News Release
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S&P Global Australia Manufacturing PMI®

Manufacturing conditions improve at fastest pace since late 2022

Highest new order growth since November 2022...

...drives the strongest rise in output for nearly two-and-a-half years

Return to solid employment growth

Australia's manufacturing sector performance improved at an accelerated pace in March. Rising new orders supported a renewal of production growth. Job creation also re-commenced, supporting the clearance of backlogged orders. Meanwhile purchasing levels were raised for the first time since September 2022, contributing to a solid rise in stocks of purchases.

On the prices front, average input prices continued to rise at a steep rate in March, but output charge inflation eased despite reduced optimism regarding future output.

The headline seasonally adjusted S&P Global Australia Manufacturing Purchasing Manager's Index™ (PMI®) posted 52.1 in March, up from 50.4 in February. Posting above the 50.0 neutral mark for the third successive month, the latest data signalled that manufacturing sector conditions continued to improve in March. Moreover, the latest headline index was the highest seen since October 2022.

Contributing to the increase in the headline index was manufacturing production, which also expanded at the most pronounced pace since October 2022. The latest acceleration in output growth was driven by rising new business inflows and increased capacity. Australian manufacturers reported receiving new orders at the fastest rate in 28 months. Better domestic economic conditions, marketing promotions and client restocking underpinned the growth in new work, according to panellists. However, firms reported a renewed fall in export orders, reflective of subdued external conditions.

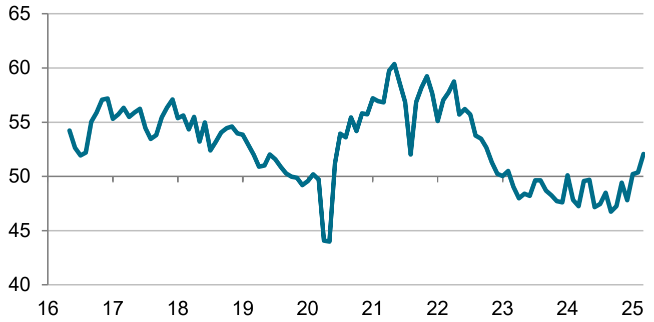
Consequent of the rise in overall new business, Australian manufacturers hired additional staff. The rate of job creation was the strongest in two years with firms also reporting the backfilling of roles from earlier periods of job shedding. Higher workforce capacity supported another round of backlog clearance in March. The pace of backlog depletion was the weakest for 26 months.

A greater volume of post-production inventory was seen for the first time since last May, reflecting an excess of output over new order inflows. The accumulation of finished goods was also partially attributed to shipment delays. Indeed, more broadly, vendor delivery times lengthened at a more pronounced pace in March as disruptions from Cyclone Alfred added to supply and shipment constraints.

Following nearly two-and-a-half years of contraction, purchasing activity among Australian manufacturers returned to expansion. The rise in input acquisition also led to a rise in stocks of

S&P Global Australia Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 12-25 March 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"March's manufacturing PMI data brought positive news with indications of the strongest improvement in manufacturing sector conditions in nearly two-and-a-half years. The latest expansions of goods new orders and output represented a nascent recovery of the sector. That said, some forward-looking indicators brought conflicting signals regarding growth in the coming months with the level of business confidence notably having eased in March.

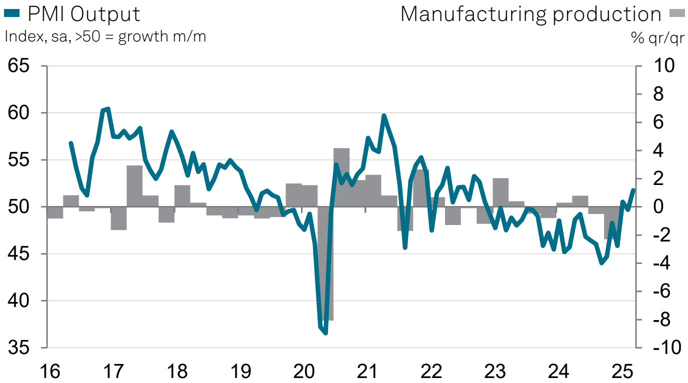
"Overall, it was encouraging to see the rise in demand driving the fastest rise in employment in two years. Firms were also seen willing to backfill positions that were left empty previously in anticipation of higher future production. Additionally, restocking at manufacturers were also observed in the latest survey period.

"Turning to prices, the reduction in selling price inflation is a positive development, but the squeeze on margins amid another steep rise in input prices will need to be monitored."

purchases for the first time in just over a year. Panellists often mentioned higher current and future new sales as reasons for the uptick in both purchasing activity and input stock holdings.

Australian manufacturers remained optimistic in March. Despite falling since February, the level of confidence was still the second-highest since August 2022. Firms were generally hopeful that economic conditions can improve and support sales in the next 12 months, though some were concerned about the impact of US tariffs.

Finally, on prices, average input costs rose at a pace that was steep and unchanged from February amid reports of higher raw material, transport and finance costs. The rate of selling price inflation eased since February, however, as Australian manufacturers partially absorbed cost increases in a bid to support sales as competition intensified.



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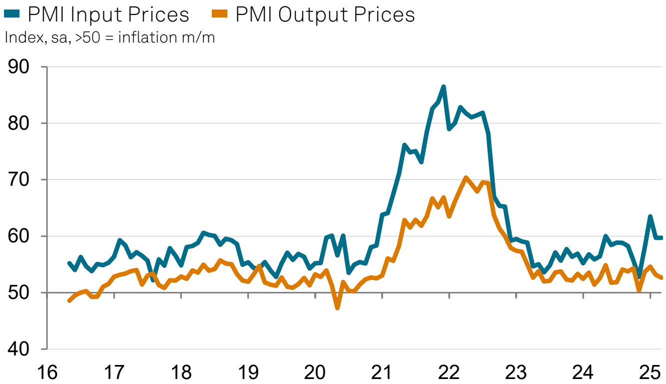

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Methodology

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.

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

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