

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

December doldrums

17 Jan, 2025

45.9

December

+0.7

Monthly Change

Contracting

Slower Rate

New Zealand’s manufacturing sector remained in contraction for the last month of 2024, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for December was 45.9 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). Although this was up from 45.2 in November, it was still well below the average of 52.5 since the survey began. The sector has now been in contraction for 22 consecutive months.

BusinessNZ’s Director, Advocacy Catherine Beard said that 2024 was the first time in the survey’s history that all 12 months were in contraction. The next closest was 2008 during the height of the Global Financial Crisis when nine of the twelve months were in contraction.

“The key sub-index result for Production (41.9) fell another 0.4 points from November to be at its lowest level of activity since June 2024, while New Orders (46.5) increased 2.0 points from November. Employment (47.6) lifted to its highest value since May 2024, while Finished Stocks (45.9) were at its lowest activity level since October 2023.

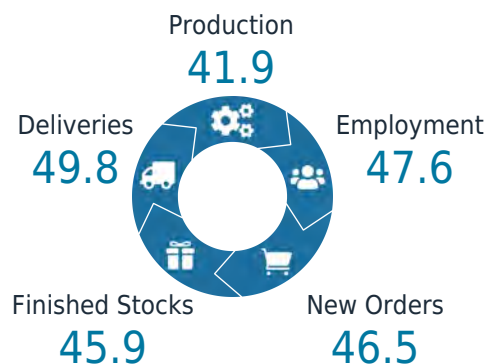
The proportion of negative comments from respondents stood at 59% in December. This was up from 56% in November and 53.5% in October, but down from 63.5% in September. Negative comments during December showed similar patterns to previous months, with a focus on the cost of living and general economic climate. Those mentioning the Christmas/holiday break saw manufacturers somewhat split between whether it had a negative or positive influence.

BNZ’s Senior Economist Doug Steel said that “the PMI is yet another New Zealand economic indicator that suggests parts of the economy are suffering the most they have since the GFC (excluding the COVID-turmoil)”.

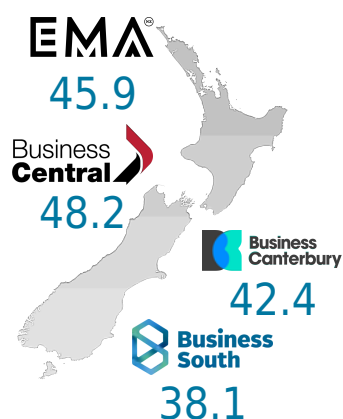


Catherine Beard
Director, Advocacy
BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Manufacturing Snapshot

Stuck in contraction

The Performance of Manufacturing Index (PMI) nudged up from 45.2 to 45.9 in December but remains well below breakeven at 50.

[Read more](#)

Weak across the board

While movements in the PMI sub-indices were mixed in December, they all remain below their historical averages. The PMI finished stocks index decreased the most from 49.2 to 45.9.

[Read more](#)

QSBO optimism

The PMI reflects a very miserable here and now. In contrast the forward-looking, recently released, NZIER Quarterly Survey of Business Opinion (QSBO) showed signs of optimism for manufacturing.

[Read more](#)

Better 2025 expected

We forecast the manufacturing sector to grow by a touch over 1% in 2025. It may not be much, but it would be better than the 2.7% contraction we estimate occurred in 2024.

[Read more](#)



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[VIEW FULL BNZ MANUFACTURING SNAPSHOT](#)

Sponsor Statement

BNZ is delighted to be associated with the Performance of Manufacturing Index (PMI) 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 manufacturing sector.

[View Website](#)

PMI Time Series Table

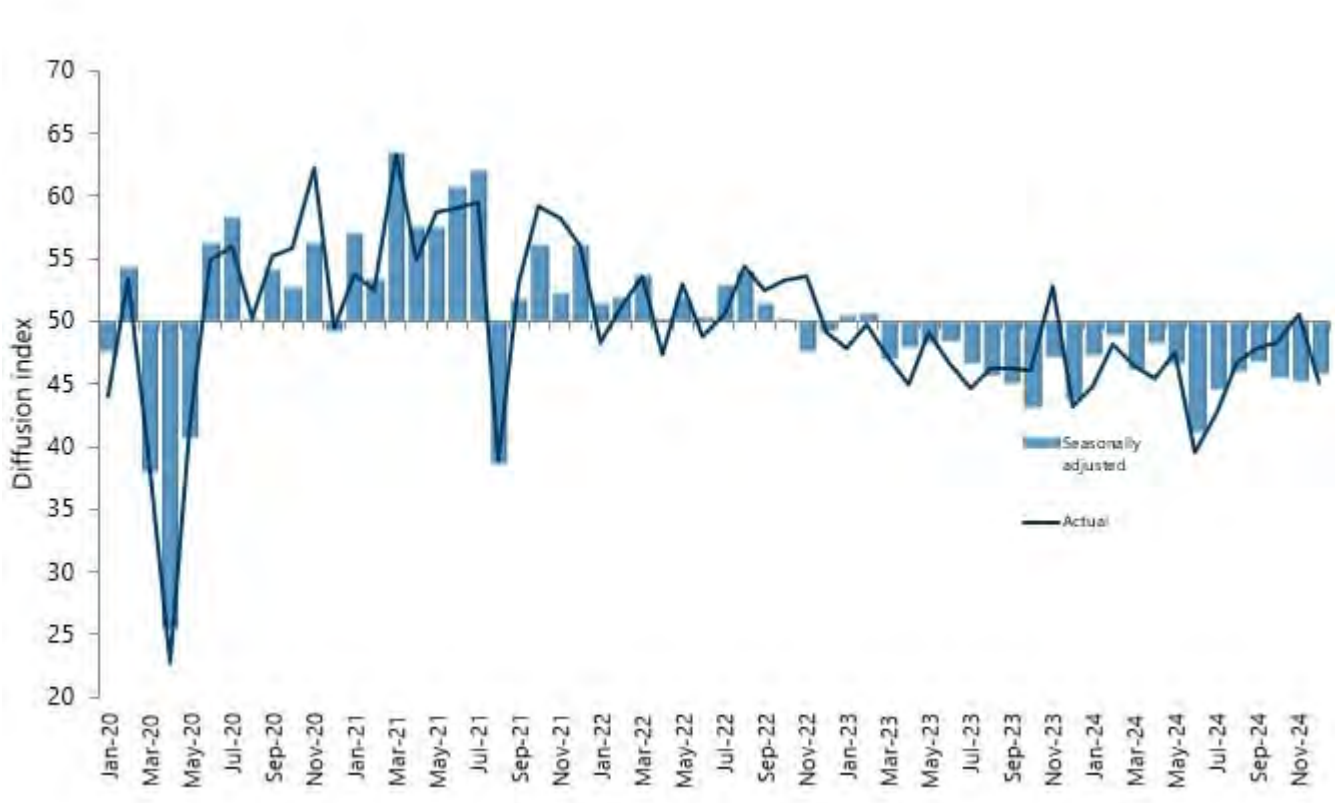
The results are seasonally adjusted.

National Indices	Dec 2023	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024
BNZ - BusinessNZ PMI	43.9	46.1	46.9	45.6	45.2	45.9
Production	41.4	46.4	47.6	44.0	42.3	41.9
Employment	46.9	46.9	46.9	46.0	46.9	47.6
New Orders	43.8	47.4	47.6	48.3	44.5	46.5
Finished Stocks	46.7	46.1	46.7	47.7	49.2	45.9
Deliveries	44.1	45.8	45.7	45.0	50.0	49.8

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PMI Time Series

January 2020 - December 2024

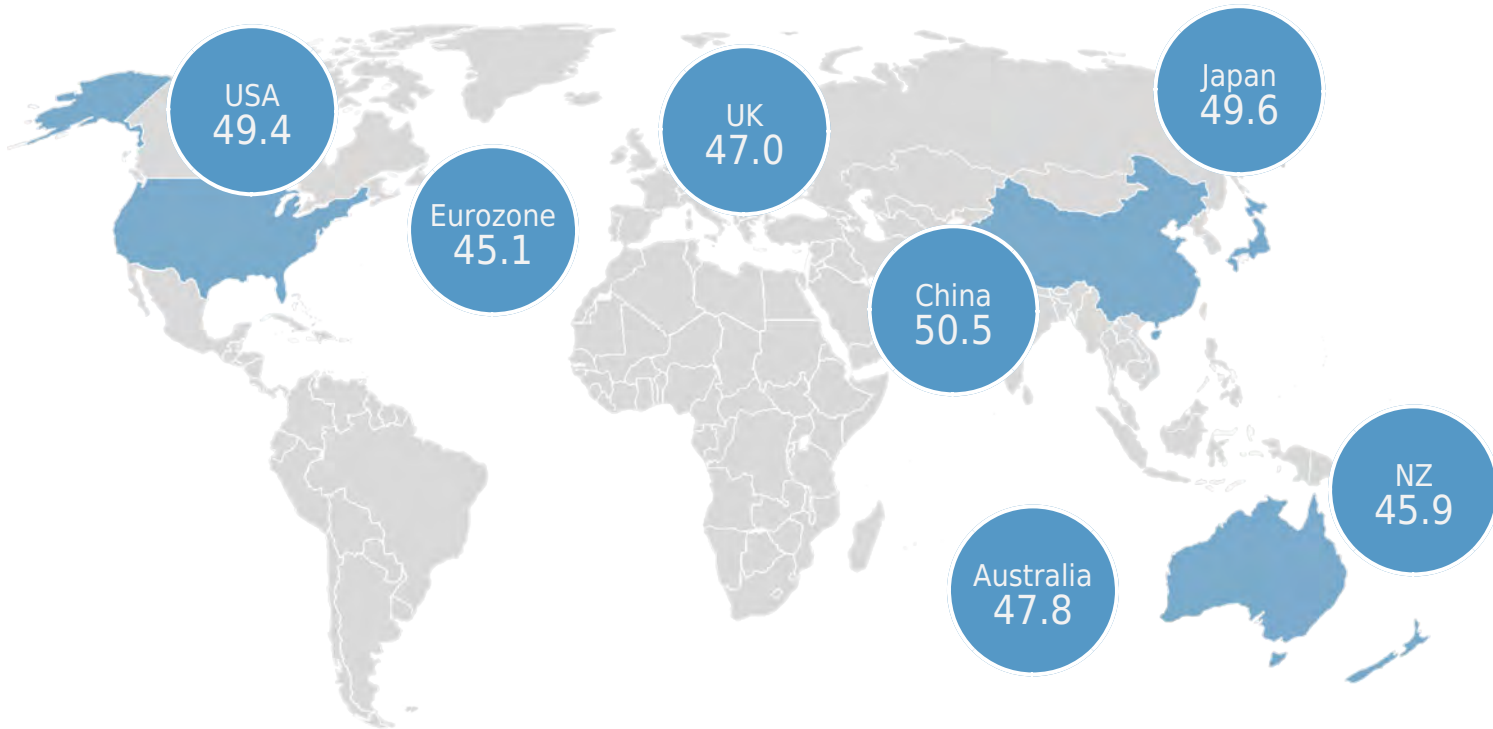


International Results

J.P. Morgan Global Manufacturing PMI™

02 Jan 2025

49.6



About the PMI

The BNZ - BusinessNZ Performance of Manufacturing Index is a monthly survey of the manufacturing sector providing an early indicator of activity levels. A PMI reading above 50 points indicates manufacturing activity is expanding; below 50 indicates it is contracting. The main PMI and sub-index results are seasonally adjusted.

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



Manufacturing Snapshot

17 January 2025

Stuck in contraction

The Performance of Manufacturing Index (PMI) nudged up from 45.2 to 45.9 in December but remains well below breakeven at 50. The PMI stayed in a tight band between 45 and 46 in Q4 2024, as the manufacturing sector continued to slide backwards. It has now been in contraction for 22 consecutive months, including all of 2024 and the majority of 2023.

Weak across the board

While movements in the PMI sub-indices were mixed in December, they all remain below their historical averages. The PMI finished stocks index decreased the most from 49.2 to 45.9. The PMI production index eased from 42.3 to 41.9 and remains the furthest from 50. Alas, it is yet another New Zealand economic indicator that suggests parts of the economy are suffering the most they have since the GFC (excluding the COVID-turmoil). Providing some hope, the PMI new orders index lifted from 44.5 to 46.5. While the new orders index is still sub-50, smoothing through month-to-month volatility the series has been gradually moving towards breakeven.

QSBO optimism

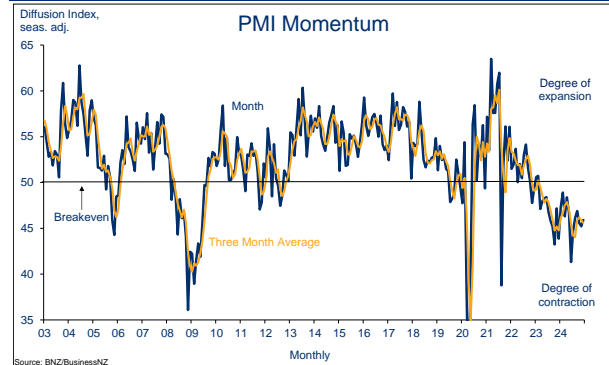
The PMI reflects a very miserable here and now. In contrast the forward-looking, recently released, NZIER Quarterly Survey of Business Opinion (QSBO) showed signs of optimism for manufacturing. The net percentage of firms expecting conditions to improve in the next six months lifted to 3%, its first time above zero since Q3 2017. Of note, firms expect demand to increase in the next three months, particularly for exports. This is likely to be supported by a lower New Zealand dollar. However, sales gains may not feed straight through to the bottom line as many firms are also reporting increasing costs which will probably be exacerbated by the recent surge in oil prices.

Better 2025 expected

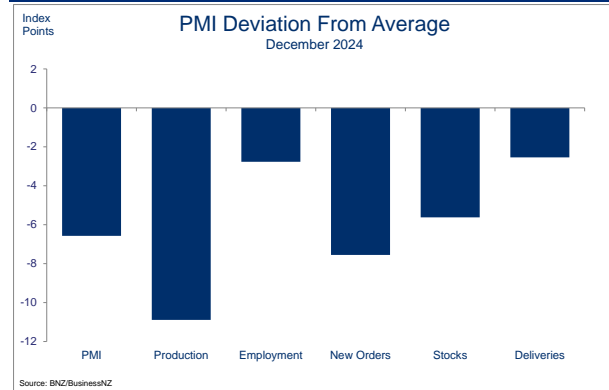
We forecast the manufacturing sector to grow by a touch over 1% in 2025. It may not be much, but it would be better than the 2.7% contraction we estimate occurred in 2024. Historical GDP revisions show production was slightly better over 2023 and 2024 than previously assumed. However, manufacturing conditions over this period were still extremely challenging. While an economic recovery is expected in 2025, it will be coming off a very low base and will take some time to truly gain in momentum.

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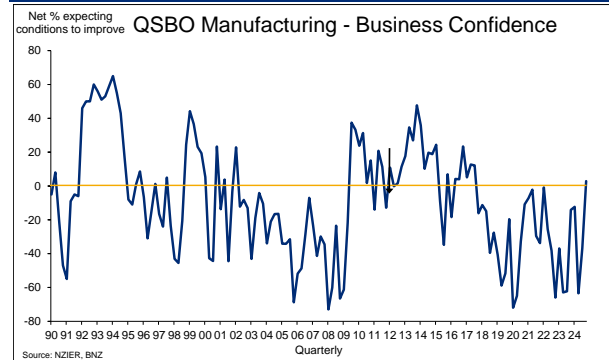
No Christmas cheer



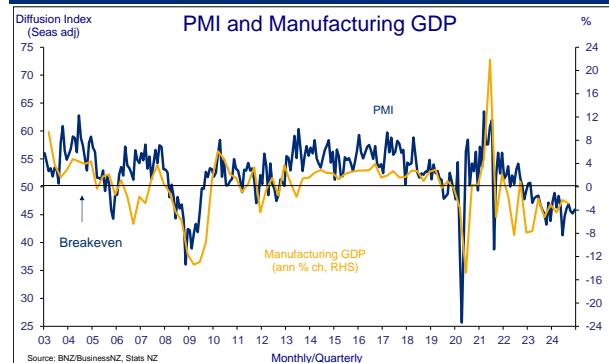
Production sinking



Improved sentiment



Current conditions still challenging



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