

S&P Global Australia Services PMI[®]

New orders decrease again amid stronger inflationary pressures

April 2026

New orders fall for second month running

Rising fuel costs push input price inflation to highest since August 2022

Business activity returns to growth amid sustained job creation

Australian service providers signalled a further reduction in new orders during April as inflationary pressures intensified as a result of the war in the Middle East.

Sustained job creation helped companies to expand their business activity, however, which returned to growth following a fall in March. Meanwhile, business confidence was unchanged from the previous month, remaining relatively muted by historical standards.

The seasonally adjusted S&P Global Australia Services PMI[®] Business Activity Index rose to 50.7 in April from 46.3 in March. Activity has now increased in 26 of the past 27 months, but the expansion at the start of the second quarter was only slight.

Anecdotal evidence suggested that rising staffing levels had helped firms to expand their business activity at a time when new orders continued to fall amid higher fuel costs due to the war in the Middle East.

Growth of business activity was limited to just two of the five monitored sectors, namely information & communication and consumer services. Meanwhile, output fell in transport & storage, finance & insurance and real estate & business services.

While business activity returned to growth in April, new orders continued to fall. The second successive monthly reduction in new business was slight, but marginally quicker than that seen in March.

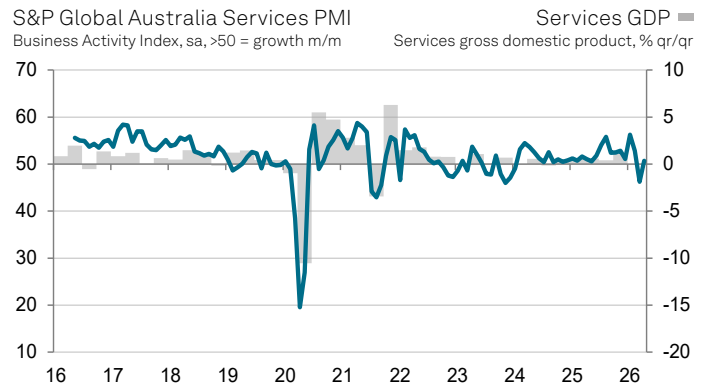
The war in the Middle East was a key factor behind the latest fall in new business, according to respondents, most notably through the impact on fuel costs.

That said, new business from abroad ticked higher, with growth in April following a solid reduction in March.

Higher fuel prices acted to push up overall input costs in April. Moreover, the rate of inflation accelerated sharply from that seen in March and was the fastest since August 2022. More than 43% of respondents signalled a rise in input prices during the month.

Reflecting their greater exposure to fuel price fluctuations, firms in the transport & storage category recorded the steepest rise in input costs of the five sectors covered. This was also the case with regards to selling prices.

Output prices across the Australian service sector increased



Data were collected 9-27 April 2026.

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

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

“On the face of it there were some positive signs from the latest S&P Global Australia Services PMI data as business activity returned to growth amid sustained improvements in employment.

“The key question, however, is how sustainable these expansions will turn out to be given falling new orders and intensifying inflationary pressures.

“Given that a large element of the inflationary pressures firms are reporting is linked to higher fuel costs, much will inevitably depend on how the war in the Middle East and disruption around the Strait of Hormuz evolves in the months ahead.”

rapidly as higher fuel costs were passed through to customers. Here, the rate of inflation was the fastest since January 2023.

The aforementioned increase in staffing levels in April was the sixteenth in as many months. Moreover, the rate of job creation was solid and quicker than in March. Companies reportedly raised employment amid business expansion plans and ahead of expected improvements in workloads in the months ahead.

Business expansion plans meanwhile contributed to optimism in the 12-month outlook for activity, with firms also hoping that a quick end to the war in the Middle East would help lead to a recovery of new orders. Sentiment was unchanged from that seen in March, remaining relatively muted compared to the long-run average.

Rising employment at a time of falling new orders meant that companies were able to work through outstanding business again in April. Backlogs of work decreased for the second month running, and at a solid pace that was the sharpest since November 2024.

S&P Global Australia Composite PMI®

The Composite Output Index moved back above the 50.0 no-change mark in April, posting 50.4 from 46.6 in March. The index signalled a slight rise in business activity following a first reduction for a year-and-a-half in the previous month.

The increase in output reflected growth in services business activity, while manufacturing production continued to fall.

Although output increased in April, new orders fell further amid steep inflation. Input costs and output prices rose at the fastest rates since July 2022 and August 2022 respectively.

Staffing levels rose solidly, and to a greater extent than in March.

Business sentiment eased again, however, and was the lowest in 22 months.

Methodology

The S&P Global Australia Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. 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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services 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 figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

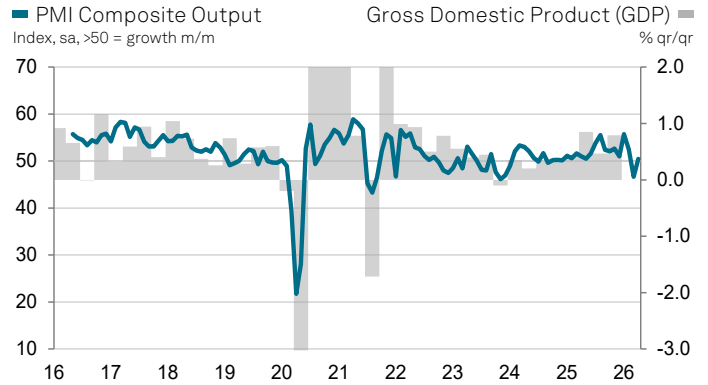
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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