

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

Back in the red

13 Jun, 2025

47.5

May

-5.8

Monthly Change

Contracting

Previously Expanding

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

The seasonally adjusted PMI for May was 47.5 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was down from 53.3 in April and a return to contraction after four consecutive months of expansion. The survey was also well below the average of 52.5 since it began.

BusinessNZ's Director, Advocacy Catherine Beard said that the May result was disappointing to see given the sector had appeared to have turned a corner at the start of 2025 following a tough 2023-2024 period of contraction.

"Four of the five main sub-index values were in decline, with New Orders (45.3) showing the strongest level of contraction for May. Following healthy expansion from February-April, Employment (45.7) decreased 8.9 points to be at its lowest level of activity since July 2024".

The return to contraction also saw the proportion of negative comments from respondents increase to 64.5%, compared with 58% in April and 57.5% in March. Comments indicate that manufacturers are reporting a clear return to decline, driven by falling demand, weak orders, and low business confidence. Rising costs, economic uncertainty, and reduced consumer spending are compounding pressures, while forward orders and investment remain stalled.

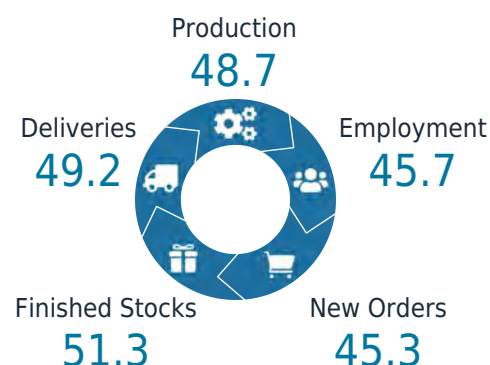
BNZ's Senior Economist Doug Steel said that "the New Zealand economy can claw its way forward over the course of 2025, but the PMI is yet another indicator that suggests an increased risk that the bounce in GDP reported for Q4, 2024 and Q1, 2025 could come to a grinding halt".



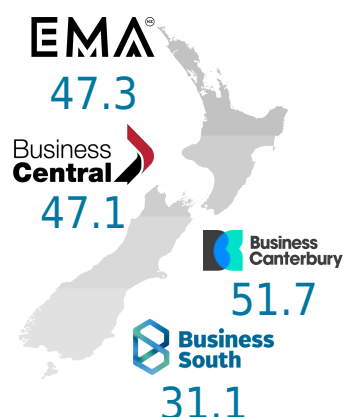
Catherine Beard

Director, Advocacy
BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Manufacturing Snapshot

Back in the red

The Performance of Manufacturing Index (PMI) dropped sharply from 53.3 to 47.5 in May. After four consecutive months in expansion, the PMI has steeply fallen back below the breakeven 50 mark.

[Read more](#)

All below average

Weakness in May was broad-based, with all the PMI subindexes declining and below their historical averages. Of some concern, the PMI new orders index is particularly weak at 45.3.

[Read more](#)

Headwinds into Q2

Core manufacturing sales volumes (excluding meat and dairy) increased 1.4% q/q in Q1 2025. This was consistent with earlier PMI readings, which averaged 52.9 in Q1.

[Read more](#)

Tariff uncertainty ongoing

The front-loading of purchases ahead of tariffs has supported global manufacturing activity. However, offshore survey indicators suggest that manufacturing activity weakened in May.

[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

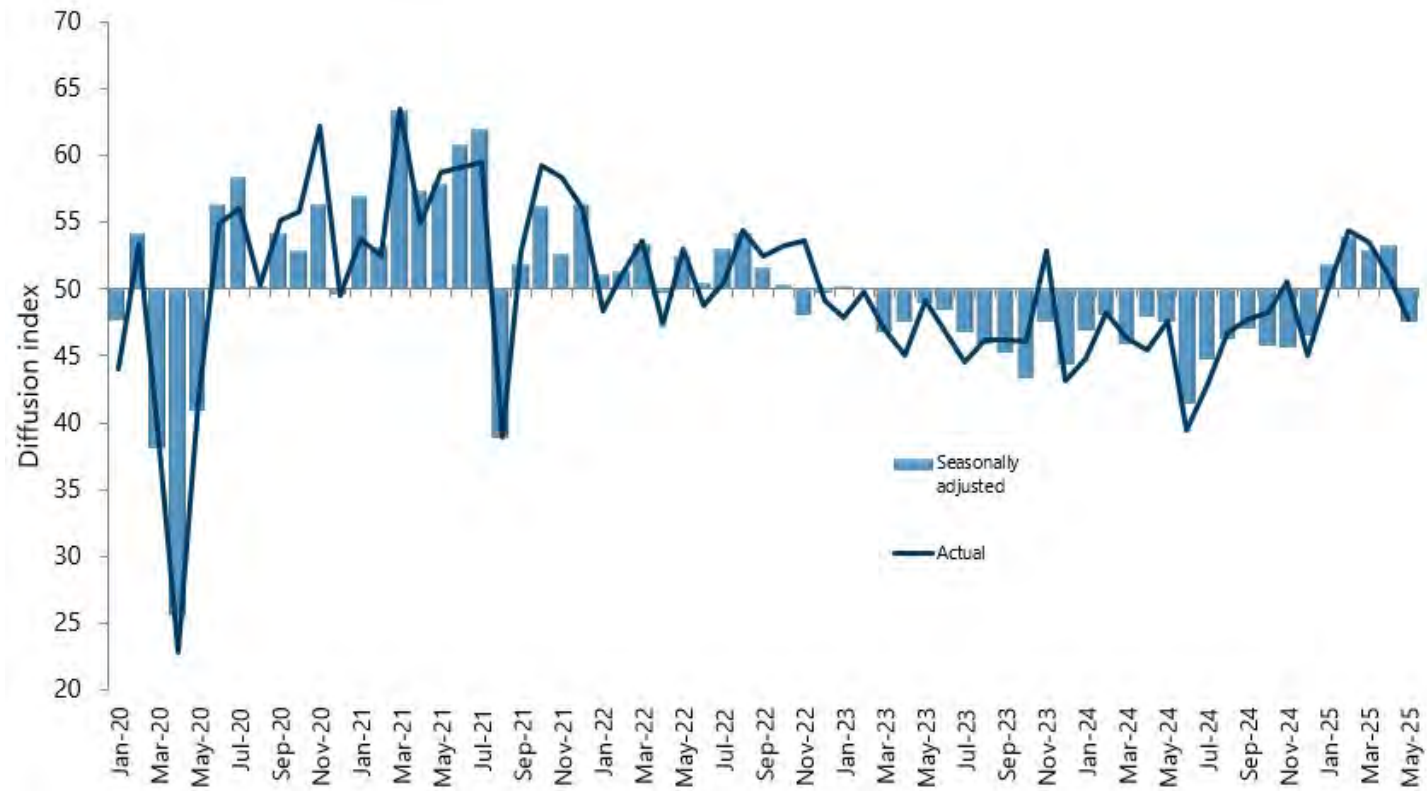
The results are seasonally adjusted.

National Indices	May 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025
BNZ - BusinessNZ PMI	47.5	51.8	54.0	52.9	53.3	47.5
Production	45.4	51.8	52.6	53.6	53.0	48.7
Employment	50.4	51.0	54.1	54.6	54.6	45.7
New Orders	45.3	51.4	51.5	49.5	50.8	45.3
Finished Stocks	52.6	52.5	54.4	56.0	52.9	51.3
Deliveries	46.7	52.2	56.0	55.1	55.4	49.2

VIEW THE TIME SERIES DATA

BNZ - BusinessNZ PMI Time Series

January 2020 - May 2025

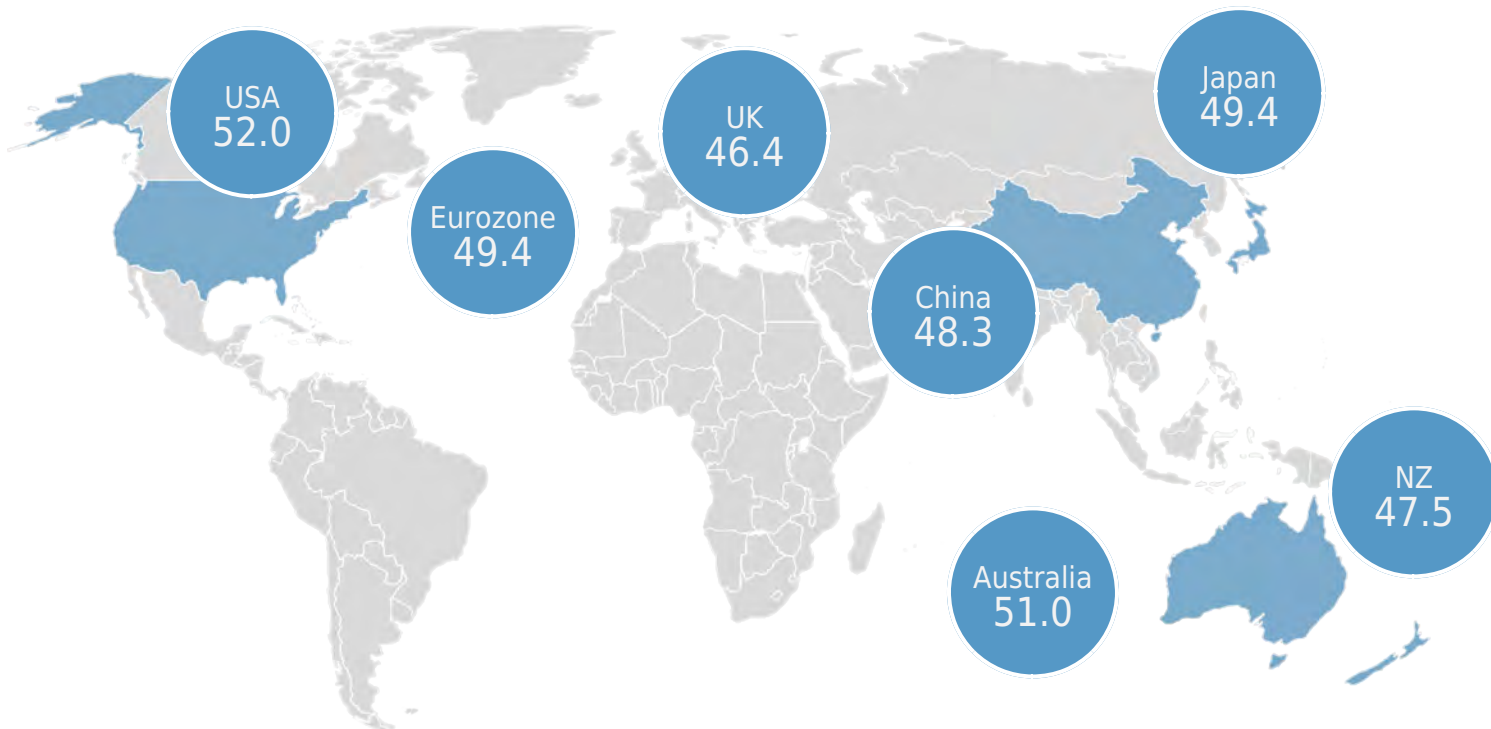


International Results

J.P. Morgan Global Manufacturing PMI™

04 Jun 2025

49.6



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

Our Contributors

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



Research

Manufacturing Snapshot

13 June 2025

Back in the red

The Performance of Manufacturing Index (PMI) dropped sharply from 53.3 to 47.5 in May. After four consecutive months in expansion, the PMI has steeply fallen back below the breakeven 50 mark. It's important to remember that the PMI is a measure of current conditions, rather than any expectation of future direction. According to the latest data, conditions in the manufacturing sector retreated in May after lifting earlier in the year.

All below average

Weakness in May was broad-based, with all the PMI sub-indexes declining and below their historical averages. Of some concern, the PMI new orders index is particularly weak at 45.3. At this sort of level, the new orders book is rapidly shrinking. Elsewhere, the PMI employment index declined abruptly from 54.6 to 45.7. This was the largest single month decline in its 20+ year history. The employment picture remains extremely variable. The PMI employment index has gone from a brief period of positivity, to again indicating labour shedding. Meanwhile, some indicators such as hiring intentions are elevated, while others such as filled jobs continue to ease.

Headwinds into Q2

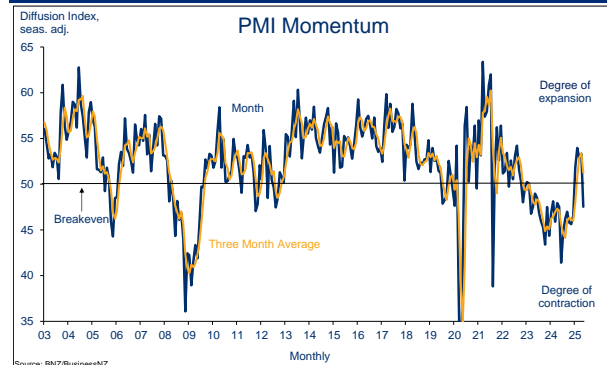
Core manufacturing sales volumes (excluding meat and dairy) increased 1.4% q/q in Q1 2025. This was consistent with earlier PMI readings, which averaged 52.9 in Q1. However, the decline to 47.5 in May raises the risk that the manufacturing sector's Q1 strength is short-lived. Weakness in other timely indicators such as building consents and consumer confidence suggest these headwinds are being felt across the broader economy.

Tariff uncertainty ongoing

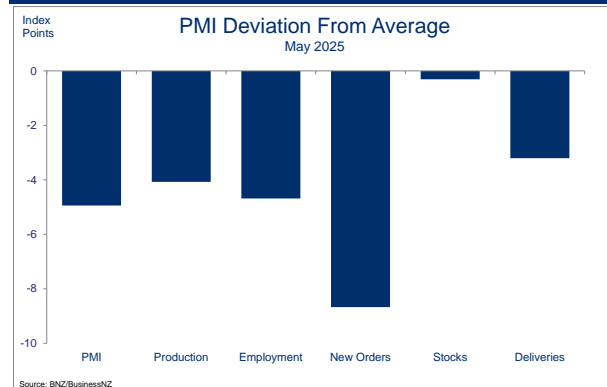
The front-loading of purchases ahead of tariffs has supported global manufacturing activity. However, offshore survey indicators suggest that manufacturing activity weakened in May. Similar to NZ, the PMI also declined in Australia, China and the US. Tariff policies are changing regularly. Beyond the policies themselves, the uncertainty associated with them is also dampening activity. We still think the New Zealand economy can claw its way forward over the course of 2025, but the PMI is yet another indicator that suggests an increased risk that the bounce in GDP reported for Q4, 2024 and Q1, 2025 could come to a grinding halt.

doug_steel@bnz.co.nz / matt_brunt@bnz.co.nz

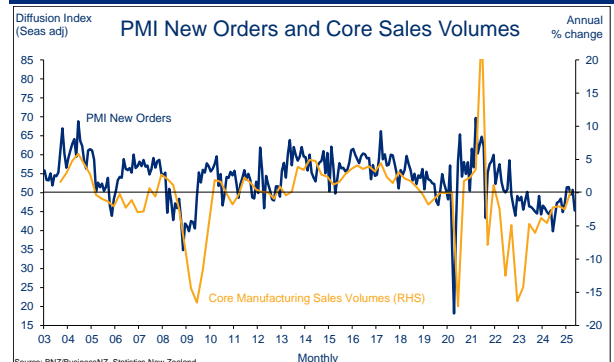
Ouch



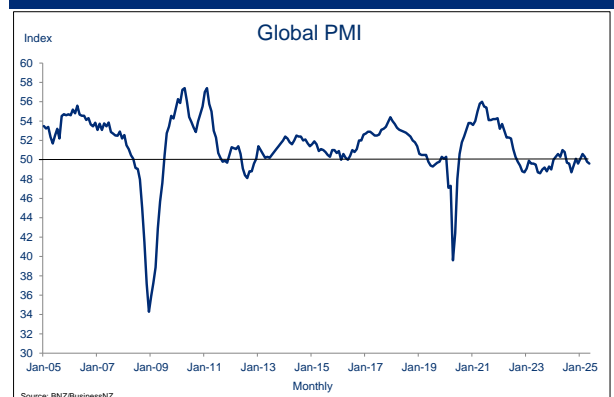
New orders struggling



Back below



Under 50



Contact Details

BNZ Research

Stephen Toplis

Head of Research

Doug Steel

Senior Economist

Matt Brunt

Economist

Jason Wong

Senior Markets Strategist

Stuart Ritson

Senior Interest Rate Strategist

Mike Jones

BNZ Chief Economist

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

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.