

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Knocking on the door

16 Dec 2024

49.5

November

+3.3

Monthly Change

Contracting

Slower Rate

New Zealand's services sector showed contraction at a slower rate during November, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for November was 49.5 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was up 3.3 points from October, and very close to the no change mark of 50.0. However, the November result was still well below the average of 53.1 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said that the November result was the highest since February 2024, with some encouraging signs. The two key sub-indices of Activity/Sales (48.6) and New Orders/Business (49.8) remained in contraction, although both were also at their highest level of activity since February. The Employment Index (46.8) rose 0.4 points from September, while both Stocks/Inventories (52.2) and Supplier Deliveries (52.2) were at their high levels since January 2024 and July 2023 respectively.

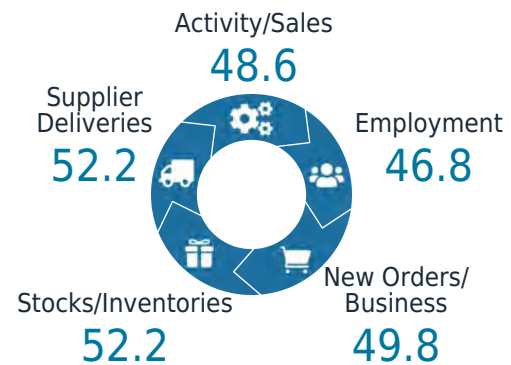
The proportion of negative comments for November stood at 53.6%, which was down from 59.1% in October, 58.5% in September and 60.8% in August. The general economic climate and the cost of living continued to dominate comments from respondents.

BNZ's Senior Economist Doug Steel said that "the November result is another case of things getting less bad before they get good. The direction of change is encouraging, but it's important to remember the PSI remains well below its long-run average of 53.1".

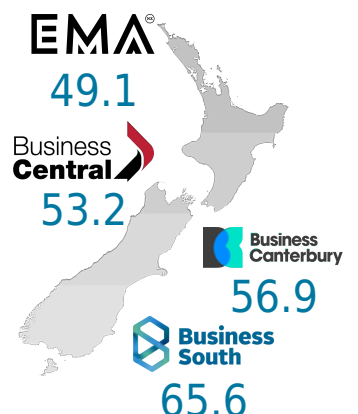


Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Services Landscape

Encouraging sign

The Performance of Services Index (PSI) jumped from 46.2 to 49.5 in November. While the PSI still indicates a slight contraction, it has recovered to its highest level since February and suggests service sector conditions are stabilising.

[Read more](#)

Labour market likely to lag

All the PSI sub-indices increased in November. The PSI stocks/inventories index and the PSI supplier deliveries index both lifted from 47.7 to 52.2. It is the first time any of the sub-indices have moved above 50 since February.

[Read more](#)

NZ still underperforming

While it's another move in the right direction, NZ remains well below the Global PSI of 53.1. The gap between the measures sits at 3.6 points, but at least this has converged from 12 points back in June.

[Read more](#)

Not getting carried away

The Composite Index (PCI), which combines the PSI and the Performance of Manufacturing Index (PMI), suggests GDP is still tracking below year earlier levels. The lift in the PSI has been tempered by further contraction in the PMI.

[Read more](#)



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[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	Nov 2023	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024
BNZ - BusinessNZ PSI	50.5	45.4	45.8	45.8	46.2	49.5
Activity/Sales	48.1	41.5	44.4	45.6	44.4	48.6
Employment	50.3	46.9	49.4	45.7	46.4	46.8
New Orders/Business	51.6	47.2	46.9	46.8	48.1	49.8
Stocks/Inventories	53.3	45.9	45.8	47.5	47.7	52.2
Supplier Deliveries	50.6	41.6	44.2	44.2	47.7	52.2

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PSI Time Series

January 2019 - November 2024

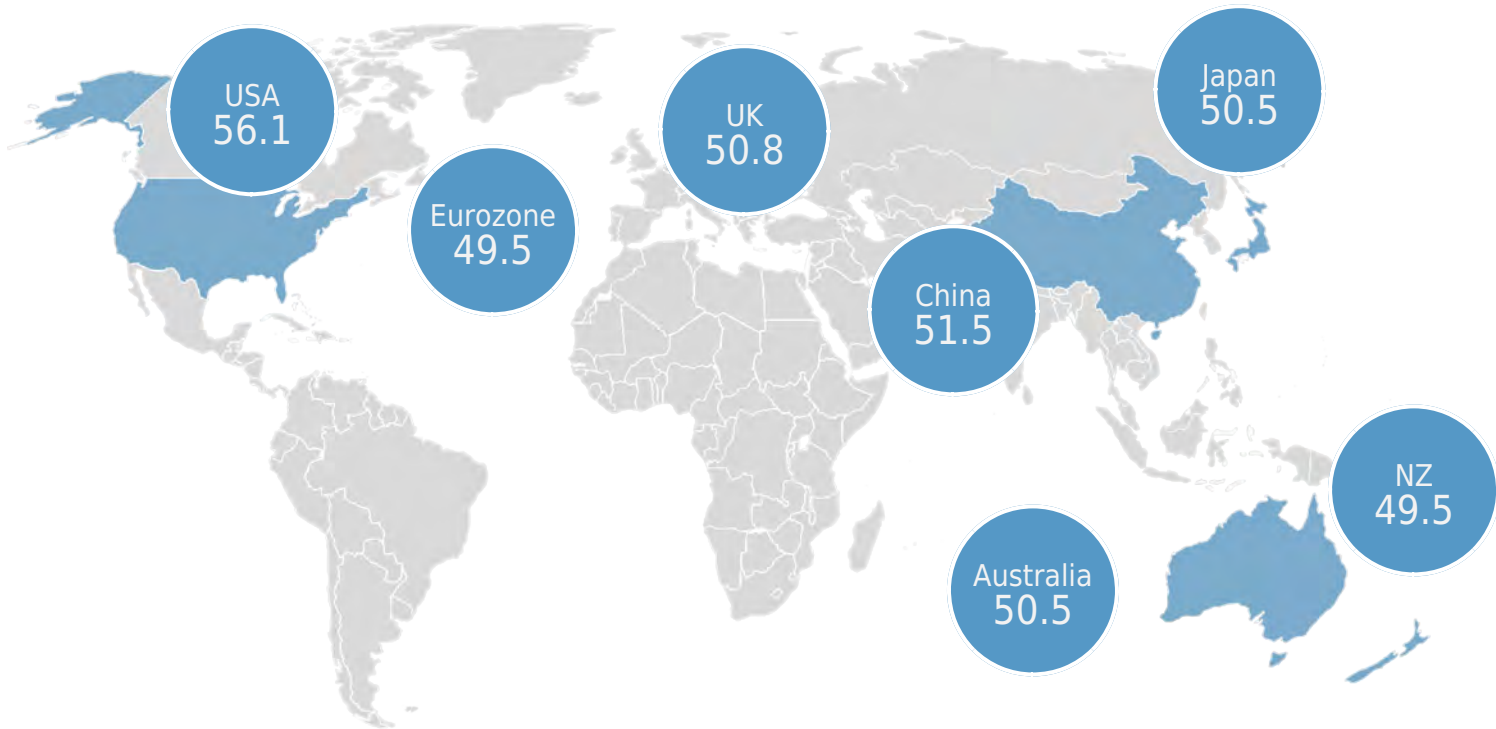


International Results

J.P. Morgan Global Manufacturing PSI™

04 Dec 2024

53.1



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

49.2

GDP-Weighted Index

47.9

Free-Weighted Index

The seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) saw both measures improve during November.

The November GDP-Weighted Index (49.2) increased 3.0 points from October, while the Free-Weighted Index (47.9) rose 1.7 points.

BNZ - BusinessNZ PCI Time Series

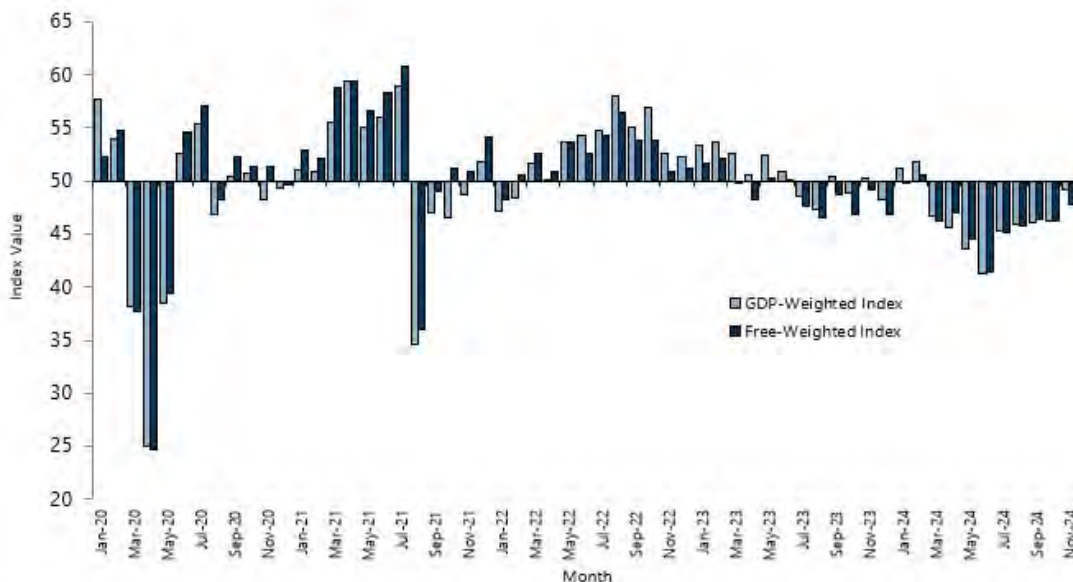
The results are seasonally adjusted.

National Indices	Nov 2023	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024
GDP-Weighted Index	50.3	45.4	45.9	46.0	46.2	49.2
Free-Weighted Index	49.2	45.1	45.8	46.4	46.2	47.9

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PCI Time Series

January 2020 - November 2024



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.

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Our Contributors

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



Research Services Landscape

16 December 2024

Encouraging sign

The Performance of Services Index (PSI) jumped from 46.2 to 49.5 in November. While the PSI still indicates a slight contraction, it has recovered to its highest level since February and suggests service sector conditions are stabilising. This is another case of things getting less bad before they get good. The direction of change is encouraging, but it's important to remember the PSI remains well below its long-run average of 53.1.

Labour market likely to lag

All the PSI sub-indices increased in November. The PSI stocks/inventories index and the PSI supplier deliveries index both lifted from 47.7 to 52.2. It is the first time any of the sub-indices have moved above 50 since February. This could suggest firms are stocking up on inventory ahead of an anticipated increase in domestic demand. In contrast, the PSI employment index is now the furthest in contraction, albeit nudging slightly higher from 46.4 to 46.8. We continue to expect the labour market to lag the broader economic recovery.

NZ still underperforming

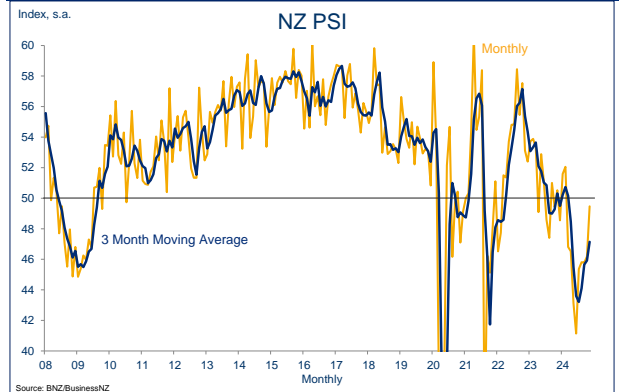
While it's another move in the right direction, NZ remains well below the Global PSI of 53.1. The gap between the measures sits at 3.6 points, but at least this has converged from 12 points back in June. US service sector outperformance continued in November, with the US Index lifting to 56.1. In contrast, economic conditions in Europe remain weak with the Eurozone Index at par with NZ.

Not getting carried away

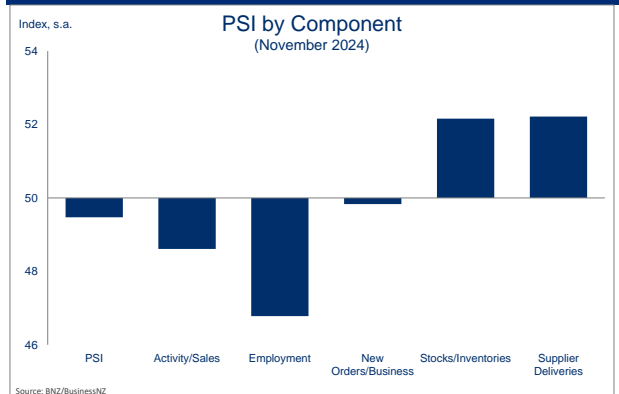
The Composite Index (PCI), which combines the PSI and the Performance of Manufacturing Index (PMI), suggests GDP is still tracking below year earlier levels. The lift in the PSI has been tempered by further contraction in the PMI. We anticipate this week's Q3 GDP figures to show a decrease of -0.4% for the quarter. Our economic forecasts are for growth to be broadly flat in Q4 before starting to improve in 2025. The impact of interest rate cuts to date is more one of stabilisation than elevation.

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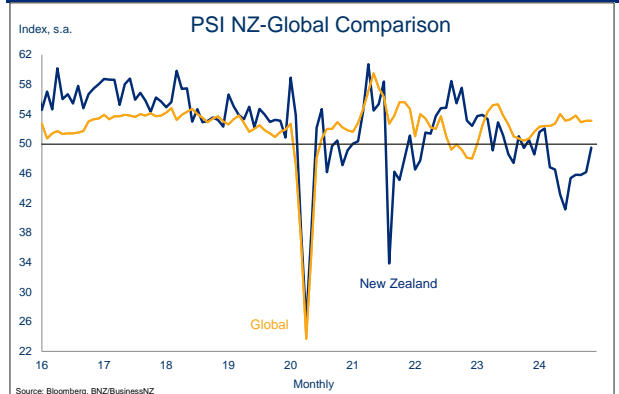
Knocking on the door



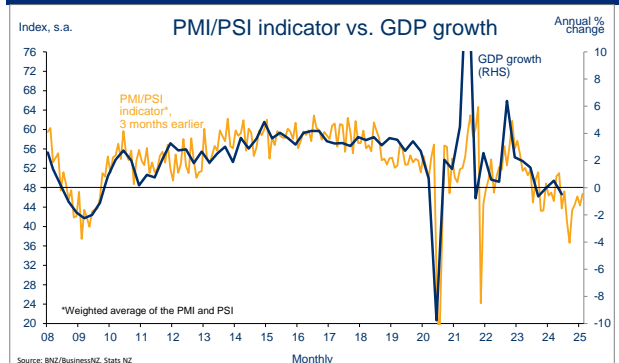
Varied across components



Closing the gap



Light at the end of the tunnel?



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