

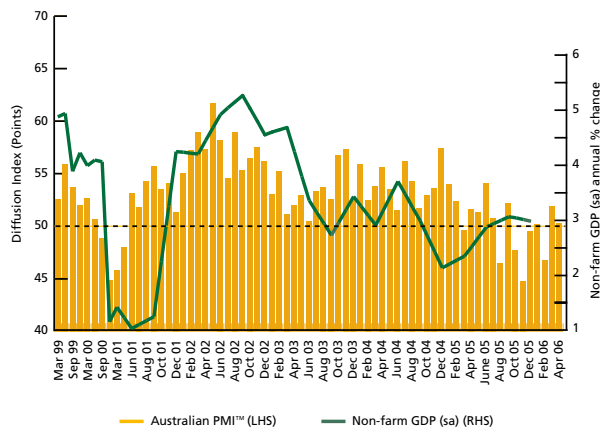
AUSTRALIAN PERFORMANCE OF MANUFACTURING INDEX™

APRIL 2006

ACTIVITY GROWTH REMAINS FLAT IN APRIL

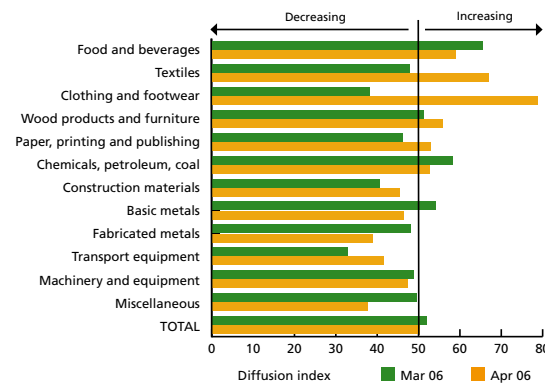
KEY FINDINGS

- Growth in manufacturing activity was flat in April, following a moderate pick-up the previous month. The seasonally adjusted Australian Industry Group/PricewaterhouseCoopers **Australian PMI™** eased 1.6 points to 50.3 (with a reading of 50.0 separating expansion from contraction).
- The marginal expansion in activity was underpinned by modest growth in new orders, stocks and supplier deliveries. Growth in exports also strengthened.
- By contrast, production was unchanged and employment fell for the 10th consecutive month. Despite rising fuel costs, input cost increases moderated in the month.
- The number of sectors reporting growth in activity increased from four to six, mainly among consumer-based sectors. Activity expanded in four states (up from three previously), continuing to decline in Victoria and South Australia.
- New seasonal adjustment factors have been applied to the national sub-indexes (excluding exports), resulting in revisions to each time series. Seasonal adjustment factors also have been applied for the first time to total activity in each sector and state.*
- Based on the latest National Accounts, the **Australian PMI™** suggests growth in non-farm GDP of over 2.5%, and growth in manufacturing production of over 1.5%.



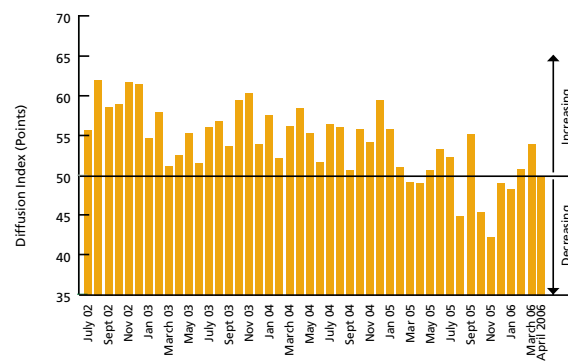
SECTORS

- Seasonally adjusted, six sectors reported growth in activity, up from four in March. Growth was strongest in clothing & footwear and textiles, although following sharp contractions in both sectors the previous month.
- While food & beverages also reported a relatively strong expansion, growth was slightly weaker than in March. Growth strengthened moderately in wood, wood products & furniture and paper, printing and publishing.
- Among the industrial-based sectors, only chemicals, petroleum & coal products reported growth (also slowing from the previous month). The largest falls were in fabricated metals and miscellaneous manufacturing.
- Activity fell for the ninth consecutive month in transport equipment and for the third consecutive month in construction materials and machinery & equipment. The fall in basic metals followed moderate increases the previous two months.

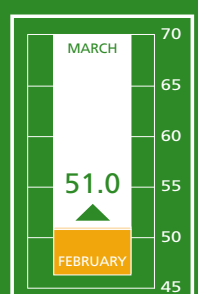
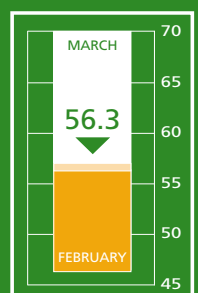
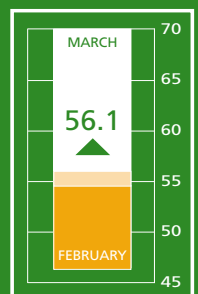
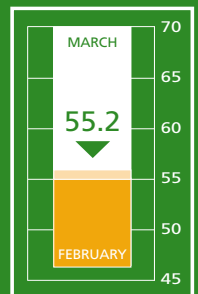
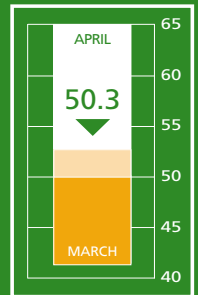


PRODUCTION

- The level of manufacturing production was unchanged in April, the seasonally adjusted sub-index falling 4.0 points to 50.0.
- Unadjusted, production grew in five sectors, down from seven (although partly reflecting the higher number of public holidays).
- Growth remained strong in textiles, and accelerated sharply in clothing & footwear. Growth also strengthened in paper, printing & publishing.
- However, production growth slowed in food & beverages; and chemicals, petroleum & coal products; while the level of production was unchanged in machinery & equipment.
- After increases the previous month, production fell in basic and fabricated metal products and miscellaneous manufacturing. Production continued to decline sharply in construction materials and transport equipment.

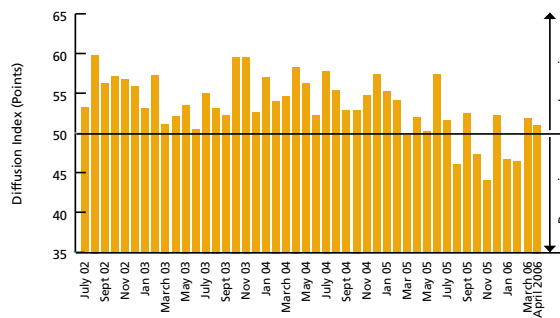


AUSTRALIAN PMI™
USA ISM PMI
EUROZONE PMI
JAPANESE PMI
CHINESE PMI



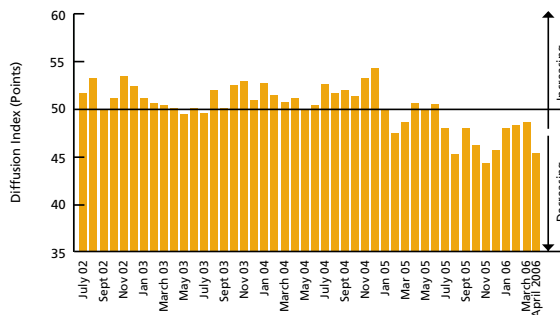
NEW ORDERS

- New order growth slowed in April, the seasonally adjusted new orders sub-index slipping 0.8 points to 51.6.
- Unadjusted, orders increased in six sectors, up from five previously.
- Growth was strongest in textiles and clothing & footwear (following falls the previous month), while orders also continued to expand strongly in chemicals, petroleum & coal products.
- Growth slowed in food & beverages; paper, printing & publishing; and basic metal products, while the level of orders was unchanged in wood, wood products & furniture.
- By contrast, orders again fell sharply in transport equipment; construction materials; and miscellaneous manufacturing. More moderate falls were reported in fabricated metals and machinery & equipment.



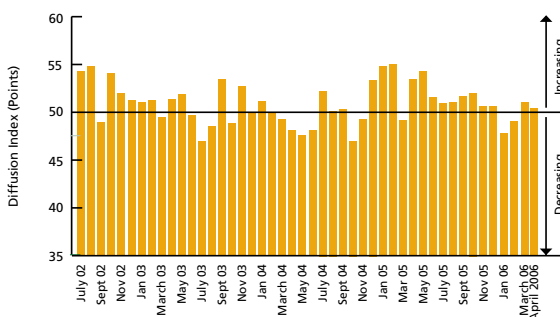
EMPLOYMENT

- Manufacturing employment declined at a faster rate in April, the seasonally adjusted employment sub-index falling 3.2 points to 45.6.
- In unadjusted terms, the number of sectors reporting growth in employment was unchanged at two (although the number citing declines increased from seven to nine).
- The two sectors to lift employment in April were textiles and clothing & footwear. Employment was also unchanged in chemicals, petroleum & coal products.
- Employment fell moderately in food & beverages and fabricated metal products – the two sectors to report increases in March.
- The steepest falls were in miscellaneous manufacturing and construction materials, with more moderate declines in the remaining five sectors.



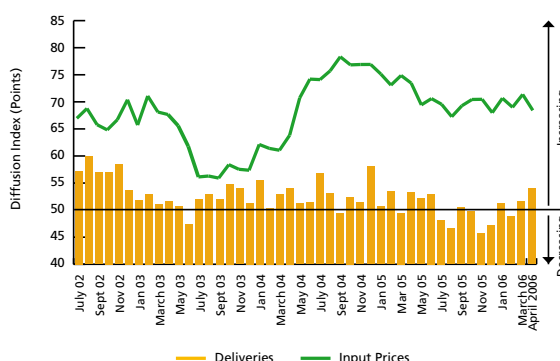
FINISHED STOCKS

- Inventories increased for the second consecutive month, although at a slower rate than in March. Seasonally adjusted, the inventories sub-index fell 0.6 points to 50.9.
- Unadjusted, the number of sectors reporting higher inventories was unchanged at four. The largest increase was in clothing & footwear (accompanying the strengthening in demand), with a strong rise also reported in chemicals, petroleum & coal products.
- Inventories also continued to rise sharply in construction materials, and to a lesser extent in transport equipment, although the increases were most likely unplanned.
- Inventory levels were unchanged in wood, wood products & furniture; machinery & equipment; and miscellaneous manufacturing.
- Inventories fell sharply in basic metal products, and more moderately in the other four sectors.



DELIVERIES AND INPUT COSTS

- Growth in supplier deliveries strengthened further in April, in seasonally adjusted terms rising 2.3 points to 54.0.
- Unadjusted, the number of sectors reporting an increase in deliveries was unchanged at seven.
- By contrast, and despite rising fuel prices, input costs increased at a more moderate rate in April. Seasonally adjusted, the input cost sub-index fell 2.9 points to 68.6.
- Unadjusted, input costs increased in all 12 sectors.
- However, while all sectors other than textiles and construction material products reported significant rises in costs, the rate of increase slowed in seven sectors (the other five in which increases moderated were food & beverages; paper, printing & publishing; chemicals, petroleum & coal products; transport equipment; and miscellaneous manufacturing).
- The remaining five sectors reported a strengthening in cost increases, and also the largest rises in the month. The sharpest increase was in clothing & footwear, followed by machinery & equipment.



NATIONAL INDEXES

	April 06	April 06	Mar 06	Feb 06	Jan 06	Dec 05	Nov 05	Oct 05	Sep 05	Aug 05	Jul 05	Jun 05
AUSTRALIAN PMI™	50.3	51.7	51.9	46.7	50.2	49.5	44.8	47.7	52.2	46.4	50.8	54.1
PRODUCTION	50.0	49.3	54.1	50.9	48.4	49.2	42.4	45.6	55.4	45.0	52.5	53.5
NEW ORDERS	51.6	52.5	52.4	46.7	47.1	52.8	44.4	47.7	53.0	46.4	52.1	58.1
EMPLOYMENT	45.6	51.0	48.8	48.5	48.3	46.0	44.6	46.5	48.3	45.5	48.3	50.8
INVENTORIES	50.9	54.0	51.5	49.3	48.2	51.1	51.1	52.5	52.1	51.6	51.4	52.0
DELIVERIES	54.0	53.3	51.7	48.8	51.3	47.2	45.8	49.8	50.5	46.6	48.2	53.0
INPUT PRICES	68.6	73.6	71.5	69.2	70.8	68.2	70.6	70.6	69.4	67.4	69.7	70.8
EXPORTS	57.5	47.6	51.8	44.4	46.4	50.1	52.1	49.1	52.3	44.7	51.8	53.3

Further Information: Results are based on responses from approximately 200 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 website on www.aigroup.asn.au.

* New monthly seasonal adjustment factors derived directly from an X-12 estimation process were introduced in April 2006.

WHAT IS THE AUSTRALIAN PMI™?

The Australian Performance of Manufacturing Index (Australian 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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