

# BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

## Downward spiral

10 Nov, 2023

**42.5**

October

**-2.6**

Monthly Change

**Contracting**

Faster Rate

Activity in New Zealand’s manufacturing sector dropped further during October, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for October was 42.5 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was down from 45.1 in September, and the lowest level of activity for a non-COVID affected month since May 2009. The October result represented the fifth consecutive drop in activity levels, and significantly below the long-term average activity rate of 52.8.

BusinessNZ’s Director, Advocacy Catherine Beard said that the October result represented a further downward spiral of activity for the sector, which was seen across all the sub index measures.

“The key sub index measures of Production (41.5) and New Orders (44.1) fell back from September, with the former at its lowest level for a non-COVID month since May 2009. Employment (43.3) decreased a further 1.8 points from September, while Deliveries (42.9) dropped 1.4 points”.

The proportion of negative comments stood at 65.1%, which was down from 68.8% in September and 66.7% in August. Numerous manufacturers noted both softening orders, as well as patchy/slowing sales for October.

BNZ Senior Economist, Doug Steel stated that “today’s PMI is not a good look for GDP and employment growth. Our GDP forecasts already include a decline in the manufacturing sector in the second half of 2023. There’s a chance that decline is bigger than we think, if the PMI does not bounce in the final months of the year”.

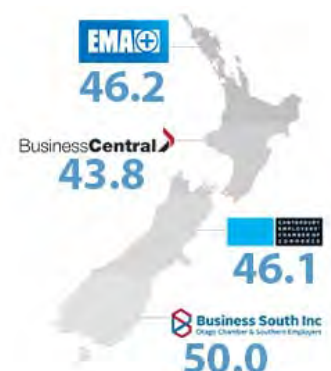


**Catherine Beard**  
Director, Advocacy  
BusinessNZ

### Main Indicies



### Regional Results



[VIEW THE TIME SERIES DATA](#)



## Manufacturing Snapshot

### From bad to worse

Economic conditions in the manufacturing sector have gone from bad to worse. The Performance of Manufacturing Index has been struggling all year. But it took another leg lower in October to 42.5 from September's 45.1.

[Read more](#)

### Demand softening

Many survey respondents reported concern with softer demand, which has become increasingly prevalent relative to those that noted supply side issues including sourcing labour.

[Read more](#)

### Production and employment under pressure

Today's PMI is not a good look for GDP and employment growth. Our GDP forecasts already include a decline in the manufacturing sector in the second half of 2023.

[Read more](#)

### Global

It is no secret that global manufacturing has been struggling in 2023. All the major countries and regions we track show PMIs sub-50 in October. NZ is no different in that regard.

[Read more](#)



Doug Steel  
Senior Economist, BNZ  
[+64 4 474 6923](tel:+6444746923)

[VIEW FULL BNZ MANUFACTURING SNAPSHOT](#)

### Sponsor Statement

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

[View Website](#)

## PMI Time Series Table

The results are seasonally adjusted.

National Indices	Oct 2022	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023
BNZ - BusinessNZ PMI	49.5	47.4	46.6	45.9	45.1	42.5
Production	50.3	47.2	43.1	43.6	44.3	41.5
Employment	49.2	47.0	44.8	47.6	45.1	43.3
New Orders	46.2	43.8	45.3	46.4	44.8	44.1
Finished Stocks	55.6	52.2	52.5	51.6	51.2	45.7
Deliveries	55.7	50.1	42.9	47.7	44.3	42.9

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PMI Time Series

January 2019 - October 2023

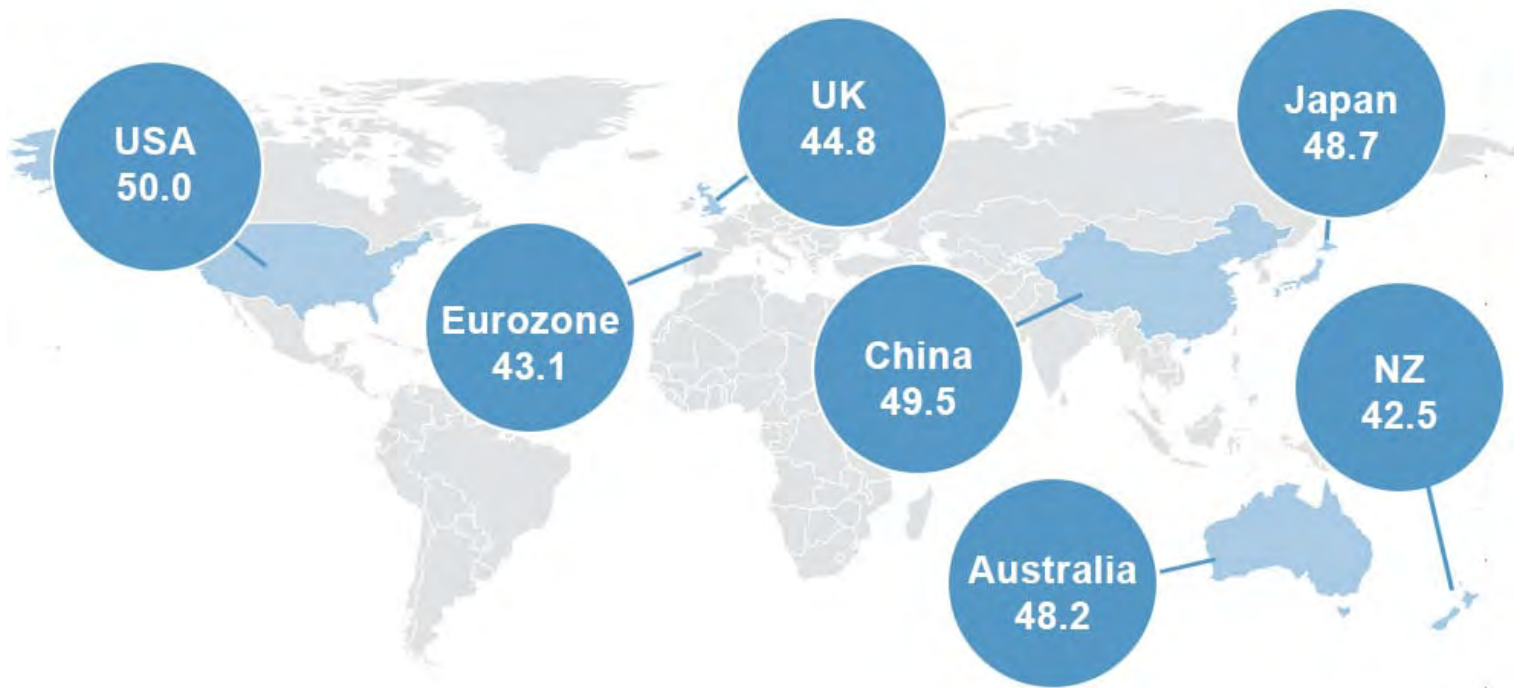


# International Results

J.P. Morgan Global Manufacturing PMI™

02 Nov 2023

# 48.8



## About the PMI

The BNZ - BusinessNZ Performance of Manufacturing Index is a monthly survey of the manufacturing sector providing an early indicator of activity levels. A PMI reading above 50 points indicates manufacturing activity is expanding; below 50 indicates it is contracting. The main PMI and sub-index results are seasonally adjusted.

## Media Comment

For media comment, contact:  
Catherine Beard: 04 496 6560

## Technical Comment

For more information or assistance with data interpretation, contact:

Stephen Summers:  
[ssummers@businessnz.org.nz](mailto:ssummers@businessnz.org.nz)

## Our Contributors

The BNZ - BusinessNZ PMI contains data obtained through BusinessNZ's regional organisations



# Manufacturing Snapshot

10 November 2023

## From bad to worse

Economic conditions in the manufacturing sector have gone from bad to worse. The Performance of Manufacturing Index has been struggling all year. But it took another leg lower in October to 42.5 from September's 45.1. Besides Covid disrupted months, that is the lowest reading since 2009 when the Global Financial Crisis was in full swing. A few respondents noted General Election uncertainty as a negative influence, which may have accelerated the PMI's downtrend in the month and may well reverse, but the general sense of weakness appears to have broader drivers at present.

## Demand softening

Many survey respondents reported concern with softer demand, which has become increasingly prevalent relative to those that noted supply side issues including sourcing labour. Respondents cite weakness in retail sales, residential construction, primary industries, and external demand weighing on new orders. The PMI new orders index was 44.1 in October, which was not that different to September's 44.8, but very weak and more than 10 index points below normal. Months of weakness in new orders has seen larger falls in production and employment this month. Notably, the stocks of finished products dropped in October following six consecutive months of inventory build. All major PMI components are significantly below normal.

## Production and employment under pressure

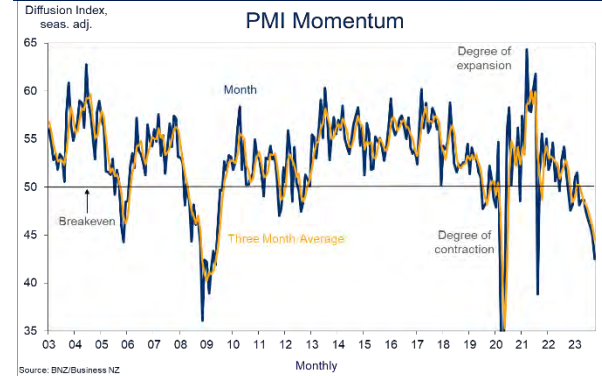
Today's PMI is not a good look for GDP and employment growth. Our GDP forecasts already include a decline in the manufacturing sector in the second half of 2023. There's a chance that decline is bigger than we think, if the PMI does not bounce in the final months of the year. Meanwhile, October's PMI employment index suggests ongoing contraction in manufacturing employment, after last week's HLFs revealed a 3.6% annual drop in Q3.

## Global

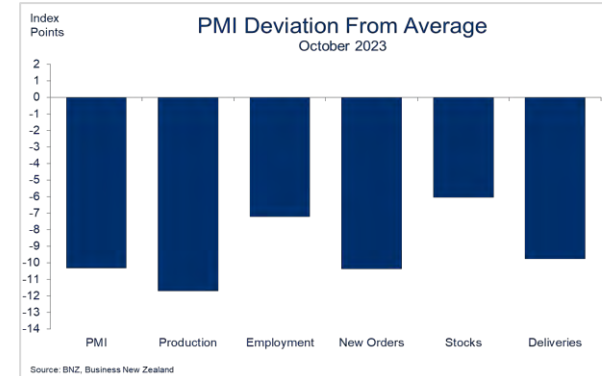
It is no secret that global manufacturing has been struggling in 2023. All the major countries and regions we track show PMIs sub-50 in October. NZ is no different in that regard. However, NZ has departed from the global average over recent months with its sharp downward acceleration to now be clearly lower than the already low readings prevailing across the globe. Only time will tell if that gap closes as the NZ election process runs its course.

[doug\\_steel@bnz.co.nz](mailto:doug_steel@bnz.co.nz)

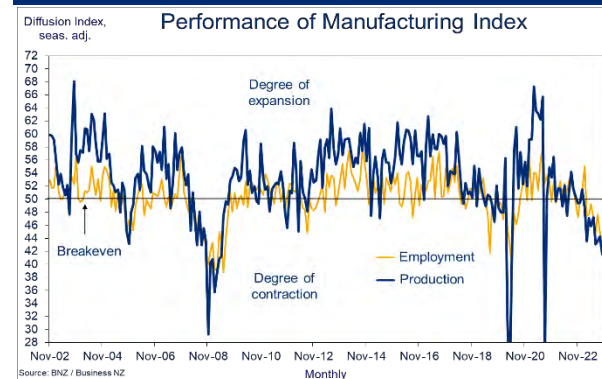
### Lower Again



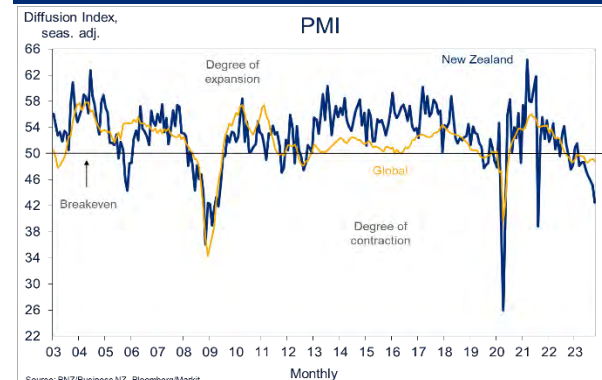
### Majorly Below Average



### Production and Employment Falling



### Down Under



## Contact Details

### BNZ Research

**Stephen Toplis**

Head of Research  
+64 4 474 6905

**Craig Ebert**

Senior Economist  
+64 4 474 6799

**Doug Steel**

Senior Economist  
+64 4 474 6923

**Jason Wong**

Senior Markets Strategist  
+64 4 924 7652

**Stuart Ritson**

Senior Interest Rate Strategist  
+64 9 9248601

**Mike Jones**

BNZ Chief Economist  
+64 9-956 0795

### Main Offices

**Wellington**

Level 2, BNZ Place  
1 Whitmore St  
Private Bag 39806  
Wellington Mail Centre  
Lower Hutt 5045  
New Zealand  
Toll Free: 0800 283 269

**Auckland**

80 Queen Street  
Private Bag 92208  
Auckland 1142  
New Zealand  
Toll Free: 0800 283 269

**Christchurch**

111 Cashel Street  
Christchurch 8011  
New Zealand  
Toll Free: 0800 854 854

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