

A photograph of two men in a modern office environment. One man, wearing a white shirt, is pointing at a laptop screen. The other man, wearing a dark suit, is looking at the screen. The office has a high ceiling with exposed pipes and a wooden desk. There are plants and shelves in the background.

Small & Medium Enterprise Sentiment Tracker

Wave 86 – April 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.





Expectations for the global economy remained deeply negative at a net score of -72% despite coming off lows of -82% in March



Only 16% of SMEs expect revenues to improve over the next 4 weeks, compared to 23% in March.



34% are planning for growth over the next 12 months, in line with the 26% reported in March



Only 9% of SMEs currently have job vacancies, down from 13% in March

Short-Term Revenue Outlook Deteriorates as Rate Pressure Bites

Revenue has held broadly steady year-on-year (-9%), with a modest recovery emerging since early 2026 despite a volatile geopolitical and economic environment. April data shows signs of improvement, particularly in some sectors, although performance remains uneven, with hospitality continuing to lag and experiencing a difficult start to the year.

However, this improvement in current performance is not flowing through to expectations. Short-term revenue outlook has weakened significantly, with net expectations falling to their lowest level in the past two years. The April result represents a sharp decline from recent months and sits well below the longer-term average.

This disconnect between current performance and forward expectations reflects increasing external pressures. Ongoing geopolitical tensions, particularly the Iran conflict, alongside the confirmed RBA rate hike in May, are driving heightened uncertainty and weighing heavily on business confidence.

In response, businesses are maintaining a conservative operational stance. Hiring intentions remain subdued, with no meaningful recovery since late 2025. Job vacancies have declined to their lowest point over the past year, reinforcing weaker labour demand. Despite this, roles remain difficult to fill, pointing to ongoing skills mismatches and constrained labour mobility.

Capital expenditure intentions have continued to weaken from their November peak and remain well below April 2025 levels, while marketing spend has held relatively steady, indicating a focus on sustaining demand. At the same time, purchase intentions have increased across several asset categories, suggesting SMEs are selectively bringing forward spending to optimise tax outcomes ahead of EOFY.

Supporting this behaviour, demand for additional finance has risen from 9% to 13% in April, with a growing share of funds directed toward plant, machinery and equipment (29%). Importantly, this increase in borrowing has not translated into widespread financial stress, which remains contained at 7%.

With another interest rate hike, pressure on cashflow and demand is expected to intensify, pushing confidence lower. In response, SMEs continue to pull back on long-term commitments, tightly managing costs and labour, and selectively deploying capital, reinforcing a mindset focused on resilience.



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Key Performance Indicators

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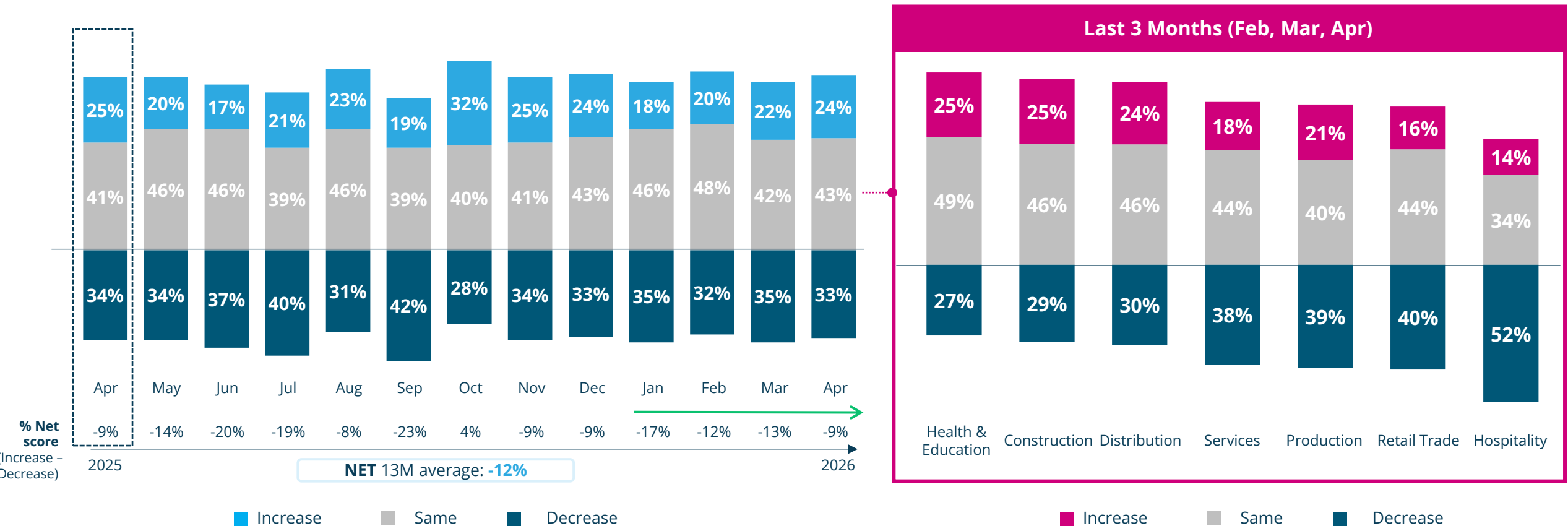
05

Methodology & Sample

Key Performance Indicators | Revenue

SME revenue holds steady year-on-year (-9%), with a modest recovery emerging since early 2026 despite the volatile geopolitical and economic backdrop. Hospitality businesses have experienced a difficult start to 2026.

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

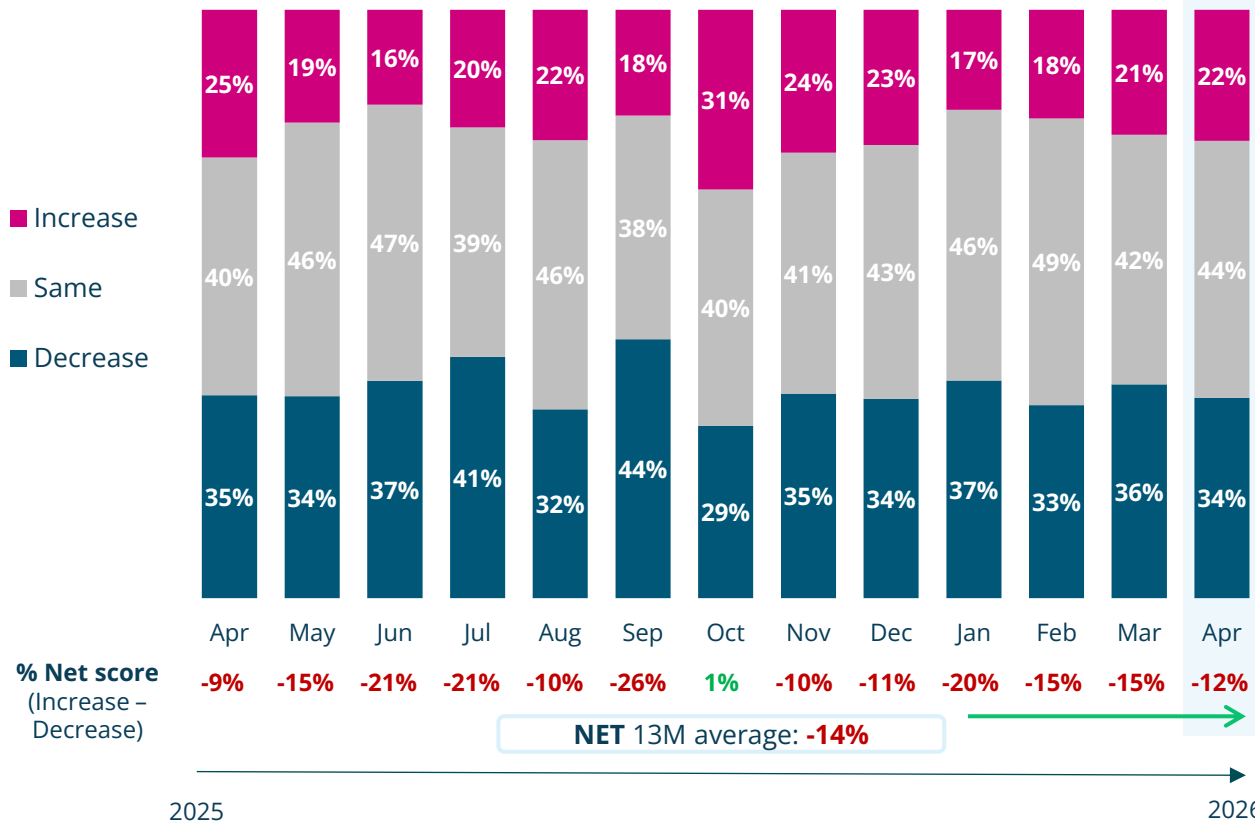


Key Performance Indicators | Revenue

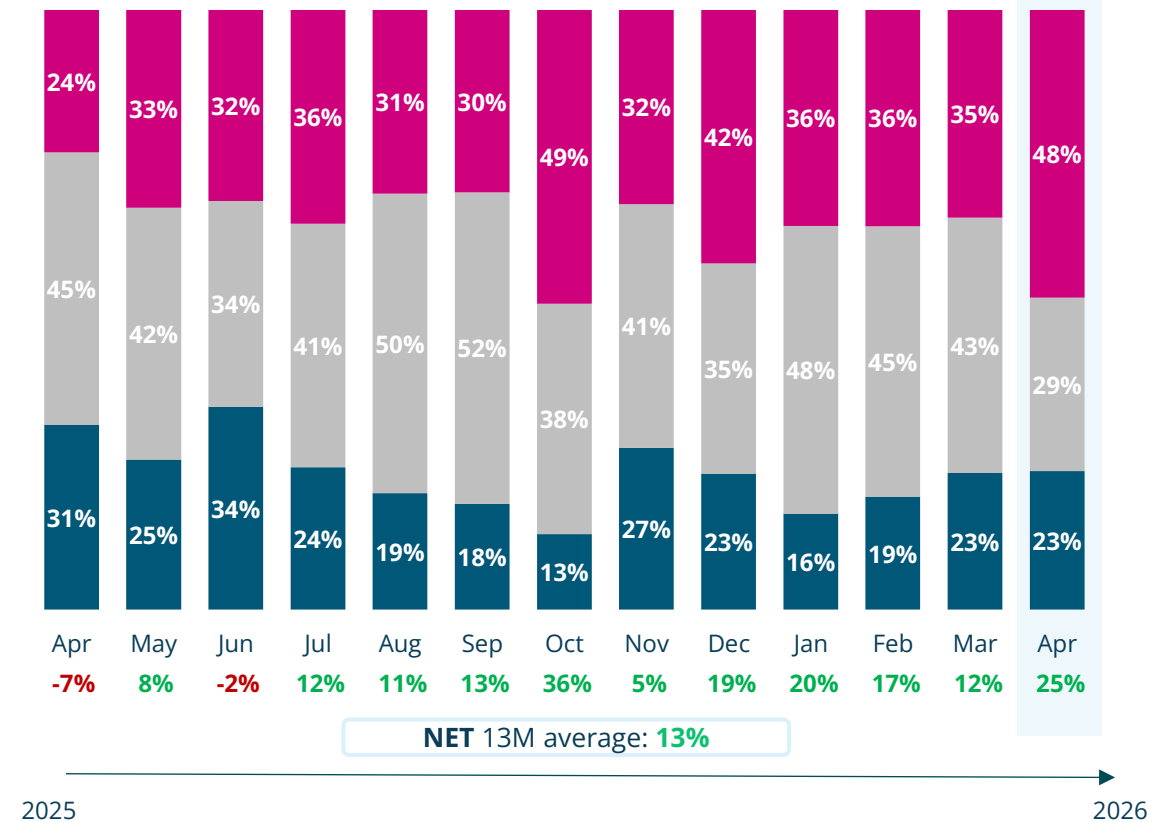
April was very positive for larger SMEs (20+ employees), with 48% reporting increased revenue compared to the same period in 2025. Smaller SMEs also saw revenue tick up, continuing the upward trend in early 2026.

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

0 -19 Employees

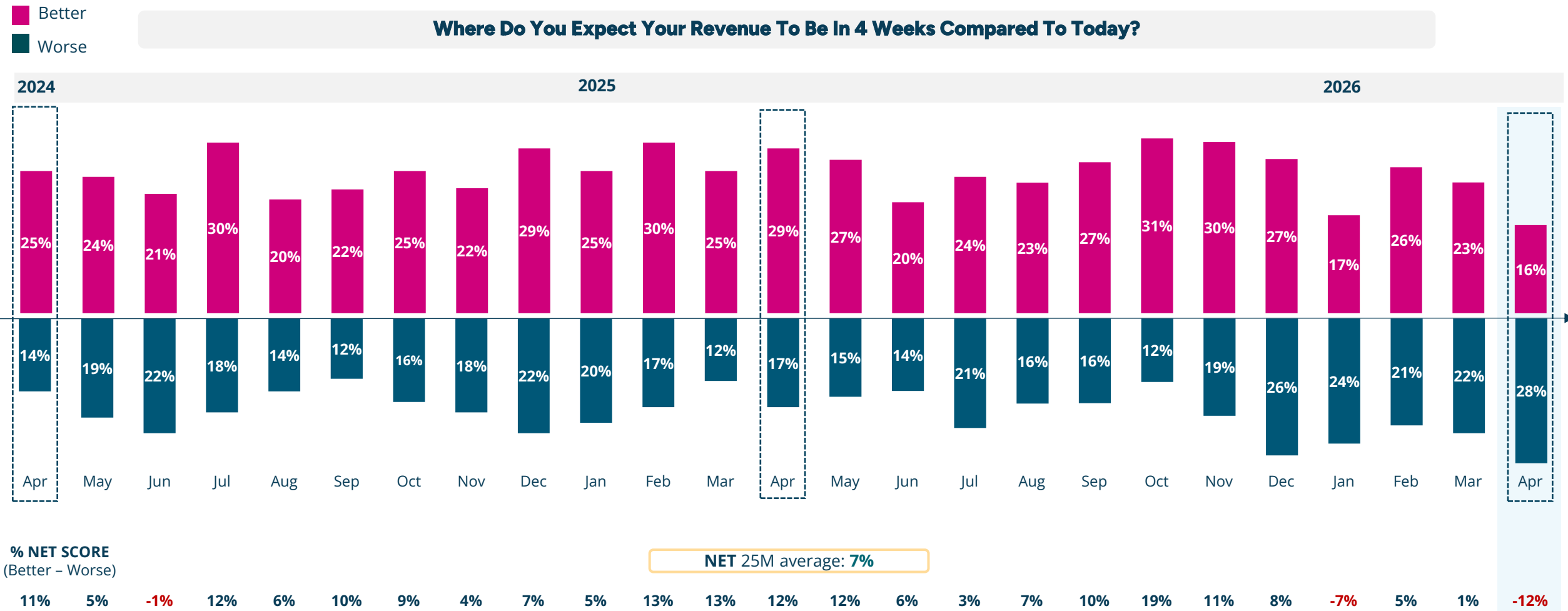


20+ Employees



Key Performance Indicators | Revenue Expectations (Next Four Weeks)

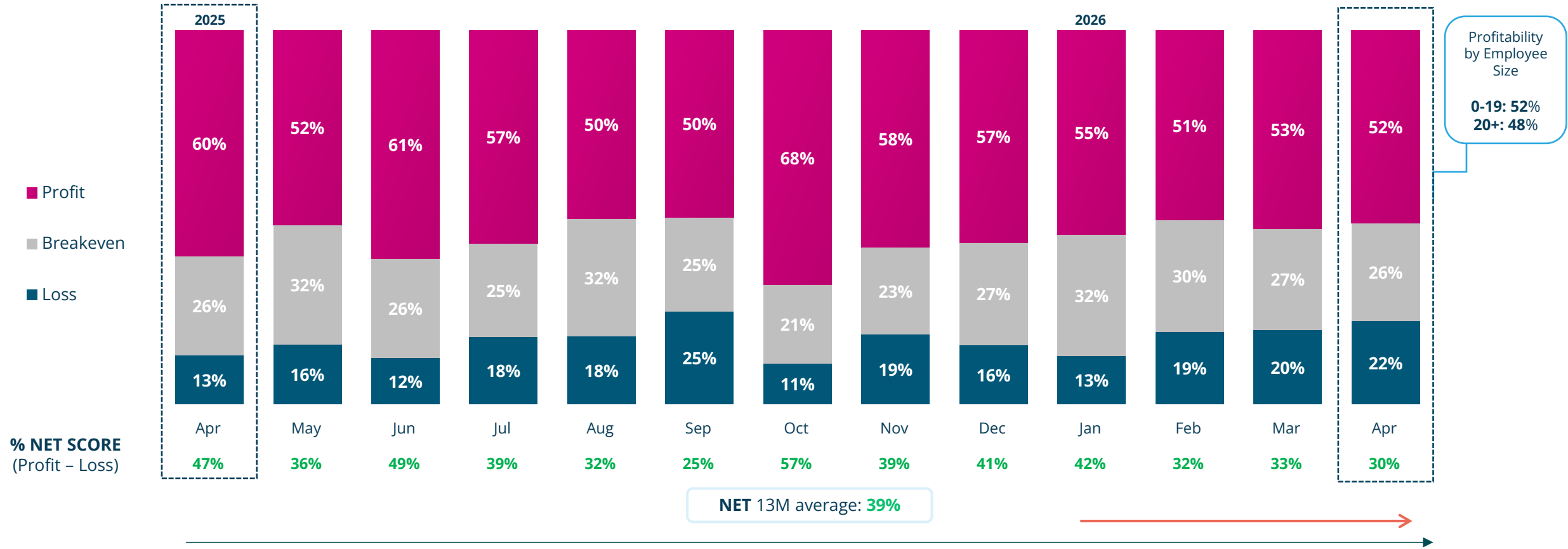
Despite more positive revenue data in April, short-term expectations have deteriorated sharply to their lowest level in two years, likely reflecting ongoing conflict with Iran and the May RBA rate hike.



Key Performance Indicators | Profit

Despite stronger revenue, SME profitability has weakened relative to this time last year and early 2026, now at its lowest net score since September 2025

What Was Your Profit Margin Last Month?



SME response to cost pressures remain largely unchanged, indicating a cautious wait-and-see approach.

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

	April	November	December	January	February	March	April
Enhancing efficiency by streamlining business operations.	26%	18%	23%	24%	26%	29%	26%
Reassessing current projects and significant investments for viability and impact.	22%	23%	21%	19%	22%	22%	22%
Discontinuing products/services that are not profitable.	22%	26%	32%	31%	21%	23%	22%
Maximising staff productivity through better training and optimisation.	22%	16%	18%	19%	21%	20%	22%
Expanding the range of products/services to generate new revenue streams.	22%	21%	22%	20%	17%	21%	22%
Adopting new technologies for increased automation and operational efficiency.	19%	19%	20%	16%	19%	19%	19%
Renegotiating supplier contracts or seeking new supply sources.	18%	20%	22%	24%	17%	20%	18%
Refining inventory management practices for better efficiency.	12%	12%	14%	9%	12%	13%	12%
Undertaking debt restructuring to reduce financial burdens.	10%	11%	10%	10%	12%	9%	10%
Implementing workforce reductions, such as layoffs or hiring freezes.	9%	8%	8%	8%	10%	9%	9%
Delegating non-essential functions to external providers.	7%	8%	10%	9%	7%	7%	7%
Shifting towards the use of renewable energy sources.	6%	11%	8%	9%	5%	6%	6%



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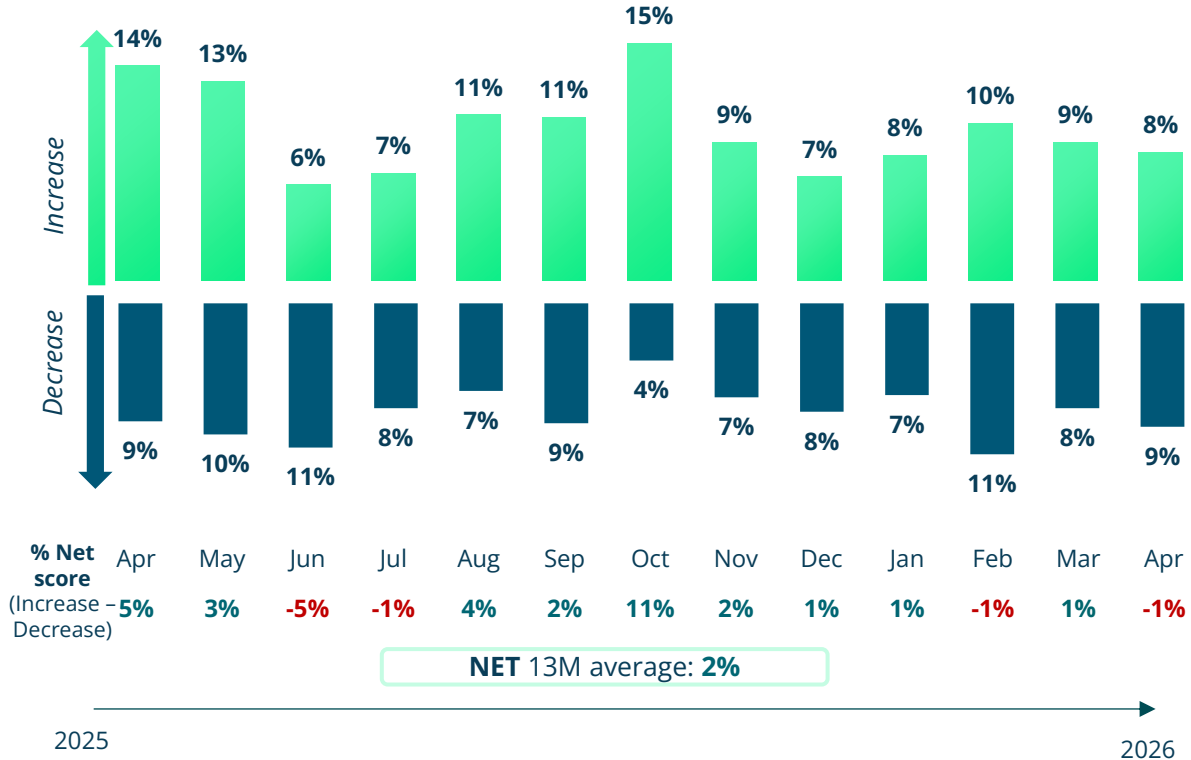
Methodology & Sample

Key Performance Indicators | People

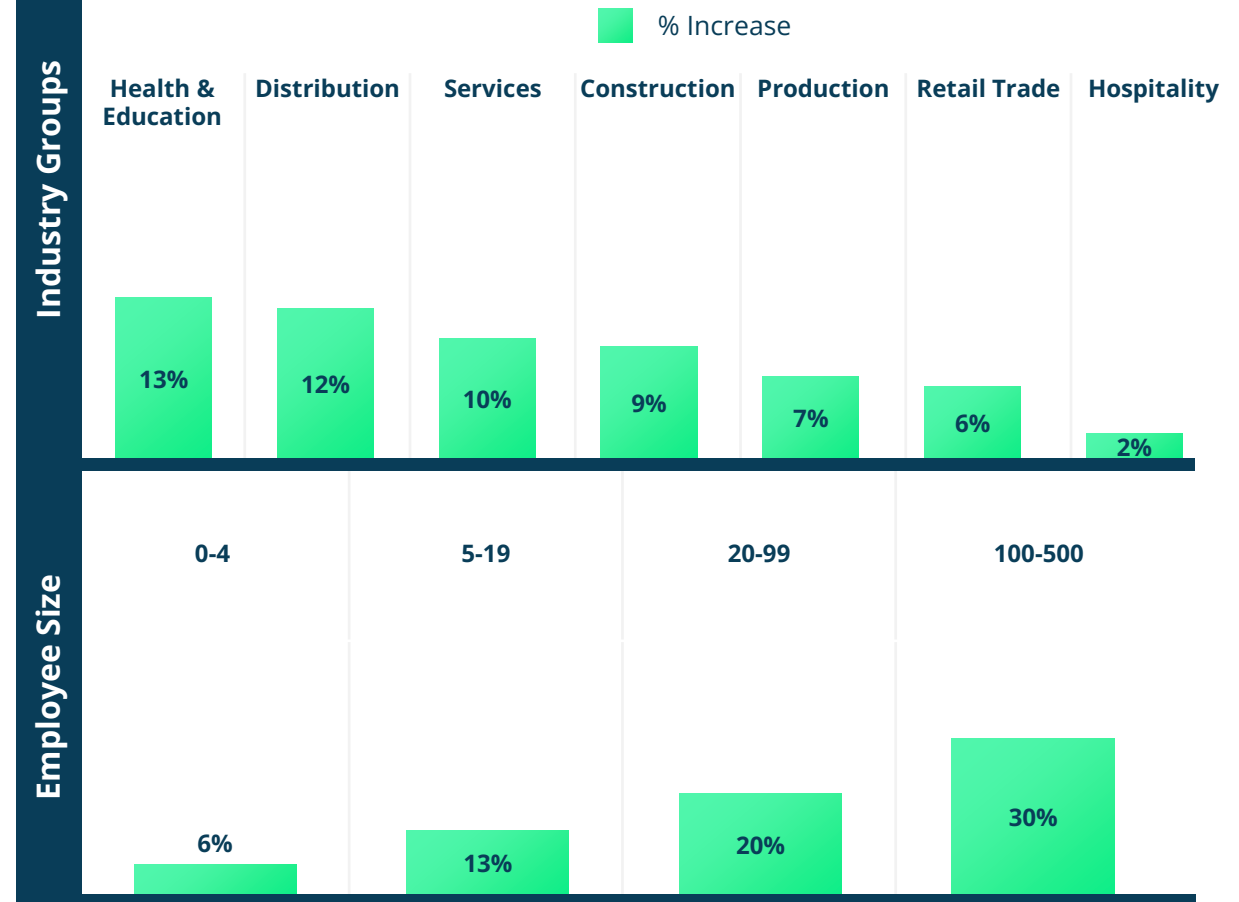
Hiring intentions remain weak, with no meaningful movement since October 2025 and tracking below April 2025 levels.

Expectations Over The Next 3 Months Regarding Staff

The Number Of Staff You Employ



Last 3 Months (Feb, Mar, Apr)

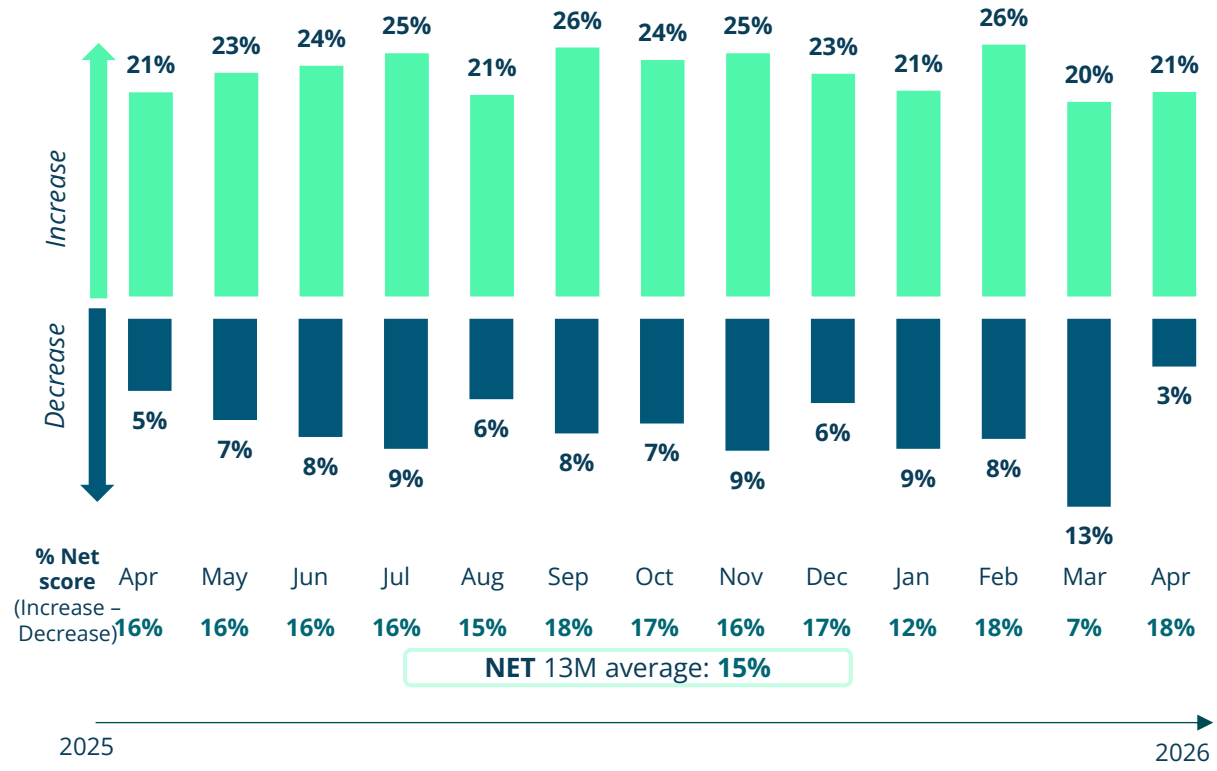


Key Performance Indicators | People

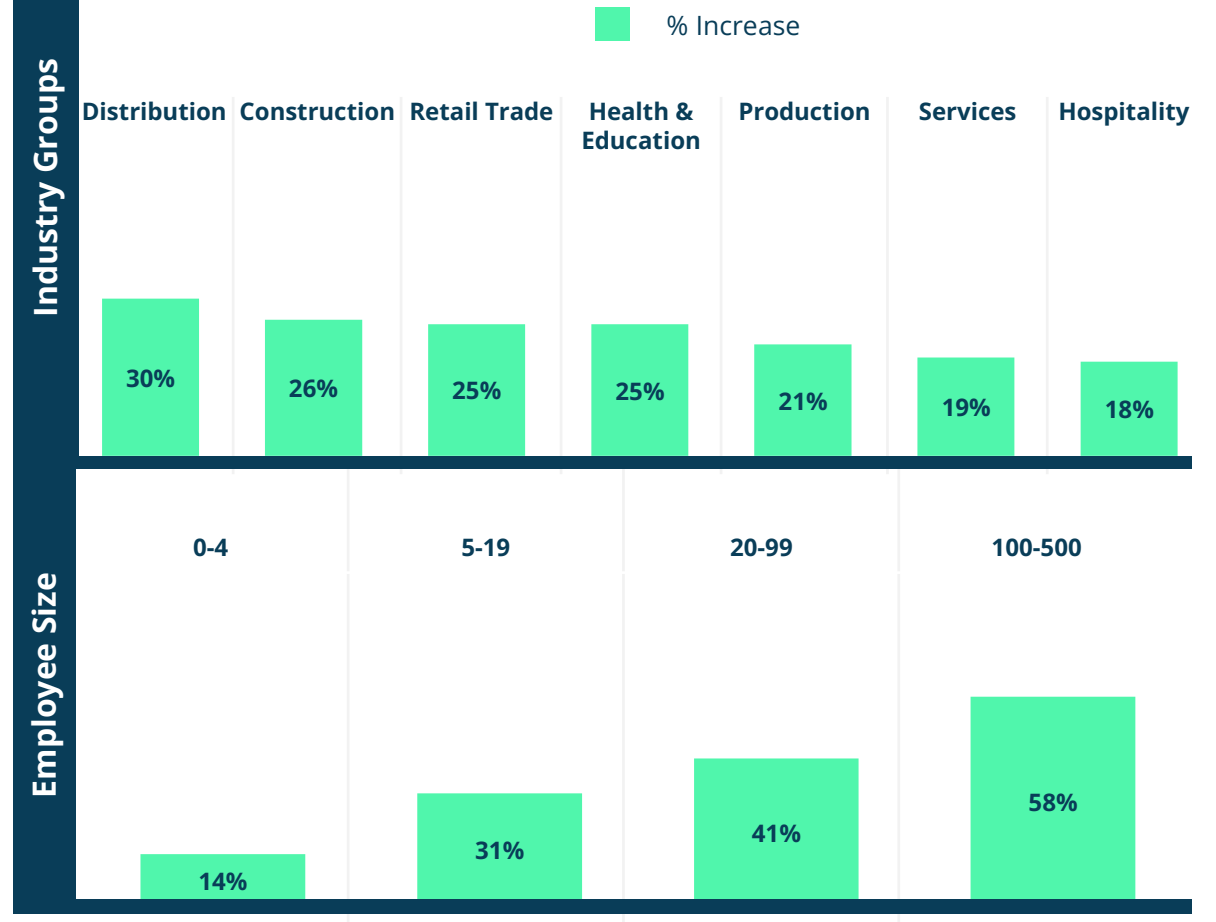
Despite weak hiring intentions, wage growth expectations have picked up again as businesses approach the new financial year, when many pay rises typically take effect.

Expectations Over The Next 3 Months Regarding Wages

The Wages You Pay



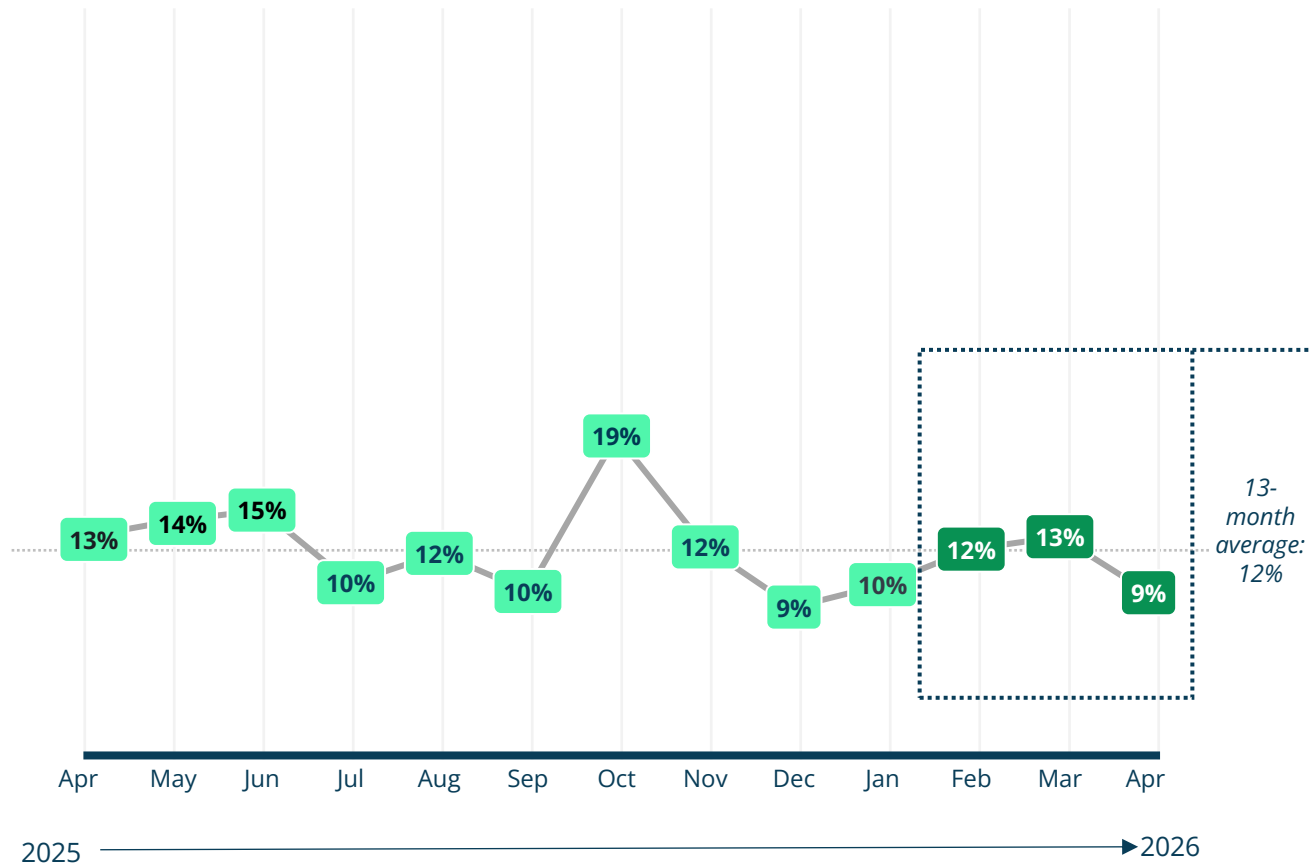
Last 3 Months (Feb, Mar, Apr)



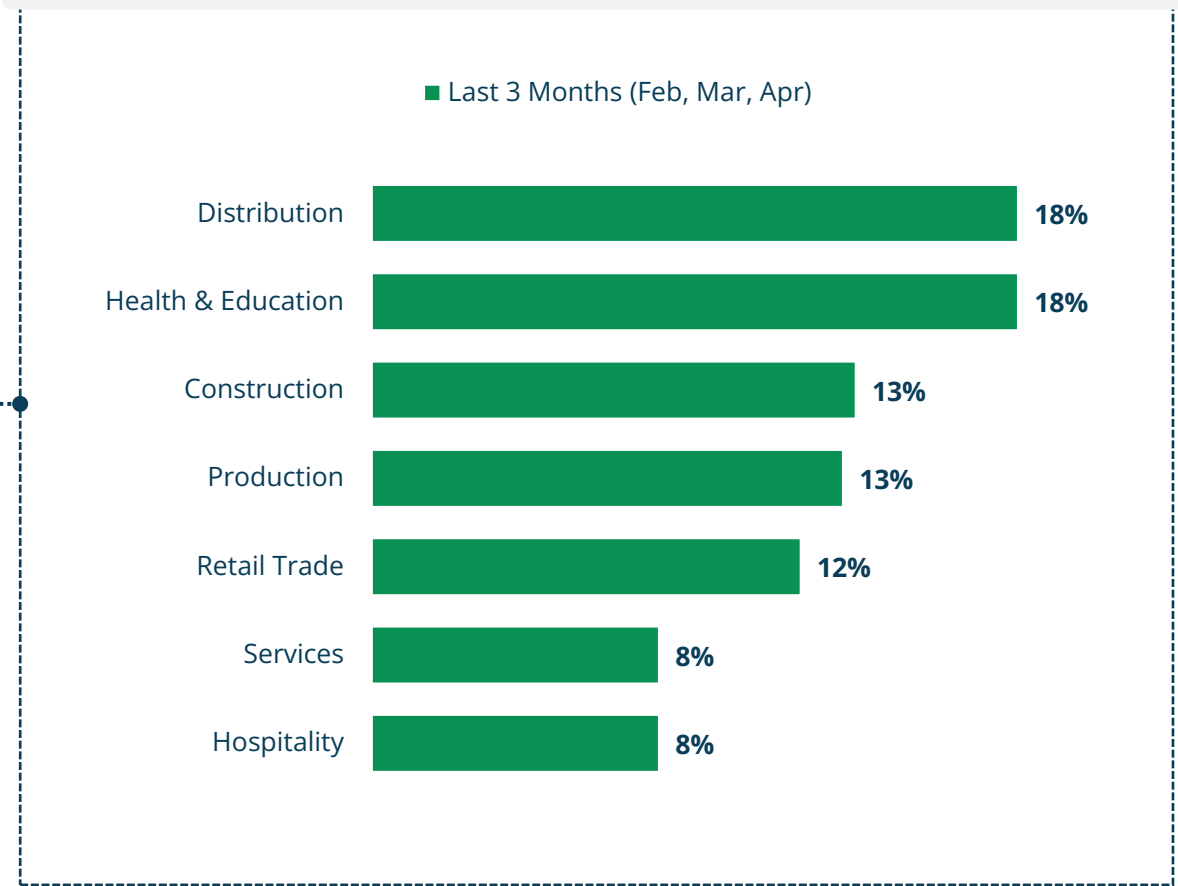
Key Performance Indicators | People

Job vacancies have declined from 13% to 9%, returning to their lowest levels over the past year and reinforcing weak hiring demand.

SMEs That Currently Have Job Roles They Are Trying To Fill

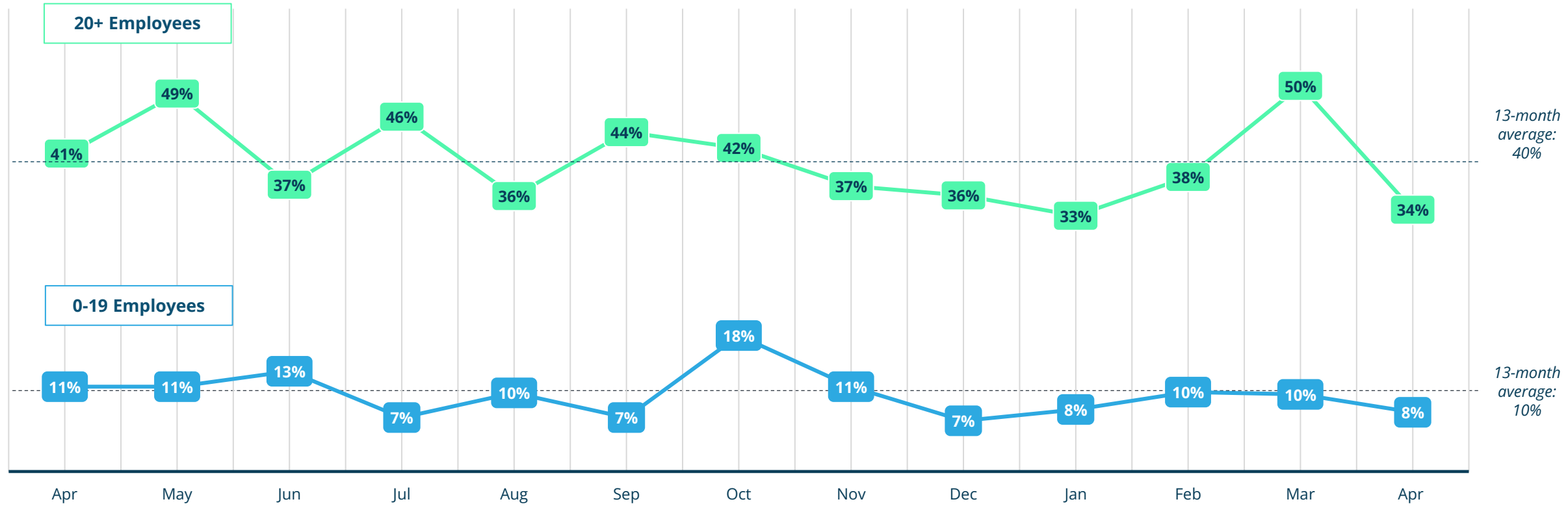


Current Job Vacancies By Industry



Hiring demand is led by larger SMEs but has softened in April, while smaller businesses fall back to 8%, below their 13-month average.

SMEs That Currently Have Job Roles They Are Trying To Fill

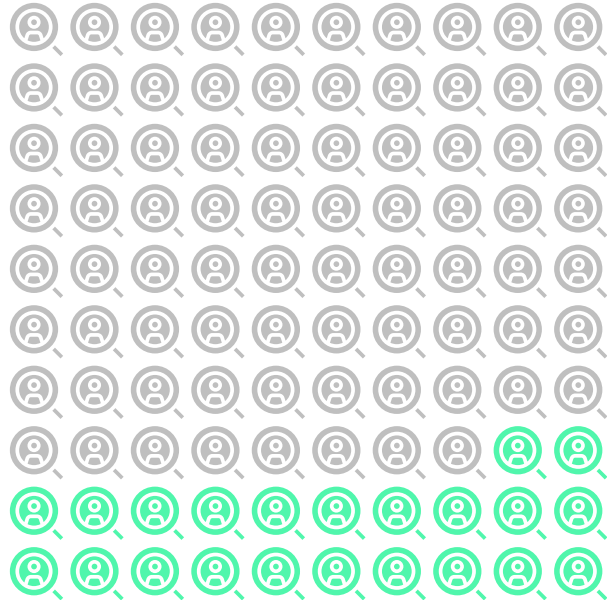


2025 → 2026

The sustained decline in job vacancies indicates a risk of further softening in FY27, if economic conditions remain subdued

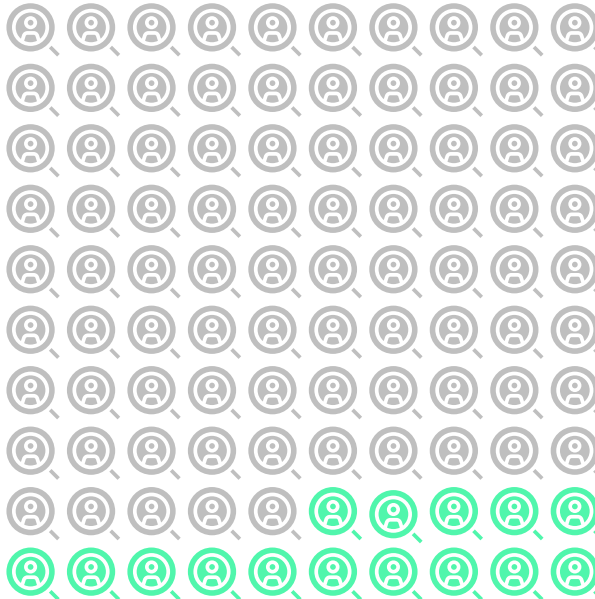
SMEs That Currently Have Job Roles They Are Trying To Fill

FY24



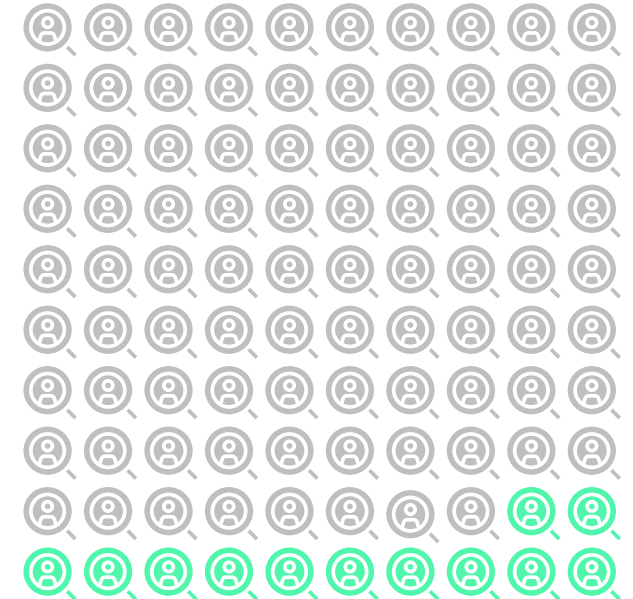
22% with job vacancies

FY25



15% with job vacancies

FY26



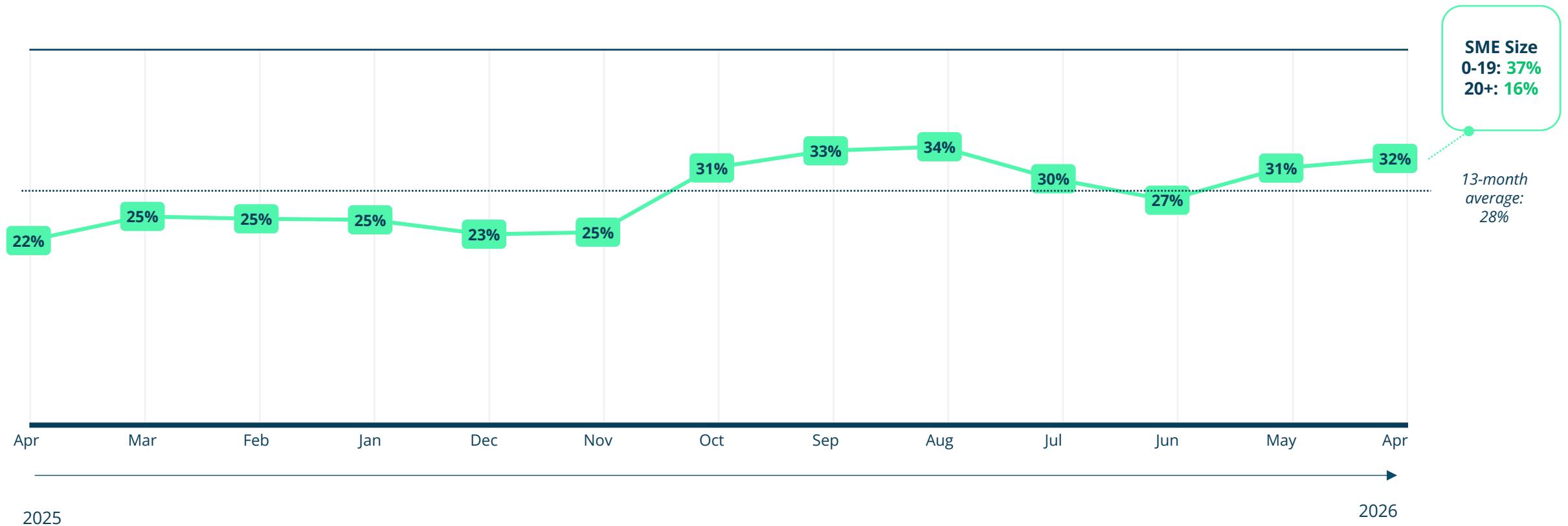
12% with job vacancies

Despite softer hiring demand, roles remain difficult to fill, probably driven by skill mismatches and reduced workforce mobility.

How Difficult Is It To Fill These Roles?

Data displayed as last 3 months (Feb, Mar, Apr)

● Very Difficult





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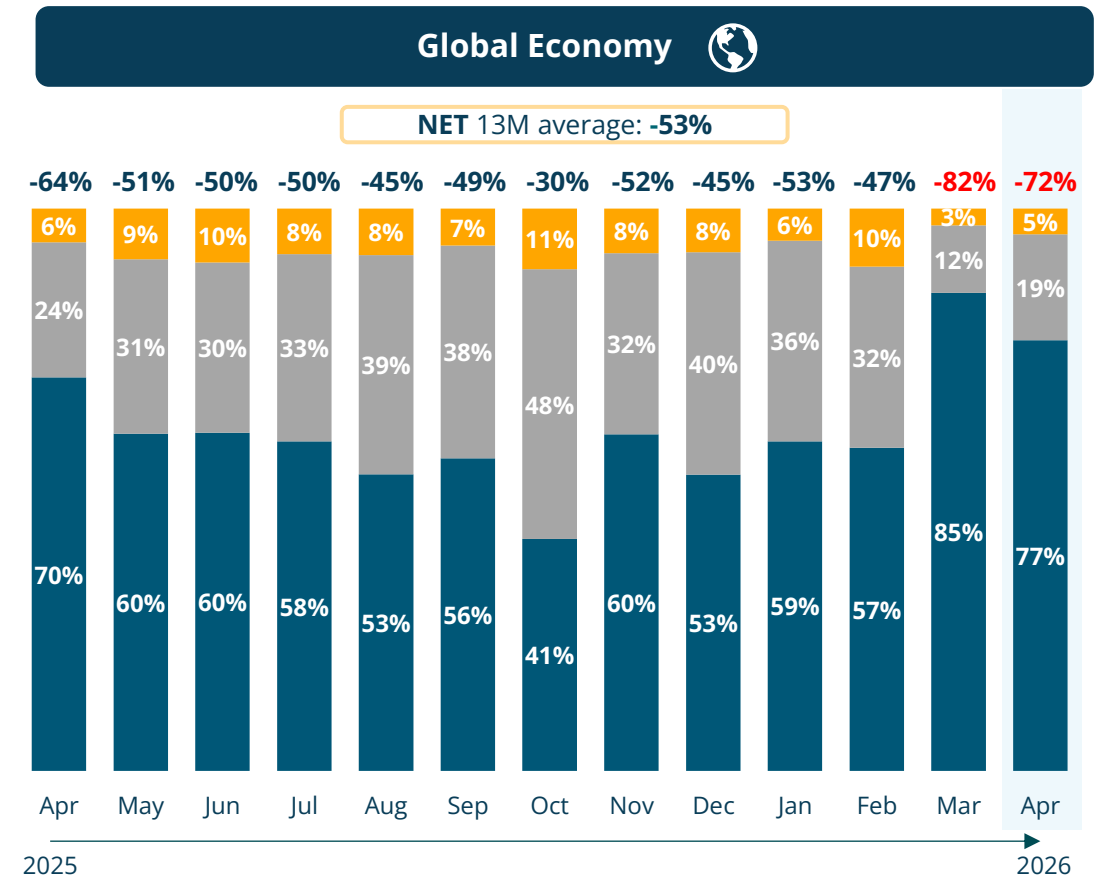
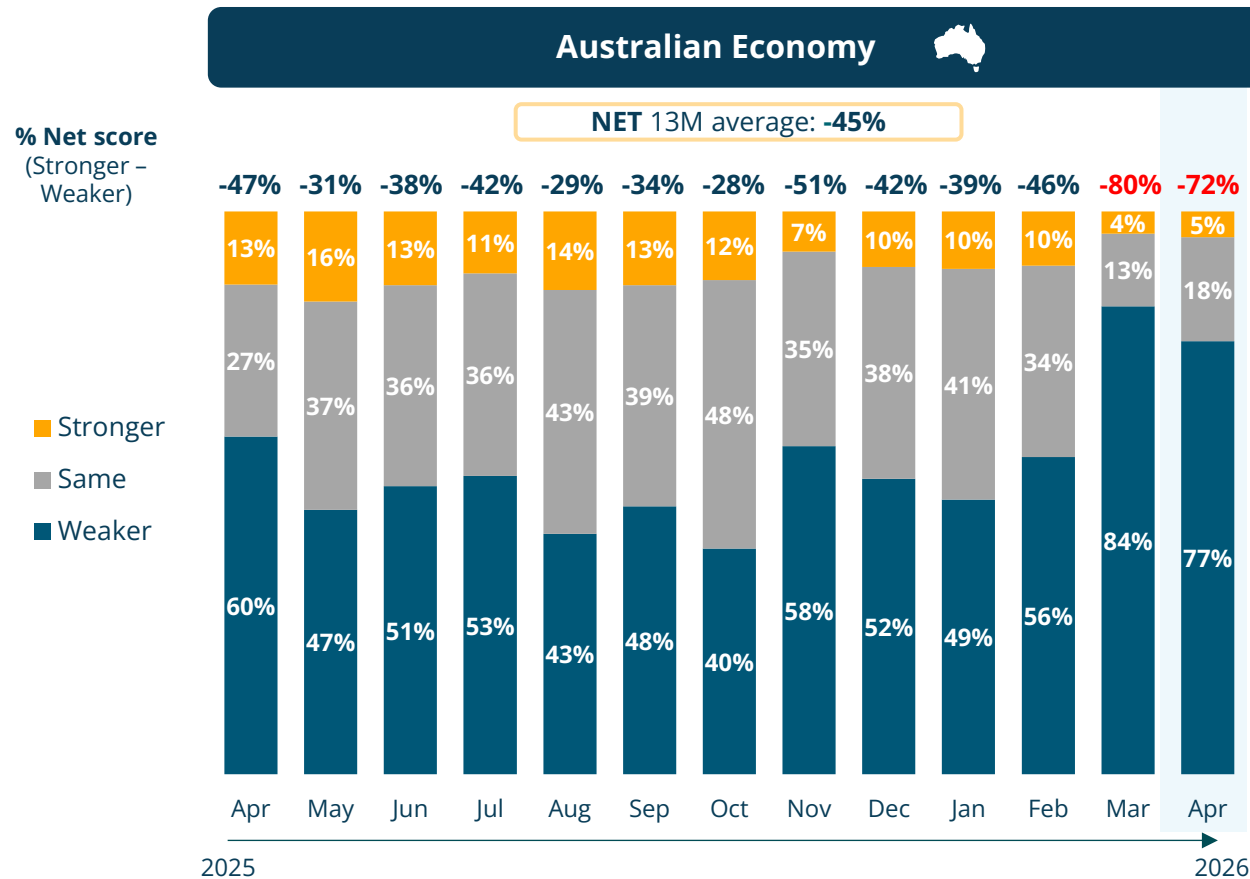
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Methodology & Sample

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

Economic expectations remain deeply negative, with only a modest rebound following the collapse in March.

Expectations Over The Next 3 Months Regarding Economic Conditions

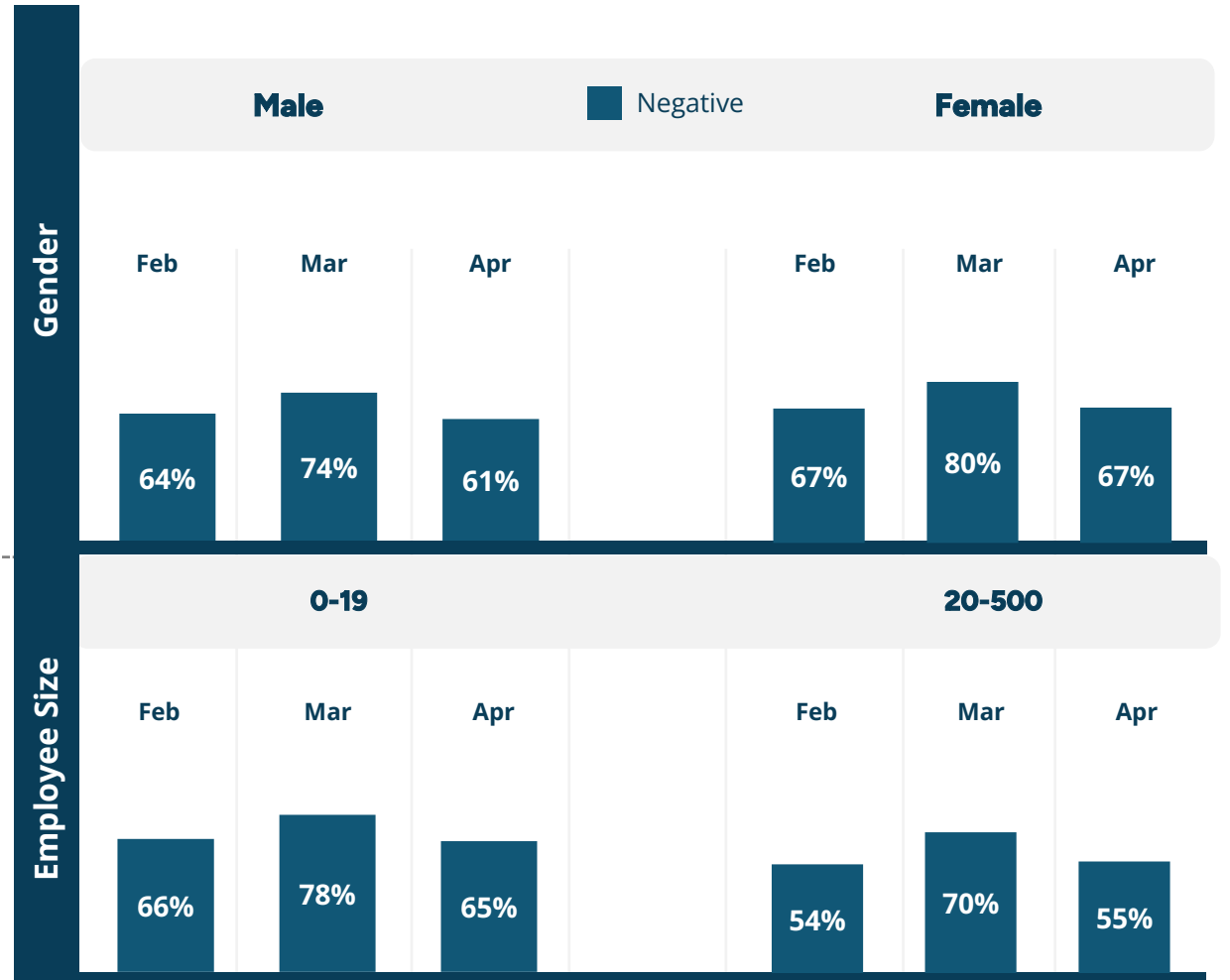
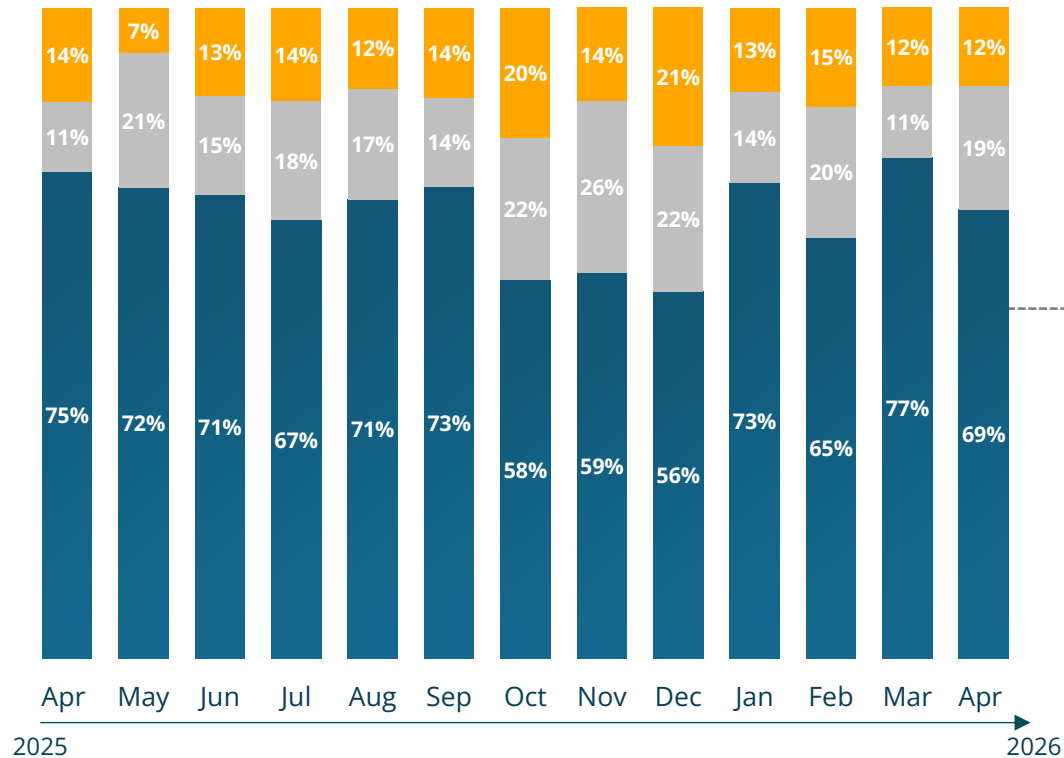


Business Sentiment | Expectations Regarding Economic Conditions

A expected, negative sentiment toward the Trump Administration also remains elevated despite a slight pullback in April.

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

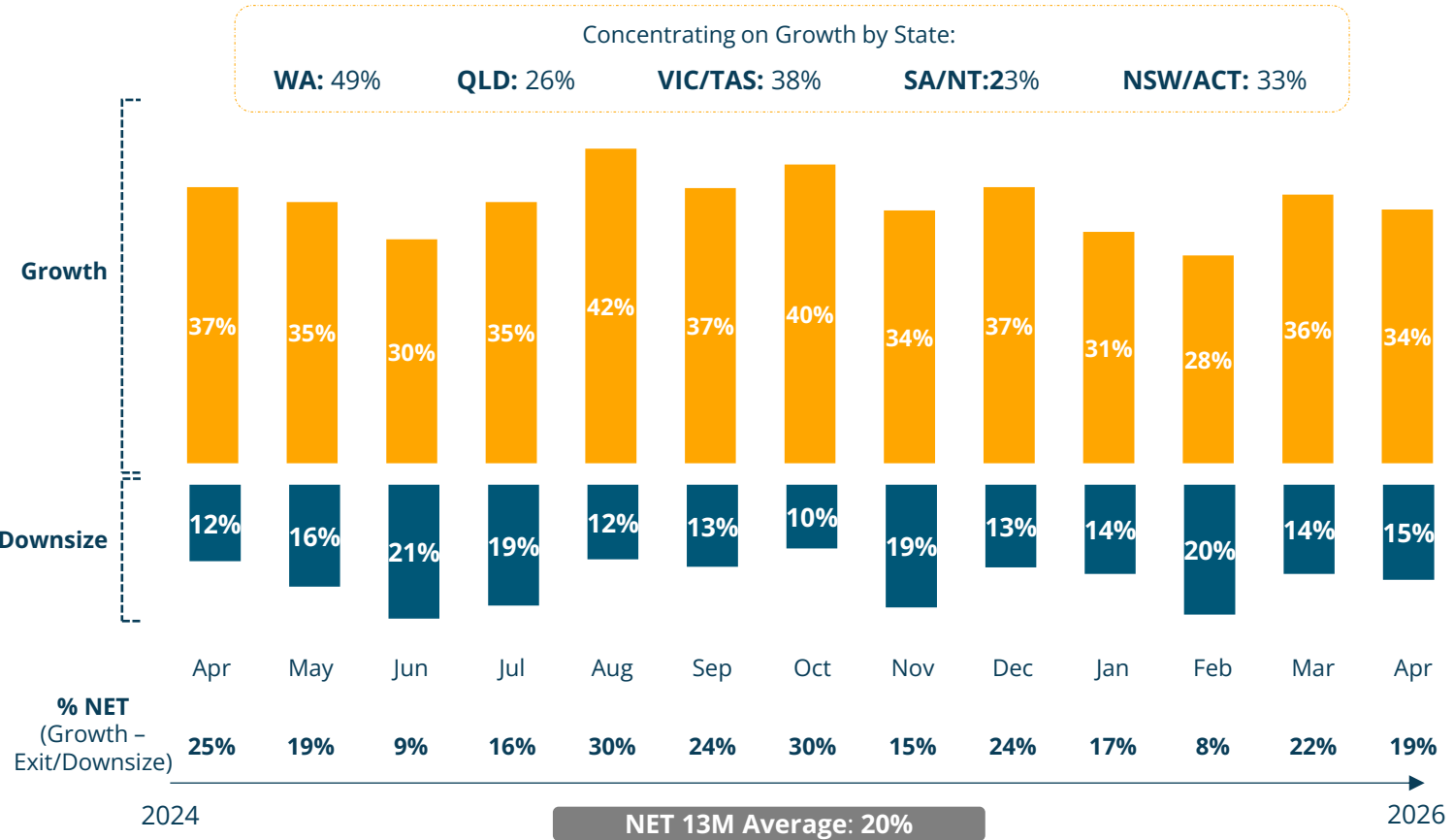
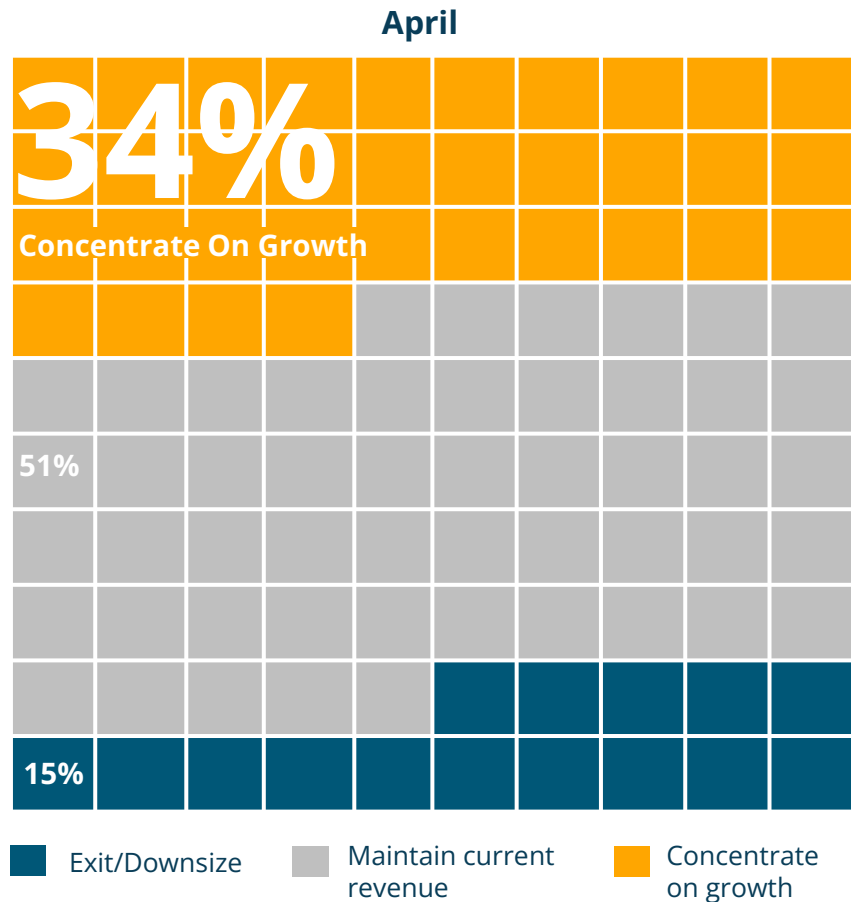
■ Negative
 ■ Neutral
 ■ Positive



Business Sentiment | Growth Expectations (Next 12 months)

Amid the economic uncertainty, SMEs remain resilient, with 34% focused on growth, led by strong momentum in WA.

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



Business Sentiment | Growth Expectations (Next 12 months)

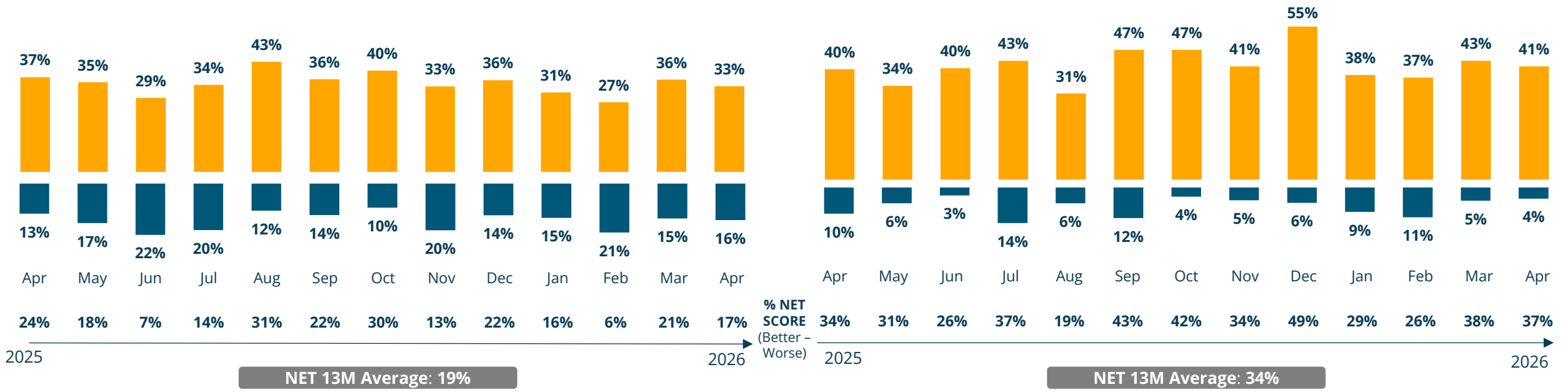
Larger SMEs remain more growth-focused, but smaller businesses have softened, falling below the 13-month average and well below April 2025 levels.

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

■ Concentrate on growth
 ■ Exit/Downsize

0 -19 Employees

20+ Employees



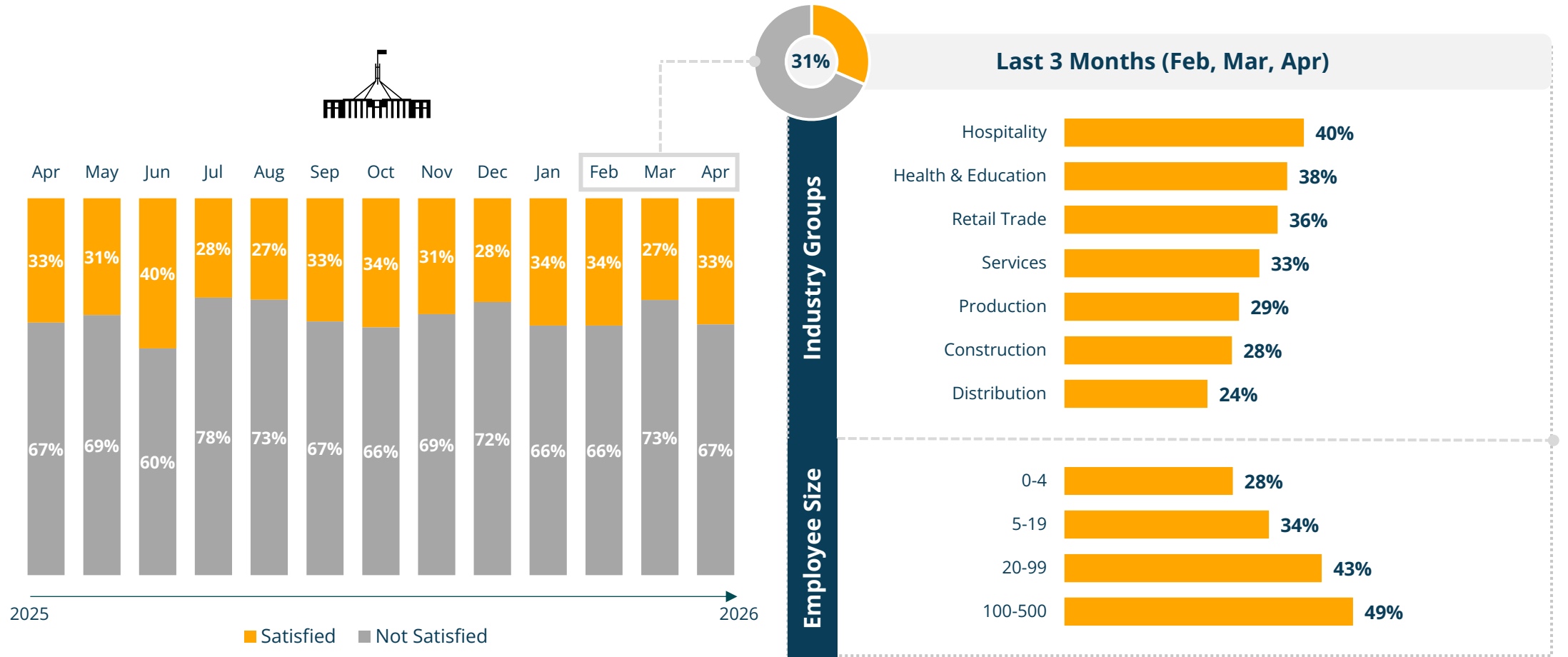
Geopolitical and technology concerns have eased slightly, while cost pressures remain dominant and customer and financing challenges continue to rise.

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

	April	November	December	January	February	March	April
Addressing the difficult economic outlook and ongoing cost pressures.	54%	42%	47%	45%	45%	58%	54%
Keeping pace with changing customer behaviours and preferences.	31%	21%	26%	25%	25%	25%	31%
Managing risks and uncertainties in the geopolitical landscape.	23%	42%	47%	39%	39%	28%	23%
Navigating regulatory, compliance, and governance challenges.	20%	21%	18%	18%	18%	23%	20%
Strengthening supply chain operations for improved efficiency and resilience.	15%	15%	15%	14%	14%	14%	15%
Overcoming difficulties in securing necessary financing.	15%	14%	16%	9%	9%	10%	15%
Managing the continuous adoption of new technologies and digital transformation processes.	15%	22%	21%	26%	26%	16%	15%
Acquiring, training, and upskilling talent in a competitive market.	13%	15%	15%	17%	17%	18%	13%
Identifying and implementing measures to boost workforce efficiency and productivity.	12%	17%	20%	18%	18%	15%	12%
Strengthening defences against cyber threats and ensuring data privacy.	11%	14%	14%	19%	19%	17%	11%
Implementing strategies to address sustainability issues and climate change impacts.	8%	8%	8%	5%	5%	8%	8%
Prioritising investment in research and development to drive innovation.	5%	10%	7%	4%	4%	6%	5%

Satisfaction with the Federal Government has rebounded, likely reflecting its response to the fuel crisis.

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





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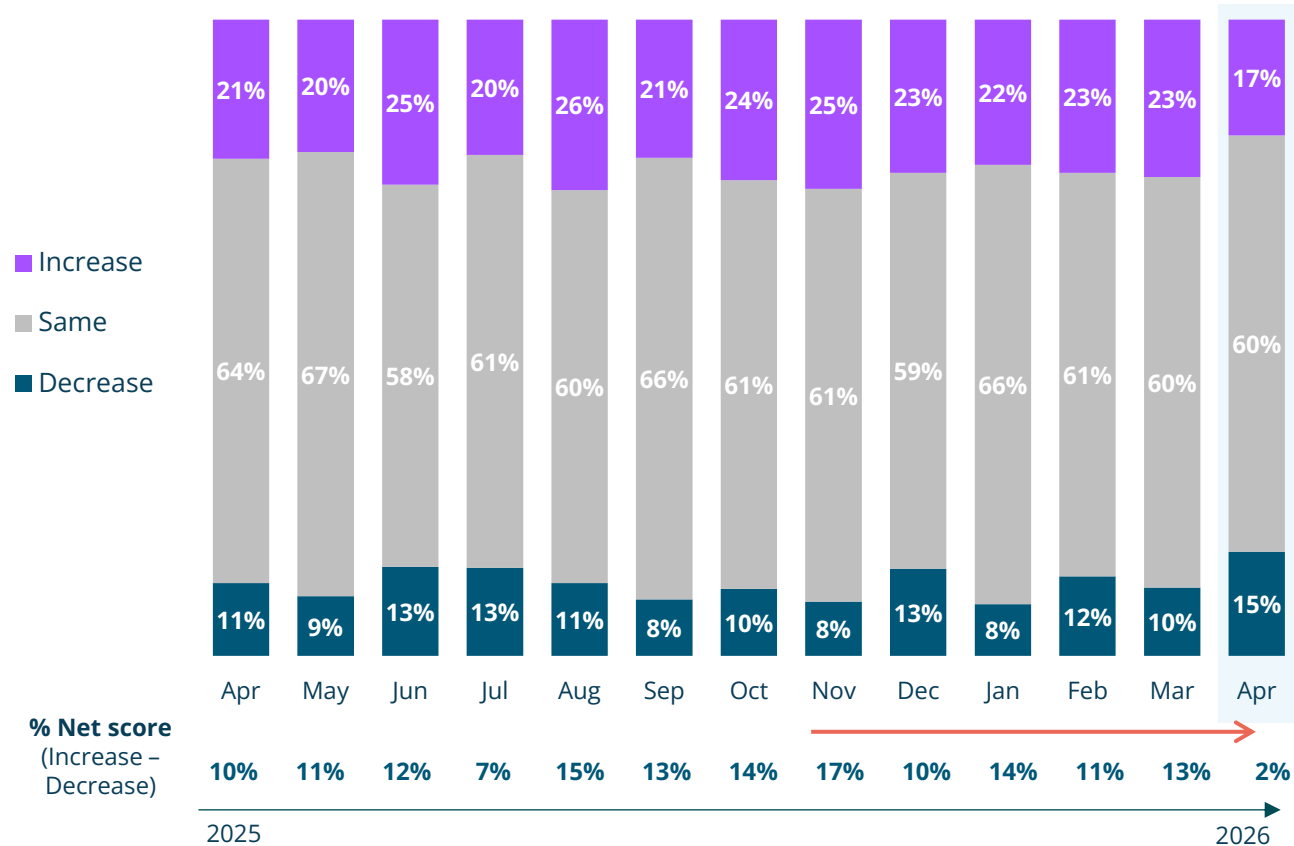
Methodology & Sample

Business Investment | Next Three Months

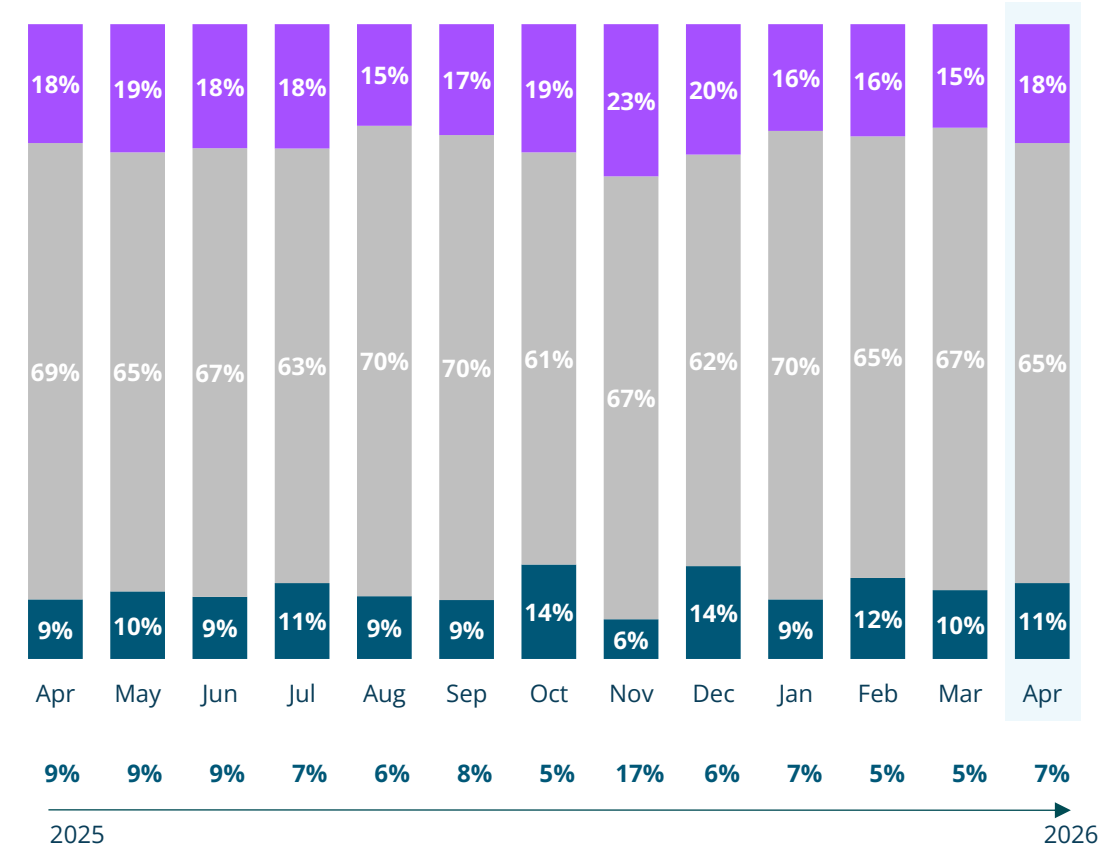
Capital investment has continued to weaken from its November peak and remains well below April 2025 levels, while marketing spend remains relatively stable.

Expectations Over The Next 3 Months Regarding Business Investment

Business Spending/ Capital Investment



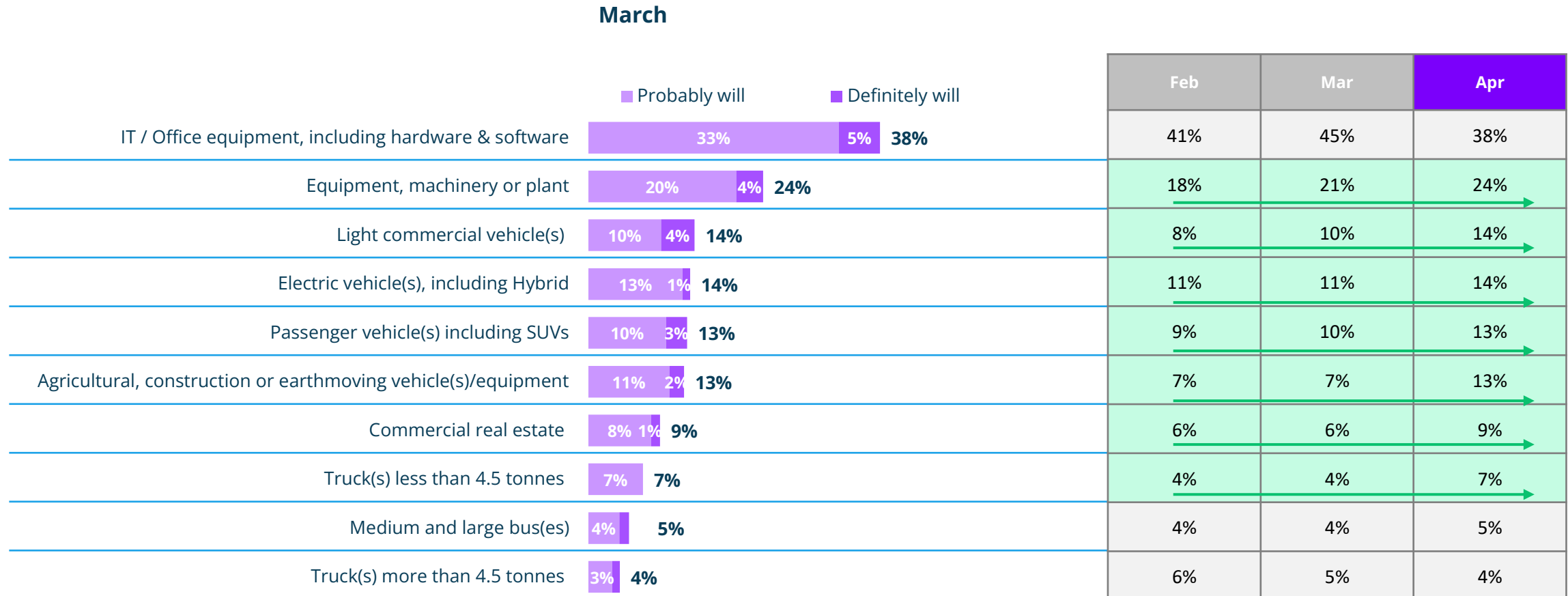
Marketing Spend



Business Investment | Capital Expenditure

While capex intentions have declined, purchase intentions are increasing across multiple categories, suggesting SMEs may bring forward spending to optimise tax outcomes ahead of year-end.

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



Purchase intentions have increased across both cohorts.

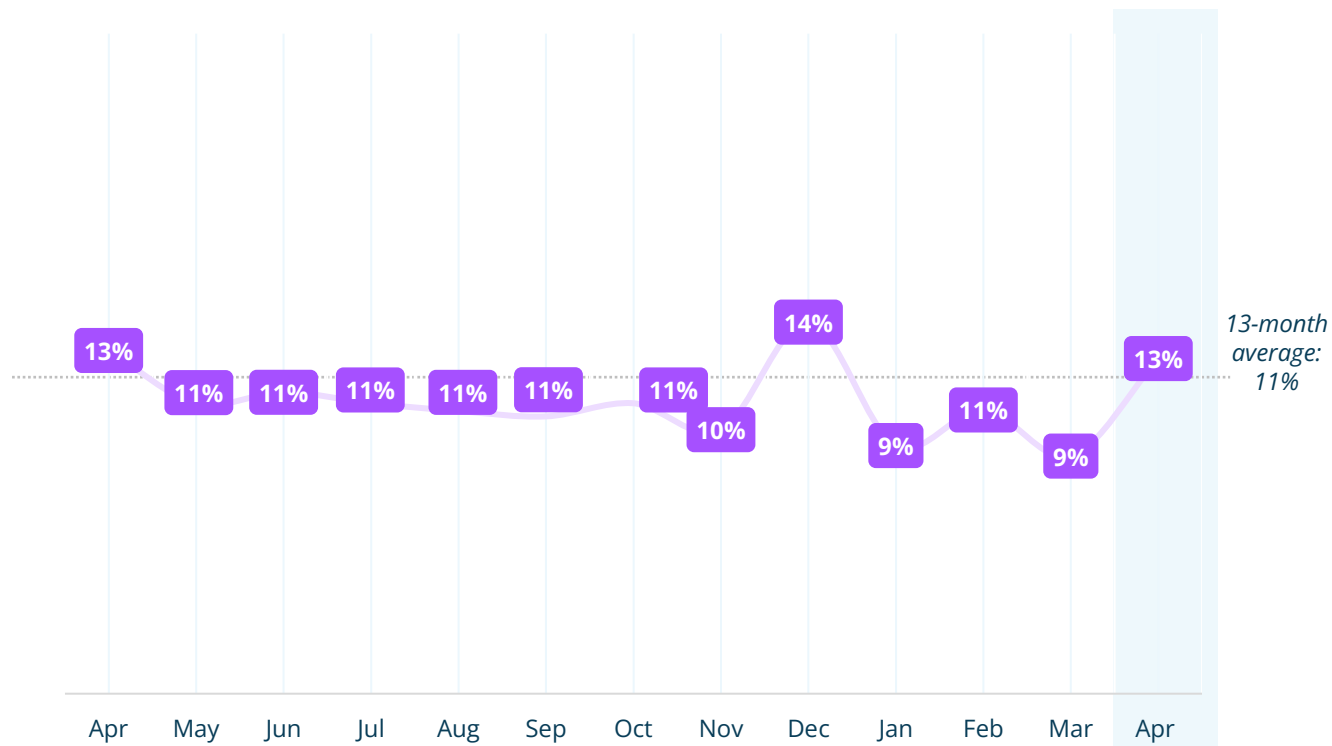
Which Of The Following Will You Purchase For Your Business Over The Next 3 Months? (Probably Will + Definitely Will)

	0-19 Employees			20+ Employees		
	Feb	Mar	Apr	Feb	Mar	Apr
IT / Office equipment, including hardware & software	39%	44%	37%	63%	60%	63%
Equipment, machinery or plant	17%	20%	22%	33%	36%	40%
Light commercial vehicle(s)	10%	9%	13%	23%	20%	31%
Electric vehicle(s), including Hybrid	7%	10%	13%	17%	21%	27%
Passenger vehicle(s) including SUVs	8%	8%	12%	26%	30%	31%
Agricultural, construction or earthmoving vehicle(s)/equipment	7%	6%	12%	17%	12%	19%
Commercial real estate	5%	5%	9%	21%	20%	22%
Truck(s) less than 4.5 tonnes	3%	4%	7%	15%	13%	24%
Medium and large bus(es)	3%	3%	5%	12%	9%	15%
Truck(s) more than 4.5 tonnes	5%	4%	3%	14%	16%	23%

Business Investment | Finance Needs (Next 3 months)

Supporting the purchase intention data, demand for additional finance has increased from 9% to 13% in April, with 29% using the funds for plant, machinery and equipment investment.

SMEs That Will Require Additional Finance Over The Next 3 Months





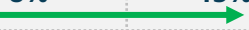


And What Is The Purpose Of This Finance?

	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
Cashflow/ working capital	54%	62%	57%	61%	74%	54%
Purchase plant, machinery or equipment	18%	23%	25%	22%	24%	29%
Fund growth into new markets	13%	17%	15%	21%	11%	22%
Fund growth in Australia	26%	16%	16%	15%	19%	14%
Trade finance to fund import/export activity	17%	12%	15%	8%	4%	9%
Fund merger/acquisition	7%	8%	7%	9%	7%	2%

Business Investment | Finance Needs (Next 3 months)

Short-term finance needs have increased across most industry sectors, but is noticeably weaker in the retail sector.

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

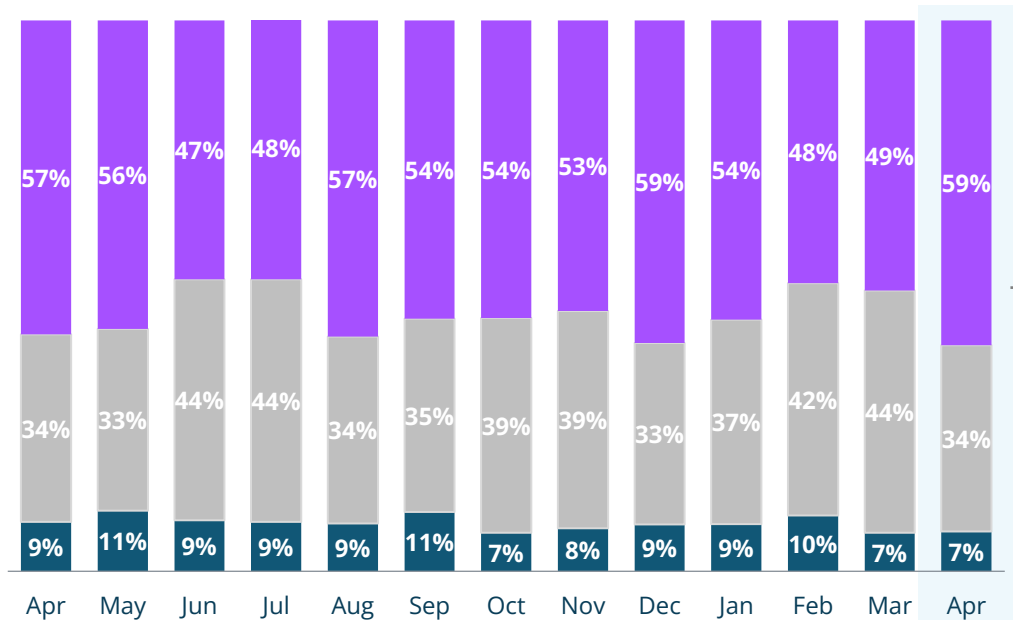
	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
0-19 Employees	10%	11%	10%	11%	9%	12%
20+ Employees	24%	18%	17%	17%	16%	16%
Construction	9%	10%	11%	16%	8% 	12%
Distribution	6%	21%	12%	18%	10% 	18%
Health & Education	11%	11%	11%	10%	11%	8%
Hospitality	25%	10%	15%	18%	8% 	15%
Production	12%	12%	11%	8%	10% 	22%
Retail Trade	14%	12%	14%	13%	15% 	8%
Services	11%	10%	9%	8%	9%	10%

Business Investment | Loan Stress

While more businesses are accessing finance ahead of EOFY, loan stress remains contained at just 7%, with distribution businesses the most exposed.

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

■ Yes
 ■ No outstanding loan repayments
 ■ No



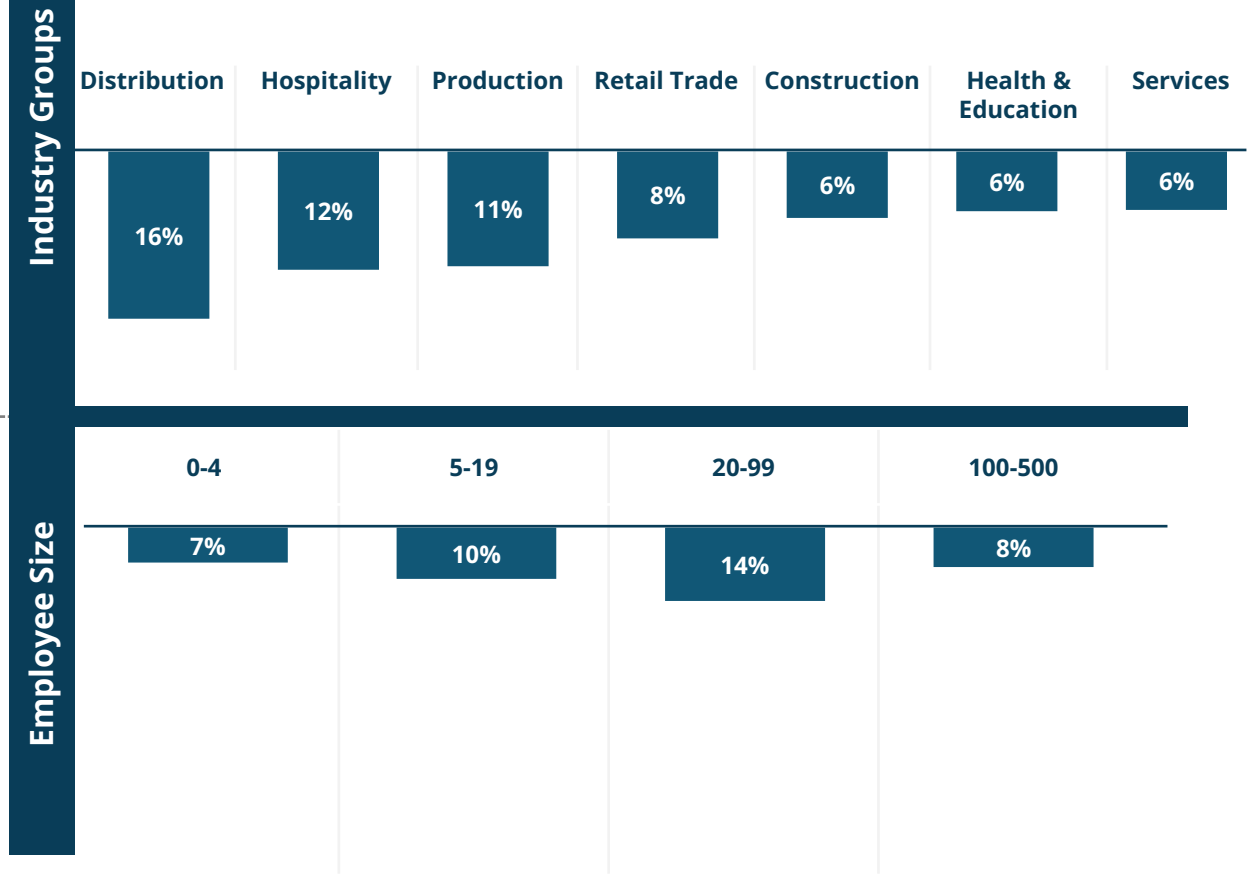
% of SMEs with debt:

Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr

2025 → 2026

Last 3 Months (Feb, Mar, Apr)

■ No





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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

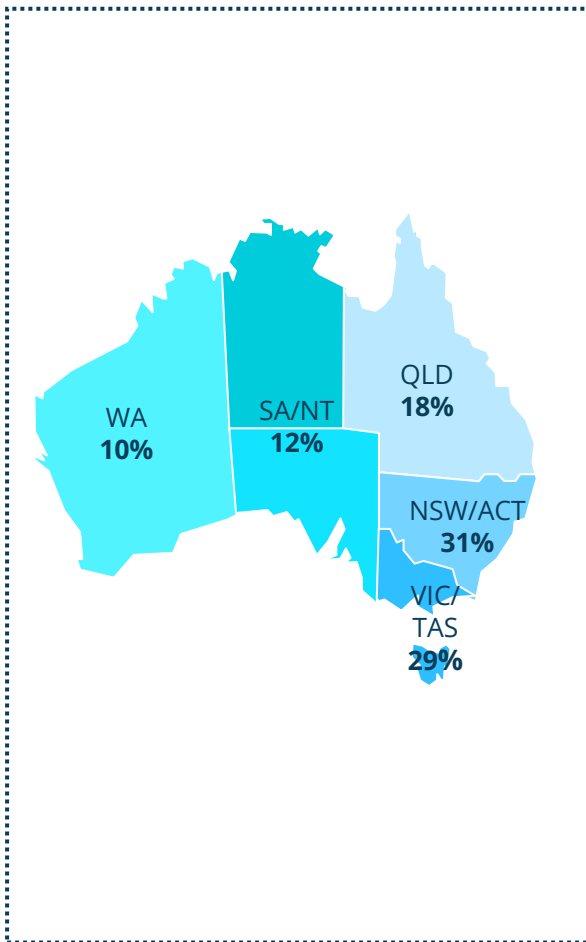


Data is **weighted** by industry, state and number of employees to reflect the national distribution of businesses across the country

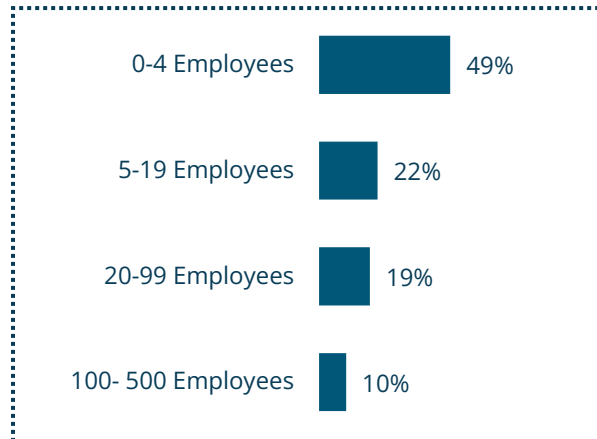
Our Sample

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.

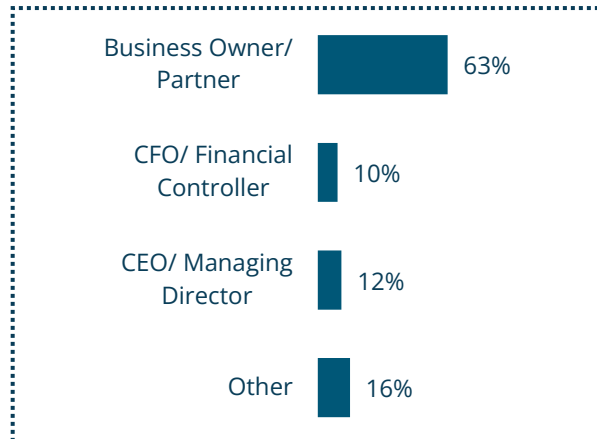
Head Office Location



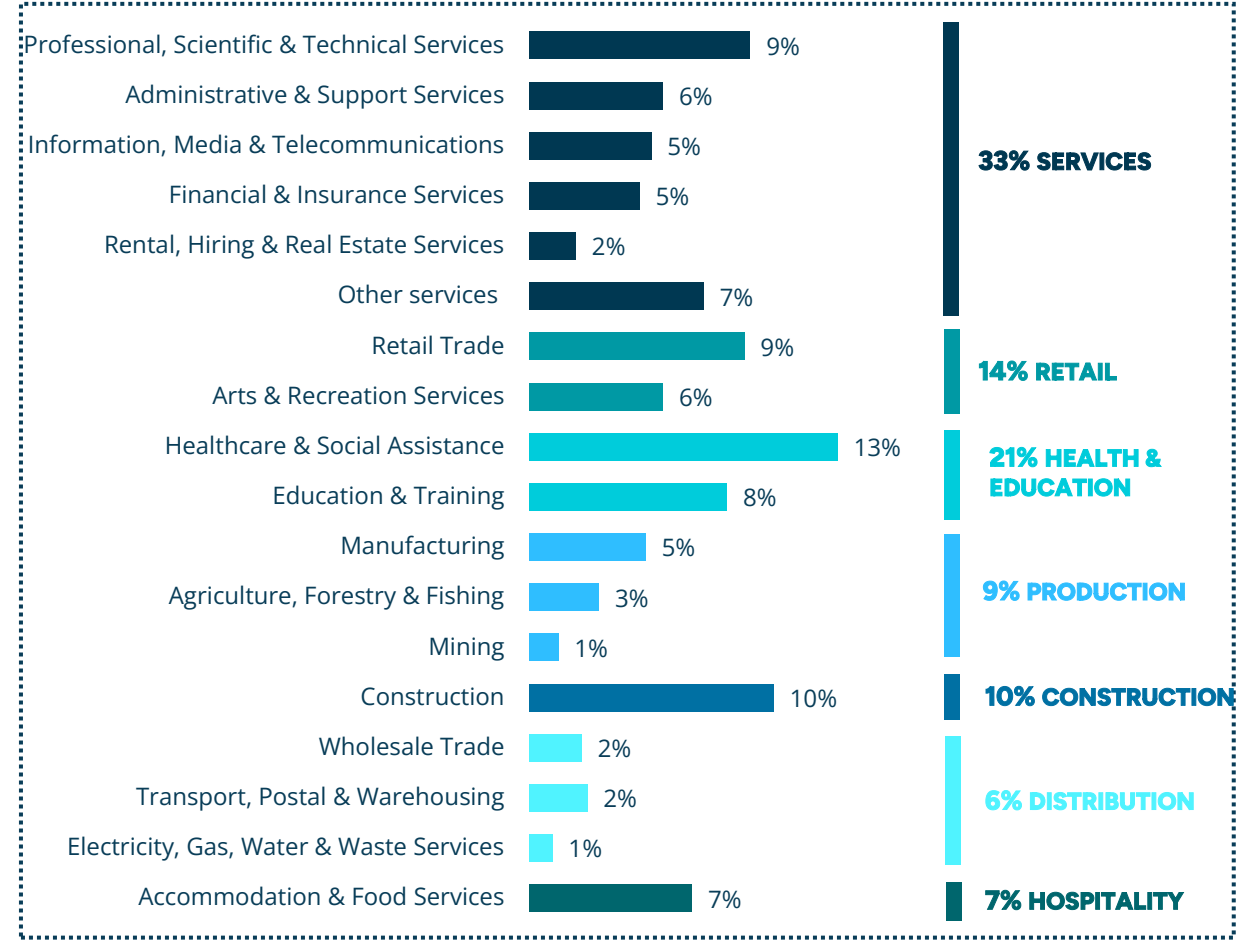
Size Of Business: Employees



Position In Business



Industry Sector



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Fifth Quadrant Pty Ltd
ABN: 53 088 072 940 | ACN: 088 072 940

Level 6, 54 Miller Street
North Sydney, NSW, 2060, Australia

E: james@fifthquadrant.com.au



Thank You

For further information, please contact:

James Organ

Managing Director

E: james@fifthquadrant.com.au

Creating Tomorrow Today