

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

Struggling to move upwards

12 Sep, 2025

49.9

August

-2.9

Monthly Change

Contracting

Previously Expanding

New Zealand's manufacturing sector fell back into contraction during August, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for August was 49.9 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was down 2.9 points from 52.8 in July and below the average of 52.5 since the survey began.

BusinessNZ's Director, Advocacy Catherine Beard said that the August results suggest the sector has yet to turn the corner toward sustained growth. Although the reading was just shy of the no-change mark of 50.0, it still points to an industry struggling to regain its footing after an extended period of contraction through 2023 and 2024.

"Two of the five main sub-index values were in expansion during August. This was led by *New Orders* (55.2), which encouragingly continues to trend upwards, reaching its highest level of activity since August 2022. *Deliveries of Raw Materials* (50.5) also remained in expansion, although down from July. In contrast, *Production* (46.6) fell 6.7 points from July, while *Employment* (49.1) and *Finished Stocks* (47.1) also recorded contraction.

The proportion of negative comments from respondents stood at 58.1% in August, compared with 58.6% in July and 65.5% in June. Negative comments indicated flat sales, with many customers cautious or inactive. Rising costs and global uncertainty are squeezing margins, leaving confidence low and recovery patchy.

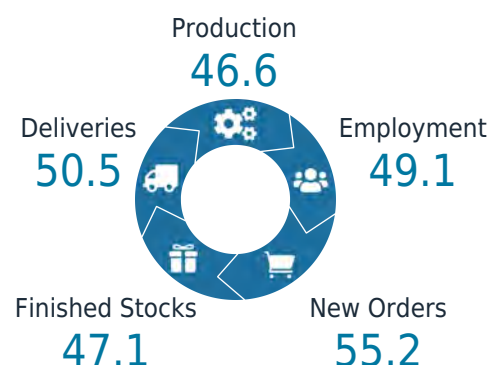
BNZ's Senior Economist Doug Steel said that "manufacturers are continuing to do it tough. We believe the general trend in the economy is still upwards, but indicators are often choppy around a turning point".

[VIEW THE TIME SERIES DATA](#)

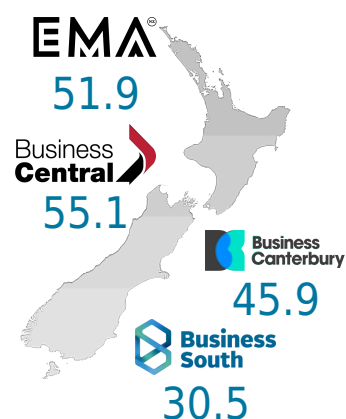


Catherine Beard
Director, Advocacy
BusinessNZ

Main Indices



Regional Results





Manufacturing Snapshot

Back at breakeven

Last month we noted that the PMI needs to hold steady or move a bit higher to be consistent with our forecast for a modest economic recovery.

[Read more](#)

New orders promising

Looking under the hood, the PMI data for August weren't quite as dire as they first appear. This largely rests on the PMI new orders index, which lifted to its highest level in three years at 55.2.

[Read more](#)

Don't get carried away

It is important to remember that any recovery will be off a very weak base. Indeed, four of the five PMI sub-indices are still below their long-run average.

[Read more](#)

Modest economic recovery expected

Core manufacturing sales volumes (excluding meat and dairy) fell 1.9% q/q in Q2 2025. This was consistent with earlier PMI readings which slumped to 47.6 during that period.

[Read more](#)



Doug Steel
Senior Economist, BNZ

[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

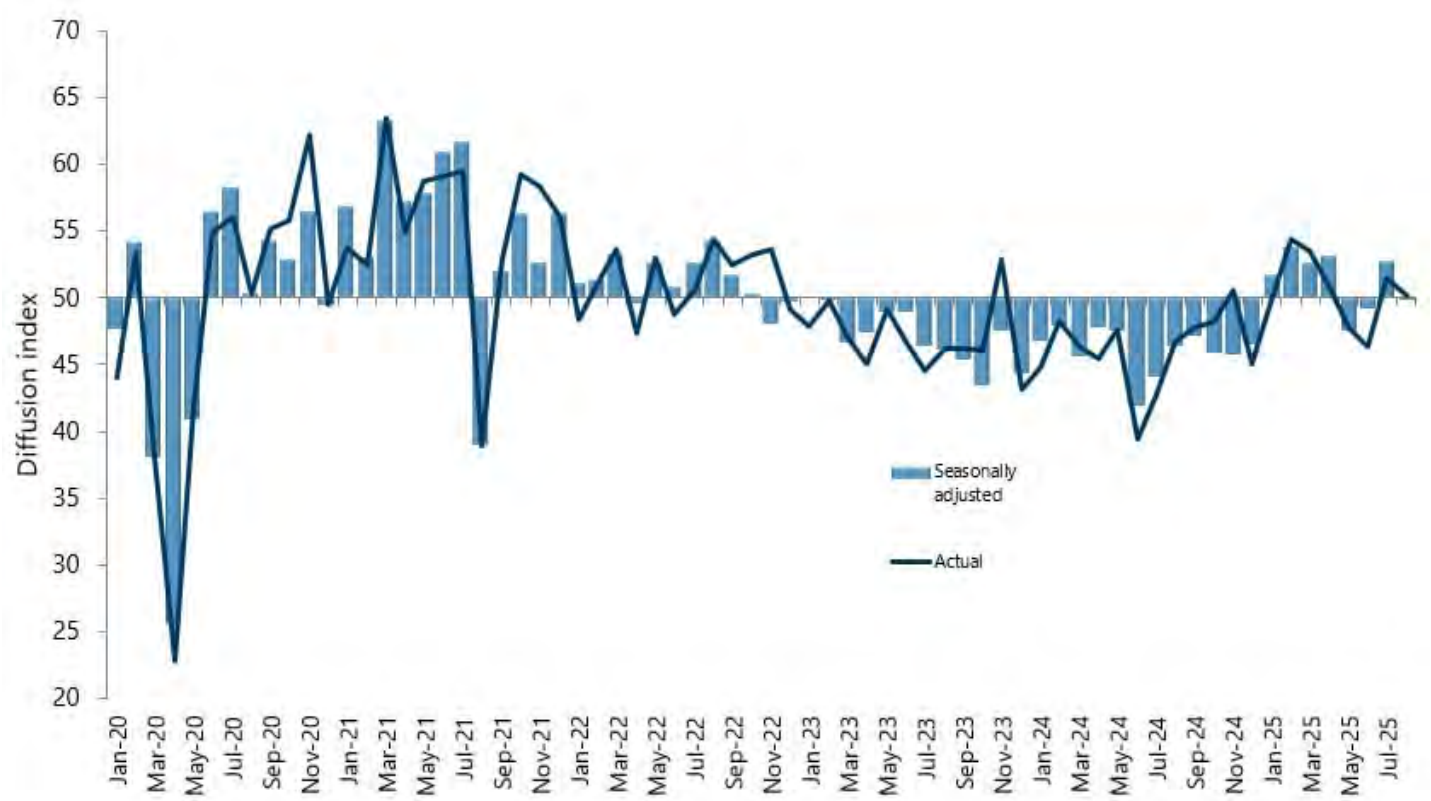
The results are seasonally adjusted.

National Indices	Aug 2024	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025
BNZ - BusinessNZ PMI	46.4	53.2	47.6	49.2	52.8	49.9
Production	46.9	52.5	48.0	48.9	53.3	46.6
Employment	47.2	54.1	45.5	47.9	50.0	49.1
New Orders	46.9	50.8	45.8	52.0	54.5	55.2
Finished Stocks	47.2	52.4	50.5	46.7	51.4	47.1
Deliveries	46.1	55.0	48.8	48.1	52.1	50.5

VIEW THE TIME SERIES DATA

BNZ - BusinessNZ PMI Time Series

January 2020 - August 2025

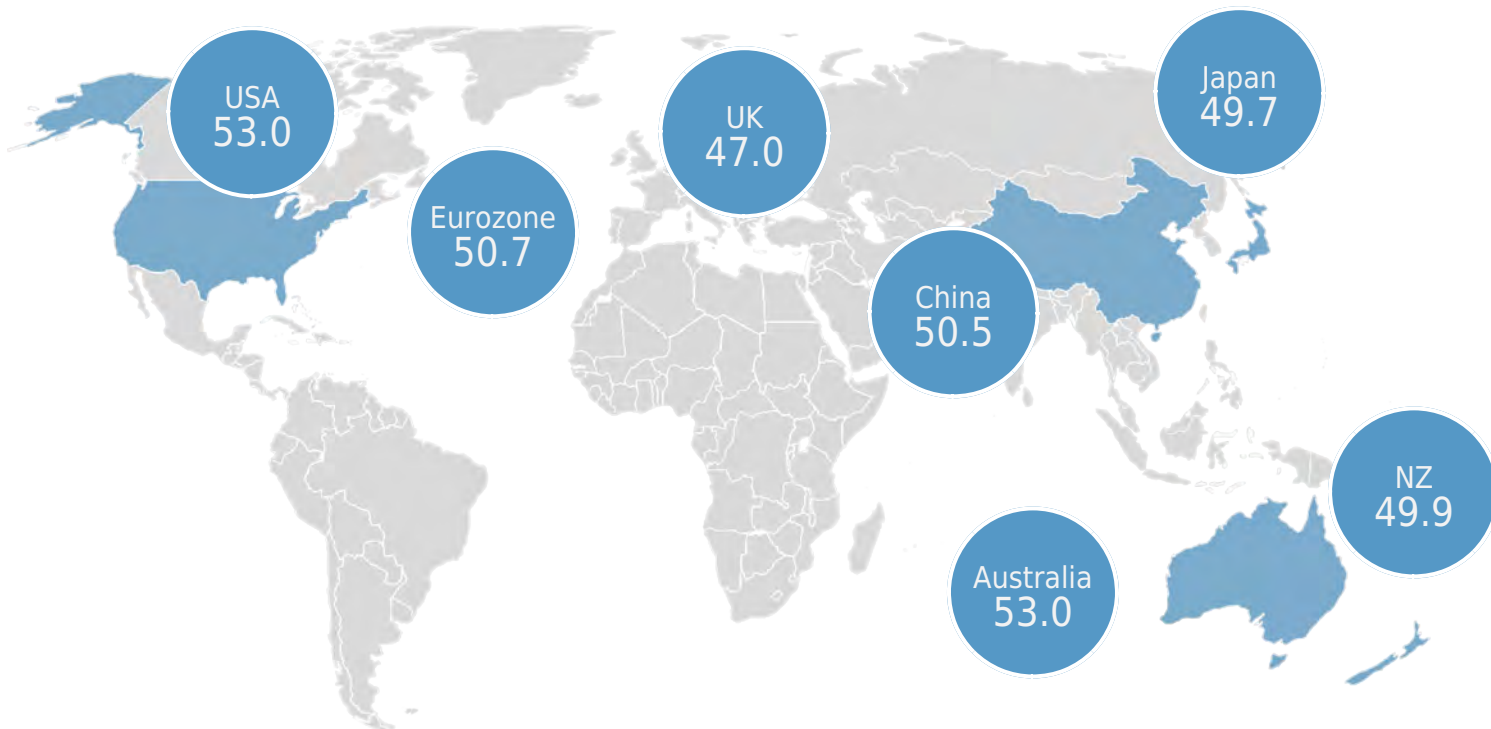


International Results

J.P. Morgan Global Manufacturing PMI™

03 Sep 2025

50.9



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



Research

Manufacturing Snapshot

12 September 2025

Back at breakeven

Last month we noted that the PMI needs to hold steady or move a bit higher to be consistent with our forecast for a modest economic recovery. As such, it was slightly disheartening to see the reversal from 52.8 to 49.9 in August. Manufacturers are continuing to do it tough. We believe the general trend in the economy is still upwards, but indicators are often choppy around a turning point. Smoothing through monthly volatility, the three-month moving average for the PMI nudged up to 50.6.

New orders promising

Looking under the hood, the PMI data for August weren't quite as dire as they first appear. This largely rests on the PMI new orders index, which lifted to its highest level in three years at 55.2. It is the third consecutive month above the breakeven 50 mark and implies sustained growth in the manufacturing order book. Meanwhile, the PMI stocks of finished products index fell from 51.4 to 47.1. New orders are at their furthest level above inventories since November 2021, which suggests more scope for manufacturing production to eventually pick up based on historical relationships.

Don't get carried away

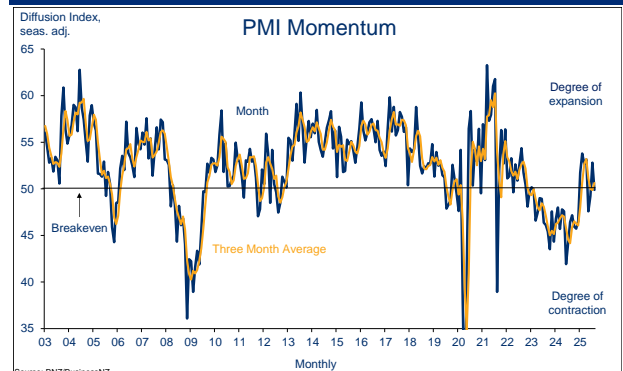
It is important to remember that any recovery will be off a very weak base. Indeed, four of the five PMI sub-indices are still below their long-run average. The PMI production index slipped from 53.3 to 46.6 in August and sits around the same level as a year ago. This is despite 250 basis points of reduction in the Official Cash Rate over the same period. The RBNZ recently acknowledged that the economy needs a bit more help and signalled further interest rate cuts ahead.

Modest economic recovery expected

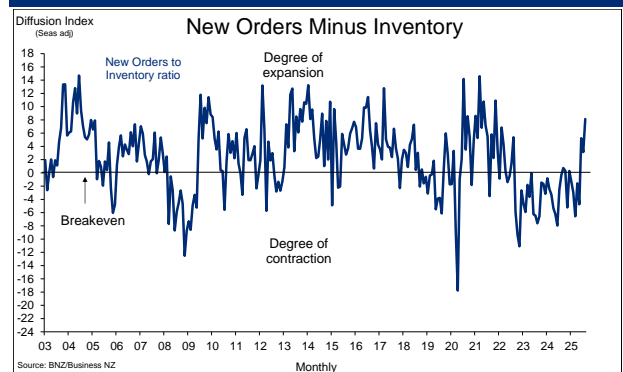
Core manufacturing sales volumes (excluding meat and dairy) fell 1.9% q/q in Q2 2025. This was consistent with earlier PMI readings which slumped to 47.6 during that period. The PMI has averaged 51.3 across the first two months of this quarter and supports the notion of manufacturing activity making a positive contribution to growth in Q3. However, there is a bit of downside risk to the pace of recovery we are forecasting following today's PMI. We will also be monitoring the Performance of Services Index (PSI) on Monday for another pulse on the economy into the middle of Q3.

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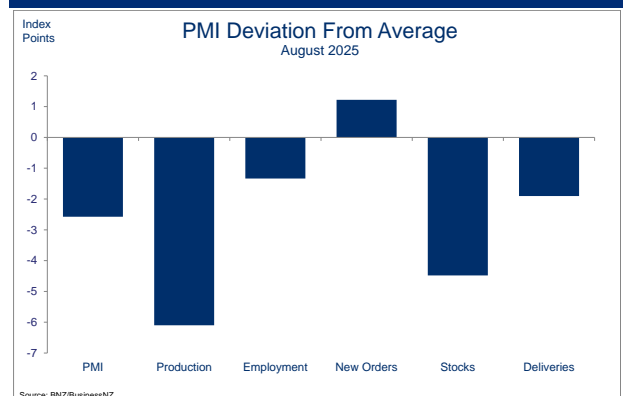
Still trending higher?



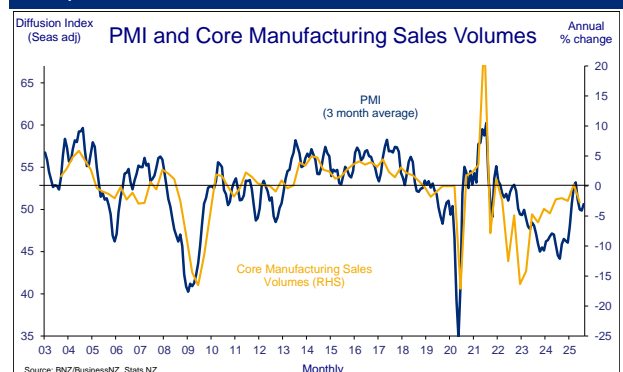
Order book improving



Destocking



Slump in Q2



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