The end of the third quarter saw growth in Australia's manufacturing sector at a survey-record low. A weakening sales trend led to lower production volumes and decreased payroll numbers. Firms also cut back on their purchasing activity while inventories of both inputs and finished goods fell further. Input inflation remained solid, but charges rose only marginally. Business sentiment, while still positive, dropped to a four-month low.

The headline index from the survey, the seasonally adjusted Commonwealth Bank Manufacturing Purchasing Managers’ Index™ (PMI®) fell from 50.9 in August to 50.3 in September, signalling the weakest improvement in manufacturing conditions since the survey history started in May 2016.

The headline PMI is a single-figure composite indicator derived from questions on output, new orders, employment, input inventories and delivery times, and designed to provide a quick snapshot of the performance of the manufacturing economy.
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About Commonwealth Bank Manufacturing PMI® and the Purchasing Managers’ Index™ Report

The Commonwealth Bank has commissioned IHS Markit to conduct research and provide insights for this edition of the Commonwealth Bank Manufacturing PMI through the Purchasing Managers’ Index Report. The Commonwealth Bank Manufacturing PMI is based on data compiled from monthly replies to questionnaires sent to a representative panel of purchasing executives in over 400 private sector manufacturing firms in Australia. The panel is stratified by GDP and company workforce size. The manufacturing sector is divided into the following nine broad categories: Food & Drink, Textiles & Clothing, Wood & Paper, Chemicals, Plastics & Rubber, Metals & Metal Products, Electronic & Electrical Equipment, Machinery & Equipment, Transport Equipment and Other Manufacturing.

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