shift

The Australian SME economy in October 2026

SME activity falls across every business size, state and industry

Shift SME Economy Index ('the Index'). Data to 31 October 2026.

How is the SME economy performing?

Shift SME Economy Index:

47.4
Oct 2026

▼ **-3.1 pts**
on a year

▼ **-2.0 pts**
on a month

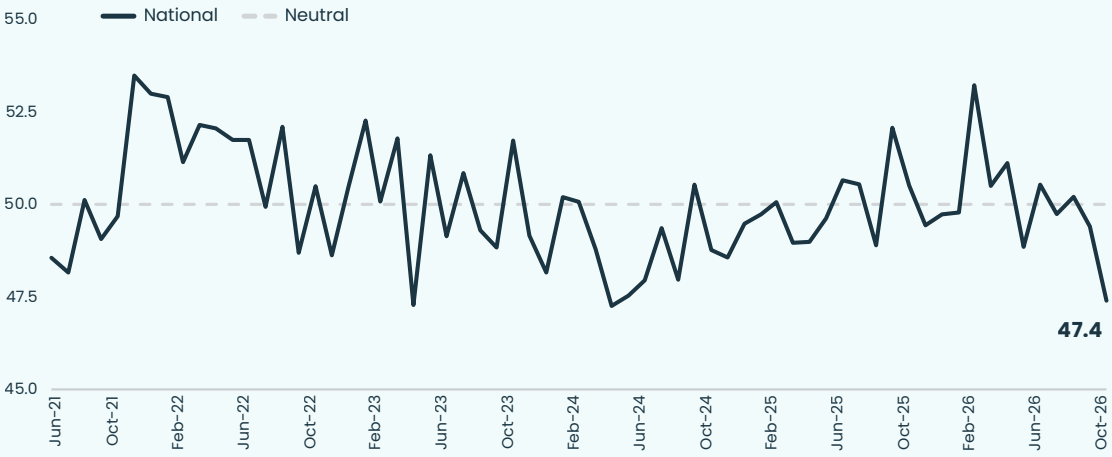

Figure 1: Shift SME Economy Index, national, monthly, June 2021 to October 2026
Source: Shift Financial Pty Ltd

Key points

- **The Index** was 47.4 in October 2026, down 2.0 points on the month and 3.1 points on the year. It was the lowest reading since April 2024, and below the 49 to 51 range that reflects 'average' business activity conditions.
- **Every business size, state and industry** was below 50 in October.
- **Business size.** Small (48.1) was highest. Corporate, the only business size above 50 in September, fell 4.0 points to the lowest reading (46.1).
- **States.** South Australia (49.4) was highest and the only state up on a year earlier. Western Australia (46.4) was lowest. NSW fell the most on the month (3.3 points).
- **Industry.** Transport, Postal and Warehousing (49.2) was highest. Accommodation and Food Services (45.2) was lowest for the second month running. Manufacturing had the largest monthly fall (3.3 points).
- **Sales and liquidity.** Average monthly sales were $315k per business and liquidity $102k, down 6.8% and 6.0% on a year earlier. For FY2027 to date, sales were 3.8% below the FY2026 average and liquidity 2.9% below.
- **AI spending.** Among Shift customers paying for software subscriptions, 19.5% paid OpenAI in October 2026, almost double Anthropic's share (10.1%). The typical Anthropic customer spends more than three times as much ($117 against $33).
- **The data.** The Index uses aggregated data from more than 6,000 Shift customers to give a timely view by business size, state and industry.

	Oct-25 Prior Year	Sep-26 Prior Month	Oct-26 Latest Month
Shift SME Economy Index	50.5	49.4	47.4
By business size			
Small	49.8	49.7	48.1
Established	51.2	49.0	46.9
Corporate	51.5	50.2	46.1
By State			
NSW	50.6	50.4	47.1
VIC	52.5	48.0	47.7
QLD	50.0	50.2	47.3
WA	49.1	47.8	46.4
SA	47.8	50.5	49.4
By Industry			
Construction	52.3	49.8	48.2
Retail Trade	49.0	49.1	47.4
Transport, Postal and Warehousing	51.0	49.6	49.2
Accommodation and Food Services	49.2	45.3	45.2
Manufacturing	51.2	50.6	47.3
Professional, Scientific and Technical Services	51.4	49.6	48.5
Rental, Hiring and Real Estate Services	51.1	49.2	48.0

Table 1: Shift SME Economy Index
Note: Changes in the commentary are calculated from unrounded data and may differ slightly from changes in the rounded readings shown.
Source: Shift Financial Pty Ltd

Explore the latest data

Economist's view

The Shift SME Economy Index fell sharply in October, reflecting a generalised slowdown in the SME economy and, most likely, the broader Australian economy. The slowdown evident early in 2026 appeared to stabilise through the middle of the year, but resurgent oil prices and two RBA rate hikes since the end of winter have weighed on business activity. At 47.4, the Index is at its weakest in more than two years. If sustained, it suggests the domestic economy has slowed in a similar way to 2023 and 2024, when rising inflation and 425bp of rate hikes squeezed household disposable income.

Consumer spending in 2026 has been remarkably resilient by comparison, despite rising oil prices and sustained weakness in housing markets. The Index result is consistent with weak consumer and business sentiment in recent months, but runs counter to ABS reporting of continued growth in consumer spending. Heading into the retail sales events and summer holidays, the consumer-facing industries in the report have weakened more than others, suggesting less buoyant consumer markets ahead.

The Index is also picking up weakness from the slowdown in established housing markets. Industries tied to housing turnover have slowed sharply in 2026, and this continued in October. In Rental, Hiring and Real Estate Services, average monthly sales have fallen by around 35% over the past year and liquidity by 40%, highlighting the severity of the pressure on residential property markets.

Interestingly, Transport, Postal and Warehousing has held up relatively well, with a reading of 49.2 consistent with sales rising modestly over the past year. But liquidity has fallen by almost 15%, which could point to rising costs that cannot be passed on to customers, ultimately affecting profitability and investment.

Warren Hogan

Managing Director, EQ Economics

October readings

Business size

All three business sizes were below 50 in October 2026. Small (48.1) recorded the highest reading, followed by Established (46.9) and Corporate (46.1). Corporate was the only business size above 50 in September.

All business sizes were lower than a year earlier. Corporate fell the most, by 5.4 points, followed by Established by 4.3 points and Small by 1.6 points. Compared with September, Corporate fell 4.0 points, Established 2.1 points and Small 1.5 points.

Reference: **SME definition.**

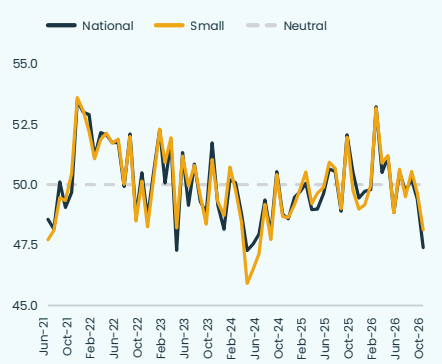

Figure 2: Small businesses and National, June 2021 to October 2026

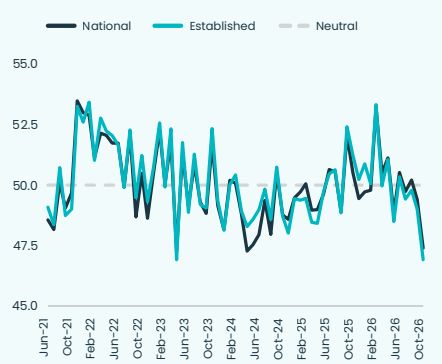

Figure 3: Established businesses and National, June 2021 to October 2026

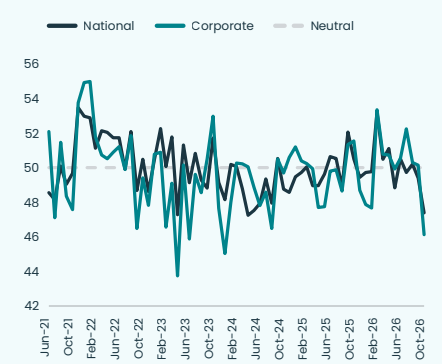

Figure 4: Corporate businesses and National, June 2021 to October 2026

Source: Shift Financial Pty Ltd

States

All five states were below 50 in October 2026. South Australia (49.4) recorded the highest reading, followed by Victoria (47.7), Queensland (47.3) and NSW (47.1). Western Australia (46.4) recorded the lowest reading.

Compared with September, NSW fell 3.3 points, Queensland 2.9 points, Western Australia 1.4 points, South Australia 1.2 points and Victoria 0.3 points.

Four of the five states were lower than a year earlier. Victoria fell the most, by 4.8 points. NSW fell 3.5 points, Queensland 2.7 points and Western Australia 2.7 points. South Australia was 1.6 points higher than a year earlier.

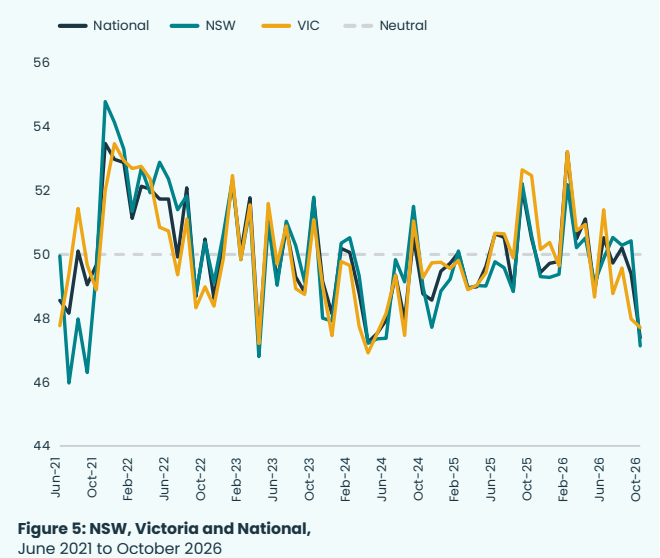

Figure 5: NSW, Victoria and National, June 2021 to October 2026

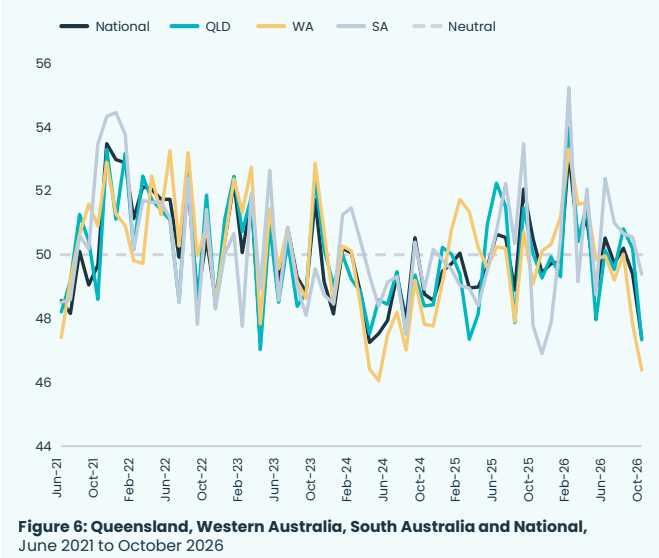

Figure 6: Queensland, Western Australia, South Australia and National, June 2021 to October 2026

Source: Shift Financial Pty Ltd

Explore the latest data

Industries

All seven industries tracked were below 50 in October 2026. Transport, Postal and Warehousing (49.2) recorded the highest reading, followed by Professional, Scientific and Technical Services (48.5), Construction (48.2) and Rental, Hiring and Real Estate Services (48.0). Retail Trade (47.4) and Manufacturing (47.3) were lower. Accommodation and Food Services (45.2) recorded the lowest reading for the second consecutive month.

Every industry was lower than in September and lower than a year earlier. Compared with September, Manufacturing fell 3.3 points, the largest fall of any industry. Retail Trade fell 1.7 points and Construction 1.6 points. Accommodation and Food Services fell 0.2 points.

Compared with a year earlier, Construction fell the most, by 4.1 points. Accommodation and Food Services fell 4.0 points and Manufacturing 3.9 points. Retail Trade fell the least, by 1.6 points.

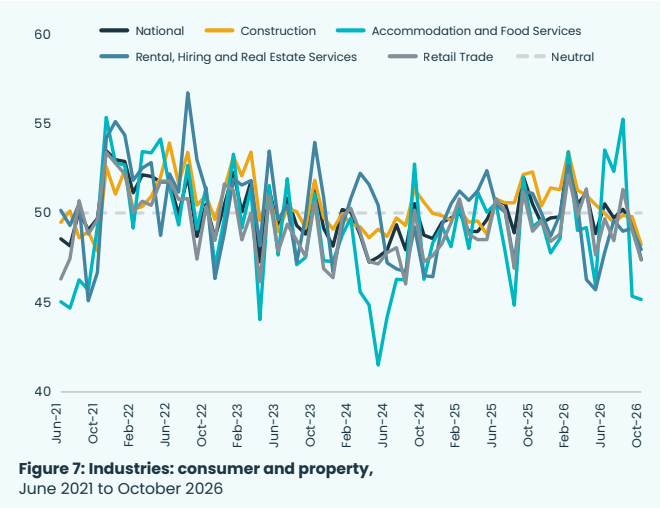

Figure 7: Industries: consumer and property, June 2021 to October 2026

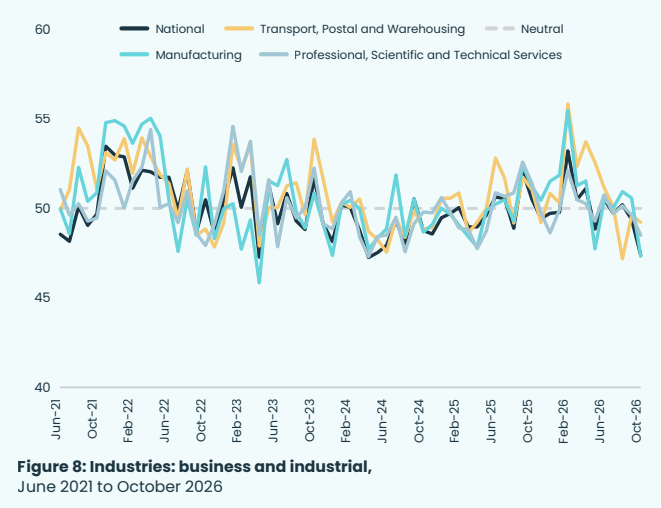

Figure 8: Industries: business and industrial, June 2021 to October 2026

Source: Shift Financial Pty Ltd

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Sales and liquidity

Alongside the Index, this report tracks two measures from the same aggregated customer data: average monthly sales per business, and average monthly liquidity, the cash SMEs hold. The Index shows how many SMEs are growing their revenue. Sales and liquidity show how much businesses are selling and how much cash they have on hand.

Average monthly sales were $315k per business in October 2026, 6.8% lower than a year earlier and 2.6% lower than in September. Average monthly liquidity was $102k, 6.0% lower than a year earlier and 2.4% lower than in September.

By industry, sales were 1.8% higher than a year earlier in Transport, Postal and Warehousing, 0.9% higher in Manufacturing and 0.3% higher in Construction, and lower in the other four. By state, average monthly sales were highest in Western Australia ($400k) and lowest in South Australia ($286k).

Liquidity was lower than a year earlier in all three business sizes, four of five states and four of seven industries. Among industries, the largest falls were in Rental, Hiring and Real Estate Services, down 40.5%, and Accommodation and Food Services, down 22.7%. Among states, the largest falls were in Queensland, down 15.3%, and Western Australia, down 11.3%. Liquidity was 7.7% higher than a year earlier in NSW, 4.3% higher in Construction, 2.4% higher in Professional, Scientific and Technical Services and 2.1% higher in Manufacturing.

Averaged across each financial year, monthly sales rose every year from FY2022 to reach $332k in FY2026, and were $319k for FY2027 to date (July to October 2026), 3.8% lower than the FY2026 average. Monthly liquidity peaked at $131k in FY2023 and has declined in each year since, reaching $103k for FY2027 to date, 2.9% lower than the FY2026 average.

Average monthly sales per business	Oct-25 Prior Year	Sep-26 Prior Month	Oct-26 Latest Month
National	**$338k**	**$324k**	**$315k**
By business size			
Small	$59k	$56k	$56k
Established	$331k	$313k	$305k
Corporate	$1,828k	$1,668k	$1,637k
By State			
NSW	$304k	$315k	$307k
VIC	$331k	$302k	$297k
QLD	$313k	$298k	$294k
WA	$458k	$416k	$400k
SA	$319k	$301k	$286k
By Industry			
Construction	$352k	$371k	$353k
Retail Trade	$376k	$353k	$347k
Transport, Postal and Warehousing	$304k	$317k	$309k
Accommodation and Food Services	$202k	$179k	$178k
Manufacturing	$387k	$404k	$390k
Professional, Scientific and Technical Services	$345k	$303k	$302k
Rental, Hiring and Real Estate Services	$635k	$438k	$415k

Table 2: Average monthly sales per business

Explore the latest data

Average monthly liquidity per business	Oct-25 Prior Year	Sep-26 Prior Month	Oct-26 Latest Month
National	**$108k**	**$104k**	**$102k**
By business size			
Small	$33k	$29k	$28k
Established	$117k	$111k	$108k
Corporate	$463k	$443k	$438k
By State			
NSW	$94k	$103k	$101k
VIC	$100k	$93k	$91k
QLD	$116k	$102k	$98k
WA	$143k	$129k	$127k
SA	$107k	$107k	$102k
By Industry			
Construction	$129k	$136k	$134k
Retail Trade	$86k	$84k	$82k
Transport, Postal and Warehousing	$98k	$85k	$83k
Accommodation and Food Services	$64k	$49k	$50k
Manufacturing	$121k	$128k	$123k
Professional, Scientific and Technical Services	$116k	$122k	$119k
Rental, Hiring and Real Estate Services	$229k	$142k	$136k

Table 3: Average monthly liquidity per business
Note: Changes in the commentary are calculated from unrounded data and may differ slightly from changes in the rounded readings shown.
Source: Shift Financial Pty Ltd

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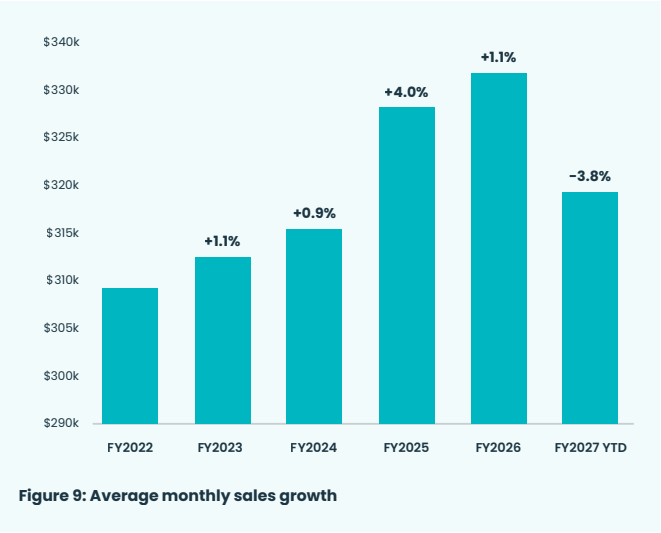

Figure 9: Average monthly sales growth



Figure 10: Average monthly liquidity growth

Source: Shift Financial Pty Ltd. **Note: FY2027 includes only July to October 2026**

What are SMEs spending on AI?

Card payments, cloud accounting and online marketplaces each changed how small businesses operate. AI tools may be the next, and their uptake can be measured as it happens. Surveys ask businesses whether they plan to use AI. Shift's data shows what they are already paying for.

Among Shift customers paying for software subscriptions, 19.5% paid OpenAI in October 2026, up from 2.2% in June 2023. Anthropic was below 1% until January 2026 and has since risen to 10.1% (Figure 11).

Spending shows a different picture. Measured per 1,000 businesses that pay for software subscriptions, spending with Anthropic has been higher than spending with OpenAI every month since April 2026. In October it was $39k per month, against $25k for OpenAI, after OpenAI's spending fell 12% in the month (Figure 12).

The typical Anthropic customer also spends more. The median business paying for Anthropic spent $117 in October, down from $151 in September and up from $38 in January. The OpenAI median has stayed at about $33 a month since 2023, close to the price of a single ChatGPT subscription (Figure 13).

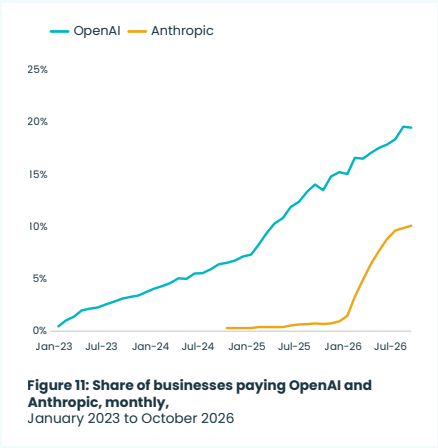

Figure 11: Share of businesses paying OpenAI and Anthropic, monthly,
January 2023 to October 2026

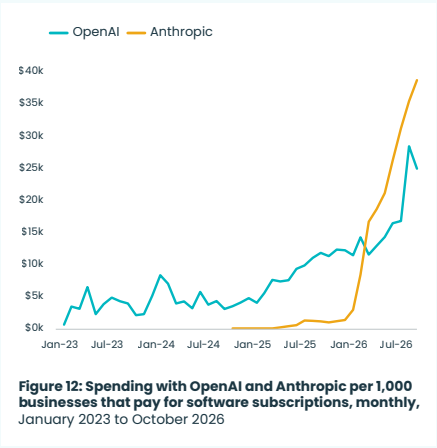

Figure 12: Spending with OpenAI and Anthropic per 1,000 businesses that pay for software subscriptions, monthly,
January 2023 to October 2026

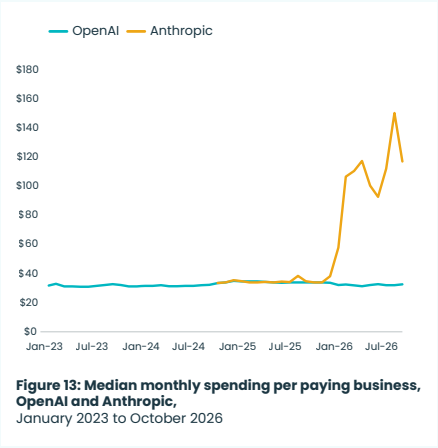

Figure 13: Median monthly spending per paying business, OpenAI and Anthropic,
January 2023 to October 2026

Note: Shift customers paying for software subscriptions. Payments made directly to OpenAI and Anthropic. Not shown where fewer than 30 paying customers in a month. Anthropic series begins Nov-24 and OpenAI Feb-23 for this reason.
Source: Shift Financial Pty Ltd

Spending is concentrated among businesses that pay for both. In October, the 17% of AI-paying businesses that pay for both OpenAI and Anthropic accounted for 53% of AI spending (Figures 14 and 15). These figures cover payments made directly to OpenAI and Anthropic, so they understate total spending on AI tools. The data starts in January 2023, shortly after OpenAI's public release of ChatGPT.

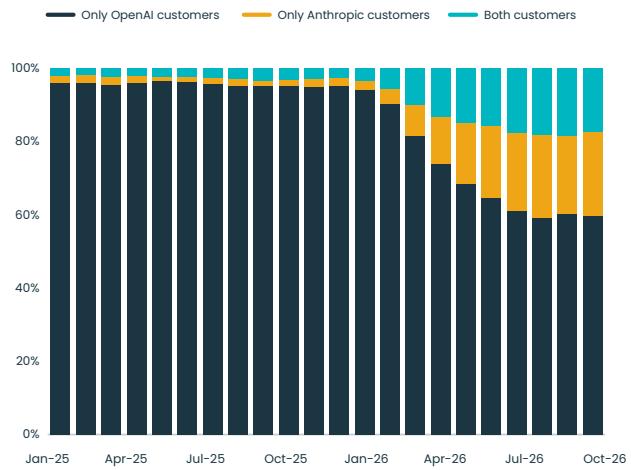

Figure 14: Businesses paying for AI, by provider,
January 2025 to October 2026

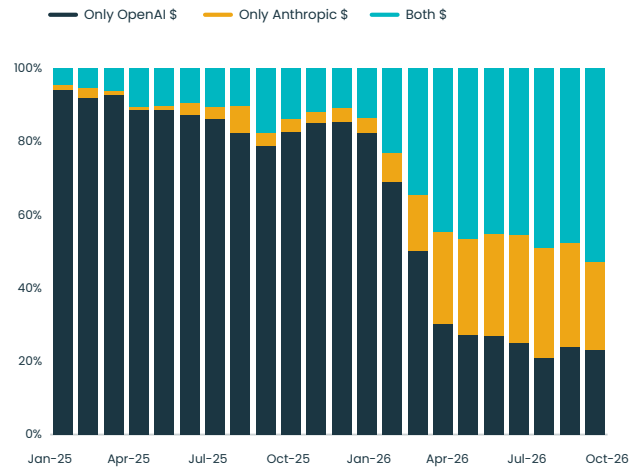

Figure 15: AI spending, by provider used,
January 2025 to October 2026

Note: Fewer than 30 customers in some groups in 2025 (Only Anthropic to Sep-25; Both to Apr-25).
Treat early shares for those groups as indicative.

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Why we publish the Shift SME Economy Index and Report

There is no consistent, timely measure of how Australia's SMEs are faring. Government agencies define an SME in different ways, and much of the current commentary draws on sentiment surveys.

The Shift SME Economy Index measures how many SMEs are growing their revenue. It uses aggregated information from more than 6,000 Shift customers. This report sets out the Index by business size, state and industry, alongside average sales and liquidity per business.

We publish it so that decisions affecting SMEs can draw on current, consistent data. As Shift CEO Jamie Osborn notes, 'SMEs are too important, and too poorly measured, to sit at the margins of the national conversation.' **Letter from Shift's CEO.**

For the definitions and business sizes used in this report, **see the SME definition page.**
For how SMEs are financed in Australia, **see the SME credit landscape page.**

What is the Shift SME Economy Index measuring?

The Shift SME Economy Index and its sub-components are cyclical measures of business revenue across Australia's SME community. While based on aggregated customer data, the Index is presented in a diffusion index format, reflecting momentum in sales revenue. The Shift SME Economy Index is anchored to a reading of 50. A reading above or below means more or fewer SMEs than usual are growing. Because the Index measures momentum rather than the level of activity, a reading below 50 does not mean total revenue is necessarily falling. Readings between 49 and 51 reflect 'average' business activity conditions. Readings above 51 could be considered strong, and readings below 49 soft.

The supporting data, references and **methodology** that sit behind the Shift SME Economy Index are available upon request.

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