

BNZ - BUSINESSNZ PERFORMANCE OF SERVICE INDEX



59.0

March Value

+0.3

Monthly Change

expanding

Faster rate

Stepping up

19 April 2017

New Zealand's services sector continued to show increased expansion during March, according to the BNZ - BusinessNZ Performance of Services Index (PSI).

The PSI for March was 59.0. This was 0.3 points higher than February, and the second highest level of expansion over the last 18 months (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining).

BusinessNZ chief executive Kirk Hope said that the strong result shown for the new orders/business sub-index contributed towards the higher March figure.

"New orders/business (66.4) were at its highest level since June 2007, which should feed through to activity/sales in the months ahead. Combined with 65.6% of respondents providing positive comments, the sector is currently in a solid and positive place".

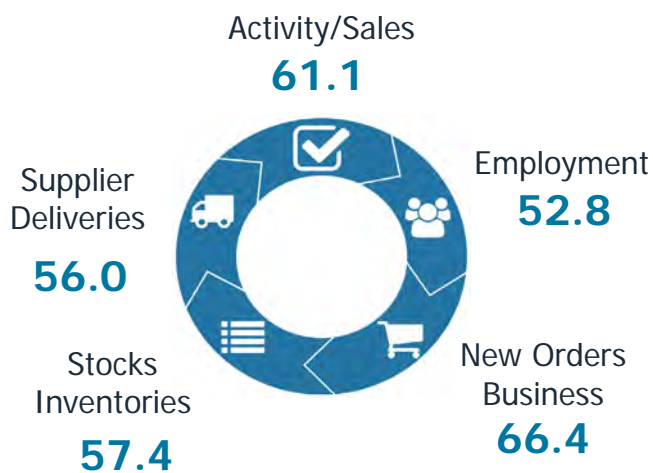
BNZ Senior Economist Doug Steel said that "the PSI has been a bit like a stuck record, set on high volume. In fact, the volume dial is even getting tweaked up a bit more".



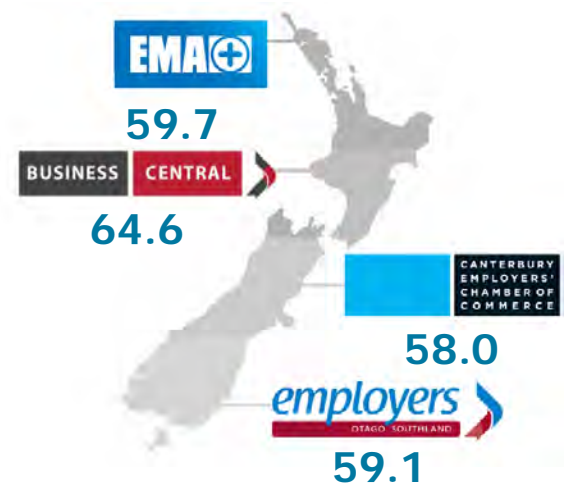
Kirk Hope
Chief Executive
BusinessNZ

[View PSI Time Series Data](#)

Main Indices



Regional Results



Services Landscape



Stuck Strong

New Zealand's Performance of Services Index (PSI) has been persistently strong over the past few months. It's been a bit like a stuck record, set on high volume. In fact, the volume dial is even getting tweaked up a bit more.

[Read more](#) →

Difficult Finding Help

Interestingly, employment was one of the relatively weaker components of the PSI. We say 'relatively' because, at 52.8, it still implies reasonable employment growth.

[Read more](#) →

Spending Up

The unadjusted PSI for retail trade punched up to 63.0 in March, well above its average for this time of year. Electronic card transaction data supports the buoyant demand story.

[Read more](#) →

Housing

The 8,504 house sales in March were 10.7% down on a year earlier. No surprise then to see spending on durable goods as one of the weaker categories in the electronic transactions data over the past year.

[Read more](#) →



Doug Steel
Senior Economist

[View full BNZ Services Landscape](#)

PSI Time Series Table

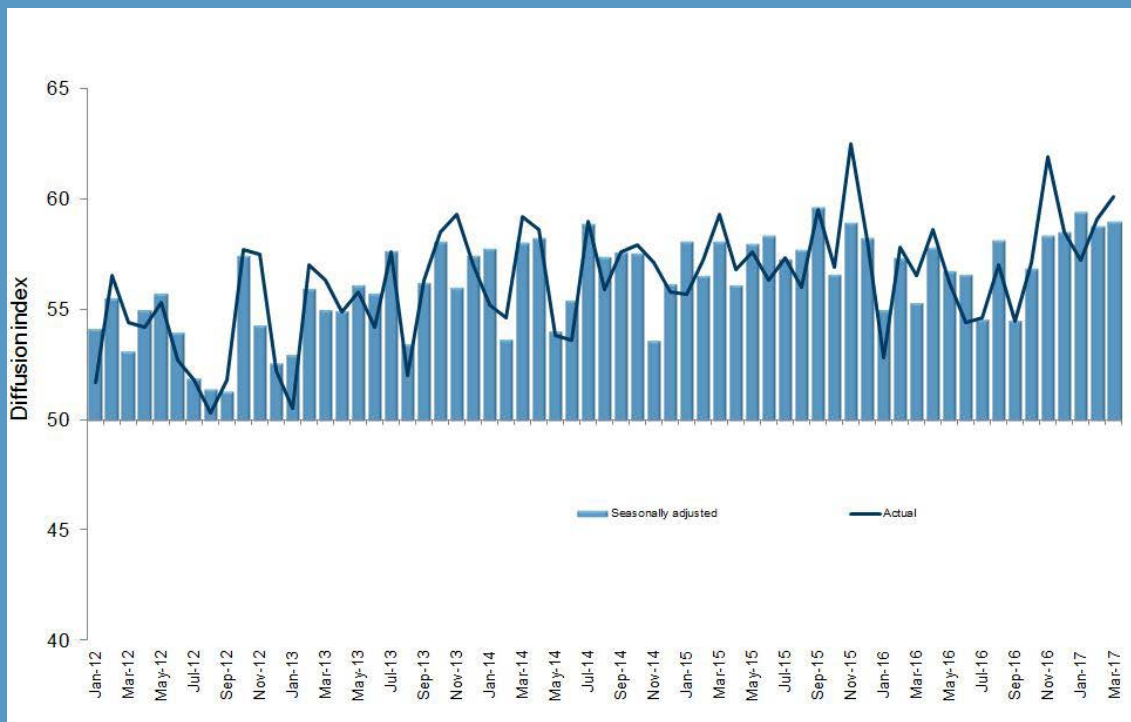
Results are seasonally adjusted

National Indices	Mar 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017
BNZ - BusinessNZ PSI	55.3	58.4	58.5	59.4	58.7	59.0
Activity/Sales	59.8	64.6	63.2	60.6	60.6	61.1
Employment	53.4	52.3	54.4	53.3	54.7	52.8
New Orders/Business	57.1	62.2	61.3	64.2	62.0	66.4
Stocks/Inventories	52.4	52.5	53.3	57.5	57.7	57.4
Supplier Deliveries	52.2	56.4	57.0	57.0	58.6	56.0

[View PSI Time Series Data](#)

BNZ - BusinessNZ PSI Time Series

January 2012 - March 2017

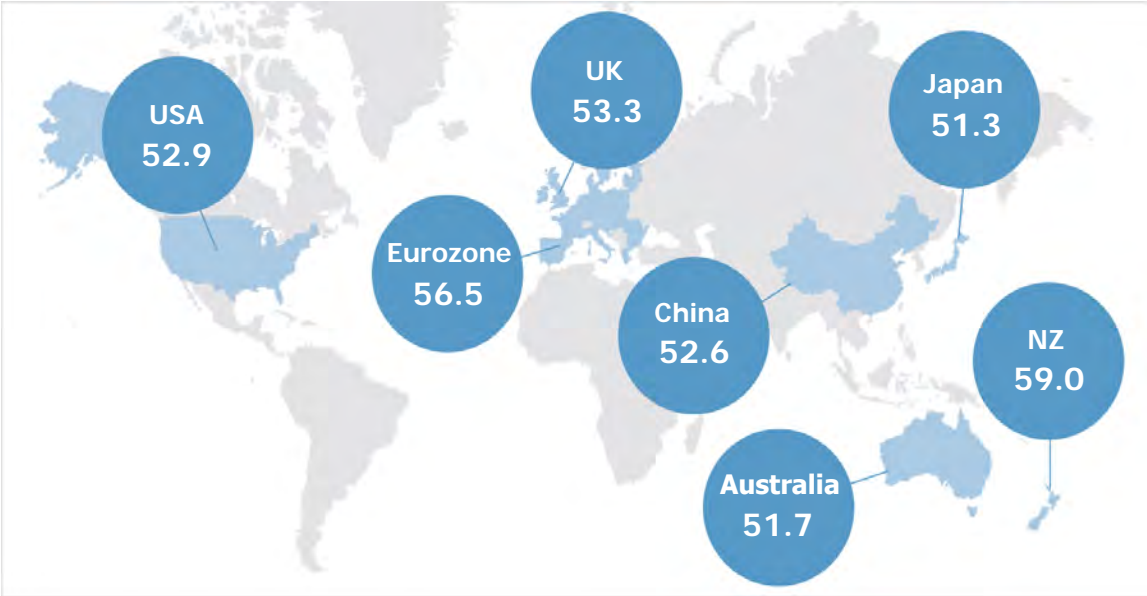


International Results

J.P. Morgan Global Manufacturing PMI™

5 April 2017

53.6



BNZ - BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX



59.0

GDP-Weighted Index

58.7

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 PCI both increase in March.

The March GDP-Weighted Index (59.0) increased 0.8 points from February, while the Free-Weighted Index (58.7) rose 1.1 points. The pick up in both indices was due to a combined lift in activity across both the manufacturing and services sectors.

PCI Time Series Table

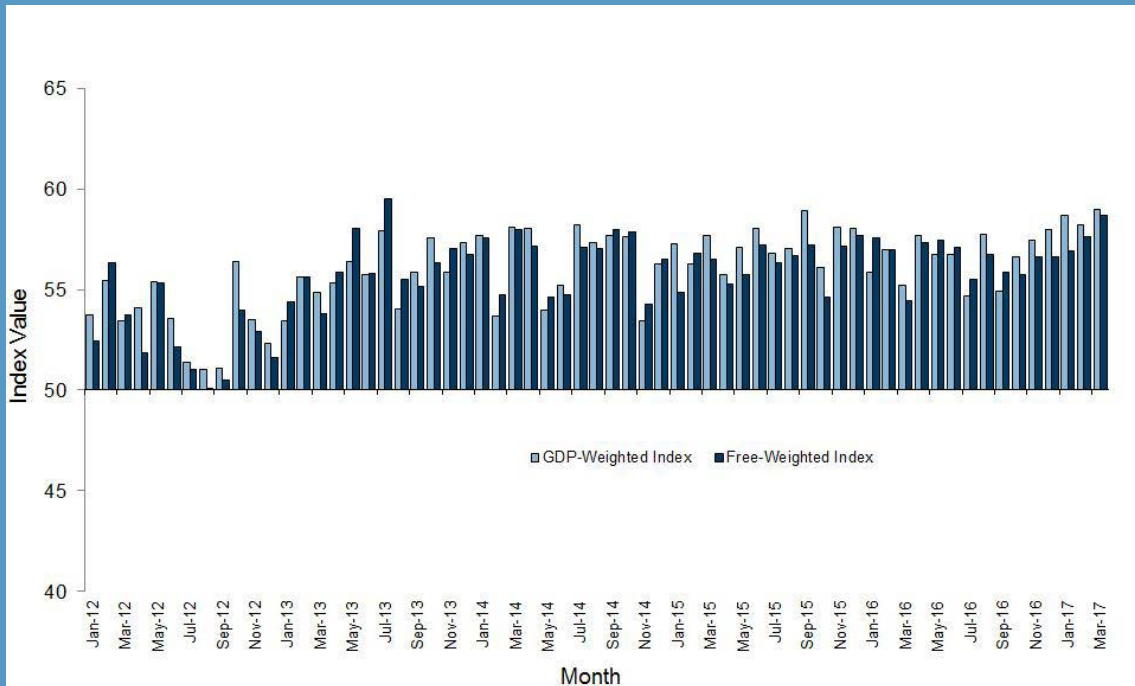
Results are seasonally adjusted

National Indices	Mar 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017
GDP-Weighted	55.2	57.5	58.0	58.7	58.2	59.0
Free-Weighted	54.5	56.6	56.6	56.9	57.6	58.7

[View PCI Time Series Data](#)

BNZ - BusinessNZ PCI Time Series

January 2012 - March 2017



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 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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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.

19 April 2017

Stuck Strong

New Zealand's Performance of Services Index (PSI) has been persistently strong over the past few months. It's been a bit like a stuck record, set on high volume. In fact, the volume dial is even getting tweaked up a bit more. March's 59.0 result was marginally higher than February and enough to pull the PSI 3-month average up to 59.0, its highest level since the first three months of the survey way back in 2007 (and hence since the Global Financial Crisis). Just like in its Performance of Manufacturing Index cousin, very strong new orders in the PSI stood out, even among a generally strong set of details. It bodes well for more sales ahead.

Difficult Finding Help

Interestingly, employment was one of the relatively weaker components of the PSI. We say 'relatively' because, at 52.8, it still implies reasonable employment growth. However, it is just not as strong as the likes of the activity/sales indicator at 61.1 or new orders at 66.4. Given the clear strength of demand implied by the latter two indicators, one has to wonder if relatively softer employment growth reflects a shortage of appropriate staff rather than a lack of demand for labour itself. That thinking certainly fits with the latest Quarterly Survey of Business Opinion that saw service sector firms report increasing difficulty finding staff. Indeed, on that measure, in the first quarter of the year, difficulty in finding unskilled staff has intensified to its highest level since 2007. No wonder capital investment intentions by service sector firms are positive and well above average.

Spending Up

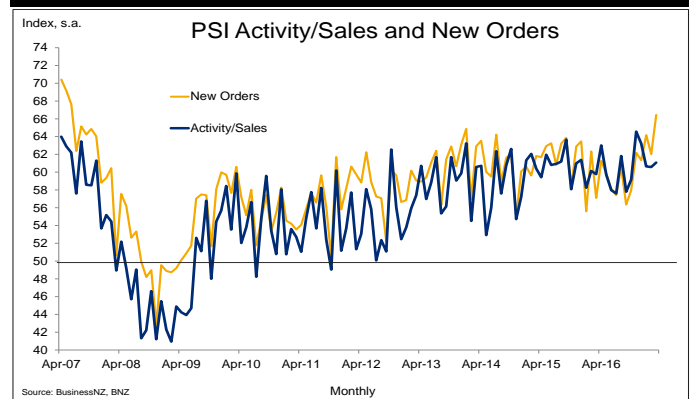
The unadjusted PSI for retail trade punched up to 63.0 in March, well above its average for this time of year. Electronic card transaction data supports the buoyant demand story. In March, the trend in the total value of transactions was 5.4% higher than a year earlier. This implies a solid expansion in retail sales volumes in the first quarter of the year although it is difficult to be confident as the dollar value of electronic transactions does not always translate into sales volumes and especially so when inflation is expected to pick up (as it is currently).

Housing

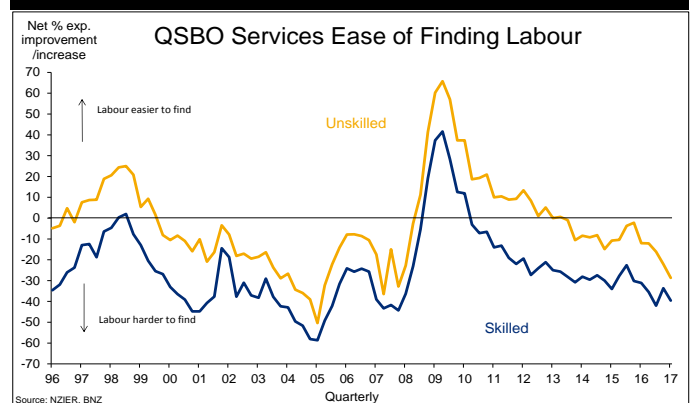
The 8,504 house sales in March were 10.7% down on a year earlier. No surprise then to see spending on durable goods as one of the weaker categories in the electronic transactions data over the past year. That said, the drop in house sales is a lesser annual fall than over recent months, indicative of a somewhat better month in March itself. In the PSI, finance and insurance as well as the property and business components sit well above average levels for this time of year.

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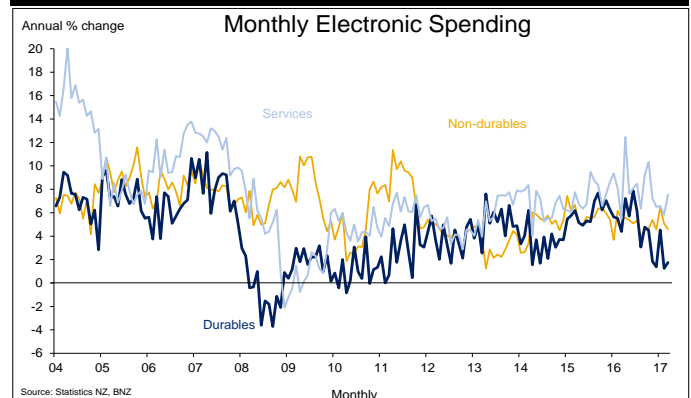
New Order Of Magnitude



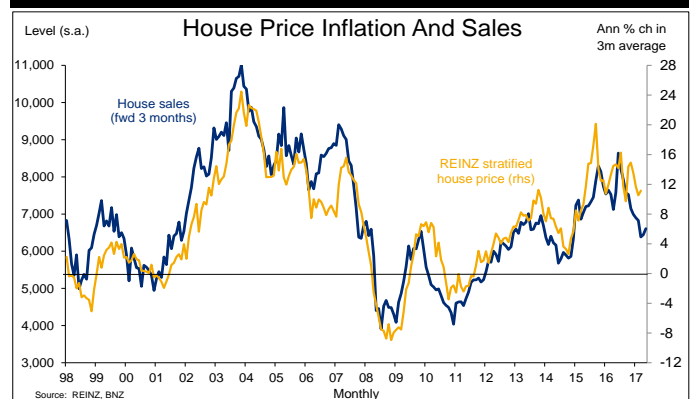
Help Wanted



Varied Spending



Housing Activity Slows



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