

S&P Global Australia Manufacturing PMI[®]

Inflationary pressures surge higher in April

April 2026

Input costs increase at fastest pace in over four years

Supply-chain disruption intensifies

Sustained reductions in output and new orders

Australian manufacturers reported severe price and supply disruption due to the war in the Middle East during April.

Higher fuel prices resulted in the rate of input cost inflation quickening to the fastest in over four years, while disruption to international freight caused suppliers' delivery times to lengthen to the largest degree since July 2022.

There was also some evidence of safety stock building leading to increases in purchasing activity and stocks of inputs, despite sustained reductions in workloads.

The headline seasonally adjusted S&P Global Australia Manufacturing Purchasing Managers' Index™ (PMI[®]) moved back above the 50.0 no-change mark in April, posting 51.3 from a reading of 49.8 in March.

That said, the above-50.0 reading for the headline PMI was largely reflective of a substantial lengthening of suppliers' delivery times, the index for which is inverted in the PMI calculation to reflect the fact that longer lead times are typically associated with pressure on capacity due to improving demand.

A rise in stocks of purchases also contributed to the positive PMI figure, but the other constituents of the headline index (New Orders, Output and Employment) were in negative territory.

The supply-chain disruption seen in April was largely a reflection of the war in the Middle East and associated delays in international freight. Difficulties sourcing fuel were mentioned in particular.

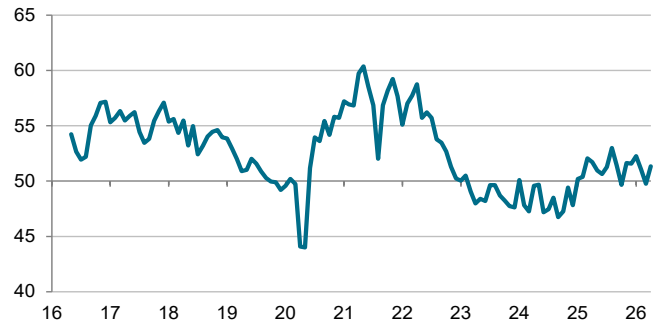
Meanwhile, higher fuel costs were the principal factor leading to a rapid rise in input prices during April. The rate of inflation surged higher and was the fastest since March 2022. Almost 69% of respondents signalled a rise in input costs during the month.

Output price inflation also surged higher and was among the fastest in the decade long survey history.

The aforementioned price and supply issues, as well as market uncertainty due to the war, resulted in a further fall in manufacturing production, the third in as many months. The latest reduction was modest, but the fastest in 16 months.

S&P Global Australia Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 9-24 April 2026.

Source: S&P Global PMI. ©2026 S&P Global.

Comment

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

“After March PMI data had highlighted the initial impacts of the war in the Middle East on the Australian manufacturing sector, the April figures highlight an intensification in those effects. The price and availability of fuel is of particular concern, with disruption to supplies feeding through to much more pronounced input cost increases and supply-chain delays compared to March.

“Sharply rising prices and supply disruption also impacted new orders and production, while a number of firms made efforts to build safety stocks by securing materials whenever possible ahead of further cost rises. This led to a first increase in stocks of inputs in seven months.

“Firms will be hoping for a swift end to the conflict to alleviate current pressures, but while the war continues operating conditions are likely to become more and more challenging.”

New orders also continued to fall, in part due to a renewed reduction in new business from abroad, which decreased for the first time in four months.

Despite lower output requirements, manufacturers increased both their purchasing activity and stocks of inputs during April, the latter for the first time in seven months. Anecdotal evidence suggested that these rises were at least in part due to efforts to build safety stocks to guard against future price rises and supply-chain delays.

Employment was scaled back for the second month running, however, amid lower new orders. Firms mentioned the non-replacement of leavers and reduced working hours. Meanwhile, both backlogs of work and stocks of finished goods continued to fall.

Finally, business confidence continued to wane, dropping for the third consecutive month to the lowest since July 2024. The war in the Middle East and associated inflation, plus cost-of-living pressures, were reportedly concerns for manufacturers.

That said, hopes of an improvement in demand and general business conditions once the conflict comes to an end supported overall optimism in the year-ahead outlook for production.

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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.

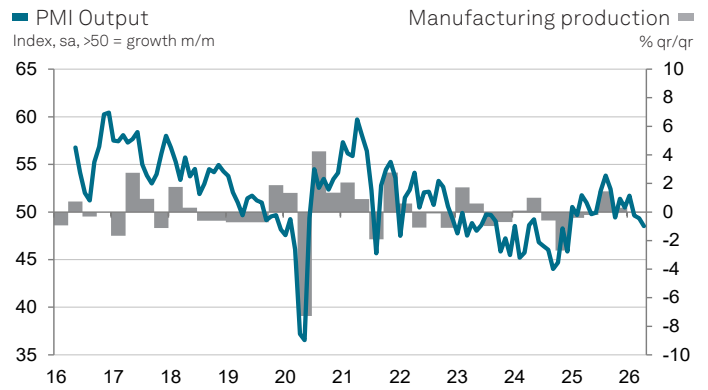
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

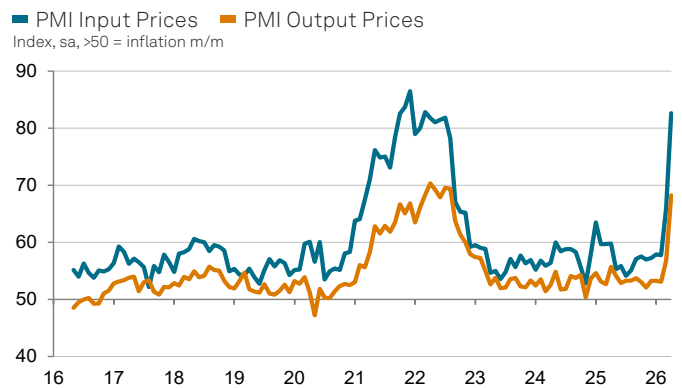
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PMI by S&P Global

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