

# BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

## Stuck in a rut

18 Nov 2024

**46.0**

October

**+0.3**

Monthly Change

**Contracting**

Slower Rate

New Zealand's services sector result for October remained in contraction, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for October was 46.0 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was up 0.3 points from September, but activity has varied by only 0.7 points over the last four months, which has kept the sector within a tight band of contractionary results. The October result is also still well below the average of 53.1 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said that the October result showed mixed results when broken down by sub-index values. While the New Orders/Business Index (48.1) was at its highest level since February 2024, the Activity/Sales Index (44.3) lost some momentum during October. The Employment Index (46.4) recovered some of its fall after a sizeable drop in September.

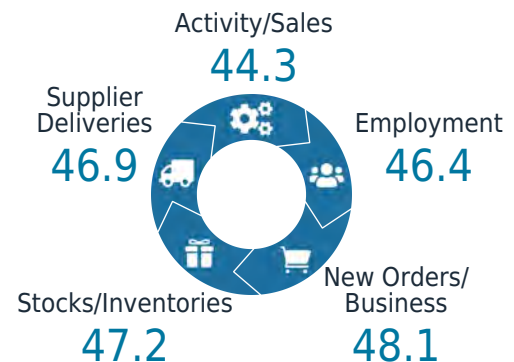
The proportion of negative comments for October stood at 59.1%, which was up from September at 58.5%, but down on 60.8% in August and 67.0% in both July and June. The cost of living and the general economic climate continued to dominate comments from respondents.

BNZ's Senior Economist Doug Steel said that "although it is contracting at a much slower pace than it was in June (when the PSI was 41.1), the PSI has been hovering between 45 and 46 over the last four months. The activity outlook for the sector has improved in recent business surveys, but the here and now remains extremely challenging".

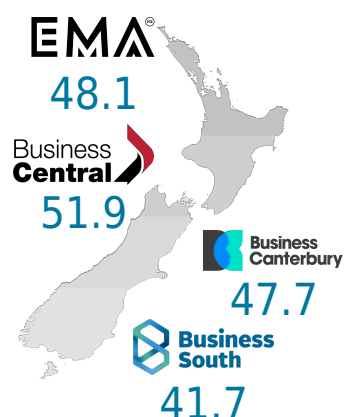


**Katherine Rich**  
CEO, BusinessNZ

### Main Indices



### Regional Results



[VIEW THE TIME SERIES DATA](#)



## Services Landscape

### Still moving backwards

The Performance of Services Index (PSI) nudged up from 45.7 to 46.0 in October. The small movement doesn't materially change the message of a services sector firmly in reverse.

[Read more](#)

### Crawling in the right direction

While all the sub-indices remain in contraction, four of the five series moved slightly closer to breakeven. The PSI new orders index inched up to 48.1 from 46.8 and is the closest of the sub-indices to 50.

[Read more](#)

### Improving from a weak base

The PSI retail trade index improved to 50.3 on an unadjusted basis but remains well below its historical average of 54.0 for October.

[Read more](#)

### Struggling for traction

Combining the PMI and PSI, the Composite Index (PCI) suggests GDP is still tracking below year earlier levels. Our economic forecasts are for GDP to contract again in Q3 before starting to gradually recover.

[Read more](#)



Doug Steel  
Senior Economist, BNZ  
[+64 4 474 6923](tel:+6444746923)

[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	Oct 2023	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024
BNZ - BusinessNZ PSI	49.3	41.1	45.3	45.8	45.7	46.0
Activity/Sales	47.6	36.7	41.4	44.3	45.6	44.3
Employment	49.4	45.8	46.9	49.3	45.7	46.4
New Orders/Business	51.9	39.5	47.1	46.9	46.8	48.1
Stocks/Inventories	51.0	44.5	45.7	45.2	46.9	47.2
Supplier Deliveries	49.1	41.6	41.2	43.9	43.7	46.9

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PSI Time Series

January 2019 - October 2024

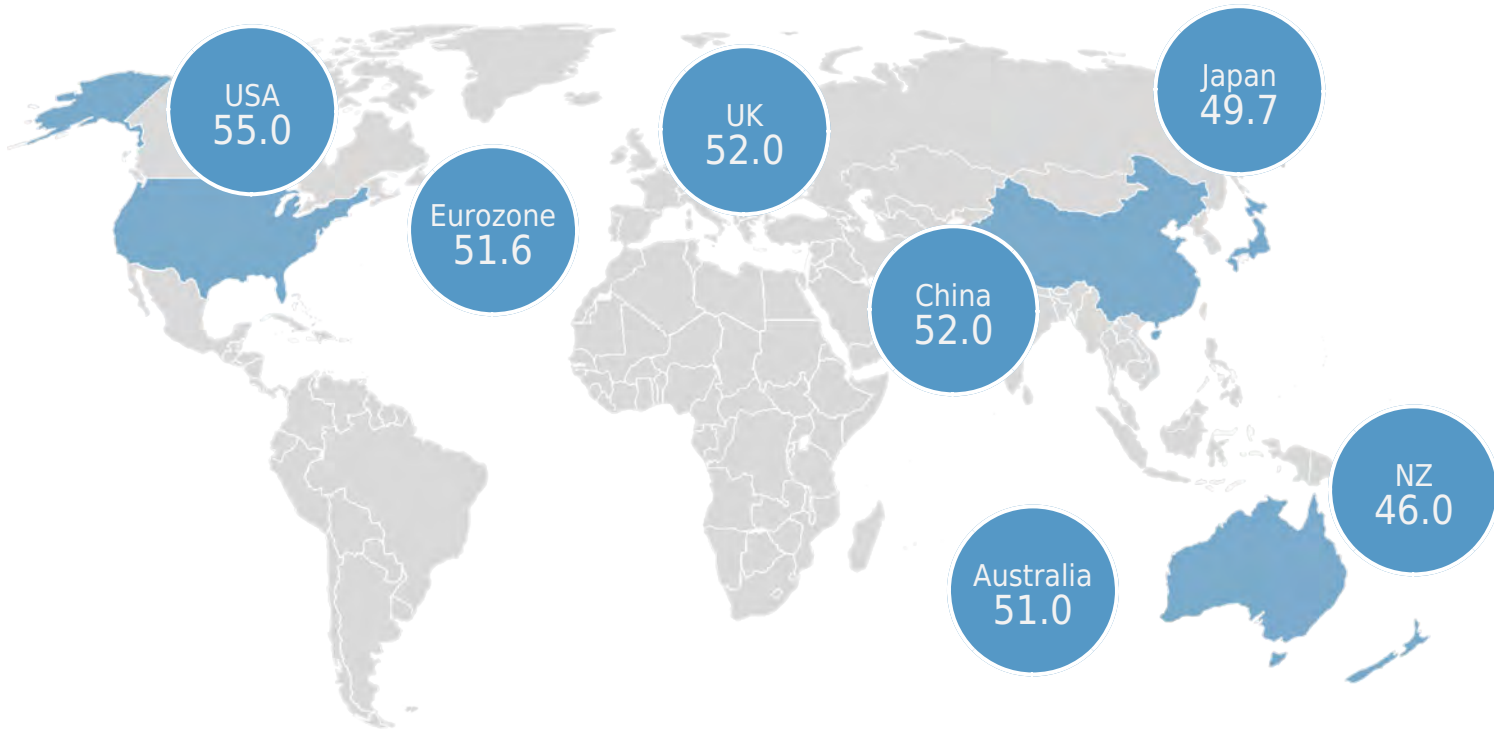


# International Results

J.P. Morgan Global Manufacturing PSI™

06 Nov 2024

## 53.1



# BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

**46.1**

GDP-Weighted Index

**46.2**

Free-Weighted Index

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

The October GDP-Weighted Index (46.1) lifted 0.2 points from September, while the Free-Weighted Index (46.2) decreased 0.2 points.

## BNZ - BusinessNZ PCI Time Series

The results are seasonally adjusted.

National Indices	Oct 2023	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024
GDP-Weighted Index	48.8	41.3	45.3	45.9	45.9	46.1
Free-Weighted Index	46.8	41.5	45.1	45.8	46.4	46.2

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PCI Time Series

January 2020 - October 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.

### 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

18 November 2024

## Still moving backwards

The Performance of Services Index (PSI) nudged up from 45.7 to 46.0 in October. The small movement doesn't materially change the message of a services sector firmly in reverse. Although it is contracting at a much slower pace than it was in June (when the PSI was 41.1), the PSI has been hovering between 45 and 46 over the last four months. The activity outlook for the sector has improved in recent business surveys, but the here and now remains extremely challenging.

## Crawling in the right direction

While all the sub-indices remain in contraction, four of the five series moved slightly closer to breakeven. The PSI new orders index inched up to 48.1 from 46.8 and is the closest of the sub-indices to 50. This was also observed in the Performance of Manufacturing Index (PMI), where new orders are still falling, but now only slightly. The PSI activity/sales index was the only series to fall in October, declining from 45.6 to 44.3. International visitor arrivals tend to drive segments of service sector activity, but these remain subdued at around 87% of pre-covid levels.

## Improving from a weak base

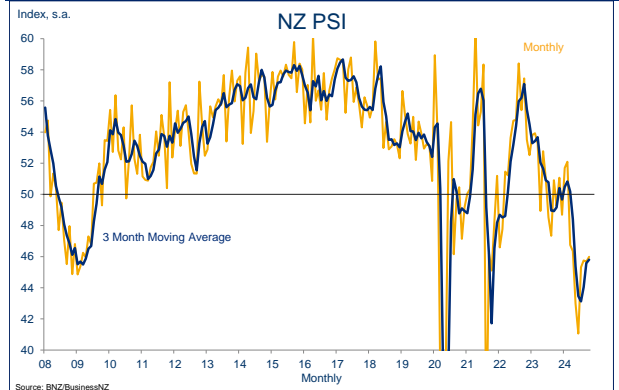
The PSI retail trade index improved to 50.3 on an unadjusted basis but remains well below its historical average of 54.0 for October. While retail activity tends to increase in the lead-up to summer and Christmas, it is important to remember that any improvement is coming off a very weak base. Recent data for electronic card transactions are also consistent with a gradual recovery in retail trade, albeit transaction values are still trailing year earlier levels. Our economic forecasts are for retail sales volumes to be broadly flat in Q3 and then lift slightly in Q4.

## Struggling for traction

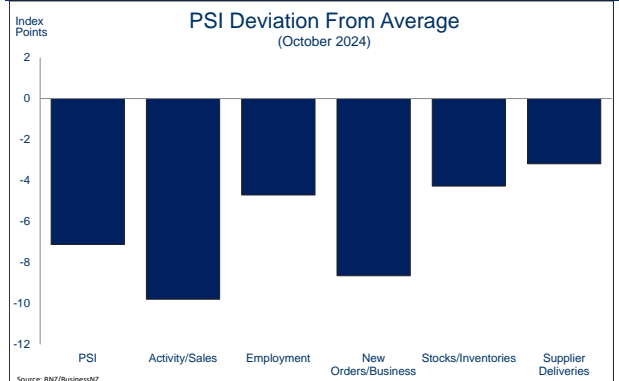
Combining the PMI and PSI, the Composite Index (PCI) suggests GDP is still tracking below year earlier levels. Our economic forecasts are for GDP to contract again in Q3 before starting to gradually recover. The PCI suggests some downside risk to our forecasts, which are broadly consistent with the RBNZ's projections in the August MPS. Lower interest rates will be supportive, but the PMI and PSI both stuck in contraction supports the case for further monetary policy easing.

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

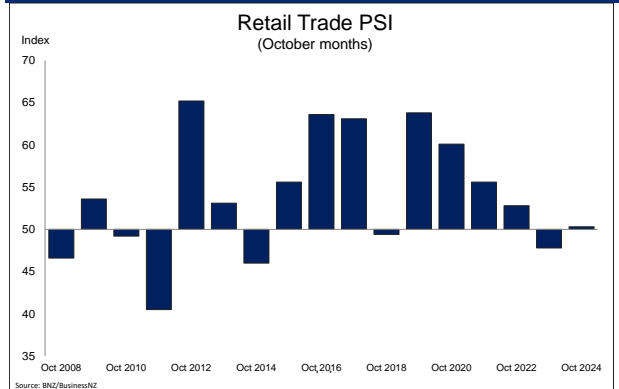
### Contraction continues



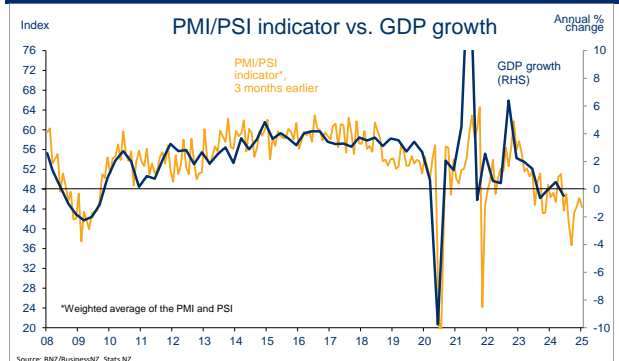
### Well below average



### Retail starting to recover?



### Reality check



# 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.