

Media Release

SME Sentiment Pops – Are We Turning a Corner?

- Almost half (47%) of SMEs made a profit compared to 40% in the previous month
- 24% have job roles they are trying to fill, compared to 19% in July.
- 37% are focusing on growth over the next 12 months
- 33% expect revenue growth over the next 4 weeks compared to 22% last month

8th September 2023: After a continued period of declining revenue and profit, the August results of the Fifth Quadrant SME Sentiment Tracker suggest confidence is growing in line with falling inflation and the stabilisation of interest rates.

Despite year-on-year revenues continuing to fall, 47% of SMEs reported a profit and 33% expect revenues to increase over the next 4 weeks compared to 22% in the previous month. Decision makers also report less concerns regarding increasing costs and are more confident about local and global economic conditions. Accordingly, the Fifth Quadrant Business Sentiment Index has risen from 87 to 105

The SME Sentiment Tracker is conducted by leading business market research firm Fifth Quadrant in partnership with Ovation and tracks business sentiment across more than 400 small and medium enterprises each month.

With more certainty regarding interest rates and costs, recruitment activity has again increased. One in four (24%) are currently looking to fill roles compared to only 19% in July. The data suggests a more bullish outlook for SMEs as we approach the important Christmas trading period and hence 37% of all SMEs are now focusing on growth over the next 12 months. This is the highest level reported since October 2022.

It is also positive to report an uplift in capital expenditure with 30% of SMEs increasing investment over the next 3 months. It is also notable that only 9% of SMEs expect to have difficulties meeting loan repayments over the next 6 months, down from 16% in July.

Fifth Quadrant, Managing Director, James Organ said: "In summary, despite ongoing challenges, the August findings indicate a brighter outlook for SMEs. Confidence is on the rise, and businesses are more optimistic now than they were earlier in the year. Growth initiatives are back on the agenda with recruitment and capital investment bouncing back as we approach the final quarter of another very challenging year. Only time will tell, but hopefully this is a turning point for SMEs".

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About the SME Sentiment Tracker

- Based on responses from ~400 SMEs with up to 500 employees across all sectors in Australia, including metro and regional locations.
- This wave includes data collected from the 15th – 30th of August 2023.
- Each respondent is a financial decision maker/ influencer in their business.
- Data is weighted by state, industry, and number of employees to reflect the national distribution of businesses across the country.

About Fifth Quadrant

Too often, we see businesses confusing data with insights, but data alone is not enough. We provide organisations with insight about their markets and customers by layering context and expertise on top of data. This allows our clients to make better decisions and unlock tomorrow's opportunities today.

About OVATION

Ovation is committed to delivering quality data, analytics and online research services with access to one of Australia's largest and most responsive online research panels. Our wide reach includes professionals, from small business owners to executives, across a variety of industries.