

PSI AUSTRALIAN

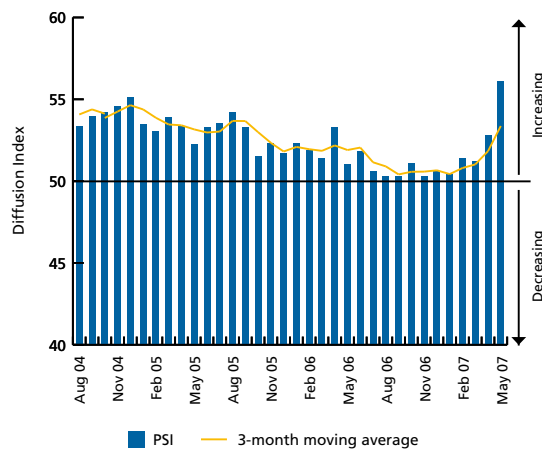
PERFORMANCE OF SERVICES INDEX®

MAY 2007

A FURTHER LIFT IN DEMAND UNDERPINS STRENGTHENED ACTIVITY

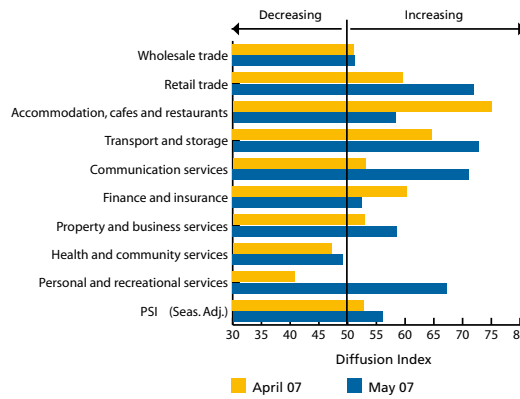
KEY FINDINGS

- Services sector activity lifted strongly in May, underpinned by record levels of consumer confidence, upbeat business sentiment and an unemployment rate at a 30-year low.
- The seasonally adjusted Australian Industry Group-Commonwealth Bank Performance of Services Index (**Australian PSI®**) rose 3.3 points to 56.1, above the key 50.0 level separating expansion from contraction.
- The strength in services sector activity was broadly-based, with all sectors excluding health & community services reporting growth in May.
- Positive consumer and business sentiment flowed through to a pick-up in sales and new orders growth in the month, leading to the highest readings for these components for more than three years.
- Supplier deliveries increased for the first time in seven months, while employment continued to expand.
- Input cost increases eased further in May, with the price of inputs growing at their slowest pace since May 2005.



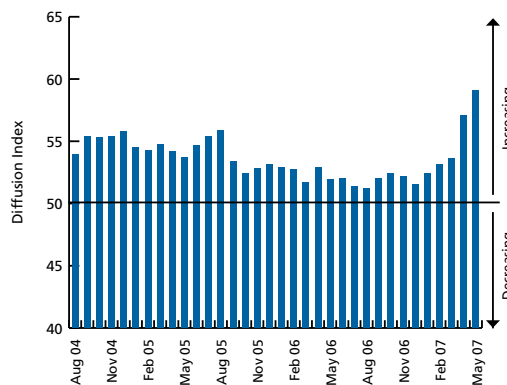
SECTORS

- In seasonally adjusted terms, activity expanded in eight of the nine sectors in May (up from seven in the previous month).
- Transport & storage and retail trade reported the strongest rates of growth in the month, building on solid improvements in April.
- The personal & recreational services sector recorded a solid rise in activity in the month, having been one of only two sectors to report a decline in April.
- The prevailing strong business conditions underpinned accelerated growth in communication services and property & business services.
- Growth slowed in accommodation, cafes & restaurants and finance & insurance, while activity lifted slightly in wholesale trade.
- Health & community services was the only sector to report a decline in May, with activity contracting modestly for a second consecutive month.

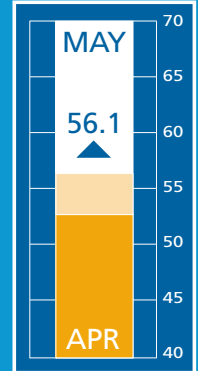


SALES

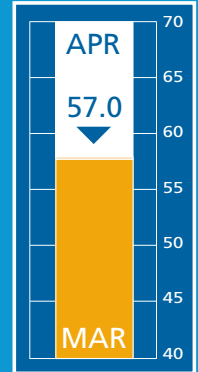
- Seasonally adjusted, sales rose 2.1 points in May to 59.1. On an unadjusted basis, sales increased in six of the nine sectors (down from seven in the previous month).
- Communication services recorded the strongest lift in sales, following flat growth in April.
- Greater business and consumer demand also lead to stronger sales growth in the retail trade and transport & storage sectors.
- Growth in sales accelerated more moderately in personal & recreational services; finance & insurance; and property & business services.
- For the second consecutive month, wholesale trade was the only sector to report a fall in sales, although the rate of decline eased.
- Sales were unchanged in accommodation, cafes & restaurants and health & community services.



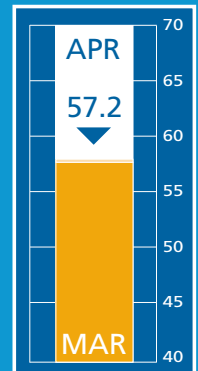
AUSTRALIAN PSI®



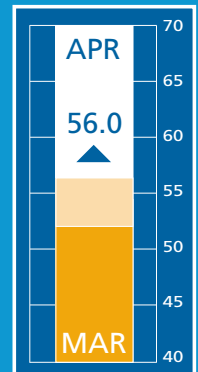
EUROZONE SERVICES INDEX



UK SERVICES INDEX

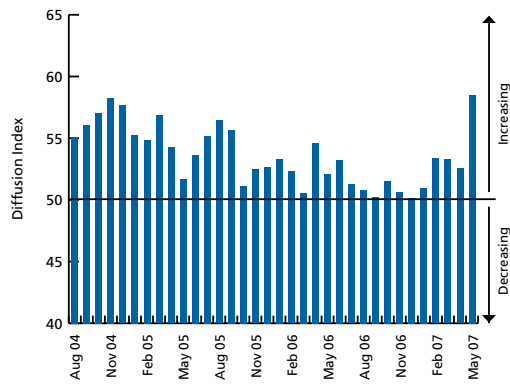


USA SERVICES INDEX



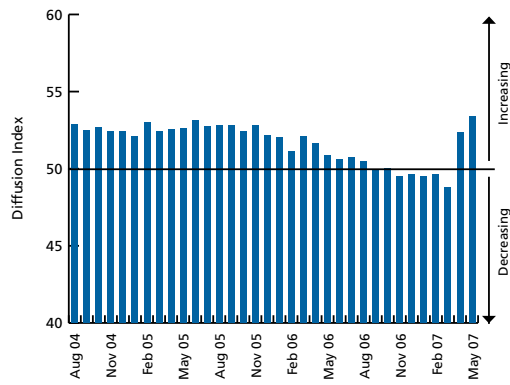
NEW ORDERS

- New orders growth strengthened in May, the new orders sub-index jumping 6.0 points to 58.5 (seasonally adjusted).
- In unadjusted terms, seven sectors reported growth in new orders (unchanged from April), with wholesale trade and health & community services unchanged.
- Growth was strongest in communication services and personal & recreational services. Orders also grew strongly in retail trade, the first expansion in the sector in 2007.
- New orders increased at a faster pace in both finance & insurance and property & business services.
- By contrast, growth in new orders slowed sharply in the accommodation, cafes & restaurants sector and was steady in transport & storage.



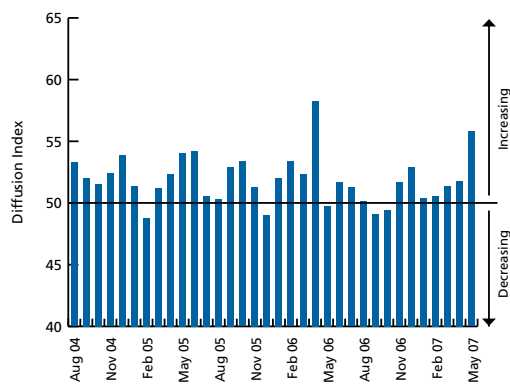
EMPLOYMENT

- Employment expanded for a second consecutive month in May, the seasonally adjusted sub-index lifting 1.0 point to 53.4.
- In unadjusted terms, the number of sectors reporting employment growth was unchanged at five.
- Growth in employment was concentrated in the business-related sectors, with transport & storage; communication services; property & business services; and finance & insurance all reporting increases.
- Personal & recreational services was the only other sector to register a rise in employment, recovering from a sharp decline in April.
- Wholesale trade was the only sector to report a contraction in employment in May, following flat growth previously.
- Employment was unchanged in retail trade; accommodation, cafes & restaurants; and health & community services.



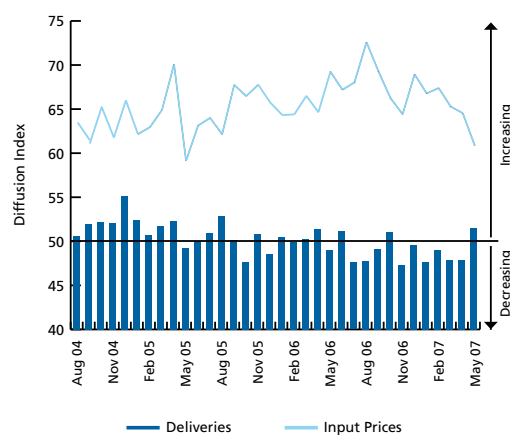
STOCKS

- Stock accumulation accelerated in May, the seasonally adjusted stocks sub-index rising 4.0 points to 55.8.
- Unadjusted, stocks expanded in five sectors (down from seven sectors in April), with finance & insurance and health & community services unchanged.
- Retail trade reported the strongest increase in inventories, while transport & storage and communication services expanded strongly.
- Inventories were replenished moderately in property & business services, following a sharp decline in April. The wholesale trade sector also reported a modest lift in stocks of finished goods.
- Stocks of finished goods were run down in the personal & recreational services sector for a third consecutive month.
- Accommodation, cafes & restaurants also reported a reduction in inventories, following a strong lift in April.



DELIVERIES AND INPUT COSTS

- Supplier deliveries grew moderately in May, following six consecutive monthly declines; the seasonally adjusted sub-index increasing 3.6 points to 51.5.
- In unadjusted terms, five sectors reported increased deliveries (down from six in the previous month), with accommodation, cafes & restaurants and personal & recreational services unchanged.
- The largest rises in deliveries were reported in the business-related sectors of transport & storage and communication services.
- Growth in supplier deliveries accelerated in the retail trade sector, while property & business services and health & community services reported moderate rises.
- Finance & insurance and wholesale trade were the only sectors to record a fall in supplier deliveries in the month.
- Input cost increases moderated further in May, with the seasonally adjusted sub-index falling 3.1 points to 62.5.
- Unadjusted, inputs costs rose in eight of the nine sectors in May (remaining unchanged in communication services), with the rate of increase accelerating in just three.
- Retail trade reported the largest increase in input costs in the month.



NATIONAL INDEXES

	May 07	May 06	Apr 07	Mar 07	Feb 07	Jan 07	Dec 06	Nov 06	Oct 06	Sep 06	Aug 06
AUSTRALIAN PSI®	56.1	51.0	52.8	51.2	51.4	50.4	50.6	50.3	51.1	50.3	50.3
SALES	59.1	51.9	57.0	53.6	53.1	52.4	51.5	52.1	52.4	52.0	51.2
NEW ORDERS	58.5	52.1	52.5	53.3	53.4	51.0	50.1	50.6	51.5	50.2	50.8
EMPLOYMENT	53.4	50.8	52.4	48.8	49.6	49.5	49.7	49.5	50.0	49.9	50.5
INVENTORIES	55.8	49.7	51.8	51.4	50.6	50.4	52.9	51.7	49.4	49.1	50.2
DELIVERIES	51.5	49.0	47.9	47.9	49.0	47.7	49.6	47.3	51.0	49.2	47.8
INPUT PRICES	62.5	69.6	65.6	66.3	68.0	67.5	69.4	65.5	67.1	69.7	72.5

Results are based on a sample of over 200 companies.

* New monthly seasonal adjustment factors derived directly from an X-12 estimation process were introduced in April 2007.

WHAT IS THE AUSTRALIAN PSI®?

The Australian Performance of Services Index (Australian PSI®) is a seasonally adjusted national composite index based on the diffusion indexes for sales, new orders, employment, inventories and deliveries all with varying weights.

An Australian PSI® reading above 50 points indicates that the service industry 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

Commonwealth Bank is delighted to be the sponsor of the Australian PSI® and is pleased to be able to provide the expertise of our Chief Economist Michael Blythe as the key spokesperson for the Performance of Services Index. The Commonwealth Bank is one of Australia's premier service organisations and with the majority of the Australian economy being services based we believe this important piece of research will add real value to the industry. It will provide insights and information that have not previously been available. We look forward to continuing to work with the Australian Industry Group to enhance and develop the Australian PSI®.

Commonwealth Bank

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