks two years that expense and revenues have declined. In part this reflects the disinflationary path following the peak in costs and prices in 2022. However, in contrast to recent times, revenues fell at a slightly faster pace than expense. Still the cash flow index remains more than 1.2x higher than pre-pandemic levels.

The decline in revenues accelerated in Q2, with a 1% q/q drop. Total revenues now stand 4.2% lower than a year ago. A narrowing in the base of industry-level income gains points to a recovery still finding its footing and one that is tending to unfold in fits and starts.

Total expenses fell 0.6%, marking the smallest quarterly decline in a year. As highlighted previously, much of the earlier downward trend in expenses from lower input costs, due to supply chain normalisation, was set to drop out. Indeed, agriculture import prices and domestic manufacturing input and construction costs rose in Q2. Meanwhile an easing in capital and consumer good prices provided only a limited offset.

Businesses' total wages and utilities bills also eased. On the labour front, this partly reflects a more cautious approach as firms respond to the sluggish domestic recovery. The shift towards private sector led demand is also expected to be less job rich than the public demand driven boost in recent years. Indeed, ABS data show that employment was broadly flat in Q2 with average hours per worker declining slightly, while aggregate wage growth remained moderate. Meanwhile, eligible SMEs are still receiving electricity subsidies, although this is set to end at the end of 2025.

Chart 1: Westpac Cashflow Gauge (Income to Expenses)

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

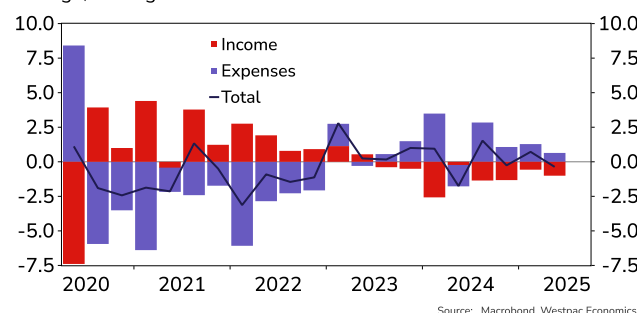
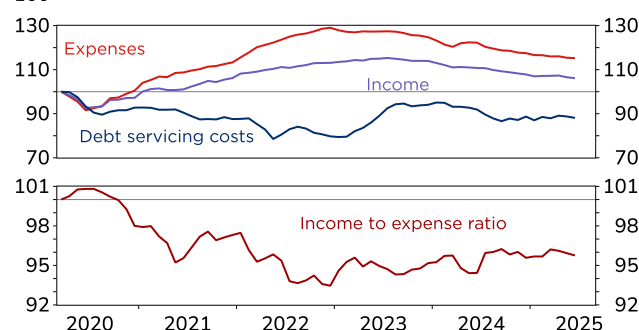


Chart 2: Business cash flow

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



Key insights: Consumer spending shows renewed momentum

After a subdued start to the year, household spending showed renewed momentum in Q2 2025. The ABS Household Spending Indicator rose 0.7%qtr in real terms, up from 0.5%qtr in Q1. Our [Westpac-DataX Consumer Panel](#) also showed a clear lift, with real spending growth returning to positive territory.

The improvement was led by discretionary categories, including retail, dining and entertainment, reversing earlier weakness. The rebound was underpinned by a recovery in incomes though households continued to show a strong preference for savings. Indeed, savings balances rose across most cohorts. By contrast, non-discretionary growth eased.

[Westpac's card spending data](#) suggests that trend remains sluggish and has been more subdued since mid-year, suggesting some of the lift in momentum may have faded and the rolling off of cost of living measures could act as a drag. Still, the household sector is entering H2 in better shape and the lift in [consumer sentiment](#) in August is positive for the outlook of improving household demand.

Industry insights: Patchy and uneven recovery continues

Consumer related industries lead improvements in cash flow conditions

Drilling down to the industries, Westpac's Industry Gauge (including debt servicing payments) improved across five out of the thirteen industries examined here, down from eight in the previous quarter (Appendix).

The strongest gains were in consumer related sectors such as personal services and retail trade, supported by a lift in discretionary spending in the quarter (Chart 3).

Business services also posted another solid gain. One factor behind the gain is likely to be the expanding pipeline of renewable energy projects. This is generating downstream demand for legal, accounting and consultants.

Elsewhere, most industries contended with flat or easing revenues and stickier costs. In labour-intensive sectors such as healthcare, the wage share remains elevated with wage growth continuing to outpace the national average.

The Property & property services industry recorded the sharpest deterioration in cash flow conditions. This follows a weak start to the year. While transaction

and leasing indicators point to some renewed momentum in commercial and industrial segments, this has yet to translate into higher revenue for services providers. Revenues fell 4.5% q/q in Q2, the second largest drop after Transportation & Storage, where a pull back in exports following earlier frontloading to the US, and adverse weather drove a sharp decline.

The industry outcomes point to a patch recovery, marketed by narrow gains rather than a broad-based lift. For most, sustained revenue growth will be needed before cashflow ratios can strengthen more sustainably.

Against this backdrop, the share of businesses recording improved cashflow conditions was mixed (Chart 4). The non-market sector (health, education and social assistance industries) continued to lead, while personal and business services industries also saw an increase. In contrast, the recovery across the retail and wholesale - particularly among wholesalers where capacity utilisation has declined sharply - and in construction sectors is lagging.

Chart 3: Westpac Industry Cashflow Gauge (including debt servicing)

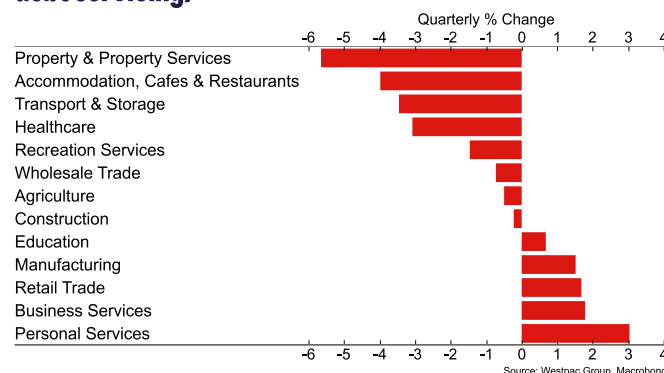
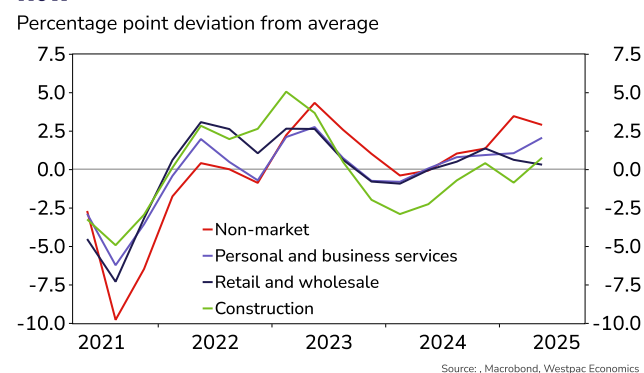


Chart 4: Share of businesses with improving 'cash flow'



Key insight: Reforms key to productivity lift

Australia's productivity growth remains underwhelming, with only a modest recovery in output per hour after last year's sharp decline.

Outcomes vary across sectors. Agriculture continues to deliver solid productivity gains. However, both the mining and non-mining sector have posted steep declines. Meanwhile, the market sector ex. mining has recorded firmer growth, but still falls short of its historical average.

Aggregate productivity is expected to improve as the private sector becomes the key engine of growth. However, structural challenges remain, particularly in construction, that could impede a more meaningful lift.

In this context, [Westpac's productivity submission](#) for the Economic Reform Roundtable outlines reforms to boost productivity, including streamlining approvals, harmonising building codes, improving innovation, and enhancing workforce flexibility and skills.

If implemented effectively such reforms would boost productivity, allowing output to grow faster than costs, supporting margins and resilience – but only when demand is supportive and gains are widespread.

A look under the ‘aggregates’: Cashflow conditions SME vs Commercial

A broader recovery in private led demand evident across Commercials SMEs see “cashflows” improve for the third 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.

The recovery in SMEs has lagged that of commercial businesses (Chart 5). However, encouragingly, cashflow conditions are strengthening. The share of SMEs experiencing an improvement in cashflows rose for the third consecutive quarter in Q2 and the SME cash flow gauge (income to expenses ratio) stood at its highest level since 2022 (Chart 6). Still, with revenues down 5.8% on the year there remain pockets of stress notably in Transportation and smaller firms in the Recreation, Construction and Business services industries.

Across, the different industries, the construction sector, which is dominated by SMEs, continues to face challenges, while consumer-facing sectors show varied performance amid a gradual

recovery in consumer spending. Recreation has seen strong gains, but retail and hospitality weakened, despite an improvement in household demand in the quarter.

Commercial businesses have fared better than SMEs since the pandemic. Cashflow conditions have eased in recent quarters, with commercial business revenues flat on the quarter. Still, the share of commercial businesses that are constrained relative to a year ago continued to shrink following several quarters of cash management of expenses and improving cost pressures.

Encouragingly there is also evidence of a broader recovery in private sector activity in the commercial space than the aggregate figures suggest. Revenues rose across 6 of the 13 industries, with improvements concentrated in consumer facing industries including personal services, recreation, retail trade and accommodation and hospitality. At the other end, as evident at the aggregate industry level, revenues fell across property and transportation industries.

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.

Chart 5: Income to expense ratio by business size

Including debt servicing, Index: March 2020 = 100

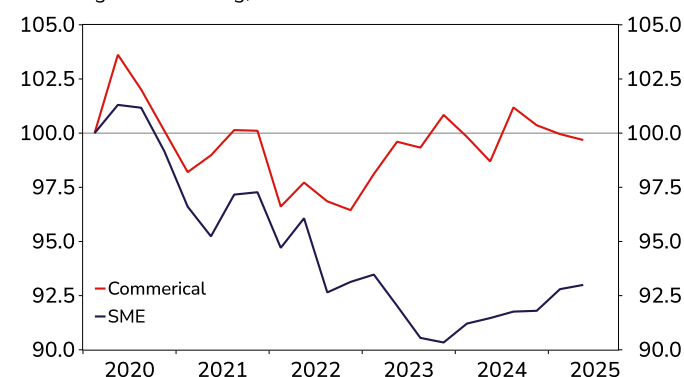
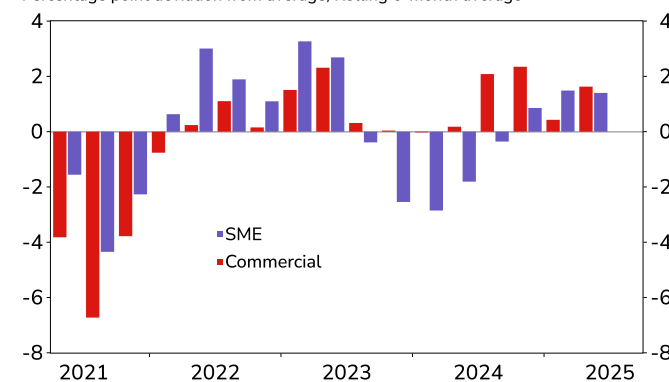


Chart 6: Share of businesses with improving cash flow

Percentage point deviation from average, Rolling 6-month average



Source: Macrobond, Westpac Economics

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

Commercial businesses borrowing is tilted towards investment

Business balance sheets remained solid in Q2. Deposits rose 2.7% over the June quarter to be up 10.3% in annual terms. SMEs drove the liquidity boost with total deposits surging 22%, as they remain focused on rebuilding cash reserves. Meanwhile, Commercial businesses saw a modest pare back in cash deposits. Even so, cash deposits were still 7% higher than a year ago.

Overall, business credit grew by a solid 6% in Q2, though unevenly across firms and the type of lending. Commercial businesses continued to use equipment and term financing facilities to expand capacity and improve cost management (Chart 7). Indeed, over the past year equipment and financing has grown by nearly 14%.

Overall, Commercial balance sheets are in solid shape and with credit utilisation still below pre-pandemic levels, there is scope for investment to lift if demand and confidence improve (Chart 8).

Across SMEs, borrowing remained concentrated in working capital facilities, which picked up sharply in the quarter following a more broad-based drop in revenues across the SME space (Chart 9).

Encouragingly, after showing signs of stalling, borrowing to invest in plant & equipment picked-up. This may reflect an easing in policy uncertainty post the Federal election, though the subdued domestic recovery is still likely to be weighing on investment decisions.

The Westpac business debt gauge slipped a modest 0.1% over the June quarter to be 5.1% lower than a year ago (Chart 10). Still, it remains very elevated compared to pre-Covid levels, across SME and Commercial businesses. Indeed, while the SME debt gauge has fallen back since its peak in 2023, it remains is still around 29% higher than before the pandemic. This implies, that firms are in a solid position to meet short-term liabilities and weather any potential income shock.

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

Chart 7: Commercial business debt by type

Index March 2020 = 100

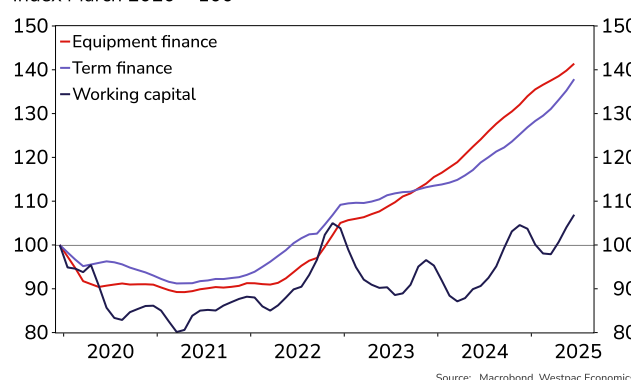


Chart 8: Commercial credit utilisation by type

Index March 2020 = 100

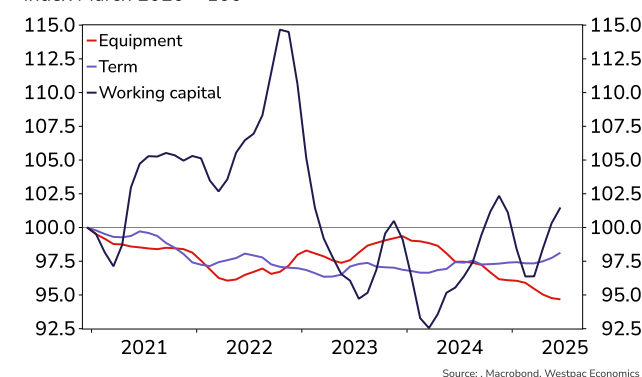


Chart 9: SME business debt by type

Index March 2020 = 100

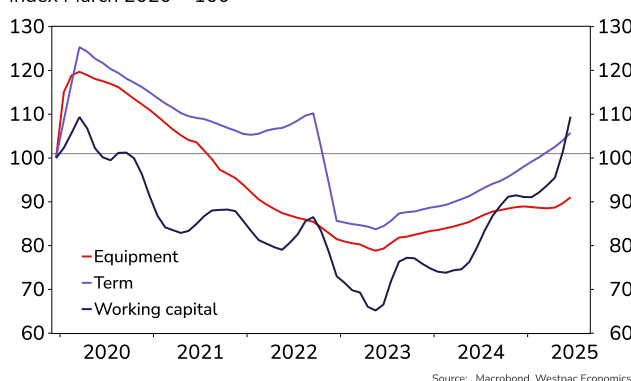
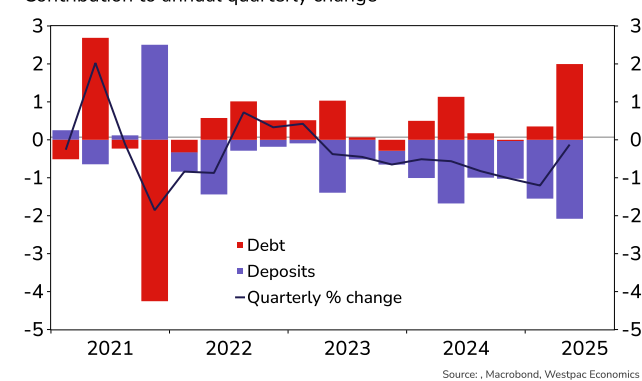


Chart 10: Business debt coverage gauge

Contribution to annual quarterly change



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

Gap between commodity vs consumer led States narrows

The out performance of commodity states has abated over recent quarters. Both WA and QLD saw their cash flow conditions gauge weaken relative to a year ago as lower mining turnover and higher expenses in the agriculture sector dampened cashflows (Chart 11). There are also likely to be some lingering effects from the impact of adverse weather effects early this year in QLD (and northern NSW), which interrupted activity.

Meanwhile, the gradual lift in household spending is providing a tailwind for cashflow conditions across the more consumer-led states VIC and NSW (Chart 12). NSW's relative underperformance was due to expenses and liabilities accelerating in the quarter, dampening overall cashflow conditions.

SA, which includes the Northern Territory, was the only other state to record an annual improvement in cashflow 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 was mixed across the states (Chart 13). Lower mining and agriculture revenue weighed on QLD and WA with wage growth also higher than across other states. Still, the share of businesses experiencing cashflow stress across the states remains low in line with recent quarters (Chart 14).

As outlined in our [Coast-to-Coast](#), the gap between consumer and commodity led states is set to narrow as the handover from public- to private-led expansion gathers traction. Still, Qld and WA are expected to outperform slightly.

Chart 11: Income to Expense Ratio by State

Excluding Debt Servicing Payments, quarterly, Index March 2020 = 100

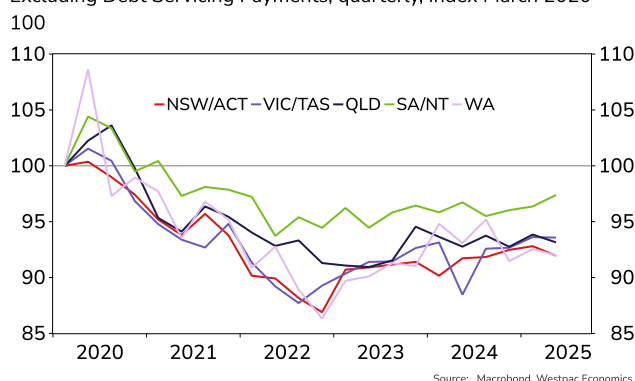


Chart 12: Income to Expense Ratio by State

Including Debt Servicing Payments, Annual % Change

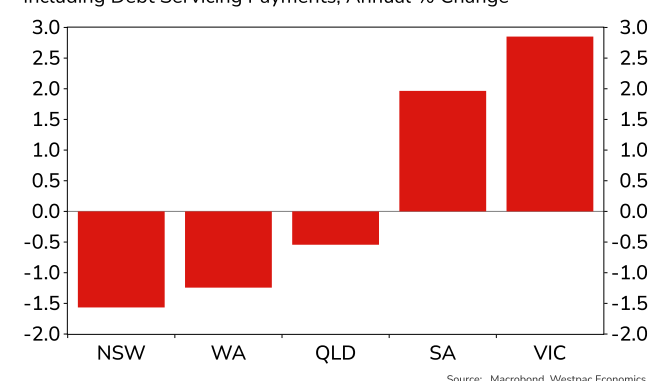


Chart 13: Share of businesses growing cash flow

Rolling 12-month percentage point change

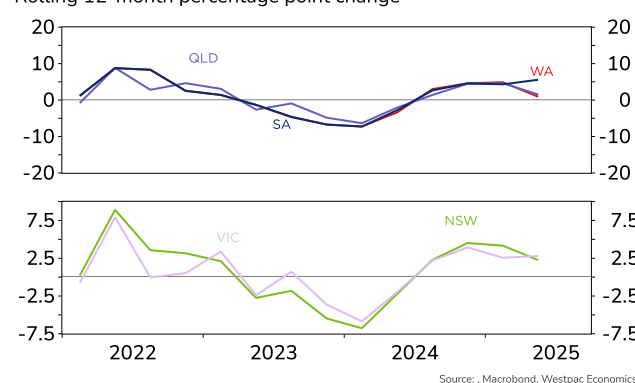
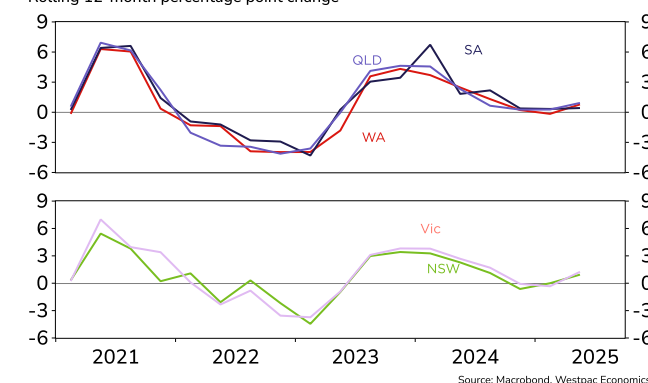


Chart 14: Share of cash flow constrained businesses

Rolling 12-month percentage point change



Outlook and risks: A recovery is underway but is fragile

Recovery on track but fragile

Since our last report we have lowered our revised our GDP growth forecast to 1.7%yr end-2025 from 1.9% previously as the transition from public to private sector led demand is proving more challenging and uneven than anticipated.

Despite earlier policy support, including tax cuts and interest rate reductions, the recovery in private demand has been modest.

Household spending gained momentum in Q2 2025, but a strong preference for savings persists. Our [Westpac-DataX Card Tracker Index](#) also indicates that the trend is still sluggish, signalling that retail and consumer-facing industries will continue to see only a gradual lift in conditions.

There are, however, some bright spots and business and [consumer sentiment](#) have both shown an encouraging lift. The outlook for construction is also positive despite capacity constraints.

Easing interest rates and a clearing of backlogs will continue to support lift dwelling investment. There is also a significant build-up in the pipeline of major investment projects. The Deloitte Access Investment Monitor reported nearly \$1.2 trillion in active projects in Q2 2025, including a [large pipeline in renewables](#). Most of these are being undertaken by the private sector and concentrated in regional areas. While approvals may take up to a

year, over time this should help offset the drag from public sector investment.

On that front, public demand, which had been the main driver of growth in recent years, is now easing as major transport infrastructure projects reach completion, with the peak in public infrastructure pipeline already past.

More broadly, the domestic [fiscal impulse](#) is waning, with combined state balances projected to shift from positive in 2024–25 to flat or slightly negative from 2025–26.

Key 2025 (yr end) economic



1.7%
GDP, y%



4.4%
Unemployment rate



3.35%
Cash rate (end-year)



2.4%
Trimmed mean CPI



3.2%
Wage growth

Additionally, the wind-down of 'cost-of-living' support programs is fading.

Externally, trade conditions are softening. The temporary boost from front-loaded exports to the US is unwinding and global trade is set to soften amid the US trade shock. However, as previously noted Australian industries are likely to show [resilience](#) and there may even be opportunities for some industries.

GDP growth momentum is expected to return to trend over the coming year, picking up to 2.2% yr by year-end 2026 as RBA interest rate cuts filters through to the economy and inflation continues to moderate.

Indeed, underlying inflation is forecast to ease to 2.4% by end 2025 and remain within the RBA's 2–3% inflation band.

Westpac expects the RBA to follow August's rate cut with a further 25bp in November, with two more in 2026 bringing the cash rate to 2.85%.

Downside risks around US trade shock have eased

The risks to the outlook have eased since the last report as the prospect of an extreme trade war scenario has abated.

Still, uncertainties remain with attention now turning to prospective sector specific tariffs. Section 232 investigations

are currently underway for sectors such as timber, semi-conductors and pharmaceuticals. The direct impact on Australia is still considered small but ongoing uncertainty could weigh on sentiment and spending.

Domestically, the strength of recovery in the household sector remains key. Spending may still disappoint if households opt to rebuild financial buffers to pandemic peaks. Alternatively, a more convincing improvement in spending could ignite animal spirits and see firms use their strong cash balances to boost investment and hiring.

Appendix 1: Major indicators by industry, annual % change

	Income				Expenses				Income to Expense Ratio			
	Average	2025*	2024	2023	Average	2025*	2024	2023	Average	2025*	2024	2023
By Industry												
Accommodation Cafes & Restaurants	6.1	0.9	-8.0	4.4	9.8	-2.0	-6.9	7.6	-3.1	3.0	-1.3	-2.9
Agriculture	2.1	2.2	-1.4	2.4	2.4	-1.4	-1.0	-0.2	-0.1	3.7	-0.4	2.6
Business Services	3.6	-1.0	-4.7	5.0	2.9	-2.0	-4.8	1.1	1.0	1.1	0.2	3.9
Recreation Services	4.3	-0.9	-4.5	3.9	5.9	-1.9	-5.3	-5.3	-0.1	1.1	0.8	9.7
Education	6.9	0.9	3.2	12.7	8.1	0.6	2.6	14.2	-0.8	0.3	0.5	-1.3
Healthcare	3.7	0.9	-2.7	7.6	4.0	-0.2	-3.2	5.7	-0.1	1.0	0.6	1.7
Manufacturing	2.4	-2.5	-3.5	3.1	2.0	-3.0	-3.9	1.6	0.6	0.6	0.4	1.5
Personal Services	5.7	-0.5	1.4	5.3	6.4	-0.9	-2.1	6.8	-0.3	0.3	3.6	-1.5
Retail Trade	0.4	-2.0	-5.5	-0.7	0.8	-2.9	-7.1	-1.7	0.0	0.9	1.8	1.1
Transport & Storage	8.0	-2.9	-3.4	4.6	8.6	-1.2	-3.6	3.1	0.1	-1.8	0.3	1.4
Wholesale Trade	-1.5	-1.2	-8.2	-4.9	-2.3	-1.3	-9.6	-6.7	1.0	0.1	1.6	1.9
Construction	5.2	-2.4	-3.4	7.6	4.7	-2.4	-5.8	5.6	0.9	0.1	2.5	1.9
Property & Property Services	3.3	-4.7	-6.0	0.8	2.6	-1.5	-7.0	1.2	1.0	-3.3	1.1	-0.4
By State												
NSW/ACT	1.9	-1.7	-5.1	3.0	3.6	-1.9	-6.6	0.4	-1.5	0.2	1.7	2.6
VIC/TAS	3.2	-1.7	-5.7	2.7	4.9	-2.8	-6.9	0.4	-1.4	1.1	1.3	2.3
QLD	3.8	-0.9	-3.9	3.5	5.6	-1.2	-6.1	4.4	-1.5	0.3	2.4	-0.9
SA/NT	4.0	-1.0	-4.2	4.4	5.4	-2.1	-5.2	3.8	-1.2	1.2	1.1	0.6
WA	4.1	-0.5	0.5	-0.2	5.9	0.6	-2.6	-1.1	-1.4	-1.1	3.1	0.9

*year to date percentage change

Appendix 2: Australian economic forecasts

Activity forecasts*

	2025				2026				Calendar years			
%qtr / %yr end	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2024	2025f	2026f	2027f
Household consumption	0.4	0.5	0.6	0.5	0.6	0.6	0.6	0.7	0.9	2	2.4	2.8
Dwelling investment	2.6	1	1.2	1.2	1.3	1.6	1.7	1.7	3.5	6	6.5	5.5
Business investment *	0.4	0.7	0.8	0.8	0.9	1.1	1.2	1.3	0.4	2.7	4.7	4.9
Private demand *	0.5	0.5	0.7	0.6	0.7	0.8	0.9	0.9	1	2.4	3.3	3.5
Public demand *	-0.6	1	0.9	0.8	0.8	0.6	0.5	0.6	5.2	2.1	2.5	2.3
Domestic demand	0.2	0.6	0.8	0.7	0.7	0.7	0.8	0.8	2.2	2.3	3.1	3.2
Stock contribution	0.1	0	-0.1	0	0	0.1	0	0	0.2	0	0.2	0
GNE	0.3	0.6	0.6	0.7	0.8	0.8	0.8	0.8	2.3	2.3	3.2	3.2
Exports	-0.8	0.5	0.1	0.3	0.4	0.4	0.4	0.5	1.3	0.1	1.7	2.5
Imports	-0.4	0.7	0.7	0.9	1.5	1.6	1.3	1.5	6.4	1.9	6	4.8
Net exports contribution	-0.1	0	-0.1	-0.1	-0.3	-0.3	-0.2	-0.2	-1.1	-0.4	-1.0	-0.5
Real GDP %qtr / %yr avg	0.2	0.6	0.4	0.5	0.5	0.5	0.6	0.6	1	1.6	2.1	2.4
%yr end	1.3	1.7	1.8	1.7	2	2	2.1	2.2	1.3	1.7	2.2	2.6
Nominal GDP %qtr / %yr avg	1.4	1.3	1	0.9	0.8	0.8	1	1.1	3.8	4.6	3.7	4.3
%yr end	3.7	4.7	5.3	4.6	4.1	3.6	3.6	3.7	3.7	4.6	3.7	4.5
Real household disp. income	1.7	1.5	0.1	0	0.9	1.4	1	-0.5	2	3.3	2.9	2.3

Other macroeconomic variables

	2025				2026				Calendar years			
% change	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f	2024	2025f	2026f	2027f
Employment %qtr **	0.4	0.6	0.3	0.1	0.2	0.2	0.4	0.4	-	-	-	-
%yr end **	2.3	2.3	1.7	1.3	1.2	0.8	0.9	1.3	2.3	1.3	1.3	1.8
Unemployment rate % **	4.1	4.2	4.3	4.4	4.4	4.5	4.5	4.5	4	4.4	4.5	4.3
Wages (WPI) (sa) %qtr	0.9	0.8	0.7	0.7	0.8	0.8	0.6	0.8	-	-	-	-
%yr end	3.4	3.4	3.3	3.2	3	3	2.9	3	3.2	3.2	3	3.1
Headline CPI %qtr	0.9	0.7	0.8	0.5	0.6	0.8	0.6	0.5	-	-	-	-
%yr end	2.4	2.1	2.7	2.9	2.6	2.7	2.5	2.6	2.4	2.9	2.6	2.6
Trimmed Mean CPI %qtr	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.7	-	-	-	-
%yr end	2.9	2.7	2.4	2.4	2.3	2.2	2.2	2.3	3.2	2.4	2.3	2.5
Current account \$bn, qtr	-14.7	-14.3	-13.3	-12.9	-14.7	-15.8	-17.3	-17.5	-	-	-	-
% of GDP	-2.1	-2.0	-1.9	-1.8	-2.0	-2.2	-2.3	-2.3	-2.4	-1.8	-2.3	-2.6
Terms of trade %yr avg	-4.0	-3.3	-1.9	-0.7	0.2	0	-0.8	-1.2	-4.8	-0.7	-1.2	0.1
Population %yr end	1.6	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.7	1.4	1.4	1.3

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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.

Authors

Westpac Economics

Sian Fenner

M: 61 421 623 380

E: sian.fenner@westpac.com.au

Data Science and Innovation

Norman Yan, Service Owner

Credit Analytics Management, Business Lending

David Millar, Executive Manager

Georgiy Lytvynenko, Senior Manager

Long San Wong, Senior Manager

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If you would like more insights on your sector or business from this and other Westpac data please visit Westpac DataX or contact datax@westpac.com.au.



Corporate directory

Westpac Economics / Australia

Sydney

Level 19, 275 Kent Street
Sydney NSW 2000
Australia
E: economics@westpac.com.au

Luci Ellis

Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan

Head of Australian Macro-Forecasting
E: mhassan@westpac.com.au

Elliot Clarke

Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner

Head of Business & Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk

Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante

Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas

Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells

Economist
E: ryan.wells@westpac.com.au

Illiana Jain

Economist
E: illiana.jain@westpac.com.au

Jameson Coombs

Economist
E: jameson.coombs@westpac.com.au

Neha Sharma

Economist
E: neha.sharma1@westpac.com.au

Westpac Economics / Fiji

Suva

1 Thomson Street
Suva, Fiji

Shamal Chand

Senior Economist
E: shamal.chand@westpac.com.au

Westpac Economics / New Zealand

Auckland

Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold

Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon

Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs

Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod

Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark

Industry Economist
E: paul.clark@westpac.co.nz



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