AUSTRALIAN

psi

PERFORMANCE OF SERVICES INDEX®

AUSTRALIAN INDUSTRY GROUP

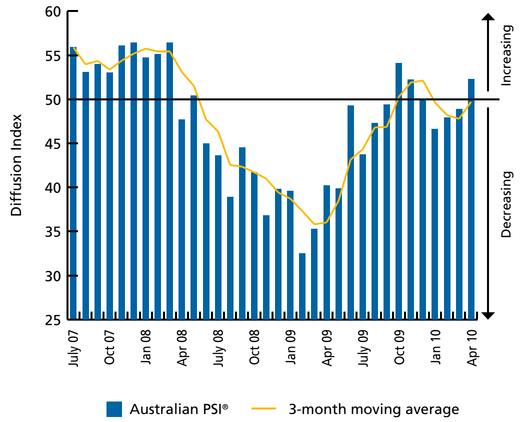
Commonwealth Bank

APRIL 2010

SERVICES EXPANDS AS BUSINESS CONDITIONS IMPROVE

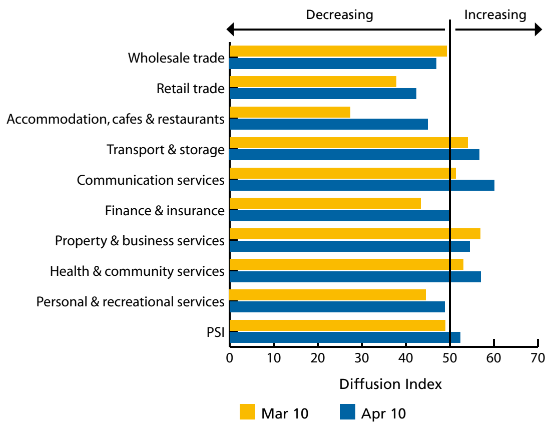
KEY FINDINGS

- The services sector expanded in April, following a lacklustre start to 2010. Sales, new orders and employment all lifted in the month, following recent softness.
- The improvement was largely confined to the business-related services sectors, although April saw an easing in the pace of contraction in a number of key consumer-based sectors.
- The seasonally adjusted Australian Industry Group/Commonwealth Bank Performance of Services Index **(Australian PSI®)** rose 3.4 points to 52.3, above the key level separating expansion from contraction.
- Firms identified the rolling-out of infrastructure construction projects and continued strength in the mining sector as factors boosting activity in the month. By contrast, negative impacts were attributed to interest rate rises and difficulties in obtaining finance.
- Services activity expanded in Victoria and New South Wales and was broadly steady in South Australia and Tasmania.
- Following annual seasonal reanalysis, each of the sub-indexes and composite indexes were revised.



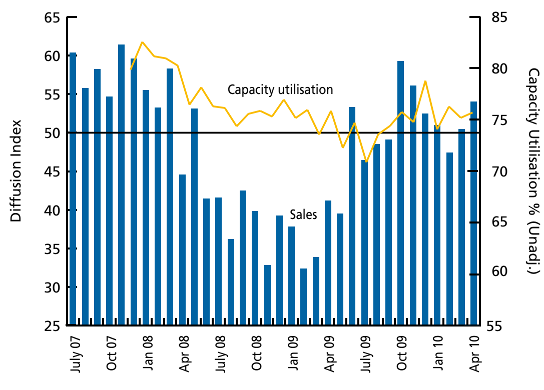
SECTORS

- In seasonally adjusted terms, activity expanded in five of the nine sectors in April (up from four in the previous month).
- Growth was strongest in communication services, driven by strong demand and rising employment in the sector.
- Solid business conditions also underpinned further gains in the transport & storage and property & business services sectors.
- Activity lifted modestly in finance & insurance, following a decline in March, and grew at a faster pace in health & community services.
- The key consumer-based sectors of retail trade and accommodation, cafés & restaurants recorded the heaviest falls, although the pace of these declines slowed in April.
- The wholesale trade sector reported a fourth consecutive monthly fall in activity, while personal & recreational services contracted more modestly.

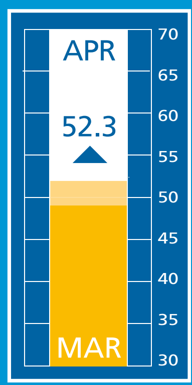


SALES AND CAPACITY

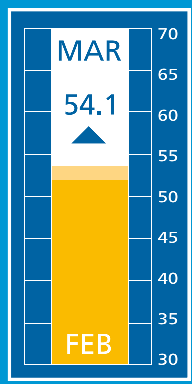
- The seasonally adjusted sales sub-index rose 3.5 points in April to 54.0, marking a second consecutive month of growth.
- In unadjusted terms, the number of sectors reporting sales growth increased from three to five.
- The business-related sectors of property & business services and communication services reported the largest increases in sales in April.
- Solid sales growth was also recorded in the personal & recreational services; health & community services; and finance & insurance sectors.
- Retail and wholesale trade were the only sectors to report falling sales levels in April, consistent with recent weak demand in each.
- Sales were unchanged in accommodation, cafés & restaurants and transport & storage.
- Capacity utilisation edged up slightly in April, increasing by 0.5 percentage points to 75.6%.



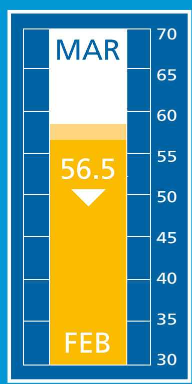
AUSTRALIAN PSI®



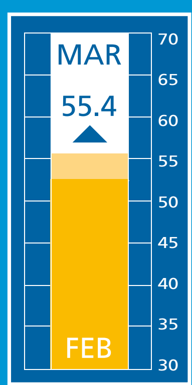
EUROZONE SERVICES INDEX



UK SERVICES INDEX

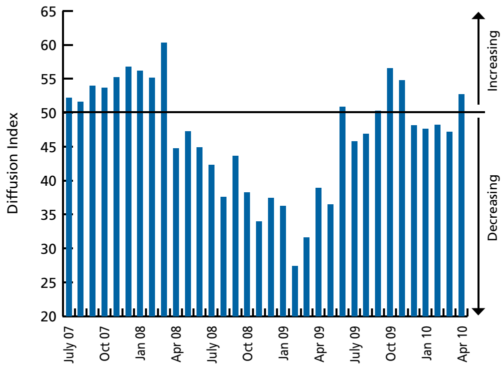


USA SERVICES INDEX



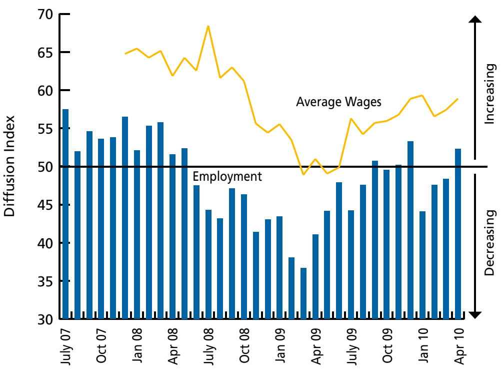
NEW ORDERS

- New orders growth resumed in April, following four consecutive monthly falls, with the seasonally adjusted sub-index lifting 5.5 points to 52.7.
- Unadjusted, new orders expanded in four sectors, up from two in March, with transport & storage and personal & recreational services orders unchanged.
- The communication services; health & community services; property & business services; and finance & insurance sectors saw solid growth in new orders in April.
- The heaviest fall in new orders was in the retail trade sector, which has not recorded growth over the past five months.
- The other consumer-related sectors, wholesale trade and accommodation, cafes & restaurants saw more moderate declines in new orders.



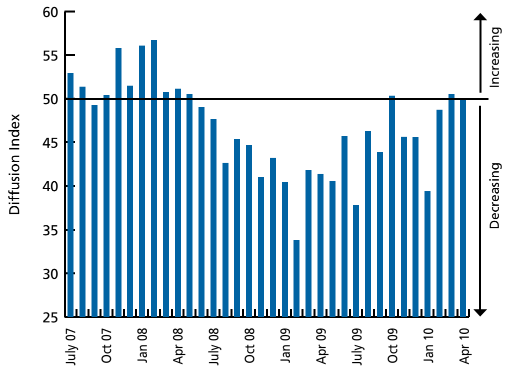
EMPLOYMENT AND WAGES

- Seasonally adjusted, the employment sub-index increased by 3.9 points to 52.3, signifying growth in the month.
- On an unadjusted basis, six sectors reported employment growth in April, compared with four in the previous month.
- Employment growth was strongest in health & community services and transport & storage, as was the case in March.
- Accommodation, cafés & restaurants and personal & recreational services also reported solid rises in employment, while employment in communication services and property & business services lifted more moderately.
- Retail trade was the only sector to report falling employment in April, marking a fourth consecutive month of contraction.
- Employment remained steady in the wholesale trade and finance & insurance sectors.
- Average wages growth accelerated further in April, with the unadjusted sub-index lifting 1.4 points to 58.2.



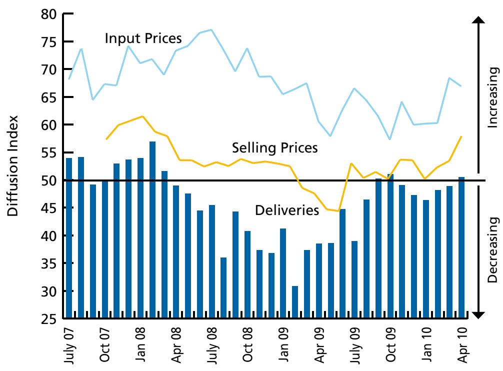
STOCKS

- Inventories of finished goods remained broadly unchanged in April; the seasonally adjusted sub-index dipping 0.5 points to 50.0.
- Stock accumulation was recorded in three sectors, up from two in March, with the business-related sectors of transport & storage; finance & insurance; and property & business services unchanged.
- Weak demand for retail goods led to a solid build-up in inventories in April.
- Health & community services and communication services were the only other sectors to report stock accumulation in the month.
- Inventories were run down sharply in the personal & recreational services sector. Declines were also recorded in wholesale trade and accommodation, cafés & restaurants.



DELIVERIES, INPUT COSTS AND SELLING PRICES

- Supplier deliveries rose slightly in April, the first rise in six months, with the index up by 1.6 points to 50.5.
- Unadjusted, deliveries rose in three sectors, as in March.
- Transport & storage recorded strong growth in deliveries while wholesale trade and health & community services saw more moderate rises.
- The heaviest falls in deliveries were seen in personal & recreational services; finance & insurance; and accommodation, cafes & restaurants.
- Input prices rose strongly in April, although at a slightly slower pace, with the index falling 1.5 points to 67.7.
- Unadjusted, input costs rose in eight of the nine sub-sectors, most strongly in finance & insurance; personal & recreational services; and accommodation, cafes & restaurants.
- Selling prices rose more quickly in April, with the sub-index rising 4.5 points to 57.9, most notably in accommodation, cafes & restaurants and finance & insurance.



AUSTRALIAN PSI®*

	April 2010	March 2010	Monthly Change	Direction	Rate of Change	Trend** (Months)
AUSTRALIAN PSI®	52.3	48.9	+3.4	Expanding	From contracting	1
SALES	54.0	50.5	+3.5	Expanding	Faster	2
NEW ORDERS	52.7	47.2	+5.5	Expanding	From contracting	1
EMPLOYMENT	52.3	48.4	+3.9	Expanding	From contracting	1
SUPPLIER DELIVERIES	50.5	48.9	+1.6	Expanding	From contracting	1
INVENTORIES	50.0	50.5	-0.5	Flat	From expanding	1
INPUT PRICES	67.7	69.2	-1.5	Expanding	Slower	87
SELLING PRICES	57.9	53.4	+4.5	Expanding	Faster	10
WAGES	58.2	56.8	+1.4	Expanding	Faster	10
CAPACITY UTILISATION (%)	75.6	75.1	+0.5 % pts	Expanding	na	na

* Australian PSI® data is seasonally adjusted for sales, new orders, employment, supplier deliveries, inventories and input prices.
** Number of months moving in current direction.

Results are based on the responses of around 200 companies. New monthly seasonal adjustment factors, derived directly from a TRAMO-SEATS process were introduced in April 2010.

AUSTRALIAN INDUSTRY GROUP

Supported by:

WHAT IS THE AUSTRALIAN PSI®?

The Australian Industry Group – Commonwealth Bank **Australian Performance of Services Index** (Australian PSI®) is a seasonally adjusted national composite index based on the diffusion indexes for sales, orders/new business, deliveries, inventories and employment with varying weights. An **Australian PSI®** reading above 50 points indicates services activity 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.com.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®.

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