

# News Release

Embargoed until 0900 AEDT 5 November 2024

## Judo Bank Australia Services PMI®

### Fastest rise in services new business since May 2022

#### Key findings

**Business activity growth accelerates in October**

**Employment levels rise at quickest rate in five months**

**Input prices increase at softest pace since January 2021**

Australia's service sector expansion accelerated at the start of the final quarter of 2024, according to the latest PMI® data. Improvements in demand led to services new business expanding at the fastest pace in nearly two-and-a-half years, although export business remained in modest contraction. Employment levels also rose at an accelerated pace, supporting the clearance of existing business.

Turning to prices, average input costs increased at the softest pace since early 2021, but firms opted to raise selling prices at a quicker pace amid improved confidence in October.

The seasonally adjusted Judo Bank Australia Services PMI Business Activity Index posted 51.0 in October, up from 50.5 in September. Posting above the 50.0 neutral mark for a ninth straight month, the latest reading signalled an expansion in services activity and at a pace that was faster than seen during the prior month.

Higher new business inflows underpinned the latest acceleration of activity growth in October. The rate of expansion was solid and the fastest since May 2022. Improvements in underlying demand and business development efforts bearing fruit were mentioned as reasons for the uptick in new work, with firms in the finance & insurance sector recording the fastest rise in new business. Additionally, growth in new work was concentrated domestically as export business shrank for a second consecutive month.

Staffing levels in the Australian service sector rose in tandem with the expansion in new business and activity. The rate of job creation was the fastest in five months, further supporting another round of backlog clearance in October. Overall, backlogs have now declined in each month since May.

Sentiment in the Australian service sector improved at the start of the fourth quarter of 2024. Confidence rose among service providers with hopes that sales can expand as economic conditions improve and with additional business

#### Comment

Warren Hogan, Chief Economic Advisor at Judo Bank said:

"The final October Services PMI for Australia showed some encouraging signs on both economic activity and inflation. Just as we saw with the final manufacturing result for October, the final services results came in stronger than the flash results, implying an improvement in business conditions towards the end of the month.

"The main activity indicators improved in October and remain well into expansionary territory. The softening of business conditions seen over the winter months has given way to higher index numbers consistent with stronger economic activity heading into the December quarter.

"Service sector business activity picked up in October and is well above the index's recent low point in July. Employment follows a similar pattern, rising from the low point in July.

"The standout is new business activity, which jumped sharply in October to be at the highest level since the commencement of the interest rate hiking cycle in May 2022. This bodes well for economic activity and private-sector employment heading into the end of 2024.

"Business confidence, as measured by the future activity index, also rose but remains below the levels seen in recent years. However, with a future activity index in the mid-60s, Australian businesses have a clear optimism about Australia's economy heading into 2025.

"There was great news on business cost pressures, with the input price index holding near the low level that was recorded in the flash result a few weeks ago. The input prices index, a good proxy for business costs, has declined to the lowest level in three years in October after surging in July and August. If this is a new trend emerging, then we can have greater confidence that inflation pressures are genuinely easing.

"The final price index jumped higher in October but is still well below the levels seen over the past three years. The downward movement in this indicator of inflation over the past four months is consistent with an easing of inflation pressures in the September quarter. However, the index will need to remain at these levels or fall a little further for there to be confidence that inflation remains on track to return to target in the next 12 to 18 months."

development efforts.

Finally, cost pressures eased for Australian service providers as input material and wage costs increased at a slower pace in October. The rate of input cost inflation was the lowest in 45 months, but firms opted to raise selling prices at a quicker pace at the start of the final quarter of the year. Anecdotal evidence suggested that charges were lifted to reflect cost increases from both past and present months. Moreover, the rate of selling price inflation was above its long-run average in October.

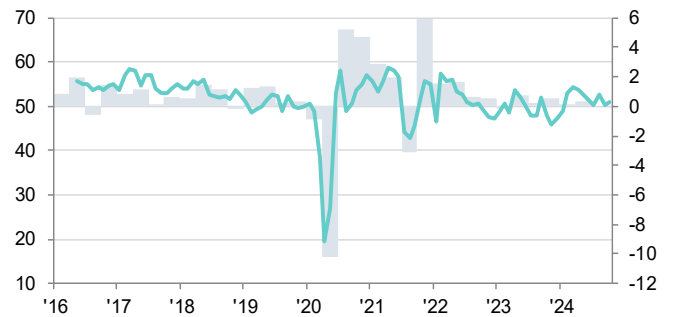
Judo Bank Australia Services PMI Business Activity Index

sa, >50 = growth since previous month



Sources: Judo Bank, S&P Global PMI.  
Data were collected 09-28 October 2024.

Australia Services PMI Business Activity Index Services GDP  
sa, >50 = growth since previous month %qr/qr



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

# Judo Bank Australia Composite PMI®

## Growth in private sector output supported by services in October

The Composite Output Index posted 50.2 in October, up from 49.6 in September. Rising past the 50.0 neutral mark in October, the latest reading signalled that Australia’s private sector output rose for the second time in the past three months. The rate of growth was marginal, however, as services activity growth only just about offset a further decline in manufacturing production.

The divergence in sectoral trends was likewise observed for new orders and employment, with better services performance outweighing ongoing downturns for manufacturing.

Cost pressures eased across both manufacturing and services, but firms opted to raise selling prices at a quicker pace in October. The rate of overall output inflation was the highest in three months and matched the long-run average.

Optimism in the Australian private sector rose at the start of the final quarter of the year amid broad-based improvements in confidence.

Judo Bank Australia Composite PMI Output Index GDP  
sa, >50 = growth since previous month %qr/qr



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

\*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

## Contact

Warren Hogan  
Chief Economic Advisor  
Judo Bank  
T: +61 414 498 675  
[warren.hogan@judo.bank](mailto:warren.hogan@judo.bank)

Casey Van Liessum  
Director, Corporate Affairs  
Judo Bank  
T: +61 403 119 671  
[casey.vanliessum@judo.bank](mailto:casey.vanliessum@judo.bank)

Jingyi Pan  
Economics Associate Director  
S&P Global Market Intelligence  
T: +65-6439-6022  
[jingyi.pan@spglobal.com](mailto:jingyi.pan@spglobal.com)

SungHa Park  
Corporate Communications  
S&P Global Market Intelligence  
T: +81-3-6262-1757  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com). To read our privacy policy, click [here](#).

### Survey methodology

The Judo Bank 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](mailto:economics@spglobal.com).

### Flash vs. final data

Since May 2016 the average difference between final and flash Services PMI values is 0.0 (0.6 in absolute terms).

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

By providing this Content, Judo Bank Pty Ltd ABN 11 615 995 581 AFSL and Australian Credit Licence 501091 ("Judo Bank") does not intend to provide any financial or other advice or recommendation. This Content is of a general nature only and you should seek independent financial, legal, tax and other relevant professional advice having regard to your particular objectives, needs and circumstances. Judo Bank, its related companies, associated entities and any officer, employee, agent, adviser or contractor thereof ("Judo Group") does not warrant the information contained in the Content is accurate, reliable, complete or current, and shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the Content. If any law prohibits the exclusion of such liability, the Judo Group's liability is limited to the re-supply of the Content. You should independently verify the information contained in the Content. It may not be reproduced or distributed without Judo Bank's consent. For further details of this disclaimer please go to [www.judo.bank/disclaimer](http://www.judo.bank/disclaimer).

### About Judo Bank

Judo Bank is Australia's first purpose-built challenger bank for small and medium-sized businesses (SMEs) and the first fully licensed Australian bank to IPO in 25 years. Judo was founded by a small group of experienced lending professionals and its purpose is to be the most trusted SME business bank in Australia. The company's relationship-led lending model, which brings back the craft of relationship banking, is enabled by its legacy free, digital, cloud-based technology architecture. Lending products are originated and distributed through direct and third-party channels and are funded by deposits, wholesale debt and regulatory capital. [www.judo.bank](http://www.judo.bank)

### About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. [www.spglobal.com](http://www.spglobal.com).

### About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)