

# S&P Global Flash Australia PMI®

## New orders expand at quickest pace since May 2022

### Key findings, February:

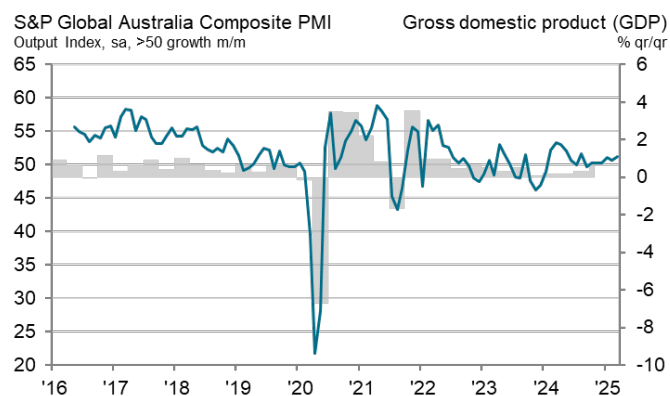
Flash Australia PMI Composite Output Index<sup>(1)</sup>: 51.3 (Feb: 50.6). 7-month high.

Flash Australia Services PMI Business Activity Index<sup>(2)</sup>: 51.2 (Feb: 50.8). 2-month high.

Flash Australia Manufacturing Output Index<sup>(3)</sup>: 51.9 (Feb: 49.7). 29-month high.

Flash Australia Manufacturing PMI<sup>(4)</sup>: 52.6 (Feb: 50.4). 29-month high.

Data were collected 12-20 March 2025.



Business activity growth in Australia accelerated at the end of the first quarter of 2025, buoyed by improvements in both the manufacturing and service sectors. The expansion in output was driven by higher new business growth, though export orders declined. Unfinished work meanwhile accumulated for the first time since mid-2022, even as staffing levels rose at the fastest pace in nearly three years.

Turning to prices, cost pressures intensified for Australian businesses in March, but firms opted to partially absorb costs as optimism about activity in the next 12 months eased.

At 51.3 in March, up from 50.6 in February, the headline seasonally adjusted **S&P Global Flash Australia PMI Composite Output Index** signalled that private sector output rose for a sixth successive month. Moreover, the latest expansion was the fastest since last August.

The acceleration in **business activity** growth was

underpinned by both a renewed rise in manufacturing output and faster services activity growth in March. The pace of manufacturing production expansion was the fastest in nearly two-and-a-half years.

Faster **new business** growth supported the latest rise in business activity. The rate of expansion quickened across both manufacturing and services, to 28 and five-month highs respectively. According to panellists, improvements in economic conditions and successful business development efforts spurred higher demand for Australian goods and services in March.

The rise in new sales was limited to the domestic market, however, as **new export business** fell for the sixth time in seven months, albeit only marginally. Lower exports were seen across both sectors, with anecdotal evidence pointing to high costs, subdued external conditions and weather disruptions as factors.

**Staffing levels** across Australia's private sector meanwhile increased for a third straight month amidst the solid rise in new work. The rate of job creation was especially strong among service providers, unfolding at the fastest rate since June 2022, though manufacturing employment growth also renewed at the quickest rate in two years. Despite higher workforce capacity, the **level of backlogged work** increased for the first time in 33 months, though only fractionally.

Improvements in demand conditions led **input costs** to increase at the end of the first quarter of the year. The rate of overall input cost inflation rose past the series average to the highest in seven months amidst an intensification of cost pressures in both the manufacturing and service sectors. Panellists often mentioned higher raw material, transport and wage costs, aggravated by a weaker domestic currency.

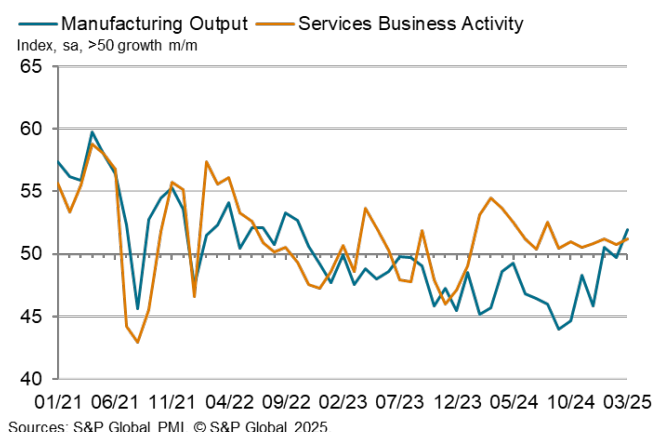
Despite higher cost pressures, the rate of **output price inflation** eased to a four-month low in March. According to survey respondents, firms were reluctant to pass on cost increases in full so as to stay competitive. Concerns over heightened competition were also reflected in the **Future Output Index**. Business optimism among Australian private sector firms fell to the lowest since last September as confidence levels slipped among both goods producers and service providers. Besides rising competition, common concerns raised included uncertainty over the outlook for sales amidst global trade uncertainties.

## News release

Commenting on the flash PMI data, **Jingyi Pan**, Economics Associate Director at S&P Global Market Intelligence said:

*“March’s S&P Global Flash Australia PMI data outlined improvements in Australia’s private sector growth at the end of the first quarter of 2025. While modest, the rate of output growth accelerated to the fastest in seven months and was notably supported by broad-based expansions across both the manufacturing and service sectors. Although export orders declined amidst weather disruptions and subdued external conditions, the improvements in domestic demand more than made up for it, contributing to the most pronounced increase in new orders in almost three years.”*

*“That said, the data also suggested that Australian businesses were less confident about business activity growth in the next 12 months, with the latest rise in new orders also partially supported by firms suppressing price increases. Comments from businesses further indicated that tariff uncertainty may continue to cast a shadow on output growth in the year ahead despite the latest acceleration in growth.”*



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## Notes to editors

Final March data are published on 1 April for manufacturing and 3 April 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

## News release

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.

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 0.6)

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. Please contact [economics@spglobal.com](mailto:economics@spglobal.com).

### Notes

1. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"
4. The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.

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