

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

Positive start

10 Feb 2023

50.8

January

+3.0

Monthly Change

expanding

previously contracting

New Zealand’s manufacturing sector saw a positive start to 2023 after three consecutive months of contraction, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for January was 50.8 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 3.0 points up from December, although still well below the long-term average activity rate of 53.0.

BusinessNZ’s Director, Advocacy Catherine Beard said that the January result managed to show a small degree of expansion during January, although whether the sector can keep its head above water as we look further into 2023 remains to be seen.

“While Production (52.1) recorded its highest result since August 2022, the other key sub-index of New Orders (48.8) has now been in contraction for five consecutive months, which last occurred in 2009. Employment (51.0) picked up after three consecutive months in contraction, while Finished Stocks (52.6) returned to positive territory”.

Despite the lift in activity, the negative mindset of manufacturers continued to pick up pace, with the proportion of negative comments at 69.9% for January. This compares with 63.5% for December, 58.4% for November and 61.6% for October. Supply chain issues were repeatedly mentioned, along with continued labour shortages and falling orders.

BNZ Senior Economist, Craig Ebert stated that “New Zealand’s manufacturing base appears to have reclaimed a sense of stability, and by doing so it meant New Zealand’s PMI wasn’t all that different to what the global PMI did in the month”.

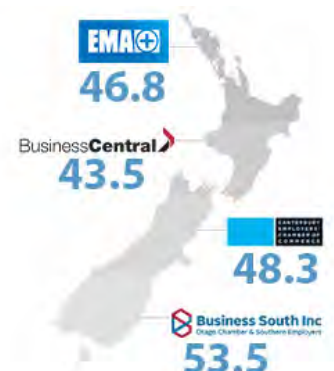


Catherine Beard
Director, Advocacy
BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Manufacturing Snapshot

The PMI

New Zealand's manufacturing base appears to have reclaimed a sense of stability. The Performance of Manufacturing Index (PMI) printed at 50.8 in January, after a string of sub-50 results over October, November and December, that averaged 48.1.

[Read more](#)

Mixed by industry

Mixed messages also emanated from other lenses on the PMI. By sub-industry, only two (of the seven) scored positive results in January, namely food, beverage & tobacco (57.1) and non-metallic mineral product (53.8).

[Read more](#)

Regional aspects

There was also something of a spread in the regional breakdown of January's PMI (based also on unadjusted figures).

[Read more](#)

Lessened global gloom

By improving to the vicinity of steadiness in January, New Zealand's PMI wasn't all that different to what the global PMI did in the month.

[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.

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PMI Time Series Table

The results are seasonally adjusted.

National Indicies	Jan 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023
BNZ - BusinessNZ PMI	51.6	51.5	49.0	47.4	47.8	50.8
Production	50.2	51.7	49.8	49.6	49.9	52.1
Employment	49.2	51.5	48.9	47.1	49.5	51.0
New Orders	52.9	48.1	44.7	42.4	48.8	48.8
Finished Stocks	53.2	55.2	54.6	55.4	49.9	52.6
Deliveries	53.2	54.4	55.1	49.7	48.5	51.6

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PMI Time Series

January 2018 - January 2023

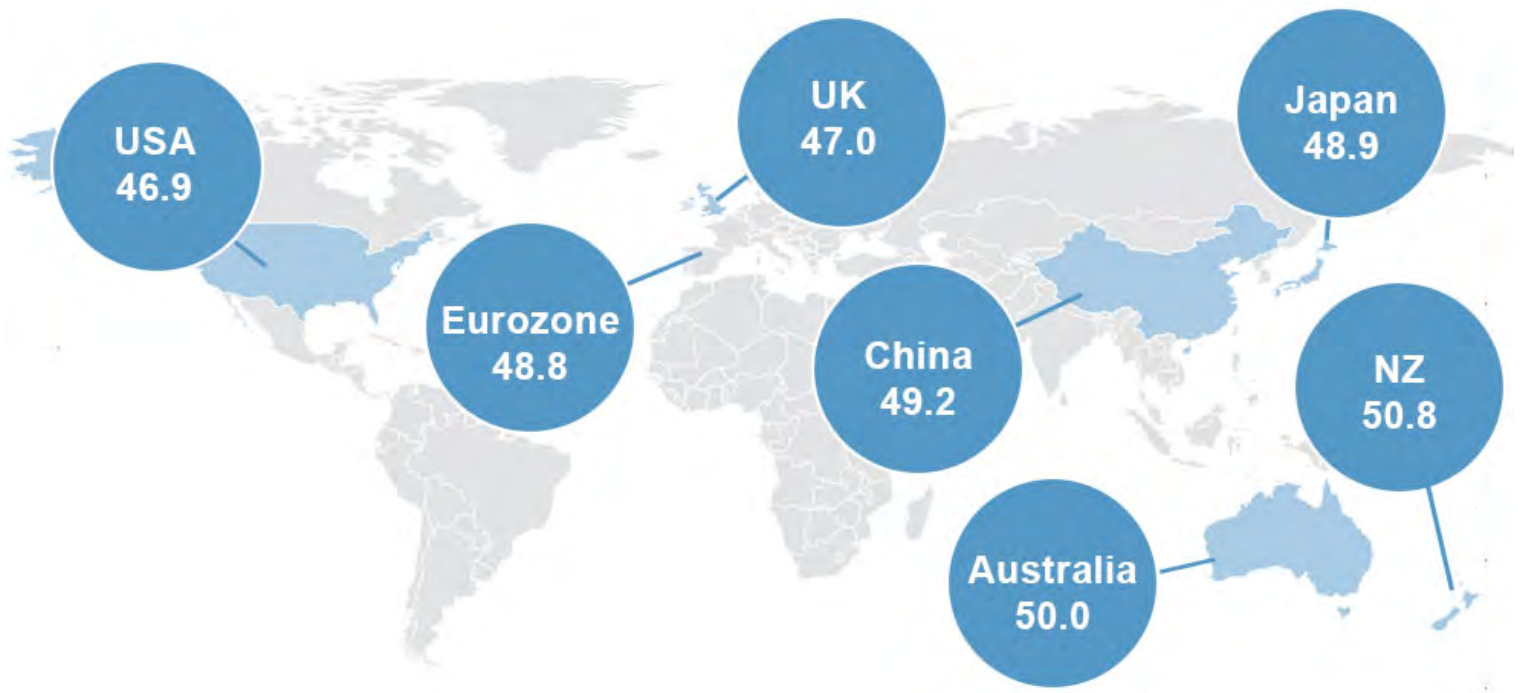


International Results

J.P. Morgan Global Manufacturing PMI™

01 Feb 2023

49.1



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

10 February 2023

PMI

New Zealand’s manufacturing base appears to have reclaimed a sense of stability. The Performance of Manufacturing Index (PMI) printed at 50.8 in January, after a string of sub-50 results over October, November and December, that averaged 48.1. The lift in January was reflected across all the principal components. Production rebounded to a seasonally adjusted 52.1, while employment retrieved a moderately expansive tone, with 51.0. The new orders index improved too but, at 48.8 in January, was left trailing in contraction territory (and was well below its long-term average of 54.8).

Mixed by industry

Mixed messages also emanated from other lenses on the PMI. By sub-industry, only two (of the seven) scored positive results in January, namely food, beverage & tobacco (57.1) and non-metallic mineral product (53.8). Admittedly these indices are not seasonally adjusted (and the unadjusted PMI tends to be depressed in January). Still, the wide spectrum of results for the month, across industries, gave the impression of choppiness rather than cordiality. It’s hard to imagine the 28.8 reading on the miscellaneous “other” category was seasonality, nor the lowly 36.5 for textiles, clothing, footwear & leather.

Regional aspects

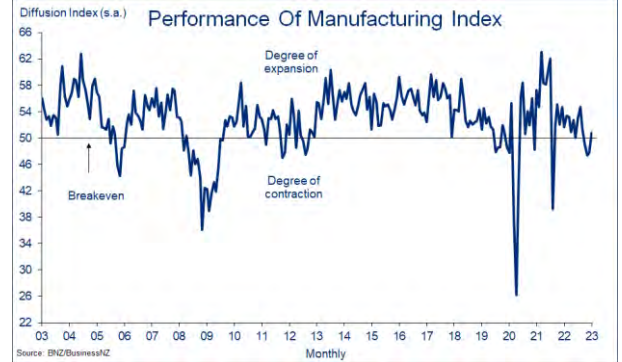
There was also something of a spread in the regional breakdown of January’s PMI (based also on unadjusted figures). Otago/Southland led the way with 53.4, Central lagged with 43.5, Canterbury/Westland posted 48.3, while Northern recorded 46.8 (after a very weak 38.5 in December). It’s hard to know if, and how, the latter result was affected by the late-month flooding in that region, but it’s something we’ll keep watching for in the PMI series.

Lessened global gloom

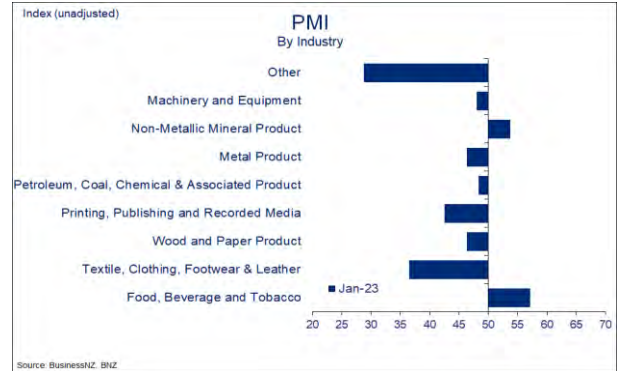
By improving to the vicinity of steadiness in January, New Zealand’s PMI wasn’t all that different to what the global PMI did in the month. The latter edged up to a seasonally adjusted 49.1, from 48.7 in December. This was assisted by China’s PMI improving to 50.1, from 47.0 in December – as the country’s longstanding zero-COVID policy was dropped. To be sure, the latest global PMI readings are not what you’d call encouraging. However, as spending (and inflation) shows signs of shifting out of goods and towards services, forecasters have, over recent months, tended to lessen the economic downturns they forecast for 2023.

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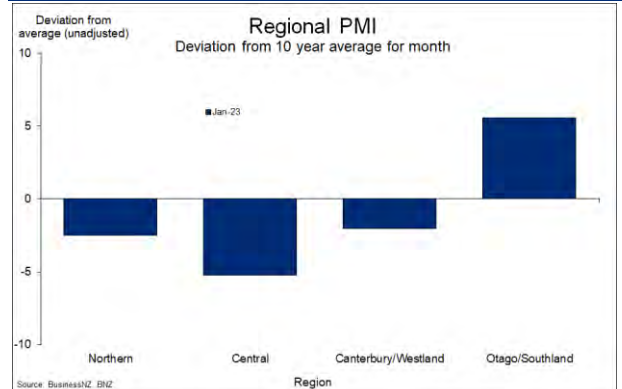
A Toehold on Stability



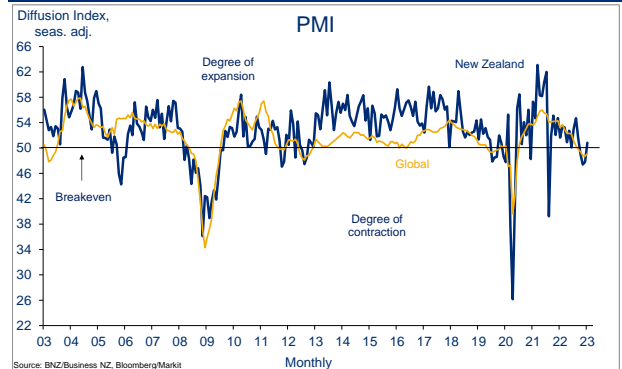
A Raw Mix



Alert to Flooding Impacts



Hanging in There



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