

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Service with a slump

16 Jun 2025

44.0

May

-4.1

Monthly Change

Contracting

Faster Rate

New Zealand's services sector continued to show further decline in activity during May, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for May was 44.0 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was down 4.1 points from April and well below the average of 53.0 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said that after a return to small expansion in January, the sector has continually contracted month-on-month since then, reaching its lowest level of activity since June 2024. For the sub-index results, the key results for Activity/Sales (40.1) and New Orders/Business (43.2) were also the lowest since June 2024. Employment (47.2) fell back into further contraction, while Deliveries (45.7) remained unchanged from the previous month.

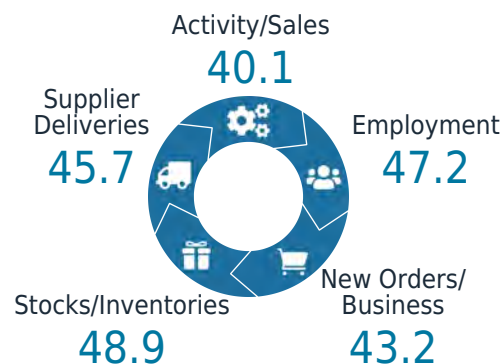
The proportion of negative comments for May (65.6%) was up from April (61.8%) and March (56.7%). Many businesses noted reduced demand and falling revenues due to rising costs, economic uncertainty and low consumer confidence. Comments noted customers spending less, delaying decisions, and responding cautiously to inflation, interest rates, and broader market instability. BNZ's Senior Economist Doug Steel said that "the fall in the PSI follows the sharp decline in the Performance of Manufacturing Index (PMI) from 53.3 to 47.5. Together, they are consistent with the economy returning to recession. We're a long way from forecasting this, but the data are a reminder of just how vulnerable the economy currently is".

[VIEW THE TIME SERIES DATA](#)

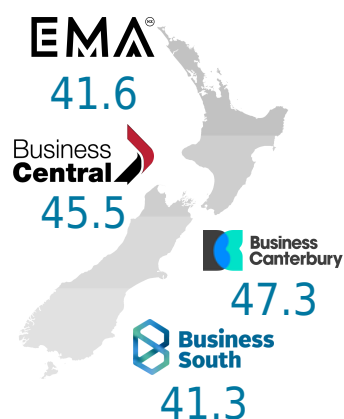


Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results





Services Landscape

Uh oh!

The combined services and manufacturing data look nothing short of disastrous. Sure, Q1 GDP growth looks set to be strong but there are clear warnings that the New Zealand economy has hit a brick wall in Q2, and this is despite the substantial revenue growth flowing from the agriculture sector.

[Read more](#)



Doug Steel
Senior Economist, BNZ

Service with a slump

The Performance of Services Index (PSI) dropped grimly from 48.1 to 44.0 in May. It is now at a level seldom seen and consistent with a rapidly shrinking services sector. The fall in the PSI follows the sharp decline in the Performance of Manufacturing Index (PMI) from 53.3 to 47.5.

[Read more](#)

Demand subdued

Weakness is widespread with all the PSI sub-indexes below the breakeven 50 mark in May. The activity/sales index (40.1) and new orders/business index (43.2) both sit a staggering 13 to 14 index points below their long-run averages.

[Read more](#)

Growth conundrum

Ironically, we anticipate this week's Q1 GDP figures to show an increase of 0.7% for the quarter (data due on Thursday). Our economic forecasts are then for a modest recovery over the rest of the year.

[Read more](#)

[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

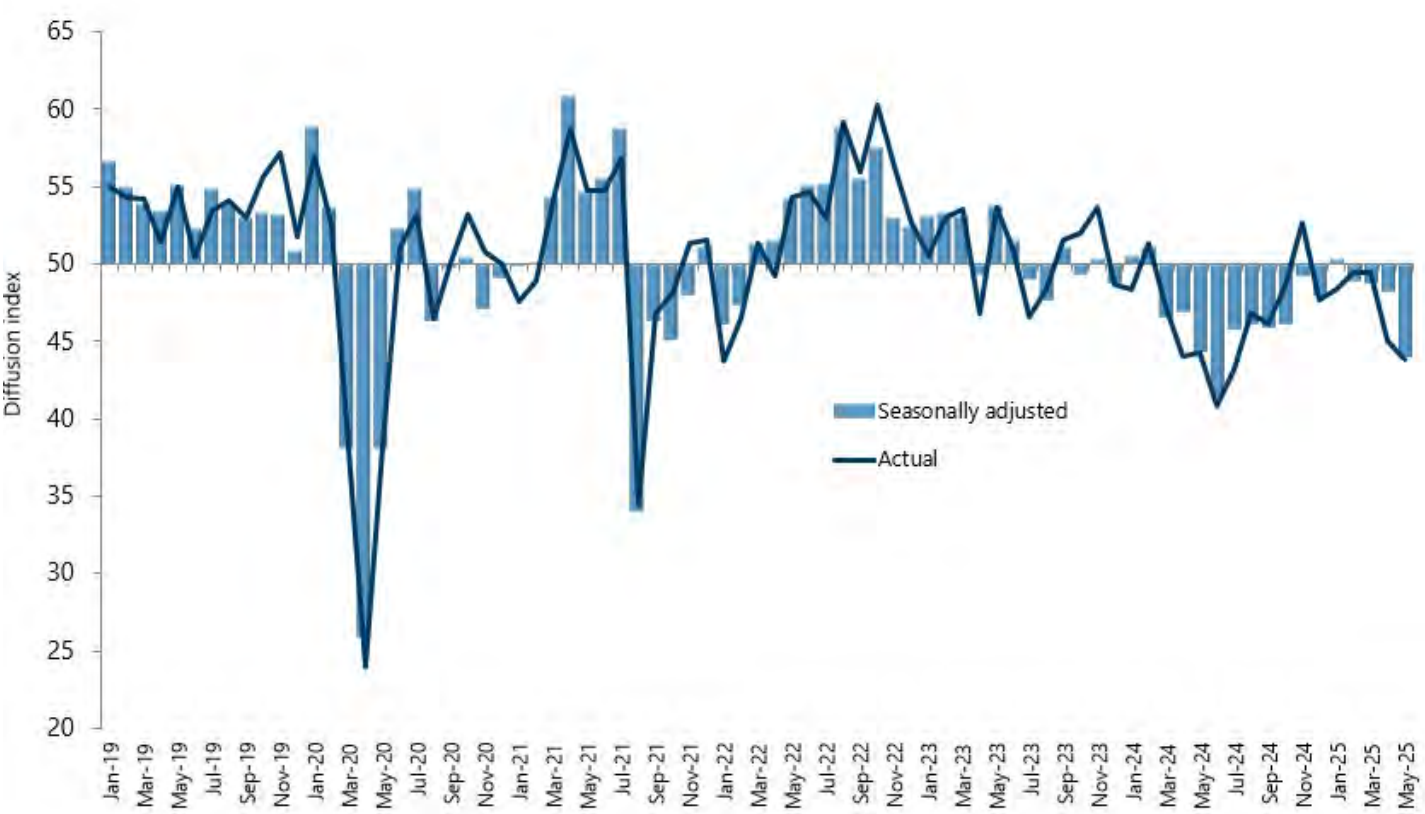
The results are seasonally adjusted.

National Indices	May 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025
BNZ - BusinessNZ PSI	44.3	50.3	48.8	48.7	48.1	44.0
Activity/Sales	42.4	53.7	48.9	46.9	46.7	40.1
Employment	46.9	47.4	48.9	49.8	47.9	47.2
New Orders/Business	44.7	50.0	49.4	50.4	50.2	43.2
Stocks/Inventories	42.9	49.9	47.7	48.8	48.5	48.9
Supplier Deliveries	46.3	47.5	47.5	48.2	45.7	45.7

VIEW THE TIME SERIES DATA

BNZ - BusinessNZ PSI Time Series

January 2019 - May 2025

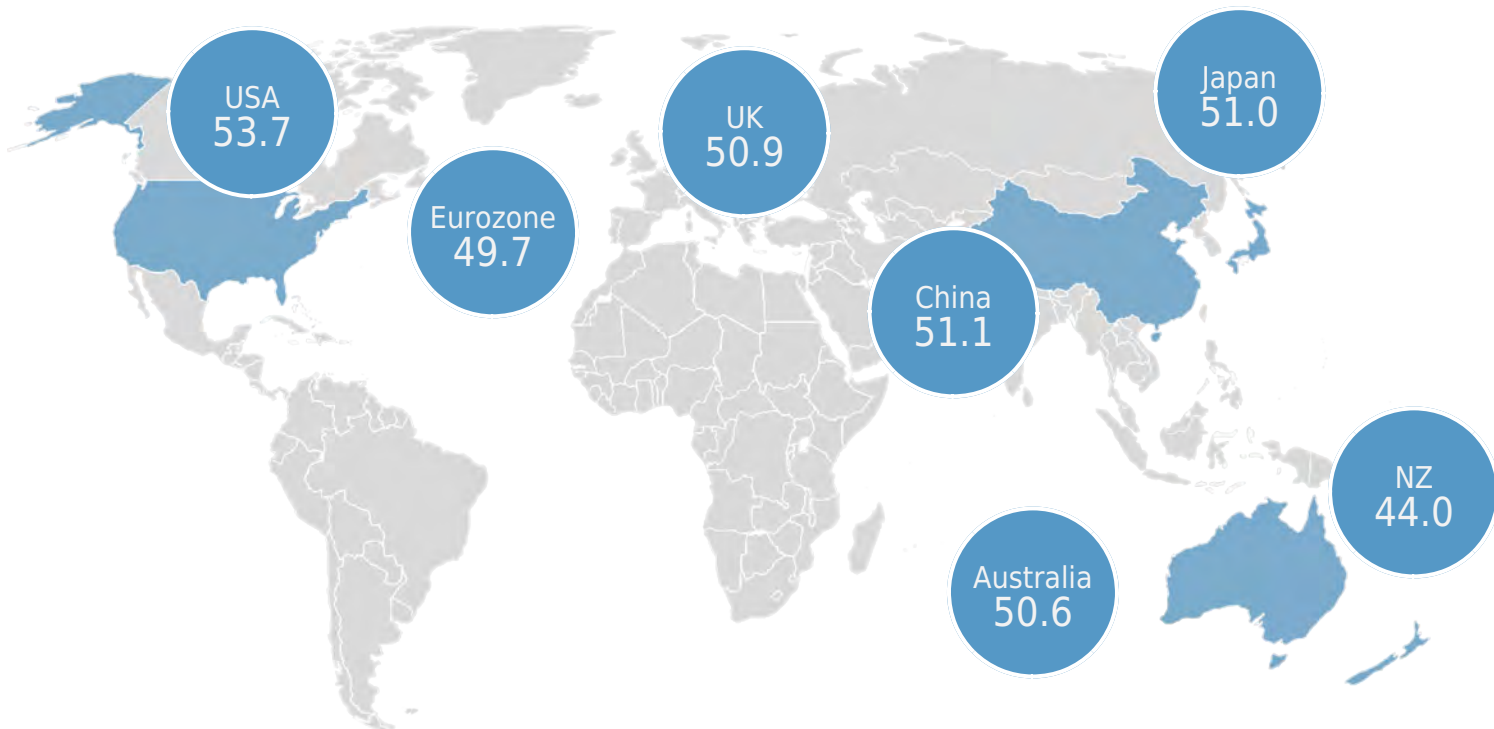


International Results

J.P. Morgan Global Manufacturing PSI™

06 Jun 2025

52.0



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

44.3

GDP-Weighted Index

45.5

Free-Weighted Index

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

The May GDP-Weighted Index (44.3) dove further into contraction, as did the Free-Weighted Index (45.5).

BNZ - BusinessNZ PCI Time Series

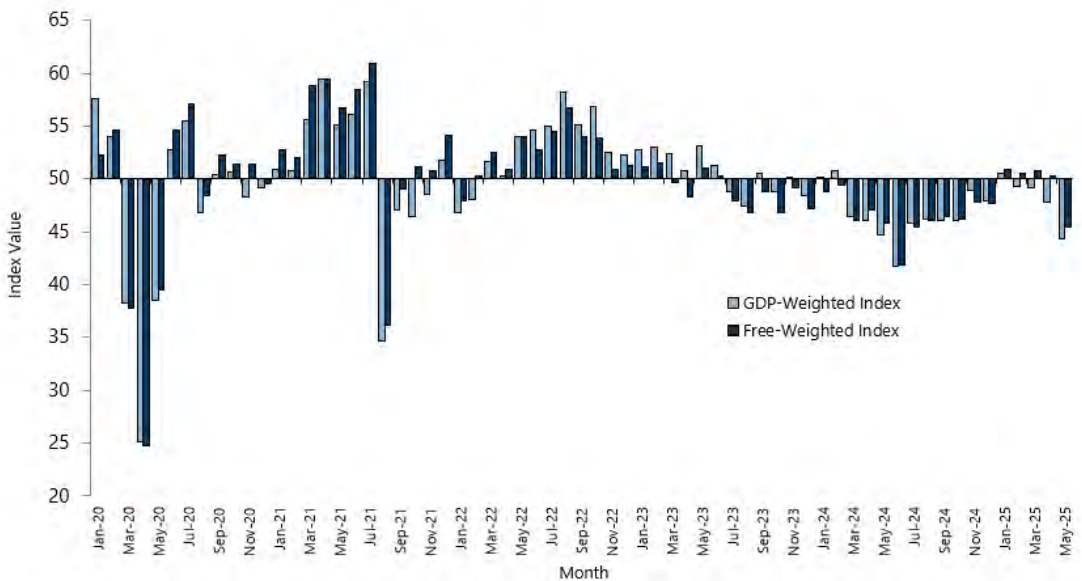
The results are seasonally adjusted.

National Indices	May 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025
GDP-Weighted Index	44.7	50.5	49.3	49.1	47.8	44.3
Free-Weighted Index	45.8	50.9	50.6	50.7	50.2	45.5

VIEW THE TIME SERIES DATA

BNZ - BusinessNZ PCI Time Series

January 2020 - May 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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The BNZ – BusinessNZ psi contains data obtained through BusinessNZ's regional organisations



Research

Services Landscape

16 June 2025

Uh oh!

The combined services and manufacturing data look nothing short of disastrous. Sure, Q1 GDP growth looks set to be strong but there are clear warnings that the New Zealand economy has hit a brick wall in Q2, and this is despite the substantial revenue growth flowing from the agriculture sector. If there was ever an argument for the provision of further stimulus from the central bank, then this is it.

Service with a slump

The Performance of Services Index (PSI) dropped grimly from 48.1 to 44.0 in May. It is now at a level seldom seen and consistent with a rapidly shrinking services sector. The fall in the PSI follows the sharp decline in the Performance of Manufacturing Index (PMI) from 53.3 to 47.5. Together they are consistent with the economy returning to recession. We're a long way from forecasting this, but the data are a reminder of just how vulnerable the economy currently is.

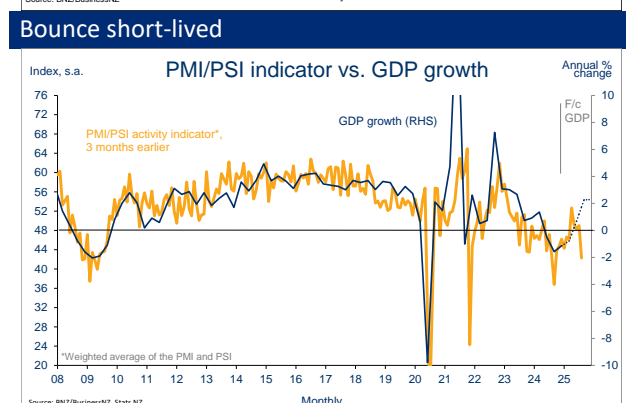
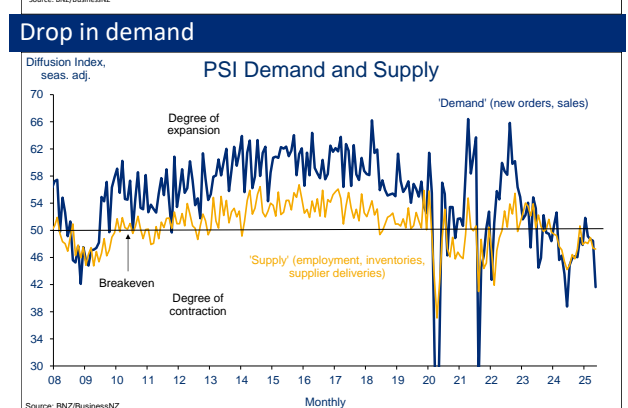
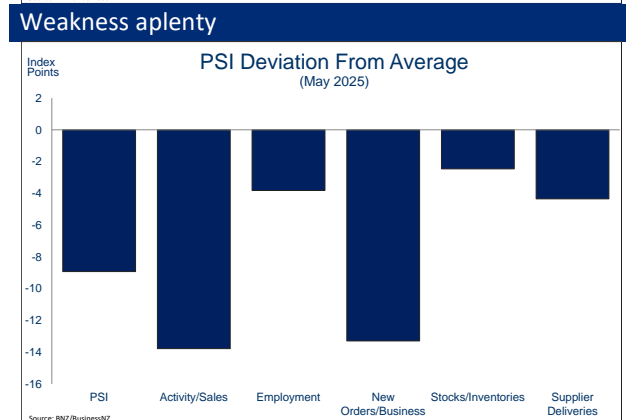
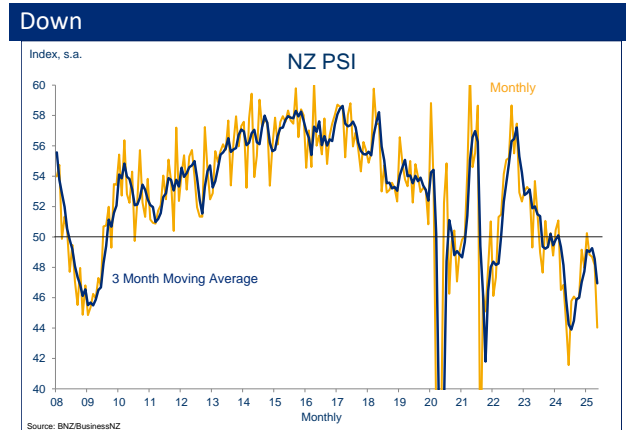
Demand subdued

Weakness is widespread with all the PSI sub-indexes below the breakeven 50 mark in May. The activity/sales index (40.1) and new orders/business index (43.2) both sit a staggering 13 to 14 index points below their long-run averages. This suggests most of the current service sector weakness can be attributed to subdued demand. Indeed, feedback from PSI respondents is dominated by demand-side concerns, although some supply-side pressures remain.

Growth conundrum

Ironically, we anticipate this week's Q1 GDP figures to show an increase of 0.7% for the quarter (data due on Thursday). Our economic forecasts are then for a modest recovery over the rest of the year. A key driver of this expectation was the recent strength in the combined PMI and PSI. The big question now is whether the suggested softening in activity will outweigh the starting point optimism.

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