

S&P Global Flash Australia PMI[®]

Faster services activity growth contrasts with fall in manufacturing output

October 2025

Flash Australia Composite PMI Output Index: 52.6
(Sep: 52.4)

Flash Australia Services PMI Business Activity Index: 53.1 (Sep: 52.4)

Flash Australia Manufacturing PMI: 49.7 (Sep: 51.4)

Flash Australia Manufacturing PMI Output Index: 49.7
(Sep: 52.4)

Australia's business activity growth accelerated at the start of the final quarter of the year, according to the latest flash PMI[®] data. Higher new business underpinned the expansion in business activity, which led to further job creation. That said, trends diverged by sector across measures of output, new business and employment as growth in services contrasted with declines in manufacturing. Meanwhile, overall business confidence fell to an 11-month low.

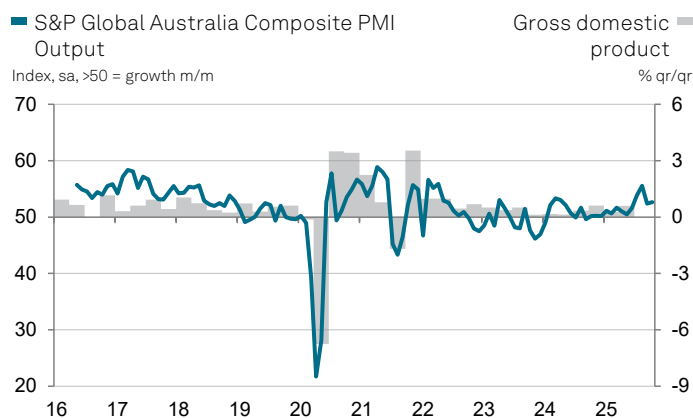
On prices, average selling prices rose at the softest pace in five years as input cost inflation fell to a near one-year low.

The headline seasonally adjusted S&P Global Flash Australia PMI Composite Output Index rose to 52.6 in October, up from 52.4 in September. Posting above the 50.0 no-change mark for a thirteenth consecutive month, the latest reading signalled another expansion in business activity, and one that was stronger than in the previous survey period. Growth was driven by the service sector while manufacturing production shrank following three straight months of expansion.

The uptick in business activity was underpinned by rising new business. Incoming new orders expanded at a solid pace, with growth similarly confined to the service sector while new orders for goods fell at the fastest pace so far this year. Anecdotal evidence suggested that sufficient stock holdings at clients of manufacturing companies and subdued market conditions, attributed partly to challenging global trade conditions, led to the reduction in goods new orders. Manufacturing export orders also fell, though growth in services exports resulted in a stabilisation of overall new export business in October.

Meanwhile, the solid rise in services new business led companies to hire additional staff. Higher employment in the service sector thereby helped to offset a renewed fall in manufacturing headcounts, which resulted in a tenth successive month of employment growth across the Australian private sector.

As a result of higher workforce capacity, Australian businesses



Comment

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

“October’s S&P Global Flash Australia PMI data indicated that business activity growth accelerated at the start of the final quarter of 2025. That said, the latest expansion was uneven as faster services activity growth contrasted with a renewed fall in manufacturing output. The manufacturing picture notably worsened with a deepening contraction of goods new orders in October leading to job shedding in the manufacturing sector and margin compression for goods producers.

“While it was positive to see services activity expanding at a solid pace in October, growth in both services new business and employment notably slowed. This was accompanied by falling optimism among service providers, which alongside weakening manufacturing sector confidence pointed to a less upbeat view for output growth in the near-term.

“Overall, price pressures eased with output price inflation down to the lowest in five years, which helps to keep the central bank on course for further monetary easing.”

were able to clear their outstanding business for the sixth month in a row.

Turning to prices, average input costs continued to rise in October. That said, the rate of cost inflation fell to the lowest in nearly a year on the back of easing services cost pressure. On the other hand, manufacturing input prices rose at the quickest pace since April amid reports of higher input material and transport costs. Indeed, manufacturing suppliers' delivery times lengthened at the most pronounced pace so far this year due to supply disruptions, port congestions and bad weather.

Despite rising manufacturing input cost inflation, both goods producers and service providers raised their selling prices at slower rates in October. Overall, average selling prices increased at the softest pace in the ongoing five-year sequence of inflation. Some firms mentioned that heightened competition limited their ability to raise their charges.

Finally, companies in Australia remained optimistic that output will rise in the next 12 months, as indicated by an above-50.0 reading of the Future Output Index. However, firms were the least upbeat since last November as concerns over rising competition and the economic outlook dampened confidence.

Methodology

Final October data are published on 3 November for manufacturing and 5 November 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, 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.

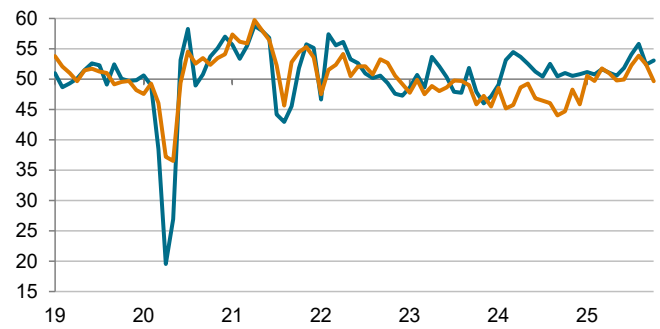
The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

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■ Services PMI Business Activity ■ Manufacturing PMI Output
Index, sa, >50 = growth m/m



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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.

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

S&P Global

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