

BNZ - BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

bnz

BusinessNZ
CROWING PROSPERITY AND POTENTIAL

54.3

October Value

+2.7

Monthly Change

expanding

Faster rate

Stepping up

12 November 2021

New Zealand's manufacturing sector saw further steps into expansion for October, according to the latest BNZ - BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for October was 54.3 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 2.7 points higher than September.

BusinessNZ's Director, Advocacy Catherine Beard said that the increased activity for October was fairly evenly spread across the sub index values.

"The key sub-indices of Production (54.0) and New Orders (53.9) were both in positive territory for the first time since July. Like the last national lockdown, Deliveries (59.9) led the way towards catching up on activity, although Employment (52.1) fell back to its lowest result since February."

"In addition, the proportion of negative comments from respondents dropped to 55.4% for October, compared with 71% in September and 78% in August."

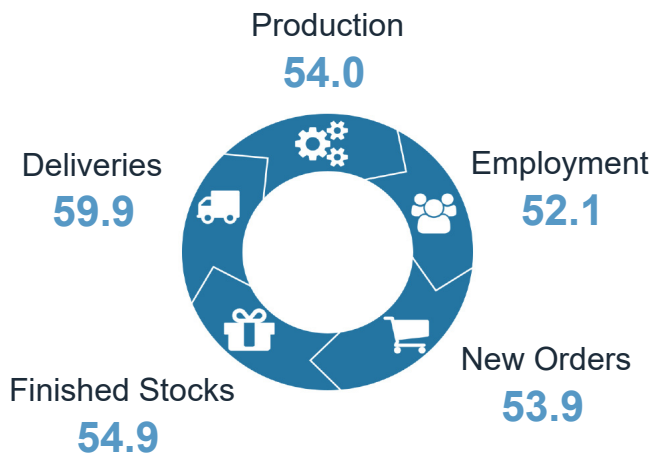
BNZ Senior Economist, Doug Steel stated that "even though October's reading is above average, we'd classify it more in the realm of some recovery from a large hit rather than an indication of outright strength."



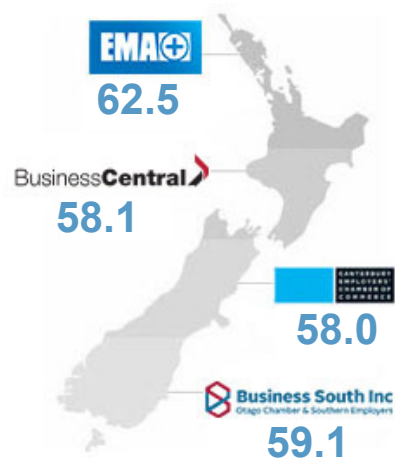
Catherine Beard
Director, Advocacy
BusinessNZ

[View PMI Time Series Data](#)

Main Indices



Regional Results



Manufacturing Snapshot



PMI

The Performance of Manufacturing Index (PMI) lifted to 54.3 in October. This builds on the 51.6 it managed to get to in September, after the extreme weakness of 39.7 during August's level 4 restrictions. It's a step in the right direction.

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Regional

By region, Northern saw the strongest unadjusted reading, of 62.5, in October. Again, this looks like some bounce from a period of extreme weakness (remember 28.1 back in August) compared to other regions rather than necessarily portraying a strong level of activity.

[Read more](#) →

Details

The PMI production index lifted to 54.0 in October. This follows two months in contraction territory, offering a sense that manufacturing output turned the corner in the month.

[Read more](#) →

Employment

Through all the chop and change over recent months, employment indicators have remained positive. Sure, the PMI employment index eased to 52.1 in October from 54.2 in September, but it remains above its long-term norm.

[Read more](#) →



Doug Steel
Senior Economist

[View full BNZ Manufacturing Snapshot](#)

PMI Time Series Table

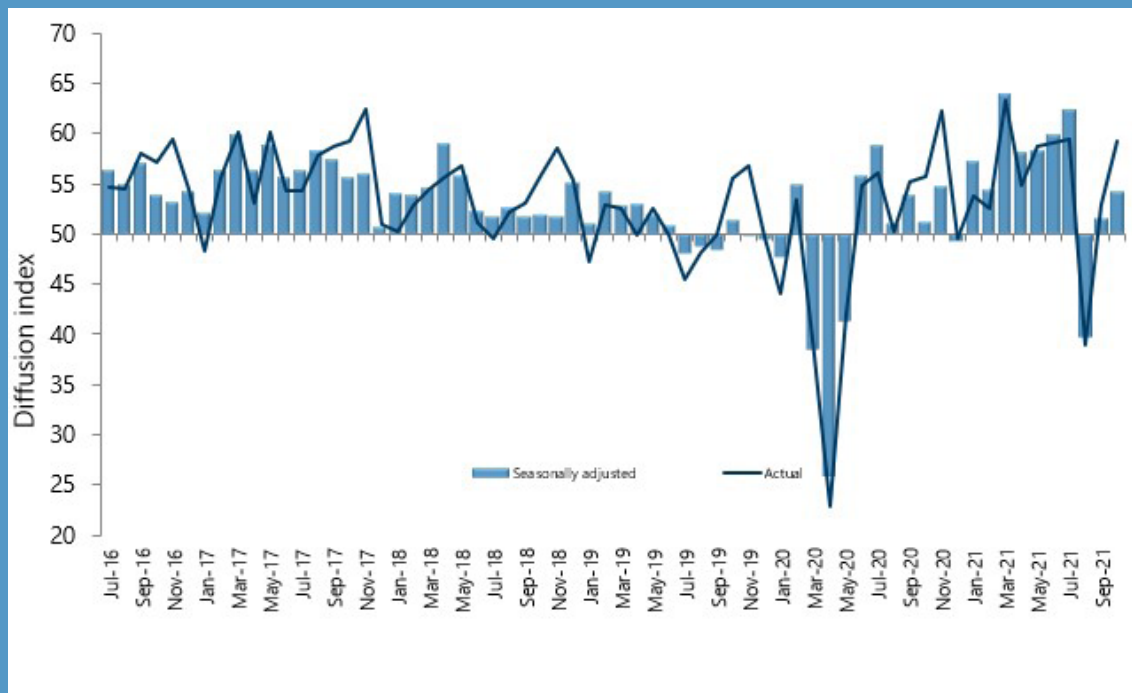
Results are seasonally adjusted

National Indices	Oct 2020	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021
BNZ - BusinessNZ PMI	51.3	59.9	62.4	39.7	51.6	54.3
Production	51.9	62.9	63.2	27.1	49.8	54.0
Employment	52.0	56.5	57.8	54.1	54.2	52.1
New Orders	52.5	62.8	63.2	44.0	54.1	53.9
Finished Stocks	49.2	56.9	56.4	45.9	50.2	54.9
Deliveries	48.6	54.6	55.1	32.9	47.9	59.9

[View PMI Time Series Data](#)

BNZ - BusinessNZ PMI Time Series

July 2016- October 2021

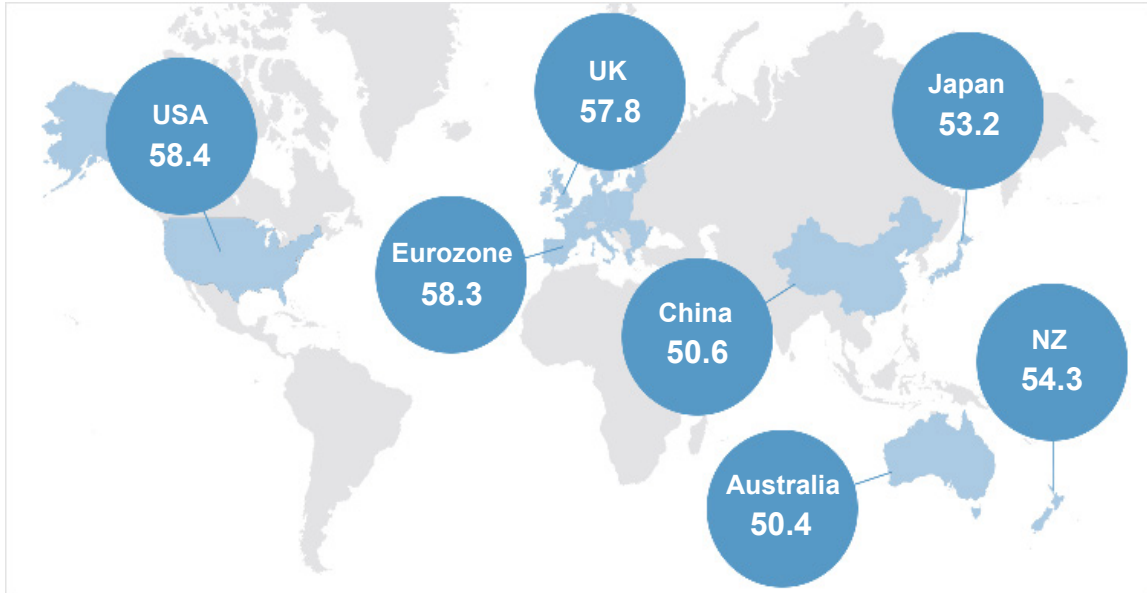


International Results

J.P. Morgan Global Manufacturing PMI™

2 November 2021

54.3



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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11 November 2021



PMI

The Performance of Manufacturing Index (PMI) lifted to 54.3 in October. This builds on the 51.6 it managed to get to in September, after the extreme weakness of 39.7 during August's level 4 restrictions. It's a step in the right direction. However, even though October's reading is above average, we'd classify it more in the realm of some recovery from a large hit rather than an indication of outright strength. In any case, it is good to see improvement with some partial relaxation of restrictions, albeit with many restraints remaining through October.

Regional

By region, Northern saw the strongest unadjusted reading, of 62.5, in October. Again, this looks like some bounce from a period of extreme weakness (remember 28.1 back in August) compared to other regions rather than necessarily portraying a strong level of activity. One only need look at Northern's three month average PMI reading of 45.4 to get some perspective. In contrast, southern regions have posted another month of solid PMI results.

Details

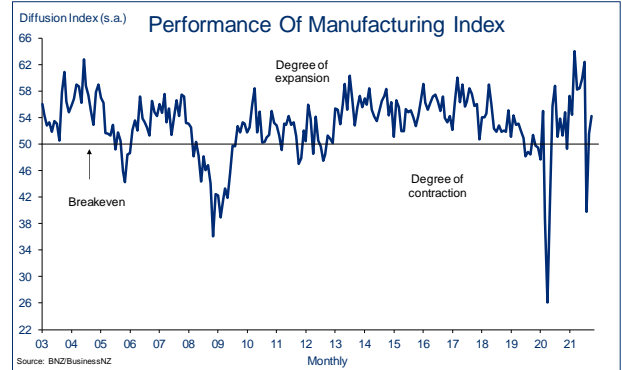
The PMI production index lifted to 54.0 in October. This follows two months in contraction territory, offering a sense that manufacturing output turned the corner in the month. It's a plus for Q4 GDP calculations, after what looks to have been a dreadful Q3. Other PMI components raise more questions than answers. For example, deliveries of raw materials surged and stocks of finished products also rose strongly. This may reflect some easing in supply bottlenecks, at least from level 4 extremes, in which case it would be very welcomed. But we note that the new orders index, while positive, is the only major PMI component sitting below its long-term average. It is something to watch on the demand side. This is the first month since Q2 last year that the raw material supplies index has been above new orders. Of course, with so much disruption, it would be unwise to draw any strong conclusions from one month's result.

Employment

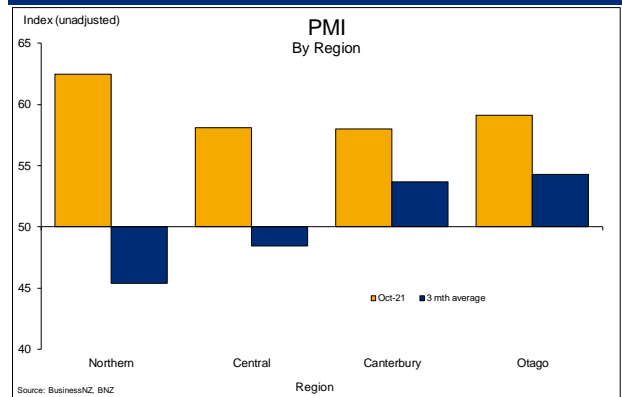
Through all the chop and change over recent months, employment indicators have remained positive. Sure, the PMI employment index eased to 52.1 in October from 54.2 in September, but it remains above its long-term norm. Nothing here to dissuade us of the view that overall NZ employment will edge higher in Q4, even after Q3's bumper official result.

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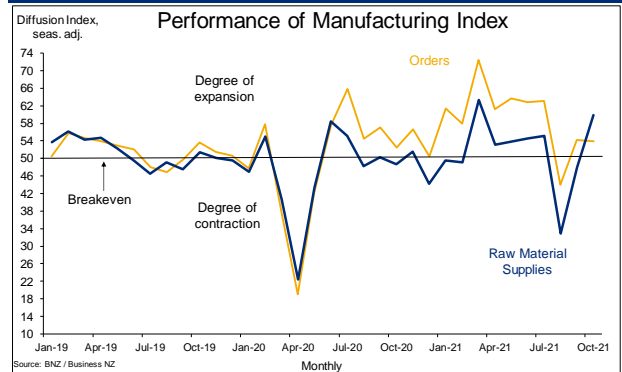
Climbing Out Of The Hole



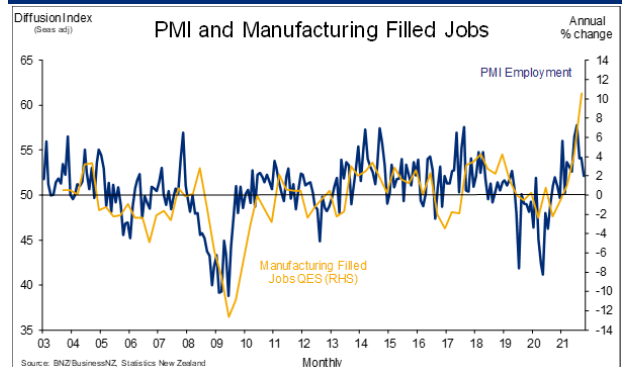
October A Better Month



More Supplies; Orders So-So



More Employment



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