

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

Lost momentum

15 Nov, 2024

45.8

October

-1.2

Monthly Change

Contracting

Faster Rate

New Zealand's manufacturing sector showed contraction at a faster rate during October, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for October was 45.8 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was down from 47.0 in September, and the lowest level of activity since July 2024. The sector has now been in contraction for 20 consecutive months.

BusinessNZ's Director, Advocacy Catherine Beard said that despite some momentum over the previous few months that saw the results for the sector getting progressively closer to the no change mark of 50.0, October's result halted that.

"The key sub-index result for Production (44.5) fell 3.4 points from September, while both Employment (45.8) and Deliveries (44.6) dropped one point. In contrast, Finished Stocks (47.4) lifted 0.7 points, while New Orders (49.0) rose 1.1 points and at its highest level since May 2023.

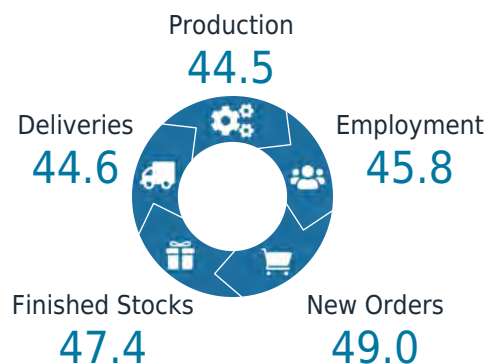
The proportion of negative comments from respondents stood at 53.5% in October. This was down from 63.5% in September, 64.2% in August, 71.1% in July and 76.3% in June. Negative comments typically focused on the general economic downturn.

BNZ's Senior Economist Doug Steel said that "despite lower interest rates, the manufacturing sector continues to face significant headwinds. Recent business surveys have shown a sharp contrast between improved expectations for activity and weak current conditions".

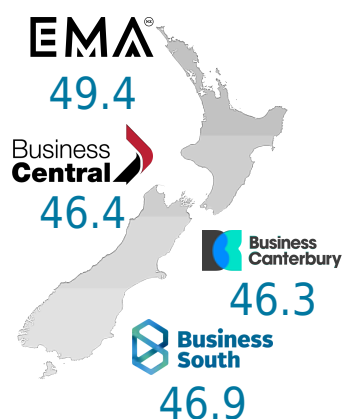


Catherine Beard
Director, Advocacy
BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Manufacturing Snapshot

Reality check

The Performance of Manufacturing Index (PMI) fell from 47.0 to 45.8 in October. The latest outturn is a reality check after three consecutive months of improvement in the PMI.

[Read more](#)

Production struggling

All the PMI sub-indices remain in contraction and well below their long-run averages. In October, the PMI production index decreased the most from 47.9 to 44.5.

[Read more](#)

New orders offer some hope

The PMI new orders index nudged up from 47.9 to 49.0. While it still suggests that new orders are falling slightly, it is another step in the right direction and is not far from indicating an upturn in demand.

[Read more](#)

Labour market still deteriorating

Since its peak last year, the total number of jobs in manufacturing has declined by around 14,300 according to the latest quarterly employment survey (QES) data.

[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

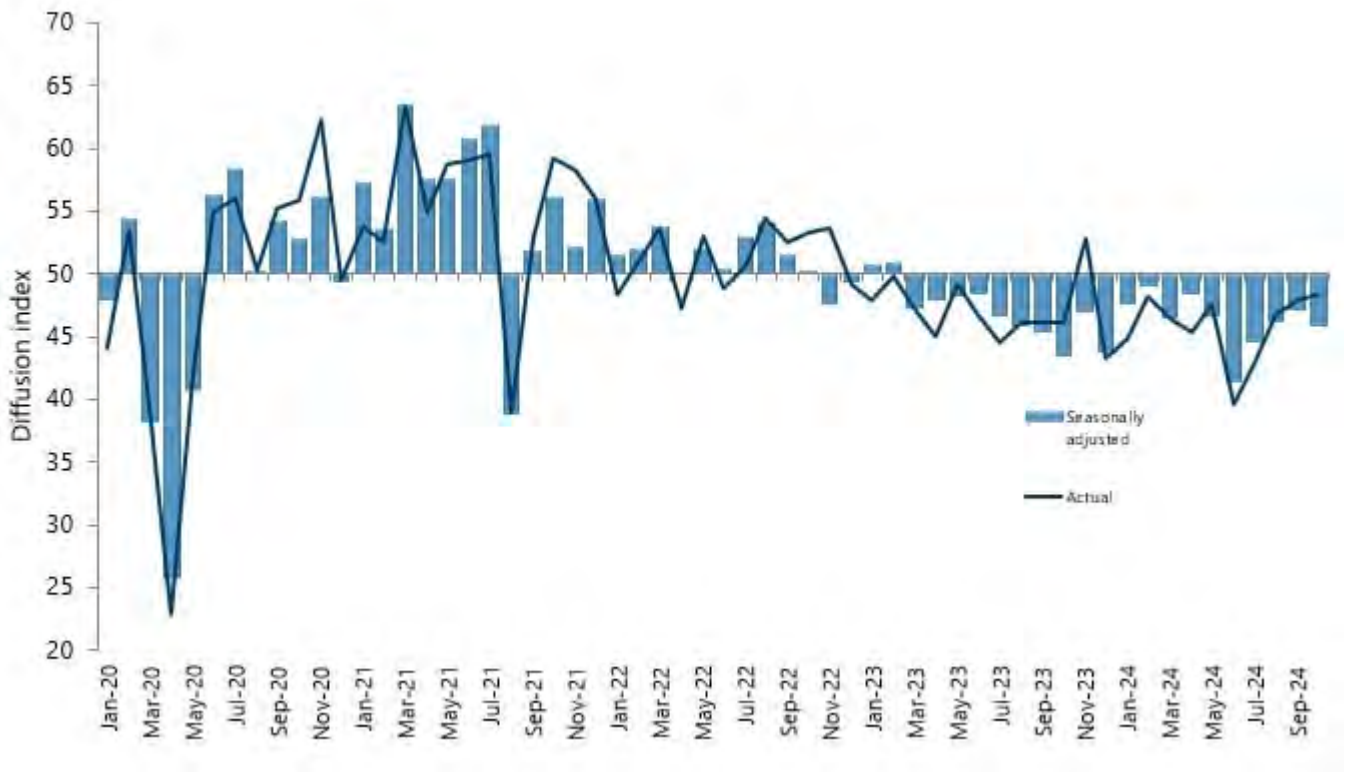
The results are seasonally adjusted.

National Indices	Oct 2023	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024
BNZ - BusinessNZ PMI	43.4	41.3	44.6	46.2	47.0	45.8
Production	42.5	34.9	44.3	46.5	47.9	44.5
Employment	44.3	44.2	43.4	46.9	46.8	45.8
New Orders	45.0	39.4	43.4	47.5	47.9	49.0
Finished Stocks	45.4	47.6	46.3	46.1	46.7	47.4
Deliveries	43.9	45.0	44.7	45.8	45.6	44.6

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PMI Time Series

January 2020 - October 2024

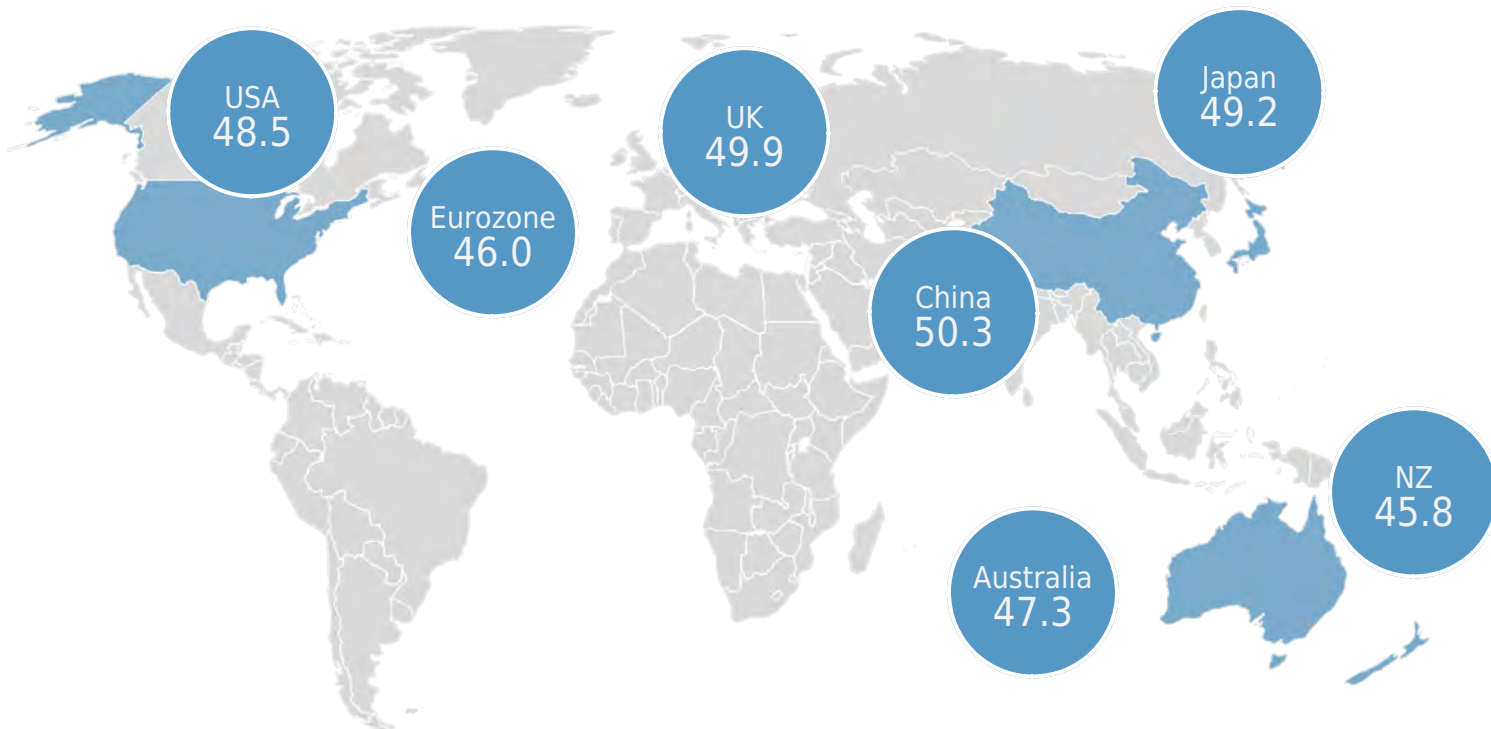


International Results

J.P. Morgan Global Manufacturing PMI™

04 Nov 2024

49.4



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

15 November 2024

Reality check

The Performance of Manufacturing Index (PMI) fell from 47.0 to 45.8 in October. The latest outturn is a reality check after three consecutive months of improvement in the PMI. Despite lower interest rates, the manufacturing sector continues to face significant headwinds. Recent business surveys have shown a sharp contrast between improved expectations for activity and weak current conditions. The PMI has now been below breakeven for 20 consecutive months and activity still looks soft underfoot.

Production struggling

All the PMI sub-indices remain in contraction and well below their long-run averages. In October, the PMI production index decreased the most from 47.9 to 44.5. While actual manufacturing activity often improves in the lead-up to summer, some manufacturers noted that they have not yet experienced it this year. Our economic forecasts are for manufacturing GDP to contract again in Q3, and then begin to slowly improve from Q4. If this PMI weakness persists, it poses some downside risk to the improvement anticipated.

New orders offer some hope

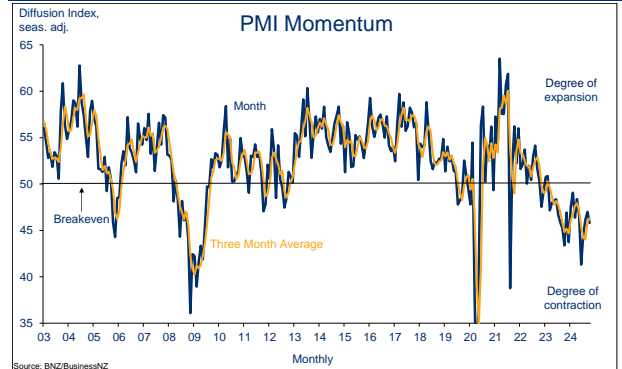
The PMI new orders index nudged up from 47.9 to 49.0. While it still suggests that new orders are falling slightly, it is another step in the right direction and is not far from indicating an upturn in demand. Back in July 2009, the PMI new orders index was the first to move back above 50 after the GFC, ahead of the overall PMI in September that year. The new orders index was also the first to fall below 50 in the current now lengthy period of weakness. While the new orders index latest approach toward 50 is no guarantee that the PMI will subsequently improve, its previous lead indicator qualities offer some hope.

Labour market still deteriorating

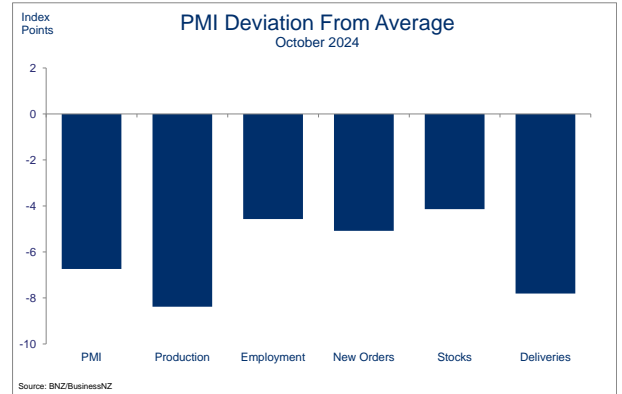
Since its peak last year, the total number of jobs in manufacturing has declined by around 14,300 according to the latest quarterly employment survey (QES) data. The PMI employment index at 45.8 is consistent with net job reduction. While manufacturing employment intentions have improved in some other business surveys, the PMI suggests net labour shedding in manufacturing has continued in October. We continue to expect the labour market to lag the broader economic recovery.

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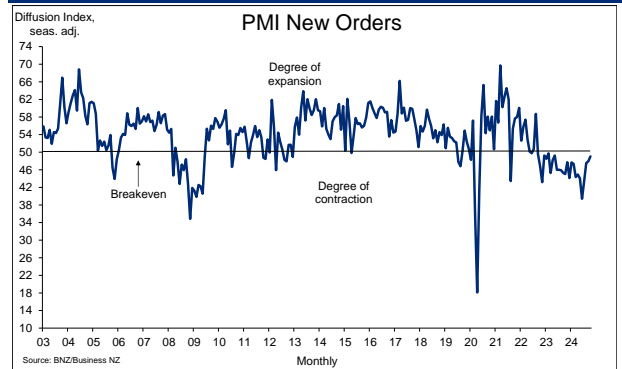
Momentum halted



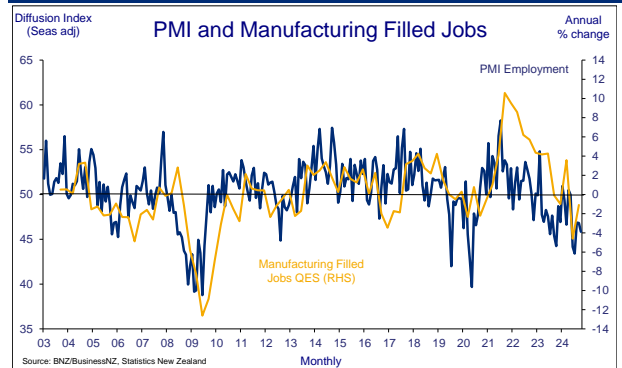
Broad-based weakness



Inching towards 50



Loosening



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