

S&P Global Australia Manufacturing PMI[®]

Manufacturing sector expansion extends into December

December 2025

Growth in new orders and output maintained at the end of 2025

Headcounts rise at the quickest pace in nine months

Rates of inflation accelerate

Australia's manufacturing sector continued to grow in the final month of 2025, according to PMI[®] data from S&P Global. New orders and output both expanded, albeit at slower rates. This led to greater purchasing and hiring activities in December while business confidence improved.

Meanwhile supply conditions deteriorated at a more pronounced pace, which contributed to greater cost pressures for goods producers. Output prices rose in tandem, though rates of inflation remained below historical averages.

The headline seasonally adjusted S&P Global Australia Manufacturing Purchasing Manager's Index[™] (PMI) posted 51.6 in December, which was unchanged from November. Remaining above the neutral 50.0 mark, the latest reading signalled that manufacturing sector conditions improved modestly for a second straight month.

Manufacturing production increased for the second month in a row with higher new work inflows in December. Rates of expansion eased for both new orders and output, however. While better underlying demand conditions supported higher levels of new work, softening market conditions, heightened competition and weaker foreign demand reportedly limited growth. New export orders fell marginally for the fourth consecutive month due to budget constraints at overseas clients.

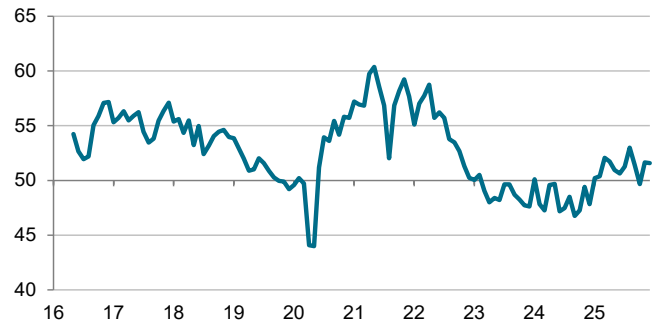
Rising new orders and increased production requirements nevertheless contributed to further job creation, with better availability of candidates supporting the quickest rise in headcounts in nine months. The expansion in workforce capacity underpinned another reduction in outstanding workloads in December.

In response to rising new orders and production, Australian manufacturers lifted their purchasing activity. Anecdotal evidence suggested that some companies also raised their input buying to replenish inventories although, overall, stocks of purchases fell fractionally and for the third month in a row.

Turning to prices, average input costs continued to rise in the closing month of the year. Moreover, the rate of inflation

S&P Global Australia Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 4-17 December 2025.

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Comment

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

“December’s Australian Manufacturing PMI data indicated that business conditions in the goods producing sector continued to improve at the end of 2025. This was again driven by better domestic demand as external sales remained subdued in December.

“Although the rates of new order and output growth both slowed at the end of the fourth quarter, it was positive to see a higher level of business confidence and upticks in both hiring and purchasing activity, which reflected positive expectations for higher output in the coming year.

“Supply conditions continued to worsen, which is trend worth monitoring given suppliers’ delivery times lengthened at the sharpest pace in just over a year in December. This contributed to an intensification of cost pressures though rates of inflation remain below respective historical averages.”

picked up from November on the back of rising input material and shipment expenses. Supply conditions notably deteriorated in December with lead times lengthening at the most pronounced pace since November 2024 due to shortages of supplies and delivery delays.

Australian goods producers passed on additional cost burdens to clients wherever possible, which resulted in a further increase in average output charges in December, albeit to a degree that remained below the survey average.

Finally, business sentiment in the Australian manufacturing sector stayed positive in December. Manufacturers cited hopes for the introduction of new products and business expansion plans to drive sales and output growth in the next 12 months. The level of confidence was the highest in four months.

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Methodology

The S&P Global Australia Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. 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 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.

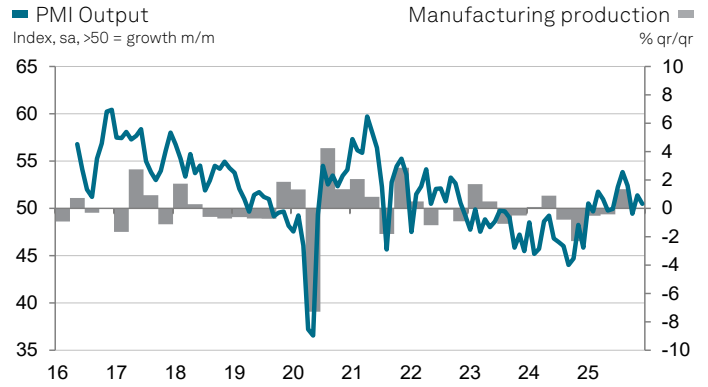
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

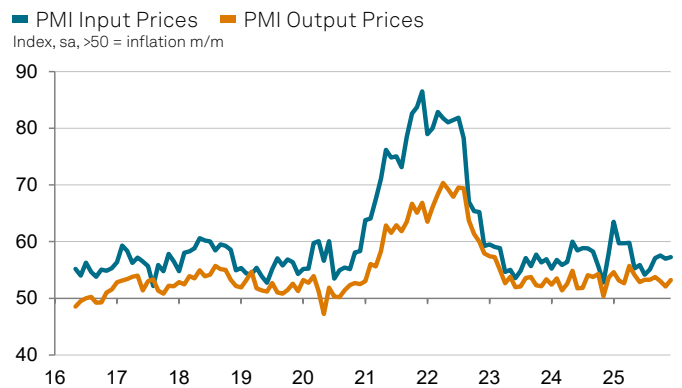
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S&P Global

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PMI by S&P Global

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