

# BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

## Services Sector Slump Persists

15 Sep 2025

**47.5**

August

**-1.4**

Monthly Change

**Contracting**

Faster Rate

New Zealand's services sector remains in an ongoing period of contraction, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for August was 47.5 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was 1.4 points lower than July, and well below the average of 52.9 over the history of the survey. The sector has now been in ongoing contraction for 18 months.

BusinessNZ's CEO, Katherine Rich said that the sector has now endured tough times for a year and a half, representing a very difficult period for many. For the sub-index results, both Activity/Sales (46.2) and New Orders/Business (47.8) slipped from July. Employment (48.3) did show a higher value than July, although still in long-term contraction.

The proportion of negative comments for August (59.6%) was up on July (58.5%) but down from June (66.2%). Service sector businesses reported widespread pressures from inflation, high interest rates, cost-of-living impacts, and weak consumer confidence, all contributing to reduced demand and spending. Other concerns included seasonal slowdowns, rising operating costs, supply chain disruptions, and government policy uncertainty.

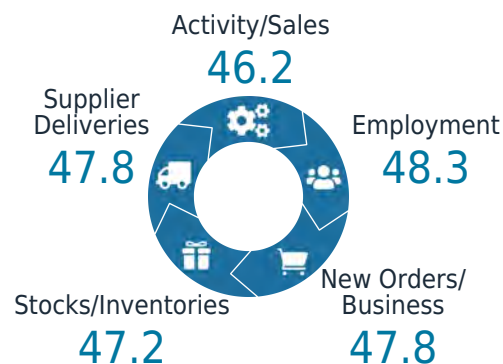
BNZ's Senior Economist Doug Steel said that "across the economy, we still believe the general signs of a turning point are there. However, there is a very real risk any ensuing bounce takes longer than currently expected".

[VIEW THE TIME SERIES DATA](#)

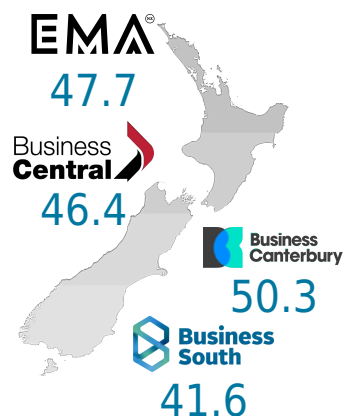


**Katherine Rich**  
CEO, BusinessNZ

### Main Indices



### Regional Results





## Services Landscape

### Turning point taking time

The Performance of Services Index (PSI) slipped back from 48.9 to 47.5 in August. Yes, the three-month moving average for the PSI lifted from 46.9 to 48.0, but it is hardly reason to celebrate.

[Read more](#)

### Further OCR cuts expected

Our forecasts are for two more 25 basis point OCR cuts in October and November. While the two remaining cuts should support the economic recovery, it is important to remember that they are already baked into the cake.

[Read more](#)

### Bounce back too optimistic?

We have pencilled in a 0.5% q/q contraction for Q2 GDP released on Thursday. Our estimate was revised down from -0.2% on the back of last week's soft business financial data.

[Read more](#)

### Off a weak base

For the first two months of Q3, all five PSI sub-components have averaged higher than they did in Q2. We believe the tide in the economy is slowly turning, albeit not in a uniform fashion as indicated by the latest monthly PSI movement.

[Read more](#)



Doug Steel  
Senior Economist, BNZ

[VIEW FULL BNZ SERVICES SNAPSHOT](#)

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### Sponsor Statement

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

[View Website](#)

# PSI Time Series Table

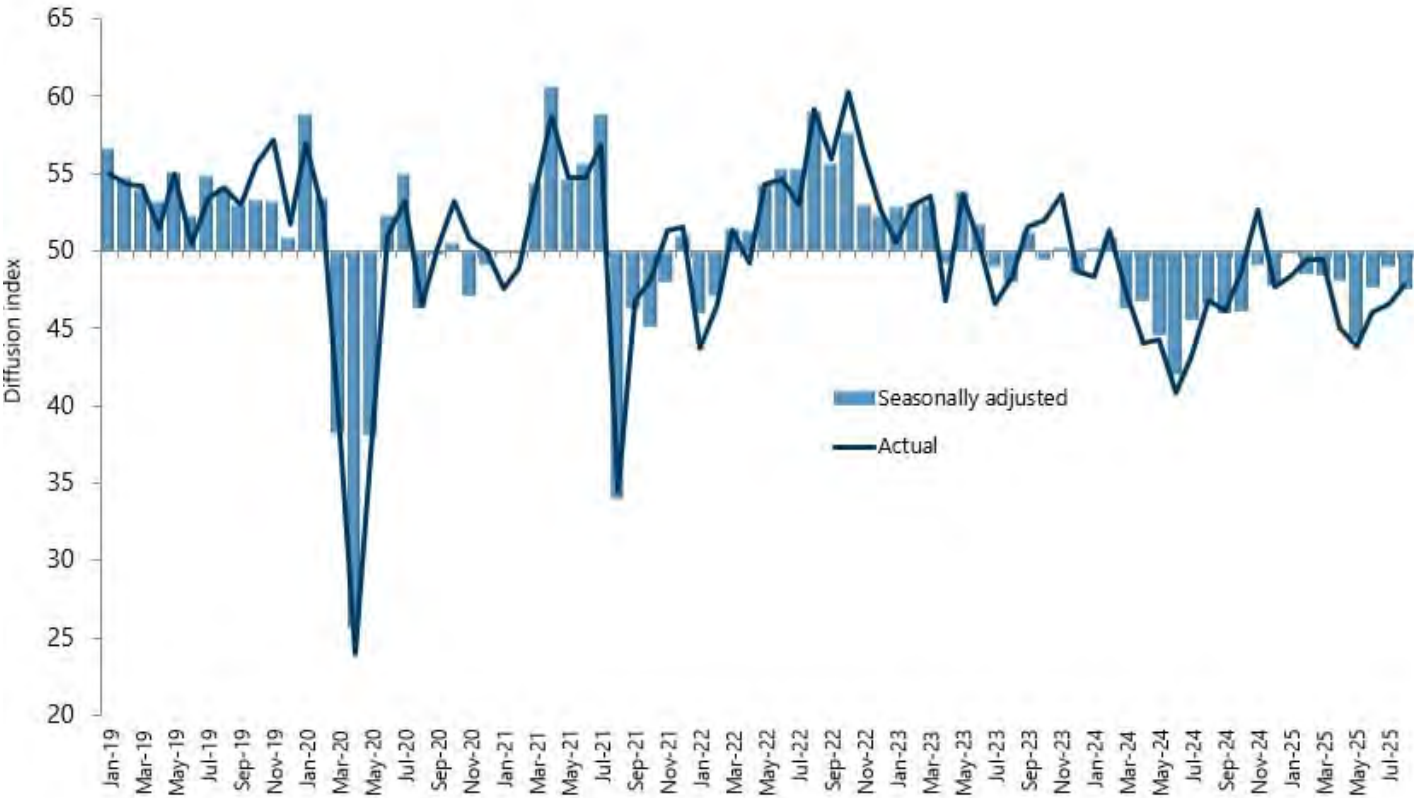
The results are seasonally adjusted.

National Indices	Aug 2024	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025
BNZ - BusinessNZ PSI	46.5	48.1	44.3	47.6	48.9	47.5
Activity/Sales	45.1	46.7	40.5	45.1	47.5	46.2
Employment	48.4	47.9	47.2	47.5	47.3	48.3
New Orders/Business	47.6	50.2	43.4	49.0	49.9	47.8
Stocks/Inventories	46.8	48.4	48.9	50.5	51.1	47.2
Supplier Deliveries	44.3	45.7	45.7	46.9	48.8	47.8

VIEW THE TIME SERIES DATA

## BNZ - BusinessNZ PSI Time Series

January 2019 - August 2025

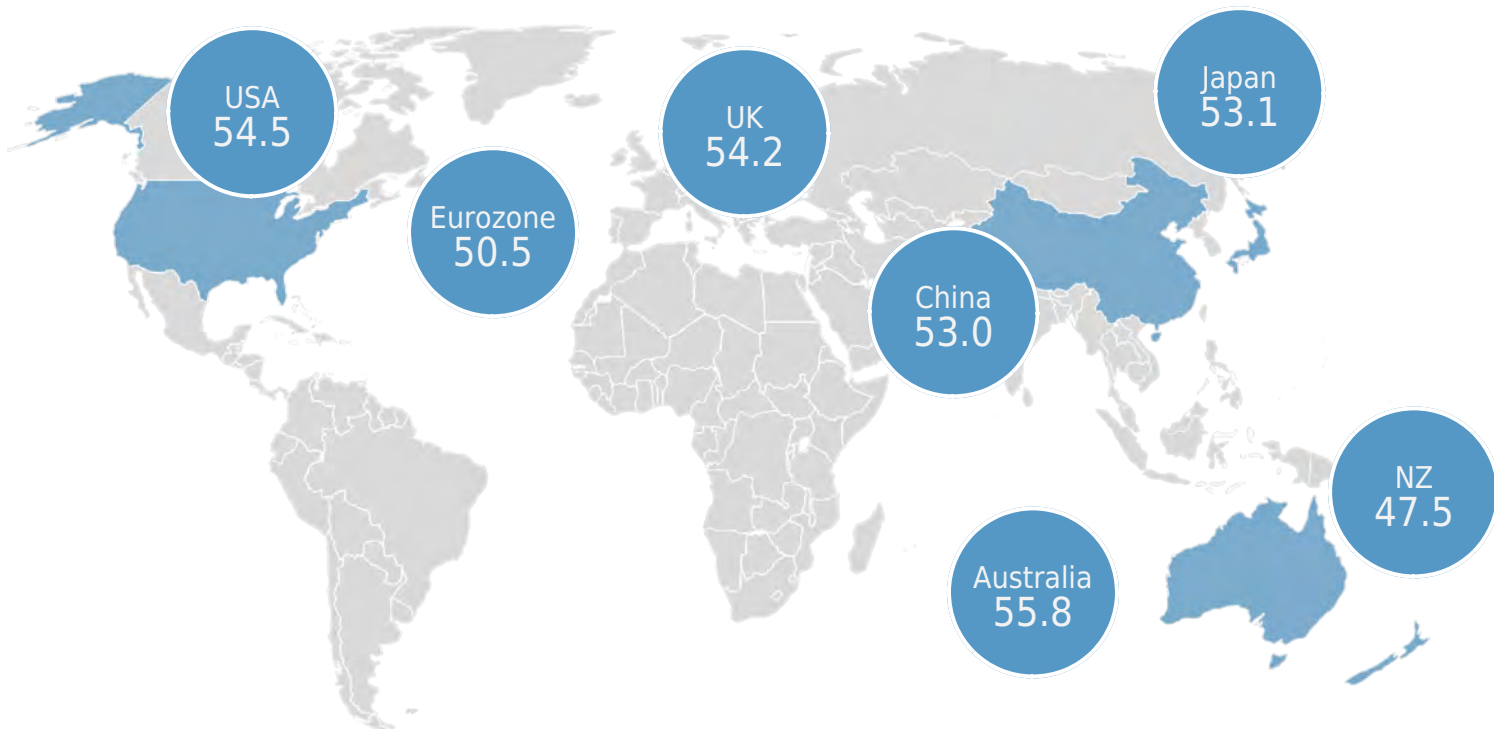


## International Results

J.P. Morgan Global Manufacturing PSI™

05 Sep 2025

# 53.4



# BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

47.9

GDP-Weighted Index

48.4

Free-Weighted Index

The seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) were both back in contraction during August.

The August GDP-Weighted Index (47.9) remained in contraction for the seventh consecutive month. The August Free-Weighted Index (48.4) returned to contraction after showing slight expansion during July.

## BNZ - BusinessNZ PCI Time Series

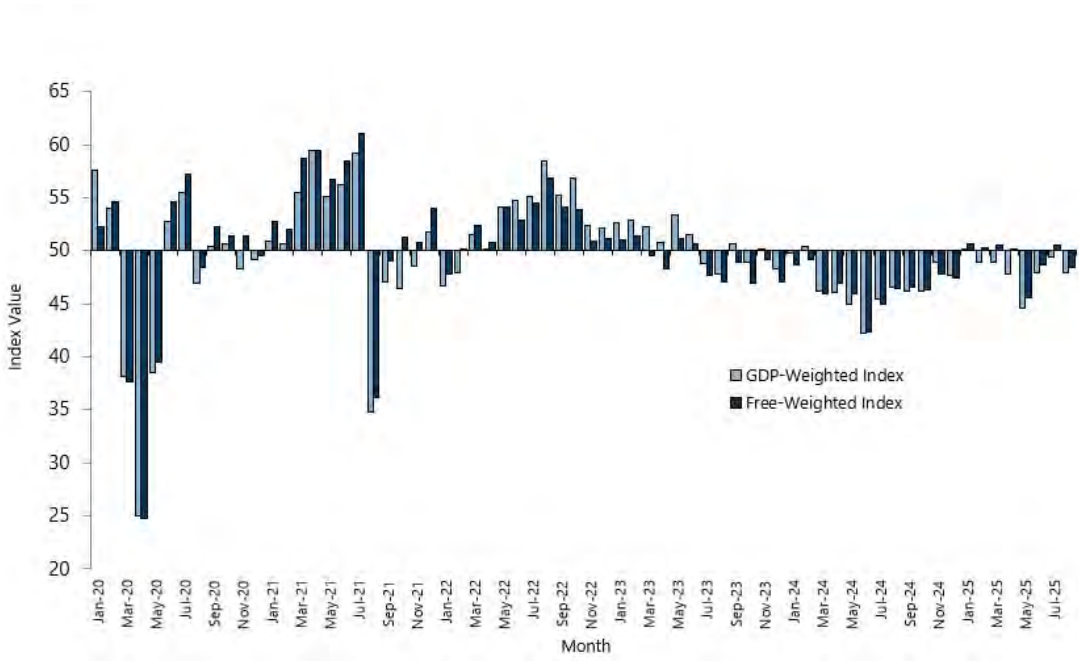
The results are seasonally adjusted.

National Indices	Aug 2024	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025
GDP-Weighted Index	46.6	47.8	44.6	47.9	49.4	47.9
Free-Weighted Index	46.4	50.2	45.6	48.7	50.6	48.4

VIEW THE TIME SERIES DATA

## BNZ - BusinessNZ PCI Time Series

January 2020 – August 2025



## 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.

## 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.

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## Our Contributors

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



# Research

## Services Landscape

15 September 2025

### Turning point taking time

The Performance of Services Index (PSI) slipped back from 48.9 to 47.5 in August. Yes, the three-month moving average for the PSI lifted from 46.9 to 48.0, but it is hardly reason to celebrate. Across the economy, we still believe the general signs of a turning point are there. However, there is a very real risk any ensuing bounce takes longer than currently expected. This means that the balance of risk to our interest rate forecasts (by a slim margin) is that the Official Cash Rate (OCR) may need to go lower than the 2.50% we have forecast.

### Further OCR cuts expected

Our forecasts are for two more 25 basis point OCR cuts in October and November. While the two remaining cuts should support the economic recovery, it is important to remember that they are already baked into the cake. This is because the market is also pricing in an OCR low of 2.50%. Any suggestion that these rate cuts will not be delivered would imply a potential increase in lending rates, something we think the Reserve Bank of New Zealand would not be keen on.

### Bounce back too optimistic?

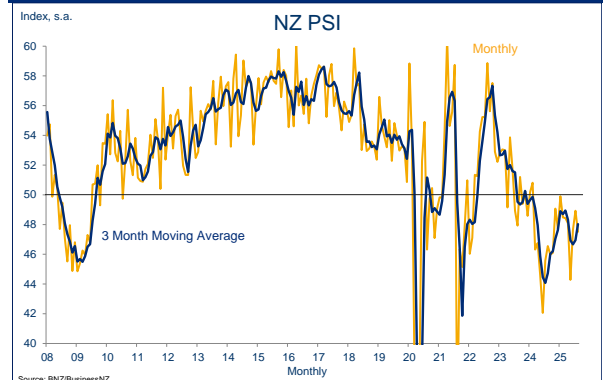
We have pencilled in a 0.5% q/q contraction for Q2 GDP released on Thursday. Our estimate was revised down from -0.2% on the back of last week's soft business financial data. While we lowered our Q2 estimate, we also lifted our pick for Q3 (from +0.5% to +0.7%). Looking ahead, the combined PMI and PSI activity indicator (46.4) suggests the pace of our forecast recovery may be too optimistic. Indeed, it would need to jump up to around 53 to be consistent with our year-end GDP forecast.

### Off a weak base

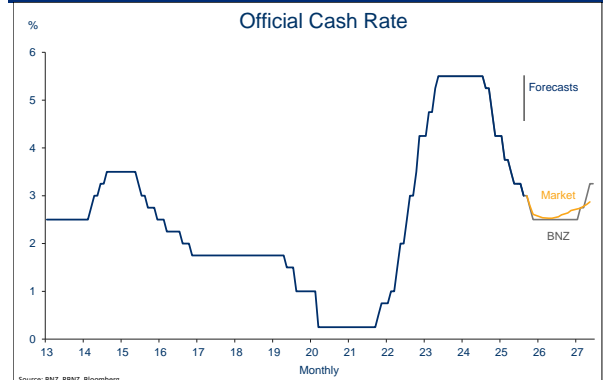
For the first two months of Q3, all five PSI sub-components have averaged higher than they did in Q2. We believe the tide in the economy is slowly turning, albeit not in a uniform fashion as indicated by the latest monthly PSI movement. Stepping back from month-to-month volatility, all the PSI sub-components remain well below their long-run average. Despite our forecasts for a modest economic recovery, it will take time before it feels anything close to normal.

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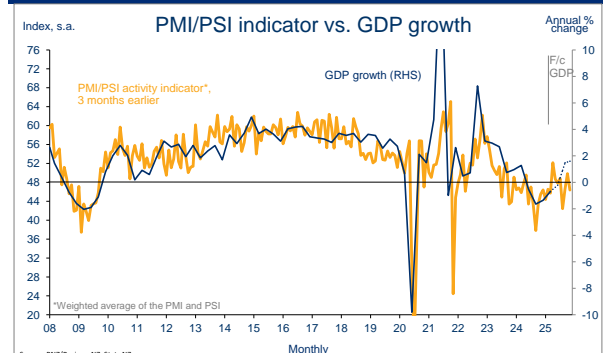
### 18 months below 50



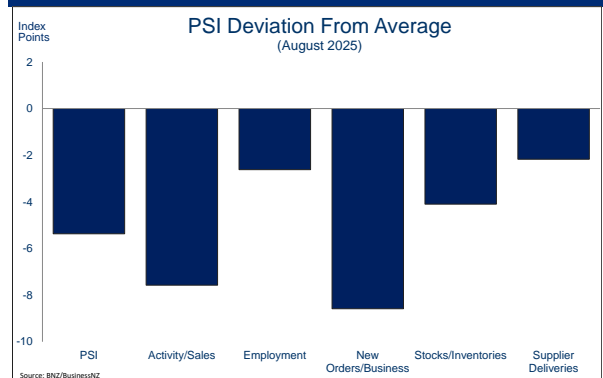
### Aligned on 2.50% low



### Improvement needed



### Below average



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