

PMI AUSTRALIAN

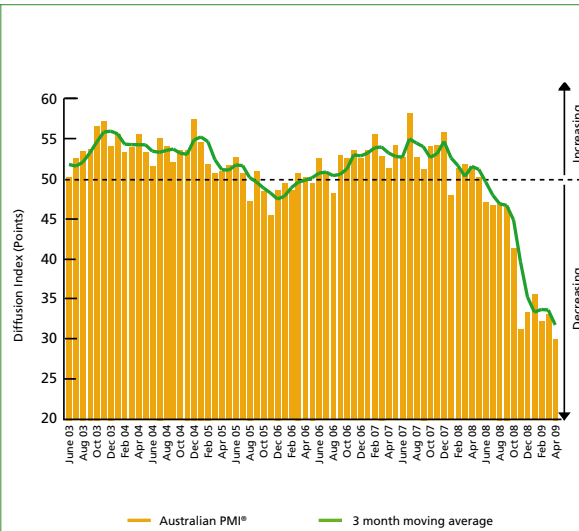
PERFORMANCE OF MANUFACTURING INDEX®

APRIL 2009

WEAKER DEMAND FUELS MANUFACTURING DECLINE

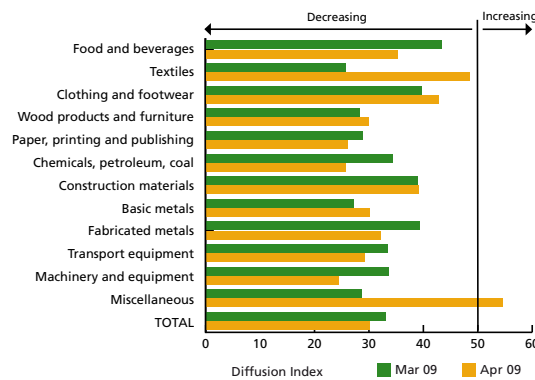
KEY FINDINGS

- Manufacturing activity fell again in April, due to weakening domestic and overseas demand and a record winding back of stocks.
- Following a review of seasonal adjustment factors, the seasonally adjusted Australian Industry Group-PricewaterhouseCoopers **Australian PMI®** fell by 3.1 points to an historically low 30.1, well below the 50-point mark separating expansion from contraction. All components of the index remained below 50, indicating falls in the level of each indicator.
- Production and employment fell further under the pressure of declining new orders and as current sales continue to be partly met through inventory rundowns.
- A large proportion of firms surveyed cited weak domestic and overseas orders as the main driver of the poor manufacturing climate. Some also pointed to a lack of credit; project cancellations; weak demand from the automotive sector and competitive pressures. Solid infrastructure demand and, for firms affected by conditions in the agricultural sector, improved rains in some areas were among the few positives.
- Input cost growth eased significantly again in April, while selling prices and wages both fell on average. Exports fell for the eighth consecutive month.
- Manufacturing activity fell in all states. The largest falls were recorded in Western Australia and South Australia.



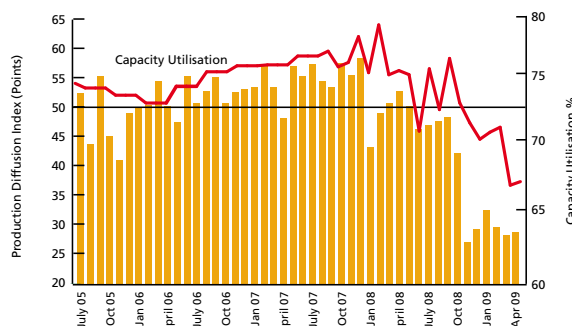
SECTORS

- Seasonally adjusted, activity fell in all sectors but one in April, compared with all sectors in March.
- The machinery & equipment; chemicals, petroleum & coal products; and paper, printing & publishing sectors recorded the largest falls in activity in April.
- Solid falls in activity were also reported in the fabricated metal products; food & beverages; and transport equipment sectors.
- Activity declined more slowly in April than in March in the textiles; clothing & footwear; wood, wood products & furniture; basic metal products; and construction materials sectors. The Federal Government's boost to first homebuyer grants, lower mortgage interest rates and solid infrastructure spending may be beginning to put a floor under construction materials demand.
- Activity rose in the miscellaneous manufactures sector in April following eight consecutive monthly declines.

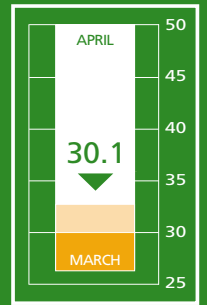


PRODUCTION AND CAPACITY

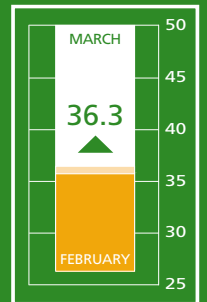
- Seasonally adjusted, the production sub-index rose slightly by 0.3 points to 28.8, still well below the 50-point mark separating expansion from contraction.
- Unadjusted, production fell most strongly in the clothing & footwear; wood, wood products & furniture; construction materials; transport equipment; machinery & equipment; and paper, printing & publishing sectors.
- The fabricated metal products; food & beverages; chemicals, petroleum & coal products; and basic metal products sectors saw more moderate falls in output.
- One sector, miscellaneous manufactures, reported higher production in April, while the textiles sector maintained stable production levels.
- Capacity utilisation rose slightly to 67.5%, up from March's rate of 67.3%, the lowest rate since the series began in 1992.



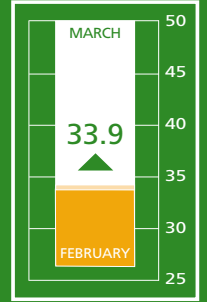
AUSTRALIAN PMI®



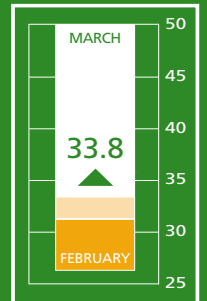
USA ISM PMI



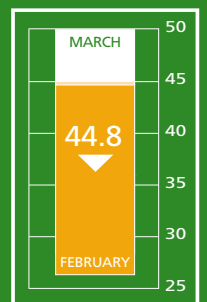
EUROZONE PMI



JAPANESE PMI

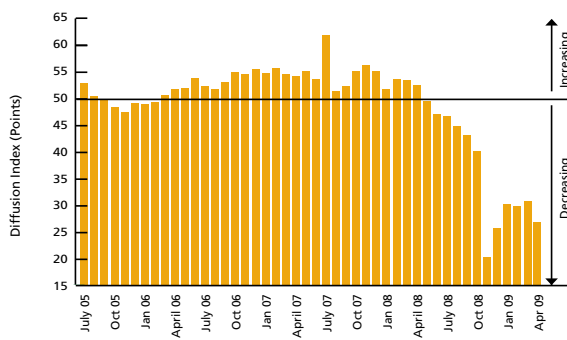


CHINESE PMI



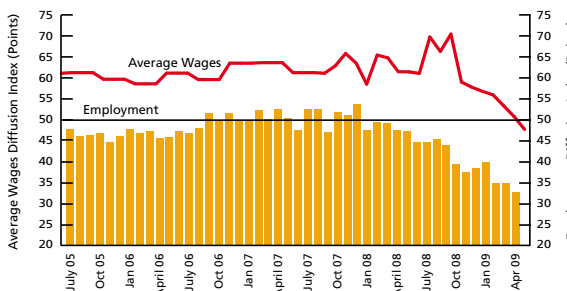
NEW ORDERS

- The seasonally adjusted new orders sub-index fell by 3.9 points to 26.7 in April, well below 50 and indicating sharp falls in new orders as global and domestic manufactures demand continued to wane.
- This fall was the 12th consecutive decline in new orders, the key reason for the ongoing decline in manufacturing production and employment.
- Paralleling their production performance, the largest (unadjusted) falls in new orders were recorded in the wood, wood products & furniture; construction materials; transport equipment; machinery & equipment; and paper, printing & publishing sectors.
- More moderate falls in orders were experienced in the food & beverages; chemicals, petroleum & coal products; fabricated metal products; basic metal products; and clothing & footwear sectors.
- Only one sector, miscellaneous manufactures, reported higher new orders in April. New orders were steady in the textiles sector.



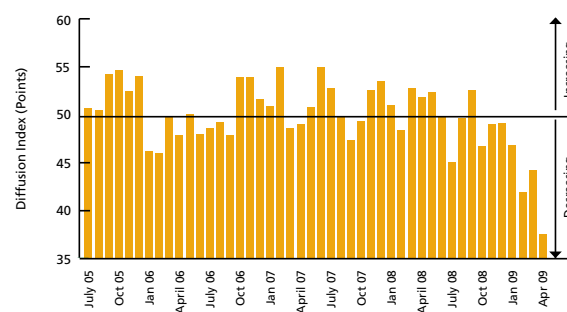
EMPLOYMENT AND AVERAGE WAGES

- Seasonally adjusted, manufacturing employment fell for the 16th successive month with the sub-index falling 1.9 points to 32.9.
- In unadjusted terms, employment expanded in no sector in April, as for the past two months. It remained stable in three sectors, textiles; miscellaneous manufactures; and construction materials.
- Employment fell most heavily in the wood, wood products & furniture; chemicals, petroleum & coal products; basic metal products; and machinery & equipment sectors.
- More moderate, though significant, falls were registered in the food & beverages; clothing & footwear; paper, printing & publishing; fabricated metal products; and transport equipment sectors.
- Average wages fell in April, with the index falling 3.0 points to 48.3.



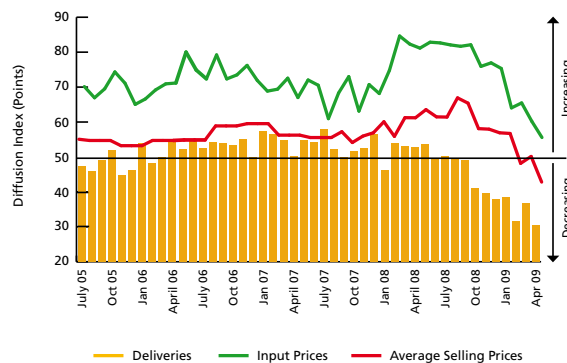
FINISHED STOCKS

- Manufacturing inventories were run-down for a seventh consecutive month in April, and at a faster rate, with the seasonally adjusted sub-index falling sharply by 6.7 points to 37.7.
- This represents the fastest rate of inventory rundown in the Australian PMI's® history.
- Unadjusted, one sector, textiles, reported an accumulation in stocks, down from two sectors in March.
- Stocks fell moderately in the miscellaneous manufactures; machinery & equipment; transport equipment; fabricated metal products; basic metal products; and wood, wood products & furniture sectors.
- They fell more significantly in the food & beverages; construction materials; chemicals, petroleum & coal products; paper, printing & publishing; and clothing & footwear sectors.



DELIVERIES, INPUT COSTS, OUTPUT PRICES

- In seasonally adjusted terms, supplier deliveries fell for a ninth consecutive month in April, with the sub-index down 6.4 points to 30.3.
- The largest falls in deliveries were in the food & beverages; wood, wood products & furniture; paper, printing & publishing; and chemicals, petroleum & coal products sectors.
- Growth in input prices eased further in April, with the seasonally adjusted index down by 4.6 points to 55.7.
- The highest input cost growth was again seen in the clothing & footwear and paper, printing & publishing sectors (unadjusted).
- Average selling prices fell, with the index down 7.3 points to 42.9, the lowest level recorded since the Australian PMI® commenced. All sectors, except food & beverages; transport equipment; and miscellaneous manufactures, where prices were stable, saw falls. The largest price falls were in the paper, printing & publishing; fabricated metal products; and construction materials sectors.



WHAT IS THE AUSTRALIAN PMI®?

The Australian Industry Group - PricewaterhouseCoopers Australian Performance of Manufacturing Index (Australian PMI®) is a seasonally adjusted national composite index based on the diffusion indices 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. Survey results are based on a rotating sample of manufacturing companies each month.

More information can be obtained from the Ai Group web site www.aigroup.com.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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AUSTRALIAN PMI®

	April 2009	March 2009	Monthly Change	Direction	Rate of Change	Trend** (Months)
AUSTRALIAN PMI®	30.1	33.2	-3.1	Contracting	Faster	11
PRODUCTION	28.8	28.5	+0.3	Contracting	Slower	11
EMPLOYMENT	32.9	34.8	-1.9	Contracting	Faster	16
NEW ORDERS	26.7	30.6	-3.9	Contracting	Faster	12
INVENTORIES	37.7	44.4	-6.7	Contracting	Faster	7
SUPPLIER DELIVERIES	30.3	36.7	-6.4	Contracting	Faster	9
INPUT PRICES	55.7	60.3	-4.6	Expanding	Slower	83
EXPORTS	39.2	40.7	-1.5	Contracting	Faster	8
SELLING PRICES	42.9	50.2	-7.3	Contracting	na	1
AVERAGE WAGES	48.3	51.3	-3.0	Contracting	na	1
CAPACITY UTILISATION (%)	67.5	67.3	+0.2% pts	Expanding	na	na

Further Information Results are based on responses from over 200 companies from a rotating sample of manufacturers. 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.com.au.

Results for capacity utilisation, average wages and output prices to Jun 2007 based on quarterly surveys. From this point data will be collected in the monthly PMI survey.

** Number of months moving in current direction.

New monthly seasonal adjustment factors derived directly from an X-12 estimation process were applied in April 2009.