



Small & Medium Enterprise Sentiment Tracker

Wave 91 – September 2026



fifth
quadrant

creating tomorrow today

At Fifth Quadrant we discover what matters tomorrow so our clients can act with confidence today to create a better future for their customers, their people, and their business.

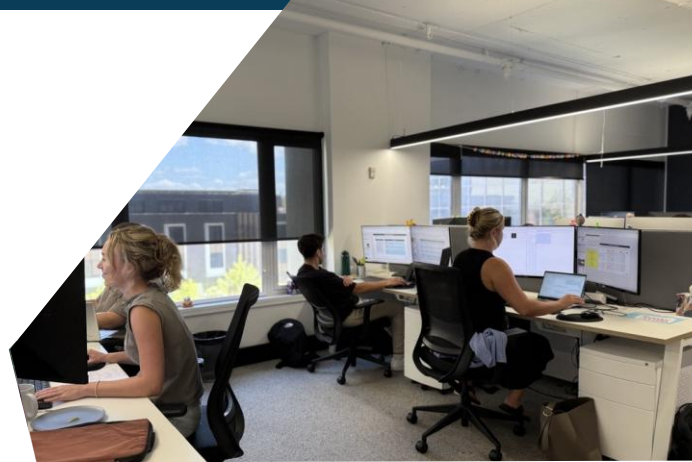
By combining innovative methodologies, proven frameworks, and the latest AI-driven tools, we deliver deep, evidence-based insights that enable our clients to anticipate change, make smarter decisions, and drive sustainable growth.

our culture

We are fiercely committed to providing our team with the skills and knowledge they need to be successful in their careers.

We believe that when people feel valued, respected, and supported, they are unstoppable forces for good. They are also more likely to be creative and innovative, which is essential for driving growth.

Our culture is one of our greatest strengths. It is what attracts and retains top talent, and it is what drives our success. When everyone feels like they belong, they are more likely to be their best selves.





29% of SMEs reported revenue growth in September compared to just 21% in July



25% of SMEs expect revenues to improve over the next 4 weeks, compared to 14% in July



35% of SMEs are planning for growth over the next 12 months, remaining slightly above the average



14% of SMEs are currently trying to fill job roles, remaining constant over the past 3 months

SME Performance Delivers a Surprising Bounce

September's results paint a surprisingly encouraging picture of SME performance, despite worsening confidence in the broader business environment. Revenue performance turned positive, profitability improved and fewer businesses reported difficulties meeting loan repayments. These gains suggest SMEs are finding ways to adapt to difficult conditions, even while remaining pessimistic about the Australian and global economies and increasingly dissatisfied with government policy.

The revenue recovery among smaller businesses is particularly encouraging. Their net revenue score improved from -11% in August to -2% in September, narrowing the gap with larger SMEs, which remained strong at +35%. Across all SMEs, 55% reported a profit, while the proportion making a loss fell from 20% to 14%. Loan repayment concerns also eased from 12% to 7%, reinforcing the improvement in financial conditions.

Businesses appear to be balancing cost discipline with selective investment. While 28% are discontinuing unprofitable products or services, a growing proportion are expanding their offerings and adopting technology to improve efficiency. Capital investment intentions returned to positive territory, with stronger demand for technology and equipment. Larger SMEs continue to lead investment, although smaller businesses are also increasing planned purchases.

Short-term revenue expectations strengthened as businesses approach the Christmas trading period. One-quarter expect revenue to improve over the next four weeks, up from 14% in July. However, this optimism has yet to translate into a broader commitment to expansion. Growth intentions softened from August, staffing expectations remained subdued and marketing spending intentions slipped into negative territory.

Overall, the findings suggest SMEs are regaining financial ground through adaptation and targeted investment, potentially supported by expectations of stronger seasonal trading. The recovery remains uneven, particularly between smaller and larger businesses, but their own performance presents a more positive picture than their assessment of the economy around them.



01

Key Performance Indicators

02

People

03

Business Sentiment

04

Business Investment

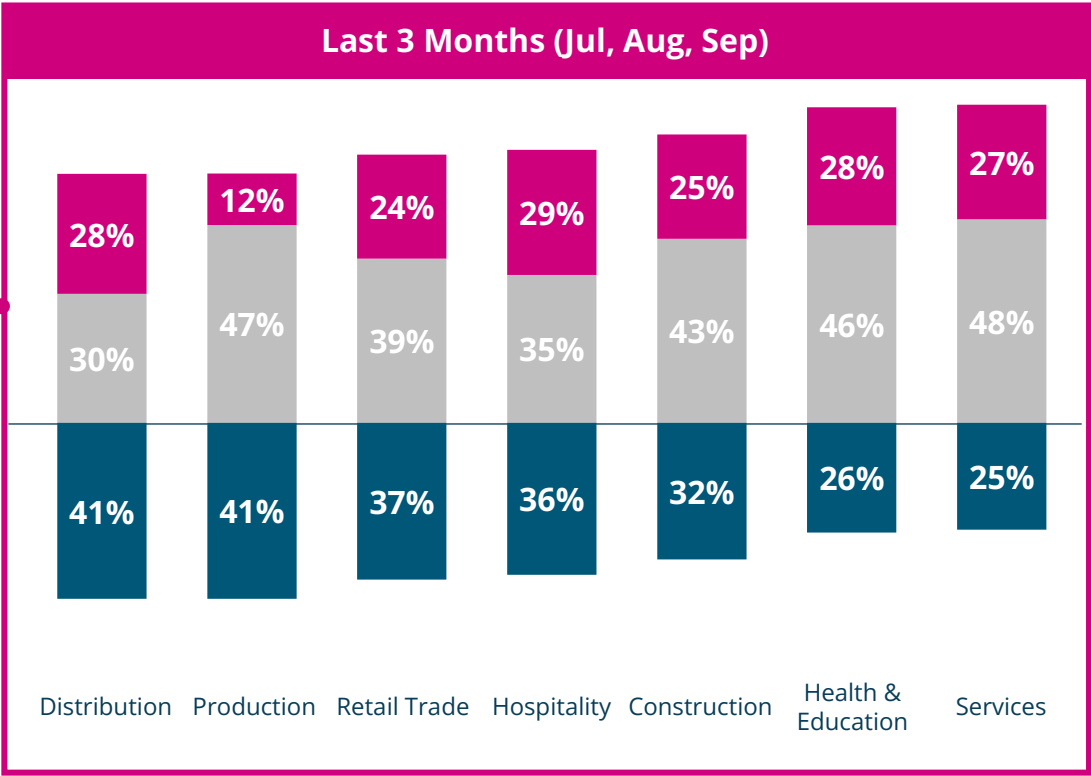
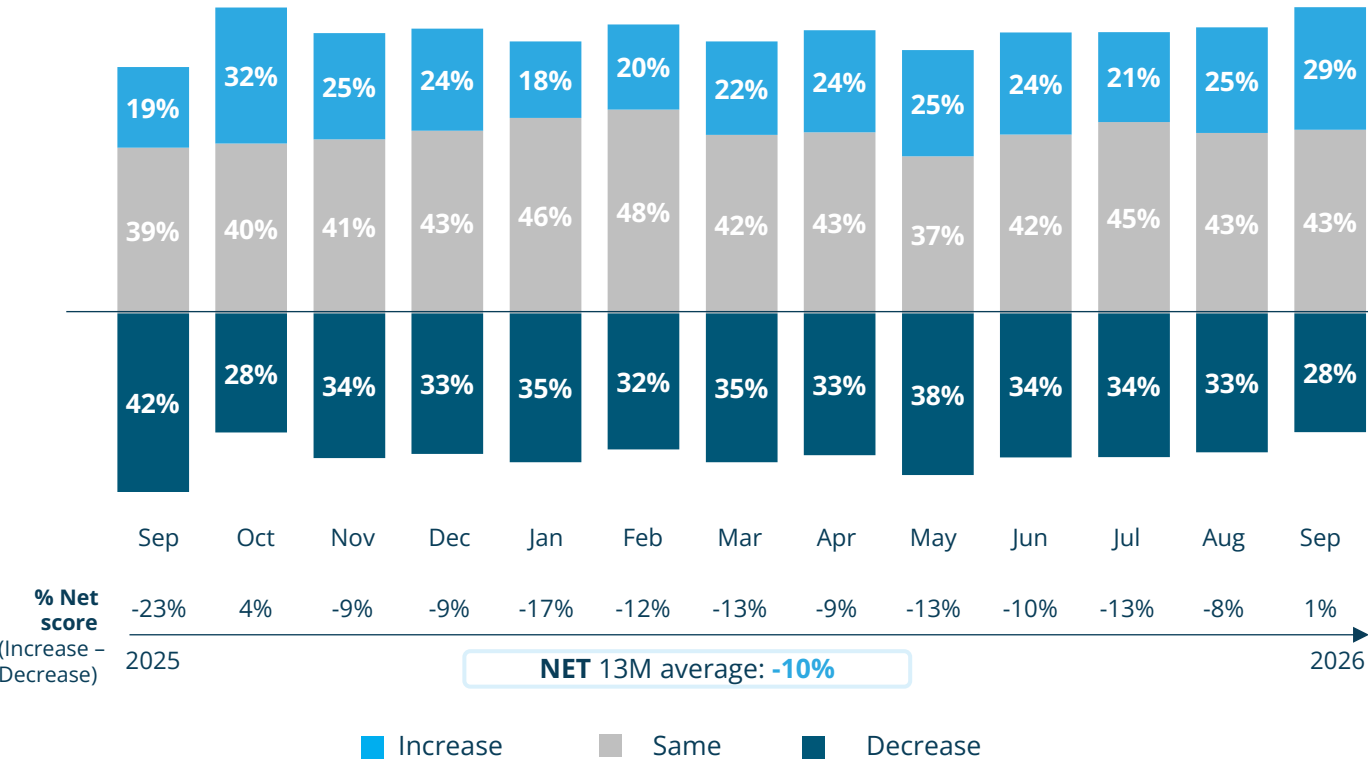
05

Methodology & Sample

Key Performance Indicators | Revenue

Revenue performance turned a corner in September, with the net score sharply higher than the -8% recorded in August to reach 1%. 29% of SMEs reported higher revenue against 28% reporting a decline, pointing to a more balanced trading picture.

How Does Your Current Monthly Revenue Compare To Your Monthly Revenue 12 Months Ago?

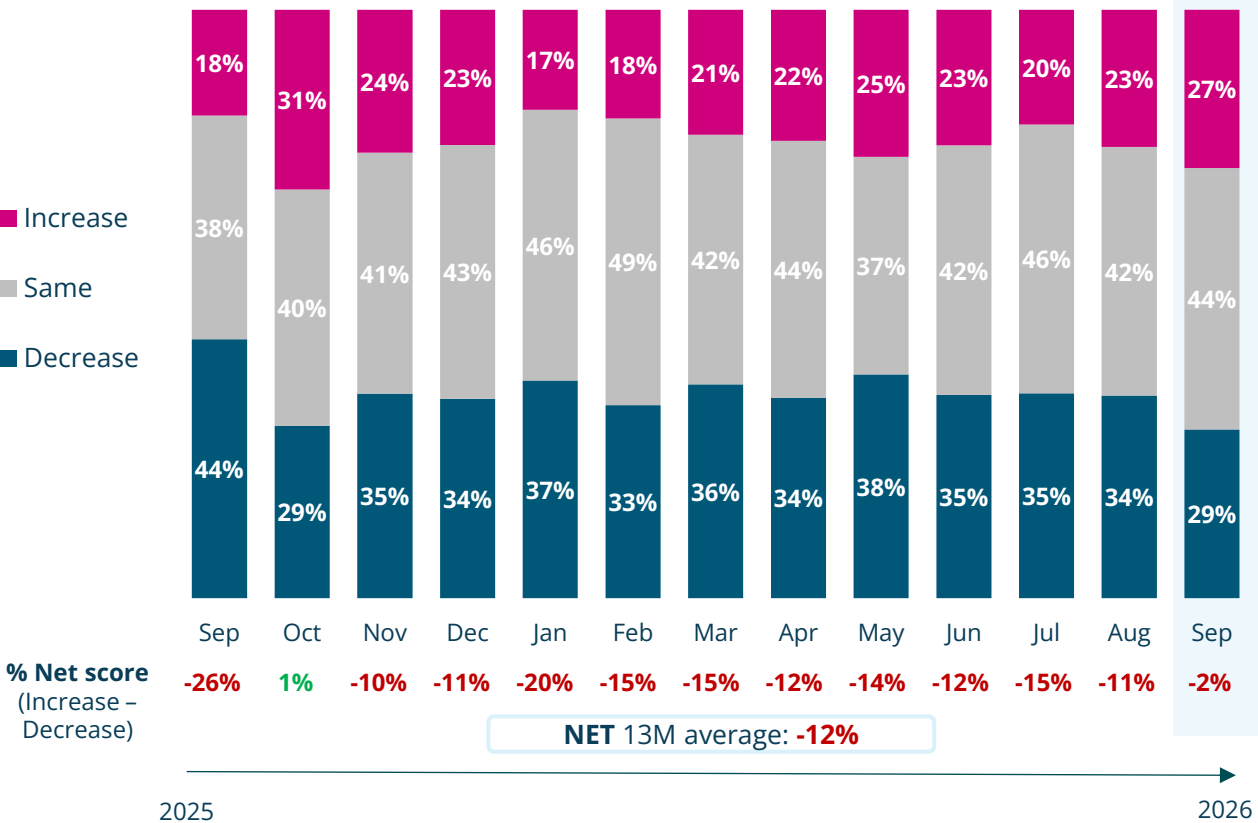


Key Performance Indicators | Revenue

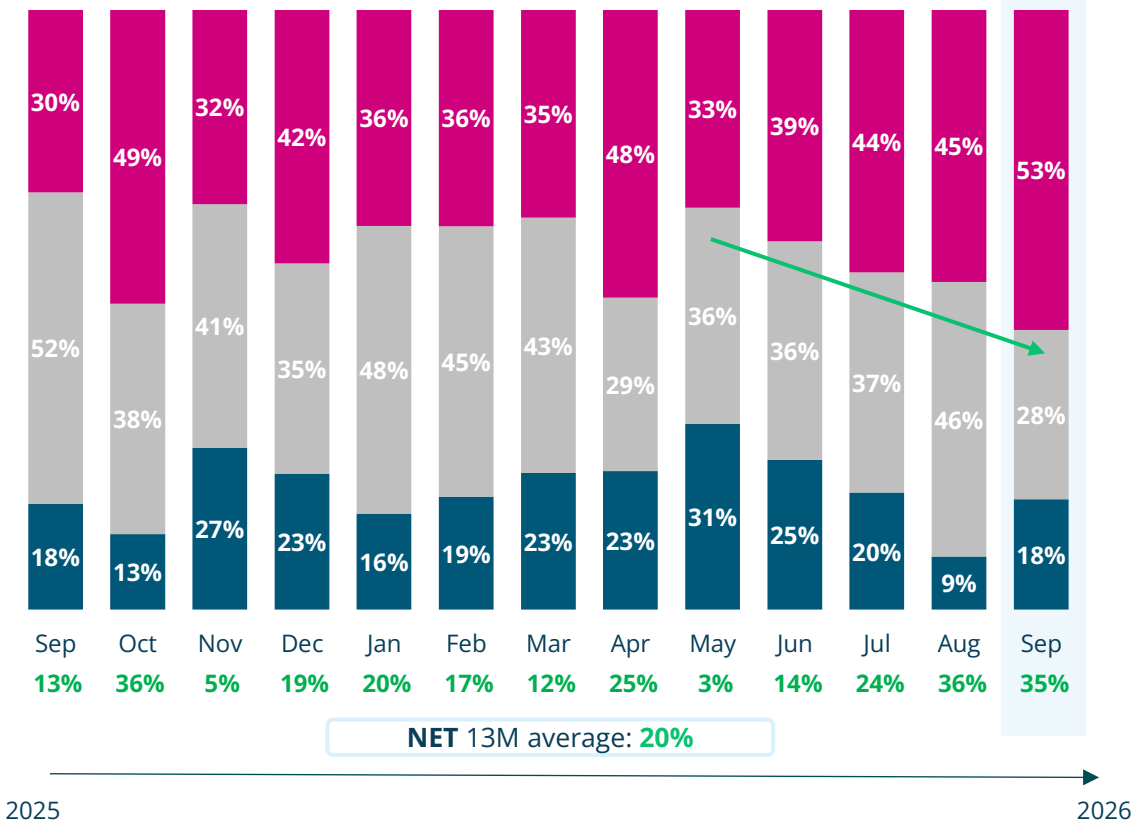
Smaller SMEs remain in negative territory, with the net score at -2% in September, sharply higher than the -11% recorded in August. Larger SMEs held firmer at 35%, little changed from last month.

How Does Your Current Monthly Revenue Compare To Your Monthly Revenue 12 Months Ago?

0 -19 Employees

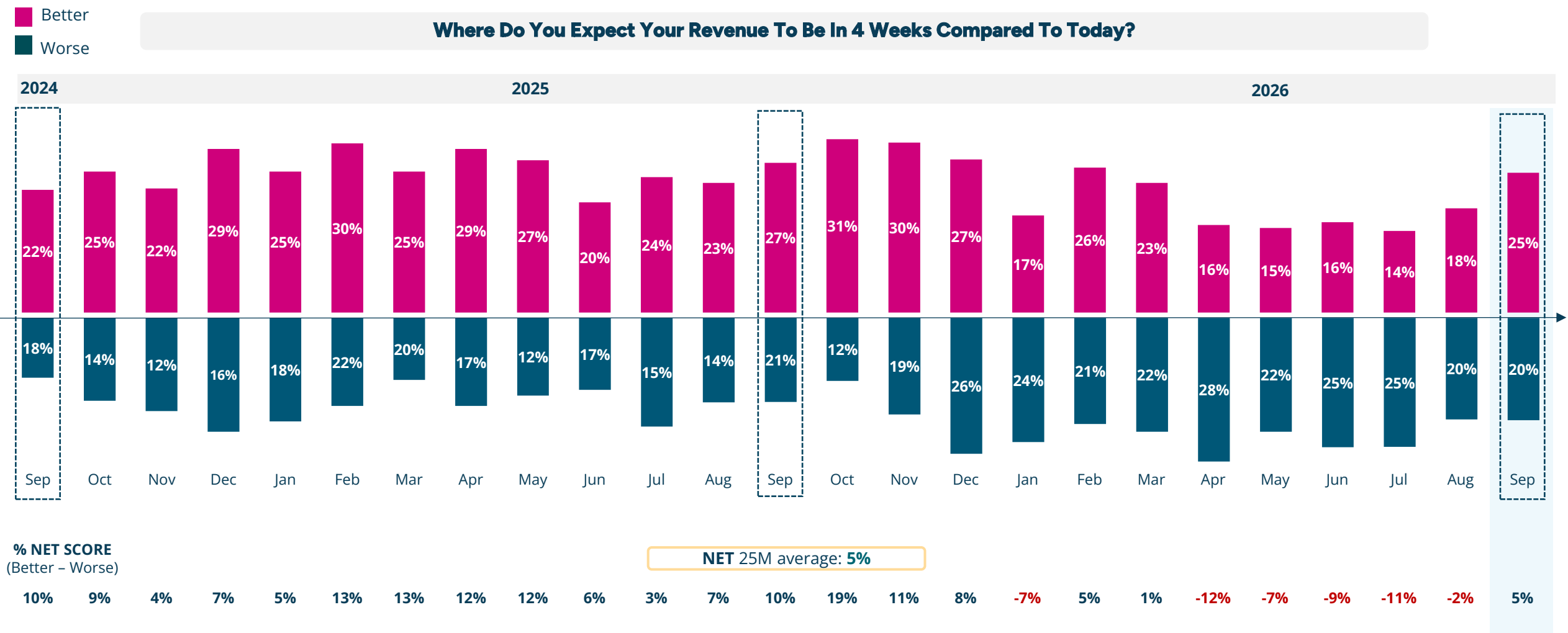


20+ Employees



Key Performance Indicators | Revenue Expectations (Next Four Weeks)

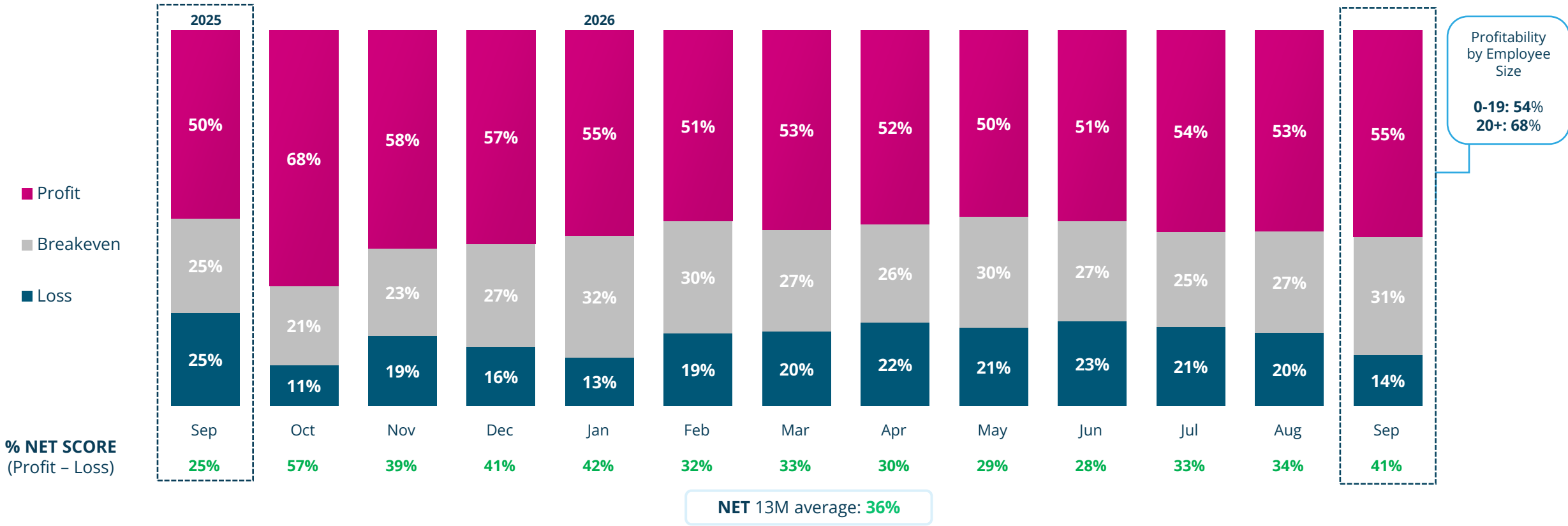
Short-term revenue expectations sit at a net score of 5% in September, with 25% expecting improvement and 20% expecting declines over the next four weeks. Clearly confidence is building as we move into the pre-Christmas trading period.



Key Performance Indicators | Profit

Profitability also improved in September, rising to a net of 41% and higher than the 34% recorded in August, with 55% of SMEs reporting a profit and only 14% a loss.

What Was Your Profit Margin Last Month?



SMEs continue to cut unprofitable offerings, while more expand into new revenue streams and adopt technology to improve efficiency.

How Is Your Business Responding To The Challenges Posed By Ongoing Inflation And Increasing Costs?

	September	March	April	May	June	July	August	September
Discontinuing products/services that are not profitable.	28%	23%	22%	27%	27%	28%	28%	28%
Enhancing efficiency by streamlining business operations.	24%	29%	26%	21%	30%	27%	31%	24%
Expanding the range of products/services to generate new revenue streams.	24%	21%	22%	16%	16%	19%	22%	24%
Adopting new technologies for increased automation and operational efficiency.	23%	19%	19%	17%	17%	19%	21%	23%
Maximising staff productivity through better training and optimisation.	17%	20%	22%	16%	20%	18%	17%	17%
Renegotiating supplier contracts or seeking new supply sources.	16%	20%	18%	19%	18%	22%	22%	16%
Reassessing current projects and significant investments for viability and impact.	15%	22%	22%	21%	18%	18%	14%	15%
Refining inventory management practices for better efficiency.	13%	13%	12%	12%	12%	16%	13%	13%
Undertaking debt restructuring to reduce financial burdens.	8%	9%	10%	10%	10%	8%	9%	8%
Implementing workforce reductions, such as layoffs or hiring freezes.	8%	9%	9%	7%	9%	6%	8%	8%
Delegating non-essential functions to external providers.	8%	7%	7%	9%	11%	7%	10%	8%
Shifting towards the use of renewable energy sources.	5%	6%	6%	4%	5%	4%	7%	5%



01

Key Performance Indicators

02

People

03

Business Sentiment

04

Business Investment

05

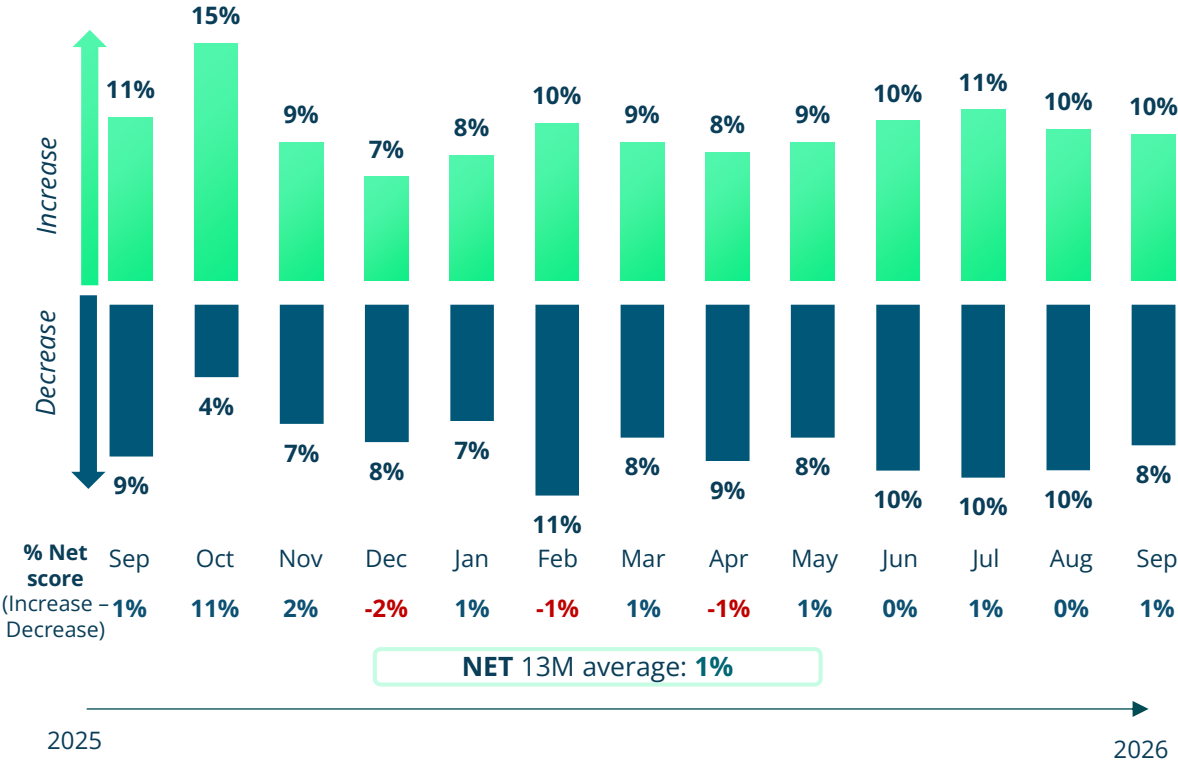
Methodology & Sample

Key Performance Indicators | People

Staffing expectations for September were little changed from August, with the net reading at 1%, as 10% of SMEs expect to add headcount compared with 8% expecting cuts. It will be interesting to see if staff expectations jump in October in line with seasonal trends.

Expectations Over The Next 3 Months Regarding Staff

The Number Of Staff You Employ

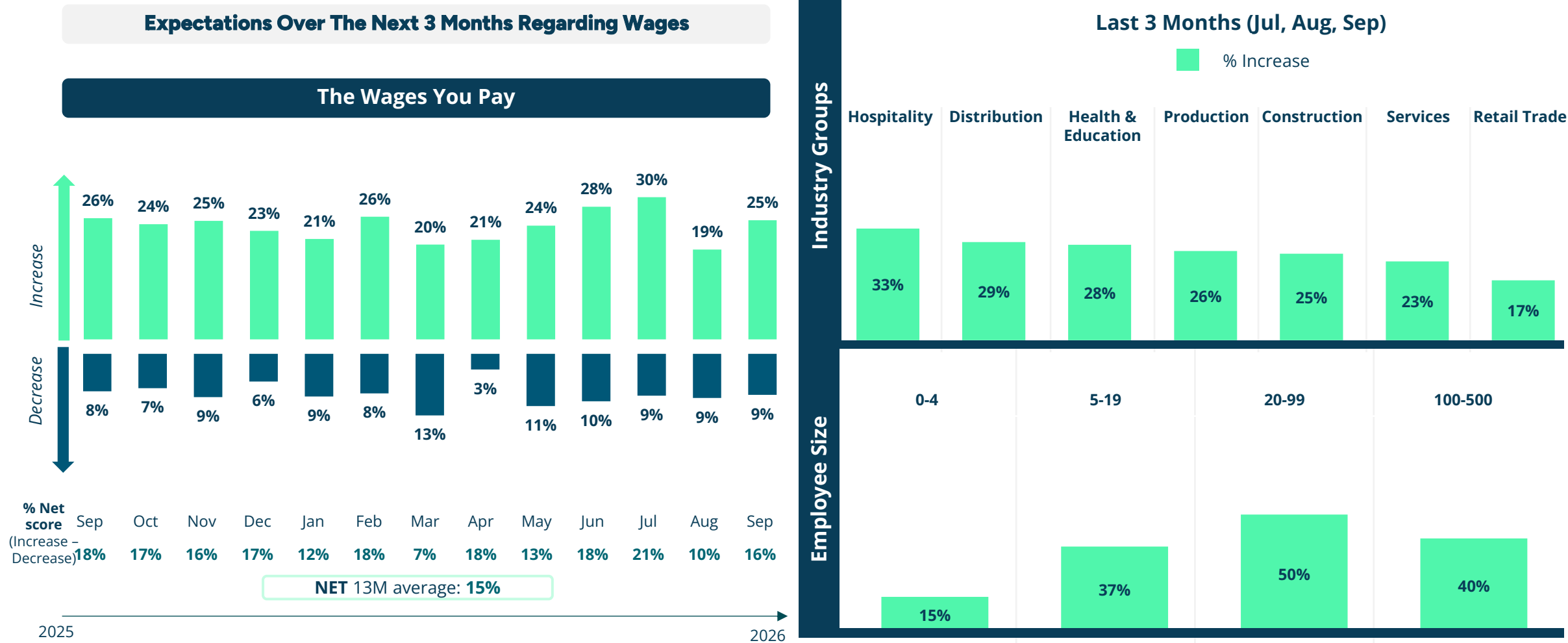


Last 3 Months (Jul, Aug, Sep)



Key Performance Indicators | People

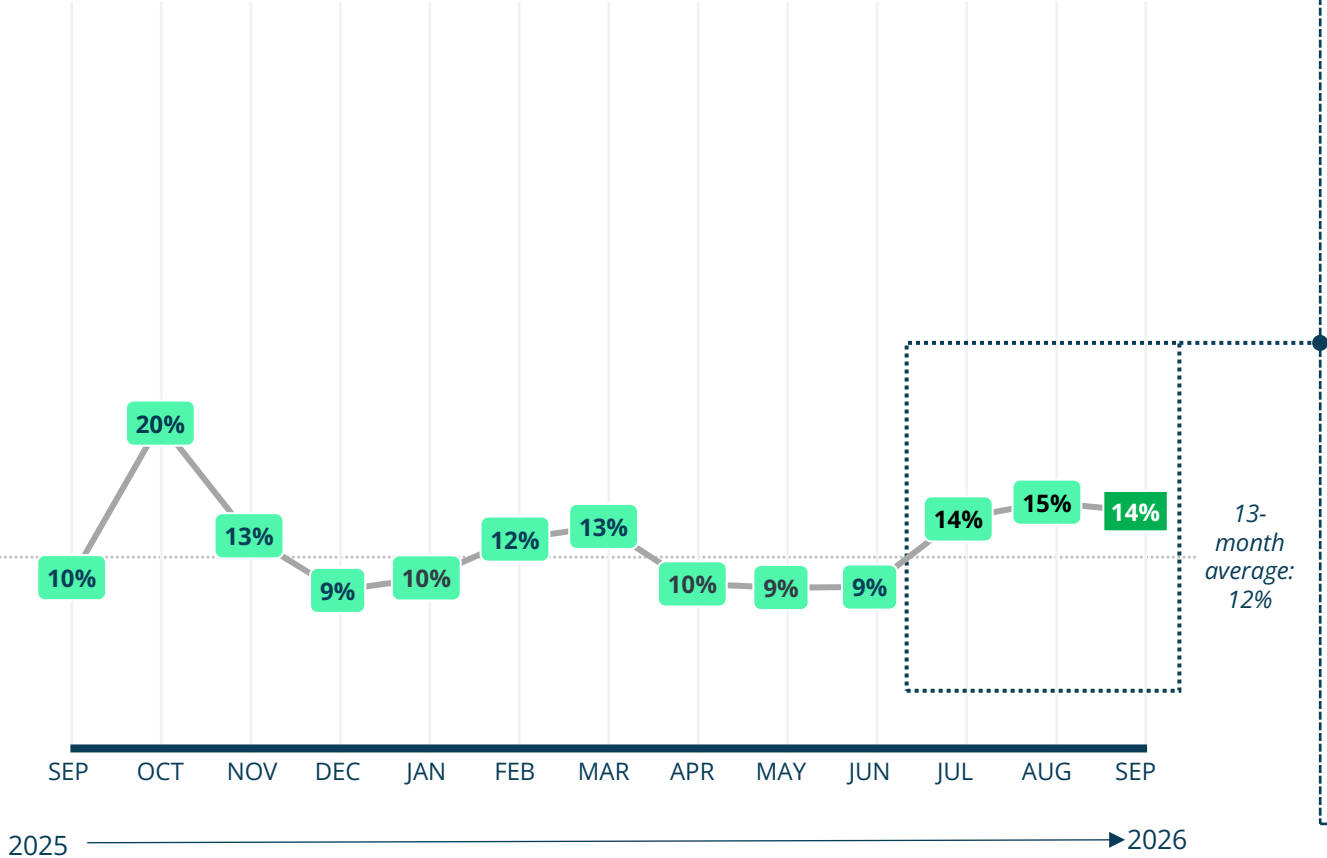
Wage expectations for September came in higher than August, with the net reading at 16% as 25% of SMEs anticipate higher wage costs. Hospitality continues to feel this most acutely at 33%, ahead of Distribution and Health & Education, while Retail Trade remains the least exposed.



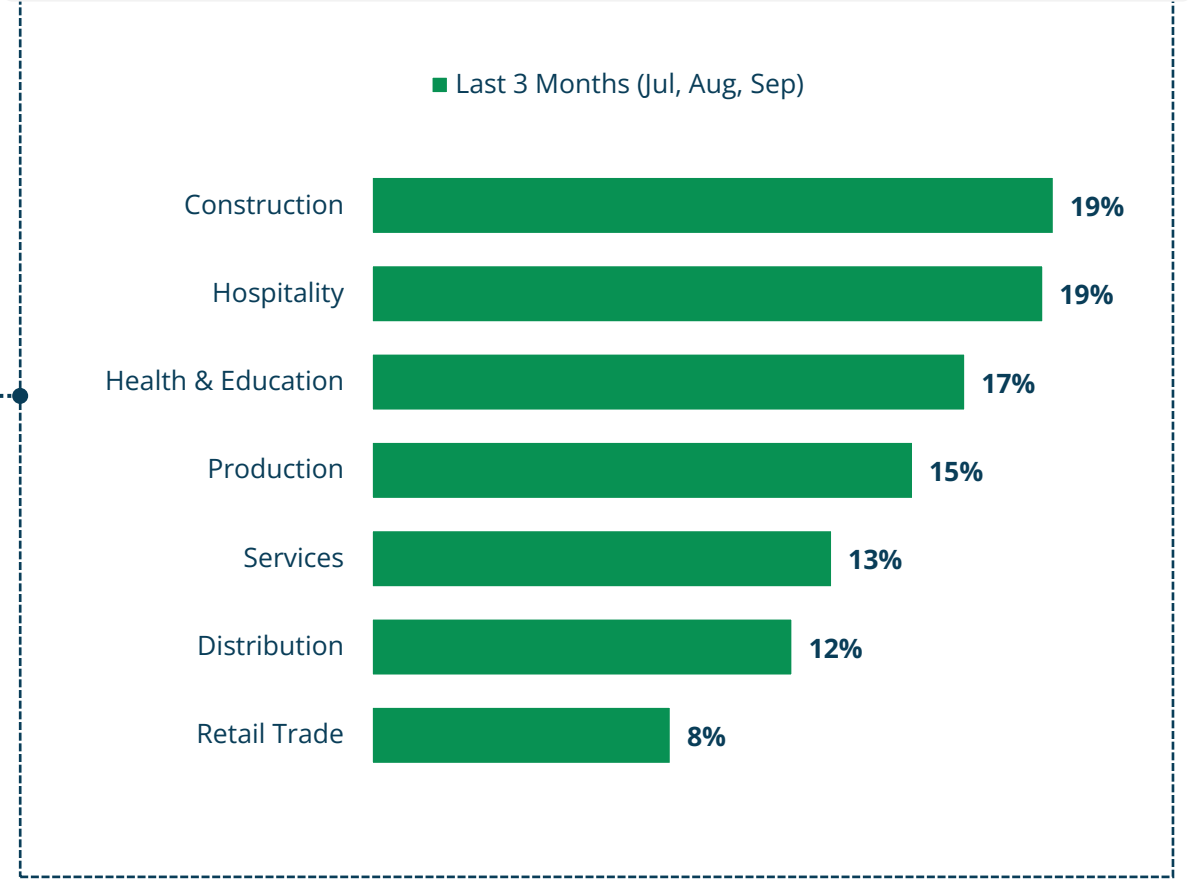
Key Performance Indicators | People

Despite ABS unemployment data edging higher, SME hiring demand has remained elevated for the last 3 months, with 14% of SMEs currently trying to fill roles, above the 13-month average of 12%.

SMEs That Currently Have Job Roles They Are Trying To Fill



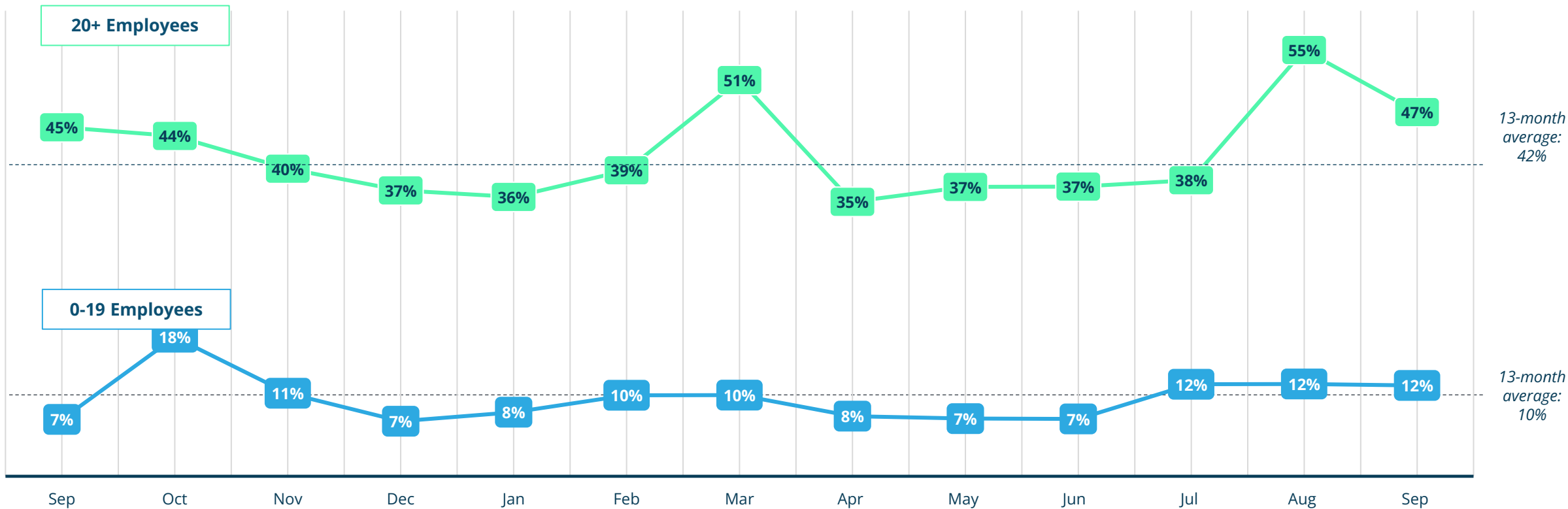
Current Job Vacancies By Industry



Key Performance Indicators | People

Larger SMEs trying to fill roles eased to 47%, lower than the 55% recorded in August, while smaller SMEs held at 12%, unchanged from August.

SMEs That Currently Have Job Roles They Are Trying To Fill

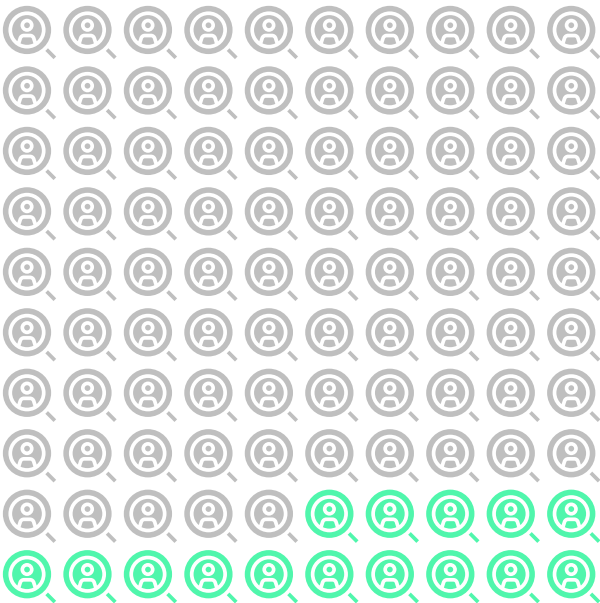


2025 → 2026

The share of SMEs carrying vacancies so far in FY27 sits at 14%, up from 11% across all of FY26 though still below the 15% recorded in FY25.

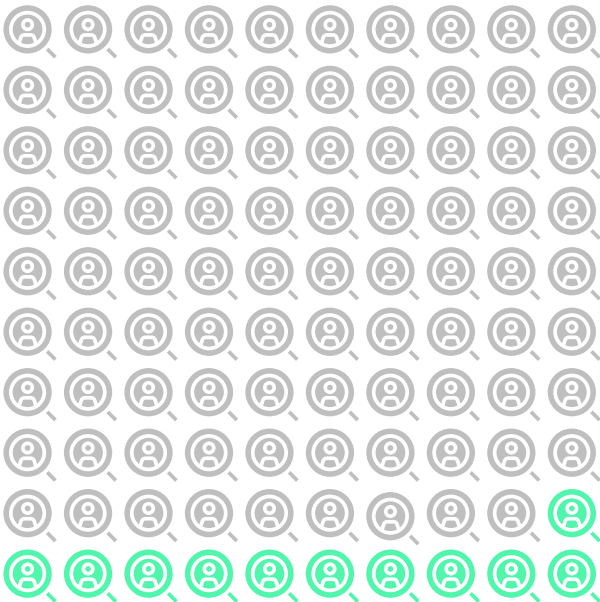
SMEs That Currently Have Job Roles They Are Trying To Fill

FY25



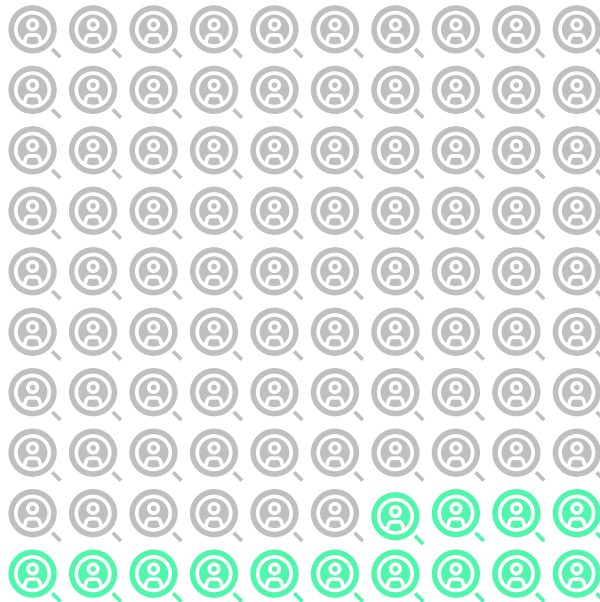
15% with job vacancies

FY26



11% with job vacancies

FY27



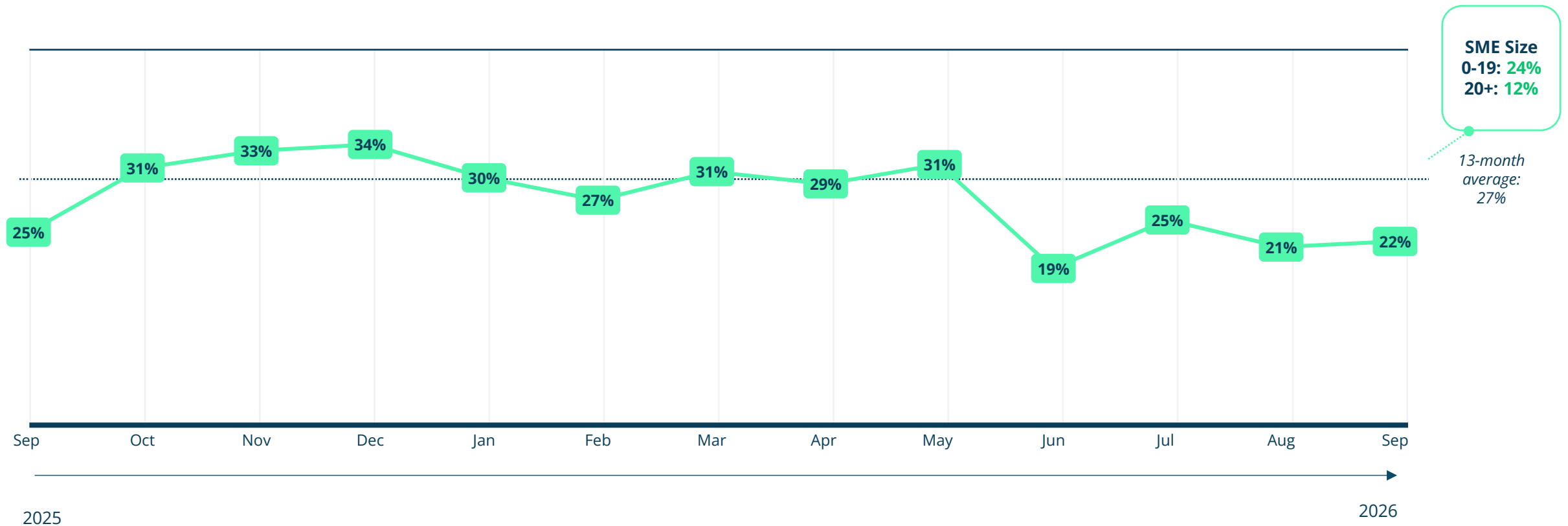
14% with job vacancies

Recruitment difficulty remains well below the average at 22% and consistent since the start of the 2027 financial year.

How Difficult Is It To Fill These Roles?

Data displayed as last 3 months (Jul, Aug, Sep)

● Very Difficult





01

Key Performance Indicators

02

People

03

Business Sentiment

04

Business Investment

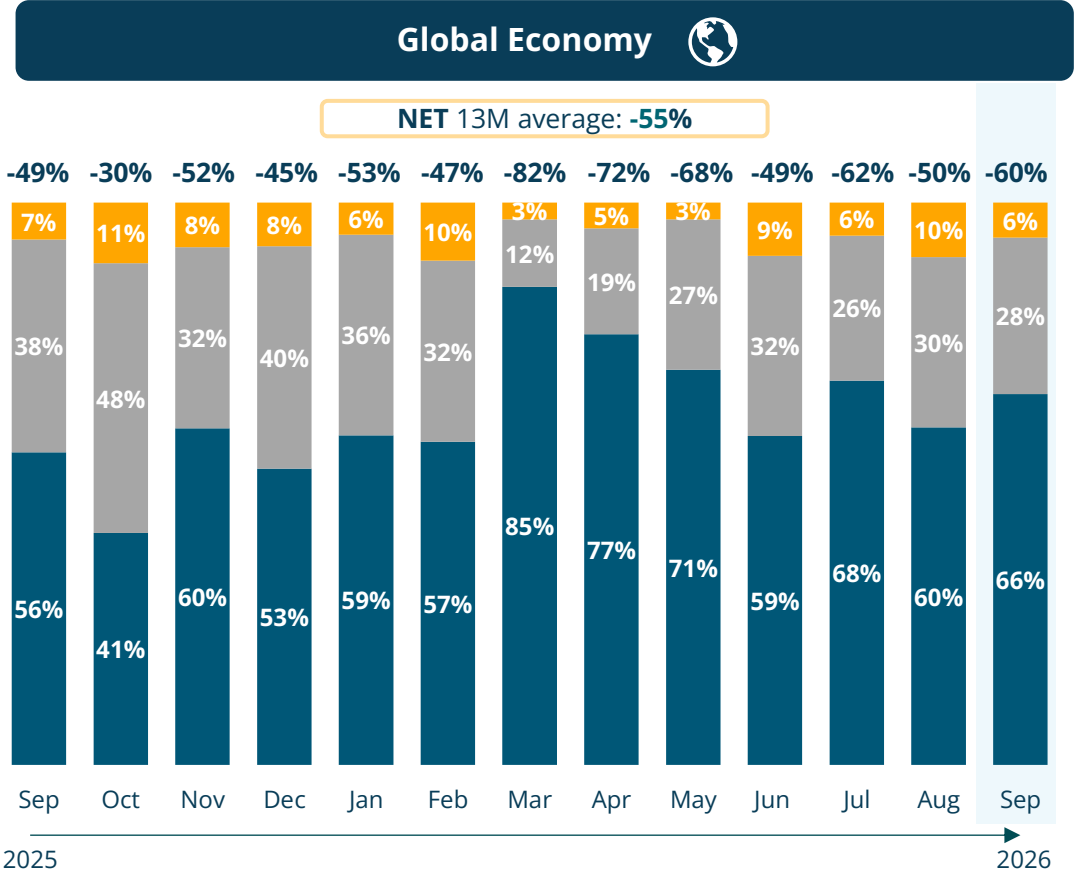
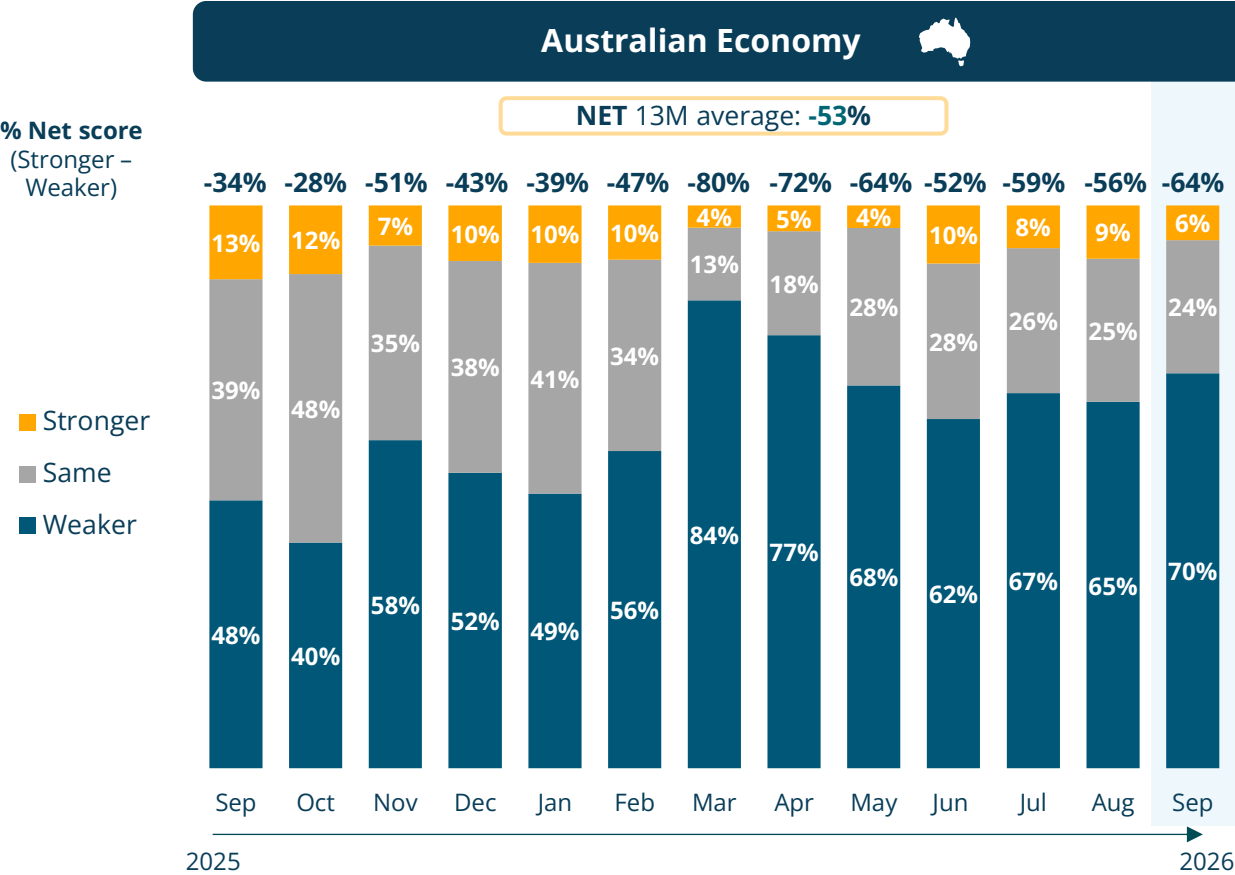
05

Methodology & Sample

Business Sentiment | Expectations Regarding Economic Conditions (Next 3 months)

Contrary to revenue and profit indicators, SME expectations for the Australian economy fell to -64%, lower than last month's -56%, while global economy sentiment dropped to -60%, sharply lower than last month's -50%.

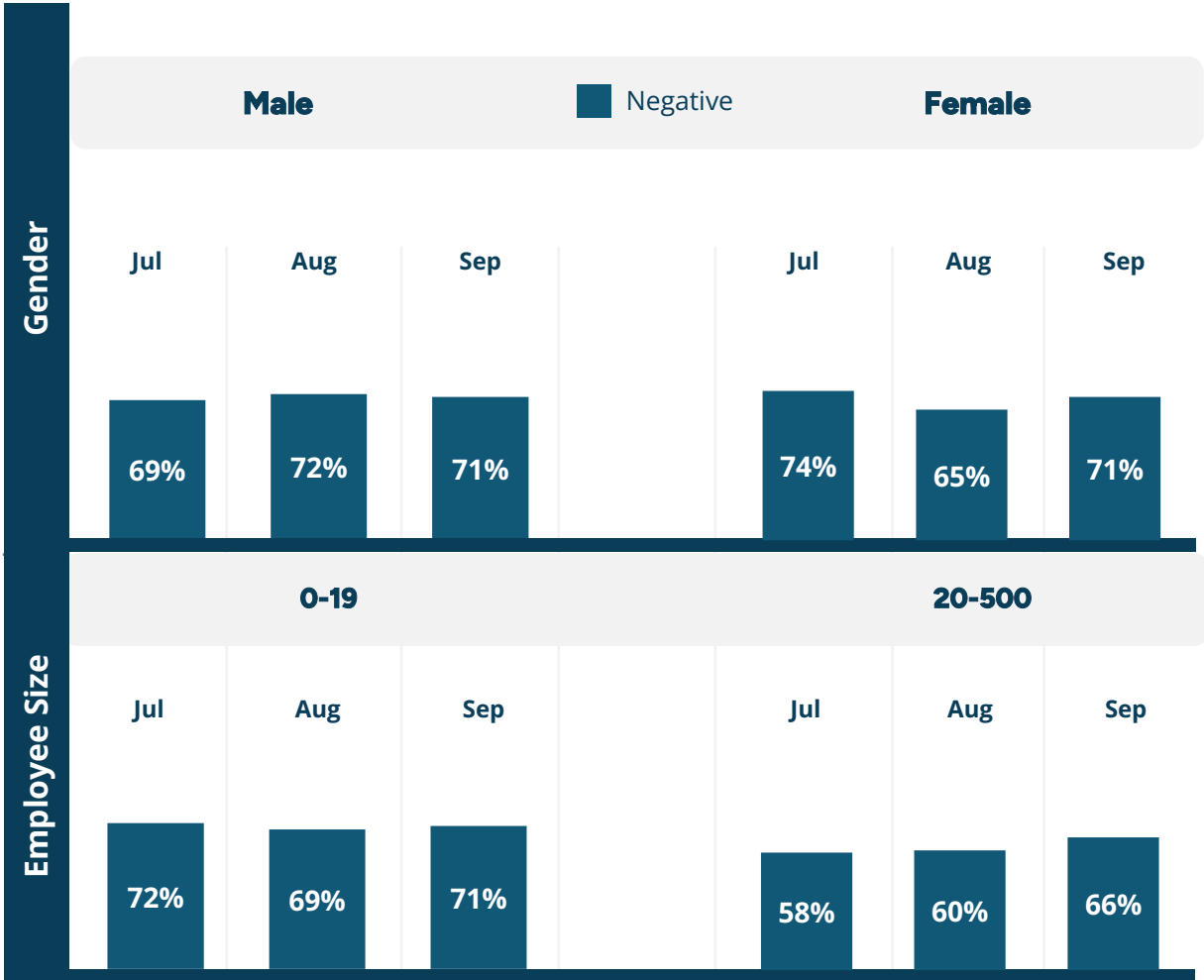
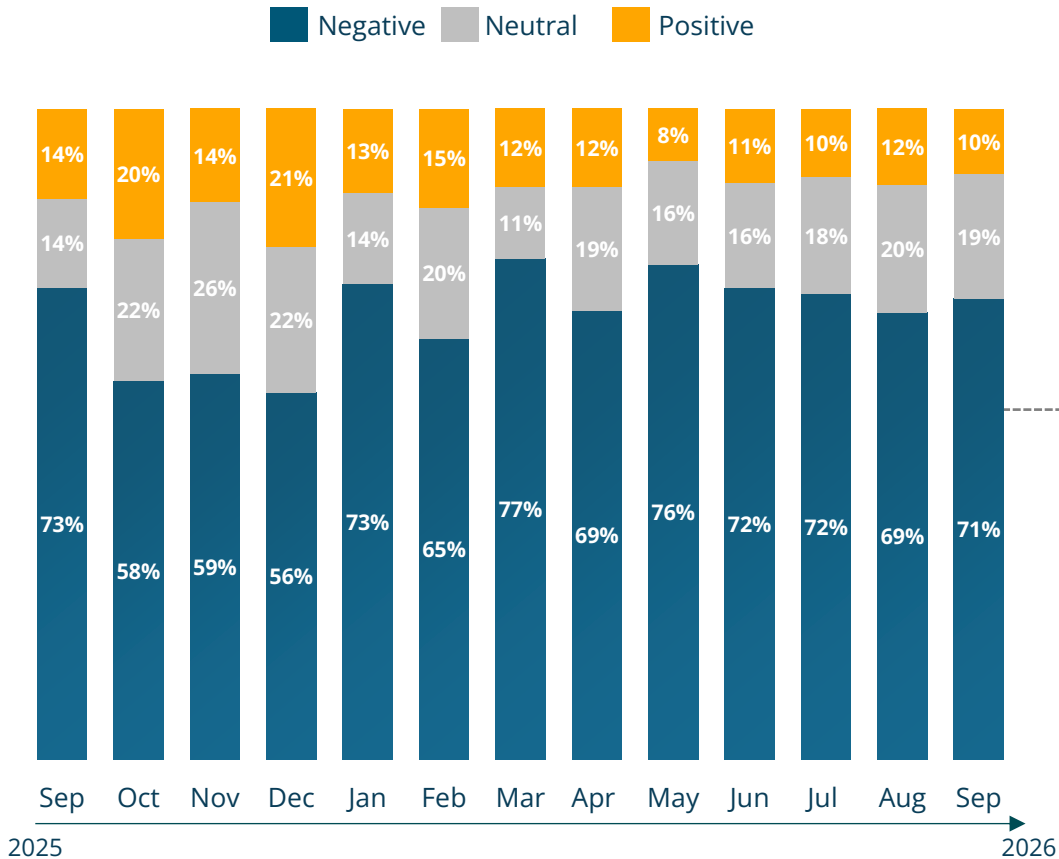
Expectations Over The Next 3 Months Regarding Economic Conditions



Business Sentiment | Expectations Regarding Economic Conditions

Concern about the Trump Administration's impact on the Australian economy remains steady at 71% in September.

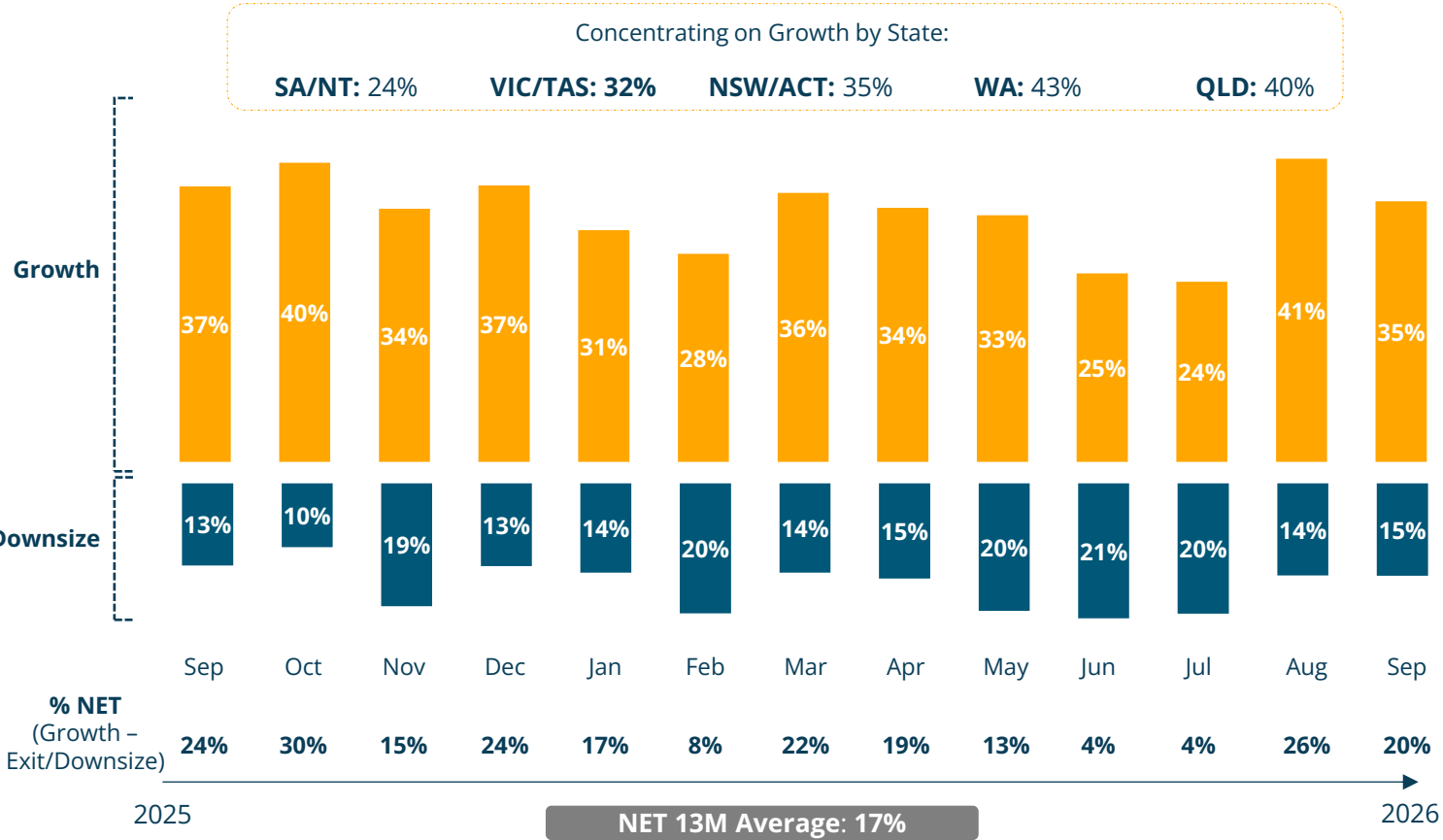
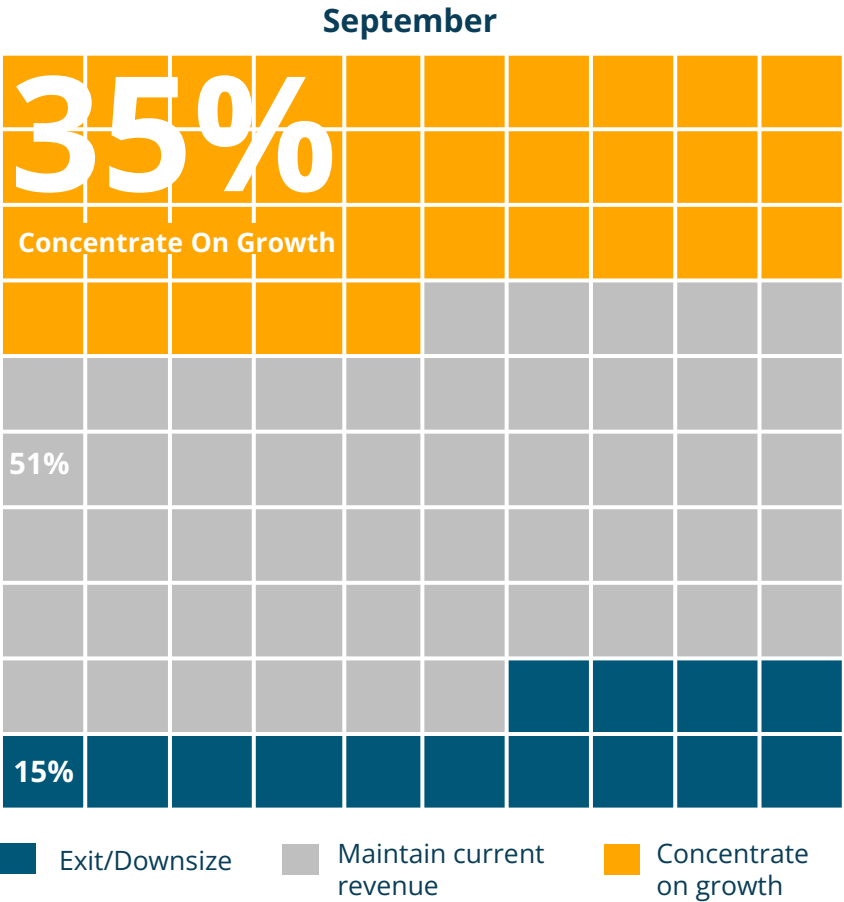
What impact will the Trump Administration have on the Australian economy?



Business Sentiment | Growth Expectations (Next 12 months)

Growth intent softened in September, with net growth intent falling to 20%, lower than last month's 26%. The share planning to grow eased to 35% against 15% expecting to exit or downsize, even as profitability improved. Year on year data shows very similar results for September.

Overall, What Best Describes Your Approach To Business Over The Next 12 Months?



Business Sentiment | Growth Expectations (Next 12 months)

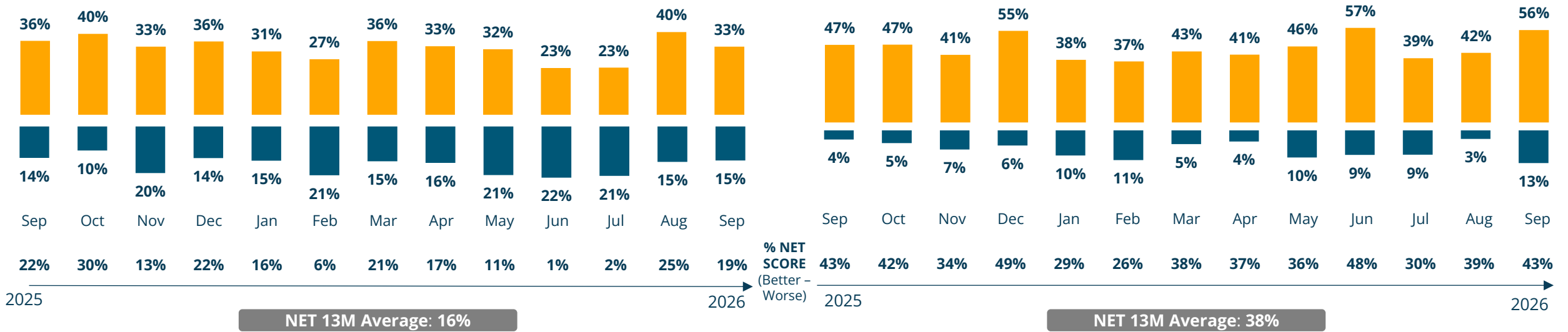
Larger SMEs grew more confident in September, with net growth intent at 43% versus 39% in August, above the 13-month average of 38%. Smaller SMEs softened to 19% from 25%, keeping the confidence gap wide.

Overall, What Best Describes Your Approach To Business Over The Next 12 Months?

Concentrate on growth Exit/Downsize

0 -19 Employees

20+ Employees



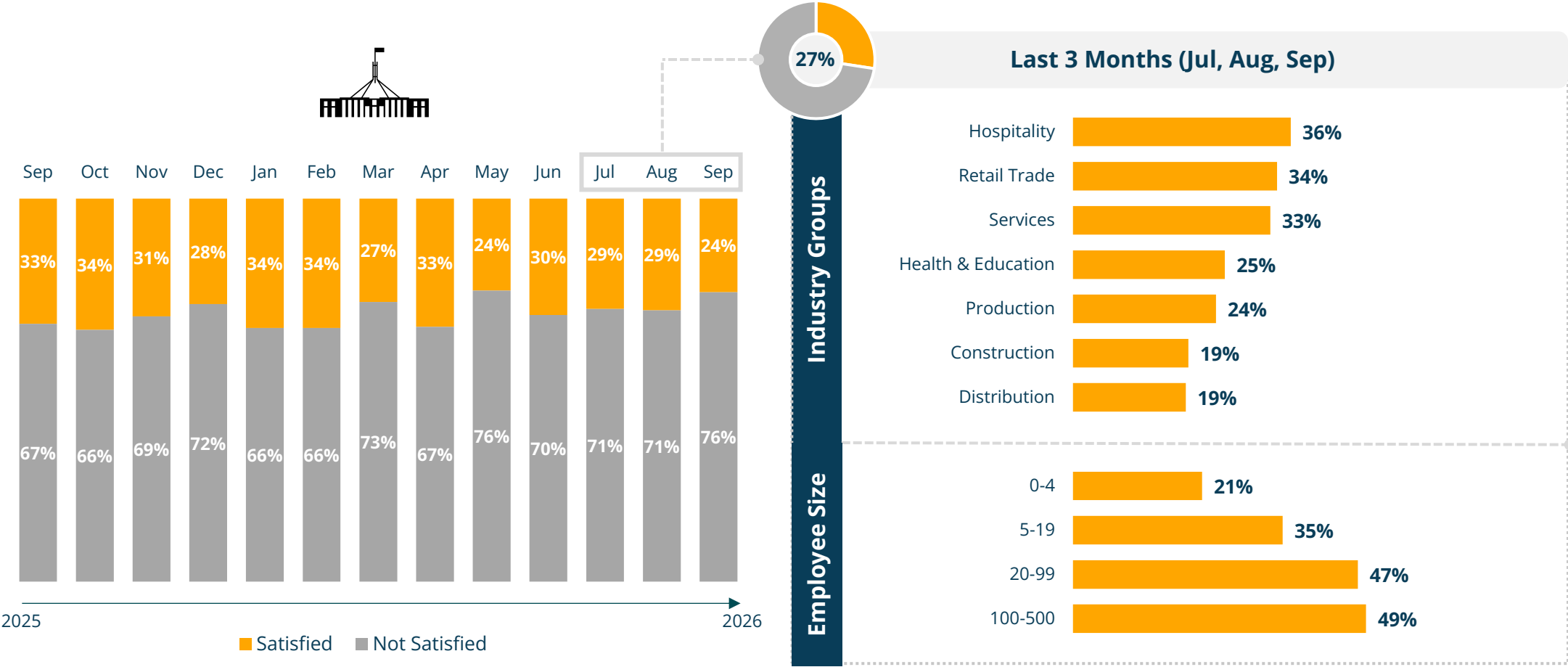
Cost pressures remain SMEs’ biggest challenge, while adapting to customer preferences eases and technology adoption grows more challenging, potentially reflecting difficulties integrating AI.

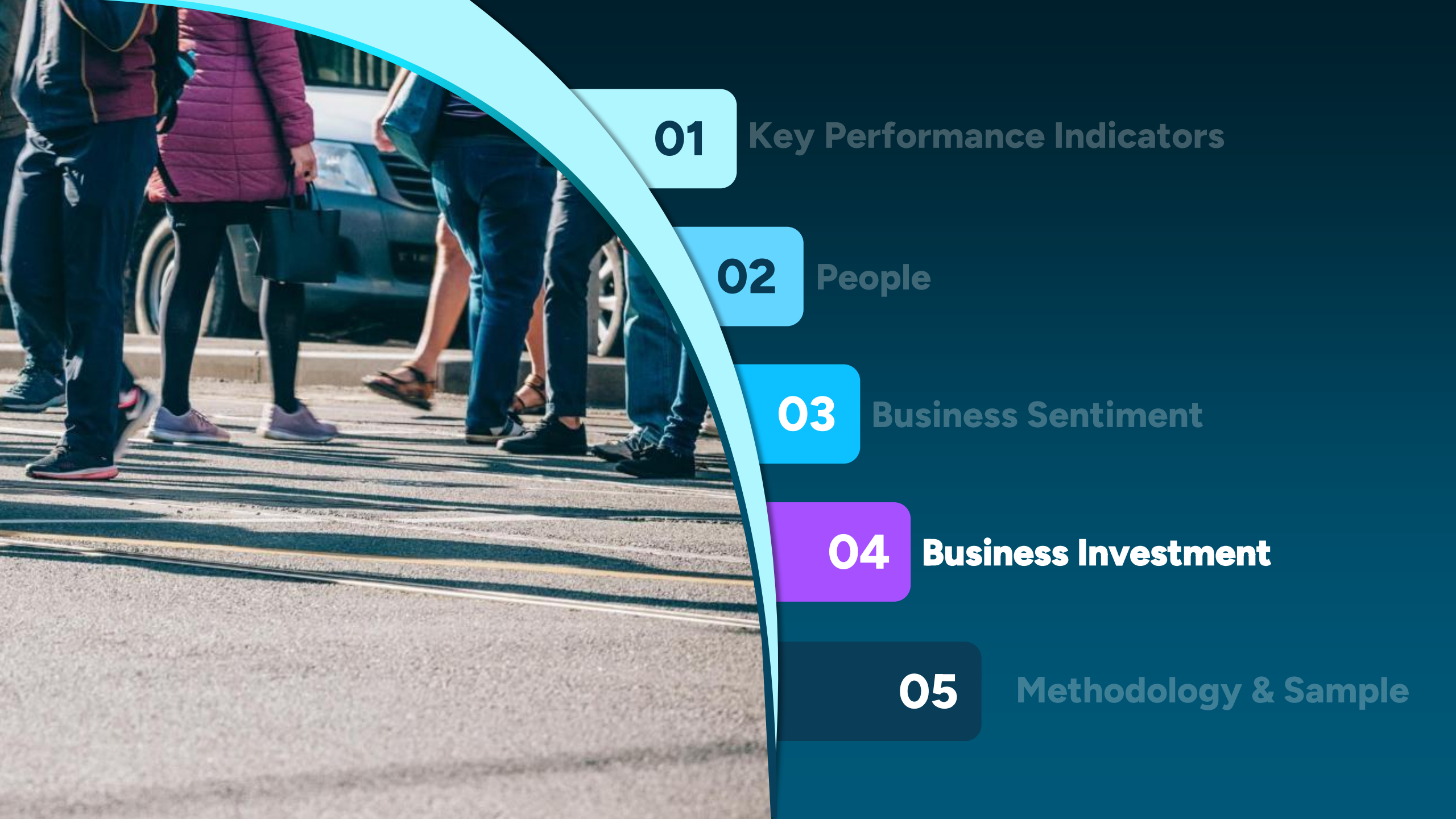
Which Of These Issues Do You Anticipate Will Pose The Most Significant Challenges To Your Business Over Next 3 Months

	September	March	April	May	June	July	August	September
Addressing the difficult economic outlook and ongoing cost pressures.	50%	58%	54%	56%	50%	53%	50%	50%
Keeping pace with changing customer behaviours and preferences.	31%	25%	31%	41%	40%	32%	32%	31%
Navigating regulatory, compliance, and governance challenges.	26%	23%	20%	26%	25%	26%	19%	26%
Managing the continuous adoption of new technologies and digital transformation processes.	20%	16%	15%	17%	14%	16%	18%	20%
Managing risks and uncertainties in the geopolitical landscape.	18%	28%	23%	19%	16%	21%	21%	18%
Acquiring, training, and upskilling talent in a competitive market.	15%	18%	13%	9%	13%	13%	11%	15%
Identifying and implementing measures to boost workforce efficiency and productivity.	14%	15%	12%	17%	16%	13%	17%	14%
Strengthening defences against cyber threats and ensuring data privacy.	13%	17%	11%	11%	14%	16%	16%	13%
Strengthening supply chain operations for improved efficiency and resilience.	13%	14%	15%	10%	9%	14%	15%	13%
Overcoming difficulties in securing necessary financing.	9%	10%	15%	10%	11%	7%	13%	9%
Prioritising investment in research and development to drive innovation.	6%	6%	5%	4%	5%	5%	6%	6%
Implementing strategies to address sustainability issues and climate change impacts.	6%	8%	8%	6%	3%	4%	7%	6%

Satisfaction with Federal Government policy fell to 24%, reflecting concerns about proposed CGT changes and the October ban on card surcharges.

How Satisfied Are You That The Federal Government Is Delivering Effective Policies That Support The Needs Of Your Business?





01

Key Performance Indicators

02

People

03

Business Sentiment

04

Business Investment

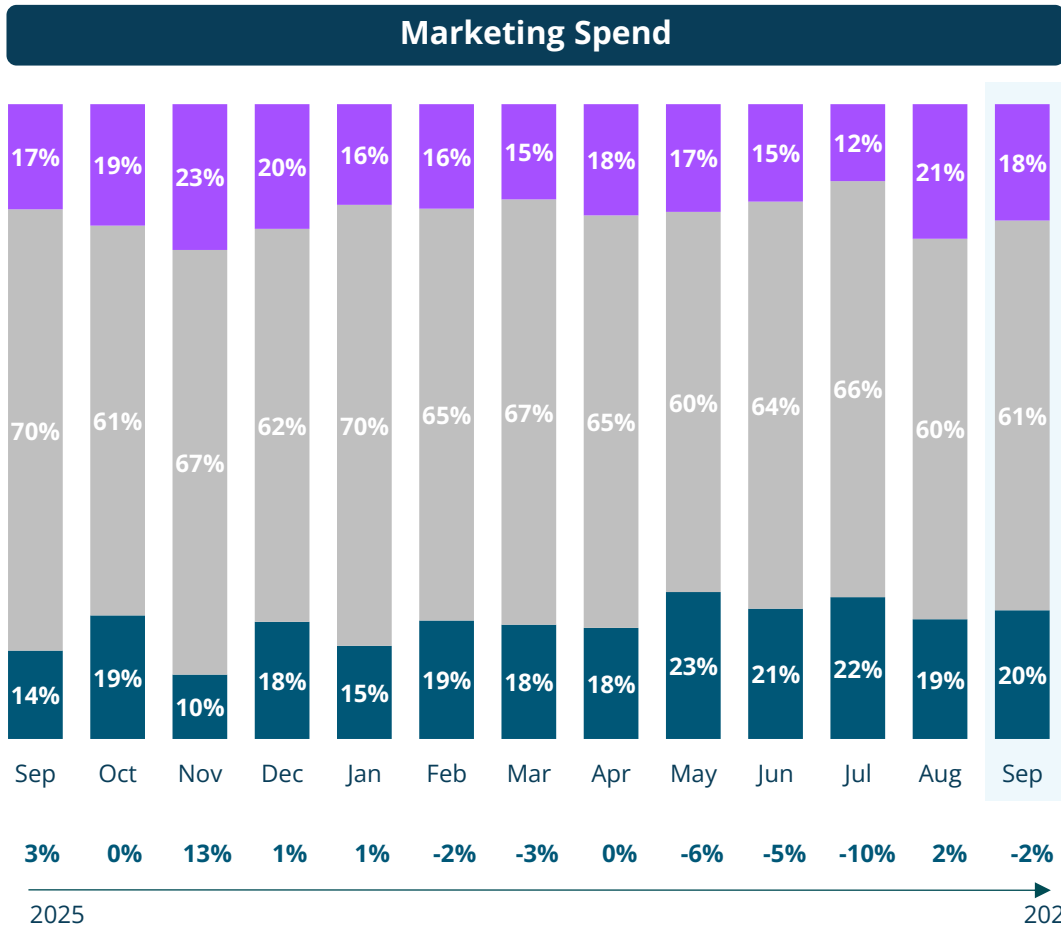
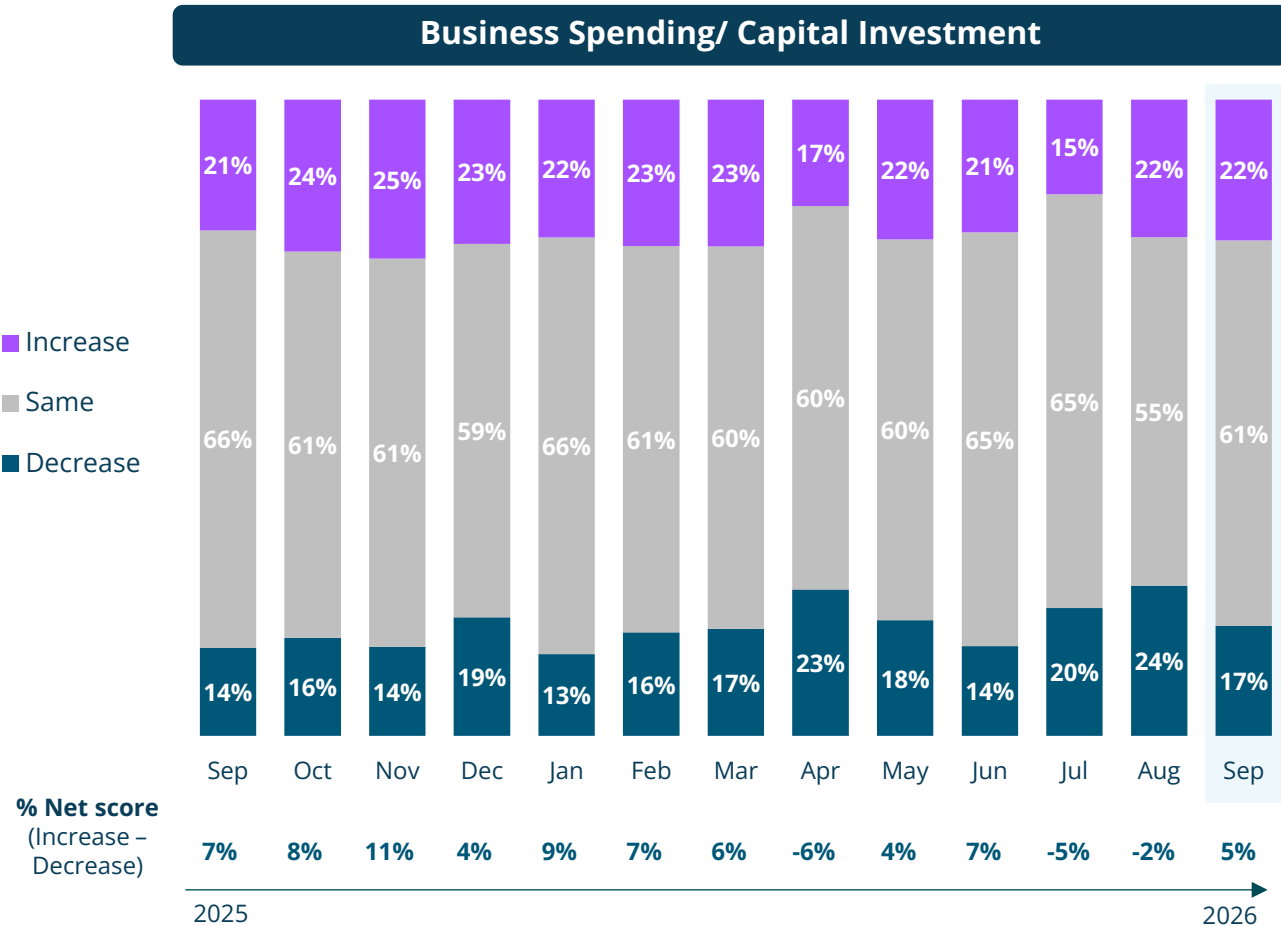
05

Methodology & Sample

Business Investment | Next Three Months

Capital investment expectations rose to 5%, higher than last month's -2%, while marketing intentions slipped to -2%, which is surprising given the time of year.

Expectations Over The Next 3 Months Regarding Business Investment



Technology remains the clear investment priority, with hardware refresh intentions higher than last month at 36%, and software, cloud and AI investment reaching 30%, also higher than last month.

Which Of The Following Will You Purchase For Your Business Over The Next 3 Months? (Probably Will + Definitely Will)

September

	Probably will	Definitely will	12m Avg	July	August	September	
Refresh or replacement of computer hardware and office technology	32%	4%	36%	(Introduced in June)	31%	30%	36%
Investment in or replacement of business software, cloud and AI solutions	24%	7%	30%	(Introduced in June)	24%	24%	30%
Investment in digital transformation and customer experience initiatives	23%	5%	28%	(Introduced in June)	20%	22%	28%
Equipment, machinery or plant	24%	3%	27%	19%	18%	21%	27%
Passenger vehicle(s) including SUVs	13%	2%	15%	11%	9%	11%	15%
Light commercial vehicle(s) including utes, vans, and minibuses	10%	3%	13%	12%	10%	14%	13%
Commercial real estate including buildings or land	8%	2%	11%	10%	8%	6%	11%
Electric vehicle(s), including Hybrid	8%	2%	10%	8%	9%	10%	10%
Truck(s) less than 4.5 tonnes	7%		9%	8%	6%	6%	9%
Agricultural, construction or earthmoving vehicle(s)/equipment	6%		8%	5%	6%	7%	8%
Truck(s) more than 4.5 tonnes	7%		8%	6%	6%	5%	8%
Medium and large bus(es)	4%		6%	5%	5%	5%	6%

Capital expenditure intentions were led by a broad rebound among businesses with 20+ employees, particularly in technology and vehicles. Smaller SMEs are also lifting investment plans, but more selectively, prioritising computer hardware and machinery or plant.

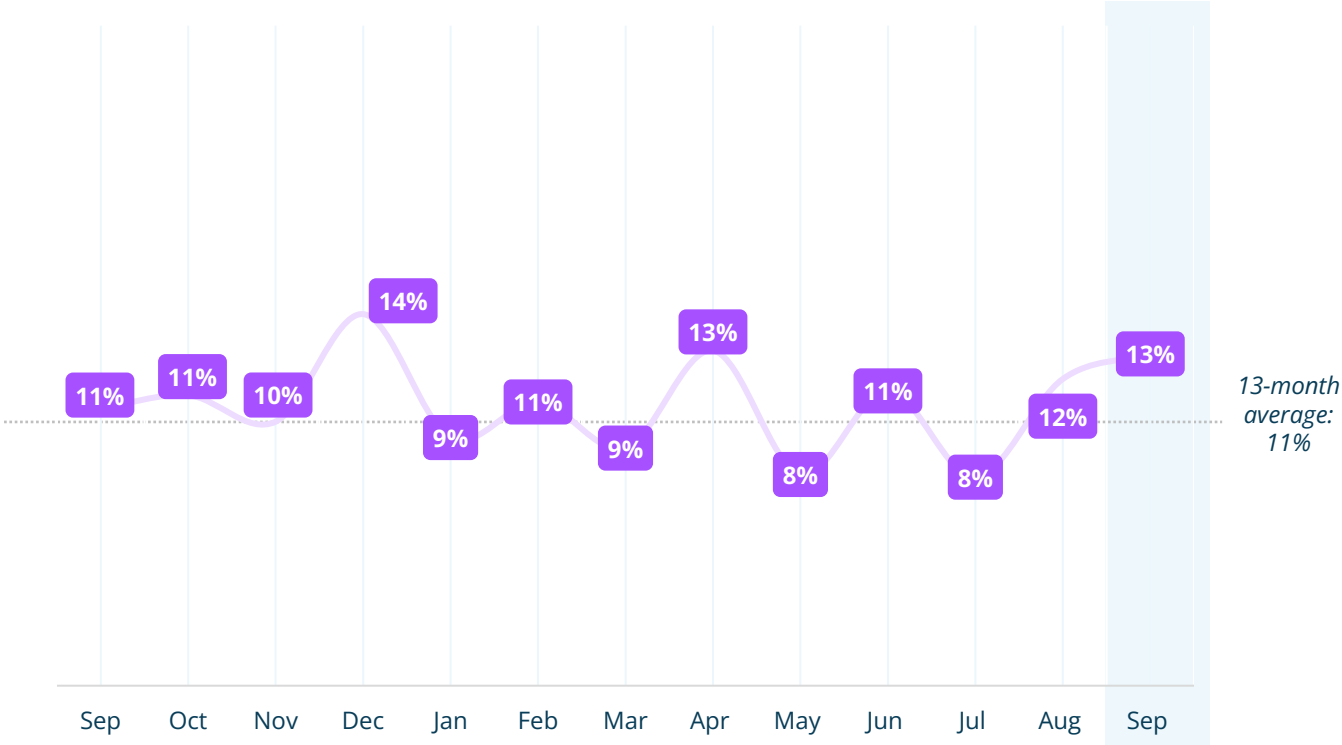
Which Of The Following Will You Purchase For Your Business Over The Next 3 Months? (Probably Will + Definitely Will)

		0-19 Employees			20+ Employees				
		Jul	Aug	Sep			Jul	Aug	Sep
Refresh or replacement of computer hardware and office technology		28%	30%	34%			67%	53%	68%
Investment in or replacement of business software, cloud and AI solutions		21%	24%	27%			66%	54%	70%
Investment in digital transformation and customer experience initiatives		18%	22%	25%			54%	50%	65%
Equipment, machinery or plant		17%	21%	26%			39%	39%	43%
Passenger vehicle(s) including SUVs		9%	11%	14%			19%	29%	33%
Light commercial vehicle(s)		8%	14%	11%			30%	26%	41%
Commercial real estate		7%	6%	9%			21%	25%	34%
Electric vehicle(s), including Hybrid		8%	10%	8%			19%	26%	34%
Truck(s) less than 4.5 tonnes		5%	6%	7%			22%	19%	32%
Agricultural, construction or earthmoving vehicle(s)/equipment		6%	7%	7%			15%	21%	24%
Truck(s) more than 4.5 tonnes		5%	5%	7%			19%	16%	28%
Medium and large bus(es)		4%	5%	4%			16%	18%	28%

Business Investment | Finance Needs (Next 3 months)

Reflecting higher capex spend, 13% of SMEs need additional finance in September, above the 13-month average of 11%. More funds are being allocated to growth, trade and merger/acquisition activity.

SMEs That Will Require Additional Finance Over The Next 3 Months



And What Is The Purpose Of This Finance?

	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27
Cashflow/ working capital	57%	61%	74%	59%	56%
Purchase plant, machinery or equipment	25%	22%	24%	17%	30%
Fund growth into new markets	15%	21%	11%	16%	20%
Fund growth in Australia	16%	15%	19%	17%	25%
Trade finance to fund import/export activity	15%	8%	4%	5%	11%
Fund merger/acquisition	7%	9%	7%	5%	9%

Business Investment | Finance Needs (Next 3 months)

Finance needs remain far more pronounced among larger SMEs, with 20% requiring additional finance in September compared with just 10% of smaller businesses. Demand has also spiked in the retail and hospitality sectors as they prepare for the busy Christmas period.

Will You Require Any Additional Finance Over The Next 3 Months? (Yes)

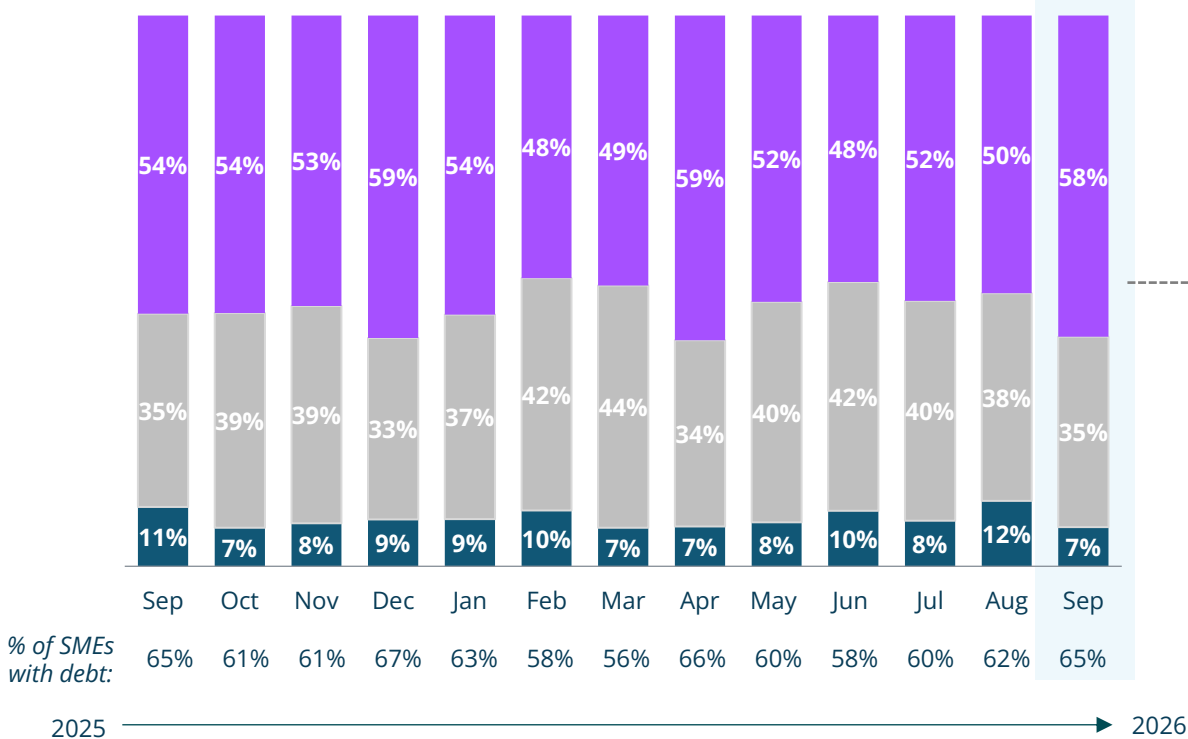
	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27
0-19 Employees	10%	11%	9%	10%	10%
20+ Employees	17%	17%	16%	15%	20%
Construction	11%	16%	8%	11%	8%
Distribution	12%	18%	10%	15%	8%
Health & Education	11%	10%	11%	7%	6%
Hospitality	15%	18%	8%	10%	17%
Production	11%	8%	10%	11%	10%
Retail Trade	14%	13%	15%	7%	13%
Services	9%	8%	9%	11%	13%

Business Investment | Loan Stress

Loan stress eased to 7% in September, lower than August's 12%, alongside an improvement in profitability, even as growth expectations and views on government policy weakened over the same period.

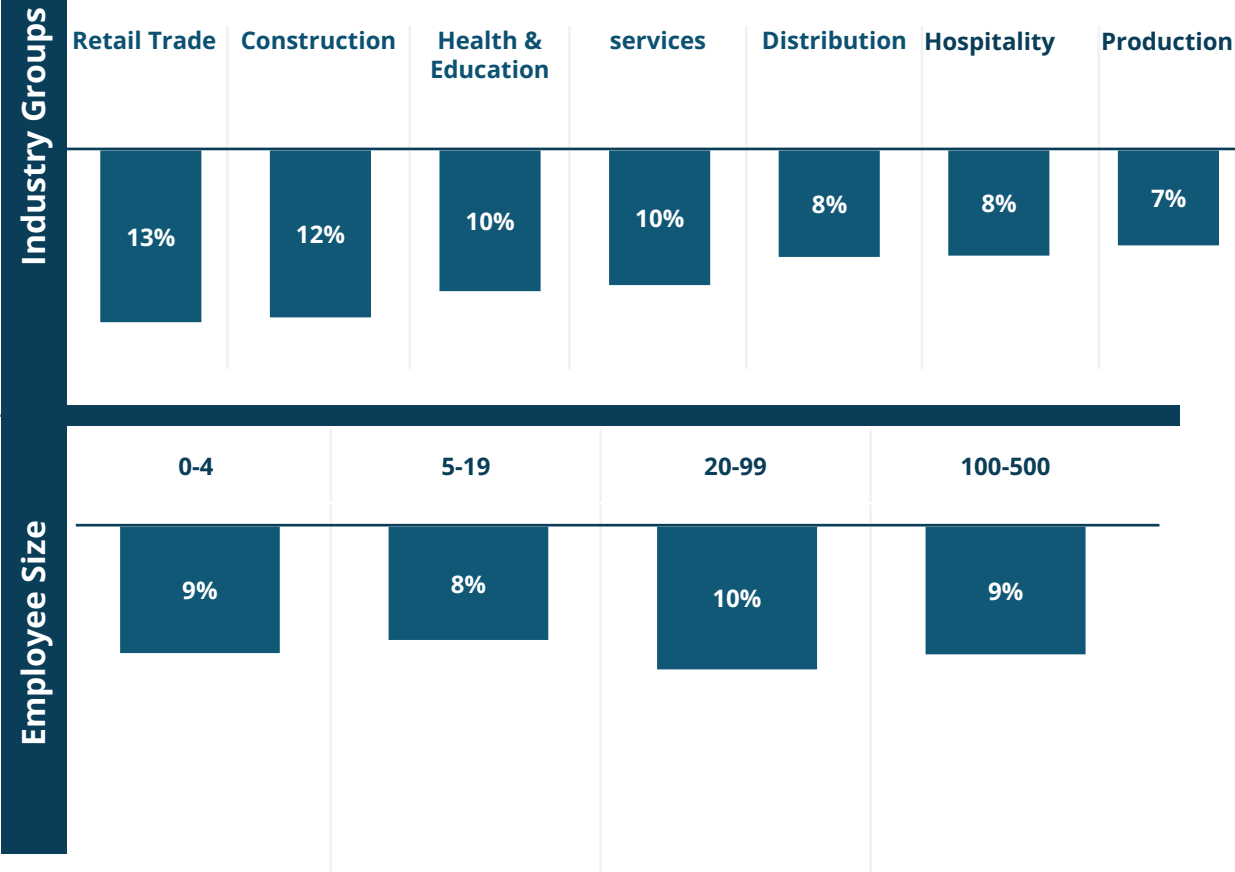
Do You Expect To Be Able To Meet Your Loan Repayments Over The Next 6 Months?

Yes No outstanding loan repayments No



Last 3 Months (Jul, Aug, Sep)

No





01

Key Performance Indicators

02

People

03

Business Sentiment

04

Business Investment

05

**Methodology &
Sample**

- ▶ The SME Tracker was first launched 5th April 2020
- ▶ Monthly waves with a minimum of 400 completed surveys with small and medium businesses with up to 500 employees
- ▶ All respondents are business owners or financial decision makers/influencers
- ▶ Use of accredited research panels ensures a consistent sample of the national population across states and territories.



Respondents from across Australia, including **metro and regional** areas



All **industry sectors** are represented, allowing for subgroup analysis

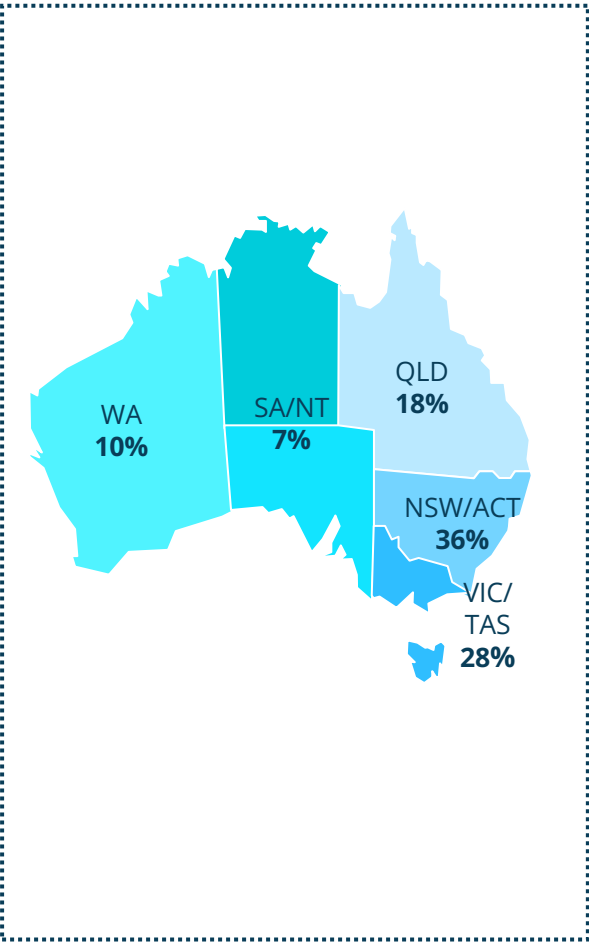


Data is **weighted** by industry, state and number of employees to reflect the national distribution of businesses across the country

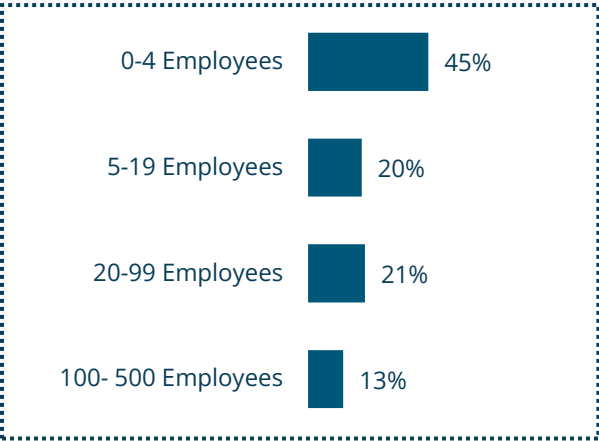
Our Sample

Key decision makers and influencers at SMEs across all states and territories responded to the survey. We target SMEs across all sizes and industry sectors. Data is weighted to reflect the actual distribution by industry, number of employees and state.

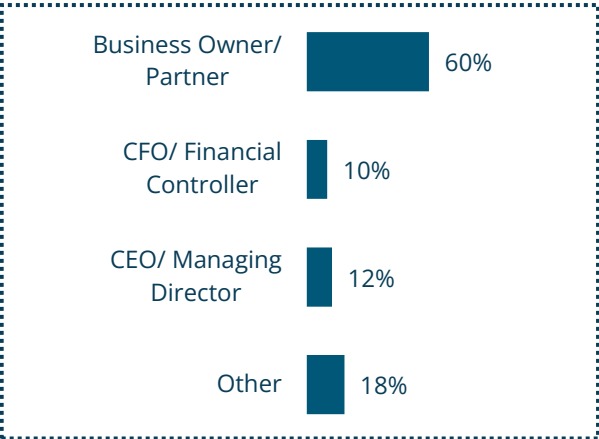
Head Office Location



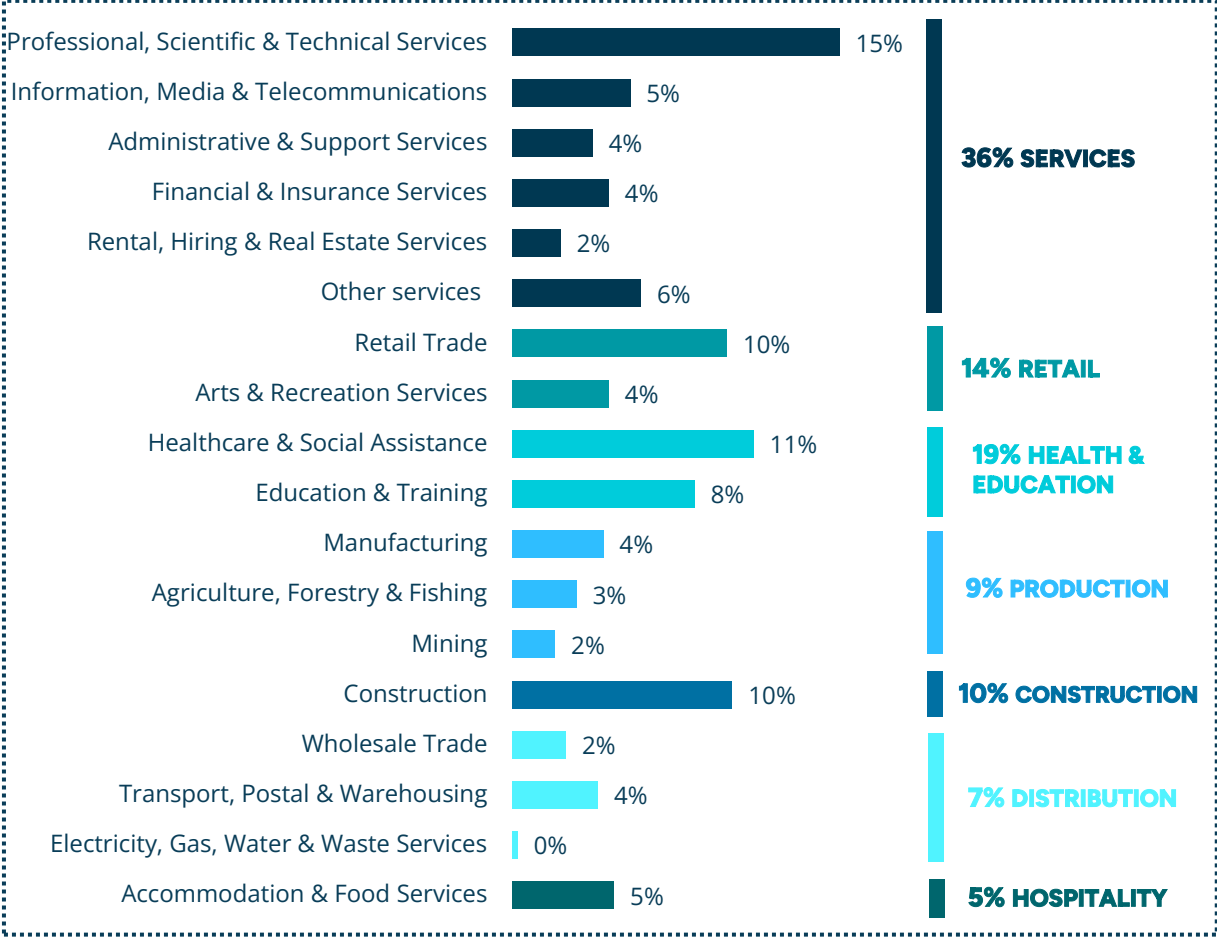
Size Of Business: Employees



Position In Business



Industry Sector



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Creating Tomorrow Today