

# BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

## Declining fortunes

19 May 2025

**48.5**

April

**-0.4**

Monthly Change

**Contracting**

Faster Rate

New Zealand's services sector showed further decline in activity during April, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for April was 48.5 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was down 0.4 points from March and well below the average of 53.0 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said the sector has fallen back into a pattern of mild contraction. For the sub-index results, Activity/Sales (47.3) remained the same as March, although New Orders/Business (50.9) continued to buck the trend with its highest value since February 2024. Employment (48.2) fell back into contraction, while Deliveries (45.8) recorded its lowest level of activity since September 2024.

The proportion of negative comments for April (61.8%) was up from March (56.7%) and February (57.8%). Businesses noted being negatively impacted by a combination of weak consumer demand, high cost of living and interest rates, economic and geopolitical uncertainty, seasonal slowdowns and low business confidence.

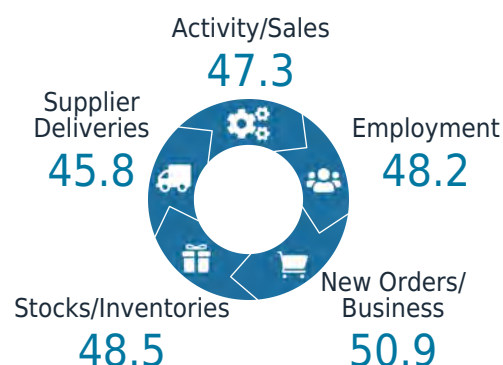
BNZ's Senior Economist Doug Steel said that "for all the commentary around the economic recovery, the PSI is a good reminder that current conditions are extremely challenging. New Zealand's PSI remains weaker than all our key trading partners. At 48.5, it's consistent with a service sector still moving backwards".

[VIEW THE TIME SERIES DATA](#)

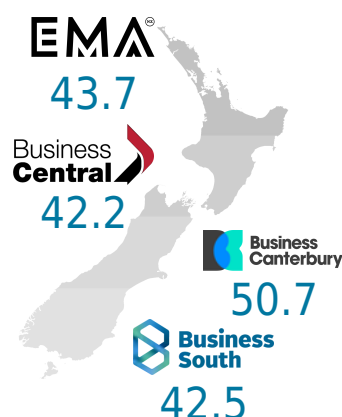


**Katherine Rich**  
CEO, BusinessNZ

### Main Indices



### Regional Results





## Services Landscape

### Stuck below 50

The Performance of Services Index (PSI) eased slightly from 48.9 to 48.5 in April. Unlike the Performance of Manufacturing Index (PMI), the PSI is yet to make a sustained move back above the breakeven 50 mark.

[Read more](#)

### Weakness broad-based

Looking at the PSI sub-indices, they are all well below their long-run averages. The new orders index at 50.9 is positive, but a far cry from its average of 56.5. Of some concern, the trend towards the 50 mark for the overall PSI appears to have stalled.

[Read more](#)

### Retail trade under pressure

Across industries, the PSI retail trade index has consistently been the weakest over the last year. Official figures show that retail sales volumes have declined in 9 of the last 12 quarters.

[Read more](#)

### Economy struggling for momentum

Combining together the PMI and PSI, the Composite Index (PCI) suggests the economy is struggling for momentum. There is an increasing risk that our forecasts for GDP growth of around 2% this year are not met.

[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	Apr 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025
BNZ - BusinessNZ PSI	47.2	48.0	50.3	48.9	48.9	48.5
Activity/Sales	46.4	46.4	53.7	49.0	47.3	47.3
Employment	47.4	47.7	47.4	49.0	50.0	48.2
New Orders/Business	47.3	49.4	50.0	49.5	50.8	50.9
Stocks/Inventories	46.5	48.8	49.9	47.8	48.9	48.5
Supplier Deliveries	47.8	47.6	47.7	47.6	48.2	45.8

VIEW THE TIME SERIES DATA

## BNZ - BusinessNZ PSI Time Series

January 2019 - April 2025

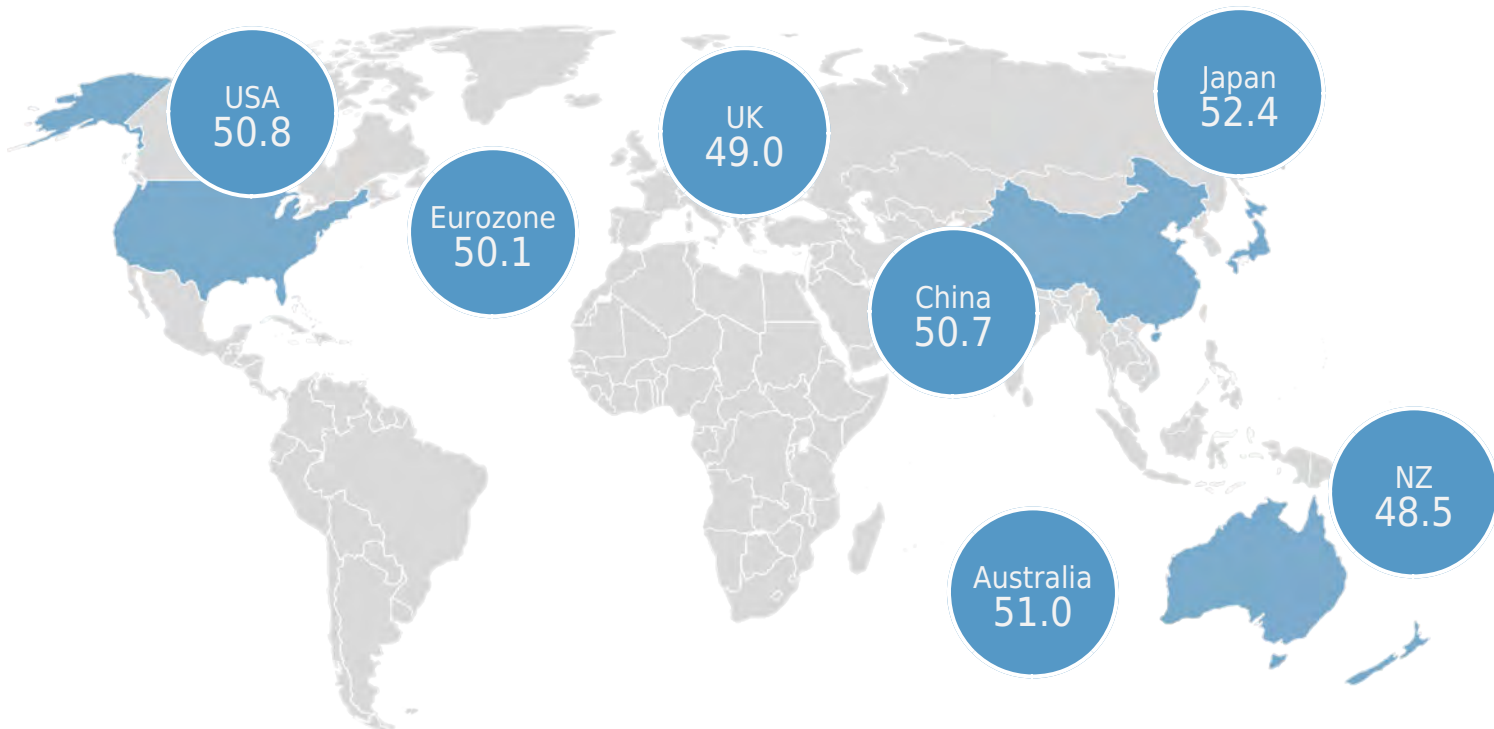


## International Results

J.P. Morgan Global Manufacturing PSI™

07 May 2025

# 50.8



# BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

48.2

GDP-Weighted Index

50.8

Free-Weighted Index

The seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) again saw mixed results during April.

The April GDP-Weighted Index (48.2) dove further into contraction, while the Free-Weighted Index (50.8) remained in expansion, although not at the same level as March.

## BNZ - BusinessNZ PCI Time Series

The results are seasonally adjusted.

National Indices	Apr 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025
GDP-Weighted Index	46.4	48.0	50.5	49.4	49.4	48.2
Free-Weighted Index	47.5	47.6	50.9	50.7	51.0	50.8

VIEW THE TIME SERIES DATA

## BNZ - BusinessNZ PCI Time Series

January 2020 – April 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.

### Media **Comment**

For media comment, contact:  
Kathryn Asare: 04 496 6560

### Technical **Comment**

For more information or assistance with data interpretation, contact:  
Stephen Summers: [ssummers@businessnz.org.nz](mailto:ssummers@businessnz.org.nz)

## Our Contributors

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



# Research

## Services Landscape

19 May 2025

### Stuck below 50

The Performance of Services Index (PSI) eased slightly from 48.9 to 48.5 in April. Unlike the Performance of Manufacturing Index (PMI), the PSI is yet to make a sustained move back above the breakeven 50 mark. For all the commentary around the economic recovery, the PSI is a good reminder that current conditions are extremely challenging. New Zealand's PSI remains weaker than all our key trading partners. At 48.5, it's consistent with a service sector still moving backwards.

### Weakness broad-based

Looking at the PSI sub-indices, they are all well below their long-run averages. The new orders index at 50.9 is positive, but a far cry from its average of 56.5. Of some concern, the trend towards the 50 mark for the overall PSI appears to have stalled. Lower interest rates have helped eased the extent of the damage, but the sector is a long way from being back to full health. While this may be partly related to uncertainty stemming from offshore, the stalling in the PSI began well before US President Trump's 'Liberation Day' and the major and many tariff changes.

### Retail trade under pressure

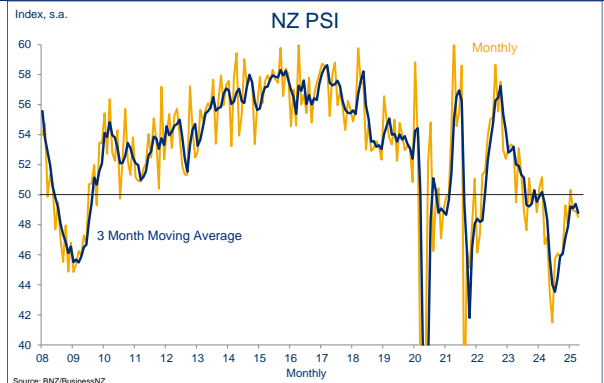
Across industries, the PSI retail trade index has consistently been the weakest over the last year. Official figures show that retail sales volumes have declined in 9 of the last 12 quarters. We anticipate this week's Q1 retail trade data to show close to zero growth on both a quarterly and annual basis. Recent electronic card transactions suggest weak spending has persisted into Q2. Consumer confidence is still subdued, but its slowly moving in the right direction. It will need to continue to lift to be consistent with our forecasts for household spending.

### Economy struggling for momentum

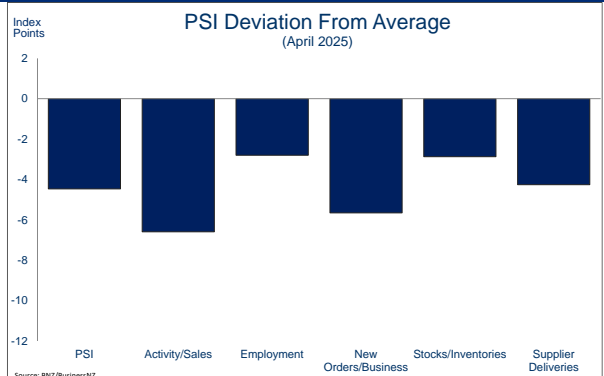
Combining together the PMI and PSI, the Composite Index (PCI) suggests the economy is struggling for momentum. There is an increasing risk that our forecasts for GDP growth of around 2% this year are not met. The PCI activity indicator would need to lift to around 54 in the coming months to be consistent with this sort of growth. That is still a long way from its current level of about 50. A lack of decent PCI improvement ahead risks downward adjustments to economic growth forecasts, including those from the Reserve Bank. That would bring associated downward pressure on the outlook for inflation and interest rates.

[doug\\_steel@bnz.co.nz](mailto:doug_steel@bnz.co.nz) / [matt\\_brunt@bnz.co.nz](mailto:matt_brunt@bnz.co.nz)

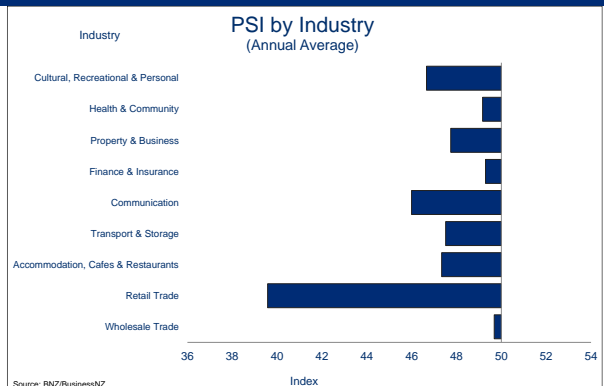
### Contracting



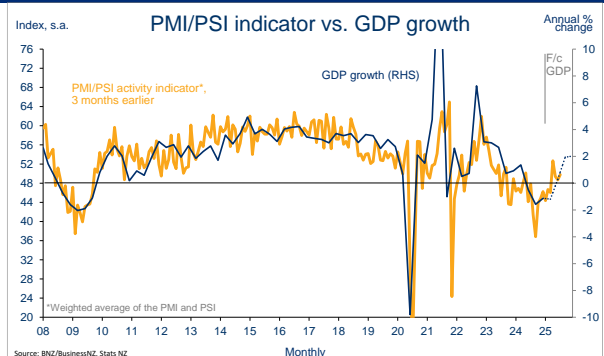
### All below average



### Retail retreat



### Not surging away



# Contact Details

## BNZ Research

**Stephen Toplis**  
Head of Research

**Doug Steel**  
Senior Economist

**Matt Brunt**  
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.