News Release
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S&P Global Flash Australia PMI®

Private sector output expands at fastest pace in five months

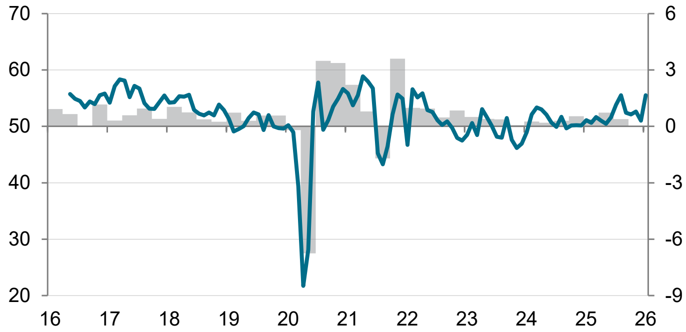
January 2026

Flash Australia Composite PMI Output Index: 55.5 (Dec: 51.0)

Flash Australia Services PMI Business Activity Index: 56.0 (Dec: 51.1)

Flash Australia Manufacturing PMI: 52.4 (Dec: 51.6)

Flash Australia Manufacturing PMI Output Index: 52.1 (Dec: 50.5)



Data were collected 12-21 January 2026.
Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence.

Australia's business activity grew at a faster pace in the opening month of 2026, according to the latest flash PMI® data by S&P Global. Stronger growth reflected quicker expansions in both manufacturing and services new business. Robust demand in January also led to a renewed accumulation of backlogged work and companies continued to hire additional staff to cope with rising workloads. Overall business sentiment was positive.

Meanwhile, both the rates of input cost and output price inflation softened from December.

The headline seasonally adjusted S&P Global Flash Australia PMI Composite Output Index posted above the 50.0 no-change mark for the sixteenth consecutive month in January to signal another expansion in business activity. At 55.5, up from 51.0 in December, the latest reading was the joint-highest since April 2022, matched by August 2025.

Output growth accelerated across both the manufacturing and service sectors, driven by quicker expansions in new sales for both sectors. According to panellists, the widening of customer bases and successful business development efforts underpinned the latest uptick in new business.

The latest uptick in new work inflows was also supported by better external demand. A renewed rise in overseas new orders for Australian manufactured goods helped to support the fastest expansion in overall new export orders in three-and-a-half years.

To cope with rising workloads, Australian firms hired additional staff at the start of the new year. That said, the overall rate of employment growth softened in January compared to December, due to slower job creation in the service sector.

As a result of higher new business inflows and a deceleration in jobs growth, the level of outstanding workloads rose for the first time in nine months, albeit only marginally.

Turning to prices, average input costs increased further at the start of the year. The rate of input price inflation fell to a

Comment

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

"January's S&P Global Flash Australia PMI indicated that business activity growth accelerated in the opening month of the year, reflecting resilient economic conditions at the start of 2026. Growth has also become more balanced with solid expansions observed in both the manufacturing and service sectors.

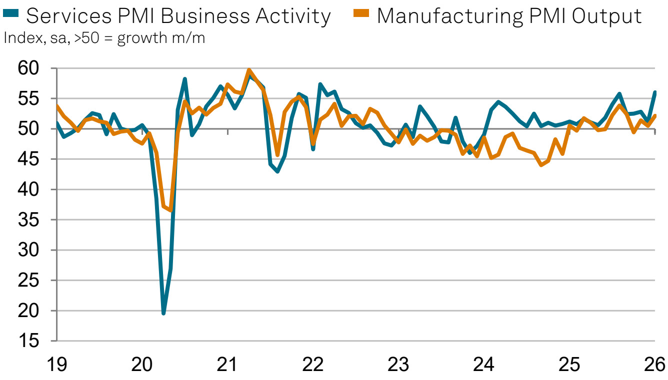
"Forward-looking indicators offered conflicting signals, however, as faster new order growth contrasted with falling business optimism, especially among services firms. While the reduction in business confidence was largely underpinned by recent geopolitical developments, the trend will be worth monitoring in the months ahead.

"Overall output price inflation softened at the start of the first quarter of the year, attributed to easing service sector charge inflation while manufacturing selling price inflation remained stable. However, rising manufacturing input prices represent risks for inflation to intensify again in the coming months."

14-month low, however, as lower services cost inflation helped to offset greater cost pressure among manufacturers. Data from the manufacturing survey showed that rising demand and purchasing activity, coupled with supply constraints, led to the fastest rise in goods input costs in nine months.

Overall, abating cost pressures enabled to Australian companies to raise their selling prices at a slower pace compared to December 2025. Both the rates of input cost and output price inflation were also below their respective series averages in January.

Finally, Australian businesses remained optimistic going into 2026, as reflected by an above-50.0 print of the Future Output Index in January. Firms were generally hopeful that better economic conditions, new product launches and business expansion plans will help to boost sales in the year ahead. That said, concerns over rising competition and the impact of geopolitical uncertainties on demand affected some companies, resulting in the level of optimism dropping to a 15-month low.



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

Contact

Jingyi Pan
Economics Associate Director
S&P Global Market Intelligence
T: +65 6439 6022
jingyi.pan@spglobal.com

Eri Amano
APAC Senior Communications Manager
S&P Global Market Intelligence
T: +81 (0) 80 3714 7658
eri.amano@spglobal.com
press.mi@spglobal.com

Methodology

Final January data are published on 2 February for manufacturing and 4 February 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.

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