

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Ongoing contraction

14 Jul 2025

47.3

June

+3.2

Monthly Change

Contracting

Slower Rate

New Zealand's services sector displayed contraction for a fifth consecutive month, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for June was 47.3 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). Although this was 3.2 points up from May, it was still well below the average of 52.9 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said that while the June result saw most of the sub-index results display a higher value than the previous month, it continued the theme of ongoing contraction in a sector that has only seen one month of minimal expansion over a 16-month period. For the sub-index results, the key results for Activity/Sales (44.5) and New Orders/Business (48.8) were still unable to show any expansion. Stocks/Inventories (50.6) did show expansion for the first time since November 2024, although Employment (47.2) remained firmly in contraction, which has now been the case for 19 months.

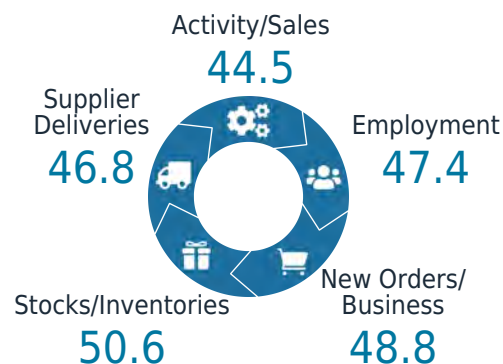
The proportion of negative comments for June (66.2%) was up from May (65.6%) and April (61.8%). Service sector businesses face weak consumer confidence, high living costs and economic uncertainty. Reduced spending, inflation, rising interest rates, and public sector cutbacks are key pressures, with winter and fewer tourists further dampening demand.

BNZ's Senior Economist Doug Steel said that "while the headline PSI measure did lift from 44.1 to 47.3, every month it remains below 50 suggests service sector conditions are getting worse not better. The timeline for New Zealand's long-awaited economic recovery just keeps getting pushed further and further out".

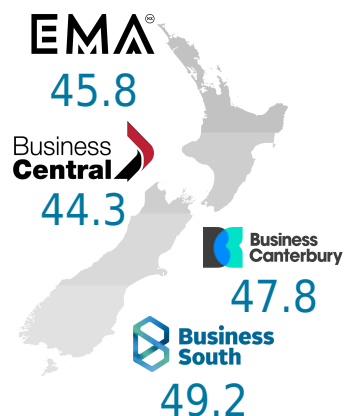


Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Services Landscape

Bouncing below 50

Another month of soggy PSI (47.3) and PMI (48.8) readings played a major part in the decision to revise down our economic forecasts for the June quarter.

[Read more](#)

Labour market still weakening

The PSI employment index at 47.4 has now been below the breakeven mark for 19 consecutive months. This is tied with the global financial crisis as its longest ever continual period of net labour shedding.

[Read more](#)

PSI well below our peers

Looking across our key trading partners, New Zealand's services sector continues to underperform. We remain the only country with a PSI below the breakeven 50 mark.

[Read more](#)

RBNZ easing bias confirmed

Last week, the Reserve Bank of New Zealand (RBNZ) held the Official Cash Rate (OCR) unchanged at 3.25%. The accompanying record of meeting signalled a further reduction in the OCR if the economy progresses as expected.

[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

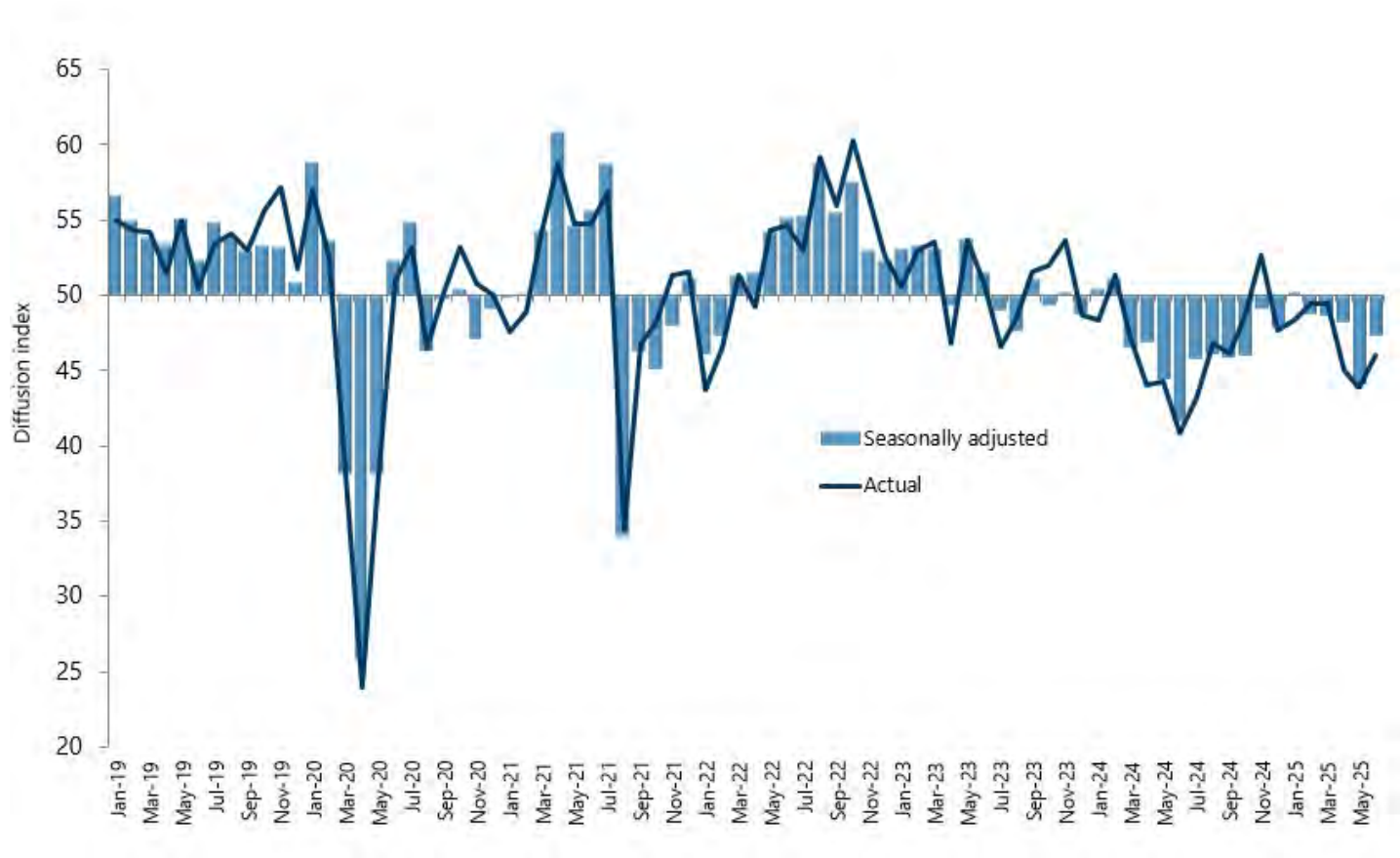
The results are seasonally adjusted.

National Indices	Jun 2024	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025
BNZ - BusinessNZ PSI	41.7	48.8	48.6	48.1	44.1	47.3
Activity/Sales	37.1	48.9	46.9	46.8	40.3	44.5
Employment	46.2	48.8	49.8	47.9	47.1	47.4
New Orders/Business	40.4	49.3	50.4	50.2	43.4	48.8
Stocks/Inventories	45.0	47.7	48.8	48.5	49.0	50.6
Supplier Deliveries	42.1	47.5	48.2	45.7	45.7	46.8

VIEW THE TIME SERIES DATA

BNZ - BusinessNZ PSI Time Series

January 2019 - June 2025

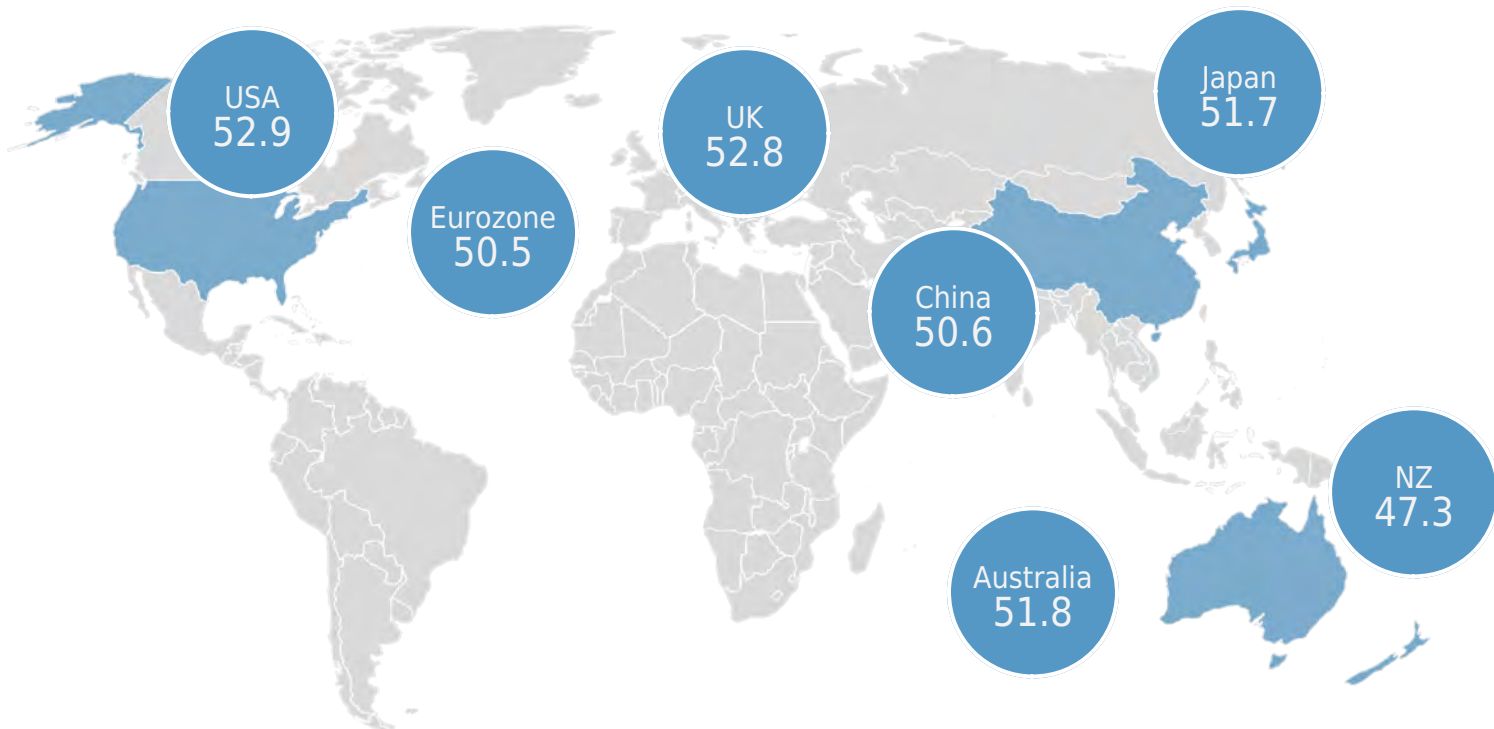


International Results

J.P. Morgan Global Manufacturing PSI™

03 Jul 2025

51.9



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

47.5

GDP-Weighted Index

48.3

Free-Weighted Index

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

The June GDP-Weighted Index (47.5) displayed a higher value than May, as did the Free-Weighted Index (48.3).

BNZ - BusinessNZ PCI Time Series

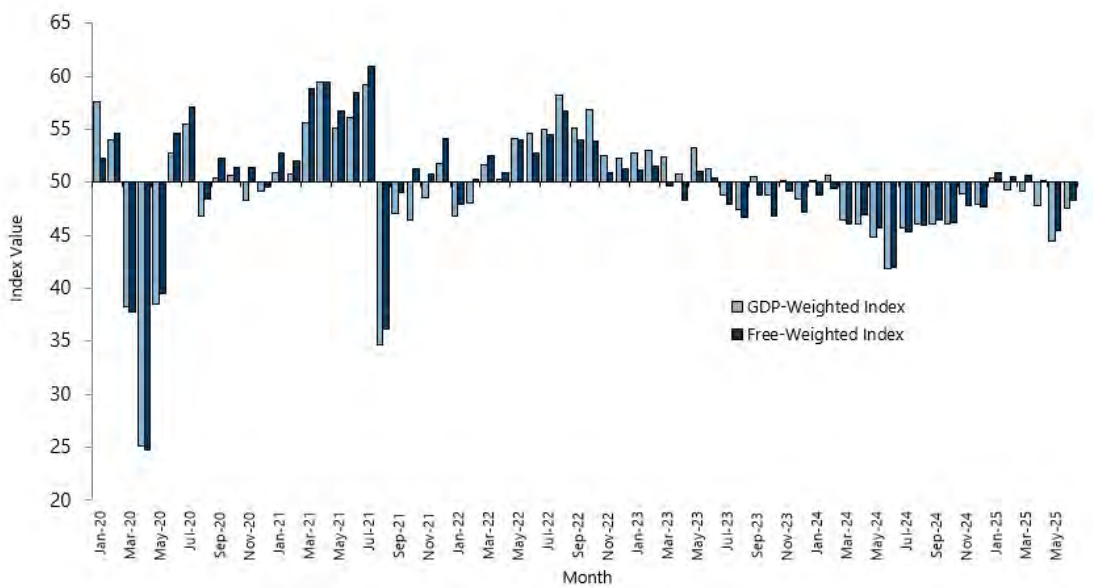
The results are seasonally adjusted.

National Indices	Jun 2024	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025
GDP-Weighted Index	41.8	49.3	49.1	47.9	44.4	47.5
Free-Weighted Index	42.0	50.6	50.7	50.2	45.4	48.3

VIEW THE TIME SERIES DATA

BNZ - BusinessNZ PCI Time Series

January 2020 - June 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.

Media **Comment**

For media comment, contact:
Kathryn Asare: 04 496 6560

Technical **Comment**

For more information or assistance with data interpretation, contact:
Stephen Summers: ssummers@businessnz.org.nz

Our Contributors

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



Research

Services Landscape

14 July 2025

Bouncing below 50

Another month of soggy PSI (47.3) and PMI (48.8) readings played a major part in the decision to revise down our economic forecasts for the June quarter. We previously expected employment and GDP to be flat but are now forecasting a small decline for both. While the headline PSI measure did lift from 44.1 to 47.3, every month it remains below 50 suggests service sector conditions are getting worse not better. The timeline for New Zealand's long-awaited economic recovery just keeps getting pushed further and further out.

Labour market still weakening

The PSI employment index at 47.4 has now been below the breakeven mark for 19 consecutive months. This is tied with the global financial crisis as its longest ever continual period of net labour shedding. Consistent with this, the latest Quarterly Survey of Business Opinion (QSBO) revealed a net 16% of services firms reduced numbers employed in the last three months. Offering some hope, a net 7% are now intending to increase employment in the next three months. We will wait to see if this eventuates or if some hiring plans are put on hold.

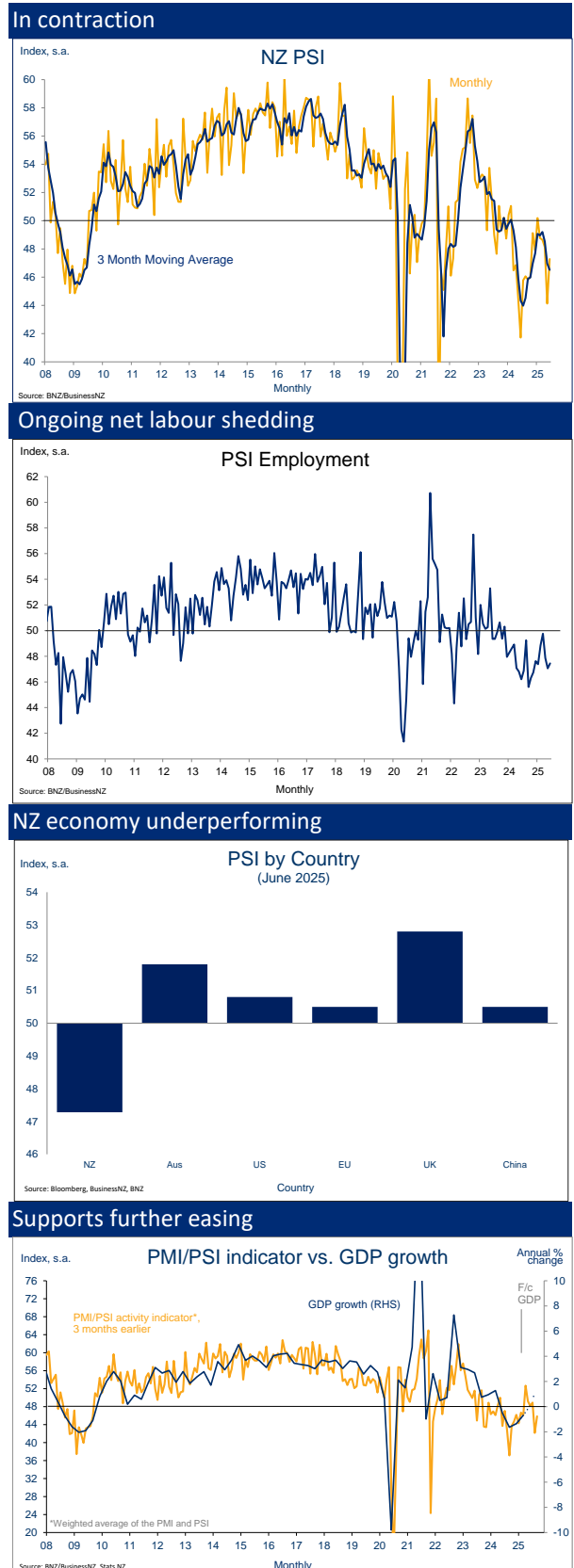
PSI well below our peers

Looking across our key trading partners, New Zealand's services sector continues to underperform. We remain the only country with a PSI below the breakeven 50 mark. Meanwhile across the ditch, the PSI in Australia lifted to its highest level in over a year at 51.8. While many of our trading partners will be equally as concerned about the impact of geopolitical conflict and trade tensions, at least they are starting on stable ground.

RBNZ easing bias confirmed

Last week, the Reserve Bank of New Zealand (RBNZ) held the Official Cash Rate (OCR) unchanged at 3.25%. The accompanying record of meeting signalled a further reduction in the OCR if the economy progresses as expected. This month's combined PSI and PMI is supportive of further easing and our expectation for OCR cuts in August and October to an eventual low of 2.75%.

doug_steel@bnz.co.nz / matt_brunt@bnz.co.nz



Contact Details

BNZ Research

Stephen Toplis
Head of Research

Doug Steel
Senior Economist

Matt Brunt
Economist

Jason Wong
Senior Markets Strategist

Stuart Ritson
Senior Interest Rate Strategist

Mike Jones
BNZ Chief Economist

Main Offices

Wellington
Level 2, BNZ Place
1 Whitmore St
Private Bag 39806
Wellington Mail Centre
Lower Hutt 5045
New Zealand
Toll Free: 0800 283 269

Auckland
80 Queen Street
Private Bag 92208
Auckland 1142
New Zealand
Toll Free: 0800 283 269

Christchurch
111 Cashel Street
Christchurch 8011
New Zealand
Toll Free: 0800 854 854

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.