BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Same Story

15 Dec 2025

46.9	-1.5	Contracting
November	Monthly Change	Faster Rate

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

The PSI for November was 46.9 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was 1.5 points lower than October, and the lowest level of activity since May 2025. The November result was also still well below the average of 52.8 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said that the November result put to bed any immediate hope that the sector was heading somewhere towards expansion. All five sub-index values were in contraction, with *Activity/Sales* (45.8) experiencing the greatest level of contraction for the current month. While *New Orders/Business* (49.3) still hovered just below the no change mark, *Employment* (46.4) also took a dip from October.

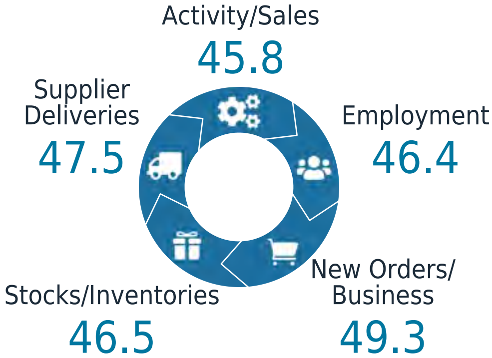
Despite a stronger level of contraction during November, the proportion of negative comments for November (52.9%) was lower than October (54.1%) and September (58.0%). Negative comments received show the services sector overwhelmingly citing the weak economic environment, including low consumer confidence, high living costs, inflation, interest rates, and reduced spending, as the main factors affecting recent activity.

BNZ's Senior Economist Doug Steel said that "combined with the Performance of Manufacturing Index (PMI), the composite activity indicator poses downside risk to even modest growth expectations for early next year".

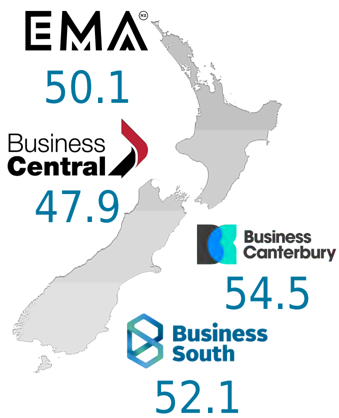
VIEW THE TIME SERIES DATA

Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results



Services Landscape

Doug Steel
Senior Economist, BNZ

Challenges continue

We expect Q3 GDP on Thursday to show a decent 0.9% q/q bounce. We believe the economy is slowly turning, but caution that the quarterly GDP figure is likely to overstate the underlying pace of recovery.

Read more

Not there yet

We noted way back in January that the economic recovery is unlikely to be in a straight line, and indicators will be choppy. The PSI has been no exception, falling again after previously approaching the breakeven 50 mark.

Read more

Retail

Retailers have been looking forward to the usual pickup in spending towards the end of the calendar year. There are some positive signs. Retail's PSI lifted to 56.0 on an unadjusted basis, its strongest November since 2017.

Read more

Tourism

The service sector has exposure to international tourism, where recovery continues. We expect more growth over the summer season. Short-term visitor numbers have crept up to around 92% of pre-Covid levels.

Read more

VIEW FULL BNZ SERVICES SNAPSHOT

PSI Time Series Table

The results are seasonally adjusted.

National Indicies	Nov 2024	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025
BNZ – BusinessNZ PSI	49.0	49.1	47.6	48.1	48.4	46.9
Activity/Sales	48.4	47.7	46.2	47.7	48.4	45.8
Employment	47.1	47.4	48.4	47.8	48.6	46.4
New Orders/Business	49.1	50.3	48.0	49.6	49.2	49.3
Stocks/Inventories	51.6	51.0	47.1	50.3	47.5	46.5
Supplier Deliveries	53.0	48.7	47.7	46.5	49.4	47.5

VIEW THE TIME SERIES DATA

BNZ – BusinessNZ PSI Time Series

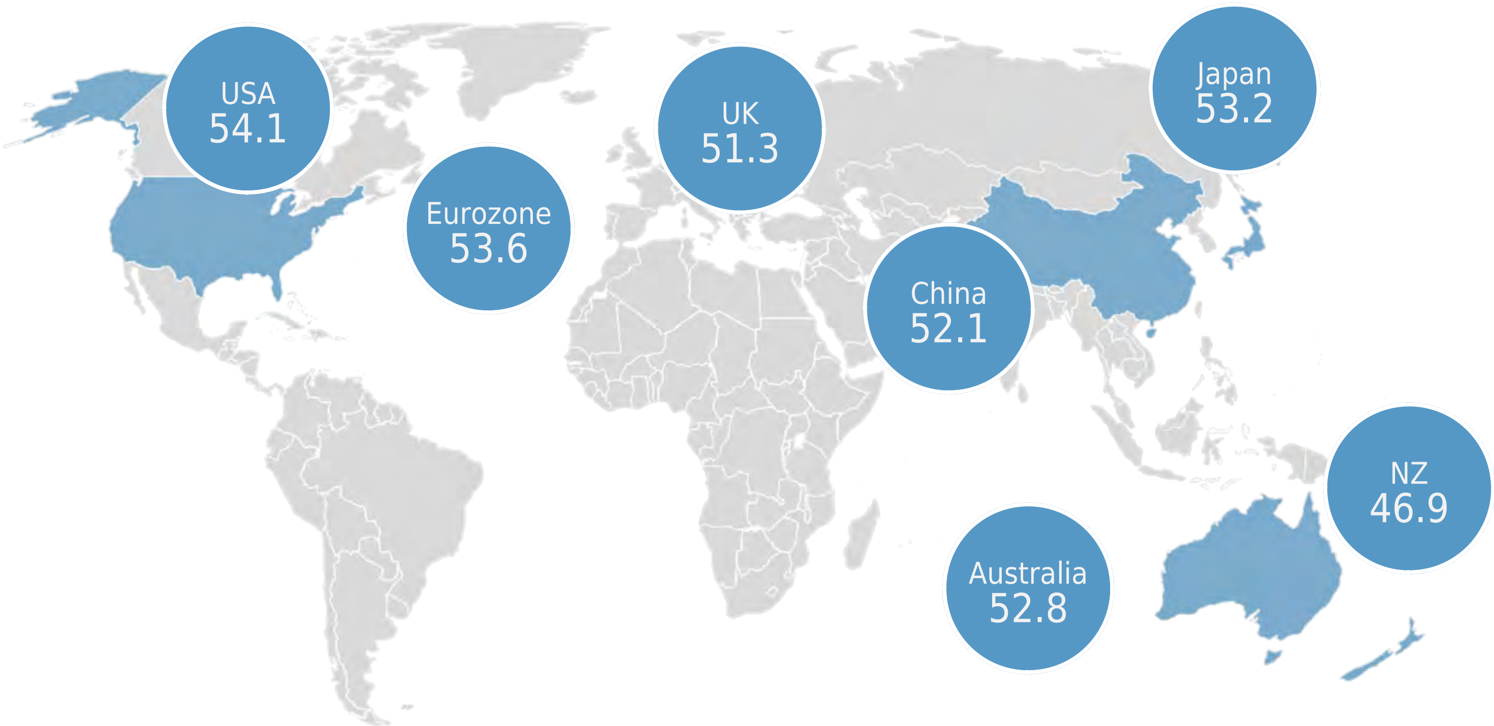
January 2019 – November 2025

International Results

J.P. Morgan Global Manufacturing PSI™

04 Dec 2025

53.3



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

47.4
GDP-Weighted Index

48.8
Free-Weighted Index

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

The November GDP-Weighted Index stood at 47.4, while the Free-Weighted Index was 48.8.

BNZ – BusinessNZ PCI Time Series

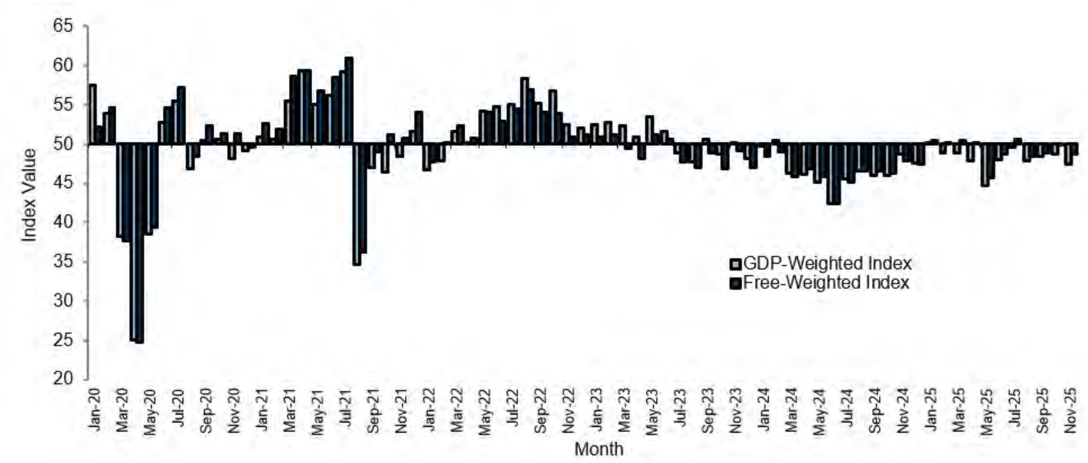
The results are seasonally adjusted.

National Indicies	Nov 2024	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025
GDP-Weighted Index	48.8	49.6	47.9	48.4	48.8	47.4
Free-Weighted Index	47.9	50.7	48.5	49.0	50.0	48.8

VIEW THE TIME SERIES DATA

BNZ – BusinessNZ PCI Time Series

January 2020 – November 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

15 December 2025

Challenges continue

We expect Q3 GDP on Thursday to show a decent 0.9% q/q bounce. We believe the economy is slowly turning, but caution that the quarterly GDP figure is likely to overstate the underlying pace of recovery. Indeed, the Performance of Services Index (PSI) dropped back from 48.4 to 46.9 in November and is lacking momentum. Combined with the Performance of Manufacturing Index (PMI), the composite activity indicator poses downside risk to even modest growth expectations for early next year.

Not there yet

We noted way back in January that the economic recovery is unlikely to be in a straight line, and indicators will be choppy. The PSI has been no exception, falling again after previously approaching the breakeven 50 mark. The PSI contrasts with some indicators showing recent growth in services. Last week's selected services survey implied some sector growth in Q3, in particular for professional services. PSI weakness in November is a reminder that overall service sector conditions remain a far cry from normal.

Retail

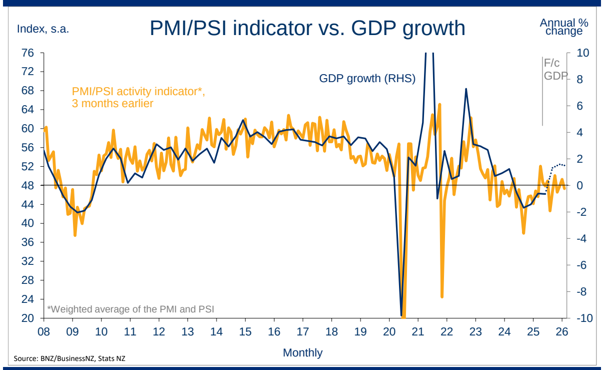
Retailers have been looking forward to the usual pickup in spending towards the end of the calendar year. There are some positive signs. Retail's PSI lifted to 56.0 on an unadjusted basis, its strongest November since 2017. And retail electronic card transactions rose 1.2% m/m in November (seasonally adjusted). Some of this might reflect changing spending patterns associated with seasonal sales (Black Friday). In any case, growth is coming off a low base. We will have to wait until the new year to assess December spending and see whether it can add more support to the PSI.

Tourism

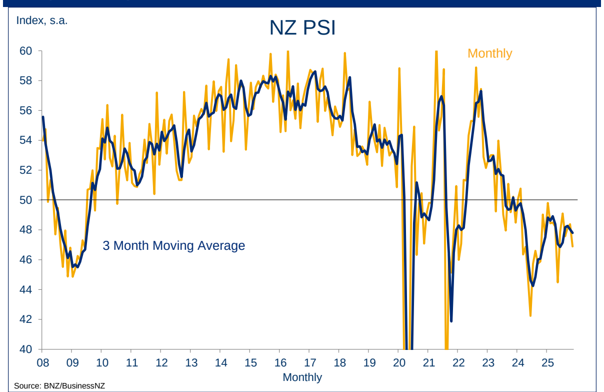
The service sector has exposure to international tourism, where recovery continues. We expect more growth over the summer season. Short-term visitor numbers have crept up to around 92% of pre-Covid levels. The gap to pre-pandemic levels is slowly closing but remains a relative drag on service sector activity. For example, New Zealand hotel occupancy rates climbed to 83% in November, its highest level since 87% in February 2020. The PSI for Accommodation, Cafes & Restaurants looked reasonable at an unadjusted 58.8 in November, but it usually does at this time of year. It is still a bit below its November average level of 61.8.

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

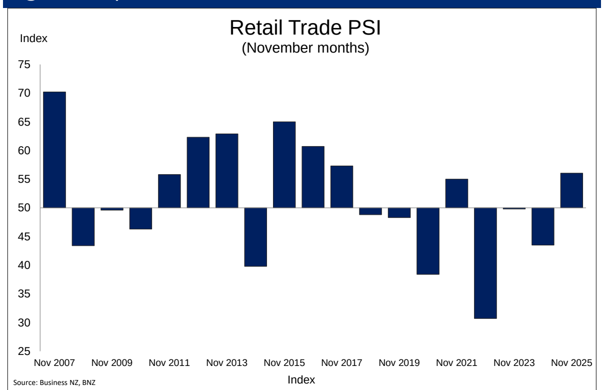
Improvement needed



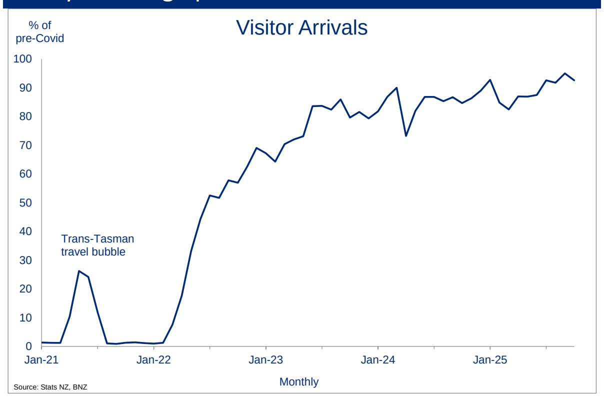
Languishing below 50



Sign of hope?



Slowly trending upwards



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