

Market sensitive information

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S&P Global Flash Australia PMI®

Slowest rise in new orders in 2025 so far

Key findings, April:

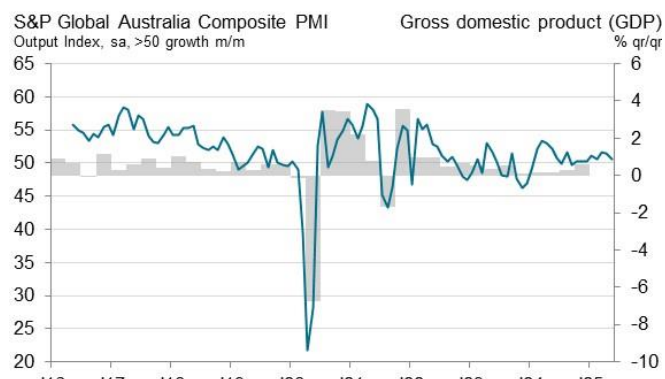
Flash Australia PMI Composite Output Index⁽¹⁾: 50.6 (Apr: 51.0). 3-month low.

Flash Australia Services PMI Business Activity Index⁽²⁾: 50.5 (Apr: 51.0). 6-month low.

Flash Australia Manufacturing Output Index⁽³⁾: 50.6 (Apr: 51.0). 3-month low.

Flash Australia Manufacturing PMI⁽⁴⁾: 51.7 (Apr: 51.7). Unchanged pace of expansion.

Data were collected 12-20 May 2025.



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

May data signalled a further expansion of business activity in Australia's private sector, although output rose at a softer pace amid slower increases in both the manufacturing and services sectors. New order growth also eased, despite a renewed rise in exports, while business confidence waned again. That said, firms continued to take on extra staff at a solid pace.

Rates of input cost and output price inflation slowed midway through the second quarter, but were still broadly in line with the respective series averages.

The headline seasonally adjusted **S&P Global Flash Australia PMI Composite Output Index** posted 50.6 in May, signalling a modest increase in business activity across Australia's private sector. The reading was down from 51.0 in April and the joint-weakest in 2025 so far, equal with that seen in February.

Slight rises in activity were seen in services and manufacturing, with both sectors recording a slowdown in growth from the previous month.

According to respondents, the latest rise in output reflected continued success in securing **new orders**, which increased for the tenth successive month in May. Here too, however, the rate of expansion slowed and was the weakest in the year-to-date. Growth eased particularly sharply in services, where the latest increase was the softest in the ten-month sequence of expansion. Some panellists reported a dip in confidence, while others mentioned that the election period had led to a temporary reduction in new work.

The slower rise in total new business was recorded despite a renewed increase in **new export orders**, which expanded for the first time in three months, albeit marginally. The increase in new business from abroad was centred on the manufacturing sector as service providers continued to record a fall.

The main positive from the latest month's data was a sustained and solid pace of job creation. **Employment** rose for the fifth consecutive month, with the rate of growth easing only slightly from April. Solid increases were seen across both the manufacturing and services categories. Panellists reported that higher new orders and the prospect of further improvements in the coming months encouraged hiring.

A combination of rising employment and slower growth of new orders meant that companies were able to work through **outstanding business** in May. Backlogs decreased for the first time in three months.

There were signs of inflationary pressures softening in May, with both **input costs** and **output prices** increasing at slower rates than in April. The rate of input cost inflation eased to a three-month low, with slower increases seen across both manufacturing and services. Manufacturers generally linked higher costs to rising raw material prices, while service providers often mentioned increased staff costs.

The pass-through of higher input costs to customers resulted in a further solid increase in output prices, albeit with the pace of inflation easing from the previous survey period.

Australian manufacturers expressed caution with regards to **purchasing activity** and **inventories**, all of which decreased in May following increases in the previous two months. The fall in stocks of purchases was the sharpest in 2025 so far.

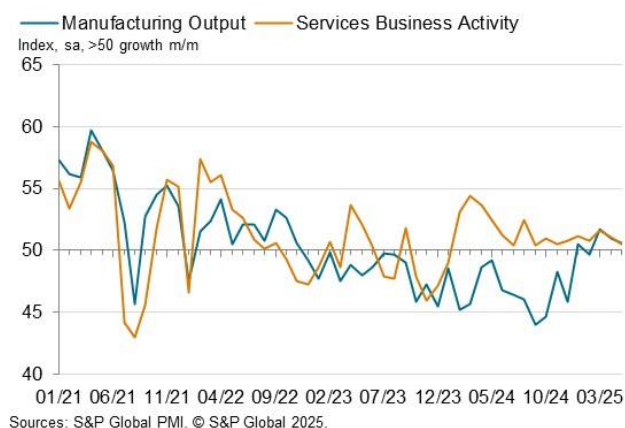
May data pointed to a further waning of **business**

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confidence, with sentiment falling for the fourth consecutive month to the weakest since last October. Optimism was also below the series average. The drop in confidence reflected lower sentiment in the services sector as manufacturing optimism ticked higher. Greater workforce capacity and hopes for improvements in demand supported confidence in the year-ahead outlook for business activity.

Commenting on the flash PMI data, **Andrew Harker**, Economics Director at S&P Global Market Intelligence said:

“The latest S&P Global Flash Australia PMI data was something of a mixed bag for economy watchers. While May saw continued expansions in output and new orders across the private sector, growth rates eased and were among the weakest seen in 2025 so far, suggesting a lack of momentum in the economy. Business sentiment also waned, but companies were confident enough in the near-term outlook to keep hiring additional staff at a solid pace. This added capacity should help to keep output rising in the near-term at least. There was some anecdotal evidence in May to suggest that the election period had contributed to slower growth of new orders, so we could potentially see a pick-up in the months ahead.”



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Notes to editors

Final May data are published on 2 June for manufacturing and 4 June 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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PMI by S&P Global

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