

S&P Global Flash Australia PMI®

Private sector growth driven by services

Key findings, April:

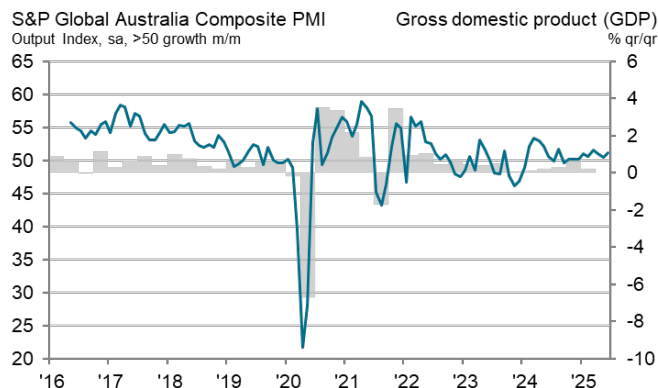
Flash Australia PMI Composite Output Index⁽¹⁾: 51.2 (May: 50.5). 3-month high.

Flash Australia Services PMI Business Activity Index⁽²⁾: 51.3 (May: 50.6). 3-month high.

Flash Australia Manufacturing Output Index⁽³⁾: 50.4 (May: 49.8). 2-month high.

Flash Australia Manufacturing PMI⁽⁴⁾: 51.0 (May: 51.0). Unchanged pace of expansion.

Data were collected 12-19 June 2025.



June data indicated that business activity in Australia's private sector expanded at a faster pace. This was underpinned by greater new business inflows, though export orders shrank at a sharp rate. Sentiment improved midway through the year while staffing levels also continued to rise.

Turning to prices, rates of input cost and output price inflation slowed at the end of the second quarter, the latter falling to the lowest level in over four-and-a-half years.

The headline seasonally adjusted **S&P Global Flash Australia PMI Composite Output Index** posted 51.2 in June, up from 50.5 in May. Although growth remained modest, the latest reading signalled an acceleration in the pace of business activity expansion to the second-fastest in ten months, just behind that seen in March.

Faster services activity growth was the main driver of the latest rise in private sector output, though manufacturing sector conditions also improved with

production returning to growth following a brief decline in May.

According to respondents, the latest rise in output reflected greater inflows of **new orders**. Anecdotal evidence suggested that rising client interest and successful marketing efforts supported the uptick in new work. By sector, new business rose at a faster pace among service providers but near stalled among manufacturers.

Growth in new work was notably driven by domestic clients as **new export orders** returned to contraction. The rate of reduction was sharp and the quickest in nearly a year amid a broad-based fall in foreign demand. Where lower export orders were reported, panellists often indicated that US trade policy impacted trade.

Overall sentiment improved at the end of the second quarter of 2025. **Business confidence** was lifted to the highest level in five months, albeit with a notable divergence by sector. While service providers grew more optimistic that new product launches and business development efforts will spur sales, manufacturers became the least upbeat since last October amid concerns over economic uncertainties.

A combination of rising new business and positive sentiment led to a sixth successive monthly rise in **employment**. Job creation was broad-based with both manufacturers and services companies adding to headcounts in June.

Despite staffing levels increasing at a more modest pace compared to May, better efficiency meant that Australian firms were able to clear their **backlogged orders** at a faster rate. The volume of outstanding business depleted at the sharpest pace in seven months.

There were signs of inflationary pressures softening in June, with both **input costs** and **output prices** rising at slower rates than in May. The rate of input cost inflation eased to a seven-month low, falling below the series average. This was attributed mainly to a softer increase in service sector input prices while cost inflation intensified for manufacturers on the back of higher shipping and raw material costs.

Indeed, **lead times** lengthened at the most pronounced pace so far this year for Australian goods producers. Additionally, manufacturers opted to further lower their

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purchasing activity, depleting their **inventory** as cost pressures heightened.

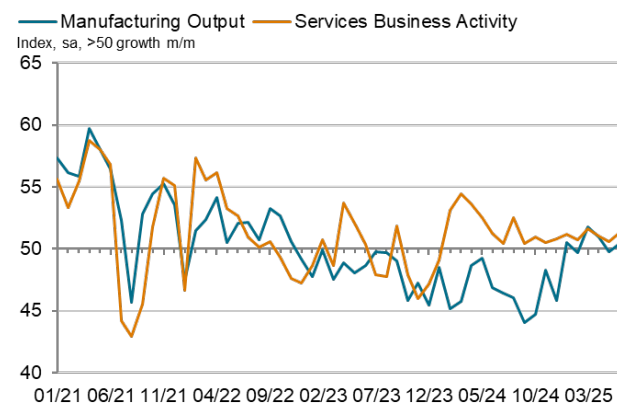
Broadly, the softening of cost inflation, coupled with competitive pressures, contributed to Australian businesses raising **charges** at a softer pace in June. The rate of output price inflation notably eased to the lowest since November 2020.

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

“Early S&P Global Flash Australia PMI data revealed that business activity growth accelerated in June, buoyed not only by faster services activity expansion but also a renewed rise in manufacturing production. Forward-looking indicators reveal that further expansions in output are expected.

“That said, divergences were observed across both new orders and future output gauges, indicating a more subdued outlook for manufacturing compared with services. Meanwhile external conditions have visibly weakened for both sectors, with the most marked reduction in export orders in almost a year.

“Elevated uncertainty, especially for the goods producing sector, has led to market expectations for further easing of monetary policy. The latest PMI data also revealed both slowing employment growth and softening inflation trends, which are supportive of additional interest rate cuts into the latter half of 2025.”



Sources: S&P Global PMI. © S&P Global 2025.

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Notes to editors

Final June data are published on 1 July for manufacturing and 3 July 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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