

BNZ - BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

bnz

BusinessNZ
GROWING PROSPERITY AND POTENTIAL

53.7

December Value

+2.5

Monthly Change

expanding

Faster rate

On a Brighter Note

21 January 2022

New Zealand's manufacturing sector saw an improvement in expansion levels for the last month of 2021, according to the latest BNZ - BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for December was 53.7 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 2.5 points higher than November.

BusinessNZ's Director, Advocacy Catherine Beard said that 2021 was close to a year of two halves, with January-July showing generally strong expansion due to playing catch-up from the effects of the 2020 lockdowns. The remaining months of 2021 have been lacklustre, so it remains to be seen whether the sector experiences another period of catch-up heading into 2022.



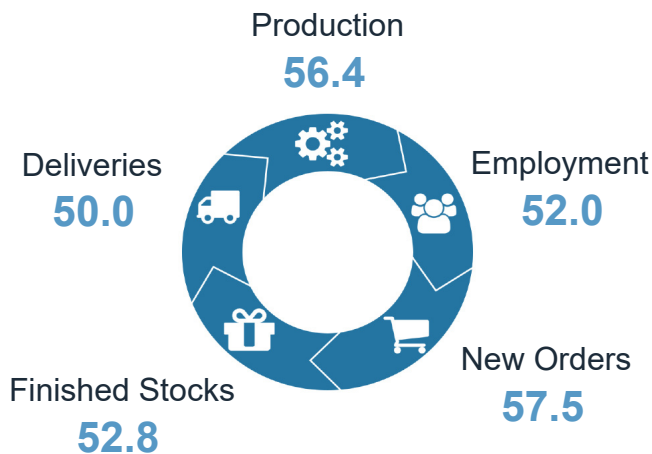
Catherine Beard
Director, Advocacy
BusinessNZ

"In terms of the main sub-indices, it was pleasing to see both Production (56.4) and New Orders (57.5) recording their highest values since July 2021. Employment (52.0) went back into expansion, as did Finished Stocks (52.8)."

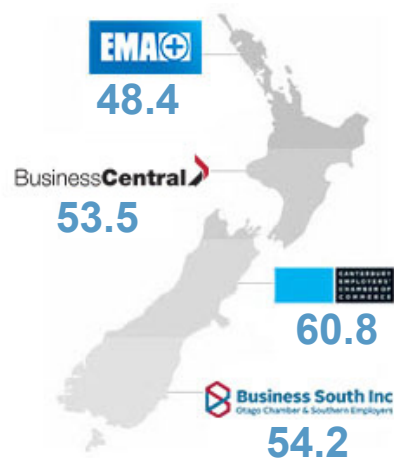
BNZ Senior Economist, Doug Steel stated that "in the final quarter of 2021 the PMI averaged 53.2, indicating a return to positive manufacturing GDP growth after a sharp negative in the prior quarter."

[View PMI Time Series Data](#)

Main Indices



Regional Results



Manufacturing Snapshot



PMI

The Performance of Manufacturing Index (PMI) improved in December after underwhelming in November. It lifted to 53.7 from 51.2. This continues the PMI's recent oscillation around its long-term average, of 53.1, following the heavy knock it took in August last year when it fell to 39.9 (as Delta appeared in the community along with associated restrictions).

[Read more](#) →

Positive

Production lifted to 56.4 and new orders rose to 57.5, both their strongest readings since July (pre-Delta). Employment rose to 52.0, after a strange-looking drop in November, while stocks bounced from a dip in the previous month.

[Read more](#) →

Challenges Remain

Deliveries of raw materials remains a clear outlier among the sub-components. While this indicator did lift to 50.0 in December from a very weak 43.9 in November, it remains below its long-term average of 52.9.

[Read more](#) →

Some Severe

Today's PMI was generally a bit more upbeat than the NZIER's latest Quarterly Survey of Business Opinion (QSBO) was for manufacturers regards the likes of activity, employment, and new orders. Some of this may reflect timing.

[Read more](#) →



Doug Steel
Senior Economist

[View full BNZ Manufacturing Snapshot](#)

PMI Time Series Table

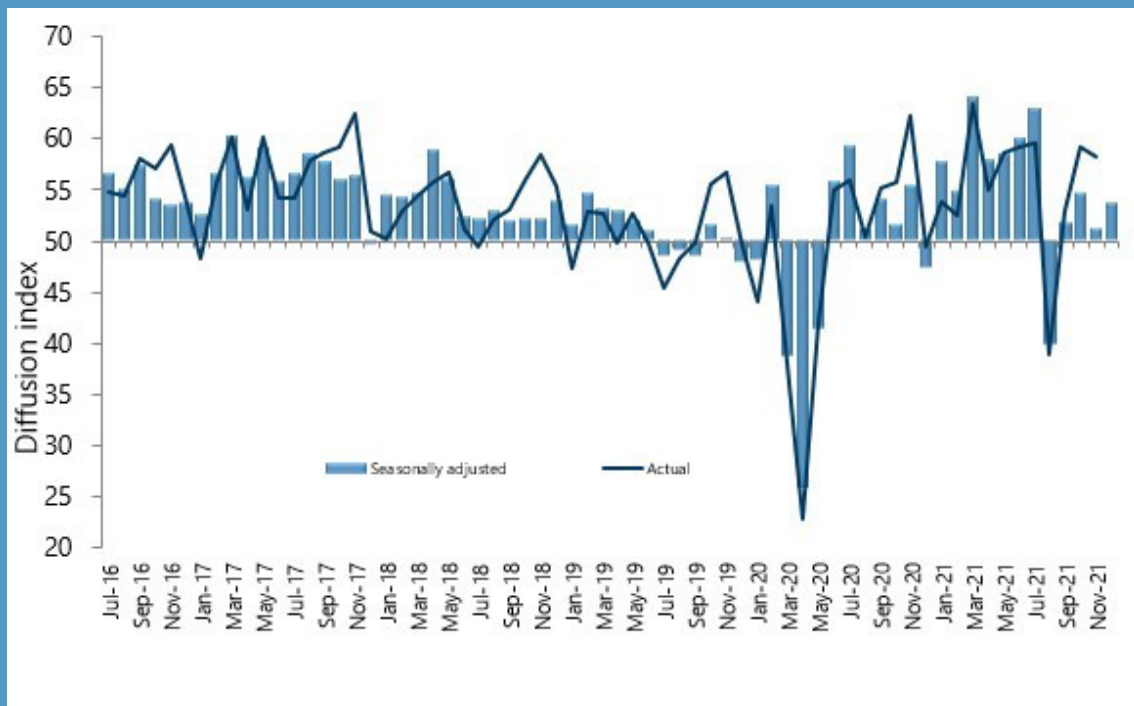
Results are seasonally adjusted

| National Indices | Dec 2020 | Aug 2021 | Sep 2021 | Oct 2021 | Nov 2021 | Dec 2021 |
|----------------------|----------|----------|----------|----------|----------|----------|
| BNZ - BusinessNZ PMI | 47.3 | 39.9 | 51.7 | 54.6 | 51.2 | 53.7 |
| Production | 52.0 | 26.9 | 50.4 | 53.6 | 53.0 | 56.4 |
| Employment | 49.2 | 54.0 | 54.0 | 51.9 | 48.5 | 52.0 |
| New Orders | 48.6 | 44.2 | 54.5 | 54.6 | 55.4 | 57.5 |
| Finished Stocks | 42.6 | 45.9 | 50.3 | 54.6 | 48.7 | 52.8 |
| Deliveries | 42.7 | 33.0 | 47.9 | 60.2 | 43.9 | 50.0 |

[View PMI Time Series Data](#)

BNZ - BusinessNZ PMI Time Series

July 2016- December 2021

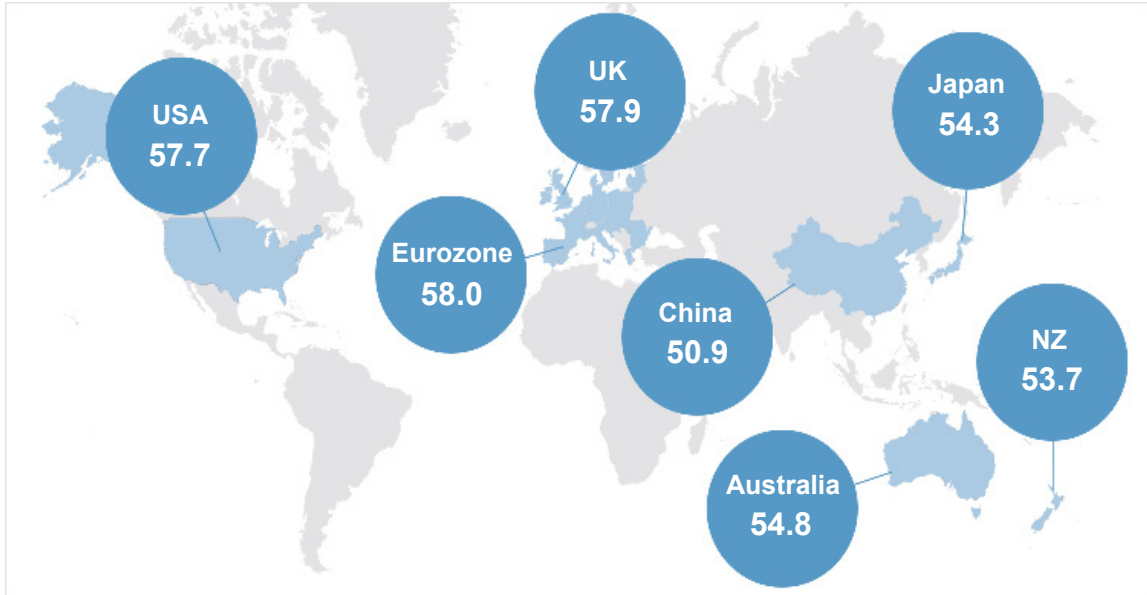


International Results

J.P. Morgan Global Manufacturing PMI™

4 January 2022

54.2



Sponsor Statement

BNZ is delighted to be associated with the Performance of Manufacturing Index (PMI) and BusinessNZ.

The association brings together the significant experience of leading business advocacy body BusinessNZ, and business finance specialist BNZ.

We look forward to continuing our association with BusinessNZ and associated regional organisations, and to playing our part in the ongoing development of the New Zealand manufacturing sector.



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21 January 2022



PMI

The Performance of Manufacturing Index (PMI) improved in December after underwhelming in November. It lifted to 53.7 from 51.2. This continues the PMI's recent oscillation around its long-term average, of 53.1, following the heavy knock it took in August last year when it fell to 39.9 (as Delta appeared in the community along with associated restrictions). In the final quarter of 2021 the PMI averaged 53.2, indicating a return to positive manufacturing GDP growth after a sharp negative in the prior quarter.

Positive

Production lifted to 56.4 and new orders rose to 57.5, both their strongest readings since July (pre-Delta). Employment rose to 52.0, after a strange-looking drop in November, while stocks bounced from a dip in the previous month. None of this is what we would describe as outright strong, but it is certainly positive that all these indicators have pushed above their long-term averages.

Challenges Remain

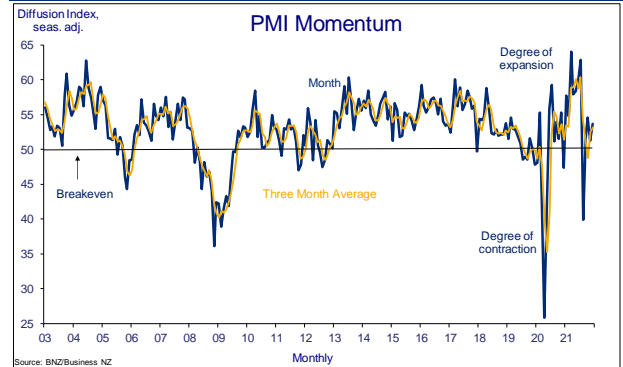
Deliveries of raw materials remains a clear outlier among the sub-components. While this indicator did lift to 50.0 in December from a very weak 43.9 in November, it remains below its long-term average of 52.9. The (relative) improvement from November's weakness might reflect some easing of the prior extreme supply chain bottlenecks following the general relaxation of Covid restrictions over recent months. But with this indicator still below average and well behind buoyant new orders, it highlights that supply challenges have not gone away.

Some Severe

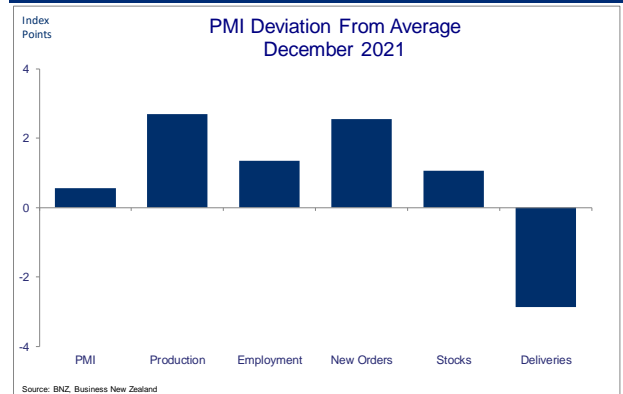
Today's PMI was generally a bit more upbeat than the NZIER's latest Quarterly Survey of Business Opinion (QSBO) was for manufacturers regards the likes of activity, employment, and new orders. Some of this may reflect timing. But there is no argument with the QSBO highlighting a major supply-side headache for business – finding labour. A net 75% of manufacturers in that survey said it was more difficult to find unskilled staff. For skilled staff, it was 85%. These are extreme readings – and then some. These are the highest (by far) readings of manufacturers' difficulty in finding staff since this measure started back in 1968! The seemingly inevitable spread of Omicron isn't going to help with the likelihood of more absenteeism across existing staff. It all counsels caution of activity expectations, even if demand remains robust.

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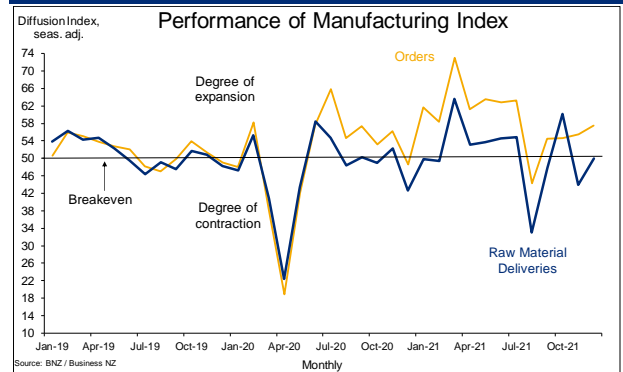
Average Like



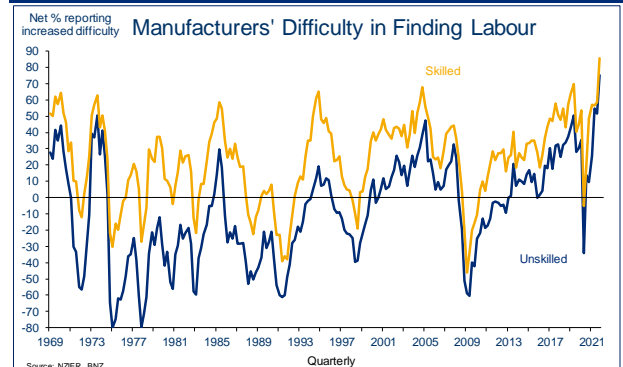
Generally Positive



But Supplies Still Troubling



Extreme Difficulties Here



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