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AUSTRALIAN

PERFORMANCE OF CONSTRUCTION INDEX®

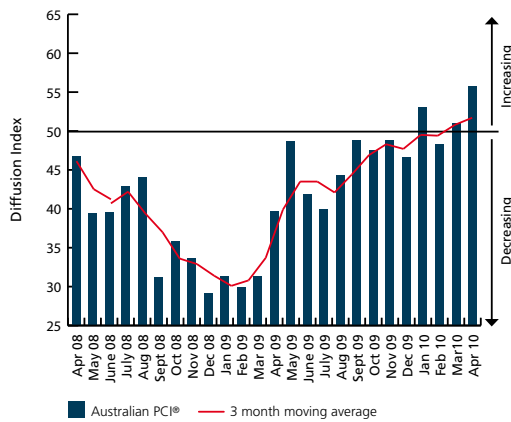


APRIL 2010

CONSTRUCTION INDUSTRY POSTS STRONGER GROWTH

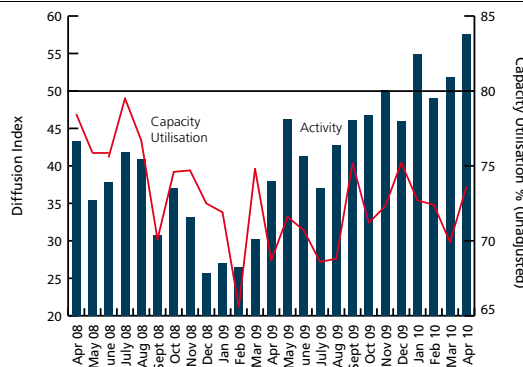
KEY FINDINGS

- The national construction industry expanded for a second consecutive month in April with increases in activity, new orders and employment, underpinning a stronger level of growth.
- The seasonally adjusted Australian Industry Group/ Housing Industry Association Performance of Construction Index® increased by 4.8 points to 55.8 in April to remain above the critical 50 points level separating expansion from contraction.
- The improvement in activity was broadly based across the major industry sectors. The house building, engineering and commercial construction sectors all registered a higher rate of growth, while apartment construction improved following declines in activity during the previous four months.
- The strengthening conditions coincided with reports of an increase in tendering opportunities, a higher acquisition of new contracts and continued support for activity from the Government's school building program. In addition, residential builders noted that customer enquiries and buyer confidence remained at firm levels, with activity also benefiting from a sustained improvement in investor activity.
- On an aggregate industry basis, both activity and new orders increased in April. This was reflected in a slightly higher rate of growth in deliveries from suppliers and a lift in the employment sub-index to its highest level since January 2006.
- Following an annual reanalysis of seasonal factors, each of the sub-indices and composite indexes, have been revised.



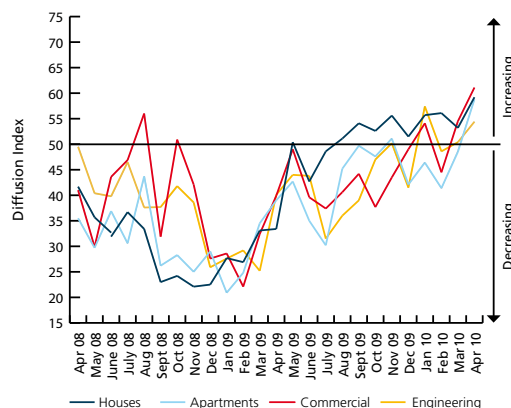
CONSTRUCTION ACTIVITY AND CAPACITY

- In seasonally adjusted terms, the activity sub-index registered 57.5 in April.
- This was 5.7 points above the index reading in March, and signalled growth in total construction activity for a second consecutive month, and at a rate which was the highest since December 2007.
- Underlying this result was an upturn in new orders, driven by a rise in levels of incoming new business in the house building, commercial and engineering construction sectors.
- Consistent with this, the average rate of capacity utilisation registered 73.6% in April, up by 3.7 percentage points on March.



ACTIVITY BY SECTOR

- House building maintained growth in April, for a ninth consecutive month and at a more robust rate, with the sub-index rising to 59.2. This was 6.0 points above the reading in March and the highest rate of growth since October 2007.
- The apartment building sector expanded, albeit from a weak base, with the sub-index rising by 10.3 points to 58.8. This followed declines over the previous four months, and represented only the second increase in activity in the past 27 months.
- Engineering construction activity rose for a second straight month consistent with the increasing shift to project re-starts in the resources sector. At 54.4, the sub-index was 4.0 points above the reading in March.
- Commercial construction also registered a second consecutive month of growth with the sub-index rising by 6.6 points to 61.1, the highest reading since February 2008.

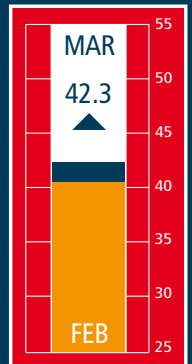
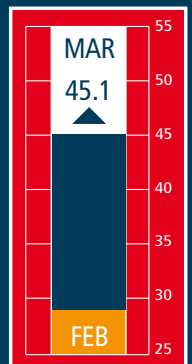
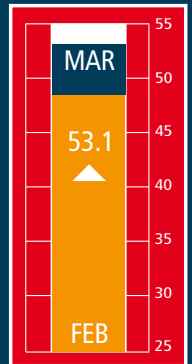
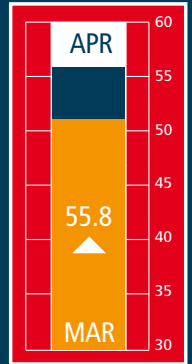


AUSTRALIAN PCI®

UK CONSTRUCTION INDEX*

GERMANY CONSTRUCTION INDEX*

IRELAND CONSTRUCTION INDEX*



NEW ORDERS

- New orders (seasonally adjusted) increased in April, following declines during the previous two months.
- The new orders index registered 53.1, up by 5.5 points on the level in March to signal a strengthening in the overall project pipeline for firms.
- Underlying this result were rises in new orders received by house building, engineering and commercial construction firms.
- The overall rise in new orders points to the likelihood of firmer operating conditions for firms in coming months.

NEW ORDERS BY SECTOR

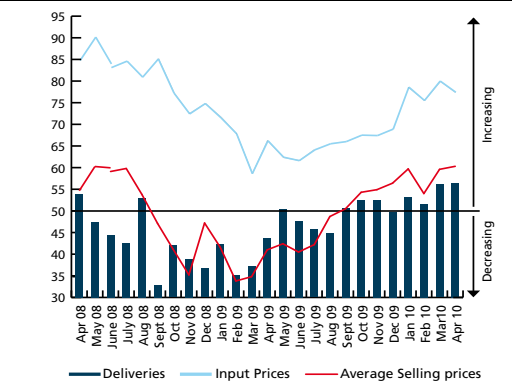
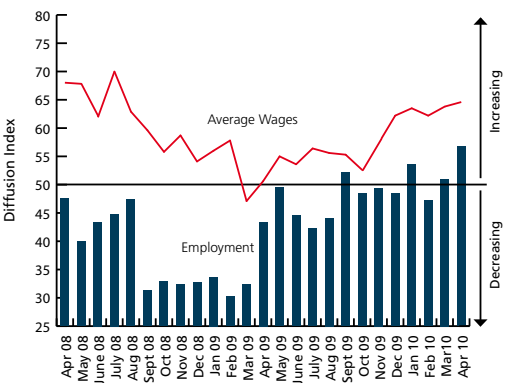
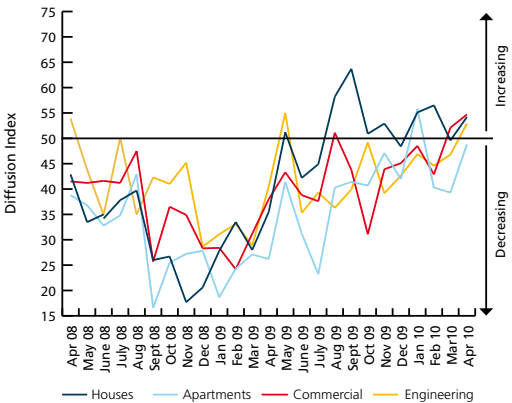
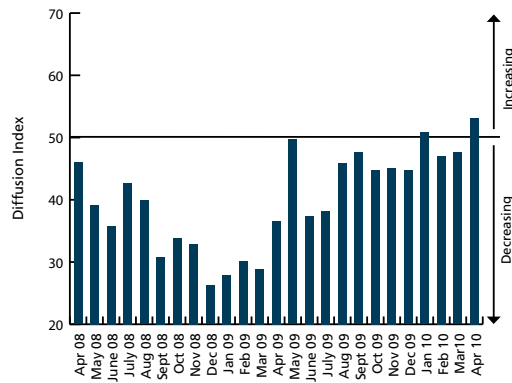
- New orders in house building expanded following the decline in the previous month with the sub-index rising by 4.6 points to 54.2. This coincided with reports pointing to buyer confidence remaining resilient despite recent rises in interest rates, and renewed investor interest.
- For the commercial construction sector, new orders posted growth for a second consecutive month. The sub-index increased by 2.6 points to 54.7 with firms continuing to cite education building projects as the key driver of growth.
- In the engineering construction sector, new orders expanded for the first time in the past 11 months with the index registering 52.9, a rise of 6.1 points on the previous month. This was mainly linked to increased business generated from projects in the resources sector.
- New orders in the apartment sector continued to decline, although at a slower rate, with the index registering 48.8, an increase of 9.5 points on the previous month.

EMPLOYMENT AND WAGES

- The expansion in activity and new orders contributed to higher growth in employment levels.
- The employment sub-index registered 56.8 in April, an increase of 5.8 points on the level of the previous month.
- The reading for April represented the strongest rate that firms had increased their workforce levels since January 2006.
- Growth in wages was reported at a slightly higher rate, the index registering 64.6, an increase of 0.8 points on the previous month.

DELIVERIES, INPUT COSTS AND SELLING PRICES

- Deliveries of inputs from suppliers increased at a slightly higher rate in April.
- The supplier delivery index registered 56.4, an increase of 0.3 points on the previous month.
- Although still at a high level, firms reported an easing in the growth rate of input costs in April with the input costs sub-index falling by 2.6 points to 77.6.
- Selling price growth edged higher with the sub-index registering 60.3, an increase of 0.7 points on March.



AUSTRALIAN PCI®*

	April 2010	March 2010	Monthly Change	Direction	Rate of Change	Trend ** (Months)
AUSTRALIAN PCI®	55.8	51.0	+4.8	Expanding	Faster	2
ACTIVITY	57.5	51.8	+5.7	Expanding	Faster	2
-HOUSES	59.2	53.2	+6.0	Expanding	Faster	9
-APARTMENTS	58.8	48.5	+10.3	Expanding	From Contraction	1
-COMMERCIAL	61.1	54.5	+6.6	Expanding	Faster	2
-ENGINEERING	54.4	50.4	+4.0	Expanding	Faster	2
NEW ORDERS	53.1	47.6	+5.5	Expanding	From Contraction	1
EMPLOYMENT	56.8	51.0	+5.8	Expanding	Faster	2
DELIVERIES	56.4	56.1	+0.3	Expanding	Faster	4
INPUT PRICES	77.6	80.2	-2.6	Expanding	Slower	56
SELLING PRICES	60.3	59.6	+0.7	Expanding	Faster	8
WAGES	64.6	63.8	+0.8	Expanding	Faster	13
CAPACITY	73.6	69.9	+3.7 % points	Expanding	na	na

Results are based on a sample of over 150 companies. New monthly seasonal adjustment factors derived directly from a TRAMO-SEATS estimation process were applied in April 2010.

*Seasonal adjusted results are based on factors derived from NTC Economics construction indexes, adjusted for Australian conditions. ** Number of months moving in current direction

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.com.au

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