

S&P Global Australia Manufacturing PMI[®]

Manufacturing sector growth accelerates in January

January 2026

Output and new orders rise at quicker paces

Fastest rise in headcounts since March 2023

Inflation rates pick up at start of 2026

Australia's manufacturing sector continued to expand at the start of 2026, according to PMI[®] data from S&P Global. A solid rise in new orders, supported by a fresh increase in new business from abroad, contributed to quicker output growth in January. Higher production requirements and improved optimism regarding future output subsequently contributed to greater purchasing and hiring activities.

Meanwhile supply conditions further deteriorated in January and led to an intensification of cost pressures for goods producers. Output prices were further raised as a result.

The headline seasonally adjusted S&P Global Australia Manufacturing Purchasing Manager's Index[™] (PMI) posted above the 50.0 no-change mark for the third month in a row during January to signal another improvement in manufacturing sector conditions. At 52.3, up from 51.6 in December, the latest reading pointed to the fastest growth in five months.

Manufacturing production expanded at a quicker pace at the start of the year owing to rising new work inflows. Better market conditions and an improvement in foreign demand reportedly underpinned the increase in new orders. The rate at which overall new business grew was the quickest since last August, supported by the first expansion in new export orders in five months.

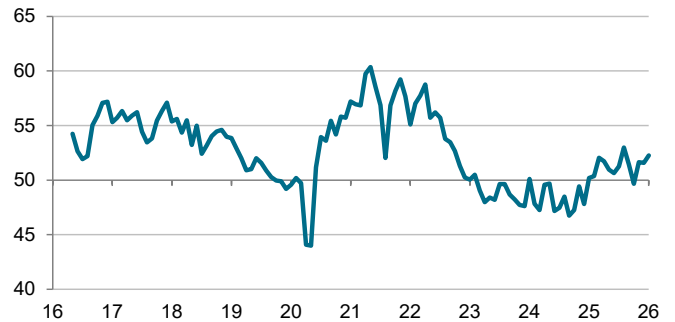
In response to rising new work inflows, Australian goods producers continued to raise their staffing levels in January. The rate of employment growth was notably the strongest in almost three years. Greater workforce capacity enabled companies to further clear their outstanding workloads.

Purchasing activity grew for a third straight month in January, in line with the trend for new orders. Australian manufacturers also reported raising their buying activity for the replenishment of input stocks, though inbound shipment delays led to another reduction in stocks of purchases.

Transportation delays, port congestion and shortages of materials were often mentioned as reasons for the

S&P Global Australia Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 12-26 January 2026.

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Comment

Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence

“The Australia Manufacturing PMI indicated that business conditions in the goods producing sector improved at a faster pace in the opening month of 2026. Manufacturing output growth accelerated to a level matching the long-run trend, while employment and purchasing activity also increased at historically marked rates.

“PMI sub-data, including the new orders and future output indices, all pointed to the likelihood of continued output growth in the coming months. This occurred at the same time as more broad-based improvement in demand, with new export orders rising for the first time since last August.

“While supply conditions deteriorated at a less pronounced pace, this contributed to another intensification of cost pressure, which in turn led to higher selling prices.”

deterioration in vendor performance in January. Although delivery times lengthened at a less pronounced pace in January, this contributed to outbound-shipment delays for stocks of finished goods, thereby leading to a renewed accumulation of post-production inventories.

Meanwhile, supply constraints and higher raw material costs resulted in the fastest increase in average input prices for nine months. Selling prices were therefore raised to reflect greater cost burdens on goods producers, though both rates of input cost and output price inflation remained below their respective series averages in January.

Overall sentiment in the Australian manufacturing sector improved at the start of 2026. Companies were their most confident in nearly four years amid hopes that economic growth and business development plans will boost sales in the year ahead.

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Methodology

The S&P Global Australia Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 2016.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

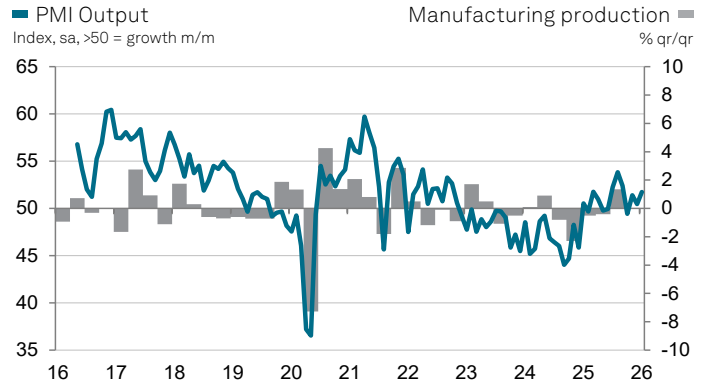
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

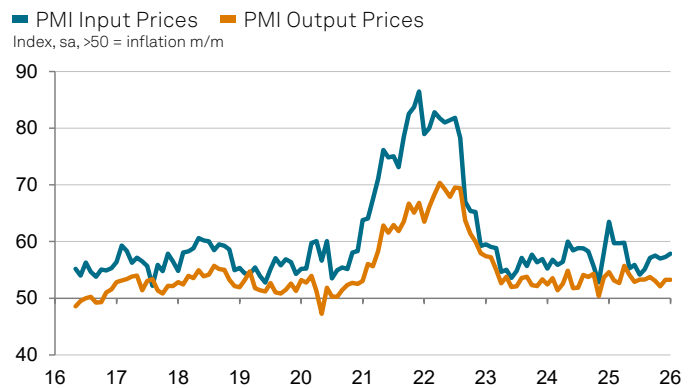
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S&P Global

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PMI by S&P Global

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