

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

## Business confidence highest in over three years as growth accelerates

June 2025

New business expands at quicker pace despite fall in exports

Fastest rise in services activity since last August

Selling price inflation remains muted

Growth of Australia's services sector improved in June as faster new business expansion underpinned another rise in activity. This was despite sustained weakness in exports. Firms hired additional staff to cope with ongoing workloads and to support the clearing of existing work. Business confidence rose, with firms at their most upbeat in over three years.

Meanwhile, cost inflation softened in the service sector during June, which meant Australian service providers again lifted their own charges at a muted pace.

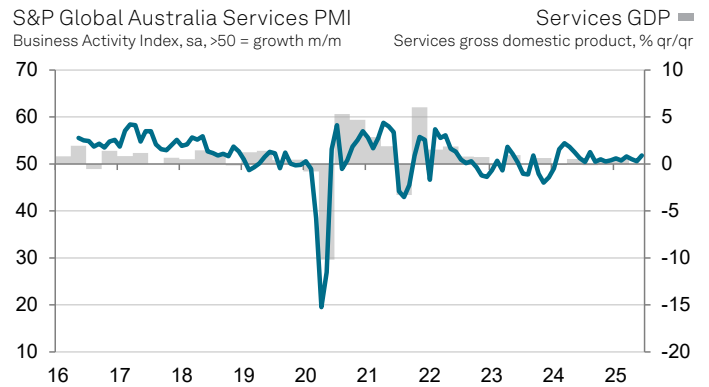
The seasonally adjusted S&P Global Australia Services PMI<sup>®</sup> Business Activity Index rose to 51.8 in June, up from 50.6 in May. Posting above the 50.0 no change mark for a seventeenth consecutive month, the latest reading signalled continued services activity growth. Moreover, the rate of expansion was the fastest since May 2024.

Growth in services activity accelerated in line with the trend for new business. Comments from panellists often highlighted greater market interest and an expansion of client bases spurring the rise in new sales. The rate at which new business rose was solid and supported mainly by domestic sources as new export business shrank. Foreign demand notably deteriorated at the sharpest pace in nearly three-and-a-half years amid anecdotal evidence of reduced international visitors.

Sub-sector data showed the real estate & business services sector led growth in both business activity and new sales.

Employment gains were sustained in June. Australian service providers reported raising their staffing levels to cope with higher new business and activity. Greater workforce capacity contributed to a second consecutive monthly depletion of outstanding business.

On prices, average input costs for Australian services firms continued to increase in June as input material, labour and fuel expenses rose. Currency fluctuations were also a common factor mentioned as reason for rising prices. While marked, the rate of input price inflation was the lowest in the year-to-date. This led to another subdued increase in



Data were collected 12-25 June 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

“Growth in the Australia service sector picked up speed in June, according to the latest S&P Global PMI data. Better demand conditions in the service sector supported a faster rise in activity and continued employment growth in June. The improvement in the service sector also made up for subdued manufacturing sector conditions, bringing second quarter growth to a rate comparable to Q1 on a composite level.

“A pocket of weakness was found in exports which fell due to deteriorating external conditions. That said, overall business confidence soared to the highest level in over three years amid improved optimism among service providers. Price pressures were also muted, which is supportive of the loosening of monetary policy to support growth in the months ahead.”

charges. Ranked just behind May, the rate of selling price inflation was the second lowest in four-and-a-half years.

Finally, business confidence improved in June. Services companies were optimistic that activity will grow in the year ahead with increased business development efforts and better demand conditions expected amid hopes of lower borrowing costs. The level of optimism was the highest seen since May 2022.

## S&P Global Australia Composite PMI®

### Business activity growth remains driven by services in June

The Composite Output Index posted 51.6 in June, up from 50.5 in May. This signalled a ninth successive monthly rise in business activity and at the quickest pace since March. Growth was again limited to the service sector.

Similarly, new business growth accelerated in June, attributed to improvements in the service sector. Although, export weakness prevailed and was broad-based.

Firms hired additional staff to cope with current workloads and support the completion of backlogged orders. Confidence also rose, improving to the highest level in just over three years.

Average selling prices meanwhile increased at a rate that was unchanged from May and modest, while cost inflation eased to its lowest since December 2024.

### 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.

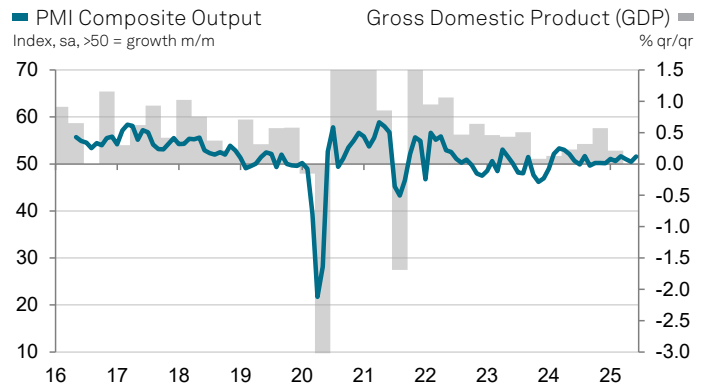
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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