

Australian Industry Index

Mixed year ends with downturn in demand

Key findings

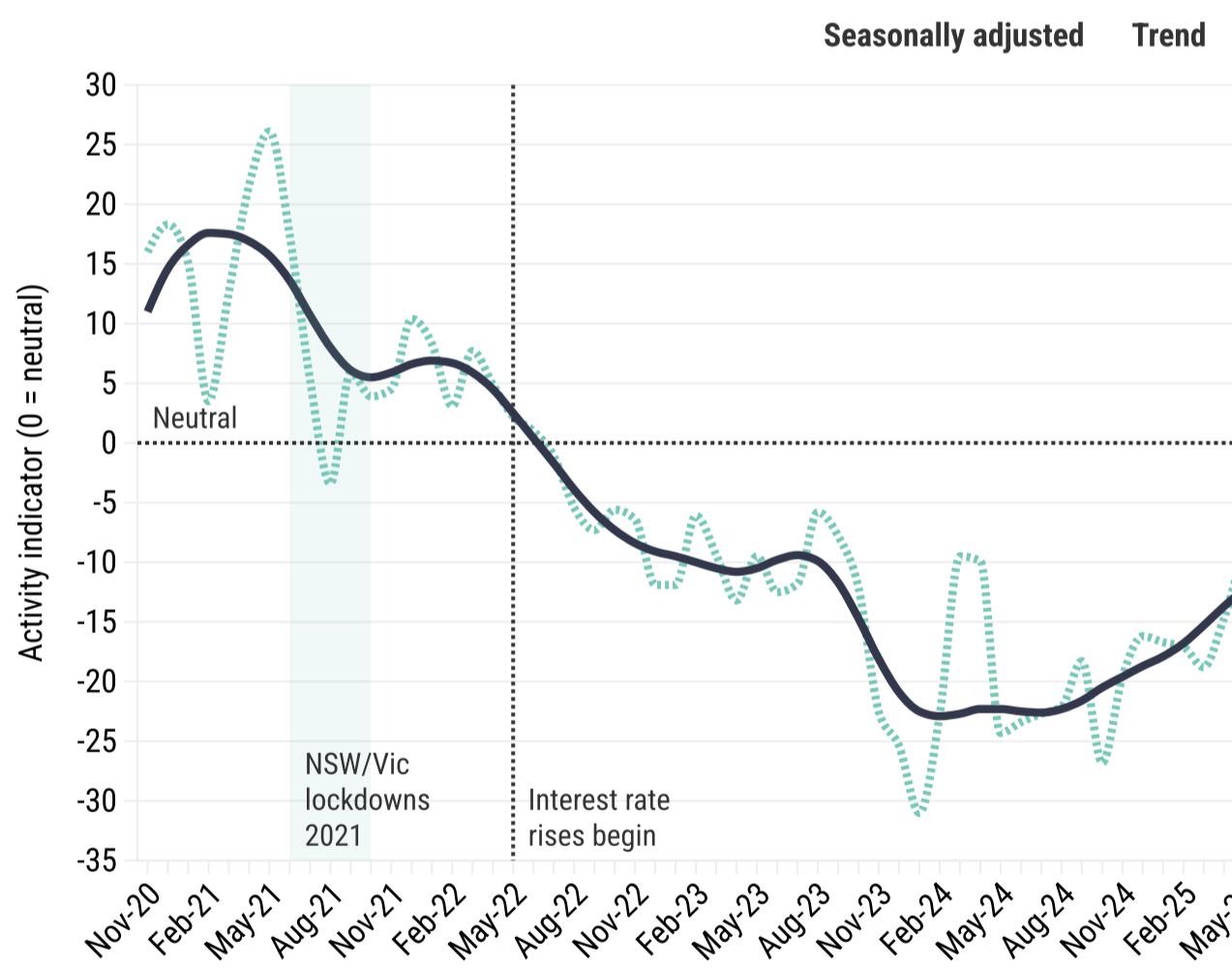
- The Australian Industry Index® declined by 0.6 points to -12.5 seasonally adjusted in November.
- Employment, new orders and input volumes all weakened as the demand outlook softened at the end of the year.
- Pricing indicators point to a return of inflationary pressures, with input prices rising and more firms passing on cost through sales pricing.
- Manufacturing continues to slowly recover, with machinery reporting a material uplift. Construction activity slowed on the back of lower investment in the future work pipeline.
- Capacity utilisation fell 3.2% to 74.2%, the lowest level since August 2020.

Be a part of this report.

No registration required, open to any Australian business.

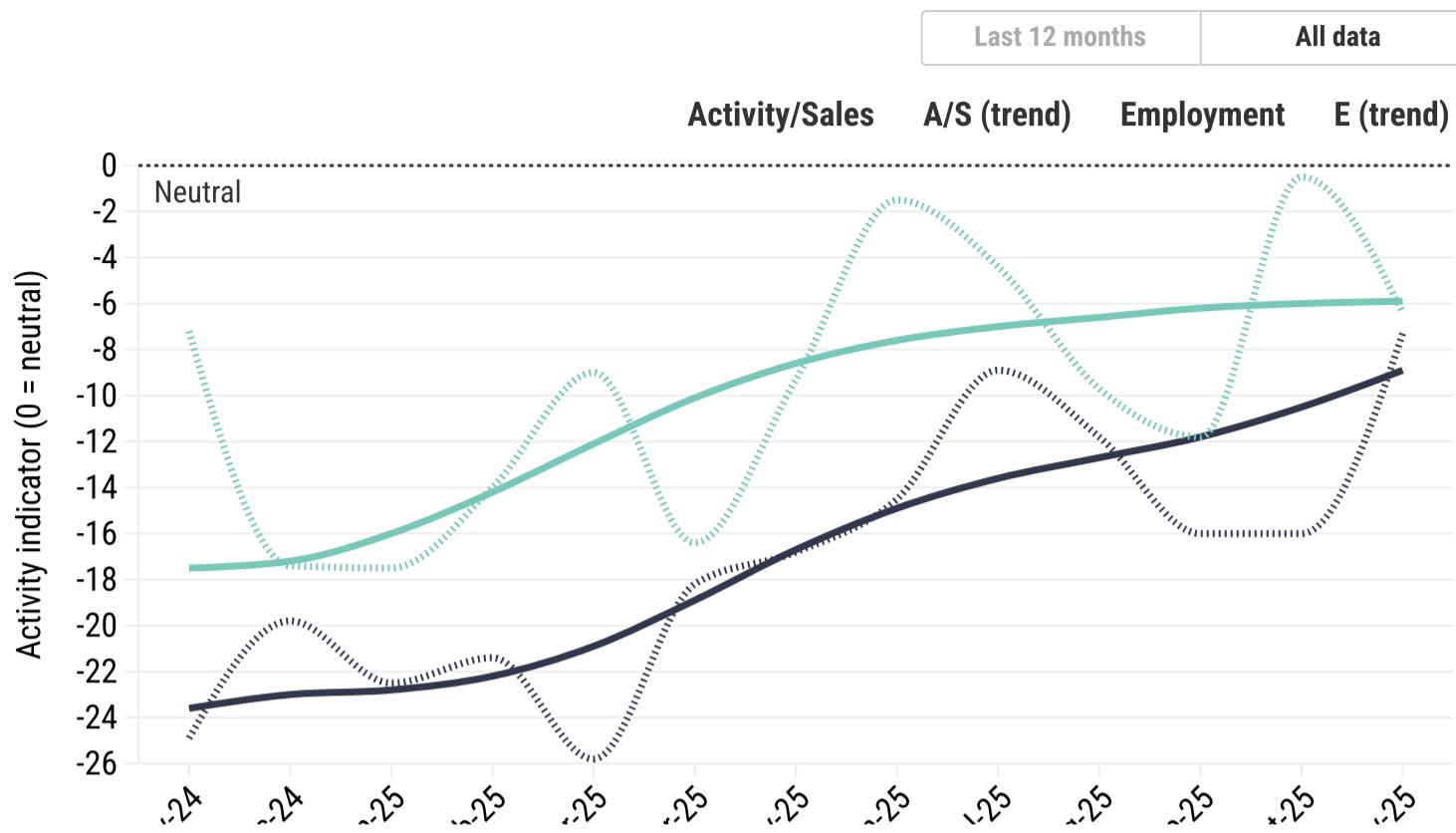
November 2025

Australian Industry Index®



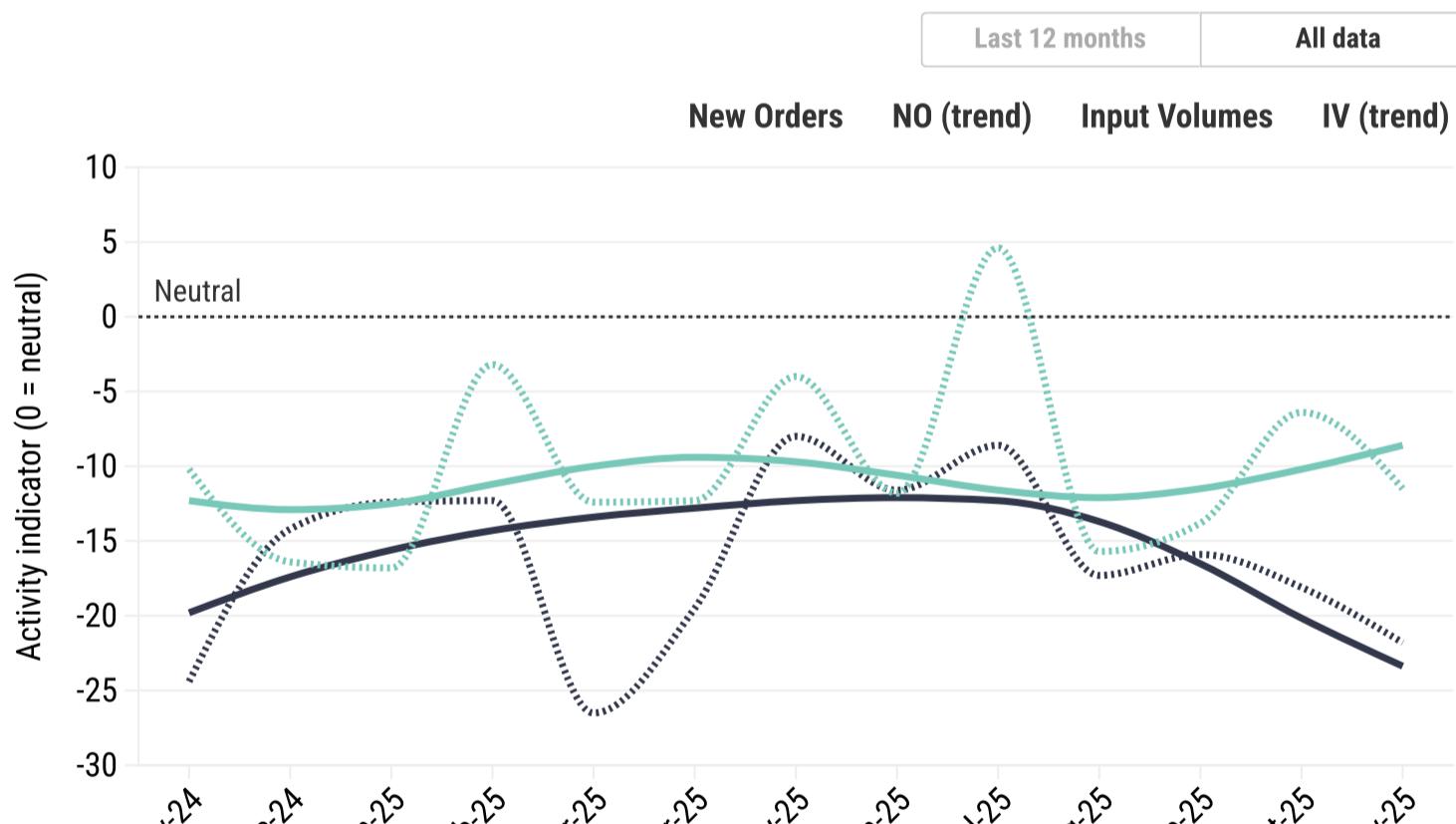
Australian Industry Group Australian Industry Index® (all industry)	-12.5
Australian PMI® (manufacturing)	-18.0
▲ 3.6 points	
Australian PCI® (construction)	-18.7
▼ 10.3 points	
Activity/sales	-7.3
▲ 8.6 points	
Employment	-6.4
▼ 5.9 points	
New orders	-21.8
▼ 3.7 points	
Input volumes	-11.5
▼ 5.1 points	
Input prices	38.8
▲ 6.3 points	
Sales prices	5.8
▲ 0.9 points	
Average wages	38.5
▲ 1.0 points	

Industry activity



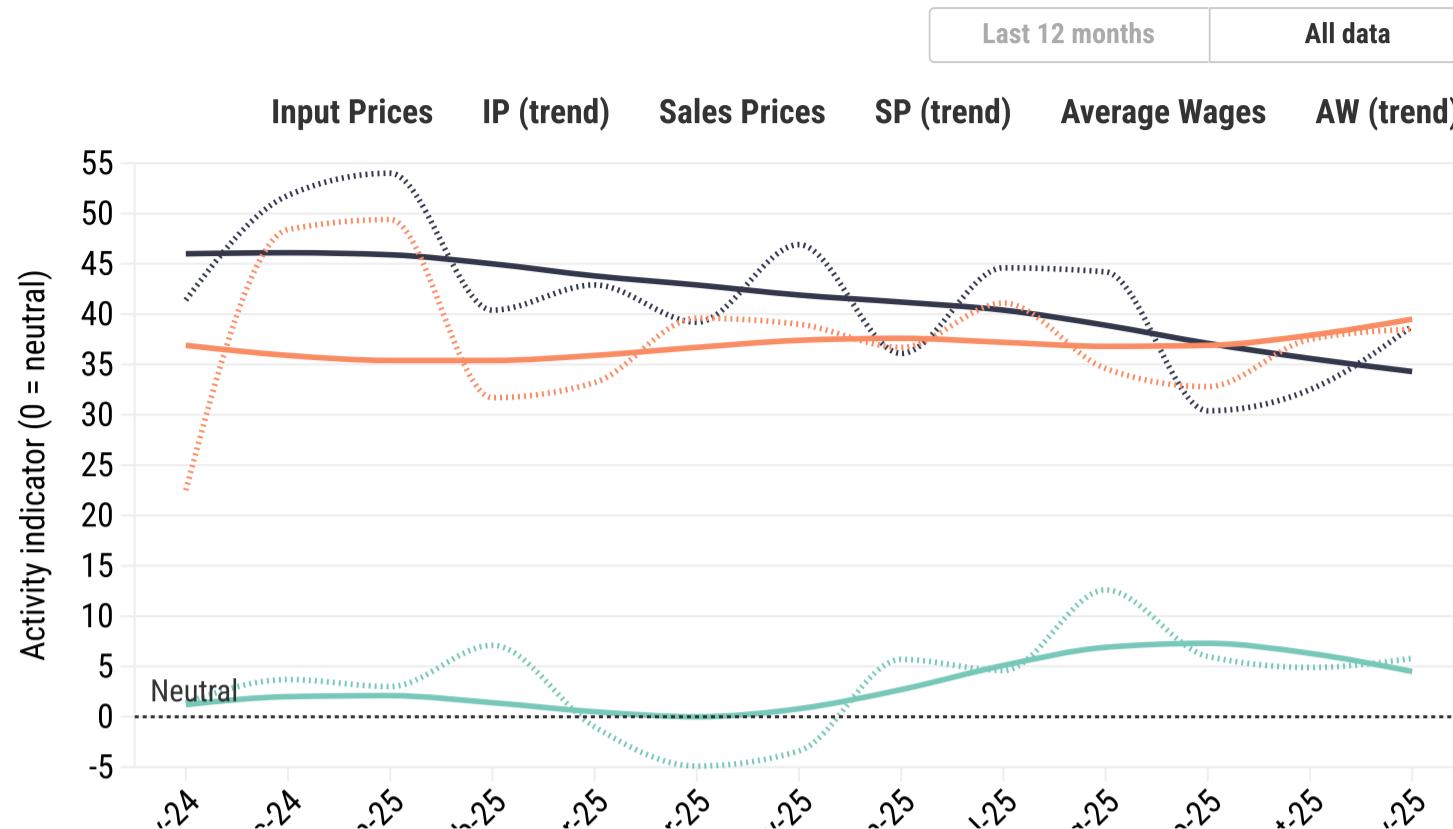
- The activity index was mildly negative in November but rose to its highest level in three years. In trend terms activity has been recovering since mid-2024.
- Activity was impacted by softer demand and inquiry levels. Some purchasing decisions were delayed by adverse weather.
- The employment index fell by 5.9 points, reversing October's gains.
- Businesses continue to face persistent challenges attracting skilled staff. Housing affordability is increasing as a concern leading to salary pressures.

Leading indicators



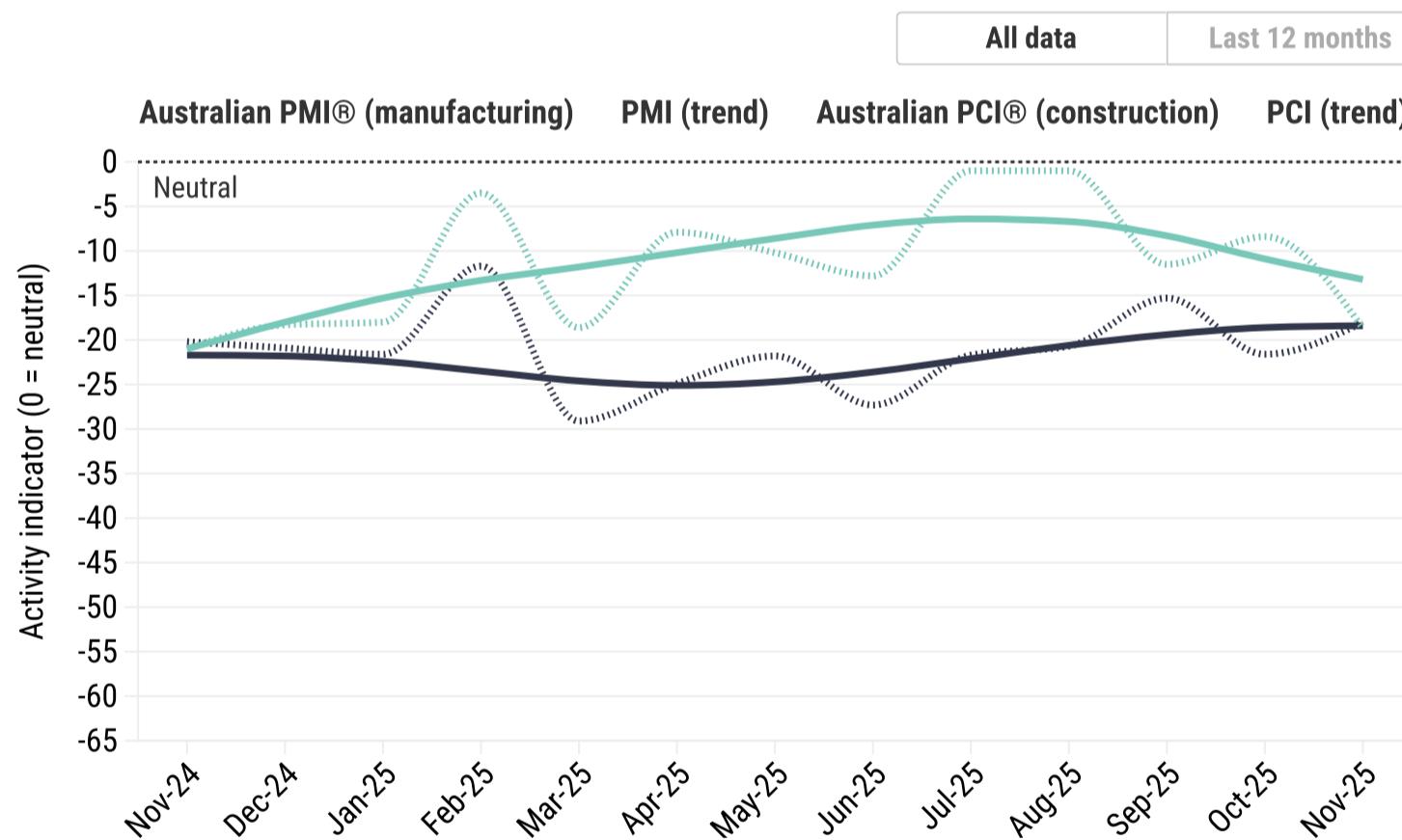
- The new orders and input volume indexes both deteriorated further in November. Both measures recorded a recent high in the middle of the year.
- In trend terms the recovery in new orders lost momentum in June, while input volumes have deteriorated at around the same rate across 2025.
- A weak demand outlook, project delays from compliance and red tape, as well business closures and rising offshoring are fueling uncertain conditions.
- Some respondents noted that while competitor closures could bring extra work, the risk of losing customers and supply chains remains a major concern.

Prices and wages



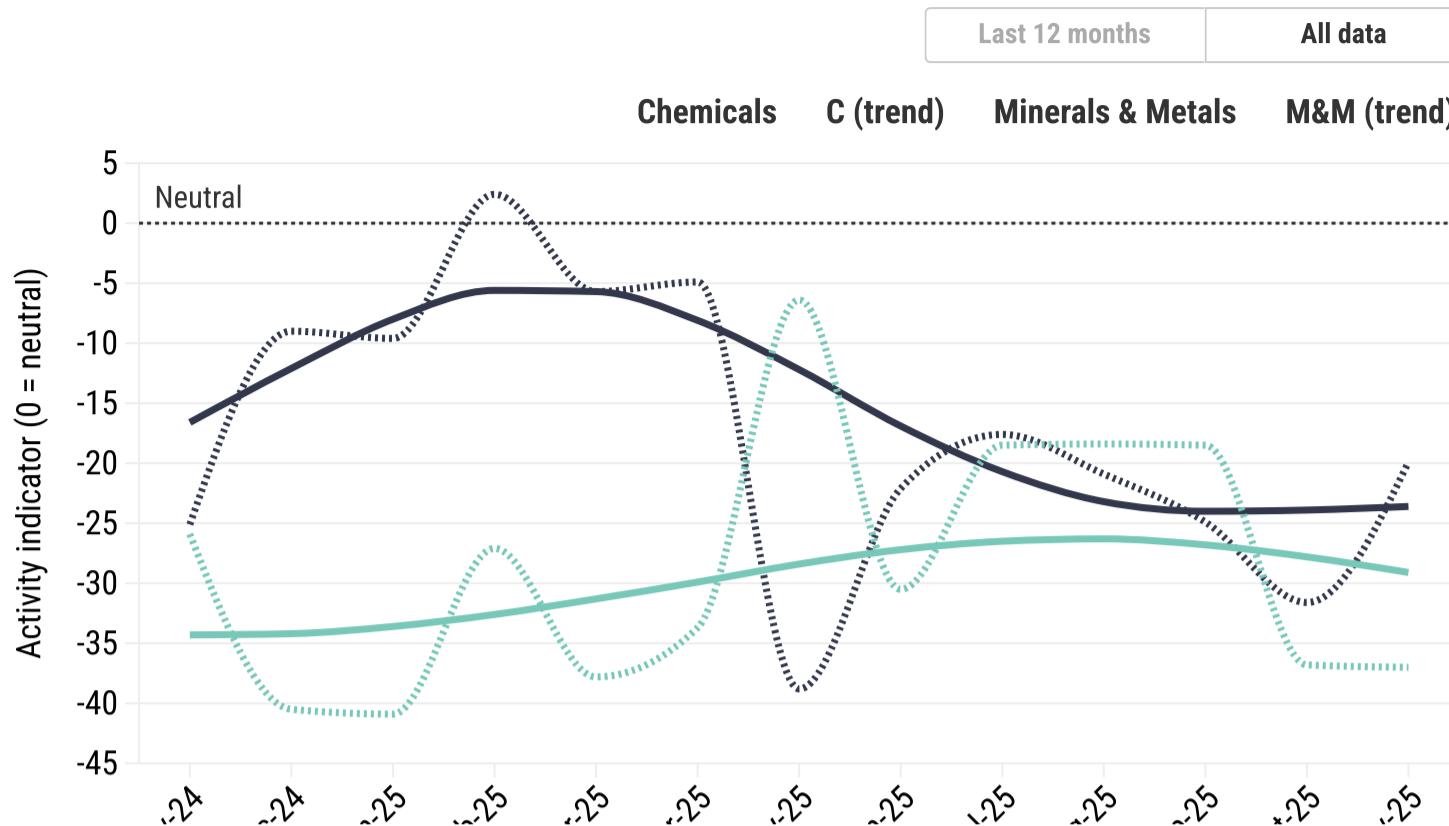
- Pricing indicators point to re-emerging cost pressures for industry in November.
- The input price indicator rose by 6.3 points, consistent with broader inflationary pressures mounting in Australia.
- Escalating energy costs and persistent input price increases are driving higher sourcing and overall expenses.
- The wages and sales price indicators were steady in November.
- Sales prices have increased in recent months as firms attempt to pass on higher input costs.

Australian PMI® and PCI®



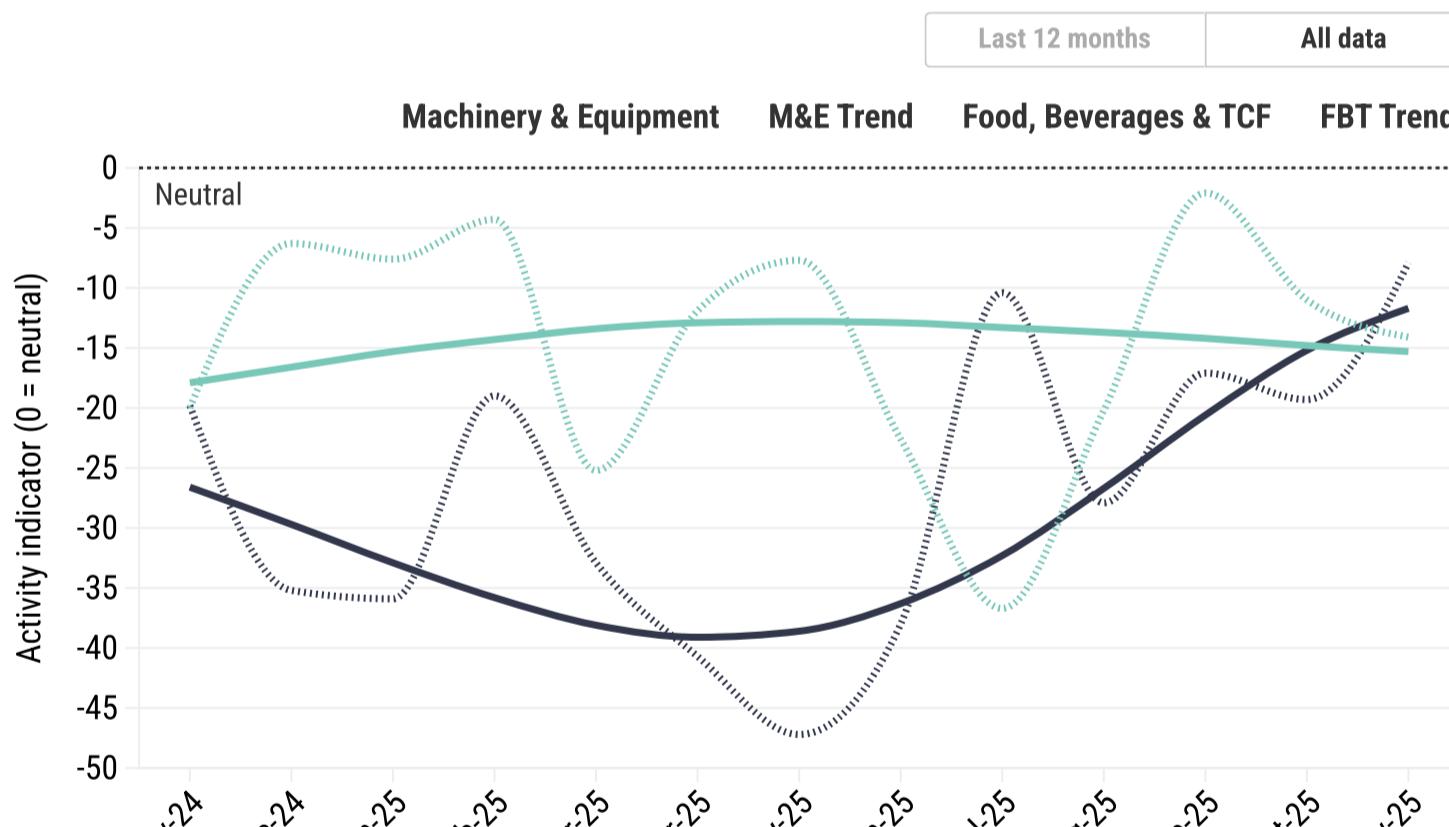
- The recovery in manufacturing continued in November, but the PMI indicator remains in negative territory at -18.0.
- Manufacturers report subdued construction activity is dampening sales, compounded by major customer restructuring and offshoring.
- Construction declined markedly to -18.7 in November after steady improvement across the year.
- Constructors cite weak investment in smaller projects, higher costs and tighter financing. Current projects are progressing, but the tender pipeline has shrunk.

Upstream manufacturing



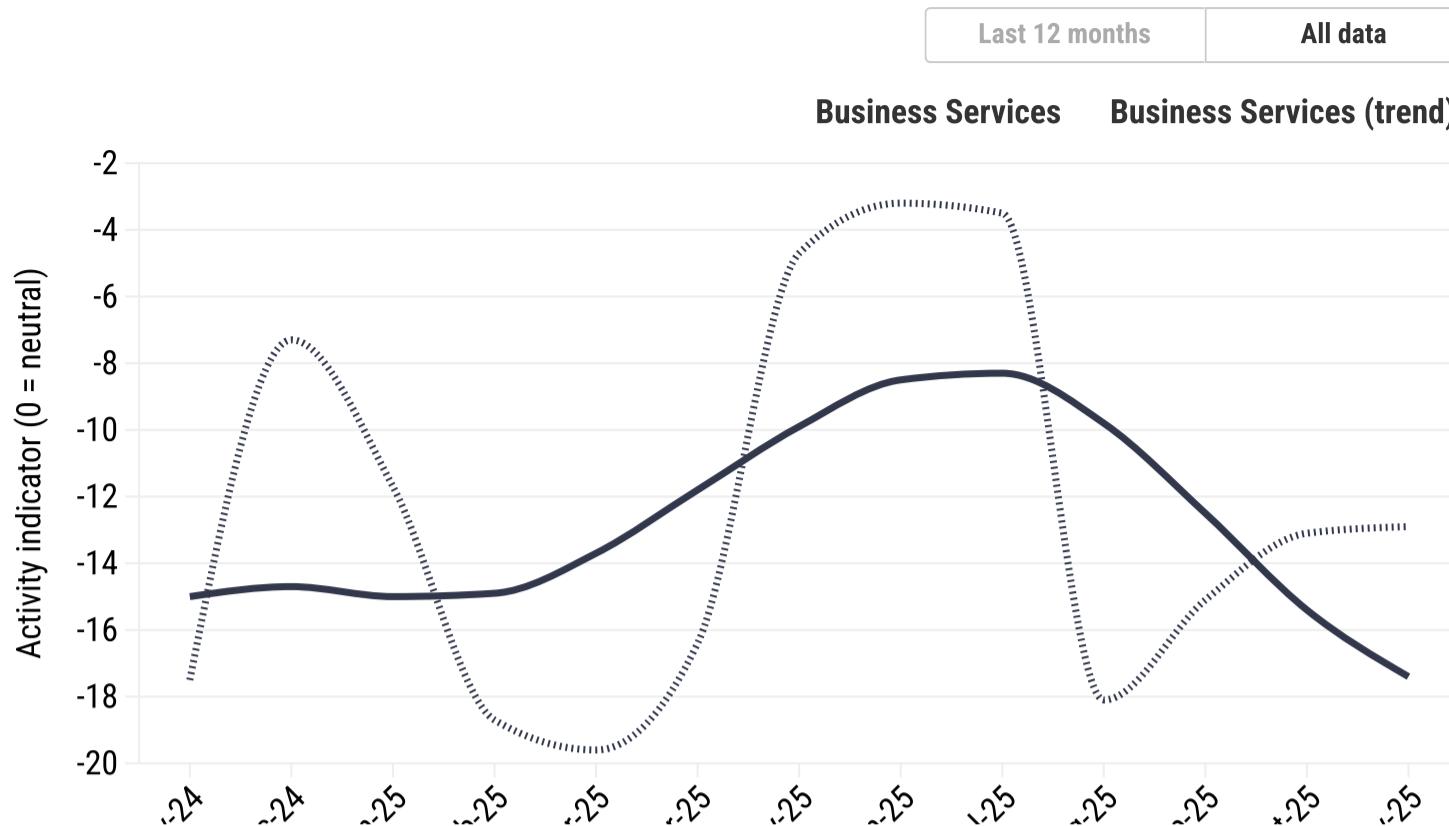
- Chemical manufacturing rebounded in November, rising 11.7 points but remaining negative at -19.9.
- Chemicals reported higher sales, supported by seasonal factors and stronger export demand. However, challenges persist, including global market uncertainty, drought impacts on agriculture, and energy prices.
- The minerals and metals index slipped 0.3 points to -37.0, its lowest level since March 2025.
- Metal manufacturers cited weaker sales, driven by rising input costs, staff shortages, and intense overseas competition. Some noted improved sales linked to government-funded projects.

Downstream manufacturing



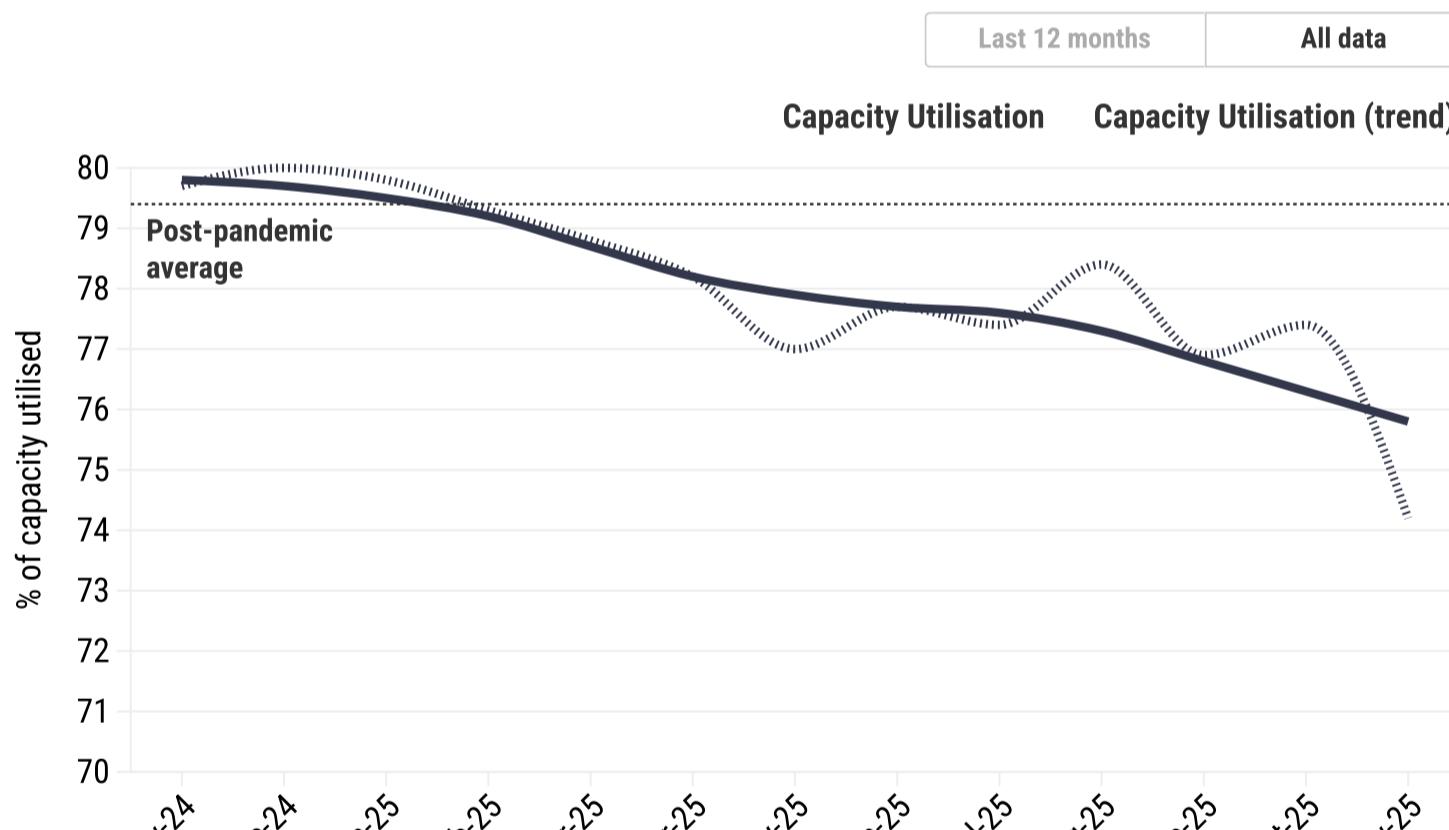
- The machinery & equipment index rose 11.4 points to -7.9 in November, reflecting a steady recovery since Easter.
- Machinery reported stronger orders, driven by pre-summer demand. However, challenges persist, including slower capital expenditure and lost US export opportunities due to tariffs.
- The food, beverages & TCF index fell 3.1 points to -14.1. The index has been steady for most of this year.
- Firms noted softer retail sales amid economic uncertainty, compounded by raw material shortages—particularly cocoa—rising input costs, and weather-related disruptions.

Business services



- The business-oriented services index rose 0.2 points in November, but remaining in negative territory at -12.9.
- This indicator covers wholesalers, technical services, and supply chain/transport providers.
- Respondents reported steady demand for mechanical services and maintenance work, with some noting increased overseas opportunities.
- Others reported project start delays due to compliance, regulatory, weather, and freight issues, while slowing residential construction has softened demand for related service providers.

Capacity utilisation



- Capacity utilisation in Australian industry moved down to 74.2% in November.
- Utilisation has been trending within the 77-80% range over 2025, but it fell significantly from the range to record the lowest rate since August 2020.
- Many businesses reported supply-side constraints, with skilled labour shortages particularly limiting capacity utilisation.
- With few new orders and increased in input prices in November, it is likely that capacity utilisation will continue to fall in coming months.

About the Australian Industry Index

The Australian Industry Index is a monthly index that measures changes in activity in Australia's industrial sectors. It provides diffusion indices which measure rates of changes in the level of industrial activity — expansion, stability or contraction. A positive reading indicates the activity is expanding; negative indicates contraction. The distance from 0 indicates the strength of the expansion or decline.

The Australian Industry Index is based on monthly surveys from a national sample of Australian businesses. It uses ANZSIC industry codes for classifying sectors, and weights survey results using ABS data on gross value added by sector. Seasonal adjustment and trend calculations follow ABS methodology. [Read more on our detailed methodology.](#)

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