

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

Hovering below expansion

10 Oct, 2025

49.9

September

0.0

Monthly Change

Contracting

Same Rate

New Zealand's manufacturing sector again remained just below expansion levels for September, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for September was 49.9 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was exactly the same result as August but below the average of 52.4 since the survey began.

BusinessNZ's Director of Advocacy, Catherine Beard, said that while it was good to see the September result not showing increased contraction from August, the sector remains agonizingly close to returning to expansion mode.

"Despite the sector remaining in technical contraction, four of the five main sub-index values were in expansion during September. This was led by *Deliveries of Raw Materials* (51.1), followed by *Finished Stocks* (50.4) and *New Orders* (50.3). *Production* (50.1) managed to keep its head above water, but *Employment* (47.5) was the primary reason for the September PMI result not being able to advance to expansion".

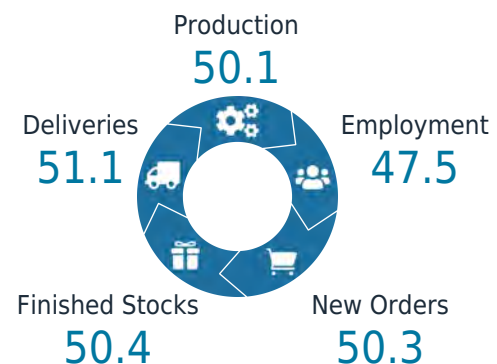
The proportion of negative comments from respondents stood at 60.2% in September, compared with 58.1% in August and 58.6% in July. Manufacturers continue to report soft demand, with many noting lower order volumes, cautious customer spending, and ongoing uncertainty across domestic and export markets. Rising costs, weak confidence, and competitive pressures are squeezing margins, leaving many manufacturers in a holding pattern as they wait for clearer signs of recovery.

BNZ's Senior Economist Doug Steel said that "the lack of improvement in the PMI risks a slower recovery than we have penciled in. Improvement is needed to be consistent with the pace of growth we forecast for the second half of this year".

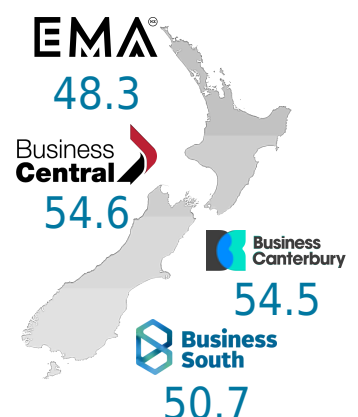


Catherine Beard
Director, Advocacy
BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Manufacturing Snapshot

More of the same

The Performance of Manufacturing Index (PMI) held steady at 49.9 in September. It is a familiar story, with the manufacturing sector struggling for momentum.

[Read more](#)

PMI, QSO mixed

Looking under the hood, movements in the PMI subindexes were mixed. The PMI production index bounced up from 47.0 to 50.1 in September.

[Read more](#)

Variable employment picture

The PMI employment index was the laggard and fell from 49.1 to 47.5 in September. It is yet another reminder that the labour market will lag the broader economic recovery.

[Read more](#)

Lower interest rates helpful

On Wednesday, the Reserve Bank of New Zealand (RBNZ) cut the Official Cash Rate by 50bps to 2.50%. We expect one final 25bp cut in November which would take the OCR to a low of 2.25%.

[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

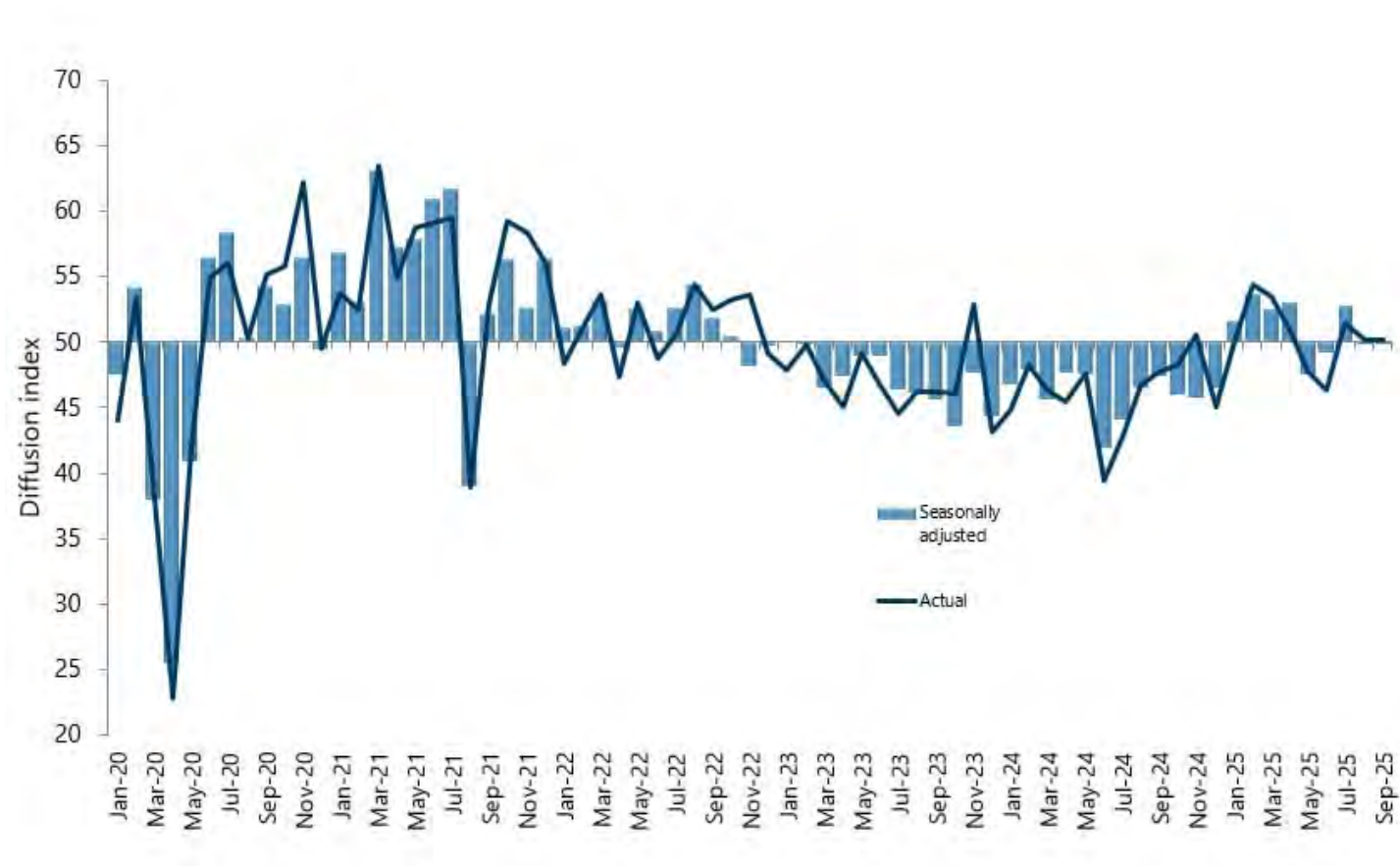
The results are seasonally adjusted.

National Indices	Sep 2024	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025
BNZ - BusinessNZ PMI	47.4	47.5	49.2	52.8	49.9	49.9
Production	47.2	48.0	49.0	53.6	47.8	50.1
Employment	47.6	45.4	47.9	49.9	49.1	47.5
New Orders	48.6	45.8	51.9	54.3	54.7	50.3
Finished Stocks	46.8	50.5	46.7	51.5	47.2	50.4
Deliveries	46.5	48.7	48.1	52.2	50.7	51.1

VIEW THE TIME SERIES DATA

BNZ - BusinessNZ PMI Time Series

January 2020 - September 2025

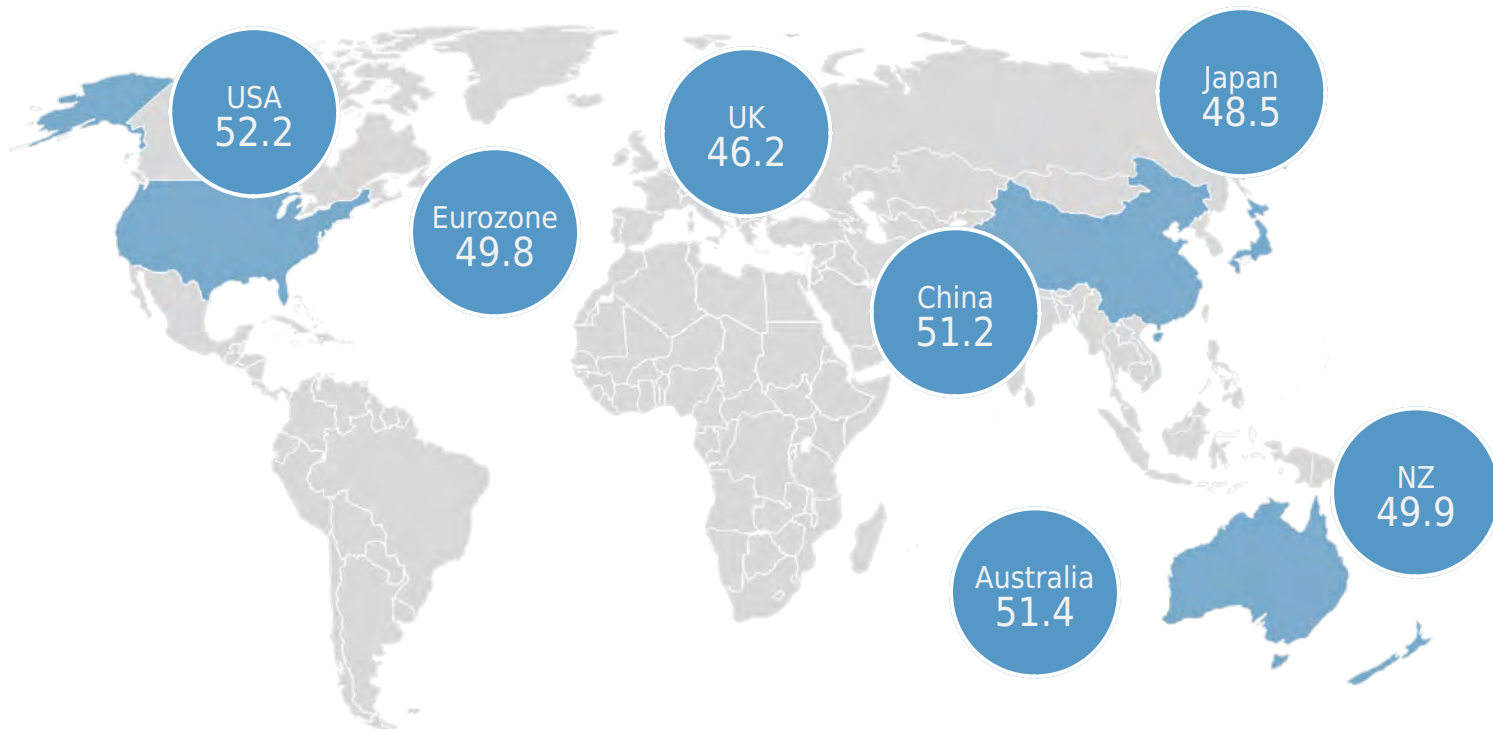


International Results

J.P. Morgan Global Manufacturing PMI™

01 Oct 2025

50.8



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.

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



Research

Manufacturing Snapshot

10 October 2025

More of the same

The Performance of Manufacturing Index (PMI) held steady at 49.9 in September. It is a familiar story, with the manufacturing sector struggling for momentum. Indeed, the PMI's average in Q3 (50.9) was only marginally higher than in Q2 (49.9). Our forecasts include a solid bounce back in Q3 manufacturing activity, mainly for idiosyncratic reasons. More fundamentally, the lack of improvement in the PMI risks a slower recovery than we have pencilled in. Improvement is needed to be consistent with the pace of growth we forecast for the second half of this year.

PMI, QSBO mixed

Looking under the hood, movements in the PMI sub-indexes were mixed. The PMI production index bounced up from 47.0 to 50.1 in September. This was offset by the PMI new orders index, which fell from 54.7 to 50.3 and unwound its strength from last month. Four of the five PMI sub-indexes are within touching distance of the breakeven 50 mark. The latest Quarterly of Business Opinion (QSBO) had components suggesting the sector could be at a turning point. A net 31% of manufacturers (seasonally adjusted) reported lower output in the last three months, but a net 44% expect it to improve in the next three months. It is difficult to know what to make of the extreme gap between firm's report of the past and their expectations, but it is consistent with the idea that there will be some lift in activity.

Variable employment picture

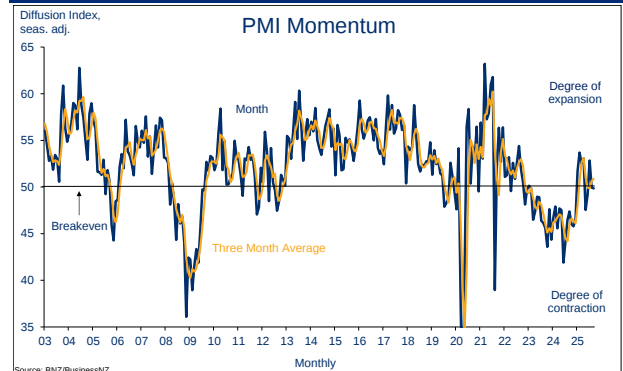
The PMI employment index was the laggard and fell from 49.1 to 47.5 in September. It is yet another reminder that the labour market will lag the broader economic recovery. Hiring intentions have been mixed in recent business surveys. In the QSBO, manufacturing was the weakest sector in this regard and consistent with further net labour shedding. The PMI agrees. However, manufacturing was the strongest sector in the ANZ Business Outlook survey and implies a decent lift in hiring ahead. That is a theme across a lot of indicators at present, difficult now with expectations of improvement ahead.

Lower interest rates helpful

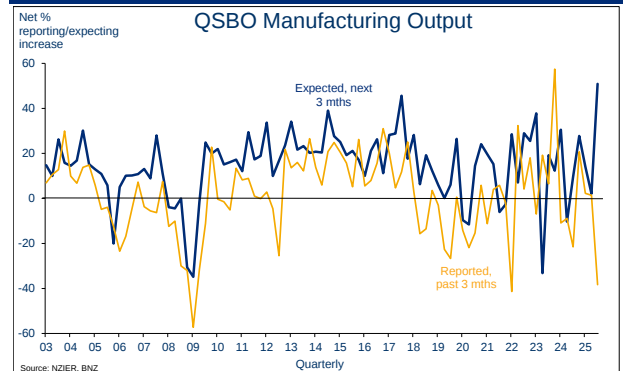
On Wednesday, the Reserve Bank of New Zealand (RBNZ) cut the Official Cash Rate by 50bps to 2.50%. We expect one final 25bp cut in November which would take the OCR to a low of 2.25%. Lower rates will help firm up NZ's economic recovery, which has been lacklustre to date. September's PMI, while well above the lows of last year, still fits into that category.

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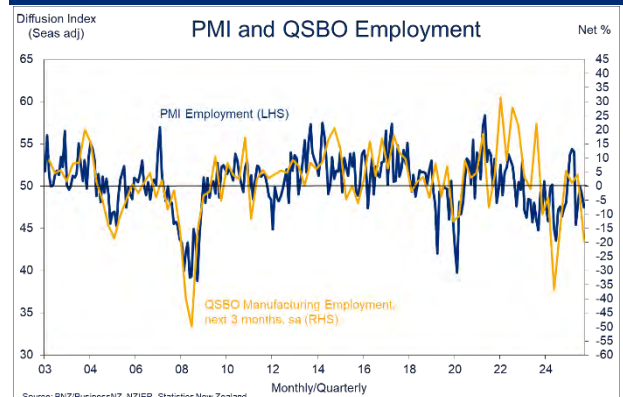
Around 50



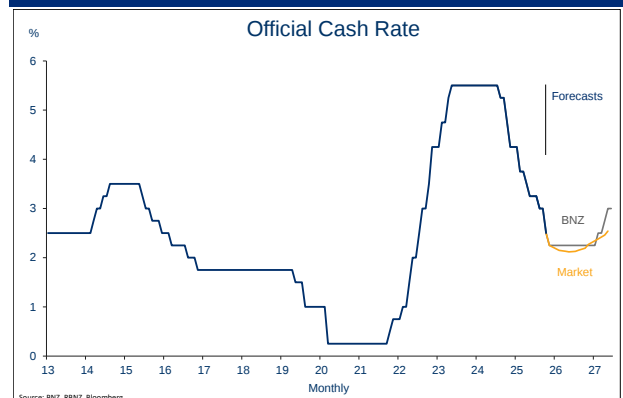
Diverging



Employment lagging



Approaching the end



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