

PCI AUSTRALIAN

PERFORMANCE OF CONSTRUCTION INDEX™

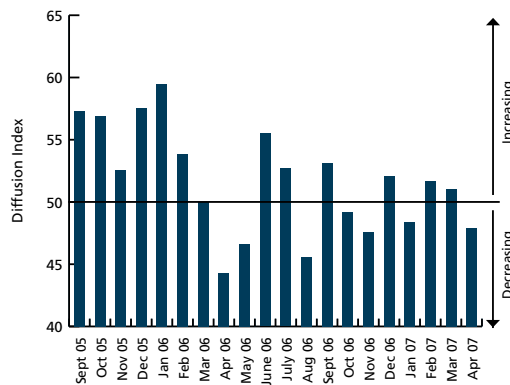


APRIL 2007

CONSTRUCTION WEAKENS DESPITE LIFT IN HOUSE BUILDING

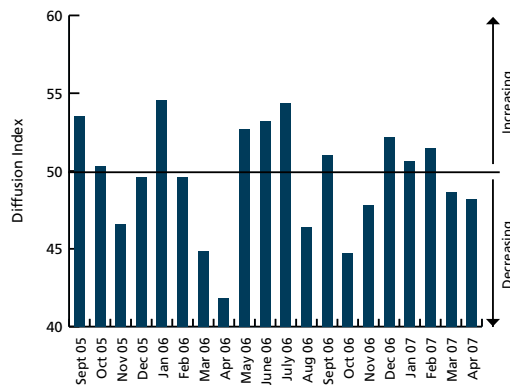
KEY FINDINGS

- The national construction sector deteriorated in April 2007, following modest growth over the previous two months.
- The seasonally adjusted Australian Industry Group/ Housing Industry Association Performance of Construction Index (Australian PCI™) declined by 3.2 points in April to 47.9 (below the key 50.0 points level separating expansion from contraction).
- The decline in April reflected weaker commercial and apartment building activity, and slower growth in engineering construction. This outweighed an improvement in the house building sector, which expanded for the first time since September 2006.
- Whereas non-residential constructors reported an easing in market demand, firms engaged in house building cited the positive influence on activity of inflows of new orders in the previous month. There were also reports by house builders of price discounting to generate increased sales.
- For the industry as a whole, activity fell for a second consecutive month in April, while new orders turned negative, leading to a decline in employment and a further reduction in supplier deliveries.
- Input costs increased at a higher rate in April following an easing in the previous month.



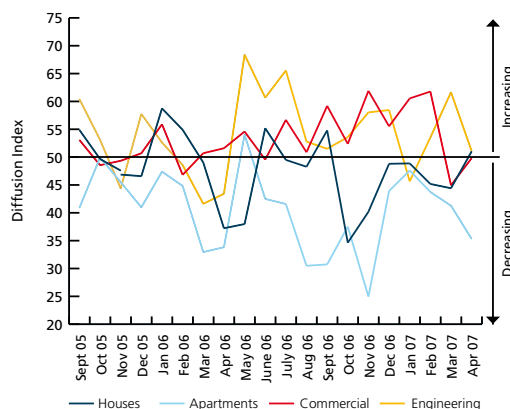
CONSTRUCTION ACTIVITY

- In seasonally adjusted terms, the activity sub-index in April registered 48.2.
- This was 0.4 points below the index reading for March 2007, signalling a slightly higher rate of decline in total construction activity during April.
- This decline was centred on the non-residential building markets, with weaker orders in recent months leading to a further reduction in commercial and apartment building, while a lower inflow of new project work was evident in engineering construction.
- In contrast, house building expanded (consistent with a solid lift in orders during March 2007) to limit the overall decline in activity.

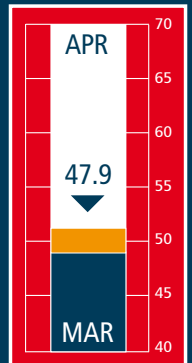


ACTIVITY BY SECTOR

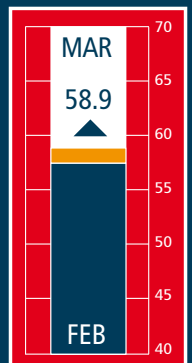
- Apartment building remained the weakest performing sector in April, the sub-index declining in seasonally adjusted terms by 6.0 points to 35.3, the most subdued level since November 2006.
- Activity in the commercial construction sector declined for a second consecutive month, although the sub-index reading of 49.8 was 4.8 points above the previous month, signalling an easing in the rate of decline.
- While engineering construction continued to expand, the rate of growth moderated from the eight-month high of the previous month, the sub-index falling by 10.6 points to 51.1.
- Following six consecutive months of decline, house building activity expanded with the sub-index at a level of 51.0, a rise of 6.6 points on the previous month.



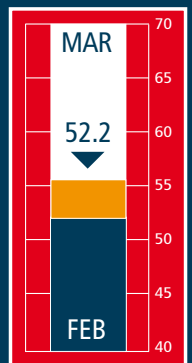
AUSTRALIAN PCI™



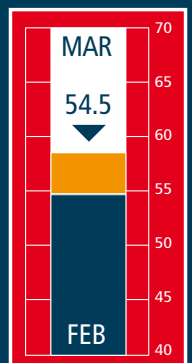
UK CONSTRUCTION INDEX*



GERMANY CONSTRUCTION INDEX*



IRELAND CONSTRUCTION INDEX*



NEW ORDERS

- New orders (seasonally adjusted) contracted in April following two consecutive monthly increases, pointing to softer overall industry conditions in the months ahead.
- The new orders index registered 47.4 in April, down by 6.9 points on the reading in March 2007, an outcome that reflects a moderation in the pipeline of work in the commercial and engineering construction sectors.
- This coincides with reports, particularly by firms engaged in commercial project work, of a reduction in tender requests and a lower acquisition of new contracts.

NEW ORDERS BY SECTOR

- New orders weakened across all sectors in April 2007.
- In the apartment sector, new orders were at the lowest level of all sectors (for a sixth consecutive month), with an index reading of 34.7, down 3.0 points on the previous month.
- For commercial construction, the index stood at 49.0, a fall of 4.1 points on the March reading, and the lowest rate of growth in the past three months.
- The house building sector registered a decline in new orders of 2.7 points to 49.0 in April, following growth in the previous month. Nevertheless, this reading is above the average level recorded over the previous six months to February 2007, suggesting that the sector may be in an early phase of improving activity.
- New orders in engineering construction maintained growth in April, although the index reading at 51.9 was 16.5 points down on the previous month, indicating a marked slowing in the rate of increase.

EMPLOYMENT

- Reflecting the fall in activity, employment (seasonally adjusted) declined in April 2007, following jobs growth in the previous two months.
- The employment sub-index in April stood at 47.4, to be 3.9 points below the level of the previous month, and negating the gains of early 2007.
- Employment falls were most prevalent among firms with the highest concentration of work in the commercial and apartment sectors.

DELIVERIES AND INPUT COSTS

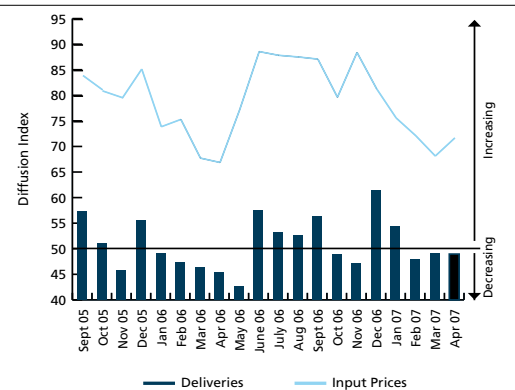
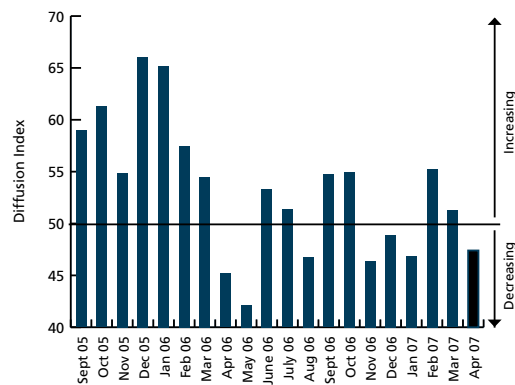
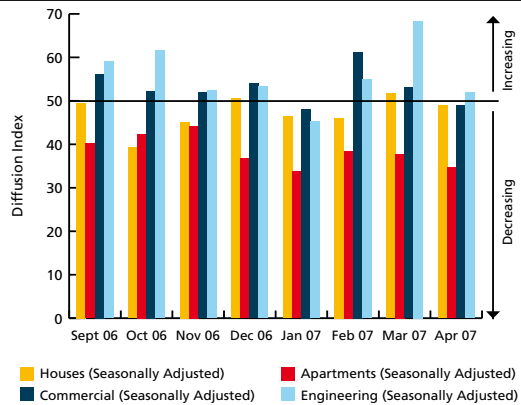
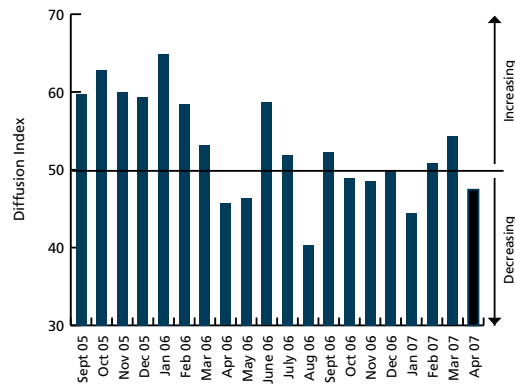
- Supplier deliveries declined in April, with firms reducing their input buying in response to the fall in activity and new orders.
- The supplier delivery sub-index registered 49.0, only 0.2 points above the reading of the previous month, and the third consecutive month of decline.
- With on-going constraints in labour and material supplies, construction costs rose at a higher rate in April, the sub-index increasing to 71.8 from 68.3, a rise of 3.5 points.
- However, the current rate of growth in the cost of inputs remains below average levels of the past year, reflecting the lower cost of imported materials arising from the stronger Australian dollar.

NATIONAL INDEXES

	Apr 07	Apr 06	Mar 07	Feb 07	Jan 07	Dec 06	Nov 06	Oct 06	Sept 06	Aug 06	July 06	Jun 06	May 06
AUSTRALIAN PCI™	47.9	44.3	51.1	51.7	48.4	52.1	47.6	49.2	53.1	45.6	52.7	55.5	46.7
ACTIVITY	48.2	41.8	48.6	51.5	50.6	52.2	47.8	44.7	51.0	46.4	54.3	53.2	52.7
- HOUSES	51.0	37.2	44.4	45.2	48.9	48.8	40.2	34.6	54.8	48.3	49.5	55.2	38.0
- APARTMENTS	35.3	33.8	41.3	43.7	47.6	43.9	25.0	37.5	30.7	30.5	41.6	42.5	54.0
- COMMERCIAL	49.8	51.6	45.0	61.8	60.5	55.5	61.9	52.4	59.2	50.9	56.7	49.6	54.6
- ENGINEERING	51.1	43.4	61.7	53.5	45.7	58.5	58.0	53.6	51.5	52.8	65.6	60.7	68.4
NEW ORDERS	47.4	45.7	54.3	50.9	44.4	49.9	48.6	48.9	52.2	40.3	51.9	58.6	46.3
EMPLOYMENT	47.4	45.2	51.3	55.2	46.8	48.9	46.4	55.0	54.7	46.8	51.4	53.3	42.2
DELIVERIES	49.0	45.3	49.2	47.9	54.4	61.4	47.1	48.9	56.3	52.6	53.2	57.4	42.7
INPUT PRICES	71.8	67.0	68.3	72.3	75.7	81.5	88.5	79.8	87.2	87.7	88.0	88.7	77.3

Results are based on a sample of 100 companies.

* Seasonal adjusted results are based on factors derived from NTC Economics construction indexes, adjusted for Australian conditions.



WHAT IS THE AUSTRALIAN PCI™?

The Australian Industry Group – Housing Industry Association Australian Performance of Construction Index (Australian PCI™) is a seasonally adjusted national composite index based on the diffusion indexes for activity, orders/new business, deliveries and employment with varying weights. An Australian PCI™ reading above 50 points indicates construction activity is generally expanding; below 50, that it is declining. The distance from 50 is indicative of the strength of the expansion or decline.

More information can be obtained from the Ai Group web site www.aigroup.asn.au

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