

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

To and Fro

10 May, 2024

48.9

April

+2.1

Monthly Change

Contracting

Slower Rate

Activity in New Zealand’s manufacturing sector experienced a pick up during April, although still remained in contraction, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for April was 48.9 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was up from 46.8 in March, although still lower than the 49.1 recorded in February. The sector has now been in contraction for 14 consecutive months.

BusinessNZ’s Director, Advocacy Catherine Beard said that despite ongoing contraction in the sector, there were a few positive aspects to the April result.

“The key sub-index result of Production (50.8) returned to expansion for the first time since January 2023, as well as Employment (50.8) and Finished Stocks (50.4) also both returning to slight expansion. In contrast, New Orders (45.3) remained firmly in contraction, although showing a slight improvement from March. Despite the small improvement in April, the proportion of negative comments again increased to 69%, compared with 65% in March and 62% in February. An overall lack of sales and orders was the dominant theme in comments, along with a struggling economy”.

BNZ’s Senior Economist Doug Steel said that “the PMI this year to date is consistent with manufacturing GDP trailing year earlier levels. However, the details were a bit more mixed in April, rather than uniformly weak as has been the case over recent months”.



Catherine Beard
Director, Advocacy
BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Manufacturing Snapshot

PMI yoyo

The Performance of Manufacturing Index (PMI) has been a yoyo this year, albeit continuously below the breakeven 50 line.

[Read more](#)

Better

Two better-looking aspects of April's PMI were production and employment. The production index rose to 50.8 from March's 46.0. It is notable that this is the first time the production index has pushed above 50 since the beginning of last year.

[Read more](#)

Not

In contrast to improvement in production and employment, new orders remain exceptionally weak. April's new orders index, at 45.3, remains well below breakeven and even further behind its long-term average of 54.3.

[Read more](#)



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[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

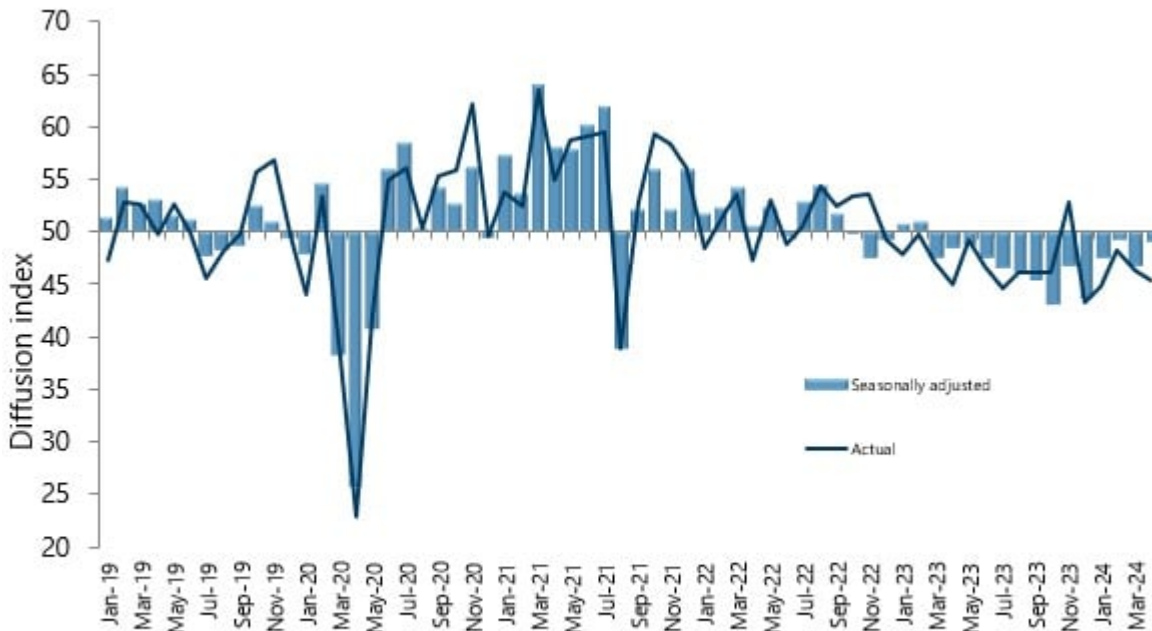
The results are seasonally adjusted.

National Indices	Apr 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024
BNZ - BusinessNZ PMI	48.4	43.7	47.5	49.1	46.8	48.9
Production	46.5	41.0	42.9	49.2	46.0	50.8
Employment	47.2	47.0	51.0	49.5	46.8	50.8
New Orders	48.5	44.3	47.8	47.5	44.6	45.3
Finished Stocks	52.2	46.2	47.6	48.9	49.5	50.4
Deliveries	50.6	44.0	49.6	51.0	47.6	48.4

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PMI Time Series

January 2019 - April 2024

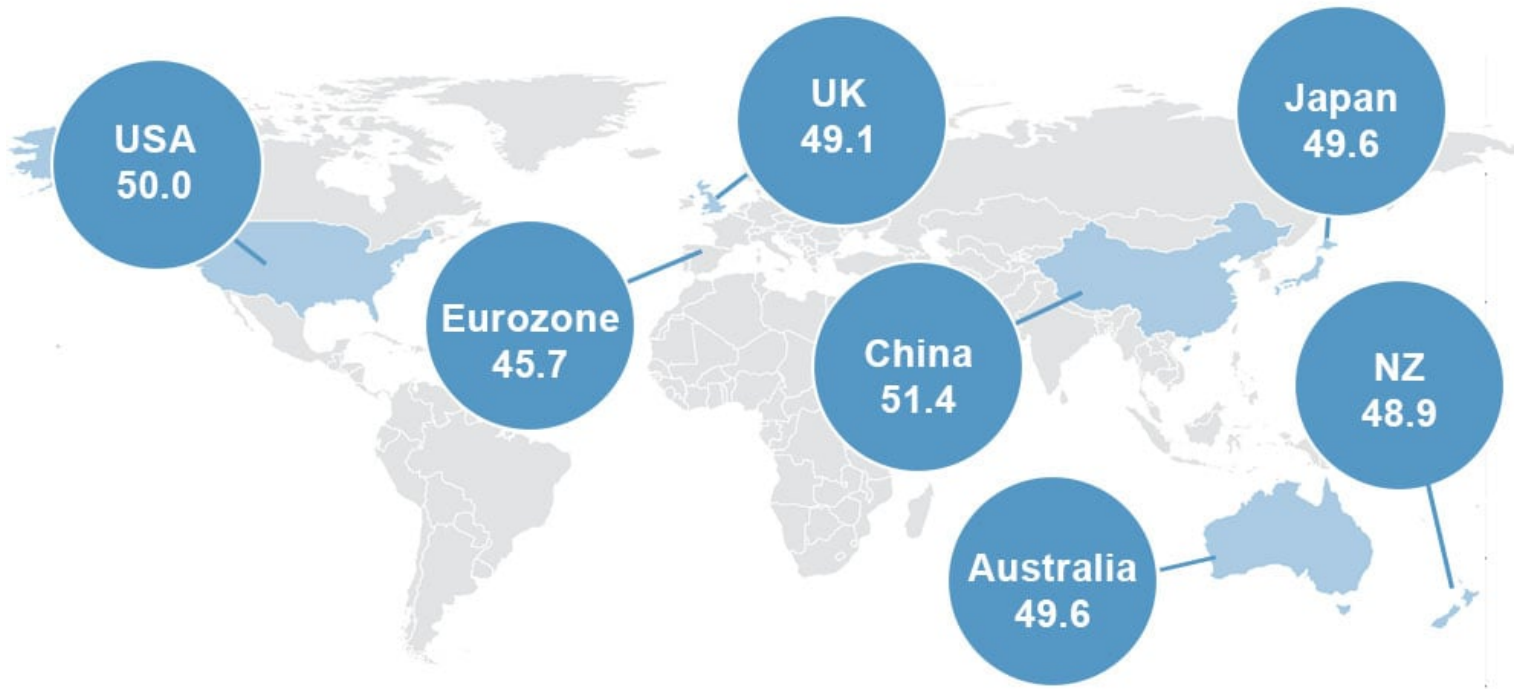


International Results

J.P. Morgan Global Manufacturing PMI™

02 Apr 2024

50.3



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.

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Our Contributors

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



Manufacturing Snapshot

10 May 2024

PMI yoyo

The Performance of Manufacturing Index (PMI) has been a yoyo this year, albeit continuously below the breakeven 50 line. April was a relative up month. Let's call it better, but not good. Better because April's 48.9 was higher than March's 46.8. Not good because the PMI remains below 50 indicating contraction continues in the manufacturing sector – as it has for 14 consecutive months now. April's relative lift might be as much a result of coming out of a suppressed March due to the timing of Easter, rather than any fundamental improvement. The PMI this year to date is consistent with manufacturing GDP trailing year earlier levels. However, the details were a bit more mixed in April, rather than uniformly weak as has been the case over recent months.

Better

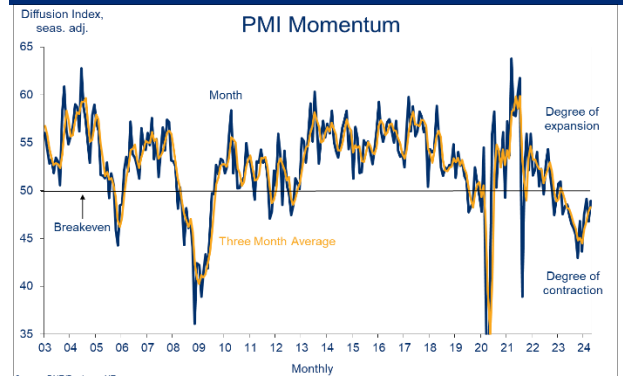
Two better-looking aspects of April's PMI were production and employment. The production index rose to 50.8 from March's 46.0. It is notable that this is the first time the production index has pushed above 50 since the beginning of last year. Even if it was flattered by the timing of Easter, it is still good to see a figure on the right side of 50 for a change. Employment also rose in April, with the PMI index lifting to 50.8 and recovering some lost ground implied by March's 46.8.

Not

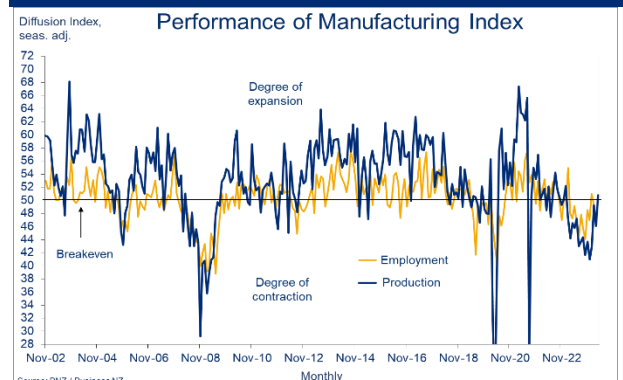
In contrast to improvement in production and employment, new orders remain exceptionally weak. April's new orders index, at 45.3, remains well below breakeven and even further behind its long-term average of 54.3. It fits with the idea that demand headwinds remain intense and multifaceted. Construction activity is falling. Pressure on household budgets and a softening labour market has reduced purchases of durable goods. Corporate profitability has been under duress, leading to reduced capital expenditure and intentions to invest. High interest rates have restricted expenditure on big ticket items. Such factors have seen significantly lower demand for many manufactured goods as reflected in ongoing weakness in new orders. Demand weakness is also reflected in recent sharp reductions in both consumption and capital goods imports. With new orders still very weak, and especially with an accompanying nudge higher in the PMI inventory index, it calls into question the sustainability of the bounce in this month's production.

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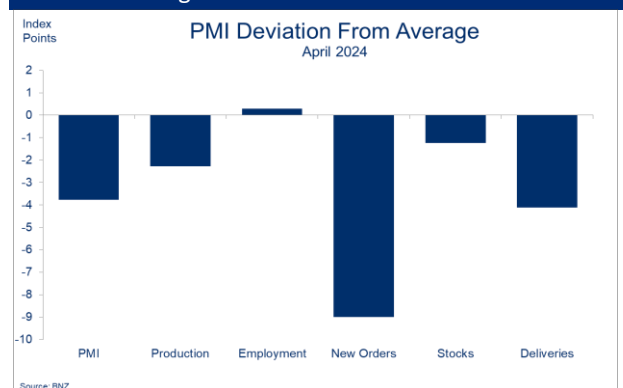
Bouncing Around Under The Line



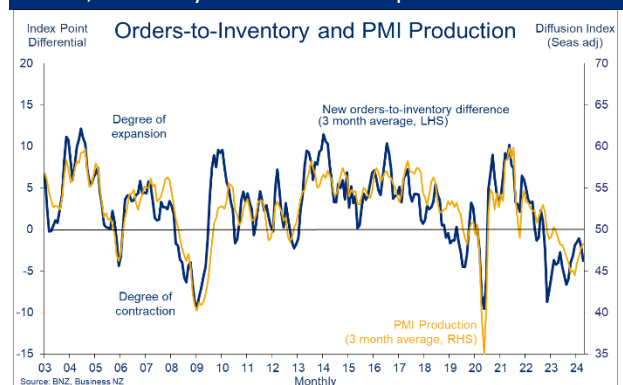
A Tick Up



Demand Lacking



Orders, Inventory Headwind to Output



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