

# News Release

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## Judo Bank Australia Services PMI®

### Services activity growth maintained in June but at slower pace

#### Key findings

**New business growth also eases markedly**

**Staffing levels rise at slowest pace in nearly a year**

**Input price inflation falls to 33-month low**

Australia's service sector growth was sustained in June according to the latest PMI® data. New business and activity both continued to rise, albeit at slower rates. In turn, employment numbers rose to a weaker degree. Rates of input cost and output price inflation meanwhile both declined in the latest survey period. That said, concerns over elevated prices prevailed, leading to lower optimism levels in June.

The seasonally adjusted Judo Bank Australia Services PMI Business Activity Index fell to 51.2 in June, down from 52.5 in May. The latest reading signalled a fifth successive monthly expansion in services activity, though at the slowest pace in the current sequence.

New business also extended its run of growth to five months, but at a marginal pace that was the slowest in this period. According to survey respondents, softer market conditions partially offset improvements in client interest. Additionally, it was mainly domestic demand supporting sales, with new export business falling for the first time since March.

Sub-sector data revealed that the transport & storage sector saw the fastest expansion in new business and activity.

Employment levels continued to rise across the Australian service sector in June, but at the softest pace in nearly a year amid slower new business inflows. The level of unfinished business also continued to fall, and at the fastest pace in the year-to-date as capacity pressures eased.

Turning to prices, average input costs continued to climb in June with panellists citing higher input material, transport and wage costs as contributors. That said, the rate of inflation eased to a 33-month low and was just below the series average. Australian service providers nevertheless continued to raise selling prices. The rate of output price inflation was marked, and little changed since May.

Finally, sentiment in the Australian service sector remained positive in June as firms were hopeful that sales can

#### Comment

Matthew De Pasquale, Economist at Judo Bank said:

"The final composite PMI results for June confirm that the Australian business sector continued to see output expand into the end of the financial year, with the services sector driving this growth. Despite the improvement in margin pressure and the resilience of business activity, business confidence remains soft and fell a little further in the month.

"Key activity indexes for the services sector softened in June but remained above the neutral level of 50. For the past five months, services sector businesses have seen, on average, a monthly expansion in activity levels and improved trading conditions. Despite the dip in June, we anticipate that activity will continue to expand over the coming months as government cost of living support and tax cuts flow through to households and business activity.

"Employment growth in the services sector slowed in June, but the index remained above the neutral level. Official data sources reflect ongoing tightness in the labour market in both business- and consumer-facing industries. With elevated demand for labour and incoming cost-of-living support, we expect employment levels will continue expanding through the second half of 2025.

"Services sector businesses saw margin pressure improve through June, which was in contrast to what Australian manufacturers experienced over the month.

"The input price index fell below 60 for the first time since 2021. This drop may, however, be short-lived and reflect end-of-financial-year deals. Also, with the start of a new tax year, we have historically seen the input price index tick up as businesses take July as an opportunity to increase prices. It is also a common time for wage increases to come into effect, such as the Fair Work Commission wage decisions, which affect about 20% of Australia's workforce.

"Given this volatility, whether the shift down reflects an incoming cycle of weakening inflationary pressures will become more apparent over the coming months.

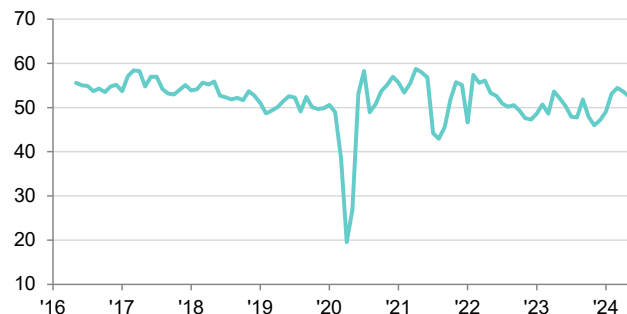
"While firms benefitted from a fall in input price pressures through June, this easing of cost pressures did not result in fewer services sector firms raising prices relative to the prior month. The output price index for the services sector remained slightly below 55 in June and has made little progress in heading towards pre-pandemic levels since October last year. This suggests that domestic service sector inflation is not easing all that much, consistent with recent CPI outcomes.

"Despite the anticipated cost-of-living stimulus in 2024-25, business confidence appears to have softened through June. The services sector future activity index, a proxy for business confidence, dipped over the month in response to a softening of business activity growth and business work pipelines."

improve in the year ahead. The level of optimism eased to the lowest in seven months, however, amid concerns over the broader economic outlook and still-elevated prices.

**Judo Bank Australia Services PMI Business Activity Index**

sa, >50 = growth since previous month

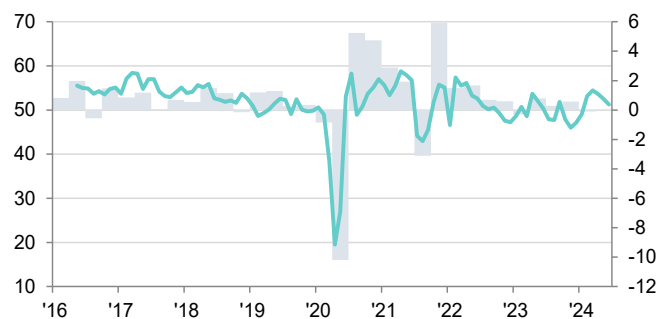


Sources: Judo Bank, S&P Global PMI.  
Data were collected 07-25 June 2024.

**Australia Services PMI Business Activity Index** ■ Services GDP

sa, >50 = growth since previous month

%qr/qr



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

# Judo Bank Australia Composite PMI®

## Business activity growth eases in June

The Composite Output Index posted 50.7 in June, down from 52.1 in May. The latest reading indicated that Australia's private sector output growth was maintained for a fifth straight month but at the slowest pace in the current sequence. Business activity growth was also centred on the service sector.

In contrast, new orders fell marginally in June as an uptick in services new business was unable to offset a sharper downturn for goods. Export orders also declined in June.

Overall employment growth meanwhile slowed with renewed job shedding in the manufacturing sector.

Price pressures also eased with average input prices rising at the softest pace since January 2021, which led to lower selling price inflation.

Finally, firms remained optimistic overall in June, but were the least upbeat since November 2023 amid reduced confidence in both manufacturing and service sectors.

**Judo Bank Australia Composite PMI Output Index**

sa, >50 = growth since previous month

■ GDP

%qr/qr



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

\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

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### Survey methodology

The Judo Bank 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](mailto:economics@spglobal.com).

### Flash vs. final data

Since May 2016 the average difference between final and flash Services PMI values is 0.0 (0.6 in absolute terms).

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### About PMI

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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)