

S&P Global Australia Manufacturing PMI[®]

Manufacturing sector growth slows amid renewed fall in new orders

September 2025

Production growth moderates in September

Staffing levels rise at fastest pace in four months

Price pressures intensify

Australia's manufacturing sector expanded again at the end of the third quarter, according to PMI[®] data. That said, production growth slowed amid a fresh decline in new orders (including exports). Optimism among goods producers also eased. Nevertheless, companies hired additional staff to cope with ongoing workloads and to clear their backlogged orders. Purchasing activity and inventory levels also continued to expand.

On the price front, both rates of input cost and output price inflation rose in September.

The headline seasonally adjusted S&P Global Australia Manufacturing Purchasing Manager's Index[™] (PMI) fell from 53.0 in August to 51.4 in September. Posting above the 50.0 no-change mark for a ninth consecutive month, the latest reading signalled that manufacturing sector conditions continued to improve, albeit at a slower and only modest pace.

Incoming new orders fell slightly for the first time since June. This was attributed to subdued market conditions, according to panellists. Foreign demand similarly deteriorated, with panellists often reporting that US tariffs not only dampened new orders from US clients but also from other major trading partners. This came after new export orders rose for the first time in three months in August.

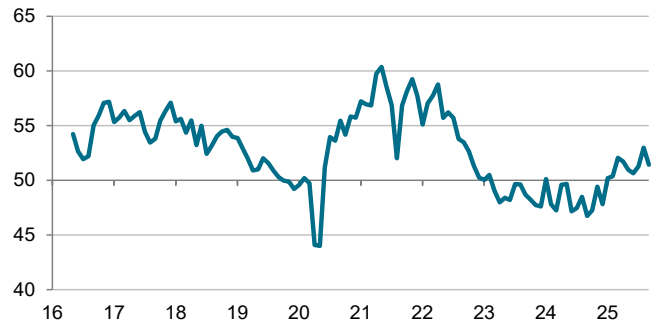
As a result of falling demand, manufacturing production growth slowed in September. Australian goods producers reported working on existing orders, clearing their outstanding work at a quicker pace compared to August. This was also with the support of greater workforce capacity, as headcounts expanded for the seventh month in a row.

Purchasing activity growth similarly softened in line with the trend for production. This contributed to a slower increase in stocks of purchases in September. Likewise for stocks of finished goods, weaker production growth in September meant that post-production inventories accumulated at a more modest pace compared to August.

Supply conditions continued to worsen in September.

S&P Global Australia Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 11-24 September 2025.

Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

“September’s Australia Manufacturing PMI data revealed that manufacturing production continued to expand at the end of the third quarter, though the pace of growth softened in the latest survey period. Qualitative data showed that weaker market conditions and US tariffs negatively affected demand for goods in September. Furthermore, the drop in the Future Output Index indicated that growth in the manufacturing sector is likely to further moderate in the coming months.

“In addition to demand softening, Australian goods producers were hit with rising cost pressures in September. Although still below the long-run average, cost inflation was sharp and greater than the pace at which selling prices were lifted. Altogether, this pointed to additional pressure on margins for manufacturers.”

Anecdotal evidence suggested that lead times lengthened on the back of supply shortages, shipment delays and bad weather. Despite easing since August, the pace at which vendor performance deteriorated remained sharp.

Supply constraints contributed to higher transport costs in September, which alongside increased raw material and fuel prices pushed input price inflation up to a five-month high. Australian manufacturers opted to share their cost burdens with clients, pushing up selling prices to a stronger degree. The rates of inflation remained below their respective series averages, however.

Finally, sentiment in the goods producing sector remained positive in September amid hopes that business expansion plans and the launch of new products will help to spur sales and output growth in the next 12 months. That said, the level of business confidence fell to a three-month low with rising concerns over the negative impact on economic activity of trade tariffs.

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

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click [here](#).

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.

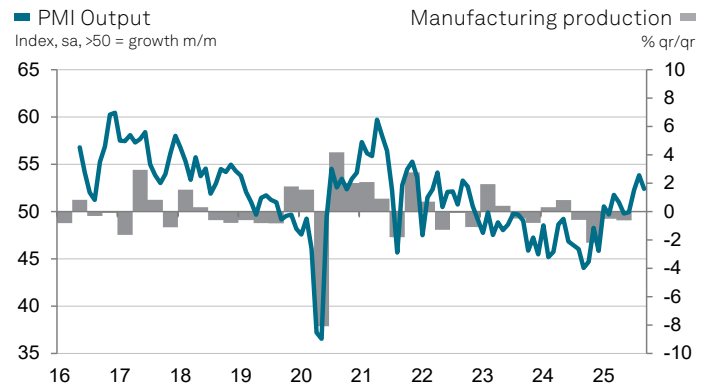
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

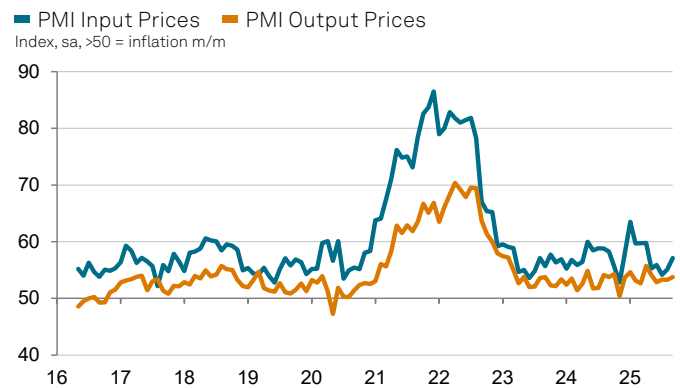
Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.



Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence. ©2025 S&P Global.



Source: S&P Global PMI. ©2025 S&P Global.

S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi