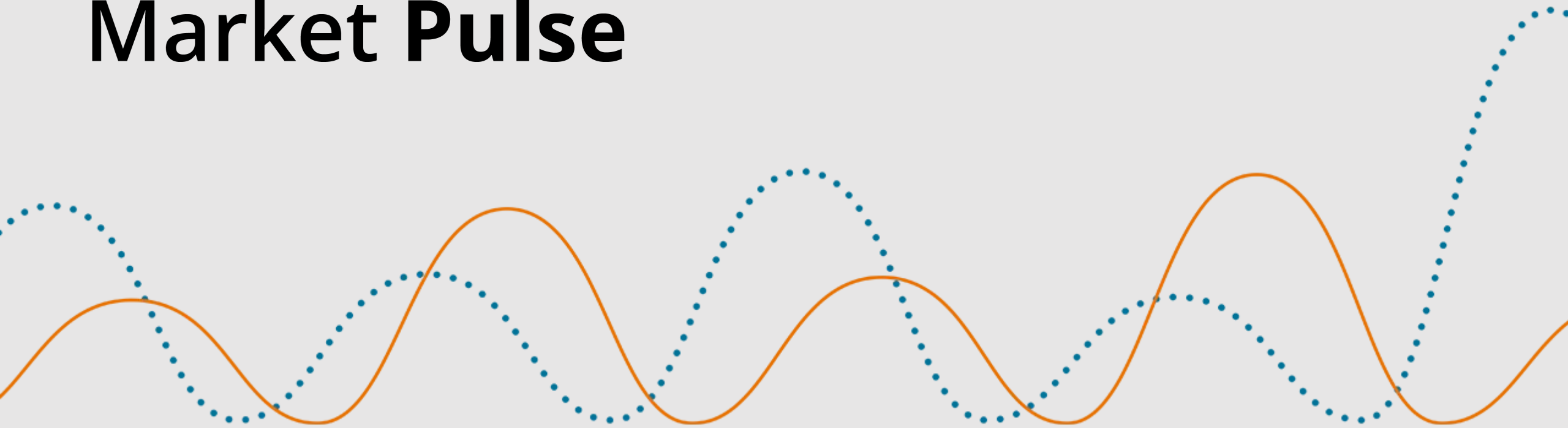




Market Pulse



Business Market Pulse

August 2026

Credit Trend Data as of August 2026

Executive Summary

Market Overview

Australian businesses are expanding working capital credit to manage operational cash flow friction while pulling back on physical asset upgrades.

This structural shift shows a clear focus on balance sheet resilience over long-term debt liabilities across key trade sectors.

Working Capital Surge

National business loan demand increased +11.3% YoY in Aug '26, driven by a +19.2% YoY rise among large businesses, with risk indicators suggesting this could be driven by financial management rather than business expansion.

Risk Profile Softening

Average applicant credit scores dropped by 2 to 3 points YoY. Given higher overall application volumes, this shift may indicate that higher-risk (lower score) applicants are actively seeking credit to manage liquidity pressures.

Asset Finance Pullback

Asset finance applications declined -12.7% YoY (down from the -9.1% in July and -2.4% in June) as firms across key sectors may be extending the operational life of existing machinery, vehicles and IT infrastructure rather than taking on new long-term debt liabilities.

Production Sector Freeze

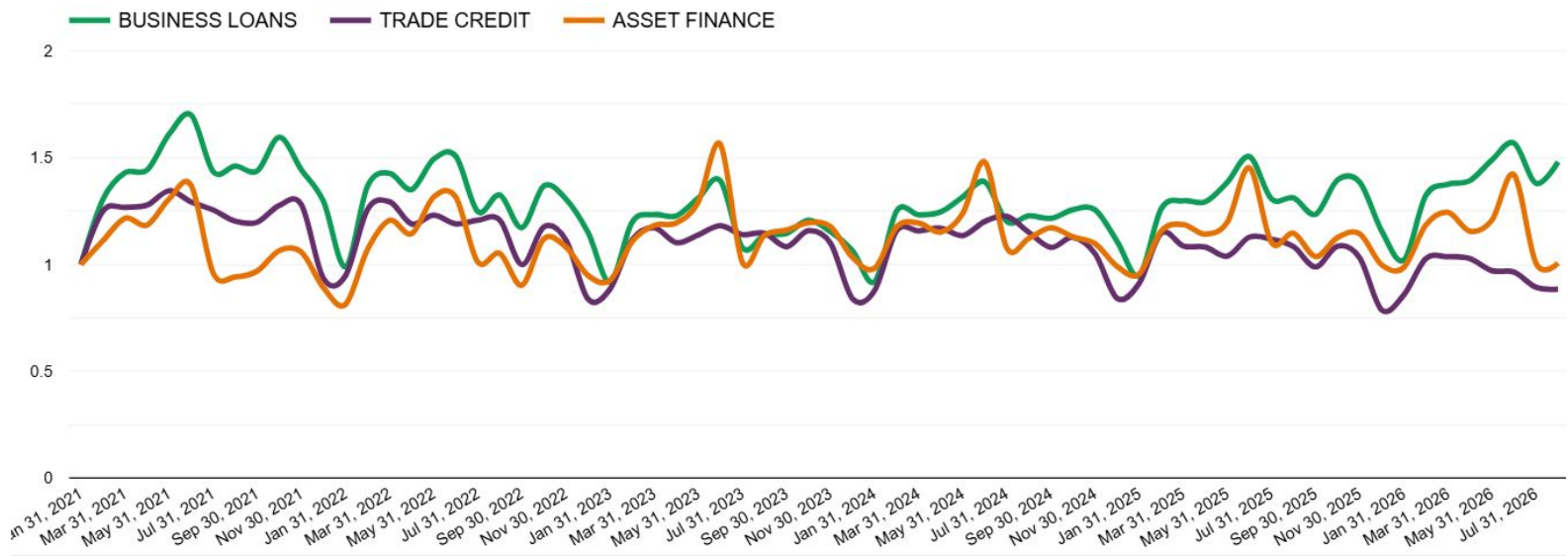
Small-to-medium construction operators led a sharp reduction in physical investment, with sector asset finance enquiries dropping -17.4% YoY.

Credit Demand

Market Overview

Australian business credit demand reflects a shift toward operational liquidity as firms manage persistent cost friction.

While business loan applications expanded across the board, asset finance demand fell deeper into negative territory as businesses deferred major capital expenditure.



Adjusted for 21 trading days*

Business Loans

+11.3% YoY

(+6.2% YoY July & +3.8% YoY in June)

Asset Finance

-12.7% YoY

(-9.12% YoY July & -2.4% YoY in June)

* Trading day adjusted normalises data to eliminate variations in working days and holidays, ensuring apples-to-apples between months, without penalising shorter months.

Geographic Trends in Credit Demand



State-level borrowing highlights strong demand for working capital across major markets, offset by nationwide cuts to asset investments.

Large Corporations

Business loan enquiries jumped across all states, led by NSW (+27.1% YoY) and WA (+25.6% YoY), while asset finance fell across most regions except WA (+1.2% YoY).

Small & Medium Enterprises (SMEs)

SME loan demand grew modestly, led by WA (+7.1% YoY) and NSW (+5.8% YoY), but asset finance enquiries fell sharply, led by QLD (-19.8% YoY).



Business Credit Demand By State (August 2026 vs. August 2025)

State Region	Large Businesses Business Loans	Large Businesses Asset Finance	SME Business Loans	SME Asset Finance
National	+19.2%	-10.5%	+4.3%	-14.5%
NSW	+27.1%	-13.0%	+5.8%	-15.4%
VIC	+10.7%	-9.0%	+4.6%	-10.0%
QLD	+17.0%	-9.8%	+2.8%	-19.8%
SA*	+22.6%	-17.1%	+1.0%	-14.9%
WA*	+25.6%	+1.2%	+7.1%	-13.7%

Sector Trends in Credit Demand

Sector movements highlight a widespread emphasis on maintaining liquidity while putting asset upgrades on hold.

Lifestyle Sector

Businesses increased business loans by +6.3% YoY to cover cash flow needs, while asset finance fell -18.8% YoY as long-term equipment purchases were deferred.

Business Services Sector

Working capital enquiries jumped +20.0% YoY overall - driven by a +48.0% YoY surge among large businesses in the financial service (+78% YoY) and admin industries (+60% YoY). Asset finance demand dropped -13.0% YoY across all businesses.

Production Sector

Business loan demand rose +4.2% YoY, but asset finance declined -17.4% YoY as operators appear to be opting to extend existing equipment lifetimes.



Essential Services Sector

Overall business loans fell -0.1% YoY, while asset finance demand dropped -14.0% YoY.

Housing & Utilities Sector

Business loan demand edged up +1.5% YoY, but asset finance plummeted -16.8% YoY as operators limited long-term debt commitments.

Credit Demand by Sector (August 2026 vs. August 2025 YoY)

Key Services Sector^ Industries	All Businesses Business Loans	All Businesses Asset Finance	Large Businesses Business Loans	Large Businesses Asset Finance	SME Business Loans	SME Asset Finance
Lifestyle	+6.3% YoY	-18.8% YoY	+4.6% YoY	-16.2% YoY	+7.4% YoY	-20.7% YoY
Services	+20.0% YoY	-13.0% YoY	+48.0% YoY	-9.7% YoY	+0.7% YoY	-15.1% YoY
Production	+4.2% YoY	-17.4% YoY	+4.8% YoY	-15.5% YoY	+3.6% YoY	-19.6% YoY
Public	-0.1% YoY	-14.0% YoY	-9.5% YoY	-8.7% YoY	+5.5% YoY	-17.6% YoY
Housing & Utilities	+1.5% YoY	-16.8% YoY	+13.4% YoY	-11.2% YoY	-4.0% YoY	-19.6% YoY

ATO Tax Debt



Active tax defaults expanded across all major markets. ATO tax default volumes increased +22.6% YoY to 36.9K nationwide in Aug YoY, with double-digit growth across key production and service industries.

By state(August 26 YoY%):

NSW: +24.2% YoY

VIC: +24.4% YoY

QLD: + 22.8% YoY

Production Sector (August 26 YoY %):

Manufacturing: +23.2% YoY

Mining: +37% YoY

Logistics: +17.5% YoY

Construction: +25% YoY

Wholesale: +8% YoY

Agriculture: +21.1% YoY

Services Sector (August 26 YoY%):

Financial Services: +18% YoY

Administrative Services: +31.2% YoY

Other Services: +18.6% YoY

Professional Service: +15.5% YoY



DBT & Adverse

DBT

On Time: 90.5% of overall debt was paid on time in July.

1 – 30 Days (Early): 7.6% of debt was paid early in July (down 0.7% MoM since June).

31 – 60 Days (Medium): 1.0% of overall debt in July (up for 5th consecutive month).

61 – 90 Days (Late): 0.3% of overall debt in July.

91+ Days (Delinquent): 0.7% of total invoices were delinquent in July.

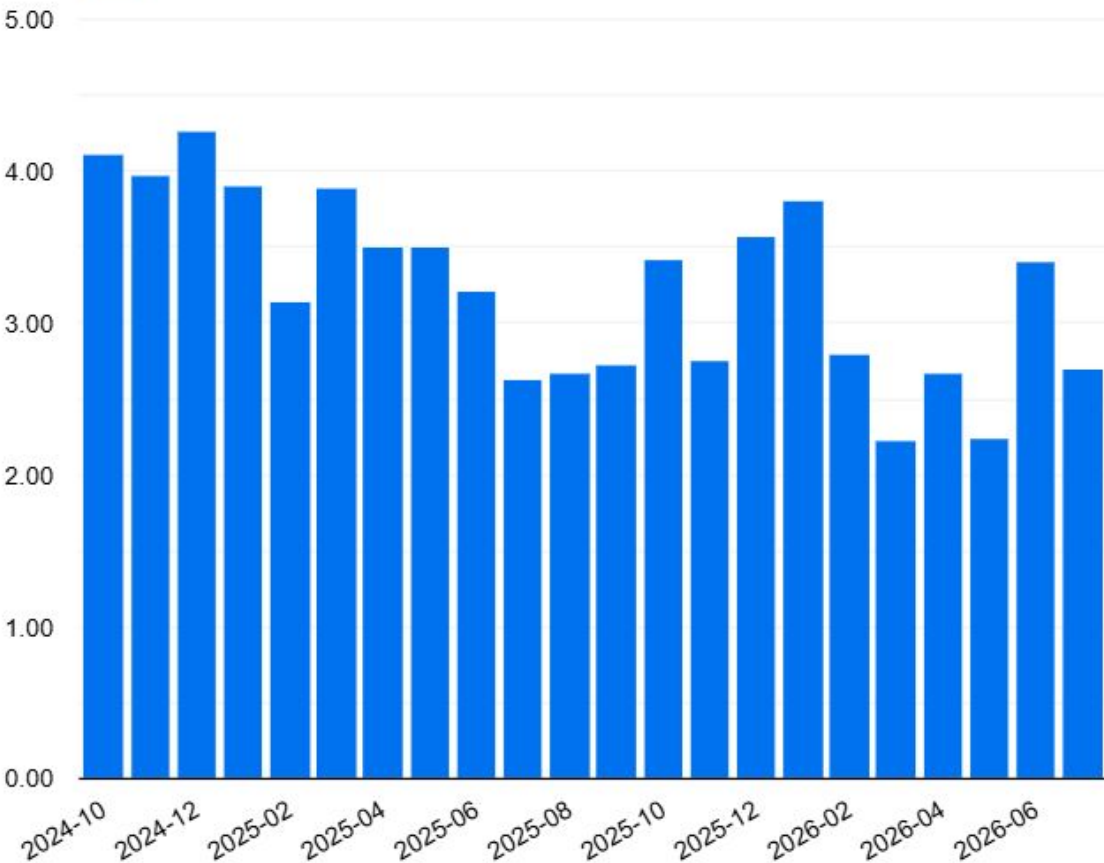
NB: July figures are most up to date due to reporting schedules of late payment data.

Adverse

National ATO Active Defaults: 36.9K active defaults (+22.6% YoY).

State ATO Defaults: NSW +24.2% YoY; VIC +24.4% YoY; QLD +22.8% YoY.

Average DBT



Sector Spotlight: Production

Capital Investment Freeze

Overall demand for asset finance dropped -17.4% YoY across the sector as operators may be deferring fleet upgrades.

SME Construction Pressure

SME construction businesses saw asset finance enquiries plunge -23.5% YoY. Faced with persistent overhead costs, trade payment delays and tighter margins, smaller operators appear to be extending existing physical assets while securing credit lines to protect immediate balance sheet liquidity.

Working Capital Buffer

Business loan enquiries edged up +4.2% YoY to support operational liquidity.

Construction Default Pressure

ATO tax defaults among construction operators rose +25.0% YoY.

Large Business Divergence

Large production firms increased loan enquiries by +4.8% YoY while lowering asset finance by -15.5% YoY.

Mining Default Growth

ATO tax defaults in the mining sector surged +37.0% YoY.

Overall Production Sector Business Credit Demand

Business Loans

-4.2% YoY

Asset Finance

-17.4% YoY

Production Sector - Business Credit Demand by State (August 2026 vs. August 2025 YoY)

State Region	Large Businesses Business Loans	Large Businesses Asset Finance	SME Business Loans	SME Asset Finance
National	+4.8% YoY	-15.5% YoY	+3.6% YoY	-19.6% YoY
NSW	+7.7% YoY	-19.6% YoY	+6.4% YoY	-18.5% YoY
VIC	+0.8% YoY	-10.7% YoY	+2.4% YoY	-19.1% YoY
QLD	-2.2% YoY	-8.9% YoY	+1.9% YoY	-26.2% YoY
SA*	-3.0% YoY	-28.5% YoY	+4.5% YoY	-27.7% YoY
WA*	+23.7% YoY	-16.3% YoY	+6.5% YoY	-13.0% YoY

*Note: SA and WA enquiries numbers improved over a low baseline in August 2025

Key Production Sector Industries (August 2026 vs. August 2025 YoY)

Key Production Sector^ Industries	All Businesses Business Loans	All Businesses Asset Finance	Large Businesses Business Loans	Large Businesses Asset Finance	SME Business Loans	SME Asset Finance
Construction	+1.8% YoY	-19.3% YoY	+4.2% YoY	-17.0% YoY	-1.5% YoY	-23.5% YoY
Transport, Postal & Warehousing	+6.4% YoY	-14.2% YoY	+6.3% YoY	-17.2% YoY	+6.5% YoY	-12.1% YoY

^ Refer to ANZSIC sector definitions at end of report

Equifax Data Advantage

Expanded Line-of-Sight into key persons and connections behind the business

A greater depth and breadth of data, particularly through more predictive attributes can translate into enhanced profitability and more effective credit decisions for a given portfolio - see example here.

Business Credit Bureau Adverse Rates - Proportion of applications YoY (%)



Key Definitions

- **Trading Days Adjusted:** Normalises data to eliminate variations in working days and holidays, ensuring apples-to-apples comparisons between months without penalising shorter months.
- **Company Insolvencies:** Relate to incorporated companies that are registered through ASIC filing for a bankruptcy or insolvency.
- **Business Failures:** Relate to unincorporated businesses that are owned by individuals, a partnership, or a trust and are typically representative of sole traders and smaller businesses.

Sector Definitions: Australian and New Zealand Standard Industrial Classification (ANZSIC) included in Equifax Sector definitions are as follows.

Equifax Definition	Australian and New Zealand Standard Industrial Classifications
Lifestyle Sector	Accommodations & Food Services; Arts & Recreation Services; Retail Trade
Business Services Sector	Administrative and Support Services; Financial and Insurance Services; Other Services; Professional, Scientific and Technical Services
Production Sector	Agriculture, Forestry and Fishing; Construction; Manufacturing; Mining; Transport; Postal and Warehousing; Wholesale Trade
Essential Services Sector	Education and Training; Health Care and Social Assistance; Public Administration and Safety
Housing & Utilities Sector	Electricity, Gas, Water and Waste Services; Information Media and Telecommunications; Rental, Hiring and Real Estate Services

Further Information

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any questions.

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