

# S&P Global Australia Services PMI<sup>®</sup>

## Services activity rises at strongest pace in 16 months

### July 2025

New business expands at fastest pace in over three years

Employment growth accelerates in July

Charge inflation at 23-month high

Australia's service sector expansion strengthened in July, on the back of a sharp rise in new business and a stabilisation of exports following a four-month period of contraction. In line with the trend for new business and activity, services firms hired additional staff at a quicker pace to support ongoing workloads and clear existing orders. Nevertheless, business confidence declined since June.

Meanwhile, input price inflation intensified in July, which led Australian service providers to lift their own charges at a quicker pace.

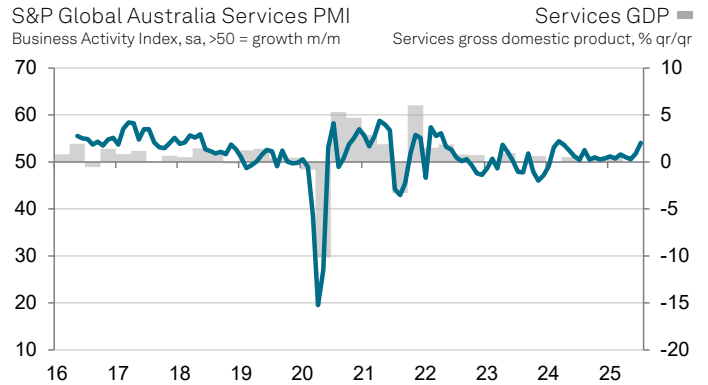
The seasonally adjusted S&P Global Australia Services PMI<sup>®</sup> Business Activity Index posted above the 50.0 no-change mark to signal continued growth in services activity in July. This extended the period of expansion to one-and-a-half years. At 54.1, up from 51.8 in June, the latest reading was the highest since March 2024.

Central to the latest acceleration in business activity growth was a sharp rise in new work. Incoming new business expanded at the fastest pace since April 2022, as survey panellists reported stronger demand and wider customer bases. Sub-sector data showed the real estate & business services sector led growth in both activity and new sales for a second successive month.

Growth in new business was notably concentrated in the domestic market. That said, external conditions also showed early signs of recovery, as new export business stabilised in July to mark an end to the contraction streak.

Staffing levels rose in response to higher new business inflows. Australian services companies took on additional employees at a quicker pace than in June, with anecdotal evidence indicating that some firms hired for roles that were previously unfilled. Greater workforce capacity supported a third successive monthly reduction in the volume of outstanding business.

Turning to prices, average input costs continued to increase in July, with higher material, fuel and labour costs often mentioned by survey respondents. In turn, firms opted to share their additional cost burdens with clients, leading



Data were collected 10-28 July 2025.  
Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence.  
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### Comment

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

“The latest S&P Global Australia Services PMI data revealed that growth in the service sector accelerated at the start of the second half of 2025. The rate of new business growth was sharp by historical standards, and it was also encouraging to see a stabilisation in exports after four straight months of contraction. Additionally, the expansion in services activity gave rise to a faster pace of job creation in July.

“Overall, the hard data provided positive signs of growth for Australia's service sector, but soft data in the form of the Future Activity Index suggested reduced optimism regarding growth in the coming months.

“An intensification of inflationary pressures was also observed in July, as both services input cost and output price inflation rose during the latest survey period. The price trend will be worth monitoring, though further interest rate cuts are still anticipated by S&P Global Market Intelligence in the remaining months of 2025.

“Broadly, the latest set of PMI data pointed to stronger economic conditions in July, with better services performance complemented by a renewal of manufacturing output growth.”

to a hike in charges in July. Notably, the rates of input cost and output price inflation rose to their highest in ten and 23 months respectively, and were also above their series averages.

Finally, business sentiment in the Australian service sector remained positive at the start of the third quarter. Hopes for a rise in activity over the year ahead were often associated with successful business expansion plans, better economic conditions and the potential for interest rates to be lowered. The level of confidence fell from June's recent peak, however, down to a nine-month low.

## S&P Global Australia Composite PMI®

### Broad-based expansion in private sector output

The Composite Output Index posted 53.8 in July, up from 51.6 in June. This signalled a tenth consecutive monthly rise in business activity and the quickest upturn since April 2022. Higher output was supported by a faster rise in services activity and renewed manufacturing production growth. The trend was similar for new orders, though export business continued to fall.

Firms hired additional staff at a quicker pace, which supported the completion of backlogged orders. Meanwhile, rising cost inflation and stronger demand gave rise to the fastest increase in average charges in nearly two years.

Overall, optimism prevailed among Australian businesses in July, though the level of confidence was at its lowest in eight months.

### 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.

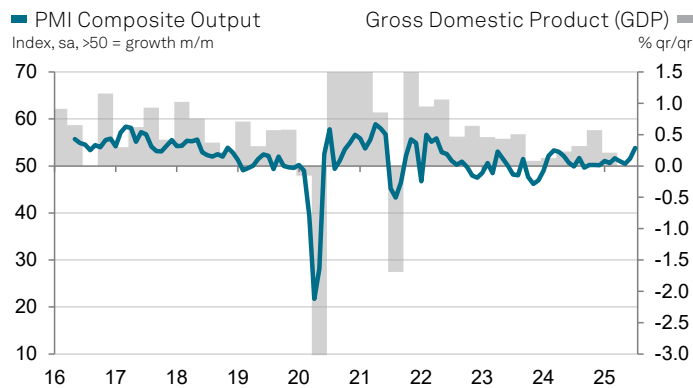
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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