

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

## Selling price inflation at near four-year low as business activity growth slows

Services activity and new business rise at slower rates

Employment growth continues

Business confidence rise to highest level since May 2022

Australia's service sector continued to expand midway through the final quarter of the year, according to the latest PMI<sup>®</sup> data. Incoming new business and activity both rose, albeit at softer rates. Staffing levels also increased in tandem, which supported the clearing of backlogged orders.

Sentiment notably improved with business confidence rising to the highest level in 30 months. That said, firms were cautious with regards to raising charges despite an intensification of cost inflation.

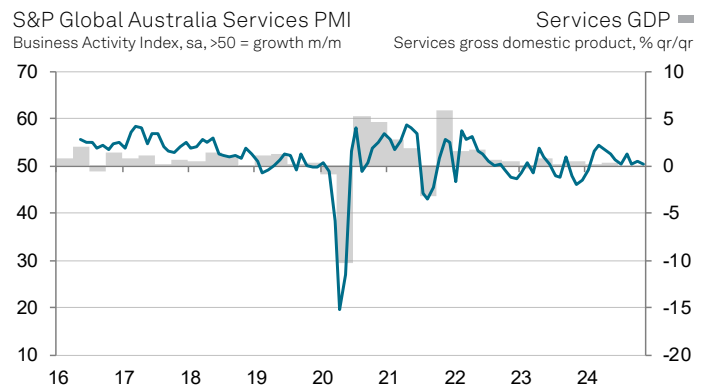
The seasonally adjusted S&P Global Australia Services PMI Business Activity Index posted 50.5 in November, down from 51.0 in October. The latest reading signalled a tenth successive monthly expansion in business activity in the Australian service sector. The rate of expansion eased from October and was among the softest in the current sequence, however.

Higher new business, driven by improvements in underlying demand and business development efforts bearing fruits, supported the latest expansion in services activity. The rate of new business growth was modest after easing from October, however. Domestic demand mainly supported the expansion of new work, while export business broadly stabilised after two successive months of modest contraction. Firms in the information & communication sector experienced the fastest rise in new work and activity according to detailed sector data.

Employment expanded as firms hired additional staff to cope with rising workloads. As a result, the level of unfinished work fell for the seventh month in a row and at a rate that was solid and the fastest pace since July.

Meanwhile, selling price inflation eased to the least pronounced rate since December 2020, falling below the series average. This was despite average input prices rising at a quicker rate in November as input material and wage costs increased. Firms indicated caution with regards to raising charges as competition heightened, opting to partially absorb price increases to support sales.

Finally, overall confidence among Australian service providers improved for a second successive month, rising



Data compiled 11-26 November 2024.  
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

“Australia's private sector output continued to grow in November, buoyed mainly by the expansion of services activity, according to the latest S&P Global Australia Composite PMI data. That said, it was positive to see the rate of manufacturing production contraction also easing markedly in the latest survey period.

“Mixed signals on the outlook for the near-term were transmitted by the data, however, as slower new orders growth contrasted with the Future Output Index rising to the highest level in 30 months. Alongside the lowering of backlogged work, the softening of new orders growth hinted at the likelihood for moderate growth at best in the near term. However, businesses are likely seeing the easing of price pressures boding well for the lowering of interest rates in 2025, thereby supporting their longer-term outlook. This confidence was also evident in the hiring trend, as service providers, and even manufacturers faced with falling new orders, raised staffing levels in November.”

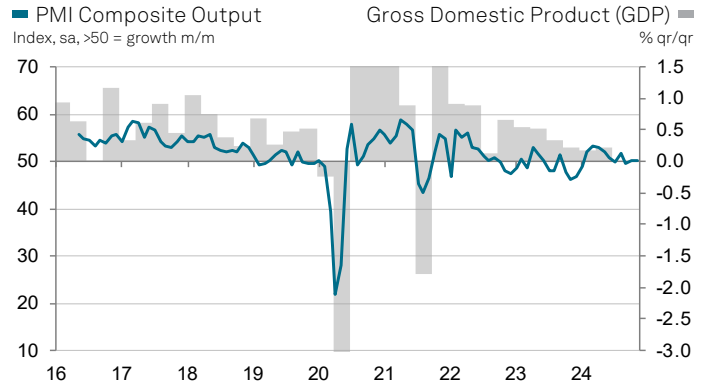
to the highest level in two-and-a-half years. Firms were generally hopeful that improvements in economic conditions, increased promotional efforts and the 2025 Australian elections can help to lift sales in the year ahead.

## S&P Global Australia Composite PMI®

### Private sector output continues to expand marginally

The Composite Output Index posted 50.2 in November, unchanged from October. This marked a second successive marginal rise in private sector output, although growth was limited to services. The divergence in sectoral trends was likewise observed for new orders. In contrast, employment growth was broad-based.

Cost pressures eased slightly in November, driven by softening goods cost inflation. This helped to explain why average selling prices rose at the softest pace in nearly four years. Optimism in the Australian private sector improved in the penultimate month of the year and reached the highest level in 30 months.



Sources: S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence. ©2024 S&P Global.

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## 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).

## PMI by S&P Global

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