

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Services awaiting recovery in consumer confidence

15 Jun 2026

47.5

May

-1.2

Monthly Change

Contracting

Faster rate

According to the BNZ – BusinessNZ Performance of Services Index (PSI), the services sector in New Zealand contracted again in May.

The PSI for May was 47.5 (where a reading above 50.0 indicates the sector is generally expanding, and a reading below 50.0 indicates the sector is in contraction). The PSI reading for April was 48.7.

BusinessNZ's CEO, Katherine Rich said "It is frustrating to see the services struggle, but it is difficult to see how the sector's fortunes will turn around quickly. The industries within the sector that were weakest in May were those, like Cafes & restaurants and Recreational & personal services, that rely heavily on discretionary expenditure by consumers. People are still very wary of spending unless it cannot be avoided."

Just over two-thirds of the respondents' comments about the influences on their business environment were negative, about the same as in April. The comments frequently related to rising costs, especially for fuel, and weak demand linked to lack of consumer confidence.

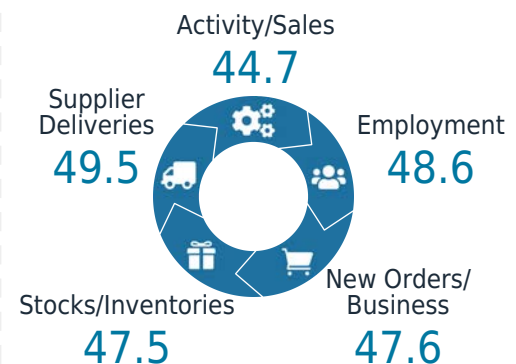
All five of the PSI sub-indices were below 50.0, with the weakest being the sub-index for Activity levels and sales, which is a mark of how subdued the sector is currently. The least weak was for Supplier deliveries, which at least means that it should be possible for the sector to respond quickly to any pick-up in demand.

BNZ Senior Economist, Doug Steel said "The PSI has oscillated in contractionary territory over recent months, dipping to 47.5 in May from 48.7 in April. It indicates a sector struggling to get its head back above water."

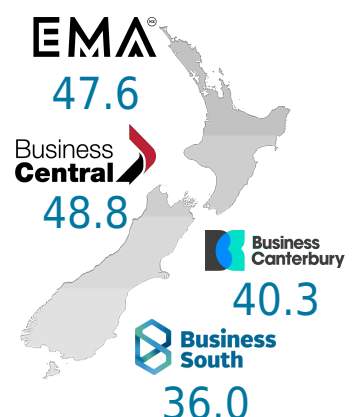


Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Services Landscape

No reprieve

There was a brief period around the start of this year when the Performance of Services Index (PSI) poked its nose above the breakeven 50 mark. It was short-lived.

[Read more](#)

Below average

Weakness was widespread in May. All major PSI components recorded a sub-50 reading in the month.

[Read more](#)

Early year lift gone

The PSI indicates Q1 strength vanished in Q2. Friday's Performance of Manufacturing Index (PMI) also shows a loss of momentum, although that index did manage to hold near 50.

[Read more](#)

A look over the ditch

Australia's PSI has tended to be stronger than NZ's over the past couple of years. But it has taken a noticeable step down recently.

[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 Indicies	May 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May 2026
BNZ - BusinessNZ PSI	45.1	50.4	47.5	45.9	48.7	47.5
Activity/Sales	41.3	53.6	47.4	44.4	48.5	44.7
Employment	47.3	49.0	47.1	46.6	48.5	48.6
New Orders/Business	45.0	51.3	48.8	45.8	50.9	47.6
Stocks/Inventories	49.2	49.2	46.5	46.2	47.6	47.5
Supplier Deliveries	45.2	49.2	48.5	47.3	46.8	49.5

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PSI Time Series

January 2019 - May 2026

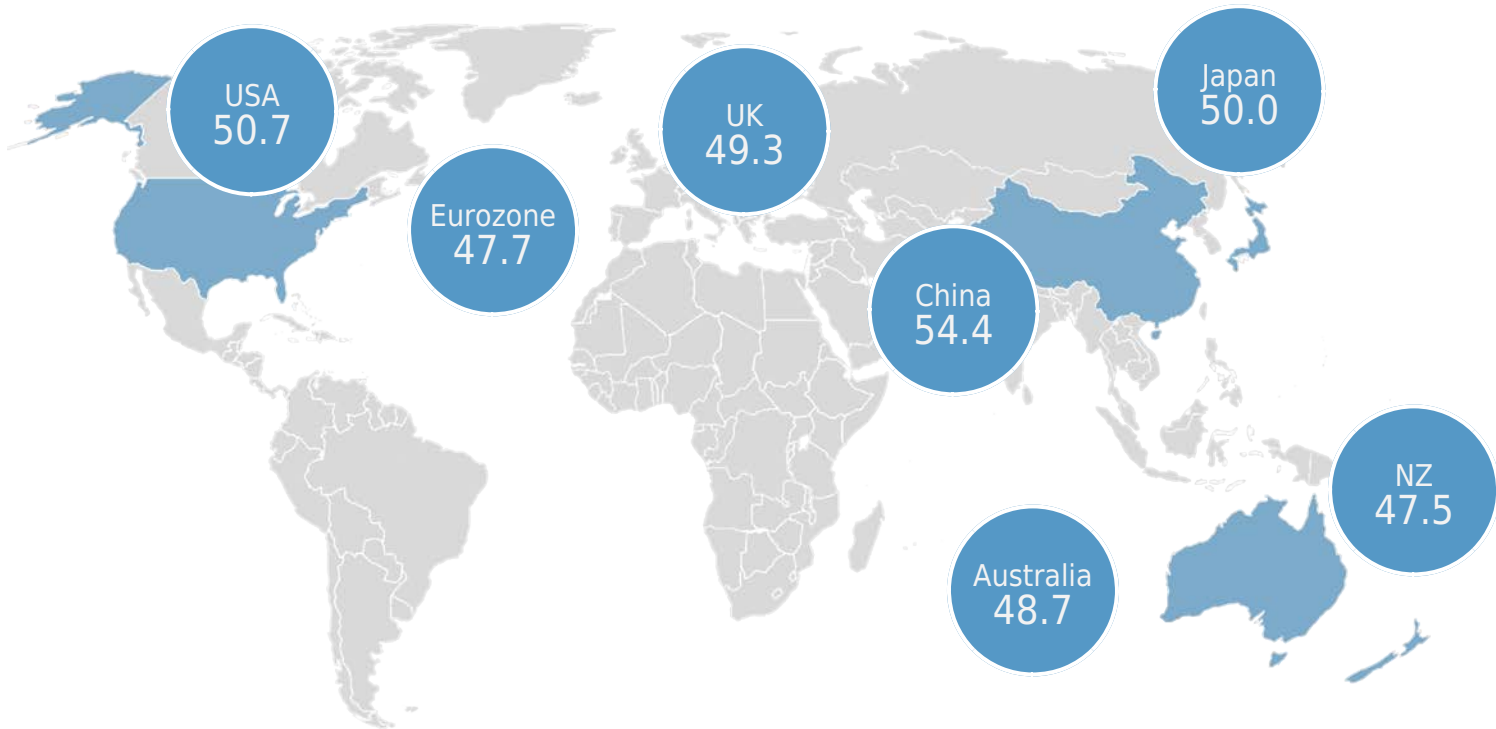


International Results

J.P. Morgan Global Manufacturing PSI™

03 Jun 2026

51.3



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

48.0

GDP-Weighted Index

48.4

Free-Weighted Index

Reflecting the ongoing weakness of the PSI, the seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) showed a decline. Both the Manufacturing component of the PCI and the Services component were in contraction.

Both the GDP-weighted index and the Free-weighted index contracted more in May than they did in April.

BNZ - BusinessNZ PCI Time Series

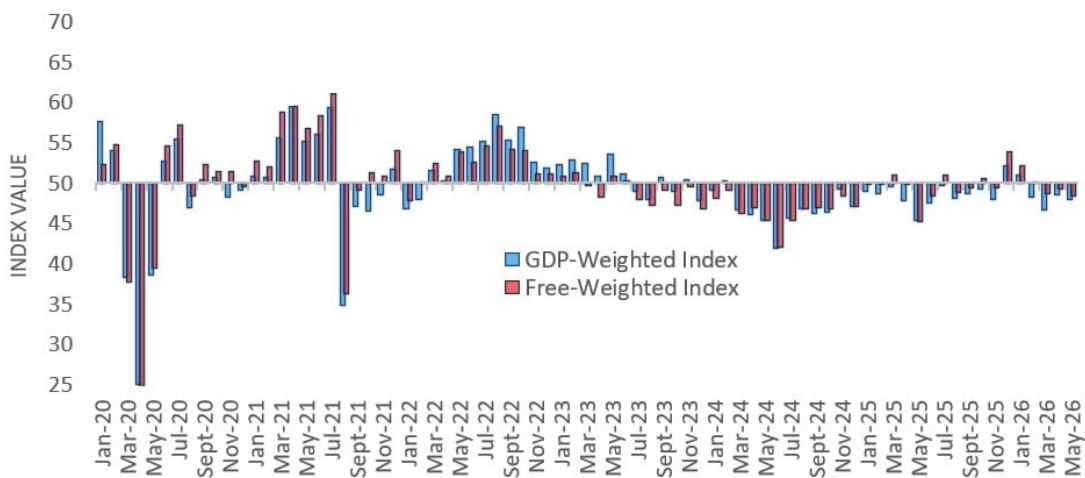
The results are seasonally adjusted.

National Indicies	May 2025	Jan 2026	Feb 2026	Mar 2026	Apr 2026	May 2026
GDP-Weighted Index	45.4	50.9	48.2	46.7	48.5	48.0
Free-Weighted Index	45.3	52.2	50.1	48.6	49.2	48.4

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PCI Time Series

January 2020 - May 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.

Media **Comment**

For media comment, contact:
Cal Roberts: 022 653 8967

Technical **Comment**

For more information or assistance with data interpretation, contact:
Mark Cox: mark.cox@businessnz.org.nz

Our Contributors

The BNZ - BusinessNZ psi contains data obtained through BusinessNZ's regional organisations



Research Services Landscape

15 June 2026

No reprieve

There was a brief period around the start of this year when the Performance of Services Index (PSI) poked its nose above the breakeven 50 mark. It was short-lived, not helped by a sharp spike in fuel prices pressuring consumers and businesses alike. Fuel prices have retraced from extreme highs but remain elevated. The PSI has oscillated in contractionary territory over recent months, dipping to 47.5 in May from 48.7 in April. It indicates a sector struggling to get its head back above water.

Below average

Disconcertingly, weakness was widespread in May. All major PSI components recorded a sub-50 reading in the month. Activity/sales and new orders were the most downbeat at 44.7 and 47.6 respectively, leaving these components furthest below their historical norms. The PSI employment index remains weak, posting its 30th consecutive month under 50, and consistent with our view that there is upward pressure on the unemployment rate.

Early year lift gone

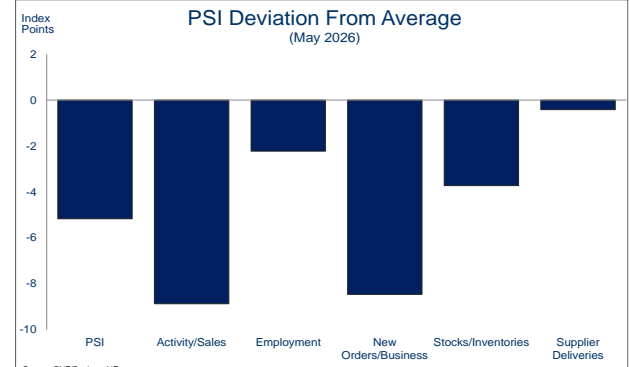
Earlier this year, the activity/sales component was the strongest of the sub-indices at a solid 53.6 in January. That early year buoyancy was reflected in last week's Stats NZ business and financial data showing a solid increase in Q1 service sector sales. We expect this to be reflected in the service sector making a strong positive contribution to Q1 GDP growth in data to be released this Thursday. The PSI indicates Q1 strength vanished in Q2. Friday's Performance of Manufacturing Index (PMI) also shows a loss of momentum, although that index did manage to hold near 50. The combined activity component of the PMI and PSI indicates weakness. It is a salient reminder not to get too excited if this week's first quarter GDP data are as strong as we think they will be at around 0.9% q/q.

A look over the ditch

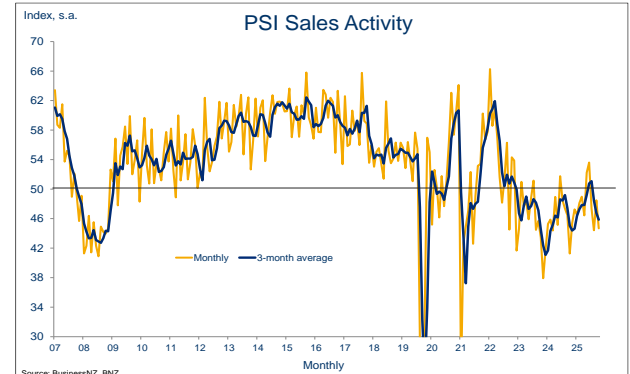
Australia's PSI has tended to be stronger than NZ's over the past couple of years. But it has taken a noticeable step down recently. It was 48.7 in May. A softer Australian PSI is not ideal for NZ, even if the gap between the two has closed. But closer outcomes can influence, and be reflected in, the movement of labour and capital. Net migration from NZ to Australia continues but has shown signs of stabilisation recently. The NZD/AUD exchange rate has fallen around 11% over the past year but with some signs that the low may have passed.

doug_steel@bnz.co.nz

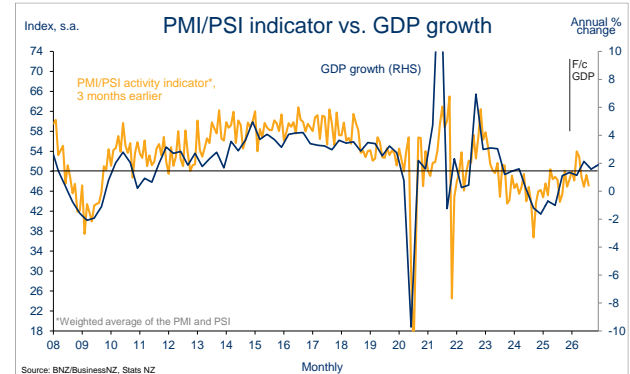
All below average



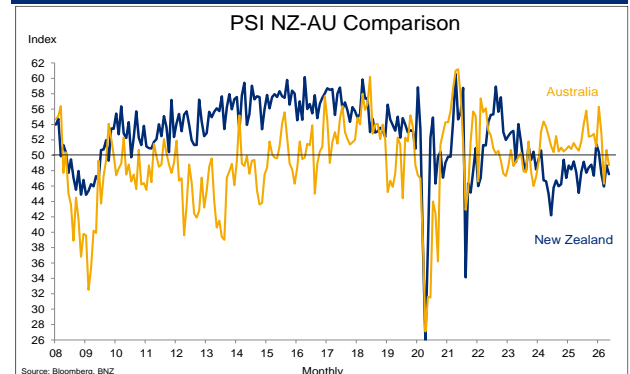
Early year lift, history



Strong Q1 GDP to be followed by weak Q2



Trans-Tasman closeness



Contact Details

BNZ Research

Stephen Toplis

Head of Research

Doug Steel

Senior 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

This document has been produced by Bank of New Zealand (BNZ). BNZ is a registered bank in New Zealand and is only authorised to offer products and services to customers in New Zealand.

Analyst Disclaimer: The Information accurately reflects the personal views of the author(s) about the securities, issuers and other subject matters discussed, and is based upon sources reasonably believed to be reliable and accurate. The views of the author(s) do not necessarily reflect the views of the NAB Group. No part of the compensation of the author(s) was, is, or will be, directly or indirectly, related to any specific recommendations or views expressed.

BNZ maintains an effective information barrier between the research analysts and its private side operations. Private side functions are physically segregated from the research analysts and have no control over their remuneration or budget. The research functions do not report directly or indirectly to any private side function. The Research analyst might have received help from the issuer subject in the research report.

New Zealand: The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purposes. This publication does not constitute any advice or recommendation with respect to any matter discussed in it, and its contents should not be relied on or used as a basis for entering into any products described in it. Bank of New Zealand recommends recipients seek independent advice prior to acting in relation to any of the matters discussed in this publication.

Any statements as to past performance do not represent future performance, and no statements as to future matters are guaranteed to be accurate or reliable.

Neither Bank of New Zealand nor any person involved in this publication accepts any liability for any loss or damage whatsoever which may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication.

USA: If this document is distributed in the United States, such distribution is by nabSecurities, LLC. This document is not intended as an offer or solicitation for the purchase or sale of any securities, financial instrument or product or to provide financial services. It is not the intention of nabSecurities to create legal relations on the basis of information provided herein.