

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Ongoing Downturn Persists

17 Nov 2025

48.7

October

+0.4

Monthly Change

Contracting

Slower Rate

The services sector in New Zealand continues to exhibit contraction, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for October was 48.7 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). Although this was 0.4 points higher than September, the sector remains entrenched in contraction, which has now been the case for 20 consecutive months. The October result was also still well below the average of 52.8 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said that while the level of activity in the sector has risen for the second consecutive month, the fact that none of the sub-index results managed to get above 50.0 during October shows it is still tough times for service-based businesses. For the sub-index results, *Activity/Sales* (48.9) recorded its highest value since January 2025, although *New Orders/Business* (49.5) slipped slightly from September. In addition, *Employment* (48.8) rose 0.9 points from September, recording its highest value since March 2025.

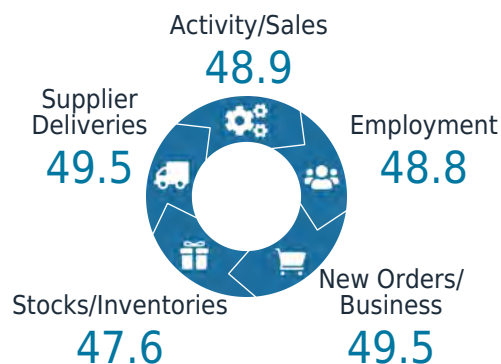
The proportion of negative comments for October (54.1%) was down from September (58.0%) and August (59.6%). Negative comments received show the services sector reporting weak demand and reduced customer spending due to the economic downturn, cost-of-living pressures, and low confidence. Rising operating costs, delays, competition, and project cancellations are further reducing sales, slowing activity, and creating cashflow challenges.

BNZ's Senior Economist Doug Steel said that "if one was trying to find any positive traces in a still broadly weak sector, the activity/sales index rose to its best outcome since January this year and its second-best month since February last year. But 48.9 is not strong".

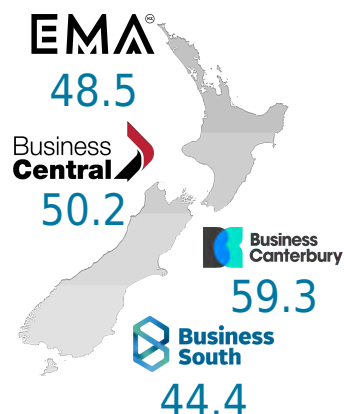


Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Services Landscape

PSI

The service sector continues to struggle for forward momentum. October's Performance of Services Index (PSI) was 48.7.

[Read more](#)

To and fro

A better-looking Performance of Manufacturing Index (PMI) last week might have had some starting to entertain thoughts of a quick economic recovery.

[Read more](#)

Subpar subcomponents

The PSI's sub-components made for dreary reading in October. All were below the breakeven 50 mark and below their respective long-term averages.

[Read more](#)

Population

There are many drivers of the highly diverse service sector. Population growth is a broad one. Latest figures show the population grew 0.7% in the year to June, a rapid slowing from 1.7% a year earlier and 2.3% in the year before that.

[Read more](#)



Doug Steel
Senior Economist, BNZ

[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 2024	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025
BNZ - BusinessNZ PSI	46.2	47.6	49.0	47.6	48.3	48.7
Activity/Sales	44.4	45.1	47.6	46.3	48.0	48.9
Employment	46.4	47.5	47.3	48.5	47.9	48.8
New Orders/Business	47.7	49.1	50.1	48.1	49.7	49.5
Stocks/Inventories	48.0	50.4	51.0	47.1	50.4	47.6
Supplier Deliveries	47.3	46.9	48.7	47.8	46.6	49.5

VIEW THE TIME SERIES DATA

BNZ - BusinessNZ PSI Time Series

January 2019 - October 2025

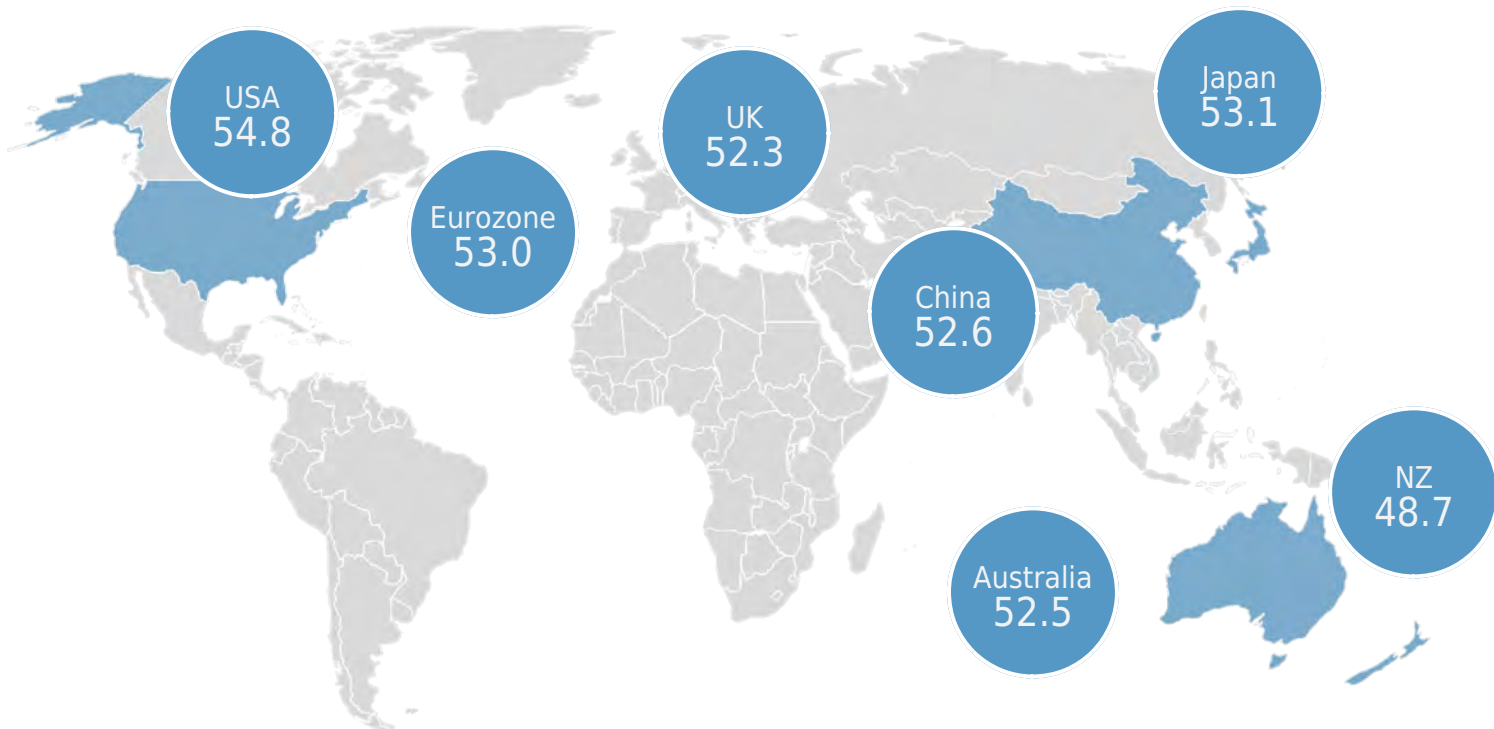


International Results

J.P. Morgan Global Manufacturing PSI™

06 Nov 2025

53.4



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

49.1

GDP-Weighted Index

50.2

Free-Weighted Index

The seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) showed contrasting results during October.

The October GDP-Weighted Index (49.1) remained in contraction, while the Free-Weighted Index (50.2) displayed slight expansion.

BNZ - BusinessNZ PCI Time Series

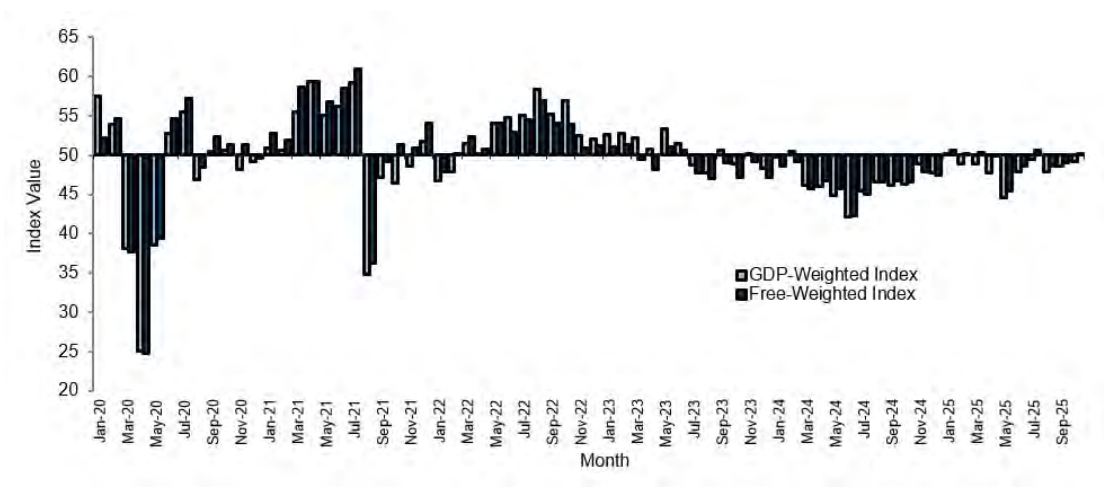
The results are seasonally adjusted.

National Indices	Oct 2024	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025
GDP-Weighted Index	46.3	47.9	49.4	48.0	48.6	49.1
Free-Weighted Index	46.6	48.6	50.6	48.6	49.1	50.2

VIEW THE TIME SERIES DATA

BNZ - BusinessNZ PCI Time Series

January 2020 – October 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

17 November 2025

PSI

The service sector continues to struggle for forward momentum. October's Performance of Services Index (PSI) was 48.7. It is marginally higher than September's 48.3 but nothing to change the general sentiment of a soft service sector. The PSI has now wallowed below the breakeven 50 mark for 20 consecutive months.

To and fro

A better-looking Performance of Manufacturing Index (PMI) last week might have had some starting to entertain thoughts of a quick economic recovery. The PSI pushes against such thinking. However, the combined activity indicator from the two surveys still managed to edge a touch higher. It is getting closer to a level that would be consistent with the modest economic growth rates we are forecasting.

Subpar subcomponents

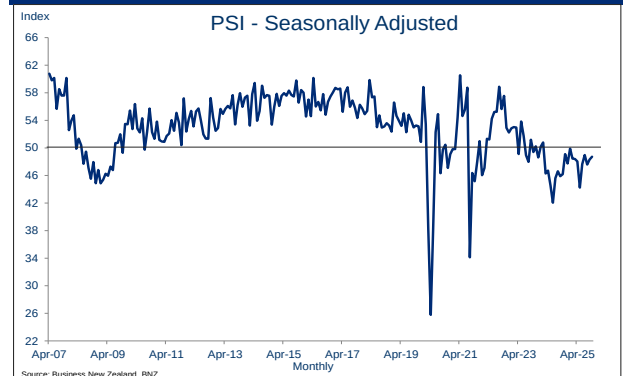
The PSI's sub-components made for dreary reading in October. All were below the breakeven 50 mark and below their respective long-term averages. The new orders index is closest to 50, at 49.5, but is farthest below its long-term average. If one was trying to find any positive traces in a still broadly weak sector, the activity/sales index rose to its best outcome since January this year and its second-best month since February last year. But 48.9 is not strong. The glass-half full interpretation is that you must get less weak before you get stronger. Likewise, the employment index rose to 48.8 – its best result since March, albeit still below 50. And a drop in the inventories index may suggest greater control in that area.

Population

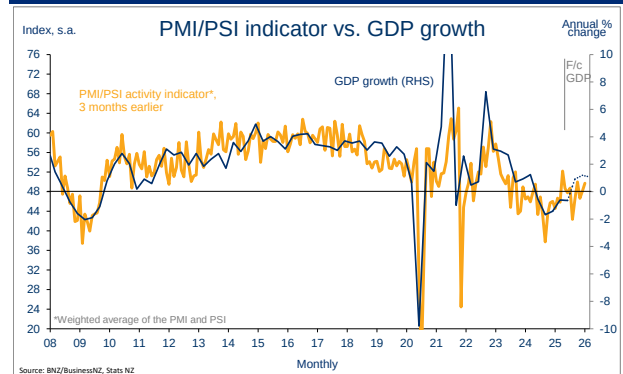
There are many drivers of the highly diverse service sector. Population growth is a broad one. Latest figures show the population grew 0.7% in the year to June, a rapid slowing from 1.7% a year earlier and 2.3% in the year before that. This follows from fewer net migrant inflows over recent years. The 12,400 annual net inflow of migrants currently estimated for the year to September 2025 is significantly lower than the 42,400 net inflow a year earlier. However, latest figures show more signs of the annual net inflow stabilising over recent months, even edging up a bit from the year to May's 10,300 net inflow. Adding in short term travellers and the total annual net inflow of people is a touch more. Even a stabilisation would remove a growth headwind for the services sector.

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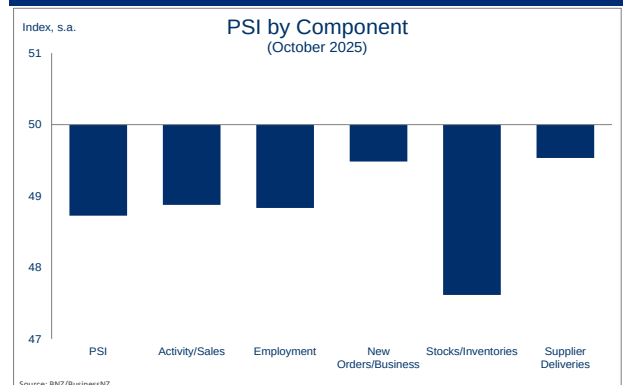
Still struggling



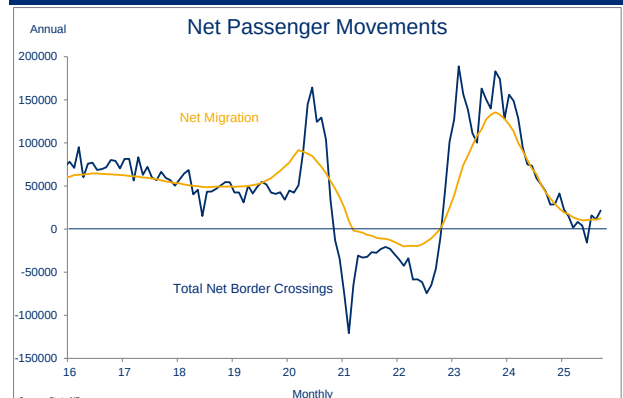
Getting closer



Subpar



Stabilising



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