

S&P Global Flash Australia PMI[®]

Business activity nears stabilisation in June, but new orders continue to fall

June 2026

Flash Australia Composite PMI Output Index: 49.8
(May: 48.7)

Flash Australia Services PMI Business Activity Index: 49.9 (May: 48.7)

Flash Australia Manufacturing PMI: 51.2 (May: 50.7)

Flash Australia Manufacturing PMI Output Index: 48.9
(May: 49.0)

Flash PMI[®] data from S&P Global signalled a near-stabilisation of business activity in Australia during June, following a slight reduction in the previous month. New orders continued to fall, however, amid market uncertainty. Meanwhile, business confidence dropped to the lowest since the COVID-19 pandemic. Inflationary pressures remained relatively elevated, but showed further signs of easing from the recent peak seen in April.

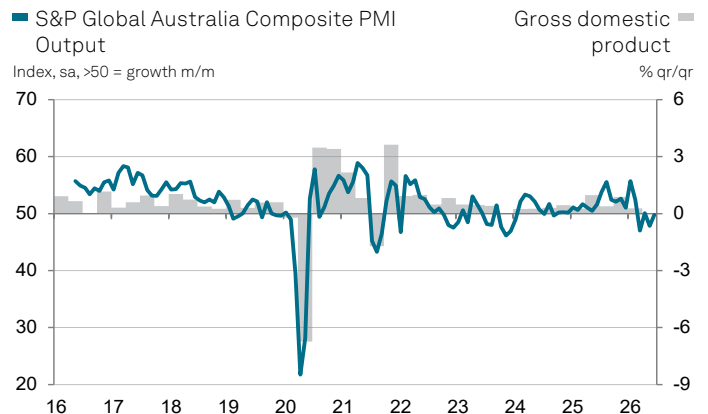
The headline seasonally adjusted S&P Global Flash Australia PMI[®] Composite Output Index posted 49.8 in June, up from 48.7 in May and only fractionally below the 50.0 no-change mark. The latest reading signalled broadly stable volumes of business activity at the end of the first half of the year.

The near-stabilisation of output reflected broadly unchanged services activity. Manufacturing production continued to fall slightly, with the rate of decline little-changed from that seen in May.

While output neared stabilisation during June, the picture for new orders was less positive as new business decreased solidly again over the month. New orders have fallen continuously since March. A number of respondents linked the latest fall in new business to market uncertainty. New export orders also decreased again at the end of the second quarter.

Uncertain business conditions and worries about the future path of the economy negatively impacted confidence in June. Sentiment was the lowest since March 2020, and excluding that COVID-19 pandemic affected month, the weakest since the series began just over a decade ago. Confidence dropped in the service sector, but improved in manufacturing. Those companies that were optimistic in the year-ahead outlook for activity linked this to business expansion plans and hopes for an improvement in new orders.

Efforts to expand capacity and prepare for future projects supported a renewed increase in employment during June, following a first decline in almost a year-and-a-half in



Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence said:

"The S&P Global Flash Australia PMI data for June paint a mixed picture of fortunes among the country's businesses at a time of international turbulence and uncertainty.

"On the positive side, business activity neared stabilisation, particularly in the service sector where renewed job creation helped to improve operating capacity.

"Inflationary pressures meanwhile showed some signs of softening, despite remaining pronounced, a trend that should hopefully continue following the drop in oil prices as a result of the signing of the memorandum of understanding for a cessation of hostilities between the US and Iran. Any improvement in shipping flows through the Strait of Hormuz would also help to alleviate the severe supply-chain disruption still impacting manufacturers.

"On a less positive note, there remains a great deal of market uncertainty, causing new orders to fall again and business confidence to drop to among the lowest on record.

"The private sector is therefore at something of a crossroads, with the news and data flow in the coming weeks key to helping assess the future path."

May. Modest rises in staffing levels were seen in both the manufacturing and service sectors.

Higher workforce numbers at a time of falling new orders meant that companies were able to deplete backlogs of work again. Moreover, the rate of reduction was marked and the fastest in just over two-and-a-half years.

Input costs continued to increase sharply in June, but the rate of inflation eased for the second consecutive month and was the lowest since March. Higher fuel and transportation costs were widely mentioned. Manufacturers reported that some suppliers had consolidated deliveries in order to reduce shipping costs, contributing to a further substantial lengthening of suppliers' delivery times.

With input cost inflation softening, companies also raised their selling prices at a slower pace in June. In fact, the rate of output price inflation was much weaker than that seen in May, and the slowest since February. Slower rises in charges were seen across both monitored sectors.

Methodology

Final June data are published on 1 July for manufacturing and 3 July 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).

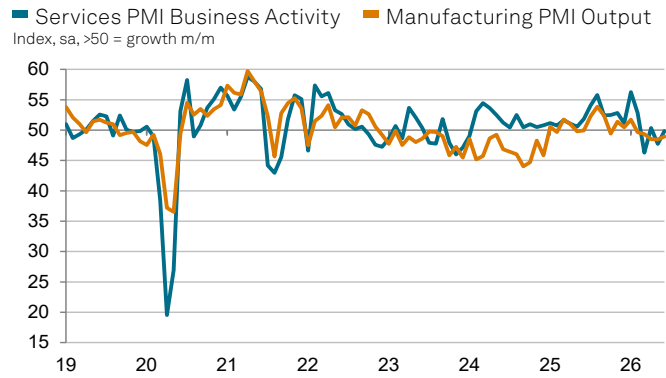
The headline manufacturing figure is the Manufacturing Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' 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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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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