

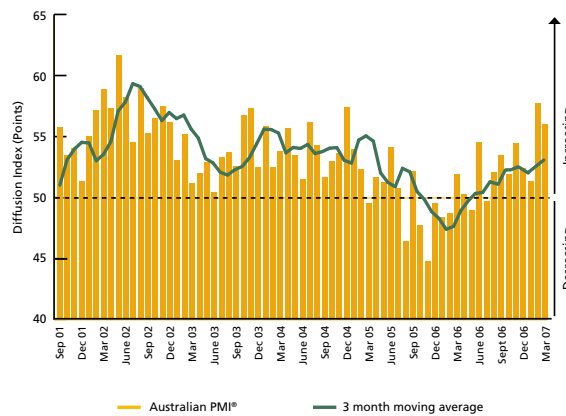
pmi AUSTRALIAN

PERFORMANCE OF MANUFACTURING INDEX®

CONDITIONS EASE DESPITE FURTHER LIFT IN PRODUCTION

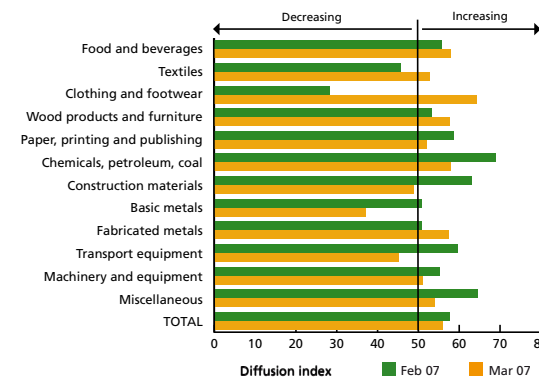
KEY FINDINGS

- Manufacturing activity continued to expand in March. While the Australian Industry Group/PricewaterhouseCoopers **Australian PMI®** eased 1.7 points in the month to 56.0 (seasonally adjusted), nevertheless March was the eighth consecutive month in which the index exceeded the key 50.0 level separating expansion from contraction.
- Production expanded further, growing at the fastest rate since late 2004. However, growth in new orders, employment, supplier deliveries and inventories slowed. Exports increased marginally, although growth remains down on the start of the year. Input cost increases accelerated moderately in the month.
- The number of sectors reporting increases in activity fell from 10 to nine. However, growth weakened in seven of the 12 sectors.
- Activity expanded in all states other than Western Australia (as was the case in February). However, growth moderated in New South Wales, Victoria, Queensland and South Australia. It was the also the fourth consecutive decline in Western Australia, although partly reflecting the impact of supply constraints.



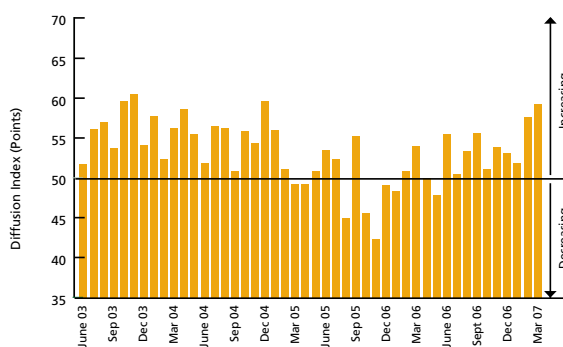
SECTORS

- In seasonally adjusted terms, activity expanded in nine sectors, compared with 10 in February.
- Growth was strongest in clothing & footwear, although following large declines in January and February. Activity expanded relatively strongly in fabricated metal products.
- Elsewhere, growth strengthened for the second consecutive month in food & beverages and wood, wood products & furniture. Activity also increased marginally in textiles, after declines in each of the previous two months.
- By contrast, growth slowed sharply in chemicals, petroleum & coal products and in miscellaneous manufacturing. Growth also slowed in paper, printing & publishing and machinery & equipment.
- Activity contracted in construction material products; transport equipment; and basic metal products. Each of these sectors, excluding construction materials products, reported expansions in production.

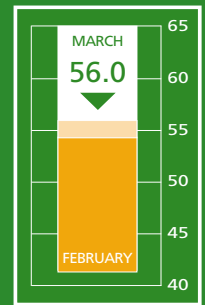


PRODUCTION

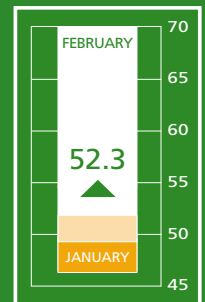
- After adjustment for seasonal factors, the production sub-index increased 1.6 points to 59.4. It was the highest reading since December 2004.
- In unadjusted terms, production expanded in 10 sectors, compared with seven the previous month. Growth was strongest in textiles, following a more moderate increase the previous month.
- Growth was also strong in food & beverages; clothing & footwear; and fabricated metal products, but following falls in all three sectors in February. Paper, printing & publishing was the only other sector to report a strengthening in production growth.
- By contrast, growth slowed in wood, wood products & furniture; chemicals, petroleum & coal products; construction materials; machinery & equipment; and miscellaneous manufacturing. The two sectors to decline were transport equipment (after moderate growth in February), and basic metals (following flat growth previously).



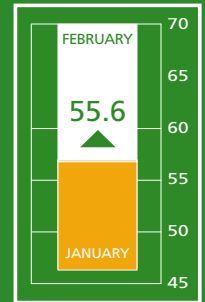
AUSTRALIAN PMI®



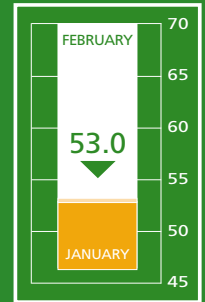
USA ISM PMI



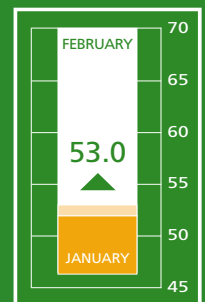
EUROZONE PMI



JAPANESE PMI

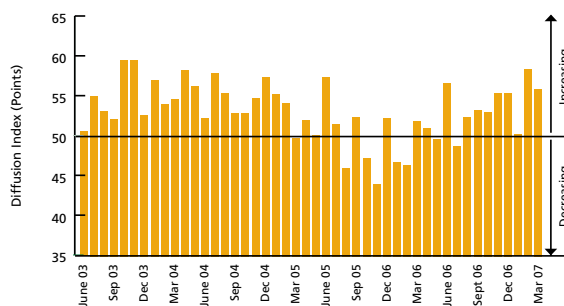


CHINESE PMI



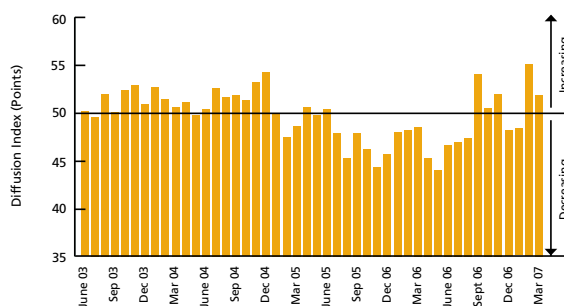
NEW ORDERS

- Seasonally adjusted, the new orders sub-index eased 2.4 points to 56.6. Unadjusted, the number of sectors reporting rises in orders also fell, from nine to seven.
- Orders growth was strongest in fabricated metals, following a fall in February. Clothing & footwear also reported a strong turnaround in orders, while wood, wood products & furniture was the only other sector to report stronger growth in the month.
- Growth slowed or was broadly unchanged in textiles; paper, printing & publishing; chemicals, petroleum & coal products; and transport equipment. New orders were flat, following increases the previous month, in construction materials and miscellaneous manufacturing.
- Earlier growth gave way to falls in both machinery & equipment and basic metal products. New orders continued to fall in food & beverages.



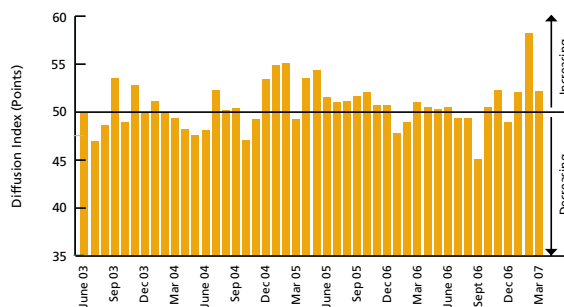
EMPLOYMENT

- Employment growth eased, the seasonally adjusted employment sub-index falling 3.3 points to 52.3. In unadjusted terms, only three sectors reported increases, down from eight in February.
- Chemicals, petroleum & coal products and fabricated metal products were the only two sectors to report increases in both February and March (with growth also strengthening in both sectors), while employment also increased in textiles (following a large fall previously).
- Employment was unchanged, after increasing the previous month, in wood, wood products & furniture; transport equipment and machinery & equipment. Employment was also unchanged for the second consecutive month in miscellaneous manufacturing.
- After growth the previous month, employment fell in food & beverages; paper, printing & publishing; and construction materials. Employment continued to fall in basic metals, and fell in textiles after an unchanged level in February.



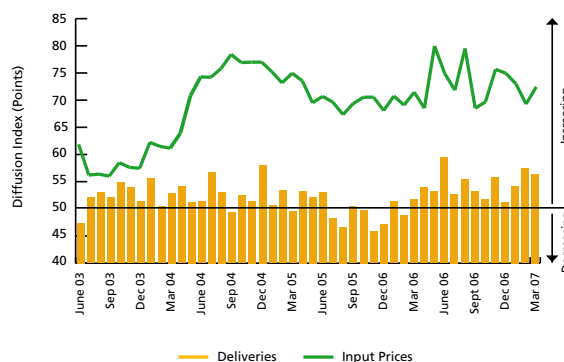
FINISHED STOCKS

- Inventories increased at a slower rate in March, the seasonally adjusted inventories sub-index falling 6.2 points to 52.6. Unadjusted, inventories increased in five sectors, compared with nine in February.
- Successive increases were reported in clothing & footwear (also the strongest rise in the month); paper, printing & publishing; fabricated metals; and machinery & equipment. Inventories also jumped in basic metal products, after remaining unchanged in February.
- Following increases or unchanged levels in February, inventories declined in food & beverages; chemicals; petroleum & coal products; transport equipment; construction materials; and miscellaneous manufacturing.
- Inventories steadied after a large fall previously in the textiles sector. Inventories also were unchanged in wood, wood products & furniture, although after a moderate rise in February.



DELIVERIES AND INPUT COSTS

- Reflecting the continued strong growth in production, growth in supplier deliveries eased only marginally. Seasonally adjusted, the supplier deliveries sub-index fell 1.0 point to 56.4.
- Unadjusted, supplier deliveries increased in eight sectors, up from seven previously. Textiles; basic metal products; and miscellaneous manufacturing were the only sectors to report falls, while deliveries were steady in construction material products.
- By contrast, raw material cost increases accelerated in the month, the input cost sub-index rising 3.1 points to 72.5 (seasonally adjusted). In unadjusted terms, all 12 sectors again reported increases in costs.
- The rate of increase accelerated in seven sectors, and moderated in five. The fastest rate of increase was in food & beverages. Textiles reported the smallest increase in the month.



NATIONAL INDEXES

| | Mar 07 | Mar 06 | Feb 07 | Jan 07 | Dec 06 | Nov 06 | Oct 06 | Sept 06 | Aug 06 | Jul 06 | Jun 06 | May 06 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|--------|
| AUSTRALIAN PMI* | 56.0 | 51.9 | 57.7 | 51.3 | 52.4 | 54.4 | 51.9 | 53.5 | 52.1 | 49.7 | 54.5 | 48.9 |
| PRODUCTION | 59.4 | 54.1 | 57.8 | 52.0 | 53.1 | 53.9 | 51.2 | 55.7 | 53.5 | 50.5 | 55.6 | 48.0 |
| NEW ORDERS | 56.6 | 52.4 | 59.0 | 50.7 | 56.0 | 56.0 | 53.5 | 53.9 | 52.9 | 49.2 | 57.3 | 50.2 |
| EMPLOYMENT | 52.3 | 48.8 | 55.6 | 48.6 | 48.5 | 52.5 | 50.9 | 54.5 | 47.7 | 47.3 | 47.0 | 44.2 |
| INVENTORIES | 52.6 | 51.5 | 58.8 | 52.4 | 49.3 | 52.8 | 50.9 | 45.3 | 49.8 | 49.8 | 50.9 | 50.7 |
| DELIVERIES | 56.4 | 51.7 | 57.4 | 54.2 | 51.1 | 55.8 | 51.7 | 53.1 | 55.3 | 52.7 | 59.5 | 53.2 |
| INPUT PRICES | 72.5 | 71.5 | 69.4 | 73.1 | 75.0 | 75.7 | 69.7 | 68.6 | 79.6 | 71.9 | 75.0 | 80.0 |
| EXPORTS | 52.1 | 51.8 | 50.0 | 53.1 | 60.4 | 60.2 | 51.7 | 53.8 | 56.6 | 50.7 | 51.1 | 47.9 |

Further Information: Results are based on responses from over 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 applied 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, Global Industrial Manufacturing Leader.

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