

S&P Global Flash Australia PMI[®]

Private sector output expands at fastest pace since April 2022

August 2025

Flash Australia Composite PMI Output Index: 54.9 (Jul: 53.8)

Flash Australia Services PMI Business Activity Index: 55.1 (Jul: 54.1)

Flash Australia Manufacturing PMI: 52.9 (Jul: 51.3)

Flash Australia Manufacturing PMI Output Index: 53.9 (Jul: 52.3)

Australia's business activity growth accelerated midway through the third quarter, with faster expansions across both the manufacturing and service sectors. This was supported by higher new work inflows, including a renewed expansion in exports. In turn, Australian private sector firms raised their staffing levels at a faster rate to cope with additional workloads. Business sentiment also improved slightly from July.

On prices, both the rates of input cost and output price inflation eased in the latest survey period.

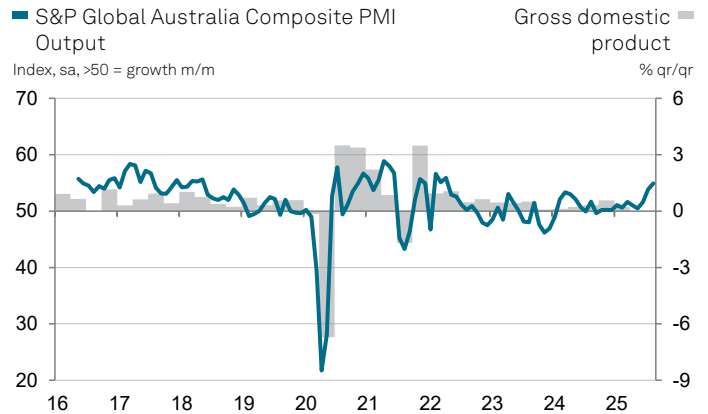
The headline seasonally adjusted S&P Global Flash Australia PMI[®] Composite Output Index posted above the 50.0 no-change mark for an eleventh consecutive month to signal an expansion in business activity in August. At 54.9, up from 53.8 in July, the latest reading was the highest since April 2022 and indicated a solid expansion in output. Notably, both manufacturing output and services activity also rose at the fastest rates in 40 months.

Growth in composite business activity was driven by a solid rise in new orders. Improvements in underlying demand and expansions in customer bases led to the quickest increase in manufacturing new orders in almost three years. Meanwhile, services activity rose at a softer, albeit still solid, rate in August.

Supporting the rise in new work were renewed expansions in new export business across both the manufacturing and service sectors. Although marginal, the expansion in new export orders was the quickest in six months. Survey respondents indicating growth in exports reported receiving new work from the US, Europe and other Asia-Pacific countries.

To cope with rising workloads, Australian private sector firms raised their staffing levels in August. This was limited to the service sector, however. While job creation unfolded at the fastest pace since April 2023 for services firms, manufacturers opted to shed staff for the first time February, albeit only marginally.

Overall, the support from a higher workforce capacity in August



Data were collected 12-19 August 2025.

Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence. © 2025 S&P Global.

Comment

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

“The latest S&P Global Flash Australia PMI data reflected that business activity growth further accelerated in August, reflecting strong performance so far in the second half of the year. Moreover, the improvement was broad-based with both the manufacturing and service sectors showing improvements from July. While domestic factors, including the easing of interest rates, supported better conditions in August, the renewed rise in export business suggested that external conditions have also started to pick up. This was accompanied by improvements in business sentiment among Australian private sector firms in August.

“Meanwhile price pressures eased, with output price inflation falling from the recent high in July. This bodes well for demand. It was also positive to see Australian services firms hiring at a quicker pace, though the falling employment trend in the manufacturing sector contradicted with the solid rise in goods new orders.”

helped to offset greater inflows of new work, which led to a stabilisation in the volume of outstanding work. This followed three successive months of backlog clearance in Australia.

Turning to prices, average input costs continued to increase across both the manufacturing and service sectors in August. Panellists often mentioned rising input material, shipping and wage costs contributing to higher inflation. That said, the rates of cost inflation eased across both the manufacturing and service sectors. This was despite goods producers buying and stocking greater quantities of inputs for the first time in four months.

Consequent of softer cost inflation, Australian private sector firms raised their selling prices at a softer pace in August. The rate of output price inflation eased to a level that was only fractionally above the long-run average.

Finally, business sentiment improved among Australian businesses midway through the third quarter of 2025. Manufacturers were notably the most upbeat since April 2022. Companies broadly cited hopes for better market conditions and business expansion plans to drive growth in the year ahead.

Methodology

Final August data are published on 1 September for manufacturing and 3 September 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).

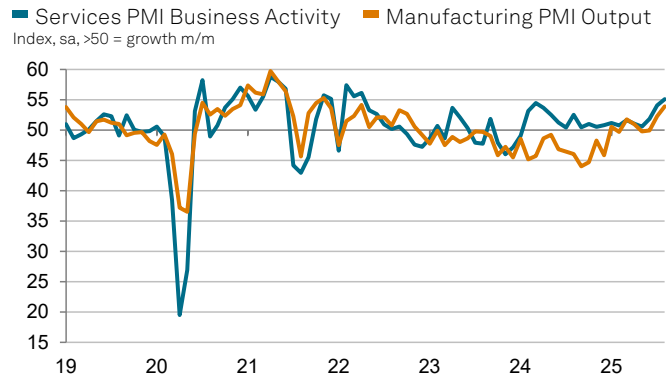
The headline manufacturing figure is the Manufacturing Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' 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.

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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 0.4)

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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