

Monthly Credit Risk Insights by Alares

Hi Colleague,

Insolvencies in May again reached a record high, driven by a sharp increase in winding up applications. The ATO and big lenders remain the key drivers as the post-pandemic catch up in insolvencies continues.

Key highlights in May

- Record high insolvencies, more than 50% above pre-pandemic levels.
- Winding up applications reached their highest monthly total in many years, led by a surge in ATO-initiated winding ups.
- Small business restructuring appointments continue to increase amid ongoing pressure from the ATO.

If you have specific concerns about risks impacting your customers or suppliers, please get in touch -

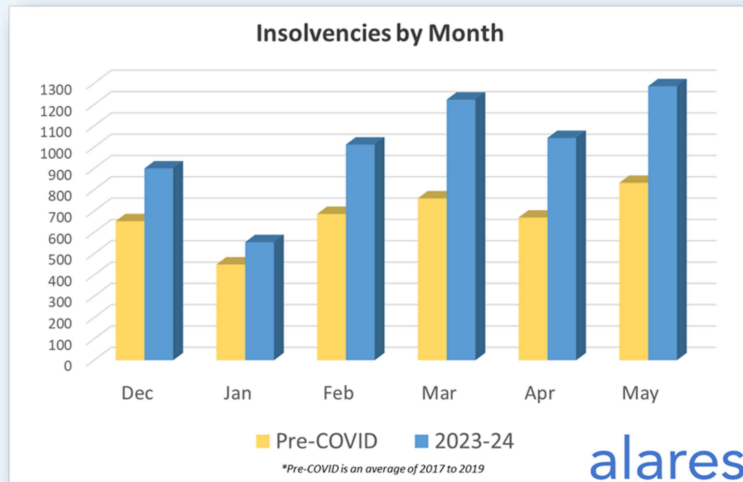
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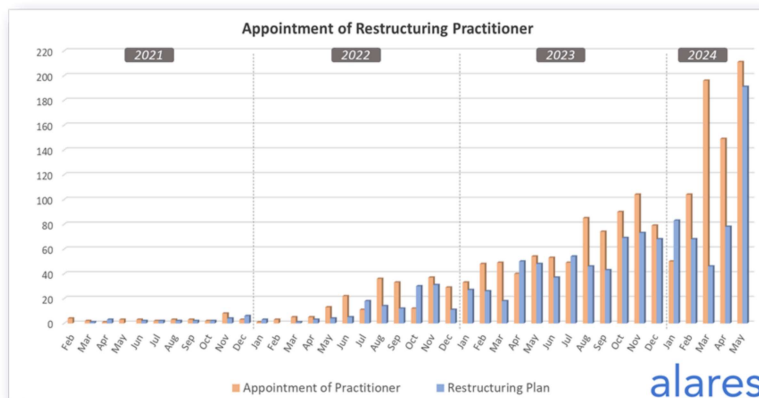
Insolvencies in May reached a record monthly high

Insolvencies remain more than 50% above pre-pandemic levels as the long anticipated catch up continues. How long will this trend last? Stay tuned to our future updates to see how 2024 unfolds.



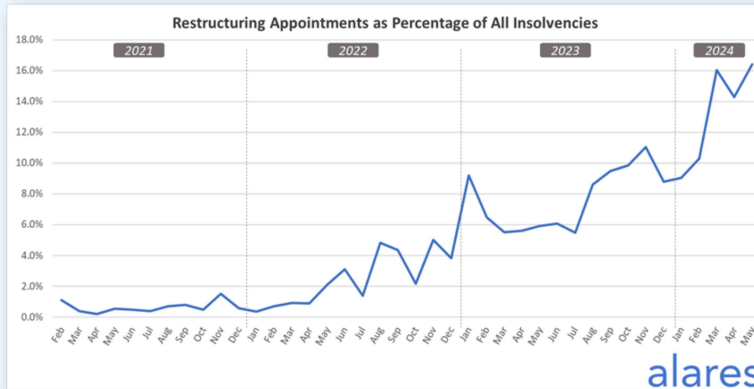
Small business restructuring appointments continue to increase, amid ongoing pressure from the ATO

SBR appointments continue to peak as the ATO works through a record backlog of outstanding tax debt.



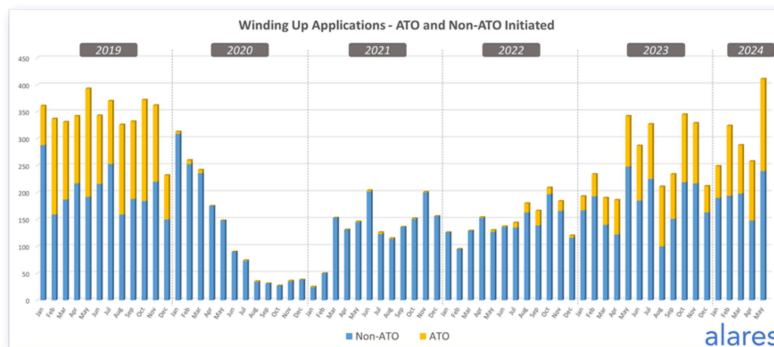
SBRs continue to account for a significant percentage of all insolvencies

SBRs in May accounted for ~16% of all insolvency appointments.



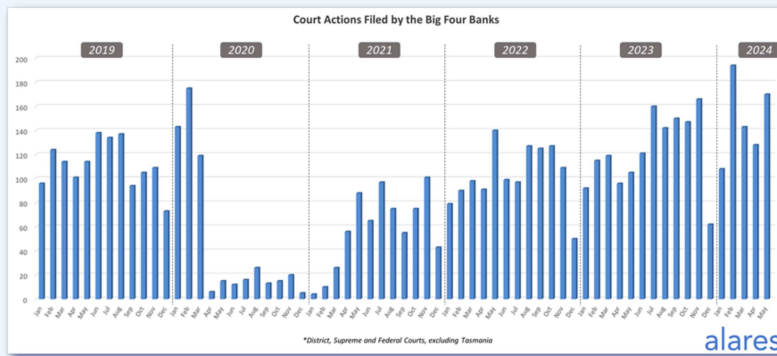
Winding up applications spiked in May, led by a surge from the ATO

ATO-initiated winding up applications reached a multi-year high, further highlighting the ATO's intent. Non-ATO initiated winding up applications also increased, showing a jump in debt recovery activity more broadly.



The big four banks continue to track well above historical levels in Court recoveries

This continues an ongoing upward trend since 2021 - how long will this continue?



Alares provides critical due diligence data that is NOT captured by other providers.

For better **insights** into risks impacting your **customers** and **suppliers**, please get in touch

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