

S&P Global Australia Services PMI[®]

Service sector expansion continues at a softer pace

September 2025

New business expansion slows but remains above-average

Jobs growth accelerates to five-month high

Inflationary pressures ease in September

Australia's service sector activity continued to expand at the end of the third quarter of 2025, according to the latest PMI[®] data. The rates of new business and services activity growth were solid despite easing since August. New export business also continued to rise. Higher new business inflows led to faster employment growth, but confidence among service providers fell slightly.

Meanwhile, rates of input cost and output price inflation both eased in September.

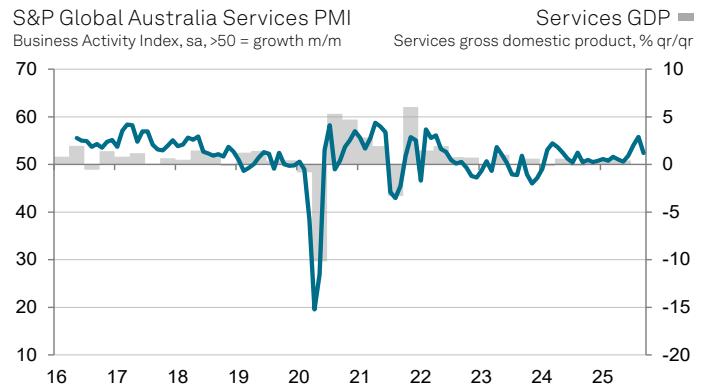
The seasonally adjusted S&P Global Australia Services PMI Business Activity Index posted above the 50.0 no-change mark to signal continued growth in services activity in September. This extended the period of expansion to 20 months. However, at 52.4, down from 55.8 in August, the latest reading signalled the weakest growth since June.

Successful business development efforts and rising client interest underpinned an expansion in new business in September, according to panellists. Similarly for new export business, companies reported that rising inquiries from clients in Europe and Asia-Pacific helped to drive a second monthly increase in new business from abroad. Despite easing to a three-month low, the rate at which overall new business rose was solid. This supported the sustained, albeit slower, expansion in services activity.

Meanwhile, staffing levels increased in response to rising new business inflows. Additionally, better availability of candidates helped to support the fastest job creation since April.

Despite rising headcounts, the level of outstanding business increased fractionally for the first time in five months. According to panellists, backlogs accumulated mainly due to shortages of supplies.

Average input prices meanwhile continued to climb in September. Higher fuel and labour costs were often mentioned as reasons for the increase in input prices. Reflective of the marked rise in input costs, Australian services firms lifted their output charges again in September. Although the rates of inflation eased to three-month lows,



Data were collected 11-25 September 2025.
Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence.
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Comment

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

“September’s S&P Global Australia Services PMI showed that the service sector continued to expand at the end of the third quarter of 2025, underpinned by another solid rise in new business. It was also positive to see employment growth accelerate, spurred by the sustained rise in new sales and activity.

“That said, the pace of services activity growth softened for the first time in three months as new business rose to a lesser degree following two strong months of expansion. Service providers were also slightly less optimistic regarding future activity amid some concerns over market conditions.

“On the price front, the easing of service sector output price inflation is a welcome development in supporting demand and in providing some room for monetary policy to further loosen before to the end of the year.”

they remained elevated and above their respective series averages.

Finally, Australian services companies were optimistic regarding business activity growth in the next 12 months. Businesses indicated confidence in internal growth plans and promotional efforts to help support sales in the year ahead. However, concerns over the market outlook led to a slight reduction in confidence in September.

S&P Global Australia Composite PMI®

Private sector output expansion moderates in September

The Composite Output Index posted 52.4 in September, down from 55.5 in August. Remaining above the 50.0 no-change mark, the index has now signalled continuous monthly growth for a year, although September's rise in activity was the weakest since June.

While solid, new business growth also softened in September, attributed partly to a renewed fall in new export orders. Companies continued to hire at a solid pace, which supported another marginal reduction in outstanding work. Business confidence eased slightly since August.

Turning to prices, output charges rose at a slower pace. In contrast, cost inflation accelerated.

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.

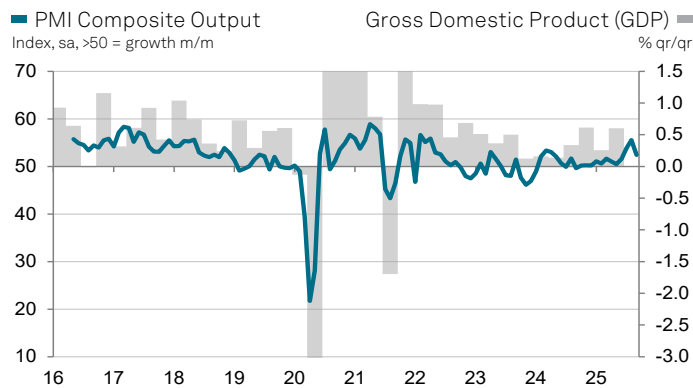
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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