

PSI AUSTRALIAN

PERFORMANCE OF SERVICES INDEX®

Ai AUSTRALIAN INDUSTRY GROUP

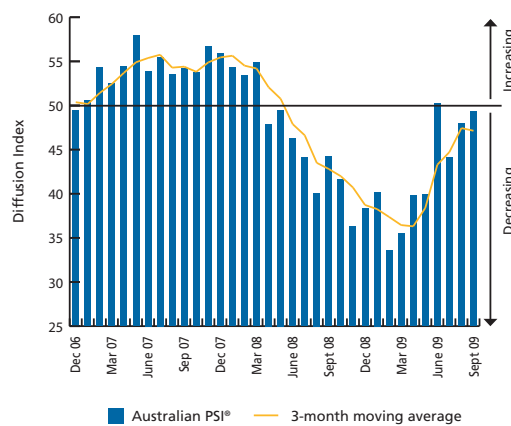
Commonwealth Bank

SEPTEMBER 2009

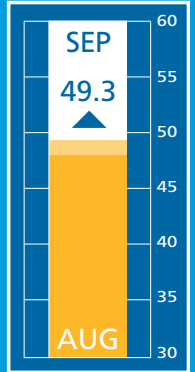
SERVICES EDGE TOWARDS GROWTH AS ORDERS AND DELIVERIES LIFT

KEY FINDINGS

- Conditions in the services sector edged higher in September, underpinned by the second monthly rise in new orders since May 2009 and a lift in supplier deliveries.
- The seasonally adjusted Australian Industry Group/Commonwealth Bank Performance of Services Index (**Australian PSI®**) rose by 1.3 points to 49.3, falling just short of the 50.0 level separating expansion from contraction.
- Employment remained broadly steady in September, supported by jobs growth in personal & recreational services; finance & insurance; and property & business services.
- Rising demand for retail and wholesale trade goods boosted stronger department store sales and contributed to solid activity growth in both sectors.
- Firms cited positive flow on benefits to activity from further increases in consumer and business confidence; the Government's business investment tax break; and the first homebuyers grant.
- Activity expanded in three states: Western Australia, South Australia and Queensland while remaining steady in Victoria.

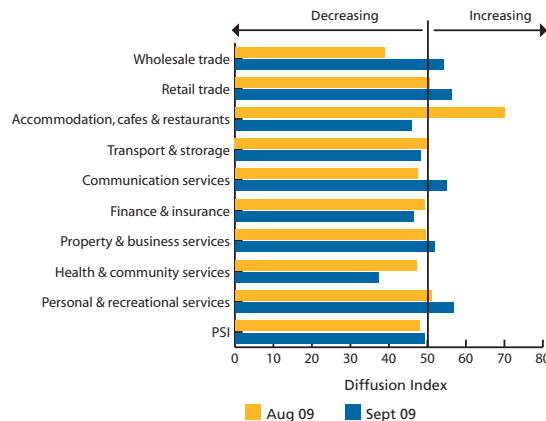


AUSTRALIAN PSI®

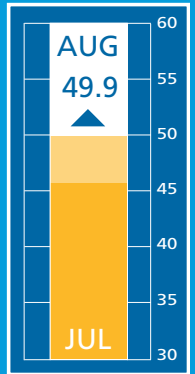


SECTORS

- Seasonally adjusted, activity rose in five sectors in September, compared with four sectors in the previous month.
- Growth was solid in the retail trade sector, while wholesale trade activity expanded for the first time since April 2008.
- Activity increased for a third consecutive month in the personal & recreational services sector.
- The business-related sectors of communication services and property & business services recorded an increase in activity in September, the first rise in either sector in 2009.
- The largest declines occurred in the health & community services and accommodation, cafés & restaurants sectors.
- Activity fell more modestly in transport & storage and finance & insurance.

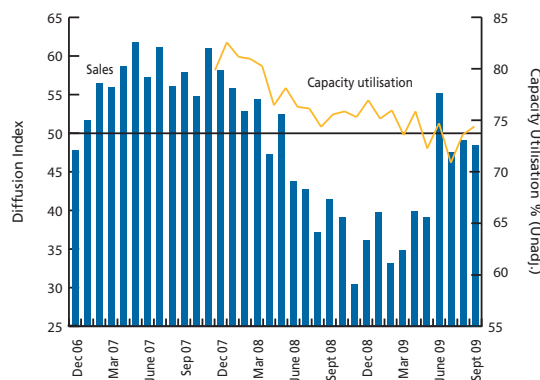


EUROZONE SERVICES INDEX

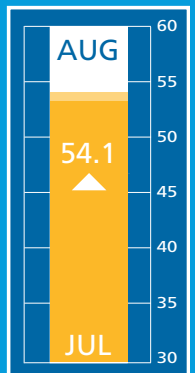


SALES AND CAPACITY

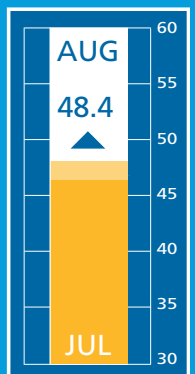
- Sales of services fell marginally in September, with the seasonally adjusted sub-index dropping 0.7 points to 48.4.
- In unadjusted terms, sales expanded in six sectors, up from two in the previous month.
- The strongest increases in sales were in the consumer-based sectors of personal & recreational services; retail trade; and wholesale trade.
- Growth returned in finance & insurance and communication services, following falls in both sectors in July and August.
- Property & business services reported a third consecutive monthly rise in sales.
- Sales fell most heavily in the health & community services and transport & storage sectors, and less markedly in accommodation, cafés & restaurants.
- Capacity utilisation lifted in September, rising by 0.8 percentage points to 74.3%.



UK SERVICES INDEX



USA SERVICES INDEX



NEW ORDERS

- New orders increased in the month, and expanded for only the second time in 2009, with the seasonally adjusted sub-index rising by 3.6 points to 50.7.
- The same six sectors which recorded sales growth in September also registered a rise in new orders.
- New orders grew strongly in retail trade and wholesale trade, following falls in each sector in August.
- Solid growth in new orders resumed in the business-related sectors of finance & insurance and communication services.
- Personal & recreational services and property & business services also recorded an increase in new orders in the month.
- The heaviest fall in new orders was in the health & community services sector, with accommodation, cafes & restaurants and transport & storage also recording declines in September.

EMPLOYMENT AND WAGES

- Employment remained broadly steady in September, with the seasonally adjusted sub-index rising by 1.3 points to 49.9.
- This represented the highest reading of the employment sub-index since May 2008.
- On an unadjusted basis, employment increased in three sectors, finance & insurance, property & business services and personal & recreational services.
- The heaviest falls in employment were in the transport & storage, accommodation, cafes & restaurants and health & community sectors.
- Retail trade also registered declines in employment in the month.
- Employment levels were unchanged in the wholesale trade and communication services sectors.
- Average wages growth lifted in September with the unadjusted sub-index rising from 53.6 to 55.1.

STOCKS

- Inventories of finished goods were run down at a faster pace in September, with the seasonally adjusted sub-index falling 4.1 points to 43.8.
- Unadjusted, four sectors reported an accumulation in stocks, compared with two in August.
- Stocks of finished goods fell most heavily in the accommodation, cafes & restaurants and the finance & insurance sectors.
- Inventories also contracted at a faster pace in the property & business services sector.
- The personal & recreational services, communication services and transport & storage sectors reported a significant increase in inventories in the month.
- Inventories also rose, albeit at a slower pace in the retail trade sector.

DELIVERIES, INPUT COSTS, SELLING PRICES

- Supplier deliveries to services firms rose for the first time since March 2008, the seasonally adjusted sub-index increasing 4.1 points in the month to 51.1.
- In unadjusted terms, deliveries expanded in five sectors, with the largest increases in deliveries in retail trade and transport & storage.
- Accommodation, cafes & restaurants; communication services; and finance & insurance services also experienced gains.
- Deliveries declined in the personal & recreational services and health & community services sectors. Deliveries also declined in property & business, although at a slower pace.
- Growth in input costs moderated in September, the seasonally adjusted sub-index falling 1.1 points to 62.8.
- Input costs growth moderated in six sectors, most strongly in wholesale trade, transport & storage and personal and recreational services.
- Selling prices rose slightly in the month, with the sub-index rising 1.1 points to 51.5.

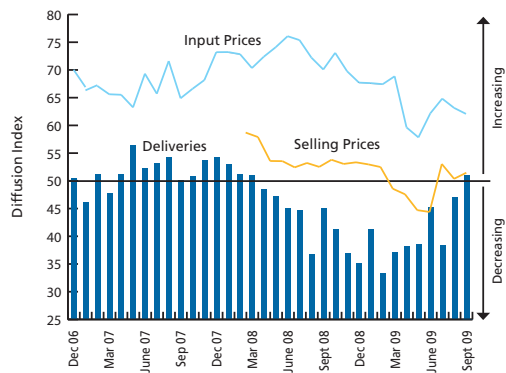
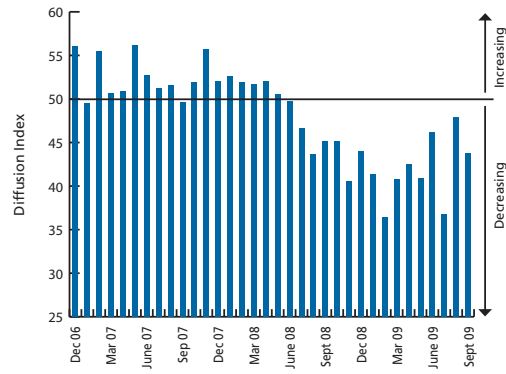
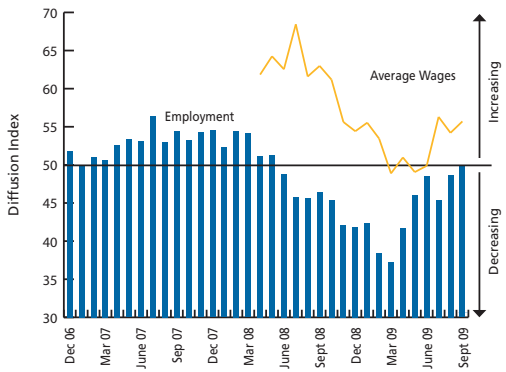
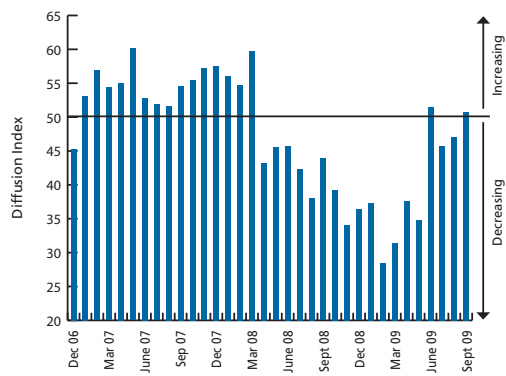
AUSTRALIAN PSI®*

	September 2009	August 2009	Monthly Change	Direction	Rate of Change	Trend**(Months)
AUSTRALIAN PSI®	49.3	48.0	+1.3	Contracting	Slower	3
SALES	48.4	49.1	-0.7	Contracting	Faster	3
NEW ORDERS	50.7	47.1	+3.6	Expanding	From contraction	1
EMPLOYMENT	49.9	48.6	+1.3	Contracting	Slower	16
SUPPLIER DELIVERIES	51.1	47.0	+4.1	Expanding	From contraction	1
INVENTORIES	43.8	47.9	-4.1	Contracting	Faster	16
INPUT PRICES	62.8	63.9	-1.1	Expanding	Slower	80
SELLING PRICES	51.5	50.4	+1.1	Expanding	Faster	3
WAGES	55.1	53.6	+1.5	Expanding	Faster	3
CAPACITY UTILISATION (%)	74.3	73.5	+0.8 % pts	Expanding	na	na

Results are based on the responses of around 200 companies. New monthly seasonal adjustment factors, derived directly from an X-12 estimation process were introduced in April 2009.

* Australian PSI® data is seasonally adjusted for sales, new orders, employment, supplier deliveries, inventories and input prices.

** Number of months moving in current direction.



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®.

Commonwealth Bank

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