

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

## Downturn in goods production deepens

Accelerated contraction in new orders amid fall in exports

Staffing levels fall marginally

Business confidence rises to highest level in 28 months

Australia's manufacturing sector conditions deteriorated at a more pronounced pace in the closing month of 2024. Quicker reductions in both overall and export orders led to a deepening of manufacturing output contraction. In turn, capacity pressures eased and job shedding renewed. Firms also reduced their purchasing activity and inventory holdings. That said, confidence climbed to the highest level since August 2022.

Meanwhile, cost pressures intensified, driven partly by rising shipping costs amid shipping delays, which resulted in higher selling price inflation at the end of the year.

The headline seasonally adjusted S&P Global Australia Manufacturing Purchasing Manager's Index™ (PMI®) posted 47.8 in December, down from 49.4 in November. This indicated an eleventh successive monthly deterioration of manufacturing conditions and at a pace more pronounced than in November.

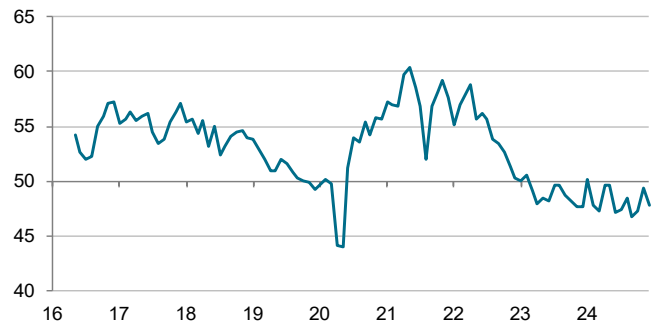
Central to the latest deterioration in manufacturing sector conditions was faster new business contraction. New orders placed at Australian manufacturers declined at a solid rate as economic conditions were dampened by elevated interest rates according to panellists. Export orders also fell amid reduced demand from the US, Europe, Asia and New Zealand.

Consequent of lower new work inflows, manufacturing output declined, extending the period of reduction to just over two years. Firms also worked through their outstanding business at the end of the year, leading to a further depletion of backlogged orders. With the easing of capacity pressures, job shedding renewed in the Australian manufacturing sector in December.

A reluctance to hold additional inventory during a period of falling demand led to firms paring back on their purchasing activity and holdings of pre-production inventories. This extended to stocks of finished goods, which fell for the eleventh time in 2024.

Turning to prices, cost pressures heightened in the closing month of the year. The rate of input cost inflation increased for the first time since July and was above the annual

S&P Global Australia Manufacturing PMI  
Index, sa, >50 = improvement m/m



Data compiled 05-17 December 2024.

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

### Comment

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

“December’s Australia Manufacturing PMI data outlined a further softening of conditions in the goods producing sector. After showing signs of easing in November, the downturn in the manufacturing sector also worsened at the end of the year, reflecting sustained domestic and external pressures on the goods producing sector.

“That said, confidence soared to the highest level since August 2022, with firms indicating expectations for a better 2025 as they look to lower interest rates to provide a boost to the economy. This was a positive sign, hinting at a potential turnaround in the new year.

“It will be important to monitor any improvements on the demand side as we look to the likelihood for the Reserve Bank of Australia to commence lowering rates in the first quarter of 2025. Additionally, at less than two points below the long-run average, rising selling price inflation will also need to be watched for any negative impact on sales next year.”

average. According to panellists, higher input material, energy and shipping costs contributed to the latest uptick in average input prices. Indeed, supply constraints were observed as a sharp lengthening of vendor lead times was recorded in December.

In line with higher input costs, selling prices increased as Australian goods producers opted to share additional cost burdens with clients. The rate of output price inflation climbed to the highest since October but remained below the long-run average.

Overall, firms maintained a positive view regarding the outlook for production in the year ahead. Despite the deepening of the manufacturing downturn, business confidence climbed to the highest level in 28 months as firms grew more hopeful that output can rise in the new year with the prospect of lower interest rates and local elections.

## Contact

Jingyi Pan  
Economics Associate Director  
S&P Global Market Intelligence  
T: +65 6439 6022  
[jingyi.pan@spglobal.com](mailto:jingyi.pan@spglobal.com)

SungHa Park  
Corporate Communications  
S&P Global Market Intelligence  
T: +81 3 6262 1757  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com). To read our privacy policy, click [here](#).

## 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.

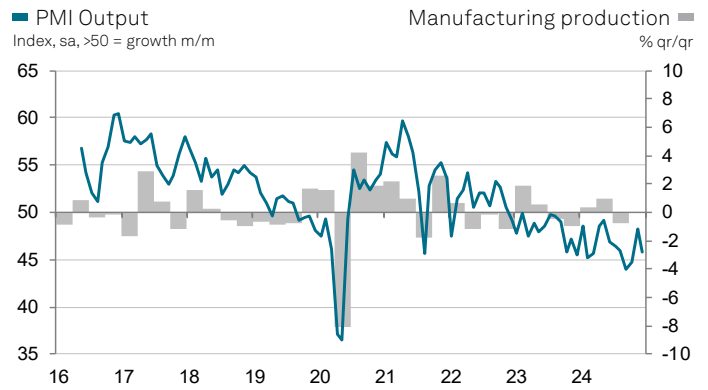
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted 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.

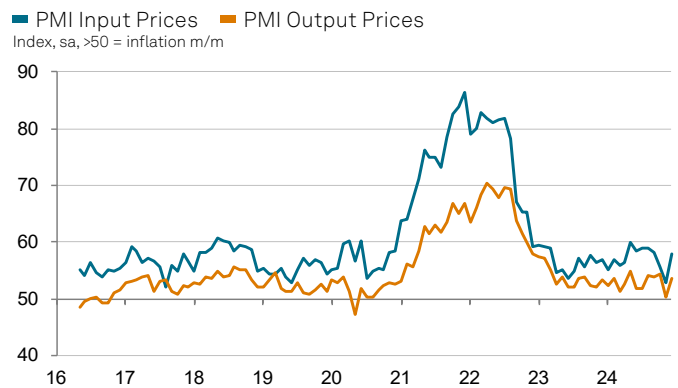
For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

## PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)



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



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

## S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. [www.spglobal.com](http://www.spglobal.com)

## Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.