

# BNZ - BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

bnz

BusinessNZ  
GROWING PROSPERITY AND POTENTIAL

57.5

September Value

-0.4

Monthly Change

expanding

Slower rate

## Solid September

13 October 2017

Activity in New Zealand's manufacturing sector during September was largely unchanged from the previous month, according to the BNZ - BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for September was 57.5 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 0.4 points lower than August, but continued to display very healthy levels of expansion. Overall, the sector has remained in expansion in all months since October 2012.

BusinessNZ's executive director for manufacturing Catherine Beard said despite some uncertainty in the market, the sector has continued on with business as usual.

"It was encouraging to see the proportion of positive comments increase further to 69.5%, compared with 65% in August. In terms of specific comments, a clear proportion of negative comments continued to mention general uncertainty around the election. Positive comments were varied, but a number mentioned increased orders and sales both domestically and offshore".

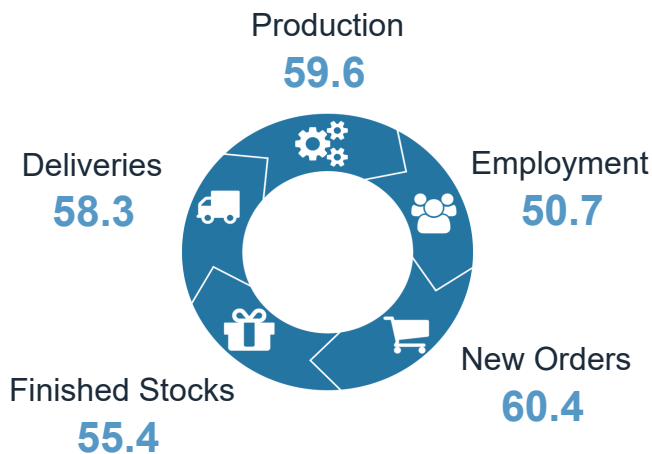
BNZ Senior Economist, Craig Ebert, said that "the manufacturing industry would seem to be forging ahead quite nicely. This was definitely the message in the PMI's production index for September, while the tone from its new orders index remained relatively upbeat too".



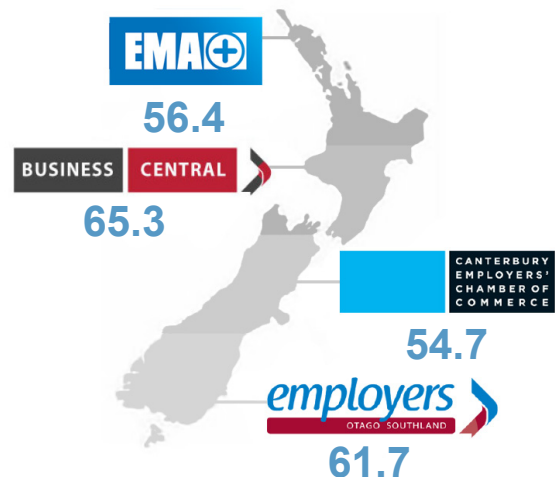
**Catherine Beard**  
Executive Director  
ManufacturingNZ

[View PMI Time Series Data](#)

## Main Indices



## Regional Results



## Manufacturing Snapshot



### The PMI

September's Performance of Manufacturing Index (PMI) proved to be about as strong as it was in August. Index wise, it was 57.5 versus 57.9, seasonally adjusted.

[Read more](#) →

### Activity/Sales

Even so, the manufacturing industry would seem to be forging ahead quite nicely. This was definitely the message in the PMI's production index for September, with its seasonally adjusted result of 59.6.

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### Employment

Not every aspect of September's PMI was expansive, however. In fact, its employment index fizzled out to 50.7, having been running nicely about the 56.0 mark in July and August.

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### Capacity

The other reason we can imagine manufacturers are still out there hunting for staff is the fact that they are reporting increased difficulty in finding them. This is particularly the case for skilled staff (as it is for the economy at large).

[Read more](#) →



Craig Ebert  
Senior Economist

[View full BNZ Manufacturing Snapshot](#)

# PMI Time Series Table

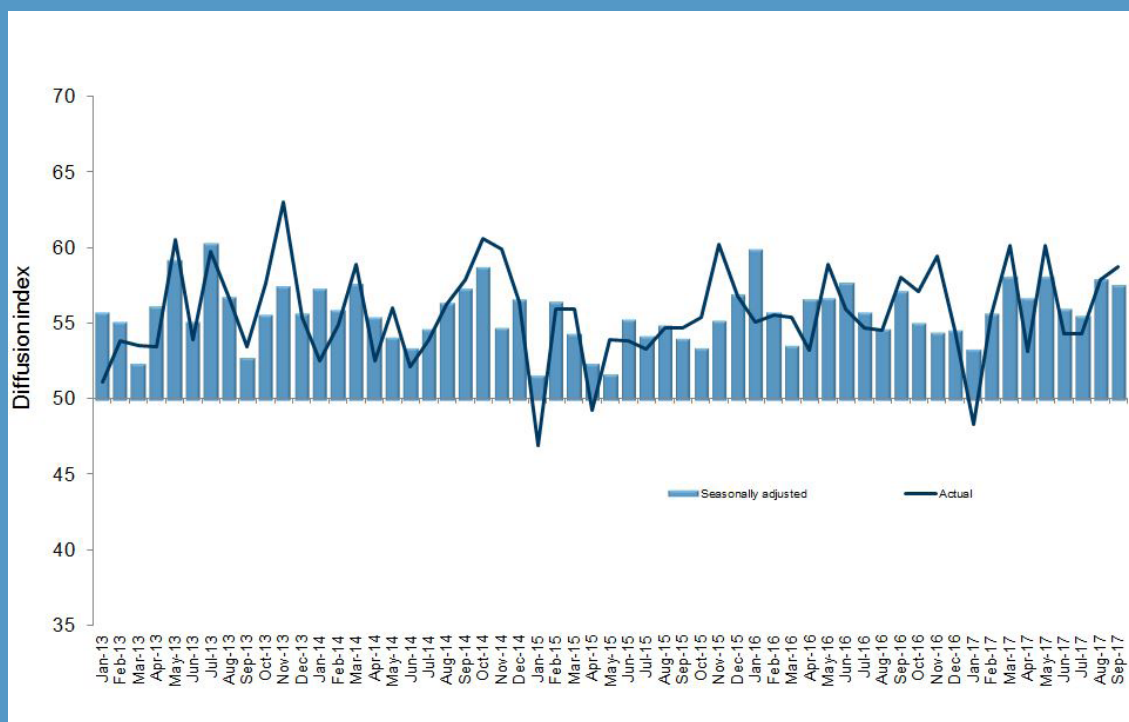
Results are seasonally adjusted

National Indices	Sep 2016	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017
BNZ - BusinessNZ PMI	57.2	58.1	56.0	55.6	57.9	57.5
Production	60.6	59.4	57.7	56.7	60.4	59.6
Employment	50.9	55.4	49.0	56.3	56.5	50.7
New Orders	59.3	60.3	58.2	55.8	59.0	60.4
Finished Stocks	54.7	55.0	53.9	55.9	52.9	55.4
Deliveries	56.7	58.1	56.9	56.5	56.1	58.3

[View PMI Time Series Data](#)

## BNZ - BusinessNZ PMI Time Series

January 2013- September 2017

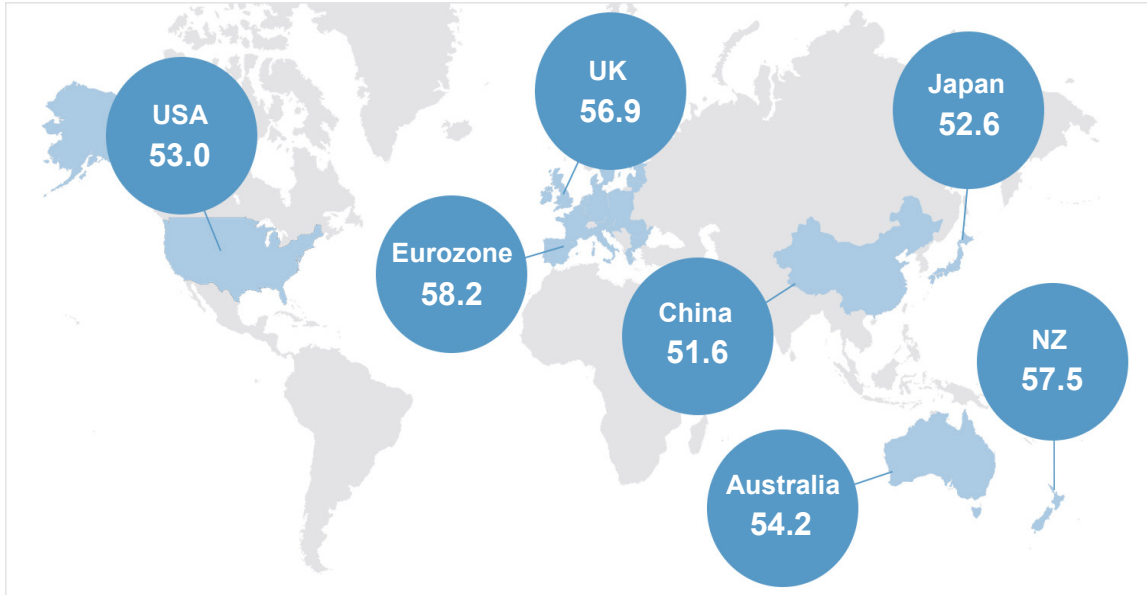


# International Results

J.P. Morgan Global Manufacturing PMI™

2 October 2017

## 53.2



## 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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13 October 2017

## The PMI

September's Performance of Manufacturing Index (PMI) proved to be about as strong as it was in August. Index wise, it was 57.5 versus 57.9, seasonally adjusted. Aside from remaining comfortably above its long-term average (of 53.4), this was a particularly encouraging result considering the proximity of the 23 September general election. Note: while respondents submitted their views in early October, it was in regards to how things were going through the course of September. Of the (minority) of respondents citing the major factor on their business as being a negative one, around a quarter of these referenced the election. So it wasn't a non-issue, as such.

## Activity/Sales

Even so, the manufacturing industry would seem to be forging ahead quite nicely. This was definitely the message in the PMI's production index for September, with its seasonally adjusted result of 59.6. The tone from its new orders index remained relatively upbeat too, with 60.4. These elements corroborated areas of strength in the 3 October NZIER Quarterly Survey of Business Opinion (QSBO). In this, manufacturers indicated solid expansion in production and orders, especially when looking ahead. And with respect to output, expectations of domestic sales had overtaken those for exports. Note: QSBO responses occurred prior to September's election.

## Employment

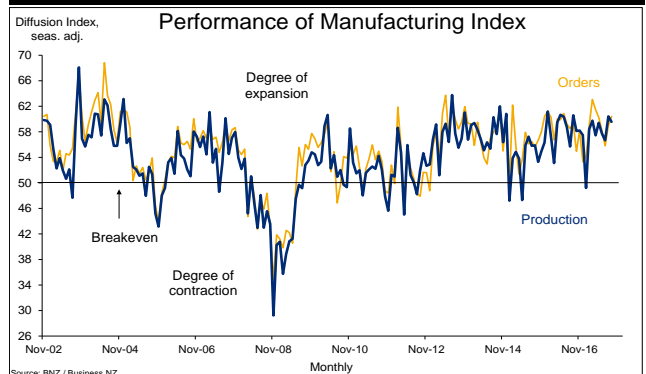
Not every aspect of September's PMI was expansive, however. In fact, its employment index fizzled out to 50.7, having been running nicely about the 56.0 mark in July and August. It's tempting to see this as manufacturers pushing pause on their hiring, as they await news on the form of the next NZ government. However, we note that the PMI jobs index has been bouncing around viciously for the last 6 months or more, but with a reasonably positive average. And as a timely cross-check we note the QSBO view on manufacturing employment remained relatively upbeat. This was as true for reports on hiring for the last 3 months as it was regards the coming 3 months.

## Capacity

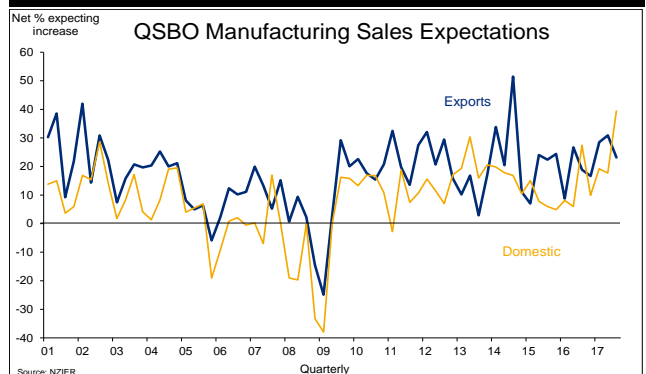
The other reason we can imagine manufacturers are still out there hunting for staff is the fact that they are reporting increased difficulty in finding them. This is particularly the case for skilled staff (as it is for the economy at large). Yet in relation to physical capital, the latest QSBO suggested manufacturers were running less close to the wind. Its capacity utilisation measure, CUBO, for manufacturers eased to 90.1%, from 91.7% in Q2 and 92.9% in Q1. Rather than signifying any pull-back in demand this could well reflect the consequence of the decent pick-up we've witnessed in business investment in plant, machinery and equipment over recent quarters.

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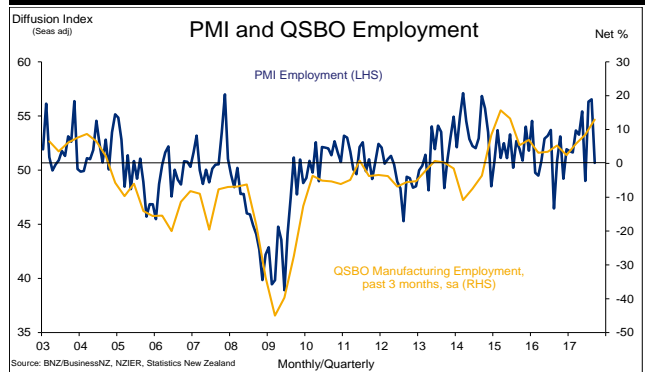
### Strong in Spite of Some Election Angst



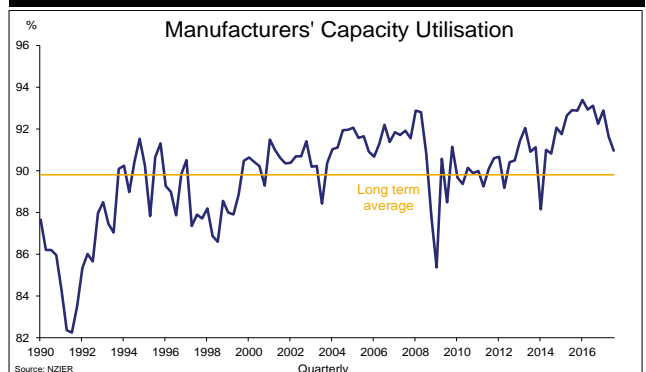
### A Local Uprising



### No Clear Sign of Election Pause in Hiring



### Back From The Brink (With The Aid Of Investment?)



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