News Release
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S&P Global Flash Australia PMI®

Australian private sector loses growth momentum in February

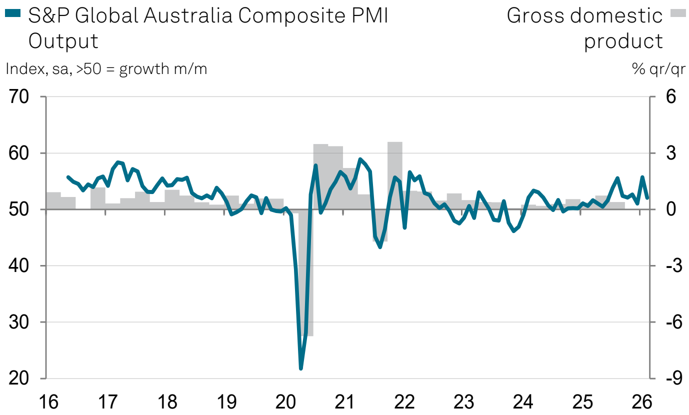
February 2026

Flash Australia Composite PMI Output Index: 52.0 (Jan: 55.7)

Flash Australia Services PMI Business Activity Index: 52.2 (Jan: 56.3)

Flash Australia Manufacturing PMI: 51.5 (Jan: 52.3)

Flash Australia Manufacturing PMI Output Index: 50.7 (Jan: 51.7)



Data were collected 10-18 February 2026.
Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence.

Following a strong start to the new year, the Australian private sector economy expanded at a weaker pace in February, according to provisional PMI® data by S&P Global. There were broad-based slowdowns across both the manufacturing and service sectors with respect to both output and new business.

Business sentiment dimmed but remained positive. Meanwhile, jobs growth accelerated to support existing workloads and amid a sustained expansion in inflows of new work. Prices data showed an intensification of overall cost and charge inflation.

At 52.0 in February, the headline seasonally adjusted S&P Global Flash Australia PMI Composite Output Index posted above the 50.0 threshold again, signalling a seventeenth month of continuous growth. Although down from 55.7 in January, the latest reading was in line with the average seen over 2025. The manufacturing and service sectors signalled slower expansions than at the start of 2026, reflecting softer upturns in new business in both cases.

According to anecdotal evidence, stability in customer bases, new contract wins and a general pick-up in demand conditions underpinned a nineteenth consecutive monthly improvement in sales performances across the Australian private sector. Growth in overall new business slowed from January's 45-month high, but was still solid, nonetheless.

Although external demand continued to support the latest rise in total new work, export business increased at just a marginal pace, with manufacturers recording a slower rise than their service sector counterparts.

Looking ahead, Australian companies retained a positive outlook when asked about their expectations for output over the coming 12 months, amid reports of expansion plans and in some cases an anticipated improvement in the demand environment. However, the overall level of confidence fell to its weakest in just over a year-and-a-half, as concerns around economic conditions and elevated competition lingered.

Private sector employment across Australia increased at a solid

Comment

Eleanor Dennison, Economist at S&P Global Market Intelligence said:

"The Australian private sector wasn't able to maintain the speed of growth seen at the start of new year, February flash PMI data revealed. Although the overall expansion was modest, the story was consistent at the broad sector level, as both manufacturers and service providers signalled weaker upturns in output and new orders. In both cases, the service sector saw the sharper expansions of the two segments.

"Despite reports of elevated wage burdens and a slip in new business growth momentum, the rate of job creation reached an 11-month high and was among the strongest in almost three years. Alongside higher staff costs, supplier price hikes and strain on margins reportedly pushed rates of both cost and charge inflation to five-month highs.

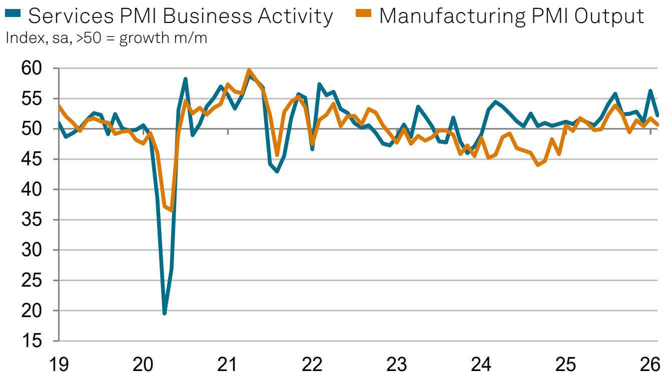
"Finally, concerns around international economic conditions and competition continued to dampen confidence in the private sector, with the degree of positive sentiment at its lowest since July 2024."

rate that was the strongest in almost a year in February. Survey respondents noted filling vacant roles to support current workloads and, in some cases, to fulfil expansion plans. Jobs were added across the service sector at the strongest rate in nearly three years, while manufacturing hiring activity was the weakest in four months.

After having risen for the first time in nine months in January, there was no change in the volume of outstanding business in the latest survey period. The drop in manufacturing backlogs counterbalanced an accumulation at service providers.

On the price front, the degree to which average cost pressures faced by Australian private sector firms increased intensified and was substantial in February. Costs facing goods producers rose at the strongest rate in ten months, as surveyed firms often noted greater supplier prices and paying more for raw materials, including metals. Service providers also saw a faster rise in operating expenses, as higher wage and electricity costs were mentioned by companies in both sectors.

At the composite level, the rates of both cost and charge inflation rose to their highest since September last year. Service providers were more aggressive in their price setting compared to January and to their manufacturing counterparts who recorded a softer increase in output charges.



Source: S&P Global PMI. ©2026 S&P Global.

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Methodology

Final February data are published on 2 March for manufacturing and 4 March for services and composite indicators.

The S&P Global Flash Australia PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services 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.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing 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.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The 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.

Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.1 (absolute difference 0.5)

Services Business Activity Index = 0.1 (absolute difference 0.6)

Manufacturing PMI = 0.1 (absolute difference 0.3)

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global.

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

S&P Global

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PMI by S&P Global

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