

MARKET SENSITIVE INFORMATION

Embargoed until 0900 AEST 22 Apr 2022 (2300 UTC 21 Apr 2022)

S&P Global Flash Australia Composite PMI®

Private sector expansion continues amid record price pressures

Key findings:

Flash Australia PMI Composite Output Index at 56.2 (Mar: 55.1). 2-month high.

Flash Australia Services PMI Activity Index at 56.6 (Mar: 55.6). 2-month high.

Flash Australia Manufacturing Output Index at 53.4 (Mar: 52.3). 4-month high.

Flash Australia Manufacturing PMI at 57.9 (Mar: 57.7). 5-month high.

Data were collected 12-20 April 2022.

Australia's private sector recorded a third straight month of growth, according to Flash PMI® data. Both output and demand expanded at strong rates in April, leading to the continued expansion of workforce capacity. Supply constraints persisted, however, contributing to record input cost inflation while backlogged work also rose solidly. Overall business confidence eased.

The S&P Global Flash Australia Composite Output Index* rose from 55.1 in March (final reading) to 56.2 in April. This marked a third consecutive month of expansion for Australia's private sector and at the fastest rate in two months.

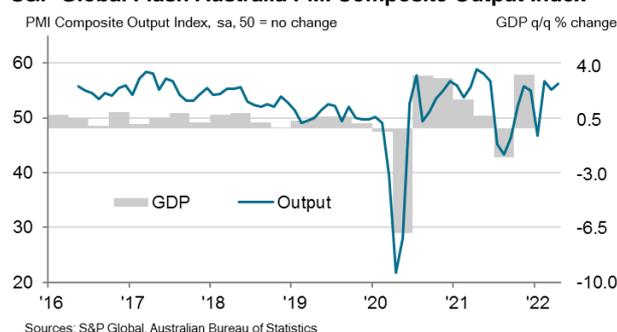
Private sector output expanded at a faster pace in April with service sector business activity driving the improvement. This came as new orders for Australian goods and services grew at the fastest rate since May 2021. Better COVID-19 conditions supported the expansion of activity according to panellists. Foreign demand also returned to growth for the first time in four months following the easing of border restrictions.

As a result, firms continued to expand their workforce capacity in April. The rate at which employment levels rose slowed from March, however, amid reports of difficulty in acquiring skilled labour across both manufacturing and service sectors.

Meanwhile private sector firms continued to experience higher costs in April with input price inflation surging to a new record. Survey respondents reported higher costs across a range of categories, including fuel, wages and raw materials. Firms continued share these cost burdens with their clients, leading to higher output prices in April.

Overall sentiment in the Australian private sector remained

S&P Global Flash Australia PMI Composite Output Index



positive, but the level of business confidence fell to the lowest since April 2020 amid concerns over rising costs.

S&P Global Flash Australia Services PMI®

The S&P Global Flash Services Business Activity Index rose to 56.6 in April from 55.6 in March, marking a third consecutive month in which Australian services output expanded.

Improvements in COVID-19 conditions underpinned the growth of demand for Australian services, thus leading to the uptick in business activity in April. New export business likewise saw faster growth, benefitting from the easing of border restrictions. As a result, service providers continued to hire at a solid pace in April.

Price pressures persisted with input costs rising at a record rate for Australian service providers. Selling price inflation eased from the March record but remained steep. Firms reported facing higher costs from fuel to wages, in part contributing to the lower level of business optimism in April.

S&P Global Flash Australia Manufacturing PMI®

The S&P Global Flash Manufacturing PMI® improved from a final reading of 57.7 in March to 57.9 in April. This marked the twenty-third successive month in which conditions in the manufacturing sector strengthened, with the latest improvement the most marked in five months.

Manufacturing production expansion accelerated in April amid faster new orders growth. This was underpinned by better local and overseas demand with new export orders seeing growth for the first time in four months. As a result, employment levels and purchasing activity sustained in growth in April, contributing to higher stocks of purchases.

PMI®

by **S&P Global**

News Release

Manufacturers also reported increasing their buying activity for safety stock building.

This was amid signs of persistent supply constraints. Vendor performance in the manufacturing sector continued to deteriorate on the back of supply and shipping issues. At the same time, input costs rose in April, albeit at a slower pace compared to March. Manufacturers went on to share the increased cost burdens with their clients, leading to record output price inflation.

Overall business confidence amongst Australia manufacturers improved from the eight-month low in March but remained at a level below the series average.

**The S&P Global Flash Australia Composite Output Index is a GDP-weighted average of the S&P Global Flash Manufacturing Output Index and the S&P Global Flash Services Business Activity Index. Flash indices are based on around 85% of final survey responses and are intended to provide an advance indication of the final indices.*

S&P Global Flash Australia Manufacturing PMI



-Ends-

Contact

S&P Global

Jingyi Pan
Associate Director
Telephone +65-6439-6022
Email: jingyi.pan@spglobal.com

Joanna Vickers
Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@spglobal.com

Note to Editors

The S&P Global Flash Australia Composite 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 by S&P Global 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.

News Release

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.

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 = 0.0 (absolute difference 0.6)

Services Business Activity Index = 0.1 (absolute difference 0.6)

Manufacturing PMI = 0.0 (absolute difference 0.4)

Underlying final 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@ihsmarkit.com.

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2022 S&P Global Ltd. All rights reserved. www.spglobal.com

About PMI

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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

If you prefer not to receive news releases from S&P Global, please contact joanna.vickers@spglobal.com. To read our privacy policy, [click here](#).

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.