

S&P Global Flash Australia PMI®

Business activity growth slows in September

September 2025

Flash Australia Composite PMI Output Index: 52.1
(Aug: 55.5)

Flash Australia Services PMI Business Activity Index: 52.0 (Aug: 55.8)

Flash Australia Manufacturing PMI: 51.6 (Aug: 53.0)

Flash Australia Manufacturing PMI Output Index: 52.9
(Aug: 53.8)

Australia's business activity growth softened at the end of the third quarter, according to the latest flash PMI® data. The weaker expansion of output was driven by a slower rise in incoming new orders, attributed partly to a renewed fall in export orders. Business optimism also fell to the lowest level in a year. That said, firms continued to hire at a solid pace to cope with ongoing workloads and to clear existing orders.

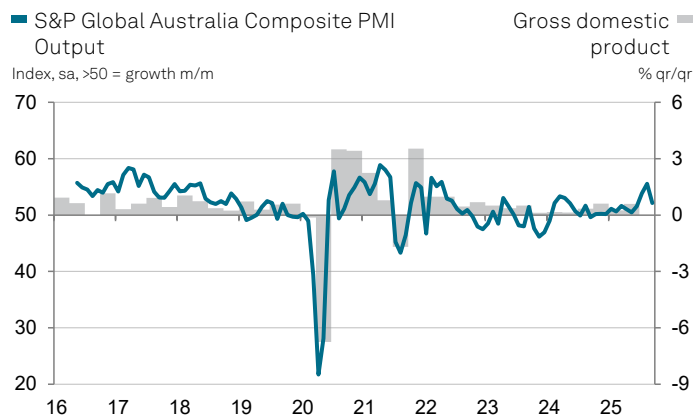
On prices, average input costs continued to increase at an above-average pace while selling price inflation eased slightly in September.

The headline seasonally adjusted S&P Global Flash Australia PMI Composite Output Index posted above the 50.0 no-change mark for a twelfth consecutive month to signal an expansion in business activity in September. At 52.1, down from 55.5 in August, the latest reading was the lowest in three months and signalled only a modest expansion in activity. By sector, output growth softened across both manufacturing and services in September.

Central to the latest easing of business activity growth was slower inflows of new work. While still solid, the rate of new business growth was the weakest in three months. This was due to both a slowdown in services new business expansion and a renewed fall in goods new orders. Anecdotal evidence suggested that goods demand declined as market conditions deteriorated. The rate at which goods new orders contracted was the quickest in eight months, despite being marginal.

Meanwhile, new export orders fell marginally in September after rising briefly in August. Faster services export business growth failed to offset a renewed decline in the goods producing sector. According to panellists, US tariffs negatively affected new orders for Australian manufactured goods from abroad.

Concerns over the negative impact of US tariffs and the outlook for growth in August also led to a lowering of business confidence in September. The level of optimism slipped to



Data were collected 11-19 September 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

“September’s S&P Global Flash Australia PMI data reflected that business activity growth softened at the end of the third quarter. New business growth slowed after two strong months of expansion, with manufacturing new orders notably returning to contraction as the negative impact of US tariffs set in. New export orders were also affected, while overall business confidence slumped to the lowest level in a year among Australian businesses, hinting at slower growth in the near term.

“That said, it was positive to see job growth continuing at a solid pace that was little changed from August. Meanwhile, selling price inflation remained at a level that was above the long-run average while the steep hike in manufacturing cost inflation pointed to margin pressure for goods producers.”

the weakest in a year with both manufacturers and service providers less upbeat about output growth in the next 12 months.

Rising new business inflows nevertheless led to growth in employment in September. The rate of job creation remained solid, despite easing slightly since August. Higher staffing levels further enabled firms to lower their level of outstanding business, resulting in a fifth consecutive month of backlog depletion.

Turning to prices, average input prices continued to rise at a rate that was above the series average and unchanged from August. A slower increase in services input prices helped to offset higher manufacturing cost inflation. Australian goods producers often mentioned US trade policy changes as a factor behind higher input prices. This was while pressure on supply eased as observed via a less pronounced extension in lead times, while manufacturing purchasing activity and stocks of purchases grew at slower rates.

In contrast to the trend for input costs, selling price inflation eased to a three-month low in September. This was mainly due to softer services output price inflation, though manufacturers also reported limited capacity to pass on rising costs due to heightened competition.

Methodology

Final September data are published on 1 October for manufacturing and 3 October 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.

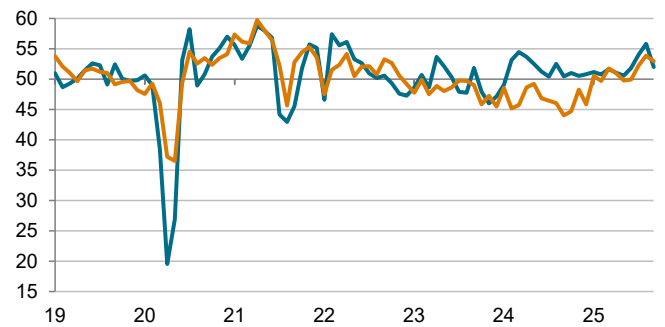
The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It 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



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

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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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