

# Monthly credit risk insights by Alares

Hi Colleague,

Insolvencies continued to increase in June, effectively inline with pre-COVID levels. This despite the ATO still playing a soft hand in terms of winding up petitions. The big banks and other financial institutions, however, have continued to increase their Court recoveries.

What impact will rising interest rates have - will we see further increases in financial stress, in particular for highly leveraged businesses? Stay tuned for our next update.

## Key highlights:

- June insolvencies inline with pre-COVID levels.
- Continued increase in big bank and financial institution Court recoveries.
- No clear sign yet of increased ATO winding up petitions.

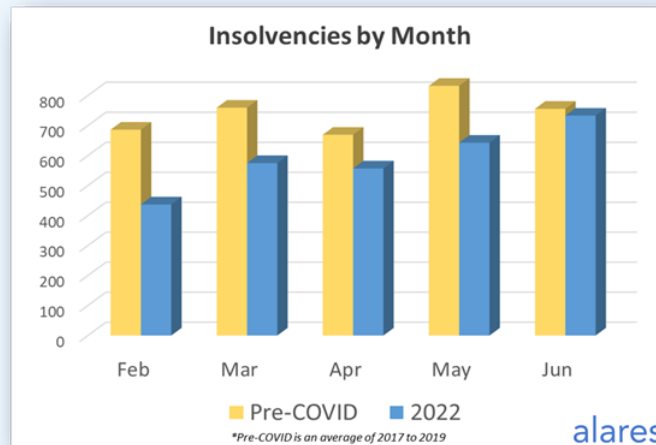
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## Continued rise in insolvencies

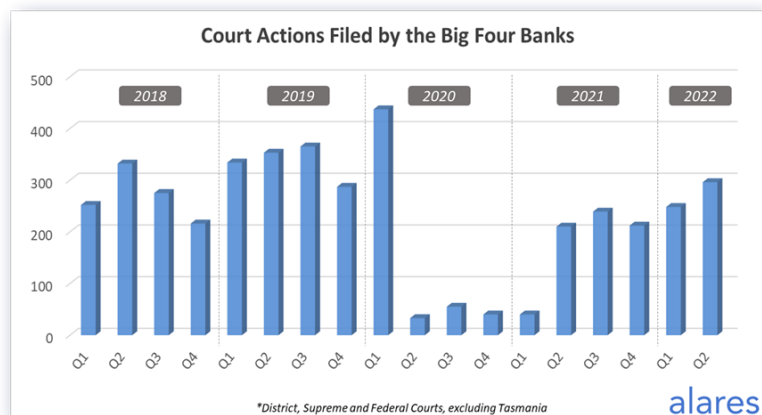
June insolvencies were the highest monthly total since the onset of COVID and effectively inline

with pre-COVID levels.



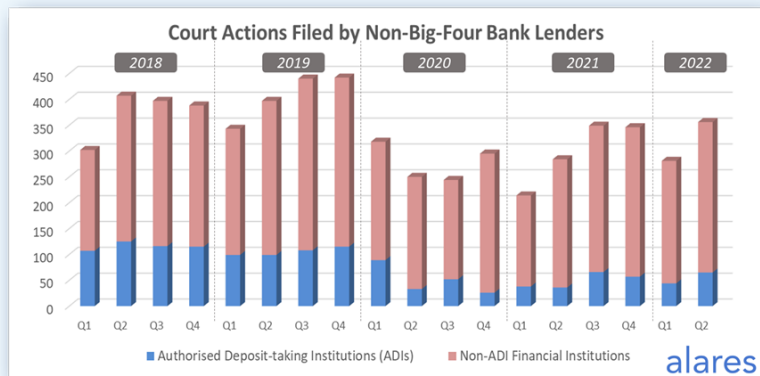
### The big four banks continue to increase their Court recoveries.

Overall numbers are still slightly below pre-COVID levels. Will we see further increases as rising interest rates start to bite?



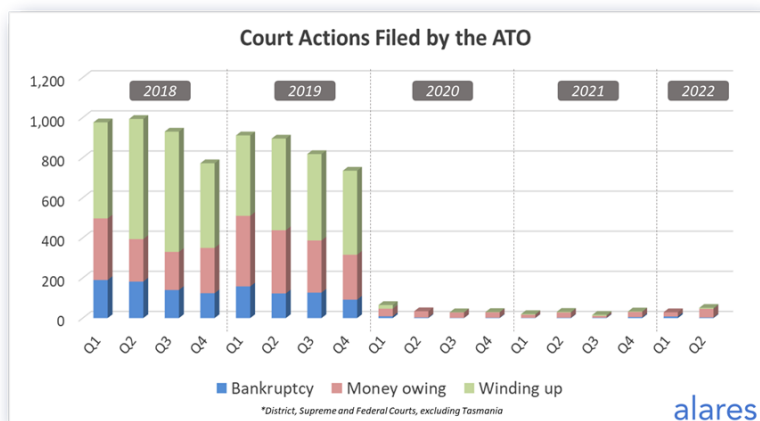
### Similarly, the non-big-four financial institutions also continue to increase their recoveries

These numbers include mid-tier banks, asset finance and specialist business and SME lenders. Again, what impact will rising interest rates have, in particular for highly indebted businesses?



## Recent reports indicate the ATO has started to engage businesses with outstanding tax debts

However, we are yet to see a meaningful increase in ATO Court recoveries or winding up petitions. Is this only a matter of time?



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