BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

On a knife edge

17 Aug 2026

50.6	-0.3	Expanding
July	Monthly Change	Slower Rate

According to the BNZ – BusinessNZ Performance of Services Index (PSI), New Zealand's services sector held onto its expansion in July, following June's return to growth.

The PSI for July was 50.6 (where a reading above 50.0 indicates the sector is generally expanding, and a reading below 50.0 indicates the sector is in contraction). This was down slightly from 50.9 in June, but still above 48.1 in May. July marks a second consecutive month above the breakeven mark.

BusinessNZ's CEO, Katherine Rich said "It's encouraging to see the PSI hold above 50.0 for a second month running, even if the pace has eased slightly from June. Employment remains the sector's soft spot, sitting at 48.5 alongside Supplier Deliveries, which tells us firms are still cautious about committing to new hires. Until consumer confidence firms up further, this recovery will likely stay modest rather than becoming the stronger bounce we've seen in manufacturing."

The respondent comments showed that cost of living pressures, fuel and petrol prices, and rising interest rates remain front of mind for many, with a number also citing uncertainty ahead of the election. Sentiment was notably softer than in manufacturing, with 64% of comments negative.

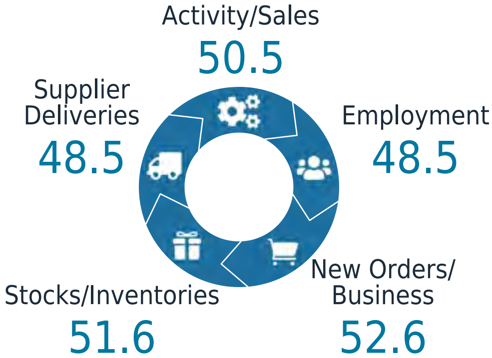
New Orders/Business was the strongest sub-index, at 52.6, followed by Stocks/Inventories at 51.6 and Activity/Sales at 50.5. Employment and Supplier Deliveries were the weakest, both at 48.5, a reminder that the recovery remains narrowly based.

BNZ Senior Economist, Doug Steel said "The PSI was 50.6 in July. Not far from June’s 50.9 outcome but still above the breakeven 50 mark for the second consecutive month. The positive take is that this represents progress with the past two months having shown better readings than for most of the past three years. Moreover, the activity/sales index rose above 50 for the first time in six months".

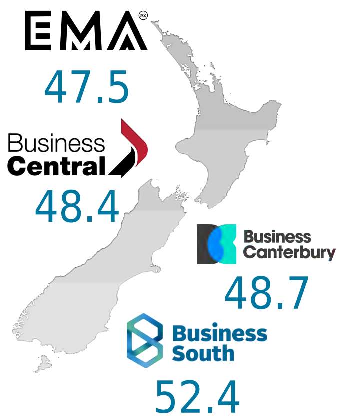
VIEW THE TIME SERIES DATA

Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results



Services Landscape

Doug Steel
Senior Economist, BNZ

Inching forward

Meanwhile, strong export returns continue to pulse through many primary sectors and regional economies. In contrast, the services sector is only inching forward according to the Performance of Services Index (PSI).

Read more

Underwhelming

On the other hand, the PSI is only just above breakeven and most sub-indexes are below their long-term averages (stock/inventories is the exception and not necessarily a positive sign). All this indicates a below average rate of service sector expansion with no signs of acceleration in July.

Read more

Employment weak

Disconcertingly, the small steps forward haven't been enough to encourage service sector employment growth. The PSI employment index remained stuck below 50, at 48.5 in July, for the 32nd consecutive month.

Read more

Net positive

Combining the (strongly positive) PMI and (just positive) PSI activity components, yields a composite indicator consistent with annual GDP growth of around 2% y/y. That is broadly in line with our own forecasts.

Read more

VIEW FULL BNZ SERVICES SNAPSHOT

PSI Time Series Table

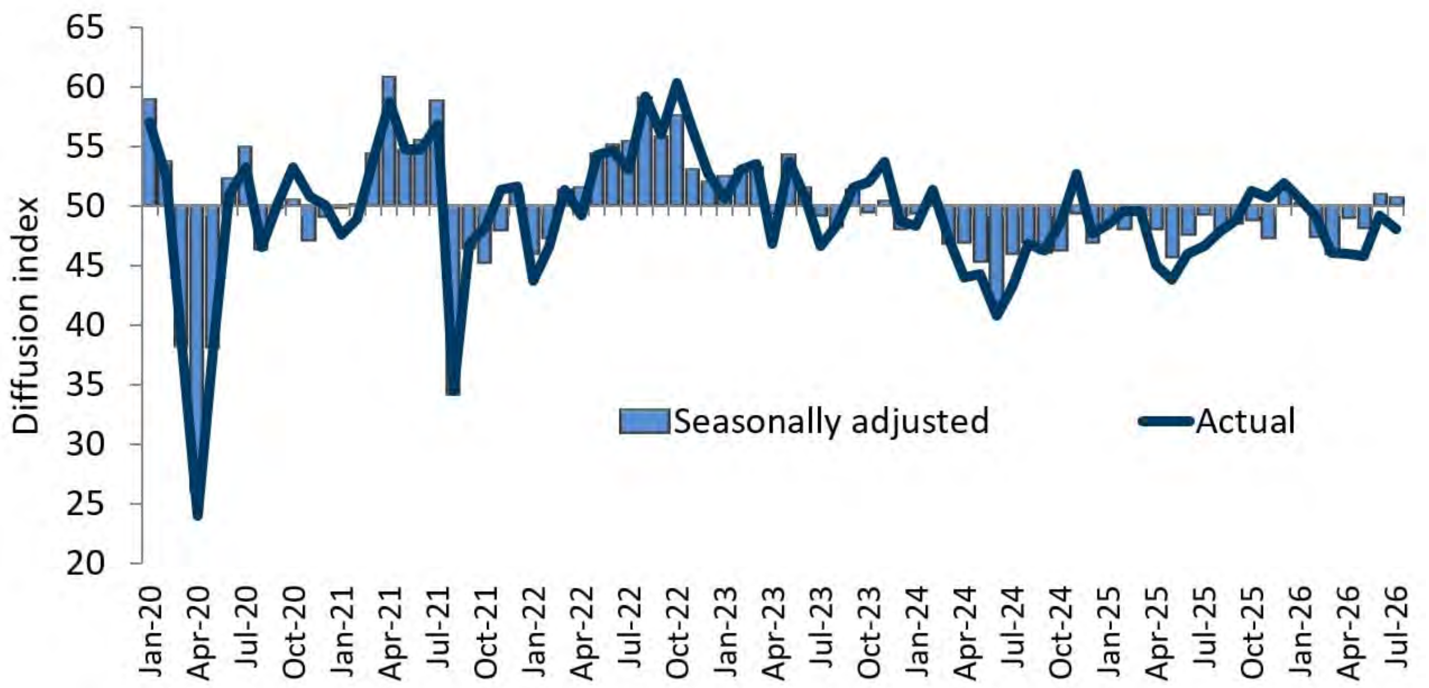
The results are seasonally adjusted.

National Indicies	July 2025	Mar 2026	Apr 2026	May 2026	June 2026	July 2026
BNZ – BusinessNZ PSI	49.2	45.9	49.0	48.1	50.9	50.6
Activity/Sales	48.0	44.3	48.8	45.2	49.7	50.5
Employment	47.5	46.5	48.6	48.7	48.8	48.5
New Orders/Business	50.1	45.8	51.2	48.4	53.3	52.6
Stocks/Inventories	50.2	46.4	47.9	48.1	50.3	51.6
Supplier Deliveries	49.1	47.3	46.9	49.7	51.2	48.5

VIEW THE TIME SERIES DATA

BNZ – BusinessNZ PSI Time Series

January 2020 – July 2026

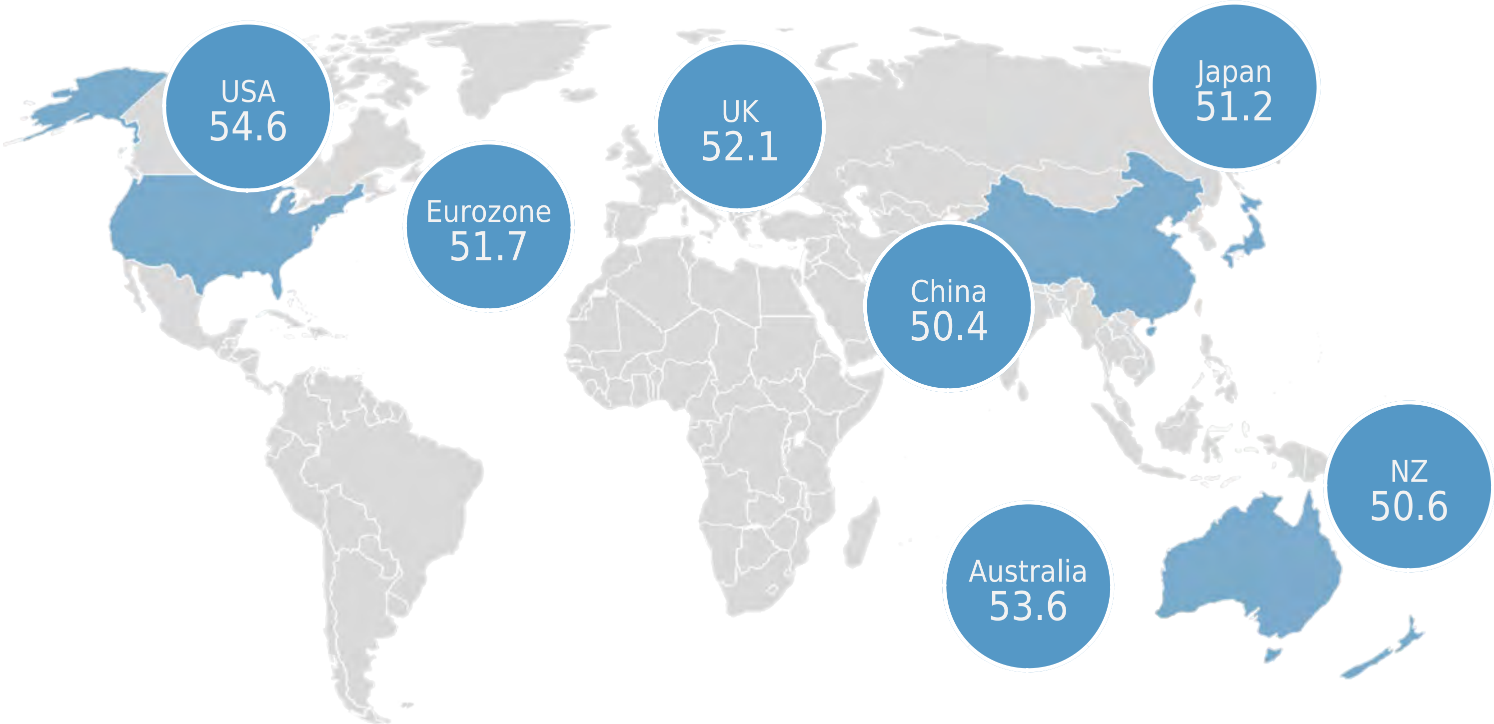


International Results

J.P. Morgan Global Manufacturing PSI™

05 Aug 2026

52.5



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

51.1

GDP-Weighted Index

52.6

Free-Weighted Index

Reflecting the continued expansion in both the PMI and the PSI, the seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) held onto its expansion in July, but at a softer pace than June's strong lift. Both the Manufacturing component of the PCI and the Services component remained in expansion.

Both the GDP-weighted index and the Free-weighted index eased back slightly in July, having posted a strong lift back into expansion in June.

BNZ – BusinessNZ PCI Time Series

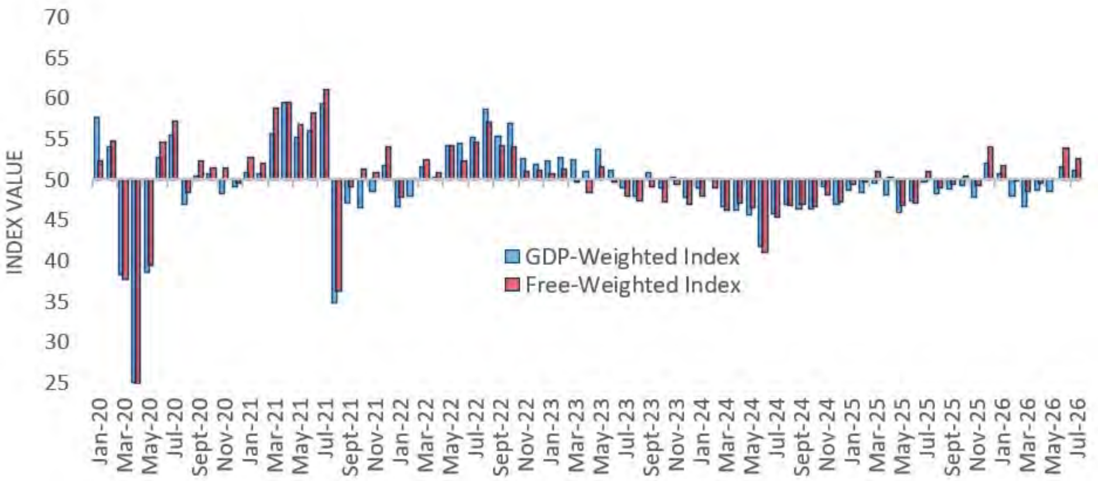
The results are seasonally adjusted.

National Indicies	July 2026	Mar 2026	Apr 2026	May 2026	Jun 2026	Jul 2026
GDP-Weighted Index	49.7	46.7	48.7	48.5	51.6	51.1
Free-Weighted Index	51.0	48.6	49.5	50.0	53.8	52.6

VIEW THE TIME SERIES DATA

BNZ – BusinessNZ PCI Time Series

January 2020 – July 2026



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 bnz MARKETS

Research

Services Landscape

17 August 2026

Inching forward

Last Friday's Performance of Manufacturing Index (PMI) for July couldn't match its June stellar outcome, but it was still firmly above average. And some recent construction indicators like concrete production and residential building consents were well above year earlier levels pointing to some growth there too. Meanwhile, strong export returns continue to pulse through many primary sectors and regional economies. In contrast, the services sector is only inching forward according to the Performance of Services Index (PSI).

Underwhelming

The PSI was 50.6 in July. Not far from June's 50.9 outcome but still above the breakeven 50 mark for the second consecutive month. The positive take is that this represents progress with the past two months having shown better readings than for most of the past three years. Moreover, the activity/sales index rose above 50 for the first time in six months. On the other hand, the PSI is only just above breakeven and most sub-indexes are below their long-term averages (stock/inventories is the exception and not necessarily a positive sign). All this indicates a below average rate of service sector expansion with no signs of acceleration in July. That is disappointing.

Employment weak

Disconcertingly, the small steps forward haven't been enough to encourage service sector employment growth. The PSI employment index remained stuck below 50, at 48.5 in July, for the 32nd consecutive month. Given the size of New Zealand's services sector, there seems little chance of the unemployment rate falling until meaningful services' job growth returns. The PSI suggests this didn't happen in July.

Net positive

Combining the (strongly positive) PMI and (just positive) PSI activity components, yields a composite indicator consistent with annual GDP growth of around 2% y/y. That is broadly in line with our own forecasts. Positive, but a rate of growth that will take some time to generate sufficient additional employment to reduce the unemployment rate.

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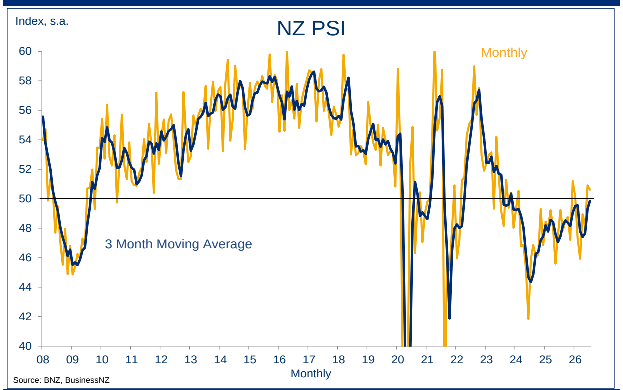
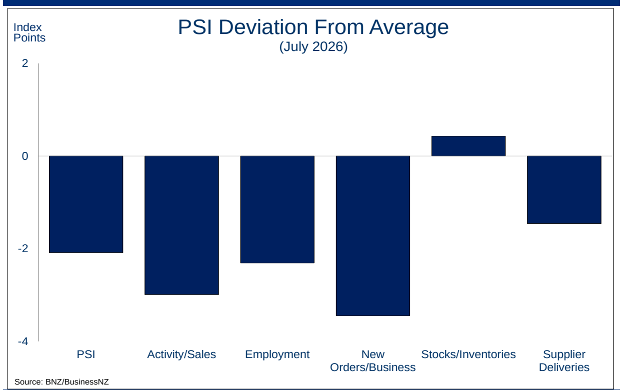
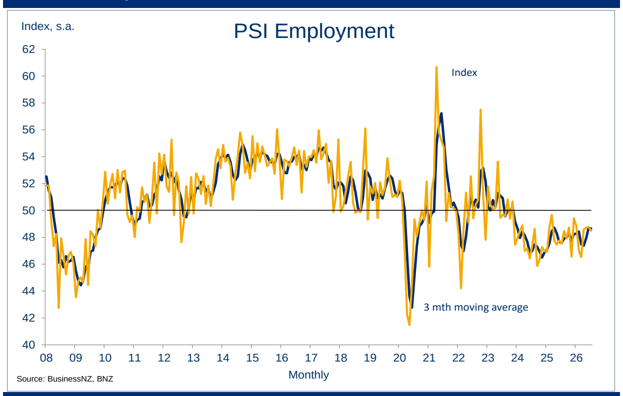
Nose above water



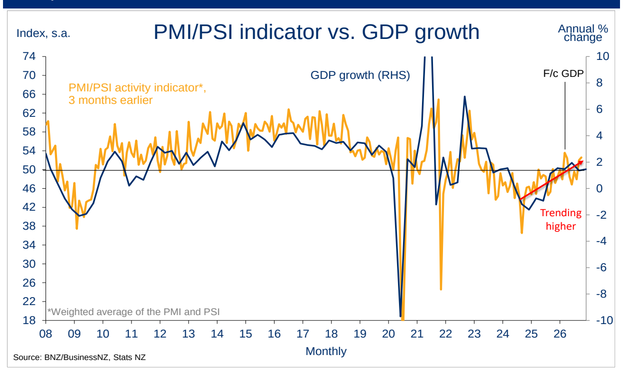
Below average



Weakness persists



PMI/PSI



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