



BNZ - BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

bnz

BusinessNZ
GROWING PROSPERITY AND POTENTIAL

51.4

September Value

+11.7

Monthly Change

expanding

Previously contracting

North vs South

15 October 2021

New Zealand's manufacturing sector saw an overall return to expansion for September, according to the latest BNZ - BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for September was 51.4 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 11.7 points higher than August, but still somewhat off levels of expansion typically seen pre-lockdown.

BusinessNZ's executive director for manufacturing Catherine Beard said that while the positive national result for September was encouraging, it masked a few underlying issues.



Catherine Beard
Executive Director
ManufacturingNZ

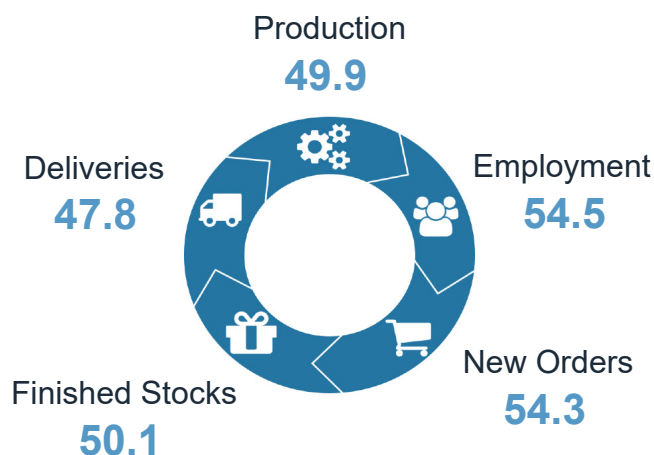
"Prior to the lockdown, the PMI averaged close to 60 since the start of 2021, which means expansion has some way to go before getting back to what was seen during the first half of the year. Also, there is currently a clear difference between the two islands with the North Island still in contraction, while the South Island has swiftly returned to levels of expansion seen pre-August."

"In addition, the proportion of negative comments from respondents remains high at 71%, although slightly down from the 78% recorded in August."

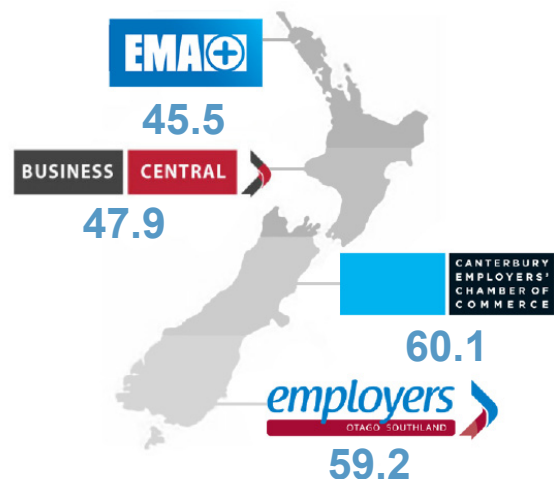
BNZ Senior Economist, Craig Ebert stated that "the rebound the PMI experienced in September was encouraging, although the survey is not without some still-frayed parts. Credit where it's due though, as the NZ PMI traced much less of a contraction, and quicker stabilisation, compared to what it went through during the initial outbreak of COVID-19."

[View PMI Time Series Data](#)

Main Indices



Regional Results



Manufacturing Snapshot



PMI

The Performance of Manufacturing Index (PMI) rebounded to an expansive 51.4 in September, from the 39.7 level it dipped to in August. Generally speaking, that's encouraging – although the survey is not without some still-frayed parts.

[Read more](#) →

Diverse dynamics

Still, not all in the latest PMI was positive. To be sure, new orders were almost back to “normal” with a reading of 54.3 in September. And the employment index remained well above its long-term average of 50.6, with a 54.4.

[Read more](#) →



Craig Ebert
Senior Economist

North versus South

The other reason to be a little guarded about the PMI's latest index reading is that the clear majority of respondents' comments this month had a negative skew. These were, unsurprisingly, dominated by references to the COVIDwrought lockdowns, with Auckland's situation lamented by firms right across the country.

[Read more](#) →

QSBO comparison

As for last week's NZIER Quarterly Survey of Business Opinion (QSBO), this showed a relatively resilient tone amongst manufacturers. Production was expanding, and expectations around exports were upbeat.

[Read more](#) →

[View full BNZ Manufacturing Snapshot](#)

PMI Time Series Table

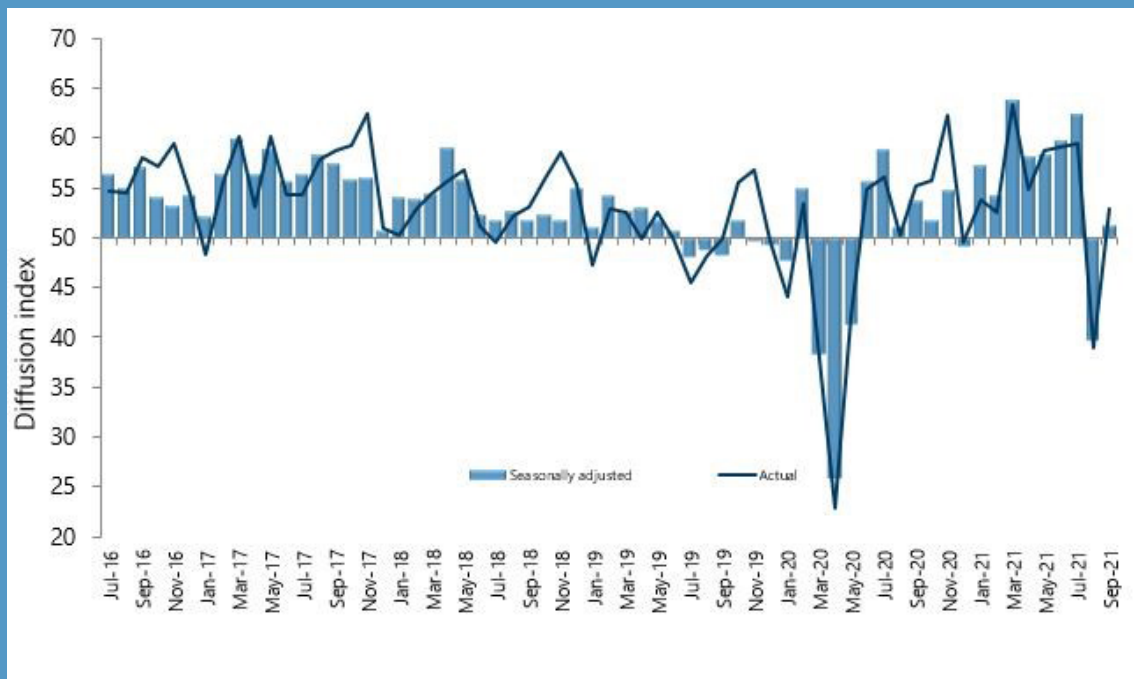
Results are seasonally adjusted

National Indices	Sep 2020	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
BNZ - BusinessNZ PMI	53.7	58.3	59.8	62.4	39.7	51.4
Production	56.6	64.6	62.7	63.9	27.2	49.9
Employment	51.4	52.4	56.4	57.7	54.3	54.5
New Orders	57.3	63.5	62.7	63.2	44.1	54.3
Finished Stocks	50.1	53.1	56.9	56.4	45.9	50.1
Deliveries	50.2	53.6	54.2	56.1	33.1	47.8

[View PMI Time Series Data](#)

BNZ - BusinessNZ PMI Time Series

July 2016 - September 2021

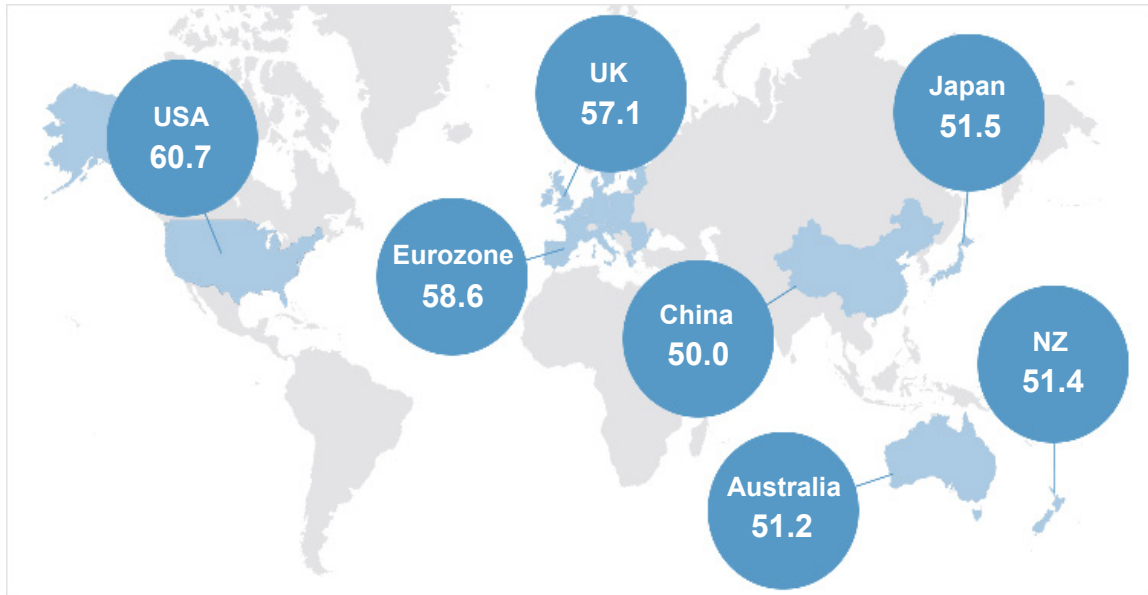


International Results

J.P. Morgan Global Manufacturing PMI™

1 October 2021

54.1



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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15 October 2021



PMI

The Performance of Manufacturing Index (PMI) rebounded to an expansive 51.4 in September, from the 39.7 level it dipped to in August. Generally speaking, that's encouraging – although the survey is not without some still-frayed parts. Credit where it's due though, the NZ PMI has just traced much less of a contraction, and quicker stabilisation, compared to what it went through during the initial outbreak of COVID-19. Back then the economy was similarly put in a level 4 restriction, late March 2020, and stepped its way back to a national level 2 by mid-May. The PMI plunged to 26.0 in April 2020, repaired to 41.3 during May and didn't regain positivity until its 55.7 in June.

Diverse dynamics

Still, not all in the latest PMI was positive. To be sure, new orders were almost back to “normal” with a reading of 54.3 in September. And the employment index remained well above its long-term average of 50.6, with a 54.4. That would have been a great help in pushing the overall PMI over the (50) line for September. The production index, however, at 49.9, was essentially flat, as was inventory, with its 50.1. Deliveries of raw materials, at 47.8, were still contracting, albeit not as rapidly as they were in August (33.1). By industry, Wood & Paper Products, and the miscellaneous “Other” category, stood out as weak spots with 45.4 and 38.1 respectively.

North versus South

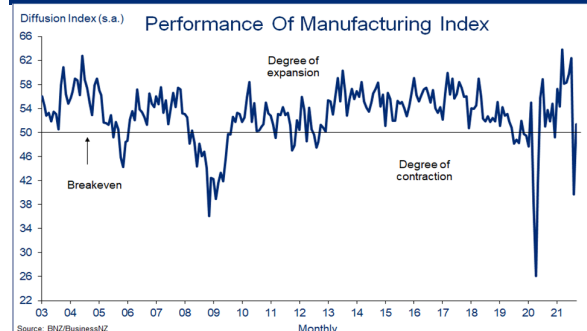
The other reason to be a little guarded about the PMI's latest index reading is that the clear majority of respondents' comments this month had a negative skew. These were, unsurprisingly, dominated by references to the COVID-wrought lockdowns, with Auckland's situation lamented by firms right across the country (with Australia's lockdowns also getting a mention as a drag). The slow release of Auckland from COVID-related restrictions, relative to the rest of the country, was echoed in the regional breakdown of the PMI. The Northern region (dominated by Auckland) registered the weakest index, at 45.5 (unadjusted), while the South Island's Canterbury and Otago were 60.1 and 59.2 respectively.

QSBO comparison

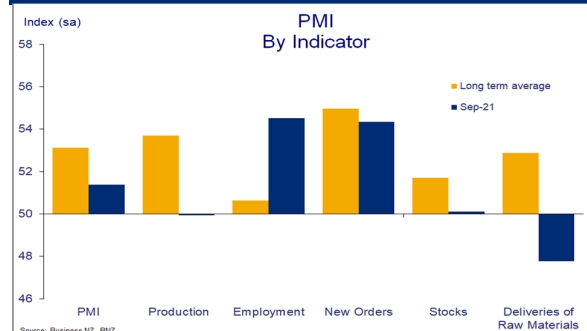
As for last week's NZIER Quarterly Survey of Business Opinion (QSBO), this showed a relatively resilient tone amongst manufacturers. Production was expanding, and expectations around exports were upbeat (perhaps hinged to trading-partner economies opening up). New orders were still coming through at a reasonable rate and overdue debtors were well under control. Investment intentions were more mixed but employment intentions were well above trend. The sticking point for QSBO manufacturers remained mostly around the supply side. Difficulty in finding staff was intense. And the capacity utilisation rate rose to 94.9% - a record high. All of this amid COVID-related restrictions.

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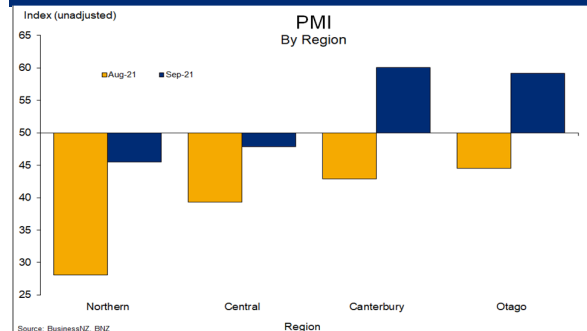
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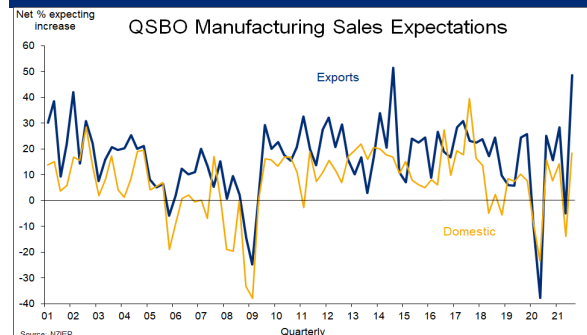
Unders and overs



Stronger going south



Positive



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