QUARTERLY BUSINESS SNAPSHOT*

Shifting to a sustainable recovery path

26 February 2026

*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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Key points

- The Westpac Business Cashflow Gauge was flat in the December quarter, after a solid increase in Q3. Overall, the gauge was 1.1% higher than a year earlier, as the recovery in private domestic demand has gained a stronger footing alongside solid external demand.
- The Westpac Business Debt coverage gauge (the ratio of savings to liabilities) was broadly stable in Q4, edging down by 0.1% as deposits growth broadly matched lending. While debt coverage was 5.4% lower than a year earlier, it remained around 20% above pre-pandemic levels at the end of 2025, indicating that business balance sheets remain in solid shape
- Westpac's Industry Cashflow Gauge (including debt servicing costs) improved in 4 of the 13 industries in Q4, down from 9 in Q3. Still, given the broadening recovery over the past year, cash flow conditions were stronger across 11 industries.
- Consumer facing industries saw the largest quarterly gains consistent with firmer household spending and major events such as the Ashes.
- There remain some pockets of weakness including manufacturing which weakened further in Q4 as labour costs picked up.
- The recovery in cash flow conditions also remains uneven across Commercial and SME businesses. Commercial cash flow conditions have recovered more quickly, with 10 industries recording an improvement, including more substantive increases in consumer facing industries. Meanwhile, weakness was concentrated in wholesale trade, where capacity utilisation remains well below average.
- The recovery among SMEs remains subdued, the SME cash flow conditions gauge fell by 0.7% in Q4, after a broadly flat outcome in Q3. Conditions improved in Accommodation & hospitality and across other service industries, while goods related industries and several downstream sectors continued to lag.
- GDP is forecast to grow 2.4%yr by end-2025 and 2.5%yr by end-2026, with the RBA expected to raise rates by 25bp in May, before a prolonged pause.[2]
- Higher interest rates and inflation are expected to weigh on economic momentum, but wealth effects are expected to support household spending driving investment in consumer facing industries. This will add to solid investment in energy generation & transmission and AI.
- Combined with an expansion in housing, the overall outlook for construction is bright, notwithstanding supply challenges and the risks around costs and delivery, with positive downstream impacts for transportation & logistics, manufacturing and wholesale trade.
- Business cost pressures are expected to moderate. The appreciation of the A$ over the past year will lower import prices. Previously, the RBA has estimated that a 10% appreciation in the A$ lowers import prices by around 8%, with a lagged and smaller pass through to producer costs, and ultimately the CPI.
- Wages growth is also forecast to moderate to around 3% on average by year end. But there are likely to be pockets of above average wage growth, particularly in the construction sector, given skilled labour shortages.
- The risks to the economic outlook are two-sided. Stronger household spending coupled with firm public spending could lead to higher inflation pressures and tighter monetary policy. Meanwhile, hikes could weigh more heavily on consumer spending leading to lower activity and inflation.
- Externally, trade uncertainty has risen following the US Supreme Court ruling that reciprocal tariffs were illegal. President Trump has replaced these with a 10% tariff under Section 122. For Australia, the impact is negligible, as our base tariff is unchanged, with more than 60% of goods exempted.

[1] The Wespac Business Cashflow Gauge is the ratio of 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' Market Outlook February 2026 published 13th February 2026 and can be found in Appendix 2.

Key outcomes for Q4:

- ↑ Westpac Business Cashflow Gauge holds steady.
- ↑ Commercial Cashflow Gauge back above pre-pandemic levels
- ↑ 11 out of 13 industries saw an improvement from a year ago.
- ↔ Debt Gauge holds steady

"Our latest business cashflow conditions is consistent with an economic recovery that has moved beyond the initial rebound to a more sustainable path"

Cash flow insights

Cashflow conditions improve as cyclical upswing in private demand gathers momentum

The Westpac Business Cashflow Gauge was flat in the December quarter, following a solid increase in Q3. Overall, the gauge was 1.1% higher than a year earlier, as the cyclical recovery in private domestic demand continued to gain a stronger footing (Chart 1).

Including debt servicing costs paints a similar picture of an overall improvement in conditions over the past year (Chart 2), although on this basis the pick-up in conditions was modestly softer. This partly reflects increased borrowing as improving demand conditions have lifted confidence and investment intentions.

In particular, Commercial businesses continue to invest in plant and equipment. The higher level of debt has offset lower interest payments associated with the three RBA rate cuts last year.

Positively, for the first time in over two years, revenues ceased declining and were flat in the quarter with improved demand conditions also likely to have seen some margin rebuilding, as evidenced by a pick-up in some items in the CPI over the second half of last year.

On the cost side, total expenses fell by 0.5% in Q4 despite higher tax payments and broadly stable wage bills (hours worked multiplied by wages) and insurance costs. More broadly, non-labour expenses declined for a fifth consecutive quarter. This suggests some ongoing cost management. There may also have been a further rundown in inventories, particularly in retail, where firms have focused on keeping stock levels low.

At the same time, cost pressures remain uneven across sectors. Input costs in manufacturing and construction remain elevated, reflecting persistent domestic cost pressures, while higher food prices particularly for coffee and red meat, are adding to hospitality costs.

Cost pressures also remain uneven across SME and Commercial businesses. Despite the fall in the overall wages bill, labour costs still accounted for 8.6% of SME expenses in Q4. This is above the 2020 average of 7.7% and around 1.4ppts higher than for Commercials, underscoring the ongoing challenges still facing SMEs.

Chart 1: Westpac Cashflow Gauge (Income to Expenses)

Exc. Debt Servicing Payments, Contribution to Quarterly % Change

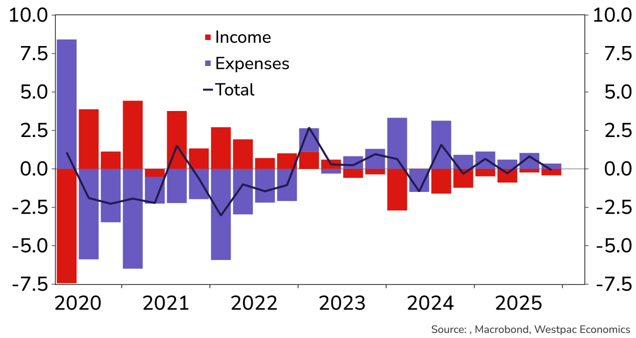
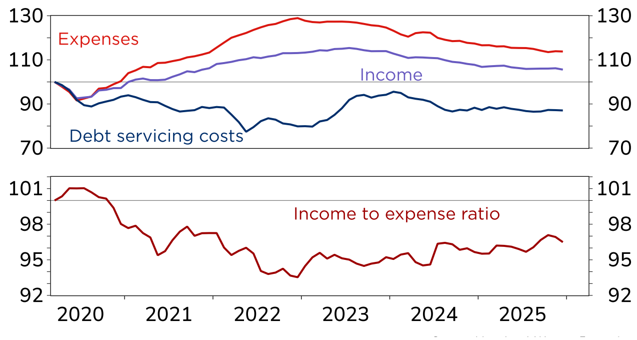


Chart 2: Business cash flow

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



Varied impact of stronger A$

The A$ has appreciated materially over the past year. It is up 11.6% against the US$ and 7.6% on a trade-weighted basis (TWI) with much of this in the first two months of 2026. We expect a gradually appreciation in A$ going forward.

The impact of the stronger A$ will vary across industries. It compresses A$ revenues for US$-priced exports and leads to some loss in competitiveness.

It also lowers import prices with previous estimates by RBA citing a 10% appreciation in the A$ lowers import prices by around 8%, with a lagged pass through to producer costs, and ultimately the CPI, that is less than the fall in import prices.

Importers and import intensive industries will be key beneficiaries with lower costs for fertiliser, fabricated metal and heavy machinery. For Construction and other industries facing cost pressures from wages, this imported disinflation will provide some relief.

Some domestic producers of products such as non-metallic minerals, wood products, and prefabricated components they may also face intensified competition due to a loss in competitiveness.

Industry insights

Steady gains in consumer facing industries

Westpac's Industry Cashflow Gauge, which includes debt servicing costs, improved across 4 of the 13 industries in Q4 (see Appendix 1), down from nine in the previous quarter. Looking through quarterly volatility, the underlying recovery has continued to broaden. Over the past year, cash flow conditions have improved across 11 industries, consistent with a more entrenched upswing in private sector demand alongside solid external demand.

Personal services saw the largest quarterly gain, as lower total labour costs continued to drive a sharp fall in expenses. Recreational services also posted a strong gain, consistent with firmer household spending and major events such as the Ashes.

Performance across other consumer facing industries was more mixed. Accommodation & hospitality saw a modest easing in cash flow conditions in Q4, though conditions were still up strongly on the year. In contrast, retail cash flow conditions deteriorated in Q4 and were lower than a year earlier, as extended sales periods and heavier discounting around Black Friday and Boxing Day weighed on revenues.

Meanwhile, cash flow conditions in health services declined after several strong quarters. While Q4 CPI data points to a solid increase in health prices (up 4.2% y/y), rising wages lifted cost pressures, weighing on conditions. Manufacturing cash flow conditions also weakened further in Q4 as labour costs picked up.

The share of businesses reporting improving cash flow conditions from six months ago has stabilised across non-market and market industries. This is consistent with the economic recovery that has moved beyond the initial rebound phase to one that is tracking a more sustainable path higher.

Notably, construction recorded a sharp increase through 2025 in the share of firms reporting improved cash flow conditions relative to six months earlier. This reflects easing margin compression among project home builders, as firmer demand supported base price increases in Q4 and enabled greater pass through of higher labour costs.

Chart 3: Westpac Industry Cashflow Gauge (inc. debt servicing)

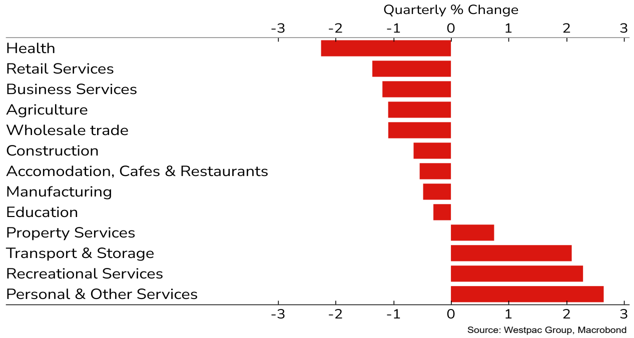
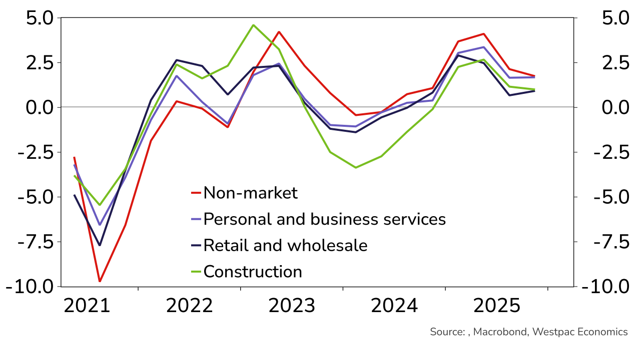


Chart 4: Share of businesses with improving 'cash flow'

Percentage point deviation from 2 quarter rolling average



Productivity a headwind for construction

Our Westpac Cashflow Gauge indicates that cash flow conditions in construction have moved back above pre Covid levels – a feat not experienced across all industries. While earlier gains stemmed from expense and cost-cutting measures, recent improvements reflecting stronger demand and an easing in margin compression.

The lift in prices and demand is providing some relief, though cost pressures remain elevated. Non labour construction costs are still around 137% above pre pandemic levels, while skilled labour shortages remain acute. These shortages are seeing firms increasingly paying premiums or overtime to secure workers, such as electricians. As a result, while construction wages in real terms have only recently returned to pre pandemic averages, wage growth for several occupations continues to run at a faster pace.

Overall, while the construction outlook is improving, capacity constraints and elevated costs will continue to act as a handbrake on activity, limiting the potential uplift in supply unless productivity improves materially. We estimate that the decline in productivity has cost the Australian economy an average of $60bn per year in real terms over the past five years, equivalent to around 1.3% of GDP.

Cashflow conditions: SME vs Commercial

Commercial cash flow conditions continue to improve while SME lags

The recovery in cash flow conditions remains uneven. Commercial cash flow conditions have recovered more quickly with evidence of more broad based gains across industries in the most recent quarter. Meanwhile SMEs continue to lag and remain below pre-pandemic levels.

Total commercial cash flow conditions have increased for two consecutive quarters and are now nearly 2% above pre pandemic levels. This reflects a solid 1.3% quarterly increase in income, alongside a marginal 0.2% decline in expenses.

Gains over the past year have been broad based, with 10 of the 14 industries analysed recording stronger cash flow conditions. Improvements ranged from modest gains in manufacturing to more substantive increases in consumer facing industries including personal, recreational and retail trade, supported by firmer household spending. Gains were also recorded in the non-market sectors. In contrast, weakness was concentrated in wholesale trade, where capacity utilisation remains well below average, as well as in business services.

Against this backdrop, the share of commercial businesses reporting improved cash flow conditions relative to six months ago rose by 0.7% in the quarter. While this was lower than in Q3, it follows six consecutive quarters of above average cash flow conditions and is consistent with a maturing recovery as overall cash flow conditions return to higher levels. Meanwhile, the share reporting financial constraints continued to decline.

The recovery in SME cash flow conditions has been more protracted and subject to setbacks. SME revenues and expenses declined again in the quarter, extending the downturn to more than two years. With expenses falling at a more moderate pace than revenues, the SME cash flow conditions gauge fell by 0.7% in Q4, following a broadly stable outcome in the previous quarter.

While the aggregate recovery among SMEs remains subdued, there were pockets of improvement. Conditions improved notably in the Accommodation & Hospitality industry and strengthened across other service industries. Consistent with developments in the aggregate and commercial sectors, Education also continued to improve. By contrast, goods related industries, including downstream sectors, continue to lag.

The differing pace of recovery helps explain the mixed signals across SME cash flow positions. The share reporting improved cash flow conditions relative to six months ago increased, while there was also a small rise in the proportion reporting financial constraints.

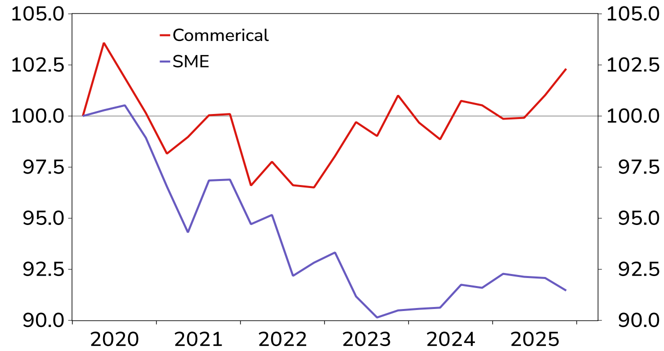
Business size definition:

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

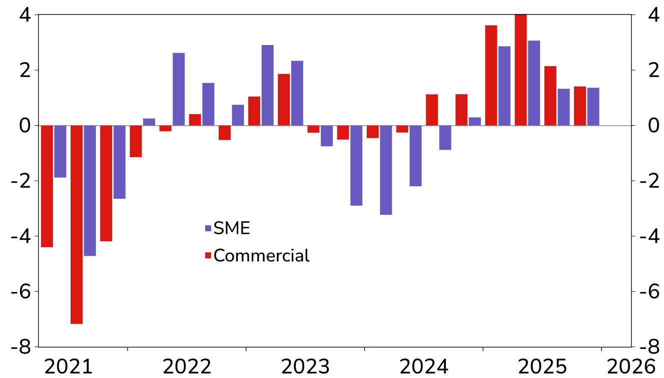
Including debt servicing, Index: March 2020 = 100



Source: , Macrobond, Westpac Economics

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' balance sheets in solid shape

The Westpac business debt coverage gauge (the ratio of savings to liabilities) was broadly stable in the December quarter, edging down by 0.1% (Chart 7), as business deposits grew at a similar pace to lending. While debt coverage was 5.4% lower than a year earlier, it remained around 20% above pre pandemic levels at the end of 2025, indicating that business balance sheets remain in solid shape (Chart 8).

Business deposits rose by 2.8% in the December quarter and ended 2025 7.4% higher over the year, with gains broad based across SMEs and Commercials. Total business debt increased by 3.0% in the quarter, a modest deceleration from the previous quarter, though lending was up a strong 15% on the year.

Although the debt coverage gauge has moderated from its 2023 peak, balance sheets across both SMEs and Commercials remain resilient, and are still above pre pandemic levels. Over this period, SMEs have recorded a sharper increase in liquidity, reflecting a greater focus on building cash reserves with investment in investment in plant and equipment relatively subdued (Chart 9).

In contrast, deposit growth among Commercial businesses has been more moderate despite stronger cash flow conditions. Commercials have instead shown a stronger appetite for capacity expansion and productivity enhancing investment, with plant and equipment finance growing at a much faster pace. While working capital financing increased in 2025, plant and equipment finance among Commercials remains around 1.2 times higher than working capital finance (Chart 10).

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

Chart 7: Business debt coverage gauge

Contribution to quarterly change

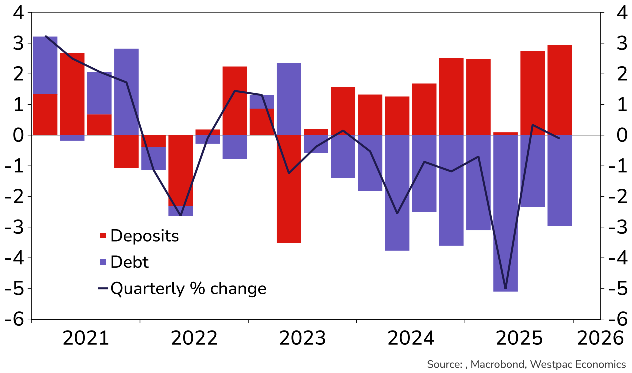


Chart 8: Business liquidity ratio by size

Stock of savings relative to debt, Index Dec 2019 = 100

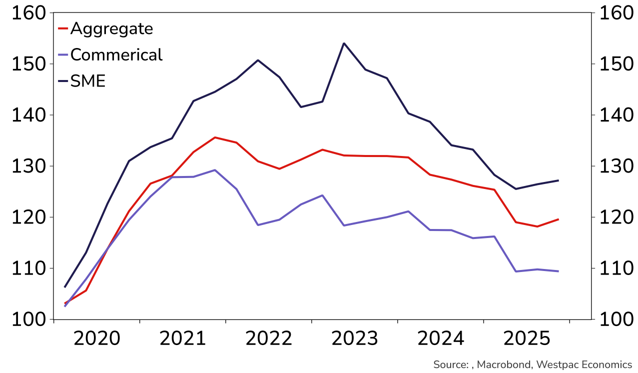


Chart 9: SME business debt by type

Index March 2020 = 100

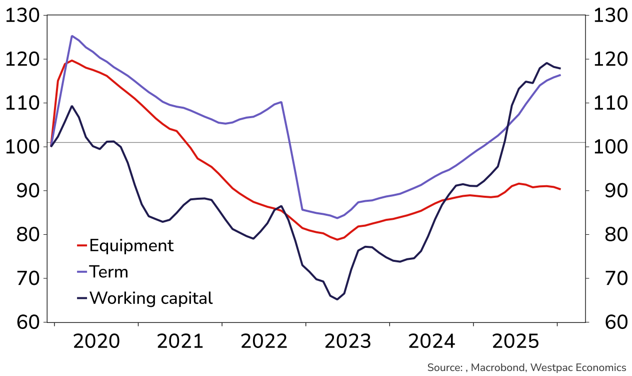
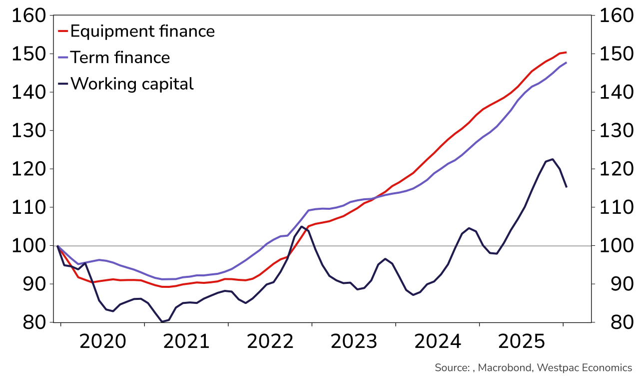


Chart 10: Commercial business debt by type

Index March 2020 = 100



A look from coast to coast

Cashflow conditions improved over the past year across most states

Cash flow conditions (including debt servicing costs) were mixed across states in the December quarter. WA and SA/NT recorded sizeable quarterly increases, with state level gauges rising by around 2%, driven by a solid pick up in business income (Chart 11). Elsewhere, conditions were broadly stable. Victoria was the exception with cash flow conditions softening, although this follows three consecutive quarters of improvement.

In level terms, cash flow conditions in QLD and SA remain ahead of other states, with SA above its pre pandemic level. WA has also shown solid momentum over 2025 as the drag from weather related and other temporary disruptions to mining production and exports faded.

Differences in consumer demand and housing activity help explain the diverging recovery in cash flow conditions across states. Stronger household spending and construction activity has supported business income in QLD, SA/NT and WA.

By contrast, relatively softer consumer momentum and more subdued housing activity have weighed on business incomes in Victoria and NSW, with NSW treading water for much of 2025 (Chart 12).

Consistent with this, the share of businesses reporting improved cash flow conditions relative to six months ago increased across most states, with NSW broadly unchanged. SA also saw little improvement in the share although this likely reflects that it is already more advanced in terms of the lift in cashflow conditions(Chart 13). Meanwhile, the share of businesses reporting financial constraints was somewhat higher for most states compared with a year earlier (Chart 14).

Chart 11: Income to Expense Ratio by State

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

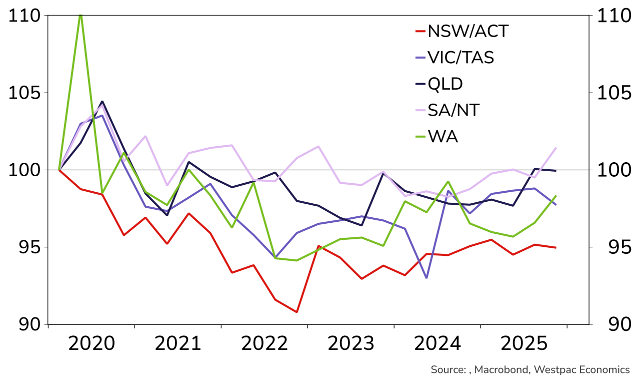


Chart 12: Income to Expense Ratio by State

Including Debt Servicing Payments, Annual % Change

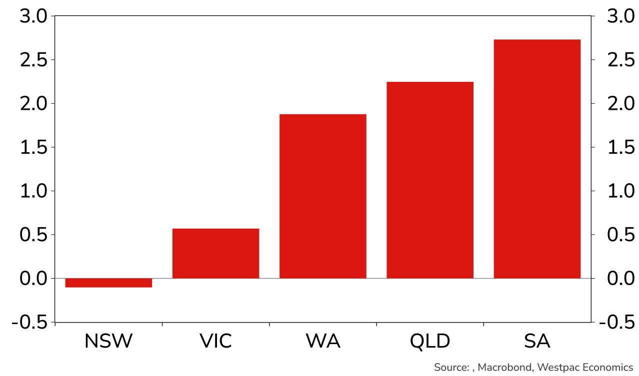
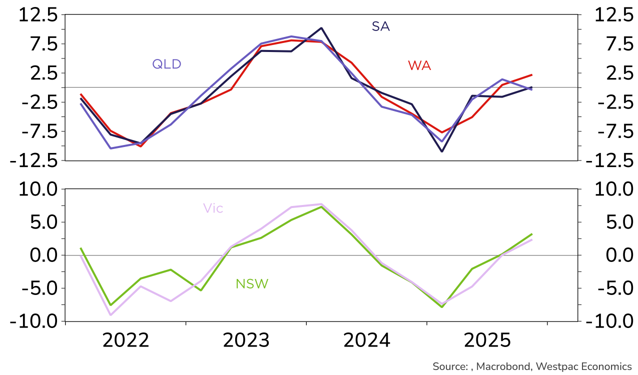


Chart 13: Share of businesses growing cash flow

Rolling 12-month percentage point change

Chart 14 Share of cash flow constrained businesses

Rolling 12-month percentage point change



Outlook and risks

Resilience amid rate hikes...

Data since our last report point to a stronger and more broad-based recovery than we had anticipated, led by household spending and reinforced by improving conditions in housing and parts of the business sector. As a result, we have revised up our growth profile, with GDP now expected to grow by 2.4%yr by end-2025, up from 1.8% previously, before lifting to 2.5% in end-2026.

The strength in domestic demand, as well as some policy/administrative measures means that we see the recent acceleration in inflation to persist for much of this year and the RBA to deliver another 25bp rate hike in May. This will bring the cash rate to 4.1%. Thereafter we expect a prolonged pause well into 2027.

Higher interest rates and inflation are expected to lead to a slight moderation in economic momentum over the next two years. Still, we expect spending to remain relatively healthy, supported by wealth effects from higher dwelling prices and accumulated savings.

This will support investment in consumer facing industries, complementing solid capital expenditure growth already coming through in structurally driven industries such as energy generation and transmission, as well as AI. Housing construction is also set to expand given higher dwelling approvals and state government initiatives. This will support an uplift in the construction sector, notwithstanding supply challenges and the risks around costs and delivery.

The strong pipeline will also have positive downstream impacts for other industries including transportation & logistics, manufacturing and wholesale trade.

Meanwhile, we expect business cost pressures to moderate. China will continue exporting deflation. The appreciation of the A$ over the past year will also lower import prices for internationally traded inputs such as fertiliser and diesel, along with some fabricated goods and solar panels. This will ease some cost pressures for agriculture, construction, retail, and other import-intensive industries.

Domestically, we expect wages growth to moderate to around 3% on average by year-end, as labour market conditions gradually soften over the next few years. Minimum wage increases, however, are likely to be higher this year, at around 3½%, reflecting the recent lift in inflation. There are also likely to be some pockets of above-average wage growth, particularly in the construction sector, where acute shortages of skilled workers such as electricians are seeing firms pay premiums to source these workers.

Key 2026 (yr end) economic fcs

2.5%
GDP, y%

4.5%
Unemployment rate

4.10%
Cash rate (end-year)

3.2%
Trimmed mean CPI

3.0%
Wage growth

...but risks two-sided

The risks to the economic outlook are two-sided and are primarily centred around the ongoing strength of households. Firstly, household spending may continue to surprise on the upside. The take up of government programs could also add to capacity constraints, leading to higher inflation pressures. In this scenario, the RBA would be expected to tighten policy further. Conversely, the recent lift in inflation coupled with rate hikes could weigh more heavily on consumer spending than we are expecting, giving rise to downside activity and inflation risks.

On the external front, on 20 February, the US Supreme Court ruled that reciprocal and other tariffs imposed under the IEEPA were illegal. As expected, President Trump responded by announcing a general 10% global tariff under Section 122, effective from 24 February, and promised to invoke a third set of statues to replace the overturned tariffs. Tariffs applied to selected items outside of IEEPA are still in place as is the list of exempted items. Under Section 122, the President can raise tariffs up to 15% and this is a risk.

Irrespective of whether tariffs are set at 10% or 15%, the effective tariff burden will be lower for many of Australia's major trading partners at least for now, with China a key beneficiary. For Australia, a 15% tariff would be manageable given that more than 60% of exports are exempt, including beef since November.

We may see further sector and product specific tariff announcements, with Section 122 tariffs set to expire after 150 days unless approved by Congress. This is likely to keep trade uncertainty elevated. However, the overall impact on Australia and financial markets should remain limited unless tariff reimbursements reignite concerns around the US budget position.

APPENDIX

Appendix 1: Major indicators by industry, annual % change

	Income				Expenses				Income to Expense Ratio			
	Current quarter	2025	2024	2023	Current quarter	2025	2024	2023	Current quarter	2025	2024	2023
By Industry												
Accommodation, Cafes & Restaurants	–2.9	–1.0	-7.7	4.5	-4.6	–3.0	–6.8	7.6	1.8	2.1	–1.0	–2.9
Agriculture	8.5	1.4	–1.6	2.5	7.2	–0.1	–1.4	0.0	1.2	1.5	–0.1	2.5
Business Services	–3.0	–3.6	–4.7	5.0	-1.9	–3.2	–4.8	1.0	–1.1	–0.4	0.1	3.9
Recreation Services	–3.9	–2.3	–4.3	3.8	-4.8	–3.5	–5.7	–5.2	0.9	1.3	1.4	9.6
Education	4.1	2.5	3.1	13.0	2.2	1.3	2.7	14.2	1.8	1.2	0.4	–1.1
Healthcare	0.3	–0.1	–2.5	7.6	-1.0	–2.7	–3.1	5.8	1.3	2.6	0.6	1.7
Manufacturing	–2.5	–3.7	–3.5	3.1	-3.1	–4.6	–3.9	1.6	0.5	0.9	0.4	1.5
Personal Services	–8.9	–3.5	1.6	5.5	-11.5	–4.5	–2.1	6.9	3.0	1.1	3.8	–1.3
Retail Trade	–4.5	–5.0	–5.4	–0.7	-4.1	–5.0	–7.0	–1.8	–0.4	0.0	1.7	1.1
Transport & Storage	–6.4	–4.4	–3.4	4.7	-7.3	–4.0	–3.5	3.1	1.0	–0.5	0.1	1.5
Wholesale Trade	–3.8	–4.9	–8.2	–4.9	-3.9	–5.2	–9.6	–6.7	0.1	0.3	1.6	1.9
Construction	–0.6	–2.9	–3.4	7.6	-0.9	–3.4	–5.7	5.6	0.3	0.5	2.4	1.9
Property & Property Services	–5.5	–4.6	–6.5	0.8	-7.9	–5.6	–7.0	1.3	2.6	1.1	0.6	–0.4
By State												
NSW/ACT	–3.6	–3.6	–4.8	3.0	–4.4	–4.7	–5.5	0.4	0.8	1.2	0.7	2.6
VIC/TAS	–2.4	–3.8	–5.7	2.7	–2.6	–5.6	–5.8	0.4	0.2	1.9	0.1	2.3
QLD	1.1	–1.1	–4.0	3.5	–1.4	–2.5	–5.1	4.4	2.5	1.4	1.1	–0.8
SA/NT	–0.9	–1.8	–4.2	4.3	–3.6	–3.3	–4.4	3.8	2.8	1.6	0.3	0.5
WA	1.1	–2.5	0.5	–0.2	–0.2	–1.5	–3.0	–0.8	1.3	–1.0	3.6	0.6

Appendix 2: Australian economic forecasts

Activity forecasts*

	2025		2026			2027			Calendar years			
%qtr / %yr end	**Q3**	**Q4f**	**Q1f**	**Q2f**	**Q3f**	**Q4f**	**Q1f**	**Q2f**	**2024**	**2025f**	**2026f**	**2027f**
Household consumption	0.5	1.0	0.8	0.5	0.6	0.7	0.6	0.6	0.9	3.0	2.5	2.5
Dwelling investment	1.8	1.2	1.3	1.6	1.7	1.7	1.7	1.5	3.5	5.9	6.6	5.5
Business investment *	3.4	0.6	0.9	0.9	1.1	1.1	1.1	1.1	0.4	3.9	4.1	4.6
Private demand *	1.2	0.9	0.9	0.7	0.8	0.9	0.8	0.8	1.0	3.4	3.3	3.2
Public demand *	1.1	0.7	0.8	0.7	0.5	0.6	0.6	0.6	5.4	1.5	2.6	2.5
Domestic demand	1.2	0.9	0.9	0.7	0.7	0.8	0.7	0.7	2.3	2.9	3.1	3.0
Stock contribution	-0.5	0.1	0.1	0.0	–0.0	0.0	–0.0	–0.1	0.1	–0.1	0.1	–0.1
GNE	0.6	1.0	1.0	0.7	0.7	0.8	0.7	0.7	2.4	2.8	3.2	2.9
Exports	1.0	0.3	0.4	0.4	0.4	0.5	0.6	0.7	1.4	3.4	1.7	2.5
Imports	1.5	0.8	1.3	1.3	1.3	1.3	1.2	1.2	6.2	4.8	5.3	4.9
Net exports contribution	–0.1	–0.1	–0.2	–0.2	–0.2	–0.2	–0.1	–0.1	–1.0	–0.3	–0.8	–0.6
Real GDP %qtr / %yr avg	**0.4**	**0.9**	**0.7**	**0.5**	**0.6**	**0.6**	**0.6**	**0.6**	**1.0**	**2.0**	**2.6**	**2.3**
%yr end	**2.1**	**2.4**	**2.8**	**2.6**	**2.7**	**2.5**	**2.3**	**2.3**	**1.3**	**2.4**	**2.5**	**2.3**
Nominal GDP %qtr / %yr avg	1.7	1.6	1.3	0.9	0.9	1.0	1.0	1.0	3.8	4.6	5.0	4.1
%yr end	5.4	5.4	5.5	5.7	4.9	4.2	3.9	3.9	3.6	5.4	4.2	4.4
Real household disp. income	0.9	0.5	0.6	0.1	0.8	–0.4	0.7	0.6	2.2	3.1	1.2	2.4

Other macroeconomic variables

	2025		2026			2027			Calendar years			
% change	Q3	Q4f	Q1f	Q2f	Q3f	Q4f	Q1f	Q2f	**2024**	**2025f**	**2026f**	**2027f**
Employment %qtr **	0.1	0.3	0.6	0.3	0.3	0.3	0.5	0.4	–	–	–	–
%yr end **	1.4	1.2	1.6	1.3	1.5	1.5	1.4	1.5	2.2	1.2	1.5	1.7
Unemployment rate % **	4.3	4.2	4.2	4.3	4.4	4.5	4.5	4.5	4.0	4.2	4.5	4.5
Wages (WPI) (sa) %qtr	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	–	–	–	–
%yr end	3.4	3.4	3.2	3.1	3.0	3.0	3.1	3.1	3.2	3.4	3.0	3.1
Headline CPI %qtr	1.3	0.6	1.1	0.7	1.0	0.5	0.5	0.6	–	–	–	–
%yr end	3.2	3.6	3.8	3.7	3.4	3.3	2.7	2.5	2.4	3.6	3.3	2.5
Trimmed Mean CPI %qtr	1.0	0.9	0.8	0.7	0.8	0.7	0.7	0.6	–	–	–	–
%yr end	3.0	3.4	3.4	3.5	3.2	3.0	2.9	2.7	3.3	3.4	3.0	2.6
Current account $bn, qtr	–16.6	–13.8	–13.6	–14.1	–16.2	–16.5	–16.8	–17.3	–	–	–	–
% of GDP	–2.3	–1.9	–1.8	–1.9	–2.2	–2.2	–2.2	–2.2	–2.3	–2.5	–1.9	–2.2
Terms of trade %yr avg	–3.3	–1.9	–0.3	1.1	1.6	1.4	0.6	–0.2	–4.8	–4.8	–1.9	1.4
Population %yr end	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.7	1.5	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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