

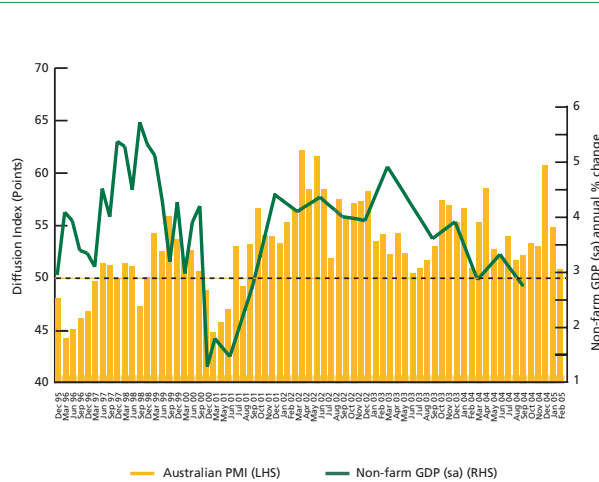
PERFORMANCE OF MANUFACTURING INDEX™

FEBRUARY 2005

EXPORT DECLINE STYMIES MANUFACTURING GROWTH

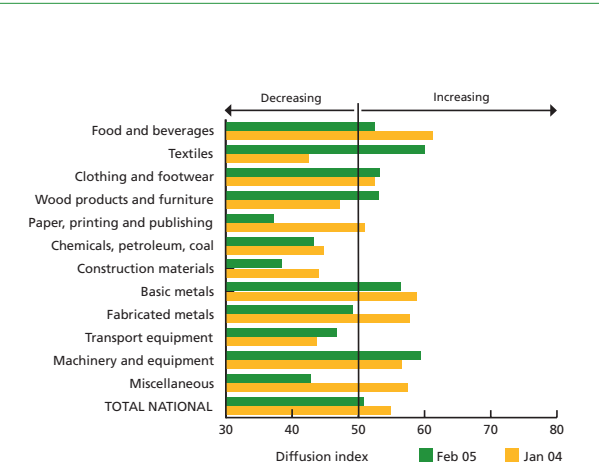
KEY FINDINGS

- Manufacturing growth eased in February, impacted by a decline in exports and weaker domestic demand. The Australian Industry Group - PricewaterhouseCoopers **Australian PMI™** fell by 4.1 points to a seasonally adjusted 50.8.
- The export sub-index fell from 50.2 to 46.6 points, the lowest reading since the inception of the export series in July 2004.
- Companies also reported mixed views on the strength of domestic demand, with many citing the strong AUD, import competition and input cost increases as factors impacting negatively on activity.
- Among the **Australian PMI™** components, a lift in supplier deliveries was more than offset by a decline in production and employment and weaker growth in new orders and stocks.
- The **Australian PMI™** points to annual manufacturing growth of around 2% and non-farm GDP growth of near 2.5%.



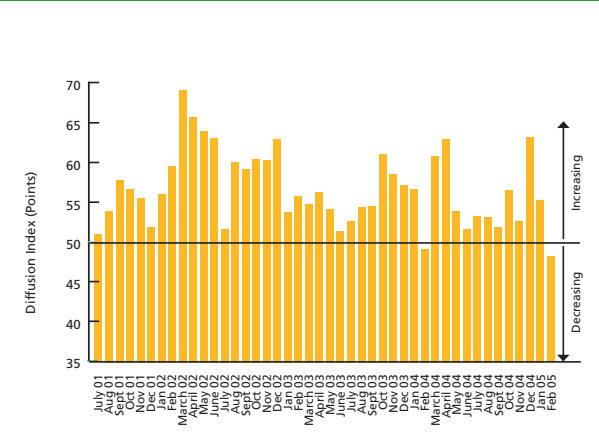
SECTORS

- In unadjusted terms, six of 12 sectors expanded in February, down from seven in the previous month.
- Growth was strongest in the textiles, machinery & equipment and basic metals sectors, with clothing & footwear, wood, wood products & furniture and food and beverages also expanding.
- By contrast outcomes were weakest in paper, printing & publishing and construction materials, with four other sectors also contracting in the month.
- In comparison to January, seven sectors recorded lower activity readings with monthly falls greatest in paper, printing & publishing, food & beverages, fabricated metals and miscellaneous manufacturing.
- By contrast, readings strengthened in machinery & equipment, clothing & footwear, textiles, wood, wood products & furniture and transport equipment.

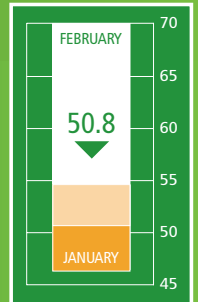


PRODUCTION

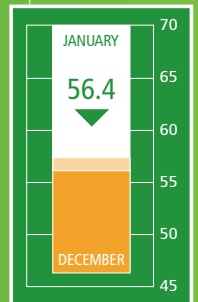
- Seasonally adjusted production declined from 55.5 points to 48.3 in February, partly reflecting the decline in exports.
- In unadjusted terms, production rose (a reading above 50 points) in the machinery & equipment, textiles, food & beverages, wood, wood products & furniture and basic metals sectors.
- Output contracted in paper, printing & publishing, fabricated metals, transport equipment, chemicals, petroleum & coal products, and construction materials. Production was unchanged in clothing & footwear and miscellaneous manufacturing.
- Textiles, construction materials and machinery & equipment recorded higher index readings in comparison to January, with eight recording a decline and one no change (clothing & footwear).
- In unadjusted terms, production contracted in NSW and Victoria.



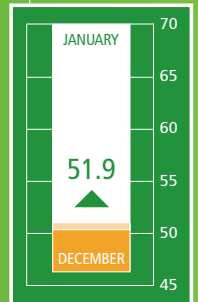
AUSTRALIAN PMI



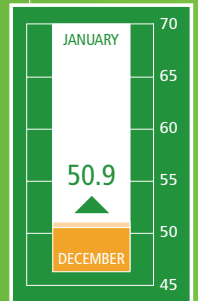
USA ISM PMI



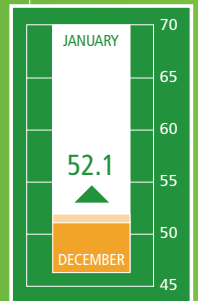
EUROZONE PMI



JAPANESE PMI

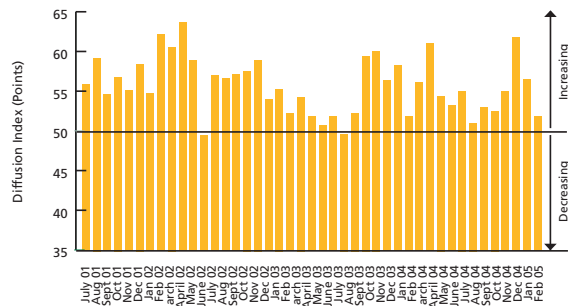


CHINESE PMI



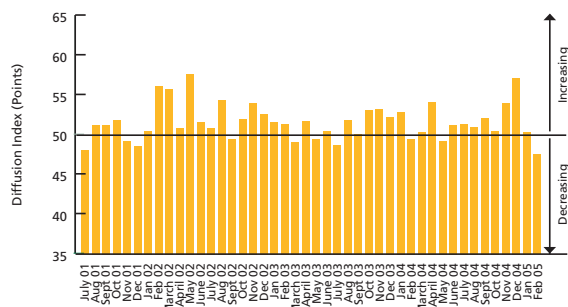
NEW ORDERS

- Seasonally adjusted new orders declined from 57.2 to 52.4 in February.
- On an unadjusted basis, six sectors recorded an increase in new orders (down from seven), with growth strongest in basic metals, textiles, clothing & footwear and wood, wood products & furniture – the only sectors to record improved index readings in comparison to January.
- New orders declined in five sectors (a reading below 50 points), with chemicals, petroleum & coal products, paper, printing & publishing and miscellaneous manufacturing most affected. Orders were unchanged in transport equipment.
- Unadjusted new orders rose in Victoria, Queensland and Tasmania.



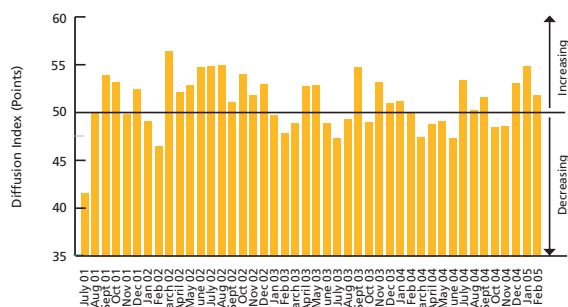
EMPLOYMENT

- The seasonally adjusted employment index changed from 50.9 to 47.6 in February, signalling the first monthly decline in job numbers since May 2004.
- In unadjusted terms, only the machinery & equipment and fabricated metals sectors recorded higher employment.
- Employment declined in eight sectors, with falls greatest in construction materials, paper, printing & publishing and miscellaneous manufacturing. Employment was unchanged in textiles and basic metals.
- In comparison to the previous month, only the textiles, transport equipment and machinery & equipment sectors recorded a higher monthly index reading.
- Employment (unadjusted) rose in SA and Tasmania, was unchanged in Queensland, and declined in remaining states.



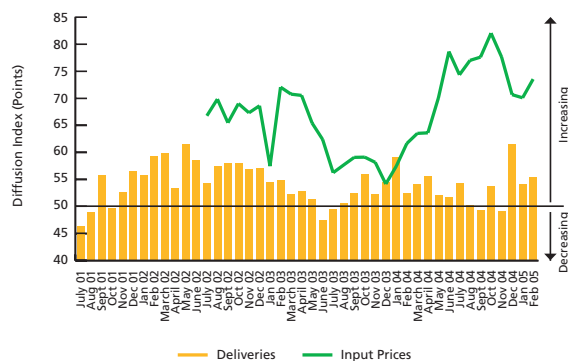
FINISHED STOCKS

- Stocks rose at a slower rate in February, with the seasonally adjusted stocks index changing from 55.5 points to 52.2.
- On an unadjusted basis, seven sectors reported higher inventories. Growth was greatest in the chemicals, petroleum & coal products, transport equipment and textiles sectors.
- Stocks declined in the clothing & footwear, basic metals, wood, wood products & furniture, paper, printing & publishing and miscellaneous manufacturing sectors.
- Only three sectors, chemicals, petroleum & coal products, transport equipment and fabricated metals, recorded higher stock index readings in comparison to the previous month.
- Prior to seasonal adjustment, finished stocks rose in Victoria, WA and Tasmania, and were unchanged in NSW.



DELIVERIES AND INPUT COSTS

- Seasonally adjusted supplier deliveries lifted from 54.2 points to 55.5 in February. In unadjusted terms, seven sectors reported higher deliveries, with growth strongest in the textiles and clothing & footwear sectors.
- Deliveries declined in the paper, printing & publishing, construction materials and miscellaneous manufacturing sectors. Wood, wood products & furniture and basic metals recorded no change in deliveries.
- In comparison to January, seven sectors recorded higher delivery index readings, with gains strongest in clothing & footwear and chemicals, petroleum & coal products.
- The (unadjusted) input cost index lifted by 3.5 points to 73.5.
- Rises were strongest in fabricated metals, transport equipment and machinery & equipment, reflecting higher metal prices.



NATIONAL INDEXES

	Feb 05	Feb 04	Jan 05	Dec 04	Nov 04	Oct 04	Sep 04	Aug 04	Jul 04	Jun 04	May 04
AUSTRALIAN PMI™	50.8	50.9	54.9	60.8	53.1	53.3	52.2	51.7	54.0	52.0	52.7
PRODUCTION	48.3	49.4	55.5	63.4	52.9	56.8	52.1	53.4	53.5	51.9	54.1
NEW ORDERS	52.4	52.4	57.2	62.6	55.6	53.1	53.5	51.5	55.7	53.8	55.1
EMPLOYMENT	47.6	49.9	50.9	57.7	54.5	50.9	52.6	51.5	51.9	51.7	49.7
INVENTORIES	52.2	50.4	55.5	53.7	49.0	48.9	52.2	50.7	54.0	47.7	49.5
DELIVERIES	55.5	52.4	54.2	61.6	49.1	53.8	49.4	50.2	54.2	51.6	52.0
INPUT PRICES	73.5	61.6	70.0	70.6	77.6	82.0	77.5	76.9	74.3	78.6	70.0
EXPORTS	46.6	n/a	50.2	57.9	47.1	52.8	49.1	52.1	48.1	n/a	n/a

Results are based responses from 225 companies from the Survey of Australian Manufacturing. An Evaluation of the Australian PMI prepared by the Melbourne Institute of Applied Economic and Social Research can be obtained from the Ai Group web site on www.aigroup.asn.au.
* New seasonal adjustments were applied to data in July 2004

WHAT IS THE PMI?

The Australian Performance of Manufacturing Index (PMI)™ is a seasonally adjusted composite index based on the diffusion indexes for production, new orders, deliveries, inventories and employment, with varying weights.

An Australian PMI™ reading above 50 points indicates that manufacturing 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.

SPONSOR STATEMENT

PricewaterhouseCoopers is delighted to be associated with the Survey of Australian Manufacturing and the Australian Industry Group. This association brings together the significant experience and expertise of Australia's leading industry body and the largest business adviser to the manufacturing sector. We look forward to continuing our association with the Australian Industry Group and its members, and to playing our part in the ongoing development of Australian manufacturing. Graeme Billings, Industrial Products Leader.



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