

# BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

## Lost momentum

15 Apr 2024

**47.5**

March

**-5.1**

Monthly Change

**Contracting**

Previously Expanding

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

The PSI for March 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 down 5.1 points from February and well below the long-term average of 53.4 for the survey.

BusinessNZ chief executive Kirk Hope said that the drop back into contraction halted the momentum that the sector had experienced for the first two months of 2024. Both Activity/Sales (44.8) and New Orders/Business (48.3) fell back into contraction, although Employment (50.1) did manage to show the smallest amount of expansion since November 2023.

The proportion of negative comments from businesses rose to 63.0% in March, compared with 57.3% in February and 53.0% in January. A number of respondents noted the current recession, as well as ongoing inflationary/cost of living effects.

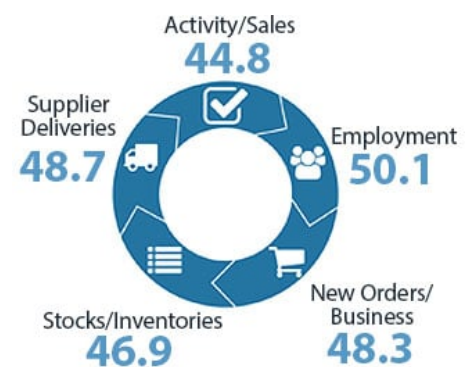
BNZ's Senior Economist Doug Steel said that "combining today's weak PSI activity with last week's similarly weak PMI activity, yields a composite reading that would be consistent with GDP falling below by more than 2% compared to year earlier levels. That is much weaker than what folk are forecasting".

[VIEW THE TIME SERIES DATA](#)

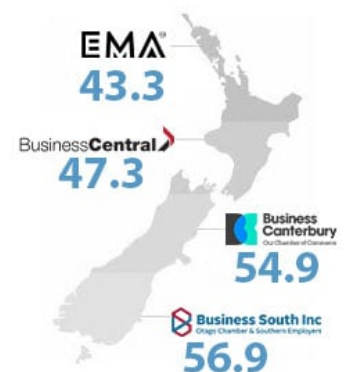


**Kirk Hope**  
CEO, BusinessNZ

### Main Indices



### Regional Results





## Services Landscape

### About Turn

The fledgling improvement in the Performance of Services Index (PSI) earlier this year has come to a screaming halt.

[Read more](#)

### Demand Slumps

The PSI's activity/sales index saw the largest fall in March, dropping nearly 10 index points to a very weak 44.8.

[Read more](#)

### Not A Good Combo

Combining today's weak PSI activity with last week's similarly weak PMI activity, yields a composite reading that would be consistent with GDP falling below by more than 2% compared to year earlier levels.

[Read more](#)

### Different World

NZ's PSI March slump stands in contrast to elsewhere in the world.

[Read more](#)



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[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

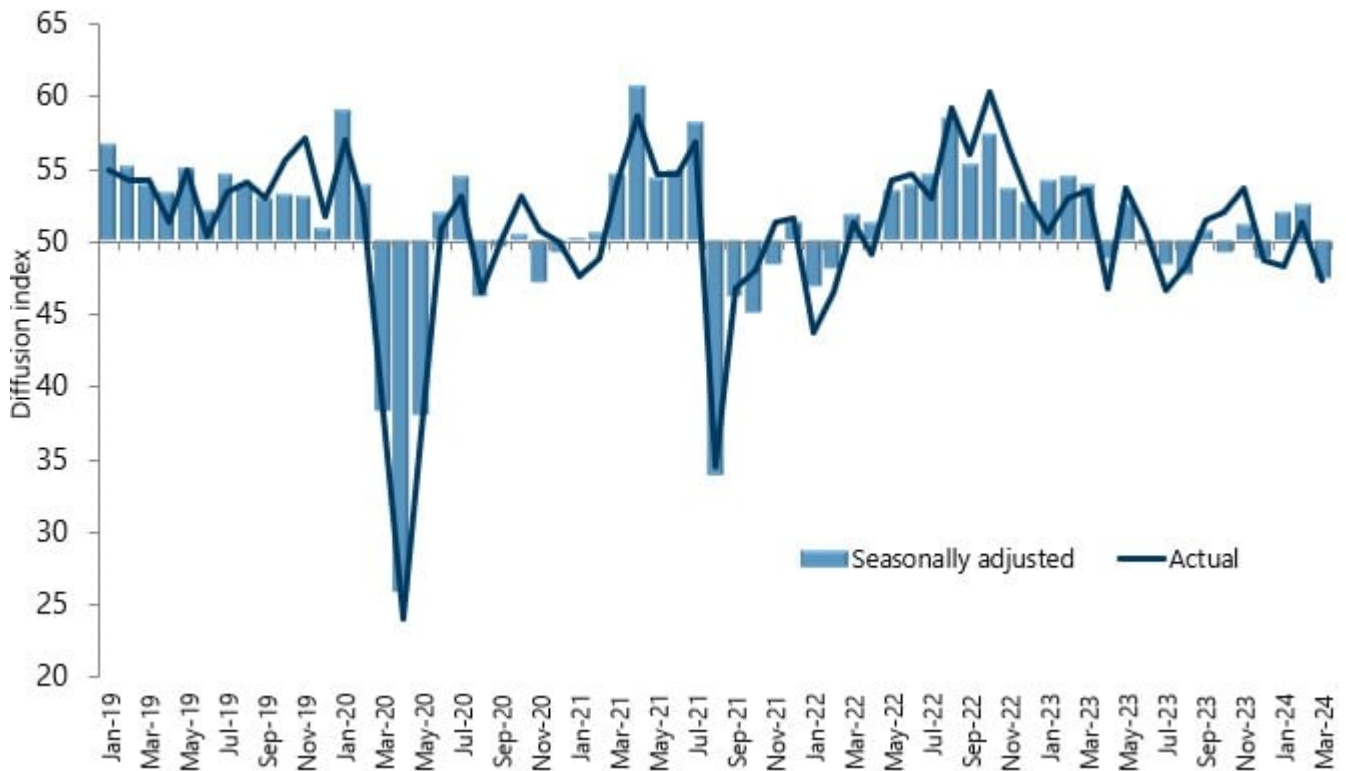
The results are seasonally adjusted.

National Indicies	Mar 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024
BNZ - BusinessNZ PSI	53.9	51.2	48.9	52.0	52.6	47.5
Activity/Sales	56.9	48.7	47.1	52.6	52.4	44.8
Employment	50.9	50.5	47.3	48.4	49.4	50.1
New Orders/Business	53.1	52.0	50.9	51.9	55.5	48.3
Stocks/Inventories	57.8	55.0	51.6	53.2	52.2	46.9
Supplier Deliveries	54.3	52.7	50.1	48.5	48.7	48.7

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PSI Time Series

January 2019 - March 2024

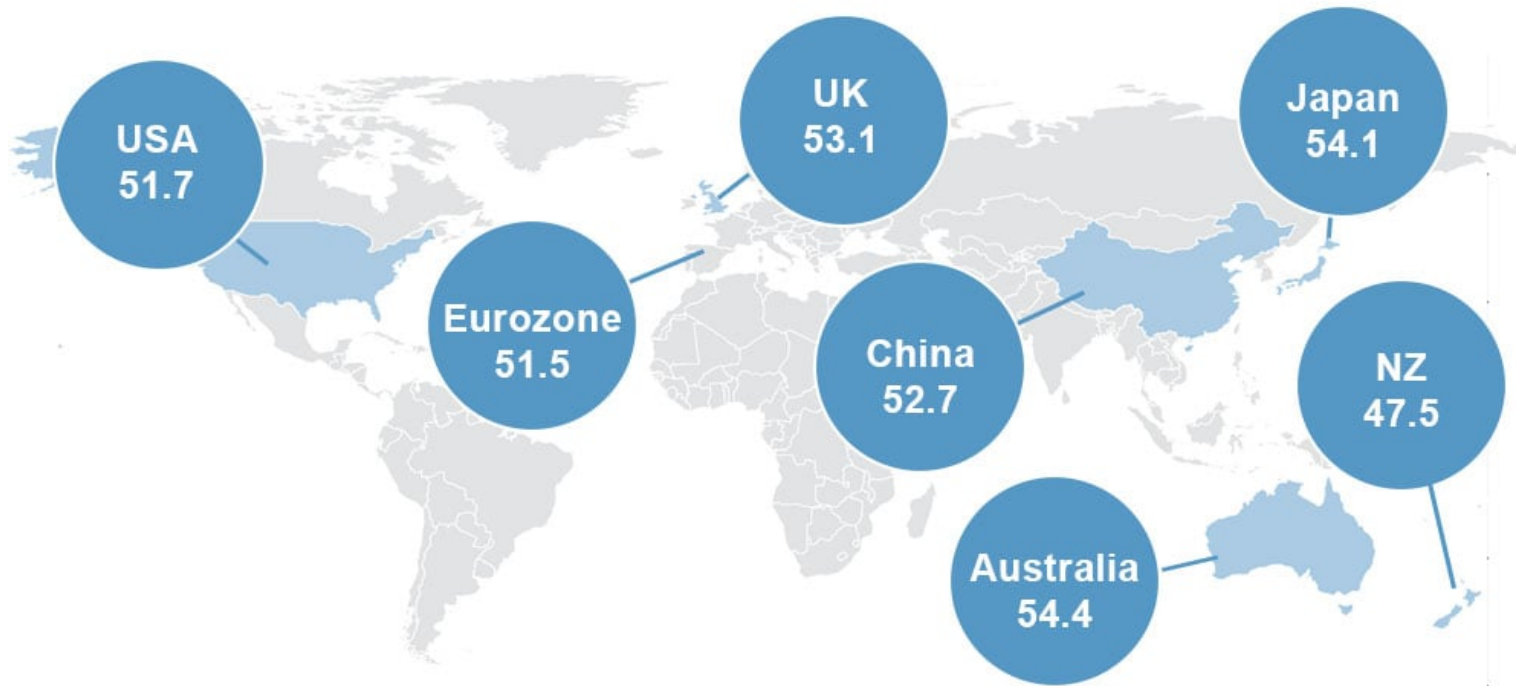


## International Results

J.P. Morgan Global Manufacturing PSI™

04 Apr 2024

# 52.5





# BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

**47.4**

GDP-Weighted Index

**46.8**

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 fall back into contraction for March.

The March GDP-Weighted Index (47.4) decreased 4.9 points from February, while the Free-Weighted Index (46.8) fell 4.1 points.

## BNZ - BusinessNZ PCI Time Series

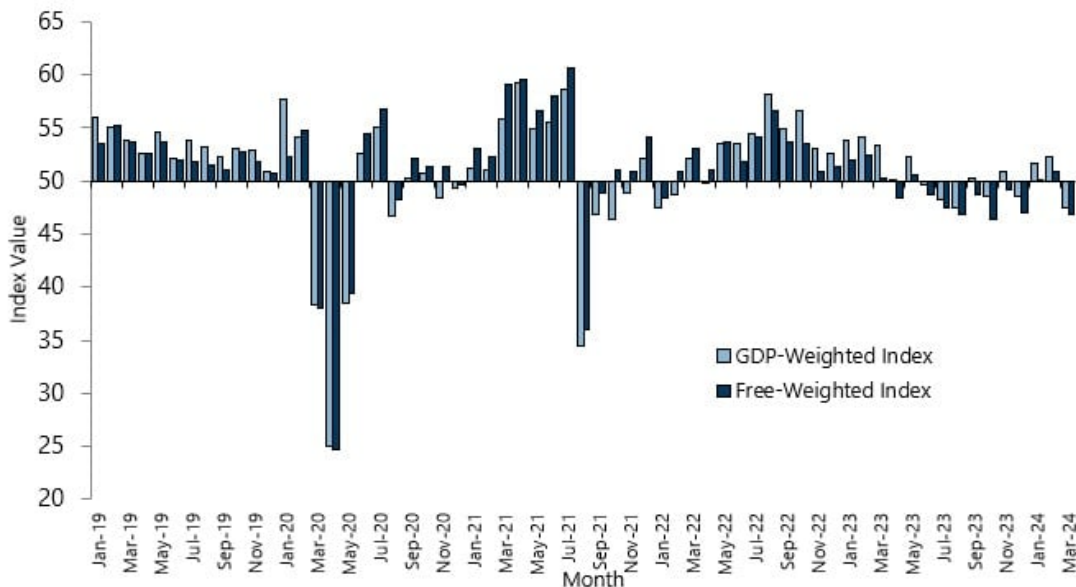
The results are seasonally adjusted.

National Indices	Mar 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024
GDP-Weighted Index	53.3	50.8	48.5	51.6	52.3	47.4
Free-Weighted Index	50.3	49.2	47.0	50.0	50.9	46.8

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PCI Time Series

January 2019 – March 2024



## 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

10 April 2024

## About Turn

The fledgling improvement in the Performance of Services Index (PSI) earlier this year has come to a screaming halt. It is a pattern we have seen in a few indicators of late including last week's PMI and QSBO. It raises the question that the economy may well be even weaker than is widely appreciated as well as questioning the timing of any recovery. After nudging up to a nearly respectable 52.6 in February, the PSI slumped to 47.5 in March. Yes, the leap day might have boosted February, and the timing of Easter might have suppressed March readings. But judging by previous examples of such things it suggests there is more to the drop than that. Aside from Covid lockdowns, the PSI has fallen to its weakest reading since 2009.

## Demand Slumps

The PSI's activity/sales index saw the largest fall in March, dropping nearly 10 index points to a very weak 44.8. It speaks to a sharp drop in demand that was reinforced by a similar sized decline in the new orders/business index to 48.3. These indexes were the furthest behind their historical norms, although all major components were trailing their respective averages to various degrees in March. The employment index was the least weak. It was still below average, but with an outright reading of 50.1 it managed to just poke its nose above the breakeven 50 line for the first time in four months.

## Not A Good Combo

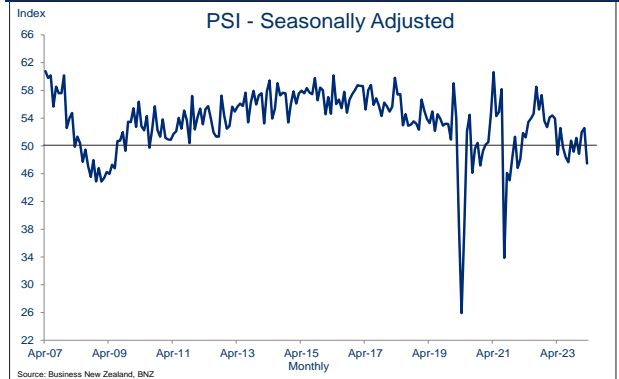
Combining today's weak PSI activity with last week's similarly weak PMI activity, yields a composite reading that would be consistent with GDP falling below by more than 2% compared to year earlier levels. That is much weaker than what folk are forecasting. While it is only one month's data, and the indicator has been volatile, it certainly raises the chances that the economy is struggling even more than some would like to believe. That said, it is interesting to note that weakness isn't uniform. For example, on a regional basis, the PSI is very weak in Northern and Central regions, but positive and above average in Canterbury/Westland and Otago/Southland. We saw signs of a similar pattern in last week's PMI and QSBO.

## Different World

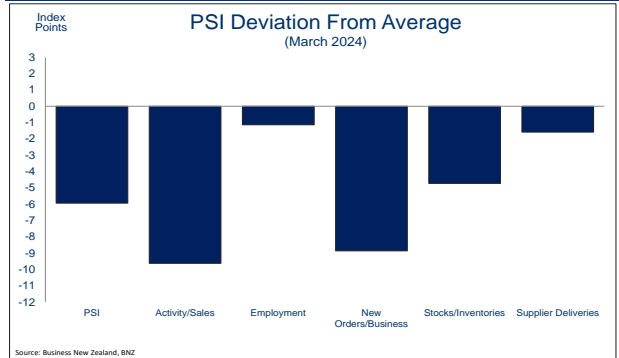
NZ's PSI March slump stands in contrast to elsewhere in the world. The PSI global average has been improving over recent months, to sit at 52.5 in March, with positive readings across many comparator areas.

[doug\\_steel@bnz.co.nz](mailto:doug_steel@bnz.co.nz)

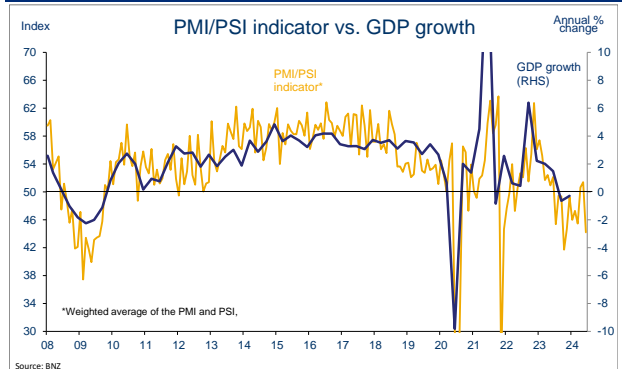
### Rewind



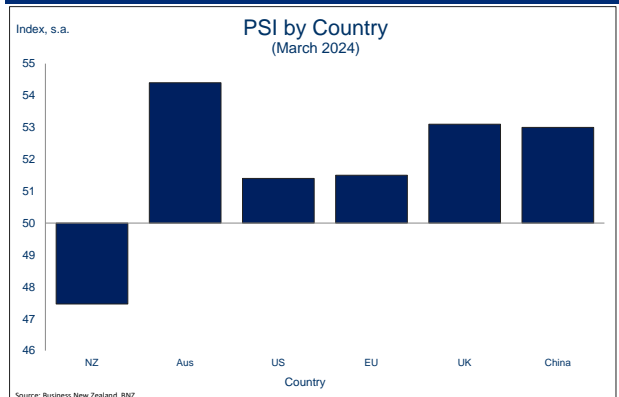
### Demand Well Below Average



### Growth Struggles Continue



### Different



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