

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Lost momentum

13 Nov 2023

48.9

October

-1.7

Monthly Change

Contracting

Previously Expanding

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

The PSI for October was 48.9 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was down 1.7 points from September, and well below the long-term average of 53.5 for the survey.

BusinessNZ chief executive Kirk Hope said that the return to expansion in September was short lived, with the key sub-index results for Activity/Sales (47.4) and New Orders/Business (51.9) showing a lower level of activity in October. Employment (49.3) returned to slight contraction, while Supplier Deliveries (49.8) remained in a tight band of activity that has been evident over the last three months.

"Despite the October result falling back into contraction, the proportion of negative comments stood at 58.2% for October, which was down from 61.8% in September and 63.9% in August. Overall, negative comments continued to be strongly dominated by the recent General Election, as well as a general slowdown in the economy".

Looking at the broader perspective, BNZ Senior Economist Craig Ebert said that "combined, the PSI (48.9) and PMI (42.5) paint a picture of economic angst. This counsels caution around GDP for Q3, after it posted a surprising gain of 0.9% in Q2".

[VIEW THE TIME SERIES DATA](#)

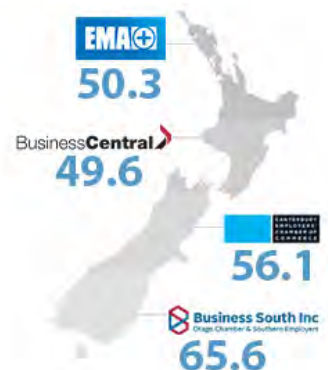


Kirk Hope
CEO, BusinessNZ

Main Indicies



Regional Results





Services Landscape

Ongoing struggle

As it has done for most of this year, the Performance of Services Index (PSI) struggled to even go sideways in October.

[Read more](#)

Principally patchy

The principal drag factor in October was activity/sales. This fell to a seasonally adjusted 47.4, from 50.9 in September (and has averaged 47.7 over the last 6 months).

[Read more](#)

More mixed than negative

While the PSI is averaging a bit below the breakeven level of 50, it also harbours quite the mixture of positives and negatives.

[Read more](#)

Broader perspective

While October's election might have overly hampered the PSI over recent months, other factors have argued for the PSI to have done better than it has.

[Read more](#)



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[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	Oct 2022	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023
BNZ - BusinessNZ PSI	57.1	49.8	48.3	47.6	50.6	48.9
Activity/Sales	60.6	51.2	39.9	45.3	50.9	47.4
Employment	57.5	49.1	49.2	50.9	50.5	49.3
New Orders/Business	59.6	50.6	45.4	48.7	53.9	51.9
Stocks/Inventories	56.2	47.5	53.5	51.4	48.0	51.1
Supplier Deliveries	52.4	50.8	52.0	49.2	49.7	49.8

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PSI Time Series

January 2019 - October 2023

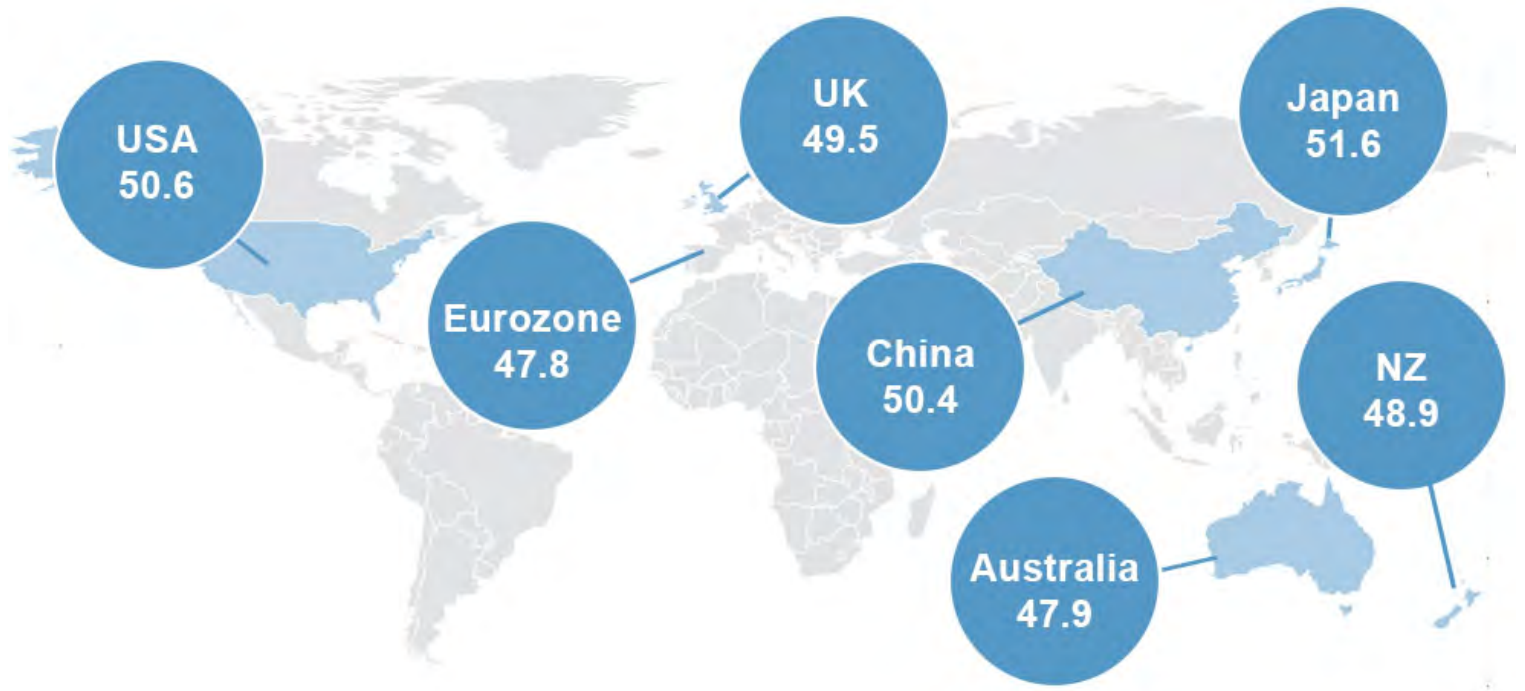


International Results

J.P. Morgan Global Manufacturing PSI™

06 Nov 2023

50.4



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

48.4

GDP-Weighted Index

46.1

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 in contraction for October.

The October GDP-Weighted Index (48.4) decreased 1.7 points from September to fall back into contraction, while the Free-Weighted Index (46.1) fell 2.5 points and remained in contraction.

BNZ - BusinessNZ PCI Time Series

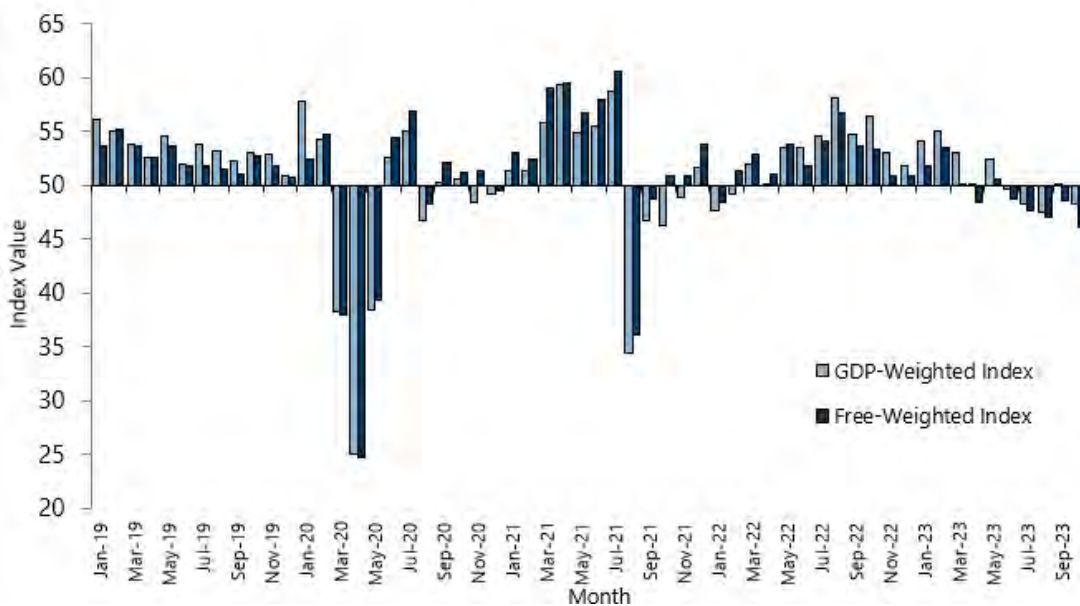
The results are seasonally adjusted.

National Indices	Oct 2022	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023
GDP-Weighted Index	56.4	49.7	48.4	47.5	50.1	48.4
Free-Weighted Index	53.3	48.8	47.6	47.0	48.6	46.1

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PCI Time Series

January 2019 - October 2023



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 November 2023

Ongoing struggle

As it has done for most of this year, the Performance of Services Index (PSI) struggled to even go sideways in October. Indeed, its seasonally adjusted reading dipped to 48.9, placing it back below the breakeven mark of 50, after it nudged a bit above that, to 50.6, in September. To be sure, October's General Election found its way into the survey's feedback as a negative factor (while positive comments tended to relate to the change of government the election outcome portends). That said, the PSI has averaged 49.7 over the past 6 months, which suggests a much more fundamental malaise has been at play.

Principally patchy

The principal drag factor in October was activity/sales. This fell to a seasonally adjusted 47.4, from 50.9 in September (and has averaged 47.7 over the last 6 months). New orders/business appeared better by comparison, although at 51.9 in October were nearly as much below their average as production was for the month. Employment (49.3) was not far south of its long-term norm of 51.3. However, in an outright sense neither does it instil confidence about momentum in service-sector hiring. More from the supply-side of the industry, stocks/inventories (51.1) and supplier deliveries (49.8) were very close to their respective norms.

More mixed than negative

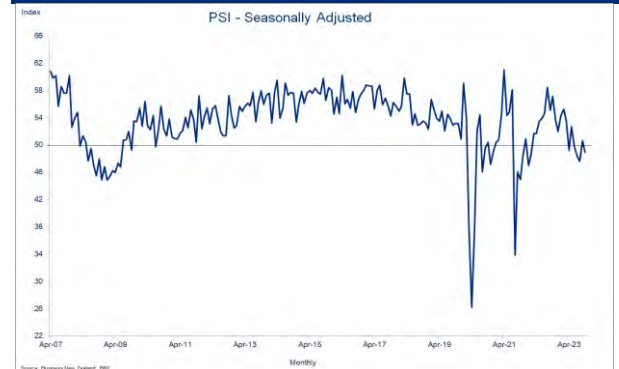
While the PSI is averaging a bit below the breakeven level of 50, it also harbours quite the mixture of positives and negatives. For example, 7 of the 10 industries recorded positive (above-50) results for October, including Accommodation, Café's & Restaurants (55.6) and Transport & Storage (54.0). Retail Trade, while improved, was still trailing with 47.8, while Property & Business eased further, to 45.0. By way of firm size, the medium-to-large were the only sub-50 dwellers, with 44.7. The regional compositional was also interesting, in that the South Island was doing far better than the North Island (see graph opposite). All based on unadjusted data, we should add.

Broader perspective

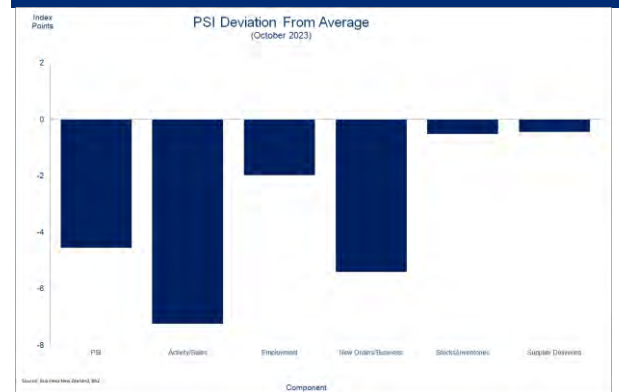
While October's election might have overly hampered the PSI over recent months, other factors have argued for the PSI to have done better than it has. Immigration is one, which has boosted population growth enormously. And while the labour market is not as heated as it was, aggregate income retains decent momentum. Also, for perspective, as much as the PSI has been struggling this year, the PMI has gone from bad to worse over recent months. Combined, the PSI (48.9) and PMI (42.5) paint a picture of economic angst. This counsels caution around GDP for Q3, after it posted a surprising gain of 0.9% in Q2.

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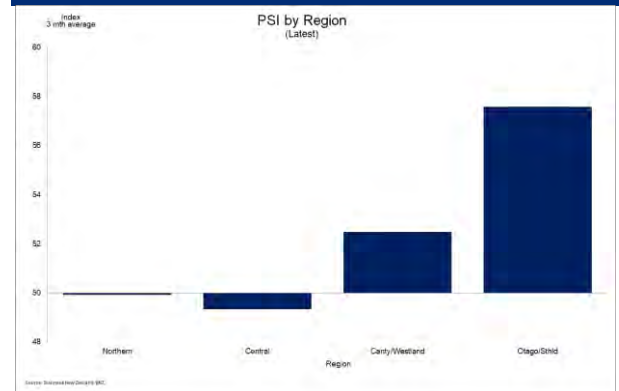
Struggling Just to Stand Still



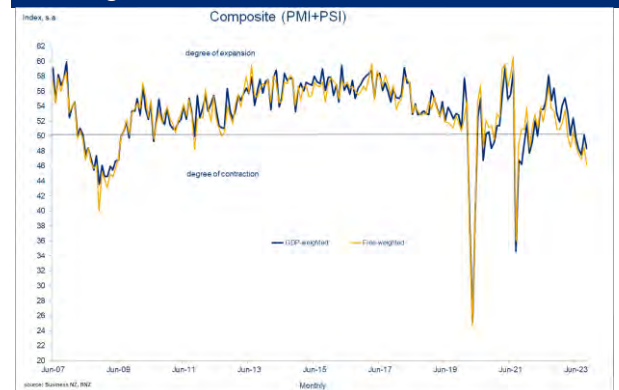
Well Below Par



Southern Lights



Troubling



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