

BNZ - BUSINESSNZ PERFORMANCE OF SERVICE INDEX



45.9

January Value

-3.9

Monthly Change

contracting

Faster rate

Constant contraction

14 February 2022

Activity levels in New Zealand's services sector saw increased levels of contraction during the start of 2022, according to the BNZ - BusinessNZ Performance of Services Index (PSI).

The PSI for January was 45.9 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was down 3.9 points from December, and the lowest result since October 2021.

BusinessNZ chief executive Kirk Hope said that despite the last two months of 2021 steadily building towards the no change mark of 50.0, the January result puts the sector squarely back in contraction that has now been the case for six consecutive months. Such a time series of contraction last occurred in 2008 at the height of the Global Financial Crisis.



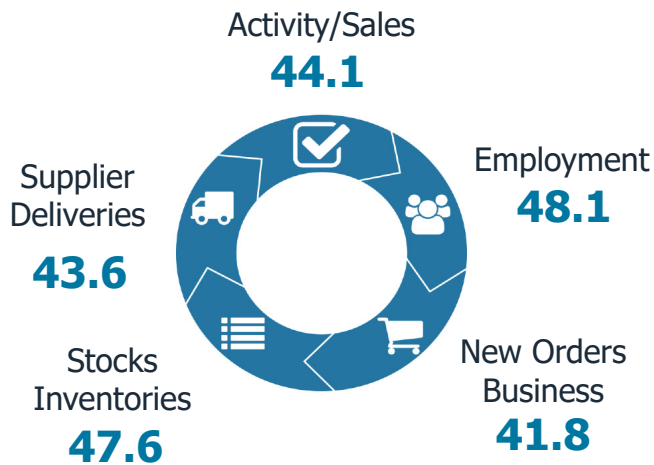
Kirk Hope
Chief Executive
BusinessNZ

"The key sub-indexes of New Orders/Business (41.8) and Activity/Sales (44.1) both experienced a significant drop in activity levels, while Employment (48.1) was at its lowest point since January 2021."

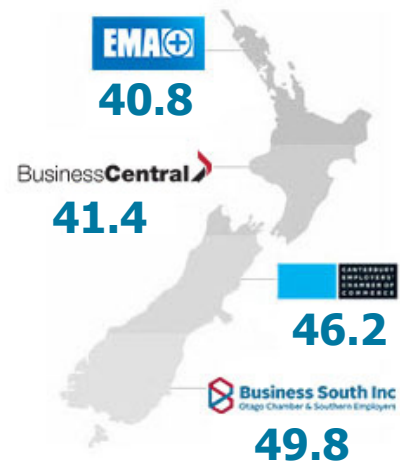
BNZ Senior Economist Craig Ebert said that "the PSI can jag around quite a lot from month to month – upwards and downwards. However, it's also worth pointing out that the long-term average of the PSI is 53.6, which is starting to feel some distance away. So much for the new traffic light system releasing the brakes on activity."

[View PSI Time Series Data](#)

Main Indices



Regional Results



Services Landscape



The PSI

New Zealand's Performance of Services Index (PSI) is not looking all that encouraging. Instead of following through on its trend clawback of recent months, it slipped a big cog in January, to 45.9.

[Read more](#) →

Principal components

It wasn't just the overall PSI that was below average in January. This was true of all its main sub-indices too. To be fair, the Employment index, at 48.1, wasn't all that much south of its norm of 51.4.

[Read more](#) →

Industrial detail

While the industry detail was mixed, it was clear which one was suffering by far the most. This was Accommodation, Cafes & Restaurants, whose index crashed to 17.9.

[Read more](#) →

Other lenses

In trying to fathom why the PSI is struggling as much as it is, the recent theme of smaller firms suffering more than larger firms has been reinforced by January's results.

[Read more](#) →



Craig Ebert
Senior Economist

[View full BNZ Services Landscape](#)

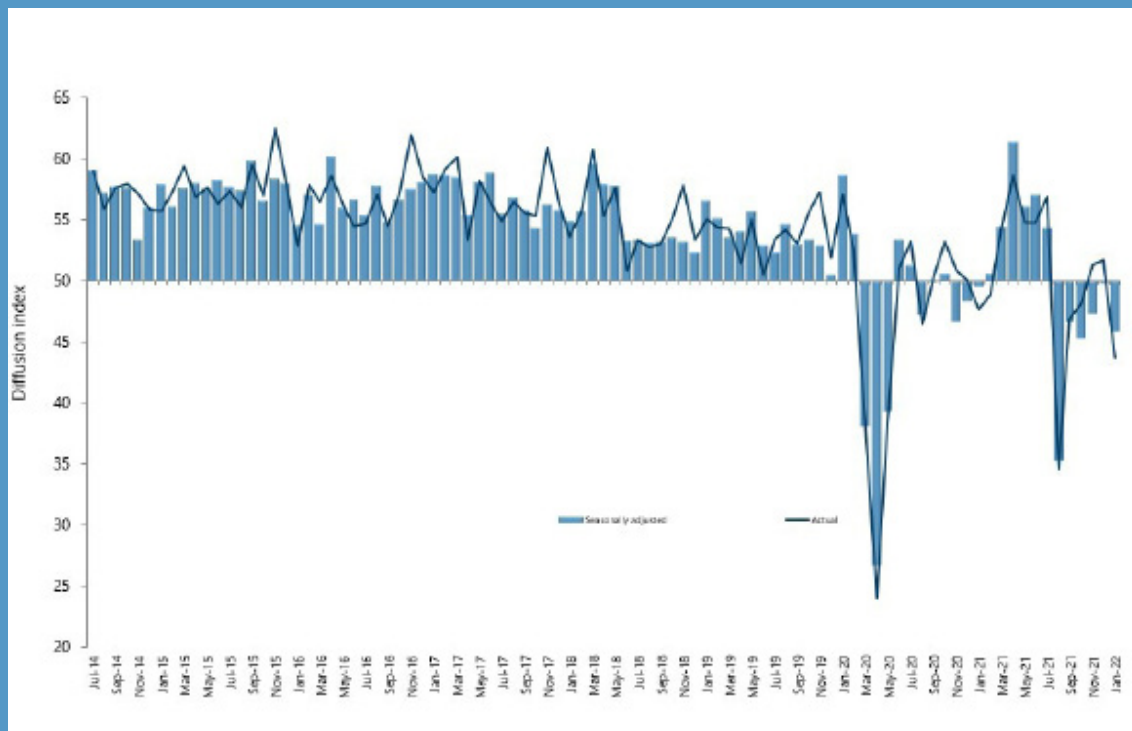
PSI Time Series Table

Results are seasonally adjusted

National Indices	Jan 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022
BNZ - BusinessNZ PSI	49.6	46.6	45.3	47.3	49.8	45.9
Activity/Sales	48.5	43.4	44.8	46.5	50.7	44.1
Employment	46.0	51.4	50.1	50.4	49.1	48.1
New Orders/Business	55.5	47.7	47.5	53.3	52.0	41.8
Stocks/Inventories	50.0	50.6	46.2	47.1	51.0	47.6
Supplier Deliveries	41.2	41.4	37.0	37.9	49.8	43.6

BNZ - BusinessNZ PSI Time Series

July 2014 - January 2022

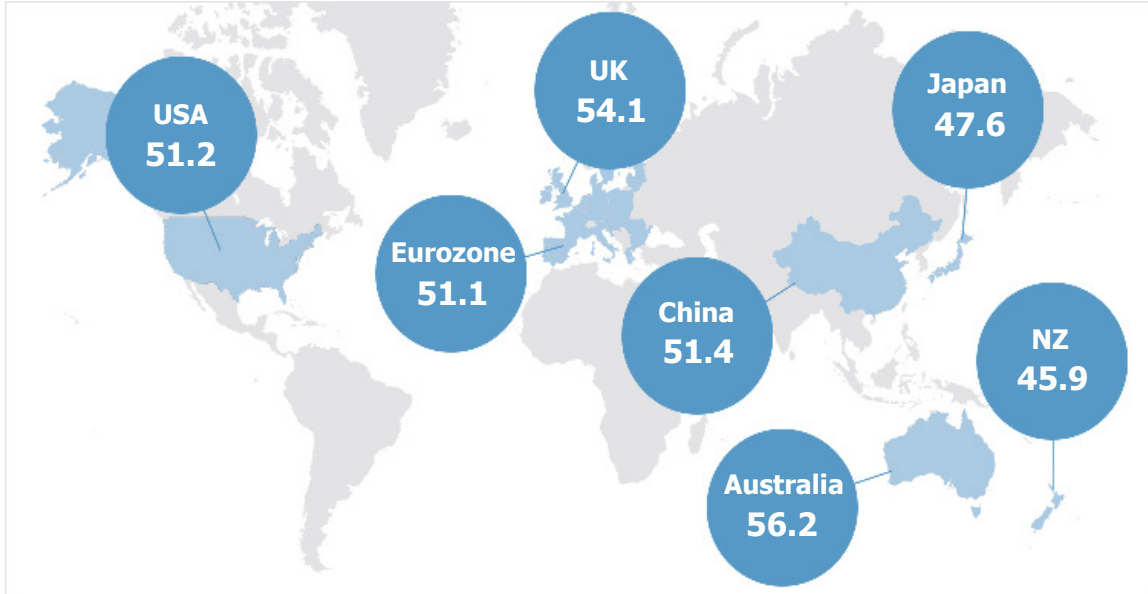


International Results

J.P. Morgan Global Manufacturing PSI™

6 January 2022

54.6



BNZ - BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX



46.7

GDP-Weighted Index

47.4

Free-Weighted Index

The seasonally adjusted BNZ - BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) saw the two options for measuring the January PCI both return to contraction.

The January GDP-Weighted Index (46.7) decreased 3.8 points from December, while the Free-Weighted Index (47.4) fell 5.3 points.

PCI Time Series Table

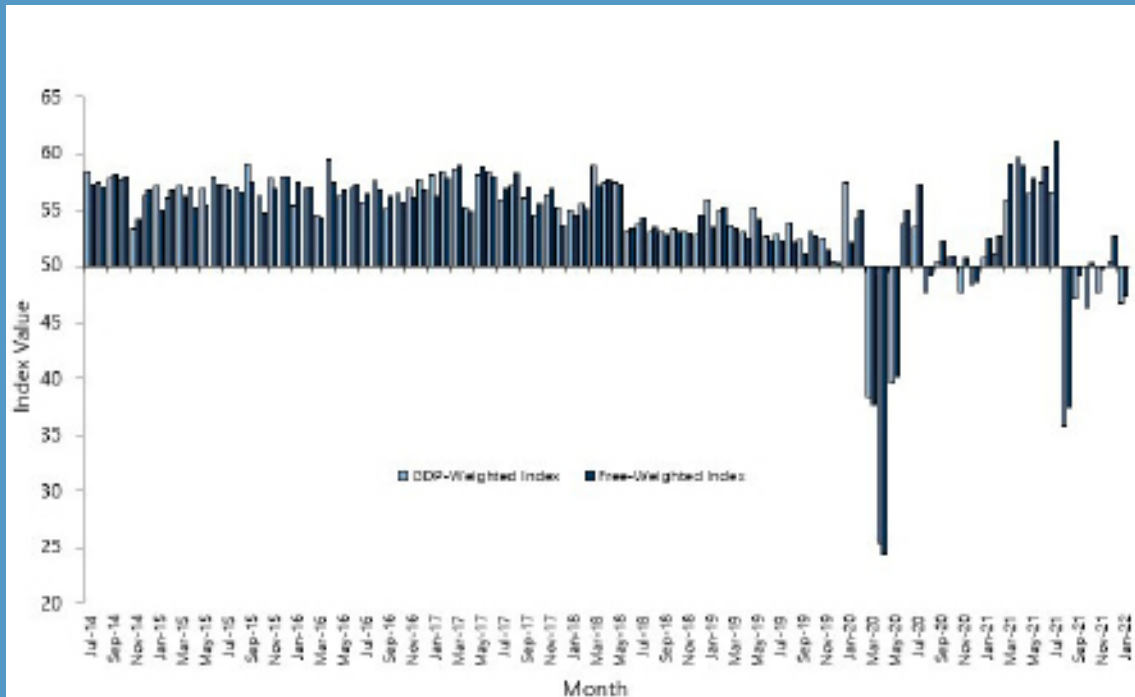
Results are seasonally adjusted

National Indices	Jan 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022
GDP-Weighted	50.7	47.1	46.3	47.7	50.5	46.7
Free-Weighted	52.4	49.1	50.3	49.8	52.7	47.4

[View PCI Time Series Data](#)

BNZ - BusinessNZ PCI Time Series

July 2014 - January 2022



Our Contributors

The BNZ - BusinessNZ Performance of Services Index contains data obtained through BusinessNZ's regional organisations and Hospitality NZ.



Sponsor Statement

BNZ is delighted to be associated with the Performance of Services Index (PSI) 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 service sector.



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About the PSI

The BNZ - BusinessNZ Performance of Services Index is a monthly survey of the service sector providing an early indicator of activity levels.

A PSI reading above 50 points indicates service activity is expanding; below 50 indicates it is contracting.

The main PSI and sub-index results are seasonally adjusted.

 www.businessnz.org.nz/psi

About the PCI

The BNZ - BusinessNZ Performance of Composite Index (PCI) takes into account results from both the Performance of Manufacturing Index (PMI) and the Performance of Services Index (PSI). Combined results are shown in two ways:

GDP-Weighted Index: Apportions the weight of the manufacturing and services index within the economy to produce an overall result.

Free-Weighted Index: Combines data from both indexes to produce an overall result.

Both time series for the PCI are then seasonally adjusted.

14 February 2022



The PSI

New Zealand's Performance of Services Index (PSI) is not looking all that encouraging. Instead of following through on its trend clawback of recent months, it slipped a big cog in January, to 45.9. This was from December's result of 49.8, which had only barely reclaimed a sense of stability, after a run of contractionary outcomes post Delta's dawn in August. Of course, the PSI can jag around quite a lot from month to month – upwards and downwards. However, it's also worth pointing out that the long-term average of the PSI is 53.6, which is starting to feel some distance away. So much for the new traffic light system releasing the brakes on activity.

Principal components

It wasn't just the overall PSI that was below average in January. This was true of all its main sub-indices too. To be fair, the Employment index, at 48.1, wasn't all that much south of its norm of 51.4. We could say the same thing about Inventory (47.6), at a pinch. More of a concern was that Activity/Sales slumped to 44.1 in January – 10.6 points below average – from 50.7 in December. The most disturbing principal component of January's PSI, however, was New Orders/Business. This tanked to 41.8, when its trend is 57.5. That's a bad look around bookings.

Industry detail

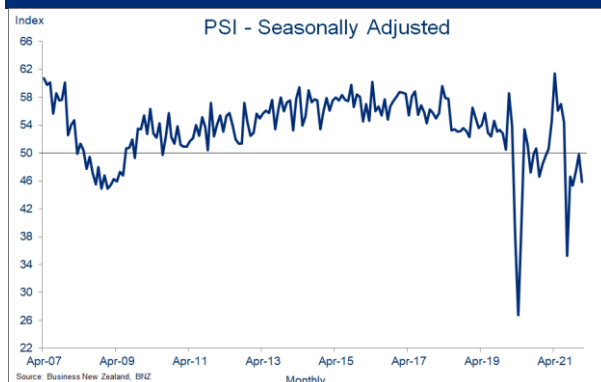
While the industry detail was mixed, it was clear which one was suffering by far the most. This was Accommodation, Cafes & Restaurants, whose index crashed to 17.9. This was not just weaker than December's already-poor print of 30.0 but matched the depths it got to as the country went into full lockdown back in April 2020. That's a sobering comparison. The consolation was that Cultural, Recreation & Personal held up at 52.5, which might surprise some in its sanguinity. Unsurprisingly, Health & Community was the most positive – relatively speaking – at 56.3. Retail was so-so, at an unadjusted 48.3 (in the context of electronic card transaction values expanding 2.1% in January, 4.3% y/y).

Other lenses

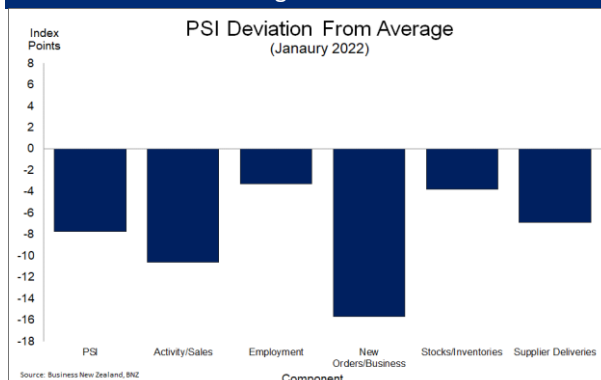
In trying to fathom why the PSI is struggling as much as it is, the recent theme of smaller firms suffering more than larger firms has been reinforced by January's results. SME's registered 39.1 while the biggest of businesses (based on staffing size) recorded a reasonable 55.4. By region, Northern (which includes Auckland) continued to drag the chain, with an unadjusted reading of 40.8. Otago/Southland was the best of the four main zones, although at 49.8 in January was hardly encouraging.

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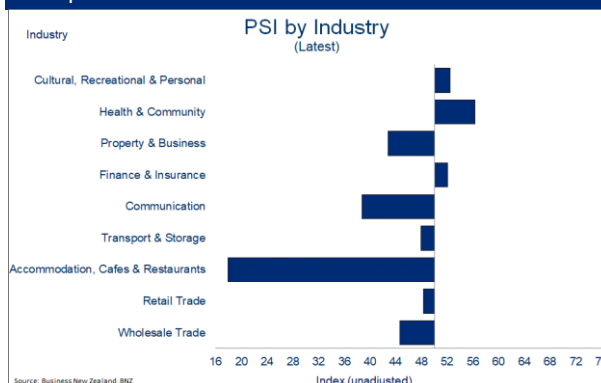
A Wobble Back into Contraction



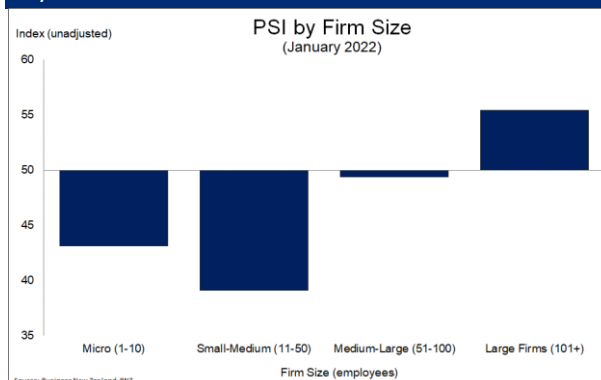
A Forward Sense of Going Backwards



Inhospitable



Pity the Petite



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