

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

## Manufacturing sector contraction eases to marginal pace

New orders and output decline at slower rates

Manufacturing headcounts rise at quickest pace in 14 months

Selling price inflation at lowest in over four years

Australia's manufacturing sector conditions deteriorated at a softer and only marginal pace in the penultimate month of the year. Incoming new orders, including exports, contracted at slower rates in November, leading to only a modest fall in production. Sentiment improved with the level of optimism reaching the highest in nearly two years, further spurring jobs growth. That said, firms remained cautious about acquiring and holding additional inventories. Reflective of a subdued business environment, selling price inflation was down to its lowest level in over four years.

The headline seasonally adjusted S&P Global Australia Manufacturing Purchasing Manager's Index™ (PMI<sup>®</sup>) posted 49.4 in November, up from 47.3 in October. This indicated a tenth successive monthly deterioration of manufacturing conditions, albeit at a marginal rate that was the softest in half-a year.

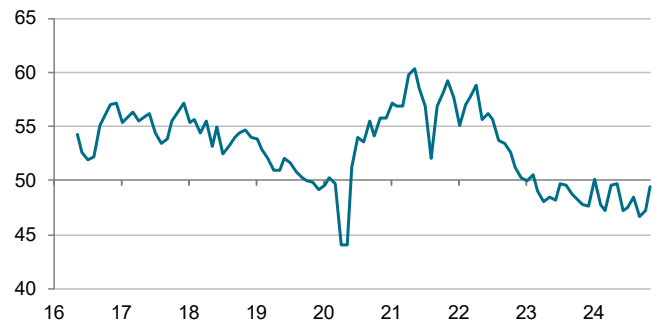
Manufacturing production remained in contraction midway through the final quarter of the year on the back of slower new work inflows. November marked two complete years of sustained declines in output and new orders. Anecdotal evidence suggested that subdued market conditions dampened demand for Australian manufactured goods. The rates at which new orders and export orders fell eased from October, however, resulting in only a modest reduction in output.

Business sentiment in the Australian manufacturing sector improved in November with 43% of panellists indicating optimism about output in the next 12 months, compared with 8% that were pessimistic. This brought the level of confidence to the highest since January 2023. Firms were generally hopeful that economic conditions can improve in the year ahead and support sales.

Employment rose for the first time in six months amid rising optimism. This was despite a further reduction in capacity pressures, as the level of unfinished work fell at a steep rate again in November.

Caution with regards to pre-production inventories and buying activity was sustained in November, with both falling since the previous month. Manufacturers indicated a reluctance to hold excess inventory during a period of

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



Data compiled 11-25 November 2024.

Source: S&P Global PMI. ©2024 S&P Global.

### Comment

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

“November’s Australia Manufacturing PMI data revealed that operating conditions deteriorated at a softer pace in the penultimate month of the year for goods producers. Manufacturing output fell at the softest pace in six months with slower declines in both domestic and external new orders.

“While tight monetary policy settings and subdued market conditions continued to dampen performance in the manufacturing sector, firms are noticeably more optimistic about future output, going as far as to raise their workforce capacity once again in anticipation of higher future output.

“Meanwhile, inflationary pressures remained low in the manufacturing sector as selling prices rose only marginally in November. This continues to bode well for the broader easing inflation trend in Australia.”

falling demand. This was the case for stocks of finished goods as well, which were depleted for the sixth month in a row in November.

Australian goods producers continued to face supply delays in November as lead times lengthened at a sharp pace. Congestions in the Red Sea and across Asia negatively affected delivery times and contributed to higher shipping prices for firms, according to anecdotal evidence.

Indeed, increased transportation and raw material costs led to another increase in overall input prices. That said, the rate of cost inflation eased to the second-lowest since data collection began for the survey in May 2016 (only in August 2017 was inflation lower). However, Australian manufacturers opted to raise prices at an even slower pace, with some firms partially absorbing costs to support sales. Selling price inflation was marginal and the lowest since August 2020.

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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.

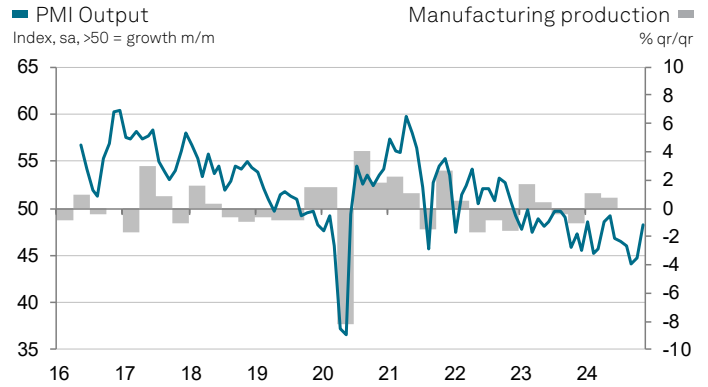
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted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

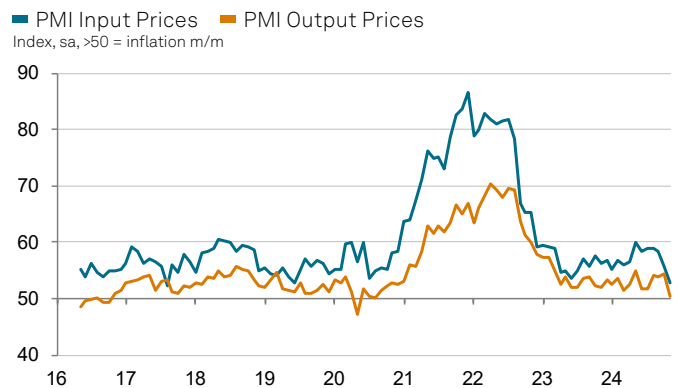
For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

## 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)



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