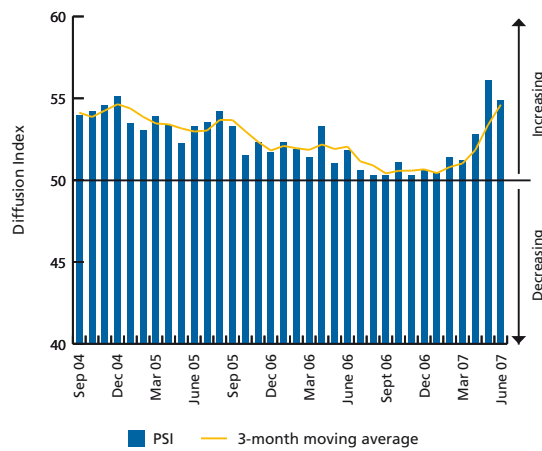


SERVICES ACTIVITY CONTINUES TO EXPAND SOLIDLY

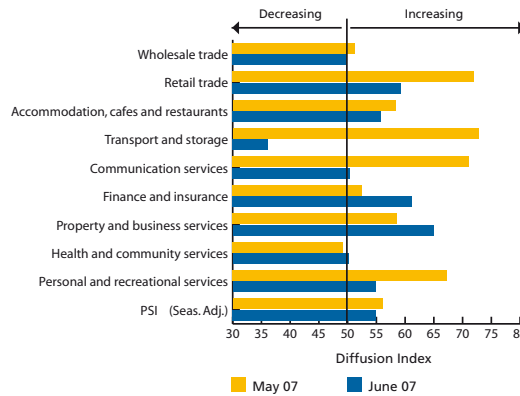
KEY FINDINGS

- Services activity continued to grow solidly for the second consecutive month in June, although there was a slight moderation from the previous month.
- The seasonally adjusted Australian Industry Group/Commonwealth Bank Performance of Services Index (Australian PSI®) fell 1.2 points to 54.9, remaining well above the key level separating expansion from contraction.
- Most of the services sectors reported softer activity growth in June, following stronger performances in May. The business-related sectors of property & business services and finance & insurance, as well as health & community services were the exceptions, each recording stronger growth.
- Sales continued to lift strongly in June, while new orders grew more moderately. By contrast, employment growth picked-up for a third consecutive month.
- Input cost increases rose strongly in June, lifting to rates not seen since the latter half of 2006.



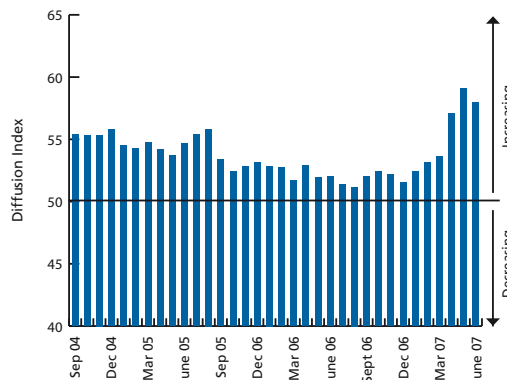
SECTORS

- On a seasonally adjusted basis, activity expanded in seven of the nine sectors in June (down from eight in the previous month).
- Property & business services and finance & insurance reported the strongest activity, being amongst two of just three sectors to register faster rates of growth in the month.
- More moderate growth was recorded in the consumer-based sectors of retail trade; accommodation, cafes & restaurants; and personal & recreational services.
- Activity rose slightly in health & community services, following small declines in the previous two months.
- Transport & storage reported the largest fall in activity in June, due partly to disruptions caused by heavy rainfall in the eastern states. Activity also fell marginally in the wholesale trade sector, ending four consecutive months of expansion.

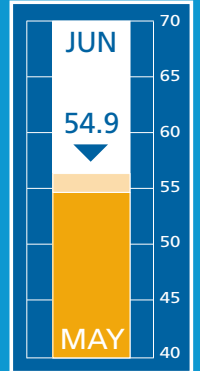


SALES

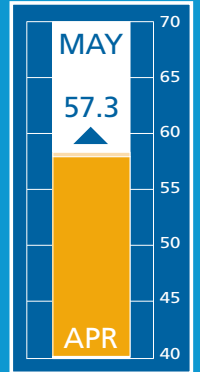
- In seasonally adjusted terms, sales fell 1.2 points in June to 57.9. Unadjusted, sales rose in five sectors, down from six in May.
- The property & business services sector reported the largest increase in sales, continuing a run of strong sales results for the sector in 2007.
- Strong rises were also reported in communication services and retail trade, despite the rate of increase easing from May.
- Sales continued to grow in finance & insurance, albeit at a slower pace, and expanded in health & community services.
- Transport & storage and personal & recreational services reported the steepest declines in sales, following strong growth in May.
- Moderate contractions were also recorded in wholesale trade and accommodation, cafes & restaurants.



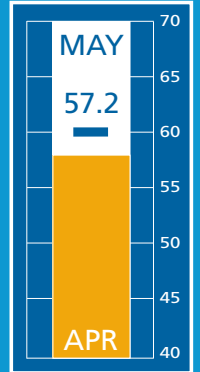
AUSTRALIAN PSI®



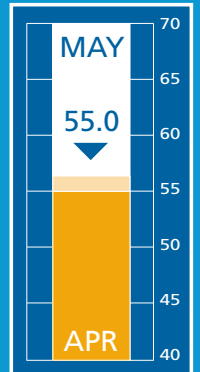
EUROZONE SERVICES INDEX



UK SERVICES INDEX

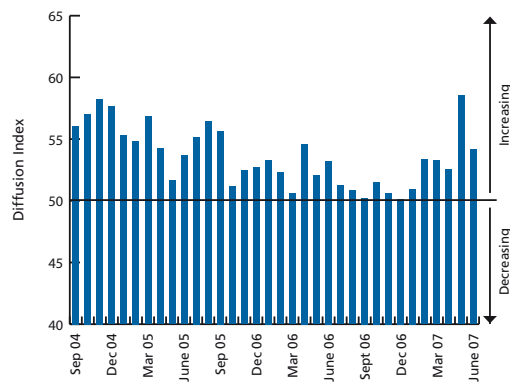


USA SERVICES INDEX



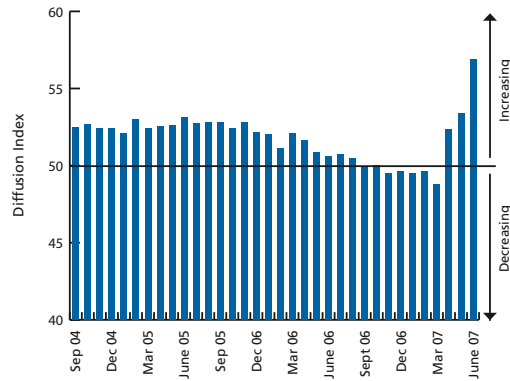
NEW ORDERS

- Following a strong lift in May, seasonally adjusted data indicates that the new orders sub-index eased 4.3 points to 54.2 in June.
- In unadjusted terms, four sectors reported increases in orders, down from seven previously.
- Growth was strongest in property & business services and retail trade, as was the case for sales, although the rate of increase slowed in both sectors.
- More moderate growth was reported in communication services and finance & insurance.
- The sharpest decline in new orders was recorded in the transport & storage sector. New orders also fell in health & community services and wholesale trade, following flat growth in both sectors in May.
- New orders were unchanged in accommodation, cafes & restaurants and personal & recreational services in June.



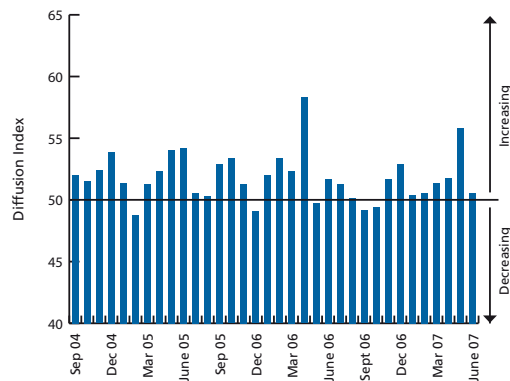
EMPLOYMENT

- Growth in employment continued for the third consecutive month, the seasonally adjusted sub-index increasing 3.5 points to 56.9.
- On an unadjusted basis, employment increased in two sectors (down from five previously).
- The strongest rate of employment growth was in property & business services, building on a pick-up in the previous month.
- Employment grew moderately in the health & community services sector.
- Four sectors remained unchanged: wholesale trade; accommodation, cafes & restaurants; communication services; and finance & insurance.
- Declines in employment were reported in the retail trade; transport & storage; and personal & recreational services sectors.



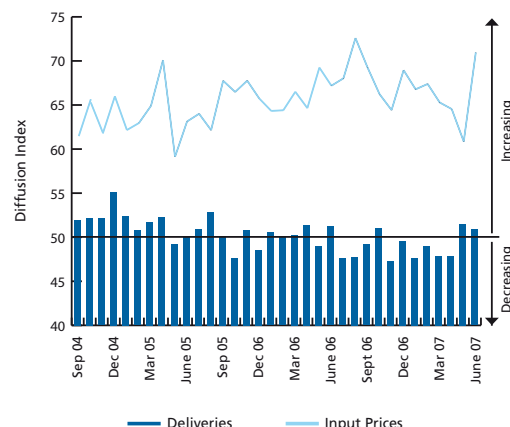
STOCKS

- Inventories of finished goods lifted marginally in June, with the seasonally adjusted stocks sub-index falling 5.2 points to 50.6.
- Unadjusted, stocks expanded in five sectors (the same as the previous month), with accommodation, cafes & restaurants remaining unchanged.
- Growth in inventories was strongest in finance & insurance. Stocks also increased in retail trade; property & business services; wholesale trade; and health & community services.
- Moderate declines in stock levels were reported by the communication services and personal & recreational services sectors.
- A sharp decline in stock levels was reported in transport & storage.



DELIVERIES AND INPUT COSTS

- Supplier deliveries continued to grow in June, although at a slightly slower rate than the previous month, with the seasonally adjusted sub-index falling 0.6 points to 50.9.
- In unadjusted terms, four sectors reported increased deliveries (down from five the previous month), with property & business services remaining unchanged.
- Wholesale and retail trade reported the strongest growth in supplier deliveries, with more moderate growth recorded in health & community services and finance & insurance.
- Declines in supplier deliveries were reported in accommodation, cafes & restaurants; personal & recreational services; and communication services. The strongest decline was reported in transport & storage.
- Input cost increases accelerated in June, the seasonally adjusted sub-index rising 8.6 points to 71.1, partly reflecting higher fuel costs.
- Unadjusted, input cost increases accelerated in six of the nine sectors in June, with retail trade reporting the largest increase for the second consecutive month.



NATIONAL INDEXES

	Jun 07	Jun 06	May 07	Apr 07	Mar 07	Feb 07	Jan 07	Dec 06	Nov 06	Oct 06	Sep 06
AUSTRALIAN PSI®	54.9	51.8	56.1	52.8	51.2	51.4	50.4	50.6	50.3	51.1	50.3
SALES	57.9	52.0	59.1	57.0	53.6	53.1	52.4	51.5	52.1	52.4	52.0
NEW ORDERS	54.2	53.2	58.5	52.5	53.3	53.4	51.0	50.1	50.6	51.5	50.2
EMPLOYMENT	56.9	50.6	53.4	52.4	48.8	49.6	49.5	49.7	49.5	50.0	49.9
INVENTORIES	50.6	51.7	55.8	51.8	51.4	50.6	50.4	52.9	51.7	49.4	49.1
DELIVERIES	50.9	51.2	51.5	47.9	47.9	49.0	47.7	49.6	47.3	51.0	49.2
INPUT PRICES	71.1	67.9	62.5	65.6	66.3	68.0	67.5	69.4	65.5	67.1	69.7

Results are based on a sample of around 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

CONTACT

Heather Ridout
Chief Executive,
Ai Group
work 02 9466 5504

Michael Blythe
Chief Economist
Commonwealth Bank
work 02 9312 4135
mobile 0414 886 027

NTC Research
www.ntceconomics.com

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