

S&P Global Flash Australia PMI®

Confidence lowers despite quickest rise in new business in three years

Key findings, April:

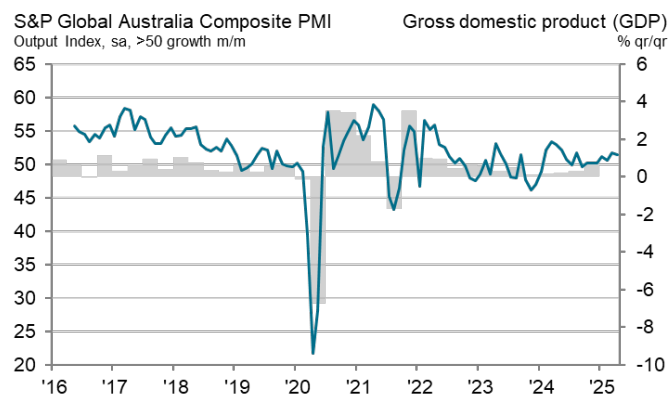
Flash Australia PMI Composite Output Index⁽¹⁾: 51.4 (Mar: 51.6). 2-month low.

Flash Australia Services PMI Business Activity Index⁽²⁾: 51.4 (Mar: 51.6). 2-month low.

Flash Australia Manufacturing Output Index⁽³⁾: 51.5 (Mar: 51.8). 2-month low.

Flash Australia Manufacturing PMI⁽⁴⁾: 51.7 (Mar: 52.1). 2-month low.

Data were collected 09-17 April 2025.



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

Business activity in Australia expanded at the start of the second quarter of 2025, driven by higher new business inflows. Improvements across both the manufacturing and service sector led to the fastest rise in new work since April 2022. In turn, outstanding business accumulated at the sharpest pace in nearly three years. This was despite another solid rise in headcounts.

Higher demand also enabled firms to raise selling prices at a quicker pace in April as costs continued to rise at a steep rate. That said, confidence moderated among Australian companies while exports further contracted following tariff uncertainties in April.

At 51.4 in April, down from 51.6 in March, the headline seasonally adjusted **S&P Global Flash Australia PMI Composite Output Index** signalled that private sector output rose for a seventh successive month. The rate of expansion was the second-quickest in the current sequence despite easing since March. Moreover, the

latest rise was supported by expansions in both manufacturing output and services activity.

Central to the latest rise in business activity was higher **new business**, which grew at the fastest pace in three years. Panellists often linked greater inflows of new work to restocking at manufacturers and successful business development efforts among service providers. The increase in new business continued to unfold at a faster rate among service providers as compared to manufacturers whose orders rose only modestly on balance.

Higher new sales were notably limited to the domestic market, as **new export business** contracted for a second successive month in April, dampened by tariff-related uncertainty. Concerns over the outlook for geopolitics also weighed on **business confidence**. Optimism levels among Australian businesses slipped to the lowest since last October, falling further below the long-run average.

Overall, the sharp rise in new business brought about a second consecutive monthly increase in the **level of backlogged work**. This was attributed to an accumulation of outstanding business in both the manufacturing and service sectors, the former having seen the first increase in backlogged orders in nearly two-and-a-half years amid reports of supply delays. Lead times lengthened for a twenty-second successive month for Australian goods producers with anecdotal evidence pointing to supply shortages and sea freight delays contributing to the deterioration in vendor performance.

To cope with ongoing workloads, Australian private sector firms raised their **staffing levels** in April, extending the sequence of jobs growth that commenced at the start of the year. The rate of job creation was unchanged from the 23-month high in March and was largely steady across both the manufacturing and service sectors.

Turning to prices, **average input prices** increased at a sharp pace for Australian private sector firms at the start of the second quarter of the year. This was due to higher input material, energy and wage costs, according to panellists. Additionally, a weaker domestic currency contributed to higher cost burdens for firms. Softer service sector cost inflation had helped to offset an intensification of cost pressures for goods producers, though the overall rate of input price remained above

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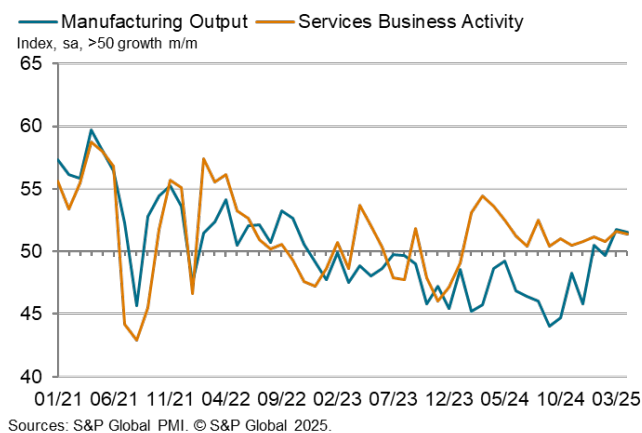
the series average.

As a result of rising input prices, Australian private sector firms opted to share their additional cost burdens with clients. In particular, manufacturers lifted their selling prices at the fastest pace in over two years, leading to higher overall **output price** inflation.

Commenting on the flash PMI data, **Jingyi Pan**, Economics Associate Director at S&P Global Market Intelligence said:

“April’s S&P Global Flash Australia PMI data indicated that business conditions further improved in Australia’s private sector. Domestic demand continued to act as a strong proponent for business activity growth at the start of the second quarter of the year. This also encouraged firms to continue lifting staffing levels at a solid pace in April.

“That said, geopolitical uncertainty further dented business confidence in April, according to panellists. Subdued exports also reflected the impact of higher US tariffs following the announcements so far. Manufacturers also reported an intensification of cost pressures in April amid foreign exchange fluctuations, opting to pass on the rise in cost burdens to clients. Overall selling price inflation was the highest in nine months, and will be a trend worth monitoring given ongoing trade uncertainties.”



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Notes to editors

Final April data are published on 1 May for manufacturing and 5 May 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,

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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 0.4)

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. Please contact economics@spglobal.com.

Notes

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"
4. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.

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