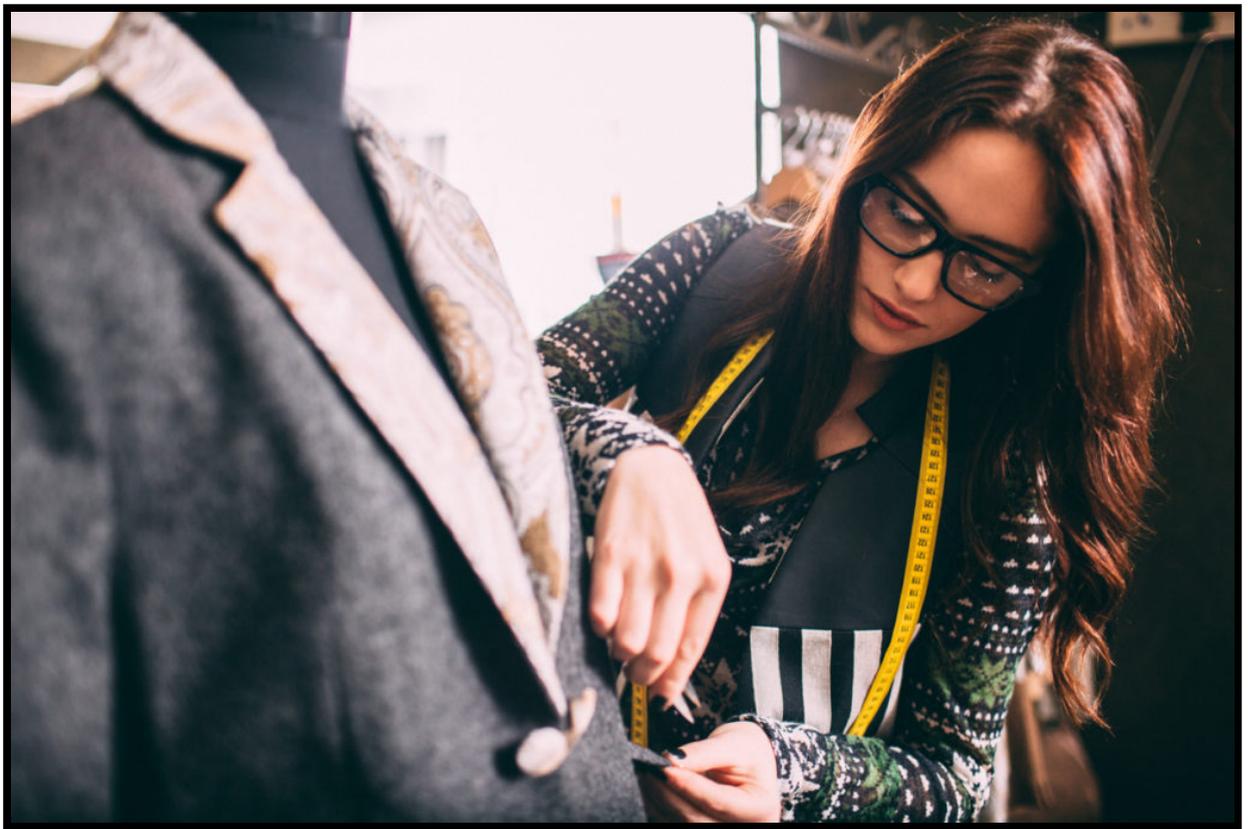




Monthly commentary Angus Capel 3

February's data shows small business conditions before COVID-19 hit



Australian small businesses were showing signs of health before the COVID-19 pandemic hit, based on the latest figures available from Xero Small Business Insights data.

While we don't yet have data to fully understand the impact of COVID-19 on small businesses, we know that in February the sector was heading into the pandemic in as good or better health than in past Februaries. This is especially encouraging given that the Australian bushfires had not yet been extinguished in February and were still damping economic activity.

Compared to the same month in 2019, late payments improved this year by more than a full day. Cash flow positivity in February was about the same as the prior year.



We'll have data for March 2020 in May and get our first look at how small businesses were affected by COVID-19. In the meantime, it's clear Australian small businesses are entering perhaps the most challenging period they've ever faced.

With so many struggling, it's more critical than ever that small businesses be paid on time and that money keeps flowing through the economy, particularly through government aid. To that end, Xero has built tools that will help small businesses prove their eligibility for federal relief programs and manage payroll subsidies going forward.

A closer look at February's insights

In February, the time it took to be paid on a 30-day invoice was 34.6 days. That's down from 35.9 days a year earlier and an improvement from 36.6 days in January 2020. While February invoices were still paid almost five days late, the trend was moving in a positive direction.

The percentage of cash flow positive businesses was 49.8% in February, which was up slightly from 49.4% a year earlier. February is typically the toughest month for cash flow in Australian businesses. Many are replenishing their inventory post-Christmas and recovering from the summer holidays.

Stay tuned for our next update, when we'll have a first look at conditions amid COVID-19. In the meantime, remain safe and be sure to check out [Xero's resources](#) for making access to government stimulus easier.