

S&P Global Flash Australia PMI[®]

Fastest rise in private sector output since April 2022

July 2025

Flash Australia Composite PMI Output Index: 53.6
(Jun: 51.6)

Flash Australia Services PMI Business Activity Index: 53.8 (Jun: 51.8)

Flash Australia Manufacturing PMI: 51.6 (Jun: 50.6)

Flash Australia Manufacturing PMI Output Index: 52.3
(Jun: 49.9)

Business activity growth in Australia accelerated at the start of the third quarter, underpinned by a renewed rise in manufacturing output and faster services activity growth. Incoming new orders notably increased at the quickest pace in over three years despite another fall in exports. To cope with rising workloads, Australian private sector firms hired additional staff in July. That said, overall optimism levels eased.

Turning to prices, rates of input cost and output price inflation both rose during the latest survey period, climbing above their respective series averages.

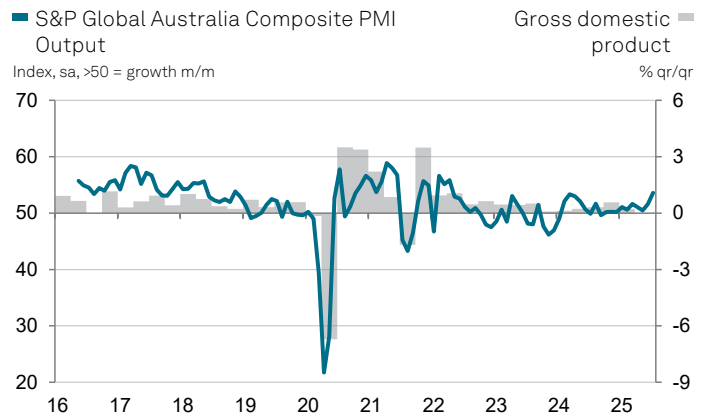
The headline seasonally adjusted S&P Global Flash Australia PMI[®] Composite Output Index posted above the 50.0 no-change mark for a tenth consecutive month to signal an expansion in business activity in July. At 53.6, up from 51.6 in June, the latest reading was the highest since April 2022 and indicated a solid rise in output.

The latest acceleration in business activity growth was supported by the first rise in manufacturing production in three months and the fastest expansion in services activity for 16 months.

The trend was similar for new orders, whereby a renewed increase in goods new orders was accompanied by greater services new business inflows. According to panellists, the expansion of customer bases and successful business development efforts supported the sharpest rise in overall new orders in 39 months.

Export orders remained in contraction, however. The overall reduction was limited to the manufacturing sector, as services companies saw new export business stabilise after four consecutive months of decline. Overall, the latest fall in new export orders was less pronounced than in June and modest overall.

On the back of higher new business and activity, Australian businesses hired additional staff to support ongoing operations. This contributed to a third successive monthly



Data were collected 10-22 July 2025.

Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence.
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Comment

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

“July’s S&P Global Flash Australia PMI data reflected that business activity growth hastened at the start of the third quarter of 2025. Moreover, the improvement was broad-based with faster service sector growth joined by a renewed expansion in manufacturing production. The trend was similar for new orders, with manufacturing new orders notably rising at among the fastest pace in over two-and-a-half years.

“That said, business confidence waned among Australian businesses, with optimism levels slipping to an eight-month low. Slowing manufacturing jobs growth and further reductions in purchasing activity also suggested that goods producers remain broadly cautious even with the uplift in new work.

“Price pressures meanwhile intensified for businesses over the latest survey period, hinting at higher inflation in Australia in the coming months, thereby adding to the uncertainty for the interest rate outlook.”

depletion of backlogged orders in July.

On prices, average input costs climbed at the fastest pace in three months as higher service sector cost inflation more than offset an easing of manufacturing input price inflation. Manufacturing data further revealed that purchasing activity continued to decline in July, leading to a third successive monthly reduction in stocks of purchases. Lead times also lengthened at a less pronounced pace in July to reflect an easing of supply constraints.

The intensification of cost inflation nevertheless led to charges being raised at a rate that was more pronounced than in June and above average, as Australian businesses continued to share their rising cost burdens with clients.

Finally, sentiment in the Australian private sector remained positive at the start of the third quarter of 2025 with firms holding hopes for better economic conditions and business expansion plans to drive sales. The level of confidence waned to the lowest level since last November, however, with some firms citing greater uncertainty.

Methodology

Final July data are published on 1 August for manufacturing and 5 August for services and composite indicators.

The S&P Global Flash Australia PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services 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.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing 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.

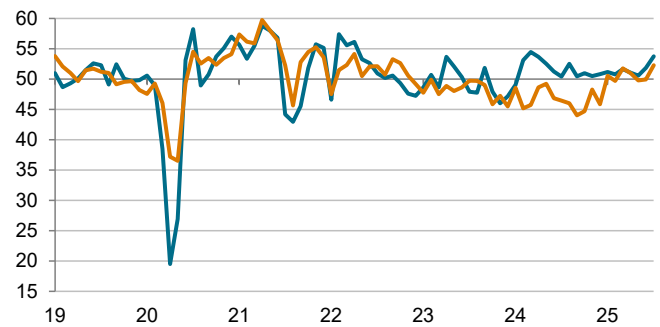
The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

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■ Services PMI Business Activity Index, sa, >50 = growth m/m ■ Manufacturing PMI Output



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Contact

Jingyi Pan
Economics Associate Director
S&P Global Market Intelligence
T: +65 6439 6022
jingyi.pan@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

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Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.1 (absolute difference 0.5)

Services Business Activity Index = 0.1 (absolute difference 0.6)

Manufacturing PMI = 0.1 (absolute difference 0.4)

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global.

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

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