

PCI AUSTRALIAN

PERFORMANCE OF CONSTRUCTION INDEX™

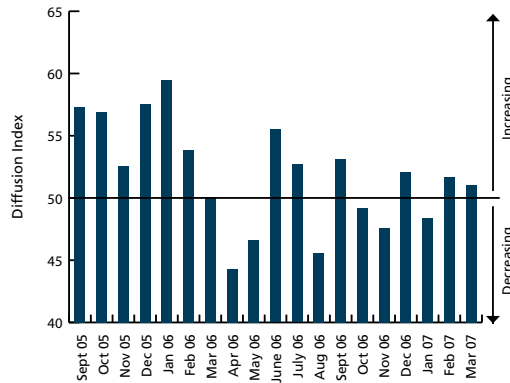


MARCH 2007

CONSTRUCTION EASES AS COMMERCIAL ACTIVITY WEAKENS

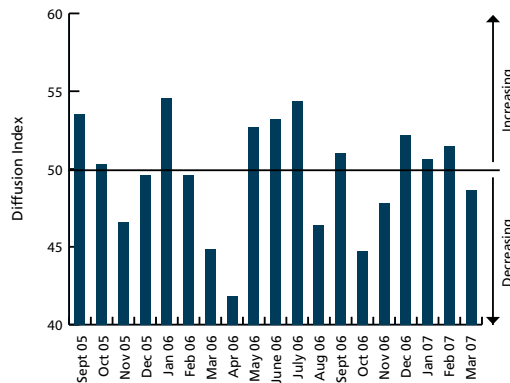
KEY FINDINGS

- The national construction sector expanded for a second consecutive month in March 2007, although at a slightly slower rate than in February, due mainly to weaker commercial construction activity.
- The Australian Industry Group/ Housing Industry Association Performance of Construction Index (Australian PCI™) registered 51.1 in March, (0.6 points lower than in February), to remain above the key 50.0 point level separating expansion from contraction.
- The activity sub-index declined in March as a consequence of weakness in new orders during previous months, and this was reflected in slower employment growth and a further fall in deliveries.
- Nevertheless, new orders in March posted a solid increase, signalling a strengthening in activity in coming months. Those firms recording growth in new orders linked this to an improvement in market demand and recent interest rate stability.
- By sector, the easing in growth during March was the result of a marked fall (albeit from a high level) in commercial construction work, with only engineering construction recording increased activity.



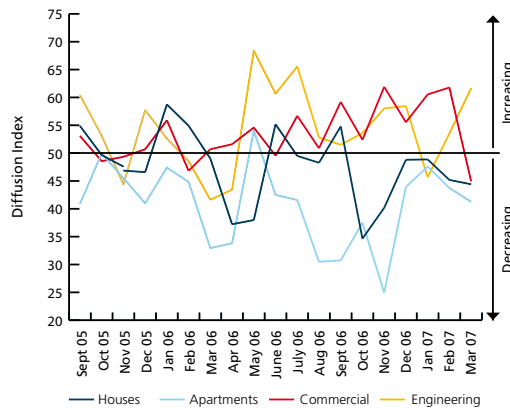
CONSTRUCTION ACTIVITY

- In seasonally adjusted terms, the activity sub-index in March registered 48.6.
- This was 2.9 points below the reading for February 2007, signalling the first decline in activity since November 2006.
- The weaker activity outcome for March mainly reflected deteriorating orders over much of the five month period to February 2007 and a subsequent low inflow of new project work. There were also reports of reduced work from existing projects.
- On a sectoral basis, further expansion in engineering construction was insufficient to offset a fall in commercial construction activity (the sector's first decline since June 2006), and a continued reduction in both house and apartment building.

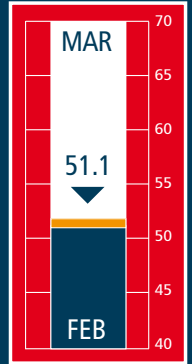


ACTIVITY BY SECTOR

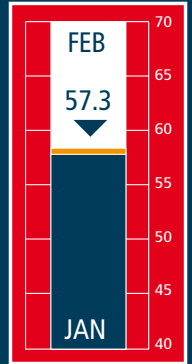
- The commercial construction sub-index fell by 16.8 points to 45.0, the weakest activity reading since the inception of the survey in September 2005.
- House building activity (seasonally adjusted) continued to contract in March, posting a fall in the sub-index of 0.8 points to 44.4, the sixth successive monthly decline.
- Activity in the apartment building sector eased marginally. Nevertheless, activity is up from this time last year reflecting a slowing in the rate of decline of new orders.
- Engineering construction was the best performing sector in March, the sub-index rising by 8.2 points to 61.7, to maintain the strong recovery since the fall-off in work done during January 2007.



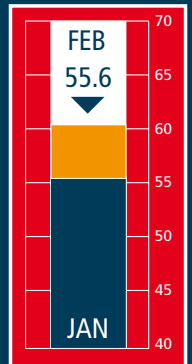
AUSTRALIAN PCI™



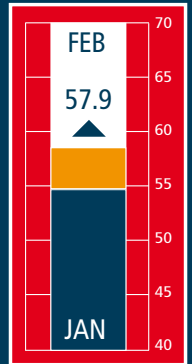
UK CONSTRUCTION INDEX*



GERMANY CONSTRUCTION INDEX*



IRELAND CONSTRUCTION INDEX*



NEW ORDERS

- New orders (seasonally adjusted) grew solidly in March, pointing to an upturn in activity in the months ahead.
- The new orders index registered 54.3 in March, a rise of 3.4 points on the reading for February 2007. This was in line with reports by firms of increased customer enquiries and the acquisition of new contracts.
- The growth in new orders during March followed a sustained period of weakness in orders received by firms, and represented the highest reading since June 2006.

NEW ORDERS BY SECTOR

- New orders registered growth during March in three of the four sectors monitored.
- The engineering construction sector recorded the strongest rate of increase, and the most substantial monthly upturn with an index reading of 68.4, up 13.4 points on the previous month.
- New orders in the commercial construction sector continued to increase, although an easing was evident in the rate of growth, the index falling by 8.1 points to 53.1.
- For the house building sector, new orders increased moderately with the index rising by 5.7 points in March to 51.7. This was only the second increase in the past eight months, and was 12.5 points higher than the low point of October 2006.
- The contraction in new orders in the apartment sector would appear to have steadied, with the index falling by only 0.8 points to 37.7.

EMPLOYMENT

- Reflecting the fall in activity, the rate of employment growth (seasonally adjusted) moderated in March.
- The employment sub-index in March registered 51.3 to be 3.9 points lower than in February.
- It was the second consecutive month that construction firms have increased their workforces, following declines in employment through November 2006 to January 2007.
- Employment rises were more prevalent among firms engaged in engineering construction projects, as firms continued to employ additional on-site workers to meet the demands of new projects coming on stream in the resources and infrastructure sectors.

DELIVERIES AND INPUT COSTS

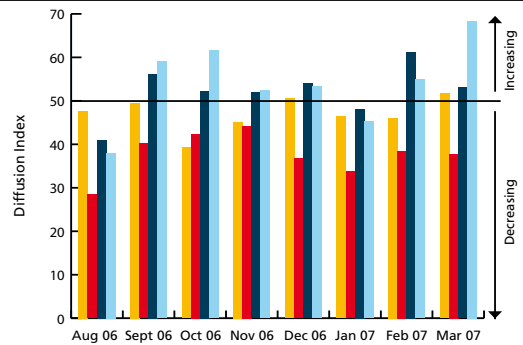
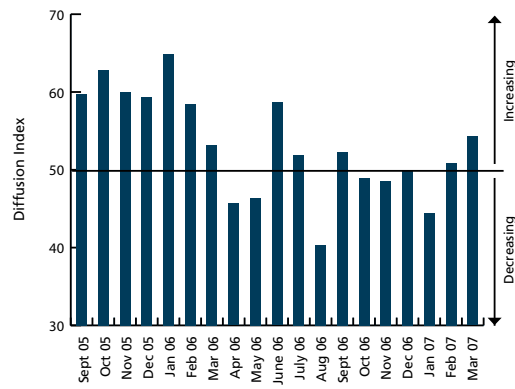
- The decline in supplier deliveries moderated in March, reflecting the lift in new orders. Nevertheless, the continued decline during the month was largely due to the influence of weakness in the commercial building sector.
- At 49.2, the supplier delivery sub-index was 1.3 points above the reading of the previous month.
- Despite remaining at a high level, input costs rose at a lower rate in March, maintaining the moderating trend since November 2006.
- The input cost sub-index declined from 72.3 in February to 68.3, a fall of 4.0 points.

NATIONAL INDEXES

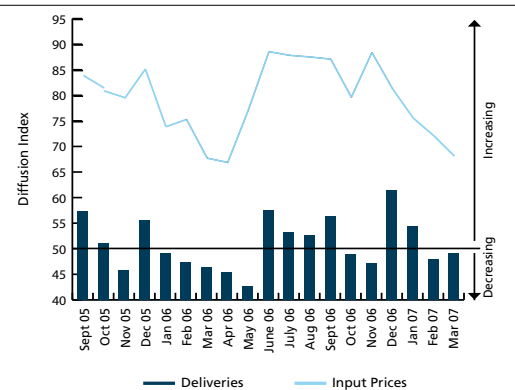
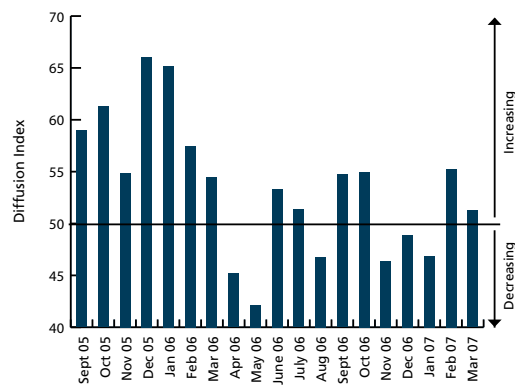
	Mar 07	Mar 06	Feb 07	Jan 07	Dec 06	Nov 06	Oct 06	Sept 06	Aug 06	July 06	Jun 06	May 06	Apr 06
AUSTRALIAN PCI™	51.1	50.0	51.7	48.4	52.1	47.6	49.2	53.1	45.6	52.7	55.5	46.7	44.3
ACTIVITY	48.6	44.9	51.5	50.6	52.2	47.8	44.7	51.0	46.4	54.3	53.2	52.7	41.8
- HOUSES	44.4	49.0	45.2	48.9	48.8	40.2	34.6	54.8	48.3	49.5	55.2	38.0	37.2
- APARTMENTS	41.3	32.9	43.7	47.6	43.9	25.0	37.5	30.7	30.5	41.6	42.5	54.0	33.8
- COMMERCIAL	45.0	50.7	61.8	60.5	55.5	61.9	52.4	59.2	50.9	56.7	49.6	54.6	51.6
- ENGINEERING	61.7	41.6	53.5	45.7	58.5	58.0	53.6	51.5	52.8	65.6	60.7	68.4	43.4
NEW ORDERS	54.3	53.2	50.9	44.4	49.9	48.6	48.9	52.2	40.3	51.9	58.6	46.3	45.7
EMPLOYMENT	51.3	54.5	55.2	46.8	48.9	46.4	55.0	54.7	46.8	51.4	53.3	42.2	45.2
DELIVERIES	49.2	46.3	47.9	54.4	61.4	47.1	48.9	56.3	52.6	53.2	57.4	42.7	45.3
INPUT PRICES	68.3	67.9	72.3	75.7	81.5	88.5	79.8	87.2	87.7	88.0	88.7	77.3	67.0

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.



Legend: Houses (Seasonally Adjusted), Apartments (Seasonally Adjusted), Commercial (Seasonally Adjusted), Engineering (Seasonally Adjusted)



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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