

S&P Global Australia Services PMI[®]

Services new business rises solidly at the end of the year

December 2025

Business activity growth continues at a slower pace

Solid increase in staffing levels

Price pressures intensify

Australia's service sector continued to expand in the final month of 2025, according to the latest PMI[®] data. Incoming new business rose at a marked pace, supported by continued expansion of new export sales. Firms raised their staffing levels at a solid rate, which supported a fresh fall in outstanding workloads. Meanwhile, business sentiment improved at the end of the year.

On prices, cost pressures intensified, which led a quicker uptick in average output charges.

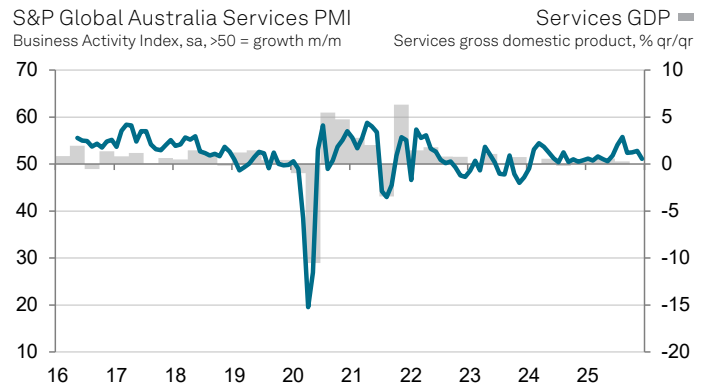
The seasonally adjusted S&P Global Australia Services PMI Business Activity Index fell to 51.1 in December, down from 52.8 in November. Posting above the 50.0 no-change mark, the latest reading signalled an extension of the period of rising services activity to just under two years. The rate of growth was the softest since May 2025, however.

While capacity constraints reportedly limited growth in business activity in December, the upturn in output was nevertheless driven by higher levels of new business. New work inflows expanded at a rate that was solid and the quickest in three months on the back of more favourable demand conditions and rising customer numbers at the end of the year. Greater client interest from abroad also supported another expansion in new export business in December.

To cope with rising workloads, services firms further increased their staffing levels. The rate of job creation was notably the quickest in three months and solid overall.

With higher employment, service providers were able to lower their level of outstanding business for the second time in three months.

Meanwhile, rising demand and hopes for business development plans and expansionary government policies to support sales in the year ahead fuelled an improvement in business sentiment in December. Firms were the most upbeat regarding output for the year ahead in six months. That said, the level of confidence remained below-average as some firms were cautious about the outlook for economic growth.



Data were collected 4-18 December 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

“The S&P Global Australia Services PMI revealed that the service sector continued to expand in the closing month of the year. Although the pace of services activity growth softened in December, this was mainly attributed to capacity constraints with a sharper rise in new business hinting at continued output growth in the coming months. It was also positive to see an uplift in business sentiment alongside solid hiring at the end of the year.

“The intensification of price pressures will need to be monitored for further signs of a services-led increase in inflationary pressures in the economy. Services output charges rose at a rate matching the series trend in December, while a further marked rise in input costs poses risks of additional hikes in selling prices in the near-term.”

Finally, price pressures intensified in the closing month of 2025. Average input prices increased at a more marked pace compared to November amid reports of rising material, energy and wage costs.

Companies opted to share their rising cost burdens with

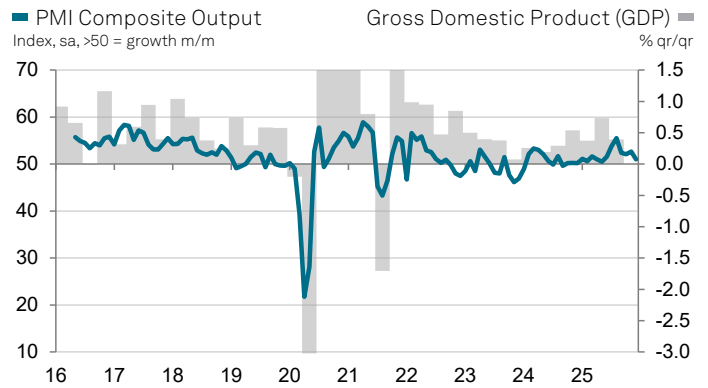
S&P Global Australia Composite PMI®

Composite business activity growth softens

The Composite Output Index posted above the 50.0 no-change mark in December to signal a fifteenth consecutive monthly expansion. That said, at 51.0 in December, down from 52.6 in November, the rate of expansion was the softest in seven months as growth in both manufacturing production and services activity slowed.

In contrast, overall new orders rose at an accelerated pace amid a stronger upturn in the service sector. Job creation also accelerated, which aided in another reduction in backlogged orders. Overall confidence improved.

Finally, rates of input cost and output price inflation were slightly higher than in the previous month.



Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence. ©2026 S&P Global.

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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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