BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Service... with a smile

13 Jul 2026

50.6	+2.6	Expanding
June	Monthly Change	Previously Contracting

According to the BNZ – BusinessNZ Performance of Services Index (PSI), the services sector in New Zealand returned to expansion in June, having spent recent months in contraction.

The PSI for June was 50.6 (where a reading above 50.0 indicates the sector is generally expanding, and a reading below 50.0 indicates the sector is in contraction). The PSI reading for May was 48.0 and for April it was 48.9. June's result lifts the index back above the breakeven mark for the first time since January 2026.

BusinessNZ's CEO, Katherine Rich said "It is heartening to see the PSI edge back above 50.0 after such a prolonged stretch of contraction, though at 50.6 the recovery is tentative rather than the strong bounce we saw in the PMI this month. The parts of the sector doing it hardest remain those most exposed to discretionary spending, like hospitality and personal services, where households are still holding onto their money for fuel, food and other essentials. A return to sustained growth depends on consumer confidence rebuilding, and that is unlikely while cost-of-living pressures remain this prominent."

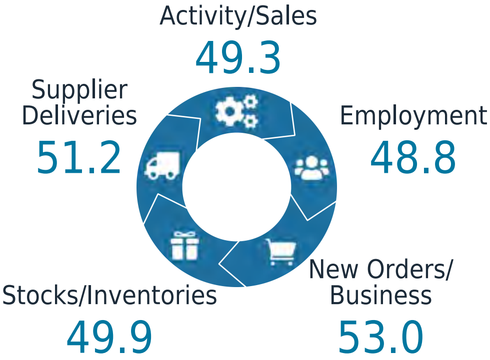
New Orders was the strongest sub-index, at 53.0 and Deliveries also moved into expansion, at 51.2. The remaining three stayed just below the line with Stocks/Inventories at 49.9, Activity/Sales at 49.3, and Employment (the weakest) at 48.8. This is a reminder that the return to growth is still narrowly based.

BNZ Head of Research, Stephen Toplis, said "The direction of travel is positive and the uplift, when combined with the surge in the Performance of Manufacturing Index, is enough to suggest economic growth should soon climb to around 2.0%. This is hardly a spectacular number but further confirmation that the trend in growth prior to the oil shock is resuming."

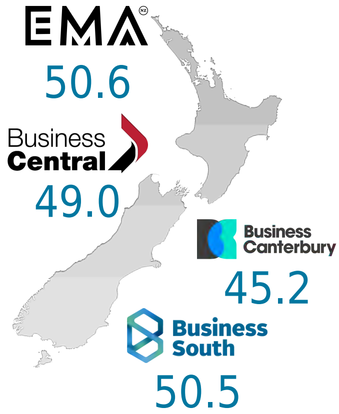
VIEW THE TIME SERIES DATA

Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results



Services Landscape

Stephen Toplis
Head of Research, BNZ

Services constrain growth

Alas, there's not as much optimism in New Zealand's services sector as there is amongst manufacturers. In some ways this should be of no surprise: services is less export focussed, it will probably get less benefit from falling energy prices and contains the struggling hospitality and retail sectors.

Read more

Heading in the right direction

At 50.6 the headline PSI reading is one of the strongest we have seen over the last three years but it is only just over the breakeven line and still well shy of the 52.7 average for this series since its inception.

Read more

Employment weakness disconcerting

All components lifted in the month but three remain below that magical 50 mark. Worryingly, the employment indicator has now been below 50 for 31 consecutive months.

Read more

Household spending recovery lacking

At the other end of the spectrum industries that are driven by discretionary spending such as accommodation, cafes & restaurants and cultural, recreational & personal are doing very poorly with respective readings of 36.3 and 41.3.

Read more

VIEW FULL BNZ SERVICES SNAPSHOT

PSI Time Series Table

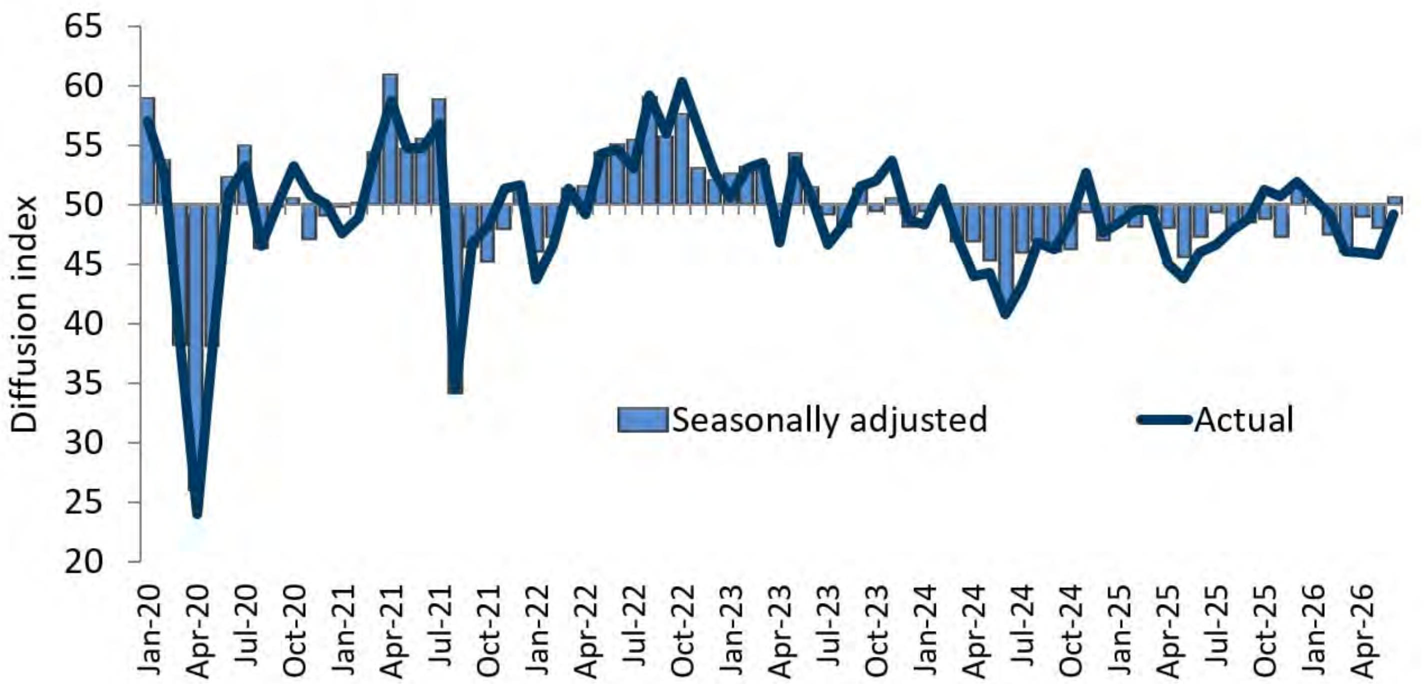
The results are seasonally adjusted.

National Indicies	June 2025	Feb 2026	Mar 2026	Apr 2026	May 2026	June 2026
BNZ – BusinessNZ PSI	47.2	47.5	46.0	48.9	48.0	50.6
Activity/Sales	44.6	47.3	44.5	48.8	45.1	49.3
Employment	47.8	47.1	46.6	48.6	48.7	48.8
New Orders/Business	48.1	48.7	45.8	51.2	48.2	53.0
Stocks/Inventories	49.7	46.5	46.3	47.8	47.8	49.9
Supplier Deliveries	46.5	48.6	47.4	46.9	49.8	51.2

VIEW THE TIME SERIES DATA

BNZ – BusinessNZ PSI Time Series

January 2020 – June 2026

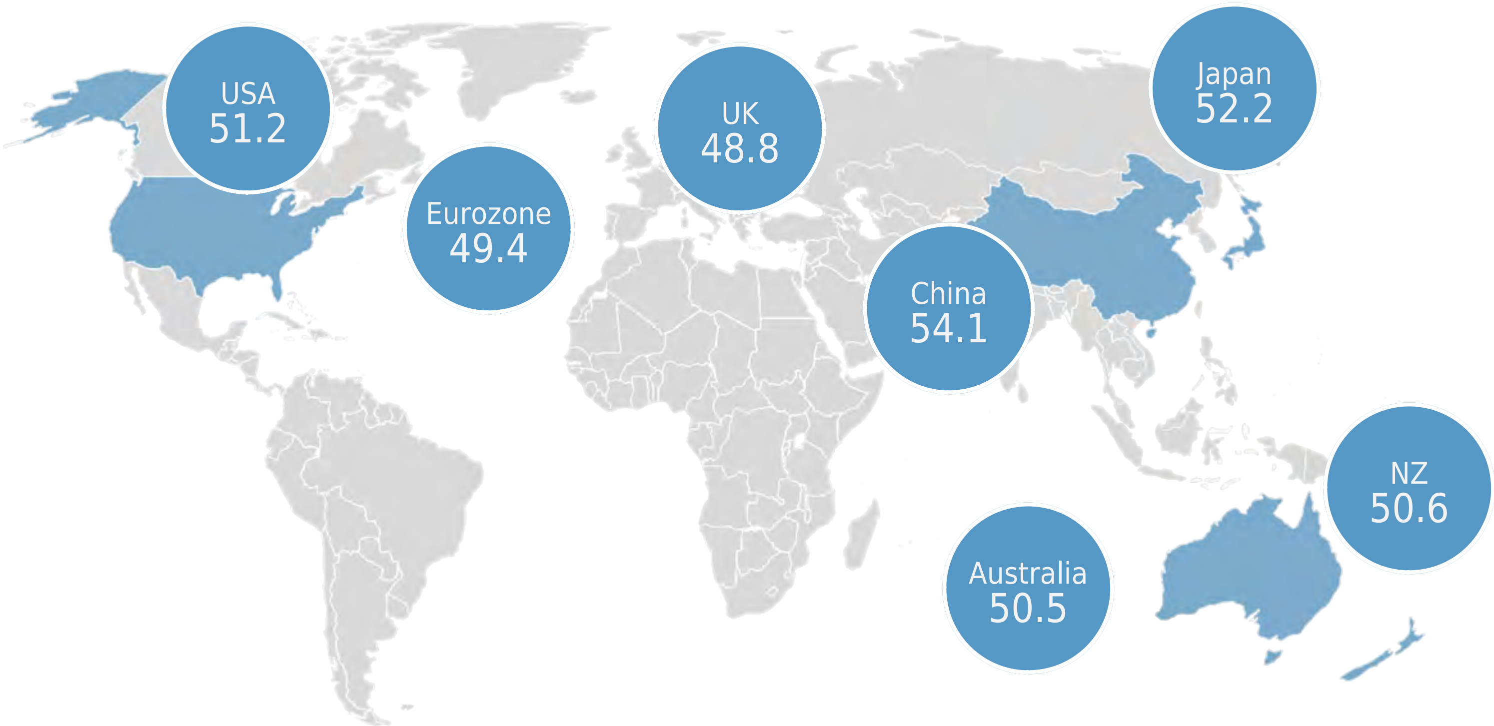


International Results

J.P. Morgan Global Manufacturing PSI™

06 Jul 2026

51.7



51.2
GDP-Weighted Index

53.6
Free-Weighted Index

Reflecting the marked improvement in the PMI and the PSI's return to growth, the seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) showed a solid lift in June. Both the Manufacturing component of the PCI and the Services component were in expansion.

Both the GDP-weighted index and the Free-weighted index moved back into expansion in June, having been in contraction since January 2026.

BNZ – BusinessNZ PCI Time Series

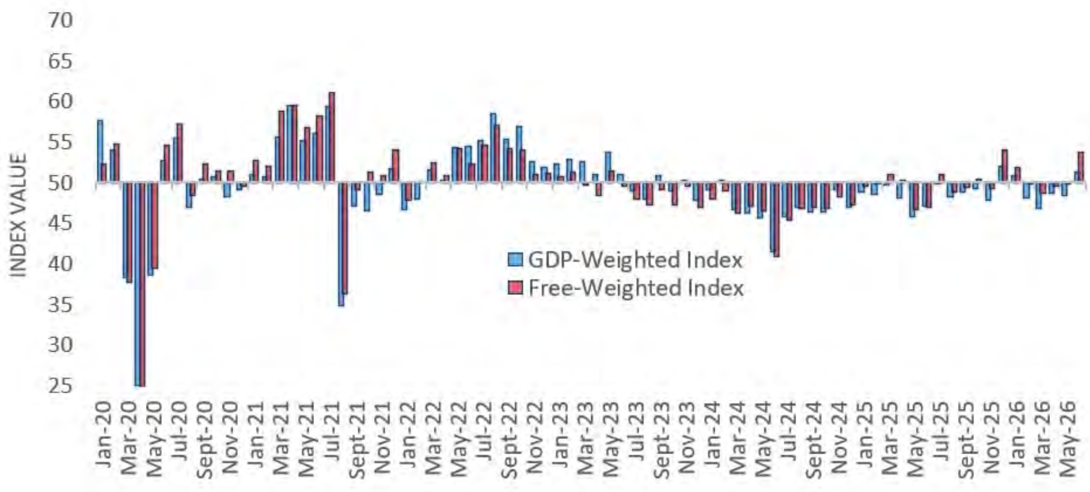
The results are seasonally adjusted.

National Indicies	Jun 2025	Feb 2026	Mar 2026	Apr 2026	May 2026	Jun 2026
GDP-Weighted Index	47.1	48.1	46.8	48.7	48.4	51.2
Free-Weighted Index	47.0	49.9	48.6	49.5	49.9	53.6

VIEW THE TIME SERIES DATA

BNZ – BusinessNZ PCI Time Series

January 2020 – June 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

13 July 2026

Services sector lags

Services constrain growth . . .

Alas, there's not as much optimism in New Zealand's services sector as there is amongst manufacturers. In some ways this should be of no surprise: services is less export focussed, it will probably get less benefit from falling energy prices and contains the struggling hospitality and retail sectors. That said, the direction of travel is positive and the uplift, when combined with the surge in the Performance of Manufacturing Index, is enough to suggest economic growth should soon climb to around 2.0%. This is hardly a spectacular number but further confirmation that the trend in growth prior to the oil shock is resuming.

At 50.6 the headline PSI reading is one of the strongest we have seen over the last three years but it is only just over the breakeven line and still well shy of the 52.7 average for this series since its inception.

Employment weakness disconcerting . . .

All components lifted in the month but three remain below that magical 50 mark. Worryingly, the employment indicator has now been below 50 for 31 consecutive months. Services is a much bigger employer than the manufacturing sector so this represents a substantial headwind to growth in total employment and, unfortunately, remains consistent with our view that the unemployment rate will continue to rise.

Employment typically lags economic activity so with activity/sales still sub 50, at 49.3, it may still be a while before the indicator becomes sustainably positive. That said, some hope was provided with the new orders index jumping to 53.0 from 48.2. The new orders indicator is a tad volatile but this reading was the highest since February 2024, and the series does seem to be trending higher.

Household spending recovery lacking . . .

From an industry perspective it is perhaps not surprising that the sector that is doing best is the one that is most exposed to the strength in the rural sector, namely transport and storage, with a headline PSI of 57.2. This sector will also have benefitted most from falling fuel prices. At the other end of the spectrum industries that are driven by discretionary spending such as accommodation, cafes & restaurants and cultural, recreational & personal are doing very poorly with respective readings of 36.3 and 41.3. At 49.8 the retail sector has also stayed sub 50 for its fifth consecutive month. It's on the improve as disposable incomes start recovering thanks to falling fuel prices but it's a long way from healthy.

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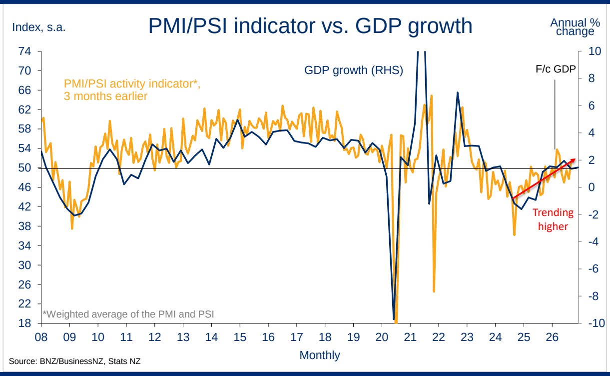
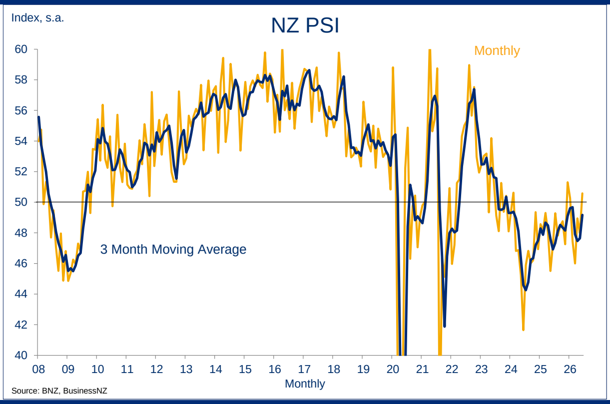
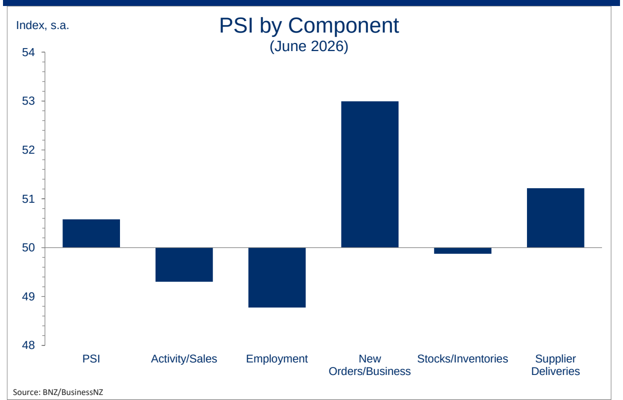
Trending higher



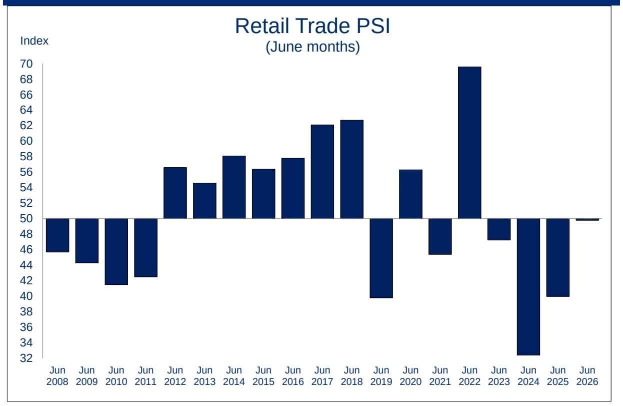
PSI trails the PMI



Mixed messages



Right direction, wrong level



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