News Release
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S&P Global Australia Services PMI®

Strongest rise in services activity since April 2022

August 2025

Expansion supported by further upturn in sales

Jobs growth accelerates to four-month high

Softer inflation signalled in August

Australia's service sector expansion strengthened midway through the third quarter of 2025, with the steepest increase in activity recorded by the survey for over three years driven by another sharp rise in new business, including the best gain in exports since June 2022. Business confidence also improved amid hopes of a continuation of positive sales growth in the months ahead. Employment increased markedly.

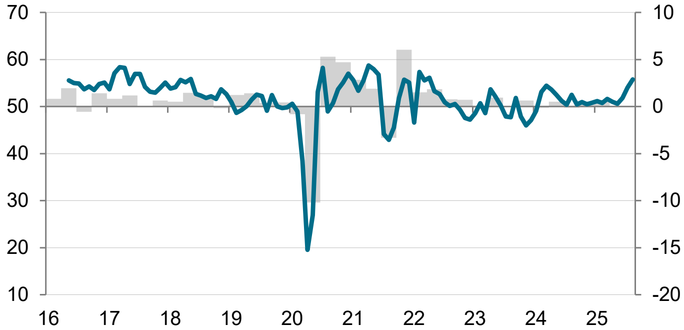
Turning to prices, both input costs and output prices continued to increase in August. That said, the rates of inflation both fell from July.

The seasonally adjusted S&P Global Australia Services PMI® Business Activity Index posted above the 50.0 no-change mark to signal continued growth in services activity in August. This extended the period of expansion to just over one-and-a-half years. At 55.8, up from 54.1 in July, the latest reading was the highest since April 2022.

Higher new business inflows underpinned the latest expansion in services activity. Companies reported that promotional efforts and increased client interest led to another sharp rise in new orders. The improvement in demand conditions was also not limited to the domestic market, with new export business rising for the first time since February. The rate of growth was also historically elevated and the fastest since June 2022.

In response to rising workloads, Australian service providers hired additional staff in August. The rate of job creation accelerated for a second consecutive month to the fastest since April. Higher workforce capacity enabled services firms to continue clearing outstanding work in August. The rate of backlog depletion was only fractional, however, and the weakest in the current sequence.

Meanwhile, higher costs of supplies, fuel and labour led to another marked increase in average input prices. Australian service providers opted to share their rising cost burdens with clients wherever possible, lifting their output charges further in August. Although still above respective series averages, inflation rates of both input costs and output prices weakened since July.



Data were collected 12-26 August 2025.
Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence.

Comment

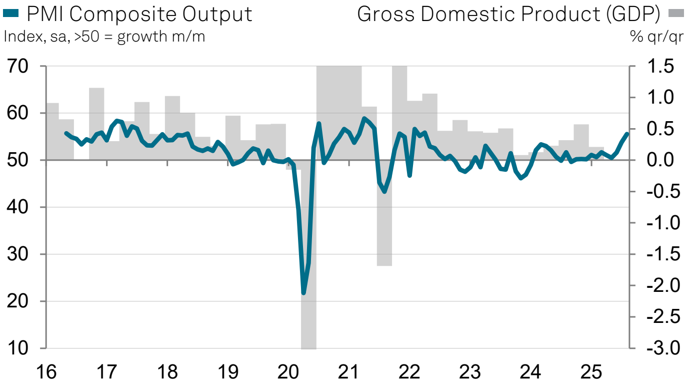
Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence

"Data from the latest S&P Global Australia Services PMI revealed that growth in the service sector further accelerated midway through the third quarter of 2025. Not only has domestic demand remained robust in August, but external demand also showed a noticeable recovery. The forward-looking Future Activity Index further revealed stronger expectations for continued services activity growth in the near-term and it was also positive to see job creation accelerating in August.

"On prices, rates of input cost and output charge inflations remained historically elevated, but, despite robust demand, have softened since July.

"Overall, the latest S&P Global Australia Composite PMI, comprising both the manufacturing and service sectors, presented a picture of strong, broad-based growth in August, reinforcing the likelihood for a positive GDP reading in the third quarter."

Finally, sentiment in the Australian service sector improved in August, with firms encouraged by rising new business and present activity. Businesses were hopeful that sales will continue to grow in the year ahead with potential improvements in global economic conditions expected and internal business development planned.



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

S&P Global Australia Composite PMI®

Private sector output expands at marked pace in August

The Composite Output Index posted 55.5 in August, up from 53.8 in July. This signalled an eleventh consecutive monthly rise in business activity and the quickest upturn since April 2022. The acceleration in business activity growth was broad-based by sector.

New business similarly rose at the sharpest pace in 40 months, supported in part by a renewed rise in exports. Firms hired additional staff at a quicker pace, which supported a further reduction in the level of outstanding business. Business confidence also rose from July.

On prices, both rates of input cost and output price inflation softened in August.

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Methodology

The S&P Global 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.

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