

S&P Global Australia Manufacturing PMI[®]

Manufacturing PMI at three-month high

July 2025

New orders and output both return to growth in July

Cost inflation slips to eight-month low, but charges rise at a faster pace

Business confidence highest in over three years

Australia's manufacturing sector expanded at a faster rate at the start of the third quarter, according to PMI[®] data. Manufacturing production expanded amid rising new orders, though export conditions remained subdued. Goods producers hired additional staff to support ongoing operations and the clearance of backlogs. This was amidst improved confidence regarding the 12-month outlook for production. Sufficient inventory led to lower purchasing activity, however.

Meanwhile, selling price inflation rose in July despite an easing in the pace of input cost inflation.

The headline seasonally adjusted S&P Global Australia Manufacturing Purchasing Manager's Index™ (PMI) rose to 51.3 in July, up from 50.6 in June. Posting above the 50.0 no-change mark for a seventh consecutive month, the latest reading signalled that manufacturing sector conditions continued to improve and at the fastest pace since April.

Central to the latest uptick in the headline reading was renewed manufacturing output growth. The rate of growth was solid and the fastest since October 2022. Survey respondents attributed the expansion in production to rising new orders, which were in turn driven by successful business expansions and restocking at clients. The improvement in demand was limited to the domestic market, however, as new export orders fell again in July.

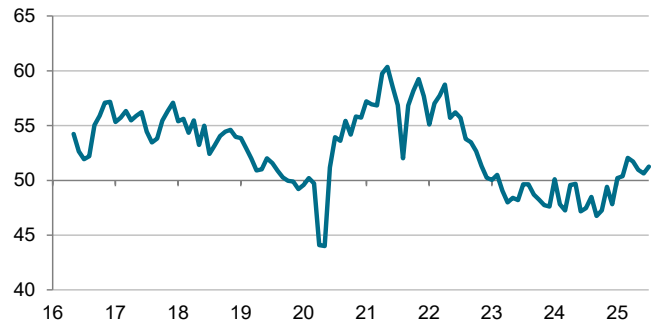
Business sentiment in the Australian manufacturing sector picked up at the start of the second half of the year, encouraged by renewed growth in new orders and amid hopes for both better economic conditions and business development efforts to spur sales in the year ahead. The level of confidence was notably the highest since April 2022.

To cope with ongoing operations, Australian goods producers continued to hire for the fifth month in a row. The expanded workforce capacity further supported the clearance of outstanding orders in July.

Purchasing activity meanwhile continued to contract, though this was largely attributed to adequate holdings of input stocks at goods producers. Anecdotal evidence

S&P Global Australia Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 10-25 July 2025.

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

Comment

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

“Australia's Manufacturing PMI data showed encouraging signs of improvement for the goods-producing sector at the start of the third quarter of 2025. New orders and output both returned to growth, while the Future Output Index climbed to the highest level in over three years to suggest that firms were more confident regarding growth in production in the coming months.

“Additionally, job creation sustained in July, extending the longest streak of employment growth seen since 2023. It would be encouraging to see further improvements in demand driving a renewed rise in purchasing activity and holdings of input stocks, however.

“On prices, the easing of input cost inflation coupled with a faster rise in average selling prices bodes well for Australian goods producers' margins at the start of the second half of the year. Rates of inflation were also below their long-run averages to support further growth in demand in the near-term.”

suggested that firms were keen to align their stocks of purchases with production requirements.

In contrast to the trend for input stocks, the level of post-production inventories increased for the first time in three months due to higher production.

Finally, supply constraints persisted in the form of shipment delays and shortages of supplies. The pace at which vendor performance deteriorated eased since June, however. Likewise for cost inflation, average input prices rose at the softest pace in eight months. However, selling price inflation picked up since June with firms opting to share their cost burdens at a more pronounced pace. The rate of output price inflation was nevertheless subdued relative to its long-run average.

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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.

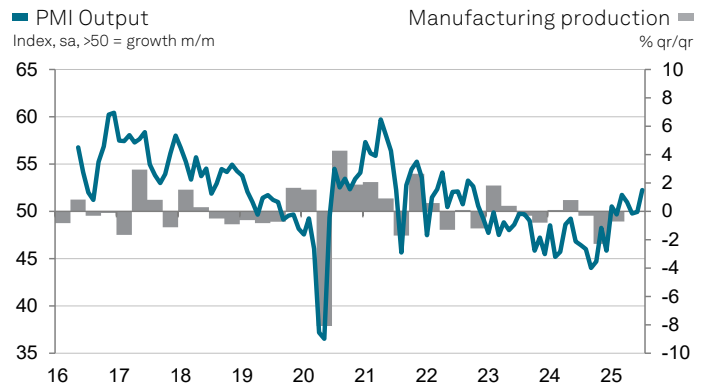
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

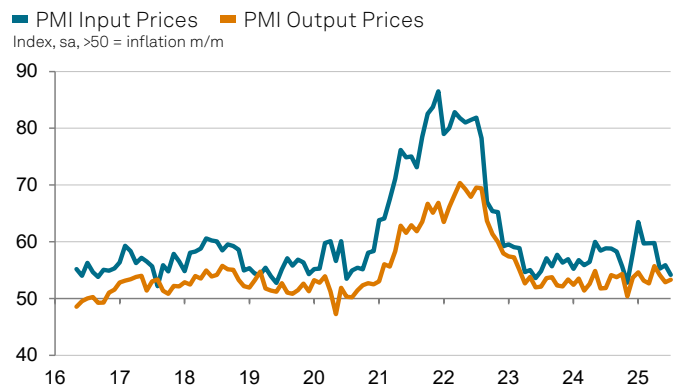
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PMI by S&P Global

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