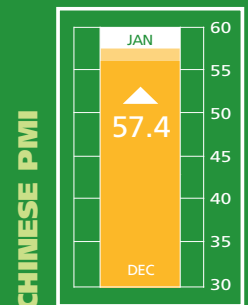
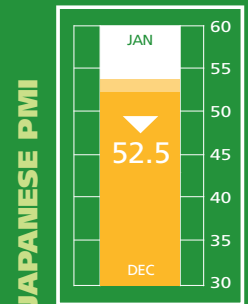
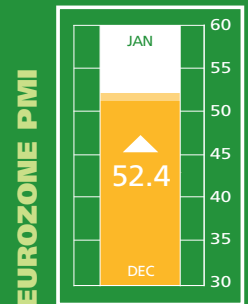
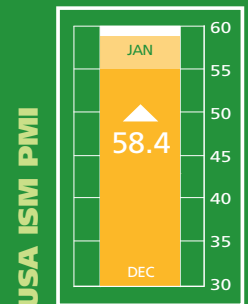
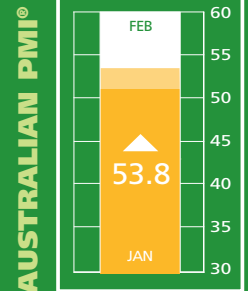
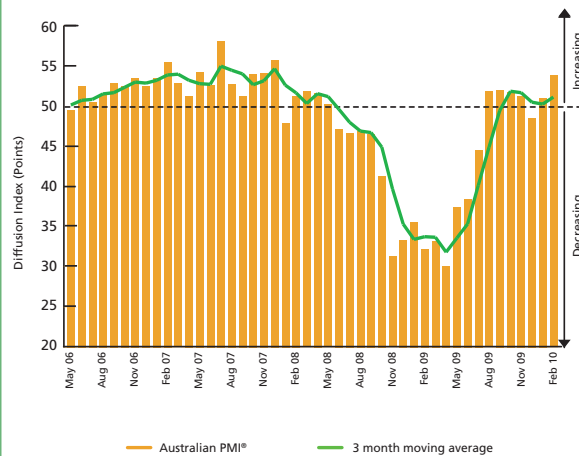


Australian PERFORMANCE OF MANUFACTURING INDEX®

MANUFACTURING EXPANDS AGAIN IN FEBRUARY

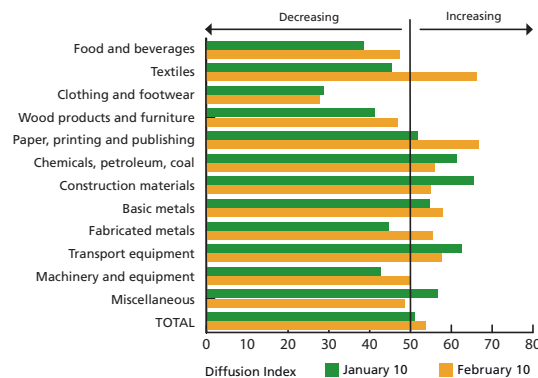
KEY FINDINGS

- The manufacturing sector recorded another positive result in February with the seasonally adjusted Australian Industry Group-PricewaterhouseCoopers **Australian PMI®** rising by 2.8 points to 53.8 (a reading above 50 indicates expansion in activity).
- Stronger production and input deliveries and a solid growth in new orders fuelled the growth in manufacturing in February. Inventories fell at a slower rate while employment was essentially stable in the month.
- Selling prices rose for the first time in five months and wages growth eased. However, input costs rose for a fourth consecutive month.
- Sectors linked to the housing and resources sectors - construction materials; transport equipment; chemicals, petroleum & coal products; and basic and fabricated metal products grew solidly.
- Consumer-related sectors, including food & beverages and clothing & footwear, saw lower levels of activity.
- Activity rose in all states, with the strongest performances again in South Australia; Queensland; and Western Australia.
- While demand is lifting modestly, survey respondents continue to point to the high exchange rate and weak retail sales as constraints on activity.



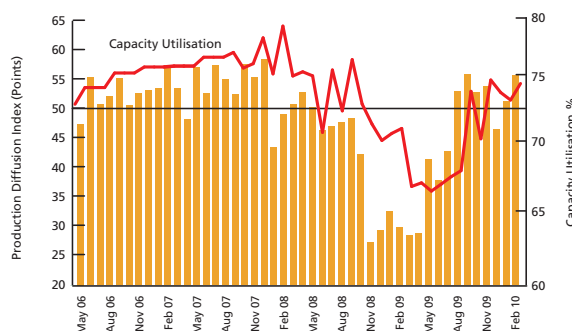
SECTORS

- Seasonally adjusted, eight sectors reported growth in activity, up from six in January.
- Growth was strongest in paper, printing & publishing and textiles.
- The construction and resources related sectors, basic metal products; transport equipment; chemicals, petroleum & coal products; fabricated metal products; and construction materials sectors continued the improvement of recent months with solid gains. The machinery & equipment sector grew marginally.
- However, the consumer-related sectors of food & beverages and clothing & footwear exposed to higher interest rates and fading fiscal stimulus, saw activity contract.
- Activity also fell moderately in the wood, wood products & furniture and miscellaneous manufactures sectors.



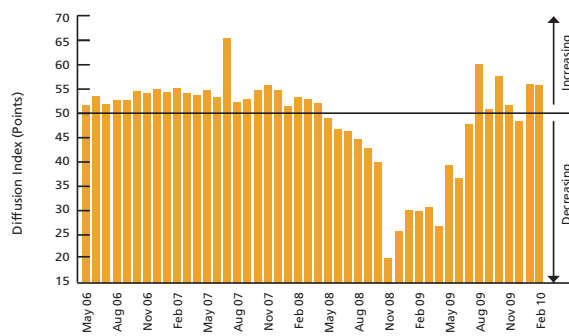
PRODUCTION AND CAPACITY

- Seasonally adjusted, the production sub-index rose by 4.2 points to 55.7. Production has now risen in six of the past seven months.
- On an unadjusted basis, the number of sectors reporting higher production remained at six while five sectors saw stable production.
- Growth was strongest in the textiles and paper, printing & publishing sectors.
- Production expanded more moderately in the fabricated metal products; transport equipment; basic metal products; and construction materials sectors.
- Production was stable in the food & beverages; wood, wood products & furniture; chemicals, petroleum & coal products; machinery & equipment; and miscellaneous manufactures sectors.
- The clothing & footwear sector saw a sharp fall in production.
- Consistent with the rise in production in the month, capacity utilisation rose in February, up by 1.1 percentage point to 74.1%.



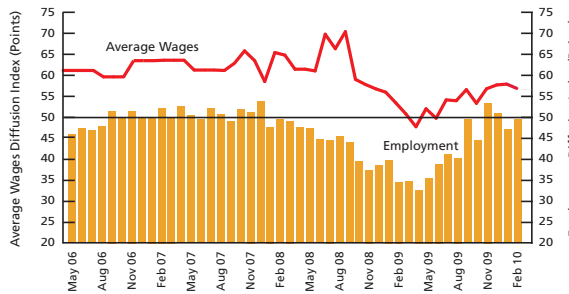
NEW ORDERS

- In seasonally adjusted terms, following a sharp rise in January, the new orders sub-index remained stable in February at 56.0. Unadjusted, new orders increased in nine of the 12 sectors while they remained unchanged in the machinery & equipment sector after falls in the previous seven months.
- The textiles and paper, printing & publishing sectors saw the fastest rises in orders.
- Reflecting demand from the construction and resources sectors, the fabricated metal products; construction materials; transport equipment; basic metal products; wood, wood products & furniture; and chemicals, petroleum & coal products sectors saw solid rises in new orders.
- Orders also rose in the miscellaneous manufactures sector.
- Falls in new orders were experienced in the food & beverages and clothing & footwear sectors.



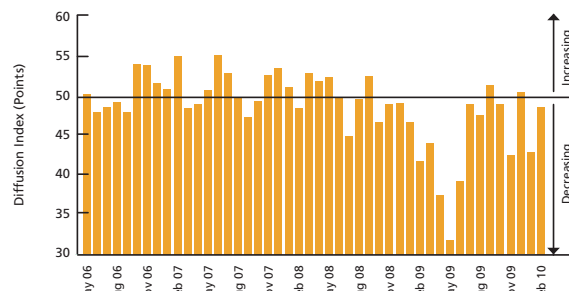
EMPLOYMENT AND AVERAGE WAGES

- The seasonally adjusted employment sub-index rose by 2.6 points in February to 49.7, so that employment remained essentially stable.
- In unadjusted terms, the number of sectors reporting employment growth rose from four in January to five in February, while the chemicals, petroleum & coal products; construction materials; and basic metal products sectors saw stable employment.
- The paper, printing & publishing; transport equipment; and miscellaneous manufactures sectors recorded the largest employment increases in the month. Employment also rose in fabricated metal products and machinery & equipment.
- Employment fell solidly in the clothing & footwear; food & beverages; textiles and wood, wood products & furniture sectors.
- Average wages growth eased slightly in February, with the sub-index down by 1.0 point to 57.3.



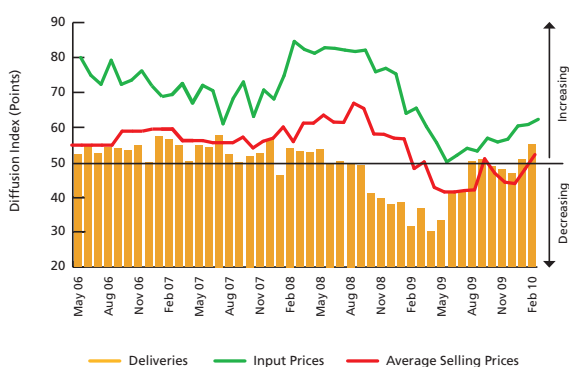
FINISHED STOCKS

- Manufacturing inventories fell only slightly in February, with the seasonally adjusted sub-index rising 6.0 points to 49.0.
- Unadjusted, six sectors reported a depletion in stocks in February, down from seven in January. Stocks were stable in the miscellaneous manufactures sector.
- Inventories were run down most strongly in the food & beverages; clothing & footwear; paper, printing & publishing and wood, wood products & furniture sectors.
- More moderate falls were recorded in the machinery & equipment and transport equipment sectors.
- The largest rises in inventories were in the basic metal products; chemicals, petroleum & coal products; and textiles sectors.
- Stock levels also rose in the construction materials and fabricated metal products sectors.



DELIVERIES, INPUT COSTS AND SELLING PRICES

- In seasonally adjusted terms, supplier deliveries rose more quickly in February, with the sub-index rising 4.3 points to 55.0.
- Unadjusted, deliveries rose in seven sectors, up from six in January. The sectors were textiles; basic metal products; paper, printing & publishing; transport equipment; miscellaneous manufactures; chemicals, petroleum & coal products; and construction materials.
- Input price growth accelerated for a fourth successive month in February, the seasonally adjusted sub-index lifting 1.5 points to 62.4.
- The largest input price increases were in textiles; basic metal products; and fabricated metal products.
- Selling prices rose for the first time in five months, with the sub-index rising from 48.1 to 52.3.
- Five sectors reported selling price rises in February: textiles; construction materials; food & beverages; fabricated metal products; and paper, printing & publishing.



AUSTRALIAN PMI®

	February 2010	January 2010	Monthly Change	Direction	Rate of Change	Trend** (Months)
AUSTRALIAN PMI®	53.8	51.0	+2.8	Expanding	Faster	2
PRODUCTION	55.7	51.5	+4.2	Expanding	Faster	2
EMPLOYMENT	49.7	47.1	+2.6	Contracting	Slower	2
NEW ORDERS	56.0	56.0	0.0	Expanding	Stable	2
INVENTORIES	49.0	43.0	+6.0	Contracting	Slower	2
SUPPLIER DELIVERIES	55.0	50.7	+4.3	Expanding	Faster	2
INPUT PRICES	62.4	60.9	+1.5	Expanding	Faster	93
EXPORTS	51.2	52.7	-1.5	Expanding	Slower	2
SELLING PRICES	52.3	48.1	+4.2	Expanding	From contracting	1
AVERAGE WAGES	57.3	58.3	-1.0	Expanding	Slower	10
CAPACITY UTILISATION (%)	74.1	73.0	+1.1% 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.asn.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

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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CONTACT

Heather Ridout
Chief Executive
Ai Group
work 02 9466 5504

Graeme Billings
Global Industrial
Manufacturing Leader
PricewaterhouseCoopers
work 03 8603 3007
mobile 0408 572 729

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