

# BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

## Continued softness

14 Apr 2025

**49.1**

March

**+0.1**

Monthly Change

**Contracting**

Slower Rate

New Zealand's services sector continued to show slight contraction during March, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for March was 49.1 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was up 0.1 points from February but still well below the average of 53.0 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said that after a brief lift into minor expansion during January, the PSI now lies below the no change mark. For the sub-index results, Activity/Sales (47.4) fell a further 1.7 points, although New Orders/Business (50.8) recovered to record its highest value since February 2024. In addition, Employment (50.2) recorded its highest value since November 2023, ending 15 months of consecutive contraction.

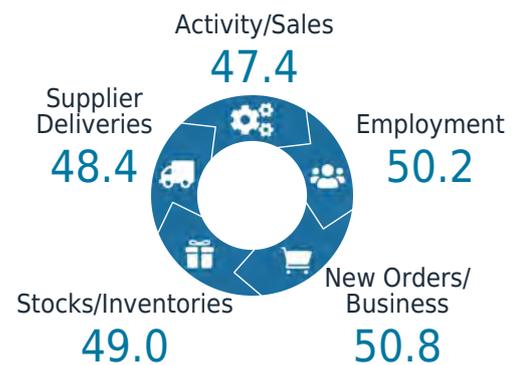
The proportion of negative comments for March (56.7%) was down from February (57.8%) and January (61.9%). Businesses outlined reduced activity driven by economic uncertainty, high interest rates, inflation, and weak consumer and client confidence. Added pressures included global tariffs, rising costs and seasonal or weather-related downturns.

BNZ's Senior Economist Doug Steel said that "combing together the PSI and the Performance of Manufacturing Index (PMI), the Composite Index (PCI) suggests a modest economic recovery. The extent of growth implied by our indicator has been dampened by the softer PSI readings".

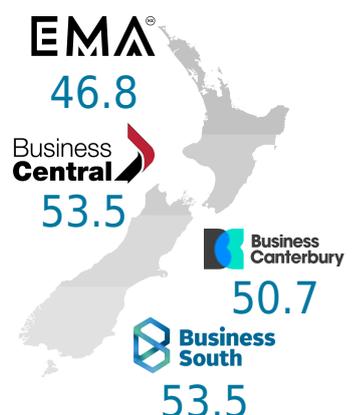


**Katherine Rich**  
CEO, BusinessNZ

### Main Indices



### Regional Results



[VIEW THE TIME SERIES DATA](#)



## Services Landscape

### Stable but soft

The Performance of Services Index (PSI) was stable at 49.1 in March. While the PSI has lifted considerably since its mid-2024 low of 41.5, its recovery has stalled over recent months.

[Read more](#)

### Global developments volatile

US trade policy announcements are changing the outlook for the global economy by the day. Forecasting the exact economic impact of US tariffs and subsequent country retaliation is fraught with difficulties.

[Read more](#)

### Further recovery needed

Combining together the PSI and the Performance of Manufacturing Index (PMI), the Composite Index (PCI) suggests a modest economic recovery.

[Read more](#)

### RBNZ more dovish

The Reserve Bank of New Zealand (RBNZ) cut the Official Cash Rate (OCR) by 25 basis points to 3.50% at its April review last week, as widely expected. The accompanying short record of meeting noted the downside risk to inflation and growth from recent global developments.

[Read more](#)



Doug Steel  
Senior Economist, BNZ

[VIEW FULL BNZ SERVICES SNAPSHOT](#)

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### 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	Mar 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025
BNZ - BusinessNZ PSI	46.8	49.3	48.1	50.4	49.0	49.1
Activity/Sales	44.4	48.5	46.4	53.7	49.1	47.4
Employment	49.3	46.8	47.7	47.5	49.1	50.2
New Orders/Business	47.5	49.5	49.4	50.1	49.5	50.8
Stocks/Inventories	46.3	52.2	48.8	50.0	47.9	49.0
Supplier Deliveries	47.9	52.6	47.7	47.8	47.7	48.4

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PSI Time Series

January 2019 - March 2025

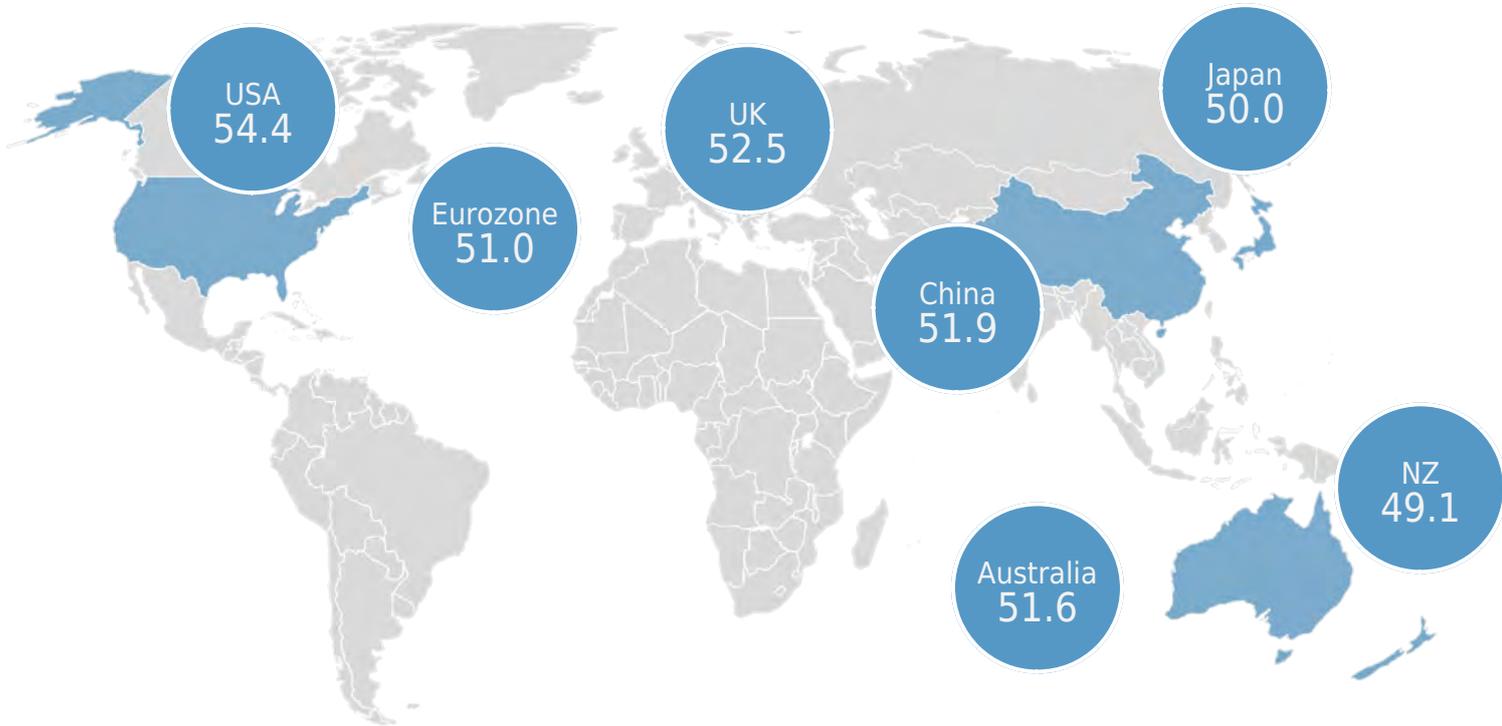


# International Results

J.P. Morgan Global Manufacturing PSI™

03 Apr 2025

## 52.7



# BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

**49.6**

GDP-Weighted Index

**51.2**

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 March.

The March GDP-Weighted Index (49.6) remained almost unchanged from February, while the Free-Weighted Index (51.2) increased 0.4 points to show further expansion.

## BNZ - BusinessNZ PCI Time Series

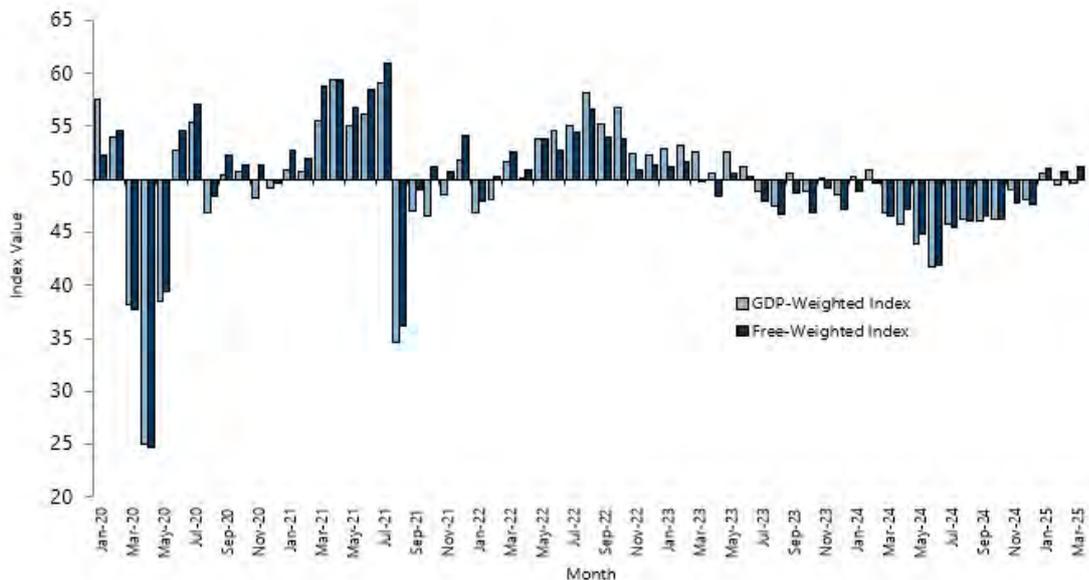
The results are seasonally adjusted.

National Indices	Mar 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025
GDP-Weighted Index	46.8	49.1	48.1	50.6	49.5	49.6
Free-Weighted Index	46.5	47.8	47.6	51.0	50.8	51.2

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PCI Time Series

January 2020 – March 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

14 April 2025

## Stable but soft

The Performance of Services Index (PSI) was stable at 49.1 in March. While the PSI has lifted considerably since its mid-2024 low of 41.5, its recovery has stalled over recent months. The services sector is still contracting, albeit only just. Cost pressures are high, but firms are struggling to pass these onto consumers. In the latest Quarterly Survey of Business Opinion, a net 49% of service firms reported higher costs in the last three months. This was well above the net 7% who increased their prices, the biggest difference between reported costs and prices since 1988.

## Global developments volatile

US trade policy announcements are changing the outlook for the global economy by the day. Forecasting the exact economic impact of US tariffs and subsequent country retaliation is fraught with difficulties. However, the risks to the global and NZ growth outlook are clearly downward. As things stood in March, NZ's PSI trailed global equivalents. Looking across our key trading partners, NZ was the only country with a PSI still languishing below 50.

## Further recovery needed

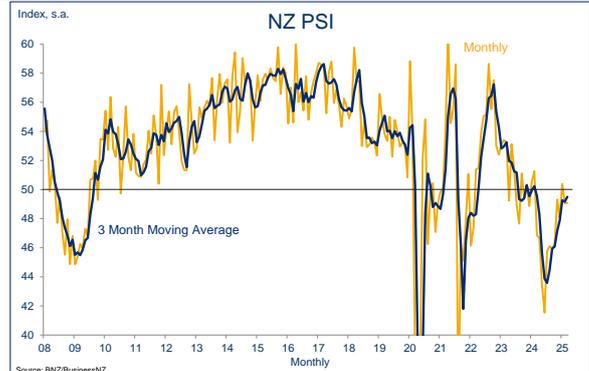
Combing together the PSI and the Performance of Manufacturing Index (PMI), the Composite Index (PCI) suggests a modest economic recovery. The extent of growth implied by our indicator has been dampened by the softer PSI readings. The PCI needs to keep improving to be consistent with even our modest GDP forecasts for 2025. Recent global developments increase the risk that this does not happen.

## RBNZ more dovish

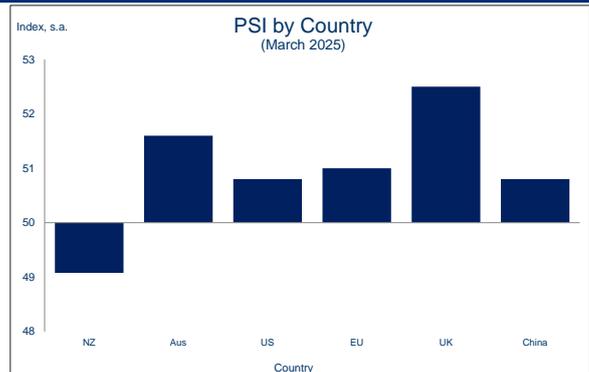
The Reserve Bank of New Zealand (RBNZ) cut the Official Cash Rate (OCR) by 25 basis points to 3.50% at its April review last week, as widely expected. The accompanying short record of meeting noted the downside risk to inflation and growth from recent global developments. This suggests the RBNZ's rate expectations must be lower than in its last full set of forecasts from February. Indeed, the ground underneath has shifted considerably since then. We stick with our long-held view that the OCR will continue to be reduced and fall below 3%.

[doug\\_steel@bnz.co.nz](mailto:doug_steel@bnz.co.nz)

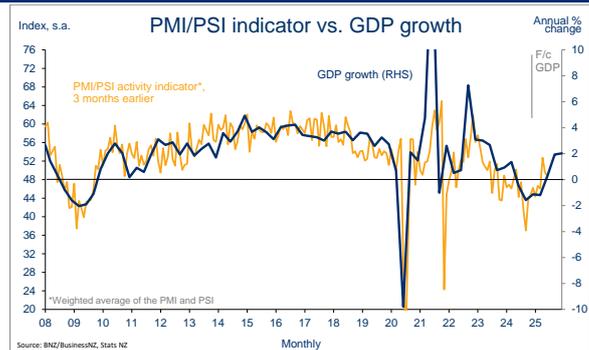
## Below 50



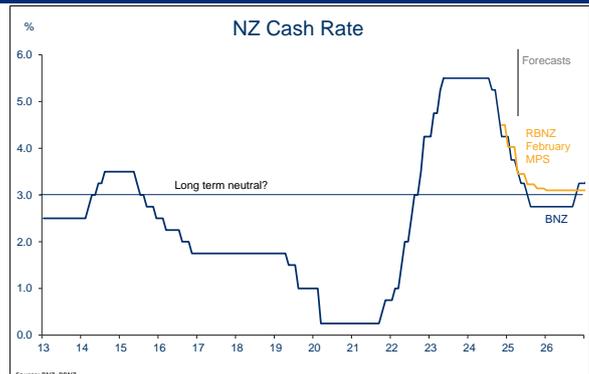
## NZ economy underperforming



## Modest growth expected



## More cuts ahead



# 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

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