

BNZ - BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX



58.5

May Value

+1.6

Monthly Change

expanding

Faster rate

Sailing along

16 June 2017

New Zealand's manufacturing sector saw expansion in activity lift during May, according to the BNZ - BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for May was 58.5 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 1.6 points higher than April, and the highest value since January 2016. Overall, the sector has remained in expansion in all months since October 2012.

BusinessNZ's executive director for manufacturing Catherine Beard said that the lift in expansion for May more than eclipsed the dip for the previous month.

"The May value for new orders (61.2) remained above the 60-point range, and the highest three-monthly level of expansion for that sub-index since 2004.

Production (59.7) lifted 2.7 points, while employment (55.3) rose to its highest value since October 2014".

"Mirroring the overall result, the proportion of positive comments rose to 69.4%, compared with 64.7% in April and 67.2% in March".

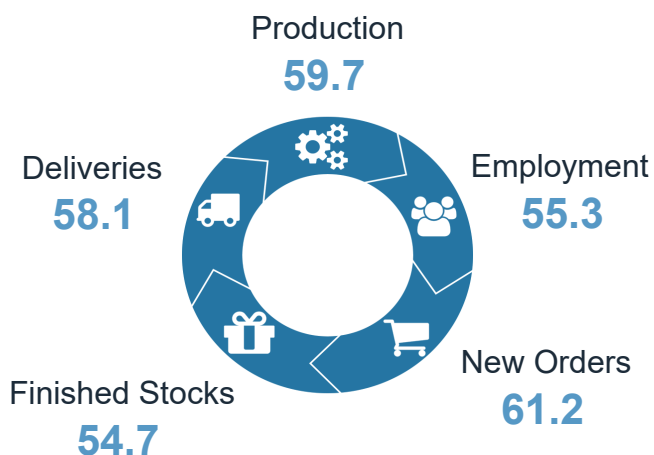
BNZ Senior Economist, Doug Steel, said "the PMI has now pushed up to its highest level in 16 months, which makes the mild slowdown we saw at the beginning of the year a distant memory".



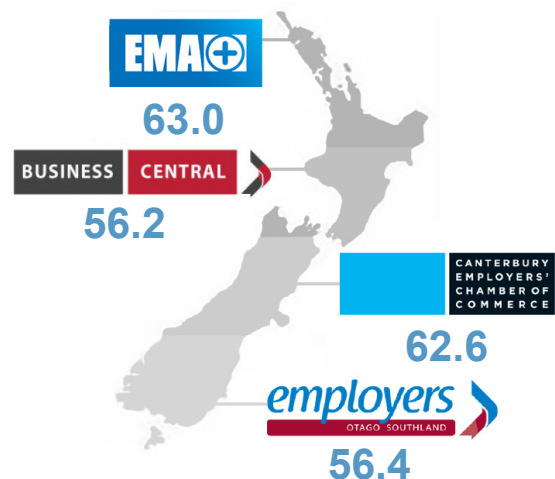
Catherine Beard
Executive Director
ManufacturingNZ

[View PMI Time Series Data](#)

Main Indices



Regional Results



Manufacturing Snapshot



Marvellous May

New Zealand's Performance of Manufacturing Index (PMI) lifted to a very strong 58.5 in May. This is up from April's 56.9, which was not-too-shabby itself despite some possible drag from the timing of holidays in that month.

[Read more](#) →

Demanding

Manufacturing sales in the first quarter of the year rose strongly, according to official figures released last week. The value of sales was 6.2% higher than the same quarter a year earlier.

[Read more](#) →

Help Wanted

In keeping with May's strong production indicators and positive forward demand signals, manufacturers are hiring more staff.

[Read more](#) →

Aerial View By Area

PMI results can be a bit volatile month-to-month and more so when looked at on a regional basis. Smoothing over 12 month periods can offer some insight into trends.

[Read more](#) →



Doug Steel
Senior Economist
BNZ

[View full BNZ Manufacturing Snapshot](#)

PMI Time Series Table

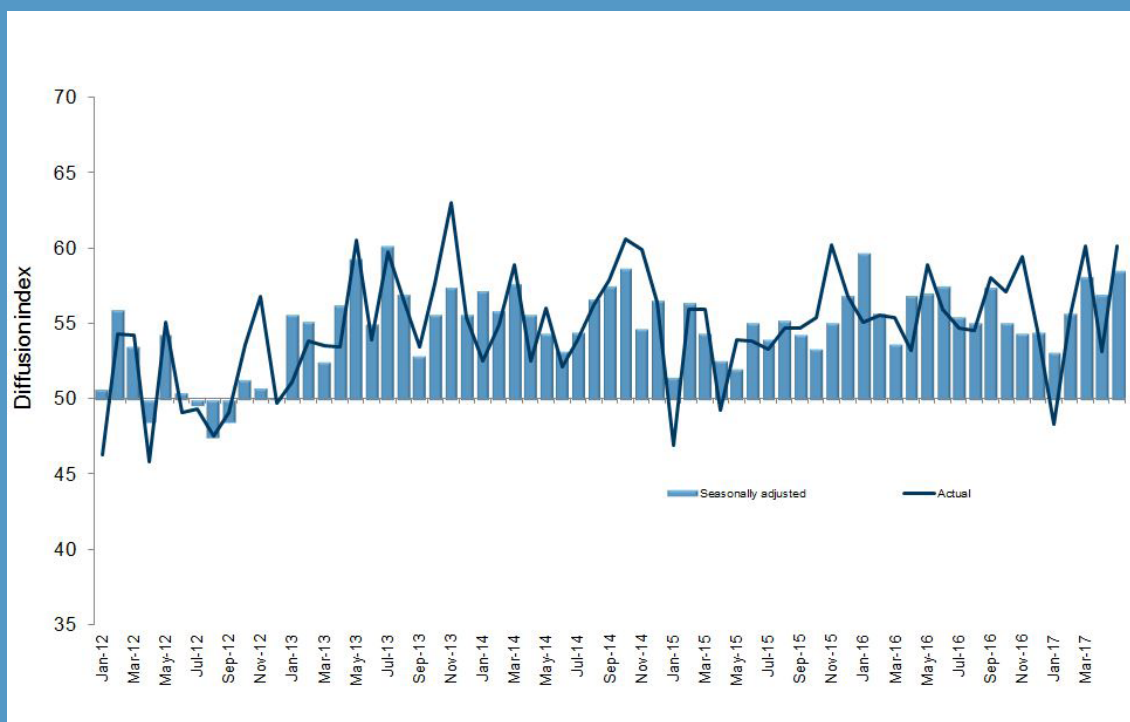
Results are seasonally adjusted

National Indices	May 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017
BNZ - BusinessNZ PMI	57.0	53.1	55.7	58.1	56.9	58.5
Production	60.9	49.1	57.8	60.2	57.0	59.7
Employment	52.8	52.2	51.5	53.5	53.1	55.3
New Orders	60.8	53.6	58.9	63.1	62.0	61.2
Finished Stocks	48.6	51.2	55.6	53.0	54.0	54.7
Deliveries	55.2	53.3	54.3	54.3	54.9	58.1

[View PMI Time Series Data](#)

BNZ - BusinessNZ PMI Time Series

January 2012 - May 2017

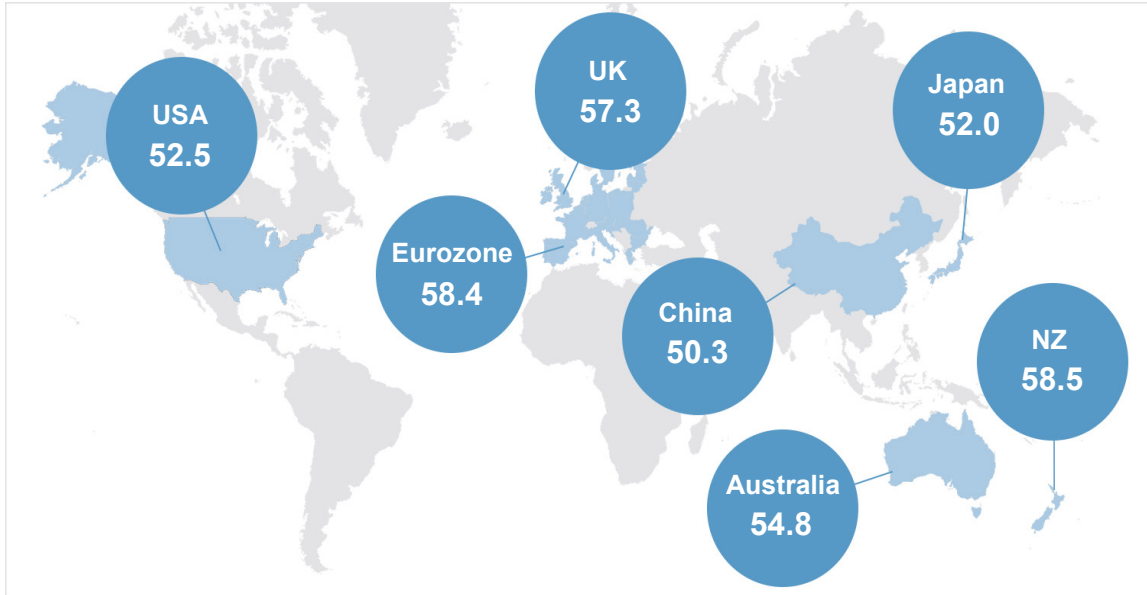


International Results

J.P. Morgan Global Manufacturing PMI™

1 June 2017

52.6



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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16 June 2017

Marvellous May

New Zealand's Performance of Manufacturing Index (PMI) lifted to a very strong 58.5 in May. This is up from April's 56.9, which was not-too-shabby itself despite some possible drag from the timing of holidays in that month. The PMI has now pushed up to its highest level in 16 months. It all makes the mild slowdown we saw at the beginning of the year a distant memory. Positivity is prevalent throughout the May survey, across the major components of production, new orders and employment, as well as across firm sizes, industries, and regions. It sets up the manufacturing sector to make a strong positive contribution to Q2 GDP growth.

Demanding

Manufacturing sales in the first quarter of the year rose strongly, according to official figures released last week. The value of sales was 6.2% higher than the same quarter a year earlier. However, sales volumes were only marginally above year earlier levels, as processed meat and dairy products fell. Core (excluding meat and dairy) sales volumes rose 1.7% in the first quarter, on a seasonally adjusted basis, to be up 4.0% on a year ago. Demand has been solid. Recent strength in the PMI's new orders index bodes well for a further lift in annual growth in core manufacturing sales through the middle of 2017. New orders remain elevated despite a pullback in the number of house sales which remains an area to watch.

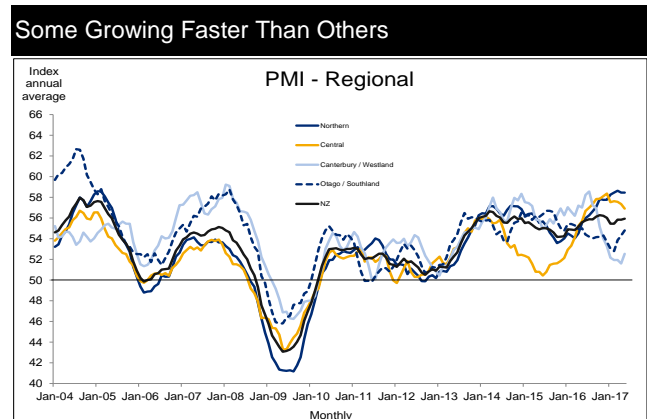
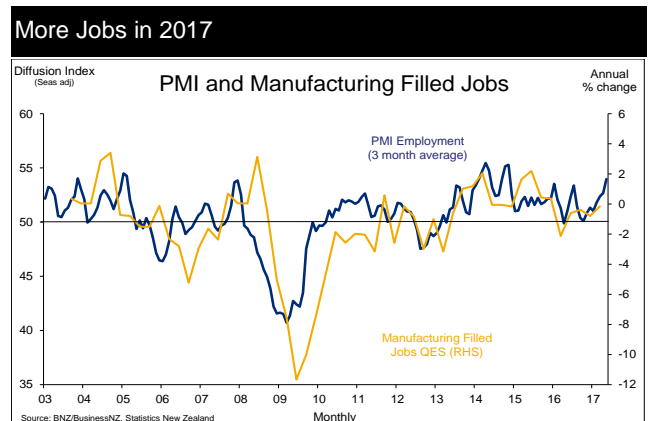
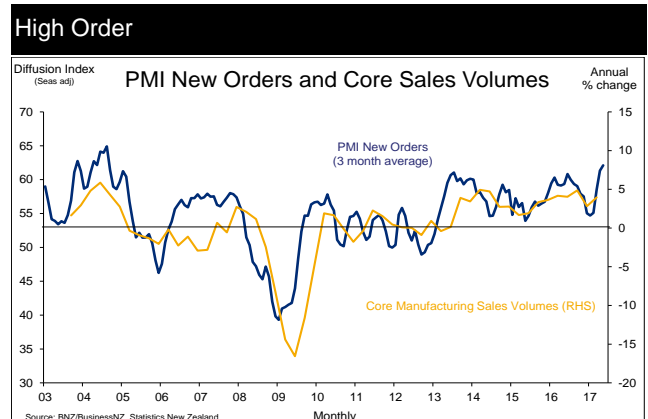
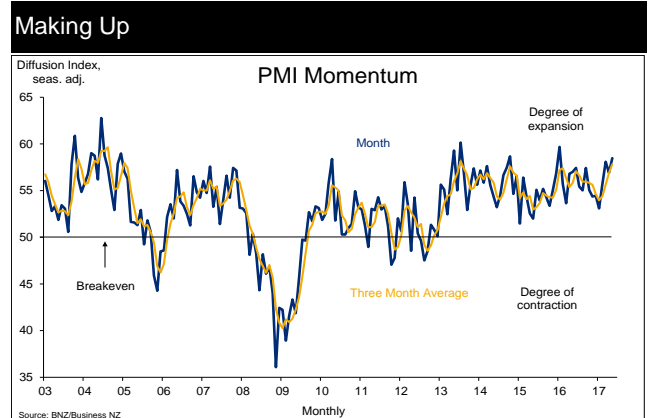
Help Wanted

In keeping with May's strong production indicators and positive forward demand signals, manufacturers are hiring more staff. Indeed, the PMI employment index booted up to its highest level in two and a half years reaching 55.3 in May. It's a good couple of points higher than April's already healthy 53.1. The recent strength of the PMI employment index – with its three month average at 54.0 – indicates a strong pick up in jobs in the manufacturing sector in 2017.

Aerial View By Area

PMI results can be a bit volatile month-to-month and more so when looked at on a regional basis. Smoothing over 12 month periods can offer some insight into trends. The 12 month average for the NZ PMI has been relatively stable over the past year, and sits at 55.9 for the 12 months to May. This is the result of a slowdown in the Canterbury-Westland, and to a lesser extent Otago, regions being offset by acceleration in the Central and Northern regions. These differences largely mirror the trends we have seen in building consents over the past year or two with strength in northern centres and some unwind from previously high levels in Canterbury.

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