

PSI AUSTRALIAN

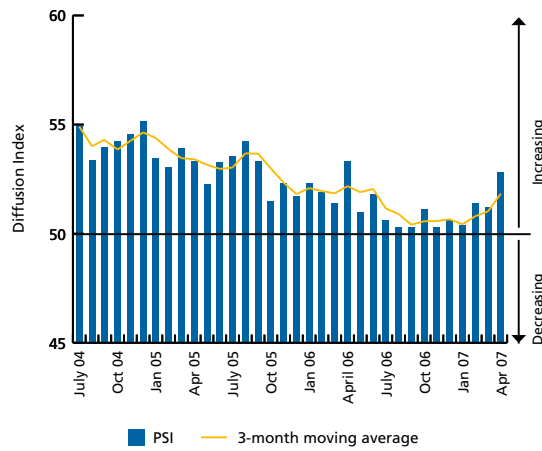
PERFORMANCE OF SERVICES INDEX®

APRIL 2007

SERVICES GROWTH STRENGTHENS AS SPENDING LIFTS

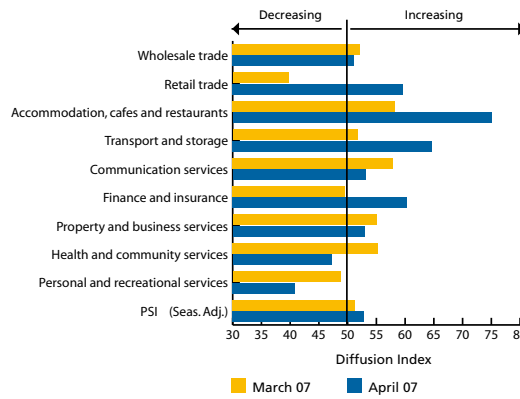
KEY FINDINGS

- Growth in services sector activity strengthened in April, underpinned by a lift in spending.
- The seasonally adjusted Australian Industry Group/Commonwealth Bank Performance of Services Index (**Australian PSI®**) rose 1.6 points to 52.8, above the key 50.0 level separating expansion from contraction. Following annual seasonal re-analysis, each of the sub-indexes and the composite index were revised.
- Activity picked-up markedly in accommodation, cafes & restaurants and retail trade, although partly reflecting the high number of public holidays in April which are likely to have boosted retail spending in the month.
- The transport & storage and finance & insurance sectors also contributed to the strengthening in overall activity.
- Sales growth strengthened in April, while employment increased, following a decline in the previous month. New orders continued to expand, although at slightly slower rate.
- By contrast, supplier deliveries contracted further in April and growth in input costs continued to ease.



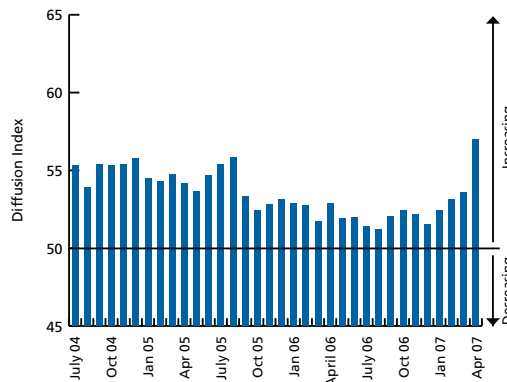
SECTORS

- In seasonally adjusted terms, activity expanded in seven of the nine sectors in April, up from six in the previous month (revised up from five as a result of annual seasonal re-analysis).
- For the second consecutive month, growth was strongest in the accommodation, cafes & restaurants sector. Growth in the transport & storage sector also strengthened considerably in April.
- The retail trade and finance & insurance sectors recorded strong activity growth in the month, following declines in March.
- By contrast, communication services; property & business services; and wholesale trade all reported slightly slower rates of growth in April.
- The only sectors to report falls in activity were personal & recreational services and health & community services.

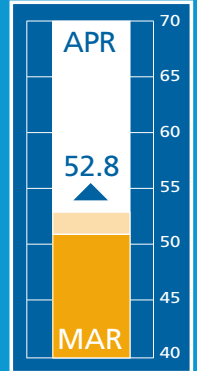


SALES

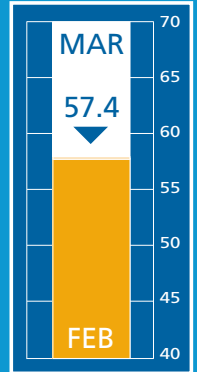
- In seasonally adjusted terms, sales lifted 3.4 points in April to 57.0. Unadjusted, sales rose in seven sectors, up from four in March.
- The accommodation, cafes & restaurants sector reported the largest increase in sales, boosted by the number of public holidays in April.
- An improvement in consumer spending also led to strong sales growth in the retail trade sector (where discounting took place) and the personal & recreational services sector.
- Sales expanded in each of the business-related sectors in April, excluding communication services where levels were unchanged.
- The health & community services sector also reported a modest lift in sales in the month.
- Wholesale trade was the only sector to record a drop in sales in April, following flat growth in the previous month.



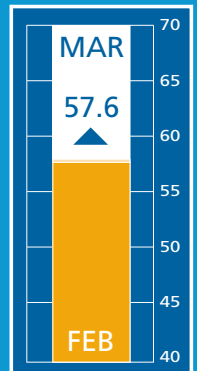
AUSTRALIAN PSI®



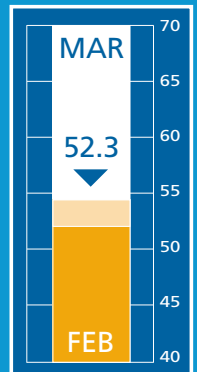
EUROZONE SERVICES INDEX



UK SERVICES INDEX



USA SERVICES INDEX



NEW ORDERS

- New orders continued to grow in April, although at a slightly slower pace than in the previous month. The seasonally adjusted new orders sub-index fell 0.8 points to 52.5.
- Unadjusted, new orders increased in seven sectors, up from six in the previous month.
- Accommodation, cafes & restaurants reported the strongest increase in new orders in April.
- New orders also increased solidly in each of the business-related sectors.
- Elsewhere, new orders continued to grow moderately in health & community services, while the personal & recreational services sector also reported a rise, following a fall in the previous month.
- Retail trade and wholesale trade were the only sectors to report a decline in new orders in April.

EMPLOYMENT

- Services sector employment expanded in April, following a decline in the previous month, the employment sub-index rising 3.6 points to 52.4 (seasonally adjusted).
- On an unadjusted basis, employment grew in five sectors, compared with six in the previous month.
- The strongest increases in employment occurred in accommodation, cafes & restaurants and transport & storage.
- More moderate expansions in employment were recorded in finance & insurance; health & community services; and property & business services.
- Personal & recreational services reported the steepest decline in employment, for the second consecutive month. The only other sector to report a fall in employment was communication services.
- Employment was unchanged in both the wholesale trade and retail trade sectors.

STOCKS

- Inventories of finished goods lifted moderately in April, the seasonally adjusted stocks index rising 0.4 points to 51.8.
- In unadjusted terms, inventories increased in seven sectors, up from four in March.
- Growth in inventories was strongest in accommodation, cafes & restaurants and transport & storage.
- Retail trade and finance & insurance, two of the four sectors to report a fall in stocks in March, reported solid increases.
- The wholesale trade; health & community services; and communication services sectors also recorded an accumulation in inventories.
- Property & business services sector reported a particularly sharp decline in stock levels in April. Stocks of finished goods were also run-down in the personal & recreational services sector.

DELIVERIES AND INPUT COSTS

- Supplier deliveries continued to fall in April, the seasonally adjusted supplier delivery index remaining unchanged at 47.9.
- Unadjusted, six sectors reported increased deliveries (up from two in March), with communication services unchanged.
- Accommodation, cafes & restaurants recorded the largest increase in supplier deliveries, for the second consecutive month.
- Strong growth in supplier deliveries was also reported in transport & storage and personal & recreational services.
- The health & community services; finance & insurance; and retail trade sectors reported moderate rises in supplier deliveries. By contrast, property & business services and wholesale trade were the only sectors to report falling levels of supplier deliveries.
- The rate of growth in input costs continued to ease in April, the seasonally adjusted sub-index falling by 0.7 points to 65.6.
- In unadjusted terms, input costs grew at a faster pace in five sectors, up from four in March.
- The greatest increase in input costs was recorded in wholesale trade and accommodation, cafes & restaurants, while the transport & storage sector reported the smallest rise.

NATIONAL INDEXES

	Apr 07	Apr 06	Mar 07	Feb 07	Jan 07	Dec 06	Nov 06	Oct 06	Sep 06	Aug 06	Jul 06
AUSTRALIAN PSI®	52.8	53.3	51.2	51.4	50.4	50.6	50.3	51.1	50.3	50.3	50.6
SALES	57.0	52.9	53.6	53.1	52.4	51.5	52.1	52.4	52.0	51.2	51.4
NEW ORDERS	52.5	54.6	53.3	53.4	51.0	50.1	50.6	51.5	50.2	50.8	51.2
EMPLOYMENT	52.4	51.6	48.8	49.6	49.5	49.7	49.5	50.0	49.9	50.5	50.7
INVENTORIES	51.8	58.3	51.4	50.6	50.4	52.9	51.7	49.4	49.1	50.2	51.3
DELIVERIES	47.9	51.4	47.9	49.0	47.7	49.6	47.3	51.0	49.2	47.8	47.6
INPUT PRICES	65.6	65.7	66.3	68.0	67.5	69.4	65.5	67.1	69.7	72.5	68.6

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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