

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Back to Contraction

16 Mar 2026

48.0

February

-2.7

Monthly Change

Contracting

Previously Expanding

The services sector in New Zealand fell back into contraction during February, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for February was 48.0 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was 2.7 points lower than January and below the average of 52.8 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said that the sector's rebound into expansion only lasted two months, with a February result similar to levels of contraction seen towards the end of 2025. All main sub-index results were in contraction, with *Stocks/Inventories* (46.7) displaying the largest level of contraction, followed by *Employment* (47.2)

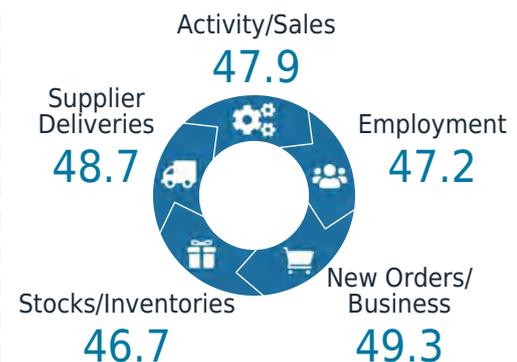
The proportion of negative comments for February was 56.4%, which was down from January (58.7%) but up from December (50.4%). Negative comments received outlined weak economic conditions, high living costs, inflation and interest rates as reducing consumer spending and demand for services. Seasonal holiday effects, low confidence, staffing constraints, rising costs and broader uncertainty also contributed to softer activity.

BNZ's Senior Economist Doug Steel said that "alas, today's PSI suggests the economy is recovering at a slower pace than we might have expected. The PSI comes as a real disappointment given that Friday's Performance of Manufacturing Index (PMI) was relatively upbeat".

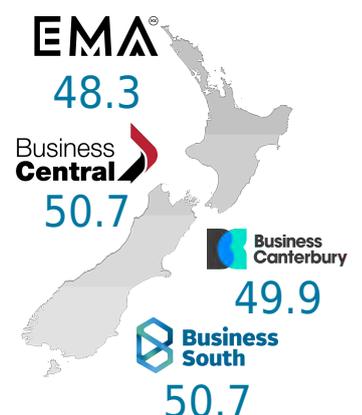


Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Services Landscape

New Zealand's economic fragility exposed

Most indicators released over the last couple of months have provided evidence that the economy is in recovery mode. For us the question had moved on from will there be a recovery to how strong will the recovery be?

[Read more](#)

Services sector struggling

After two months in the black, the PSI fell back under the magical 50 mark to wallow at 48.0. Every indicator was sub 50 with a notable drop in employment to 47.2, its lowest reading since January 2025.

[Read more](#)

Growth expectations under threat

The activity/sales index slumped to 47.9 from 53.8, which was enough to drag the combined PMI/PSI activity indicator down substantially from last month's reading.

[Read more](#)

Blame it on the weather?

As the PMI and PSI survey followed the disastrous weather events of early February one might consider that there is some hope of a bounce in the ensuing months, but the March survey will be the first to reflect the impact on business of the bedlam in the Middle East so any such bounce may now be a vain hope.

[Read more](#)



Doug Steel
Senior Economist, BNZ

[VIEW FULL BNZ SERVICES SNAPSHOT](#)

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 Indicies | Feb 2025 | Oct 2025 | Nov 2025 | Dec 2025 | Jan 2026 | Feb 2026 |
|----------------------|----------|----------|----------|----------|----------|----------|
| BNZ - BusinessNZ PSI | 48.6 | 48.8 | 47.4 | 51.6 | 50.7 | 48.0 |
| Activity/Sales | 48.9 | 48.9 | 46.4 | 52.3 | 53.8 | 47.9 |
| Employment | 48.9 | 48.7 | 46.5 | 49.6 | 49.0 | 47.2 |
| New Orders/Business | 48.9 | 49.6 | 49.7 | 52.6 | 51.6 | 49.3 |
| Stocks/Inventories | 48.0 | 47.8 | 47.6 | 52.1 | 49.4 | 46.7 |
| Supplier Deliveries | 47.4 | 49.5 | 48.9 | 49.8 | 49.4 | 48.7 |

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PSI Time Series

January 2019 - February 2026

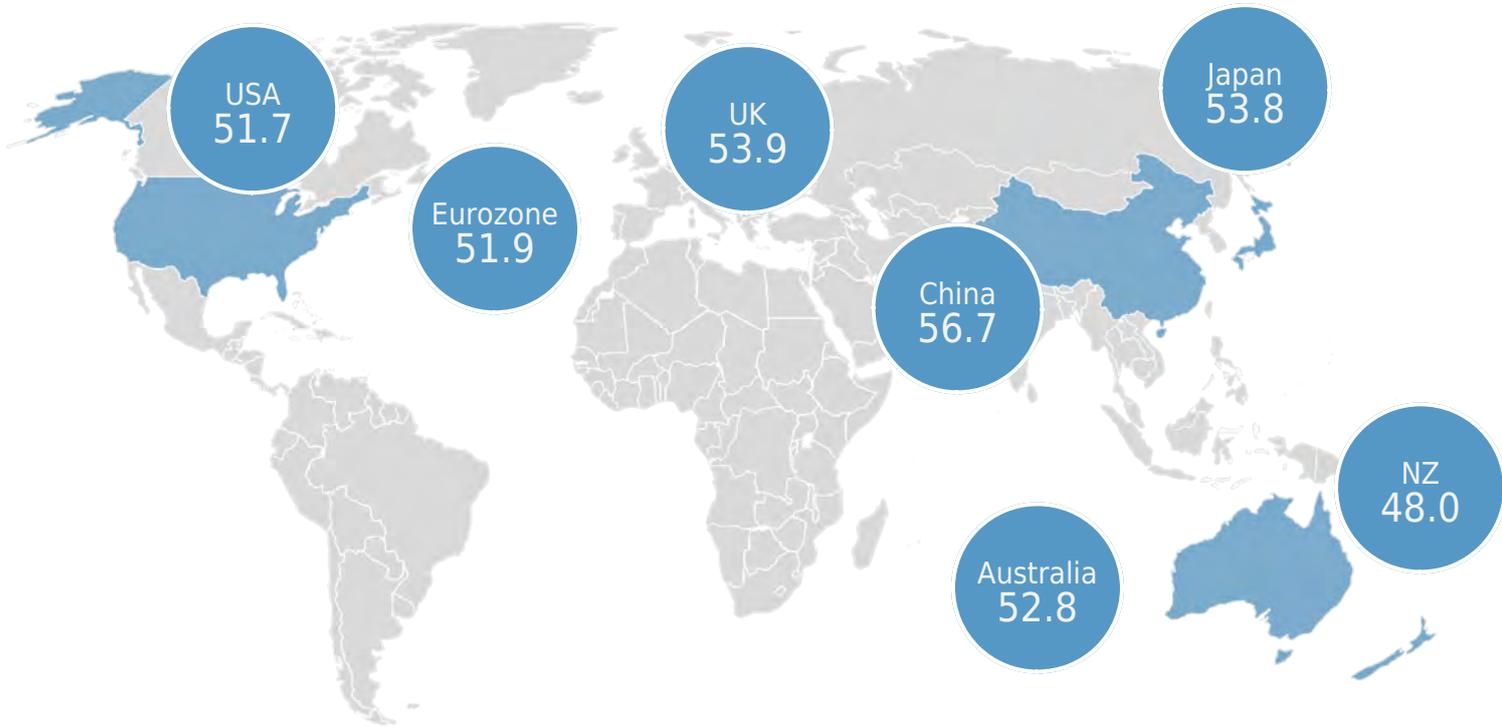


International Results

J.P. Morgan Global Manufacturing PSI™

05 Feb 2026

53.4



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

48.7

GDP-Weighted Index

50.5

Free-Weighted Index

The seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) showed contrasting results between the two measurements.

The February GDP-Weighted Index stood at 48.7, given the services sector fell back into contraction. The Free-Weighted Index was still in positive territory at 50.5.

BNZ - BusinessNZ PCI Time Series

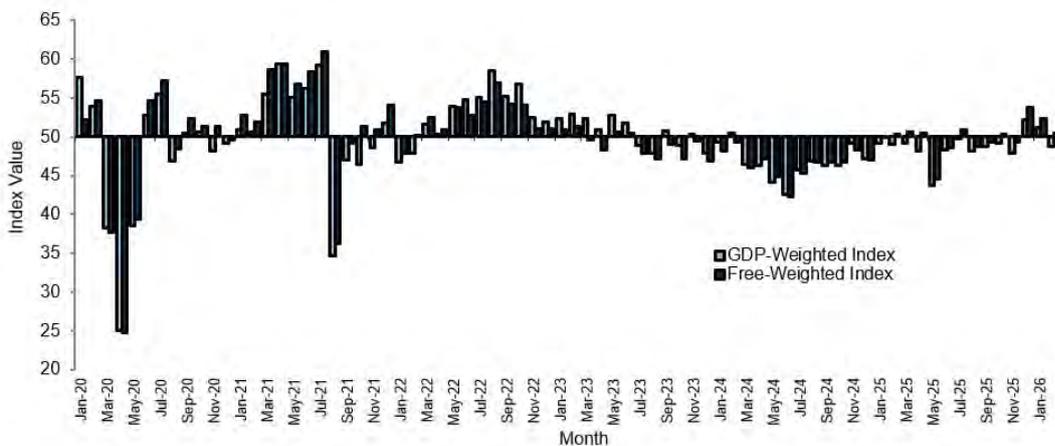
The results are seasonally adjusted.

| National Indicies | Feb 2025 | Oct 2025 | Nov 2025 | Dec 2025 | Jan 2026 | Feb 2026 |
|---------------------|----------|----------|----------|----------|----------|----------|
| GDP-Weighted Index | 49.0 | 49.2 | 47.9 | 52.2 | 51.2 | 48.7 |
| Free-Weighted Index | 50.3 | 50.4 | 49.3 | 53.8 | 52.3 | 50.5 |

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PCI Time Series

January 2020 – February 2026



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



Research Services Landscape

16 March 2026

New Zealand's economic fragility exposed

Most indicators released over the last couple of months have provided evidence that the economy is in recovery mode. For us the question had moved on from will there be a recovery to how strong will the recovery be? Additionally, how much can the economy grow without creating inflation? The inflation question remains well and truly up in the air, especially given recent developments in the Middle East. And, alas, today's Performance of Services Index (PSI) suggests the economy is recovering at a slower pace than we might have expected. The PSI comes as a real disappointment given that Friday's Performance of Manufacturing Index (PMI) was relatively upbeat.

Services sector struggling

After two months in the black, the PSI fell back under the magical 50 mark to wallow at 48.0. Every indicator was sub 50 with a notable drop in employment to 47.2, its lowest reading since January 2025.

Growth expectations under threat

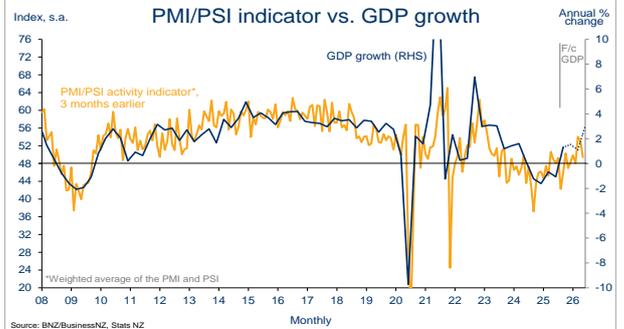
The activity/sales index slumped to 47.9 from 53.8, which was enough to drag the combined PMI/PSI activity indicator down substantially from last month's reading. The drop is so great that it implies the economy is barely growing through the early part of 2026. This has grabbed our attention given that we are currently forecasting 0.7% growth in Q1 producing an annual 1.1% reading. The Reserve Bank is even more upbeat with a 1.1% pick for the quarter alone. And all this comes off the back of last Thursday's partial data which, in conjunction with the soft building numbers, indicates Q4 GDP could also surprise the RBNZ to the downside. We are now forecasting just 0.3% growth for that quarter compared to a Bank pick of 0.5%.

Blame it on the weather?

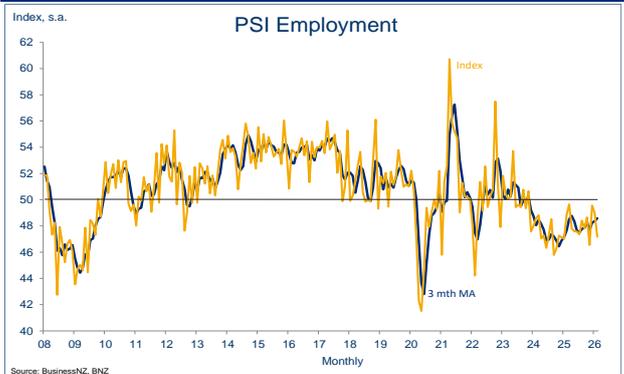
As the PMI and PSI survey followed the disastrous weather events of early February one might consider that there is some hope of a bounce in the ensuing months, but the March survey will be the first to reflect the impact on business of the bedlam in the Middle East so any such bounce may now be a vain hope. The existing weakness in the PSI further highlights New Zealand's vulnerability to external shocks at a time when its emergence from recession is already very fragile.

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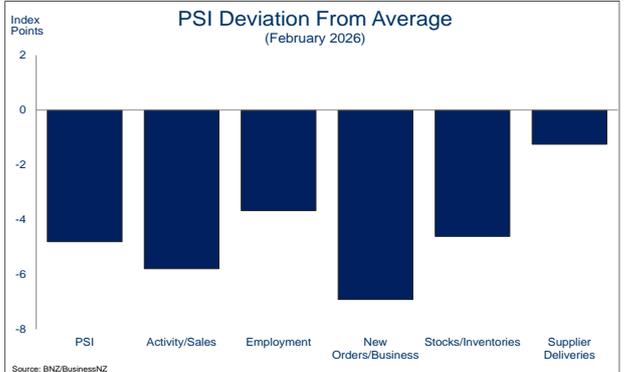
A nasty stumble



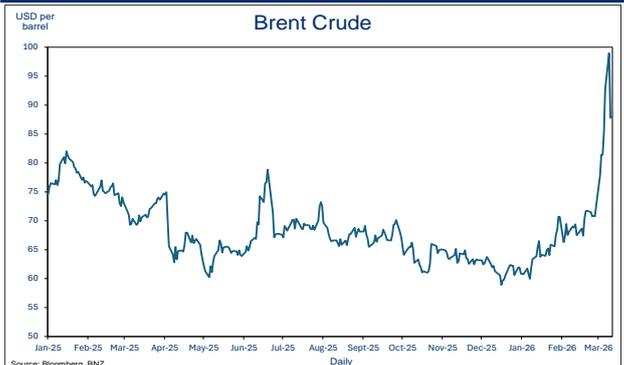
No relief for the unemployed



All under water



External threats abound



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