

# BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

## Expansion

14 Feb, 2025

**51.4**

January

**+5.2**

Monthly Change

**Expanding**

Previously Contracting

New Zealand’s manufacturing sector displayed expansion for the first time in 23 months, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for January was 51.4 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was up from 46.2 in December and the highest level of expansion since September 2022. However, the January result is still below the average of 52.5 since the survey began.

BusinessNZ’s Director, Advocacy Catherine Beard said that after the longest continued period of contraction, the manufacturing sector has finally broken the trend and started 2025 on a positive note.

“All sub-index values were in expansion during January. The key sub-index results for both Production and New Orders both stood at 50.9, with the latter at its highest level of activity since August 2022. Employment (50.2) rose 2.5 points from December, while Finished Stocks (51.9) recorded its highest level of activity since May 2024.

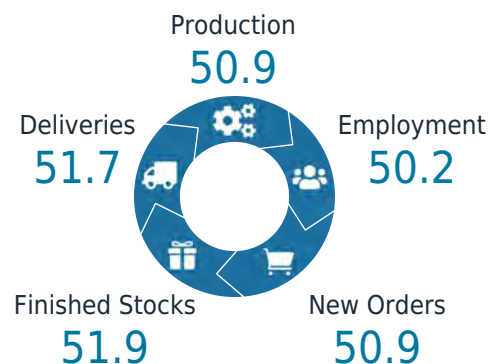
The proportion of negative comments from respondents stood at 57.7% in January. This was down from 59% in December, but still up from 56% in November and 53.5% in October. Negative comments during January focused on the holiday break, as well as the ongoing effects of the soft economy. Positive comments displayed no strong pattern, with many focusing on specific business opportunities.

BNZ’s Senior Economist Doug Steel said that “it’s a positive start to 2025, with the manufacturing sector shifting out of reverse and into first gear. While the PMI still sits below its long-run average of 52.5, the improvement is welcome news for manufacturers after a very challenging two years”.

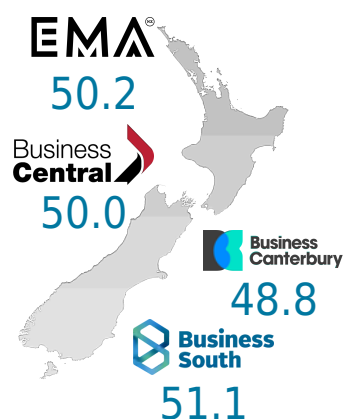


**Catherine Beard**  
Director, Advocacy  
BusinessNZ

### Main Indices



### Regional Results



[VIEW THE TIME SERIES DATA](#)



## Manufacturing Snapshot

### January jump

The Performance of Manufacturing Index (PMI) lifted sharply from 46.2 to 51.4 in January. After 22 long months in contraction, it has moved back above the breakeven 50 mark at last.

[Read more](#)

### Lower interest rates supportive

In November, the Reserve Bank of New Zealand (RBNZ) noted manufacturing as one of the sectors of the economy most dampened by high interest rates.

[Read more](#)

### Export intentions elevated

Around 40% of manufacturing output is exported directly, with more exported indirectly as an input into production in other sectors.

[Read more](#)

### But there is heightened trade policy uncertainty

Globally, the key focus is the US, as uncertainty about the prospective Trump policy mix reigns. While the net effect of the tariffs is unclear, uncertainty breeds caution.

[Read more](#)



Doug Steel  
Senior Economist, BNZ

[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.

[View Website](#)

# PMI Time Series Table

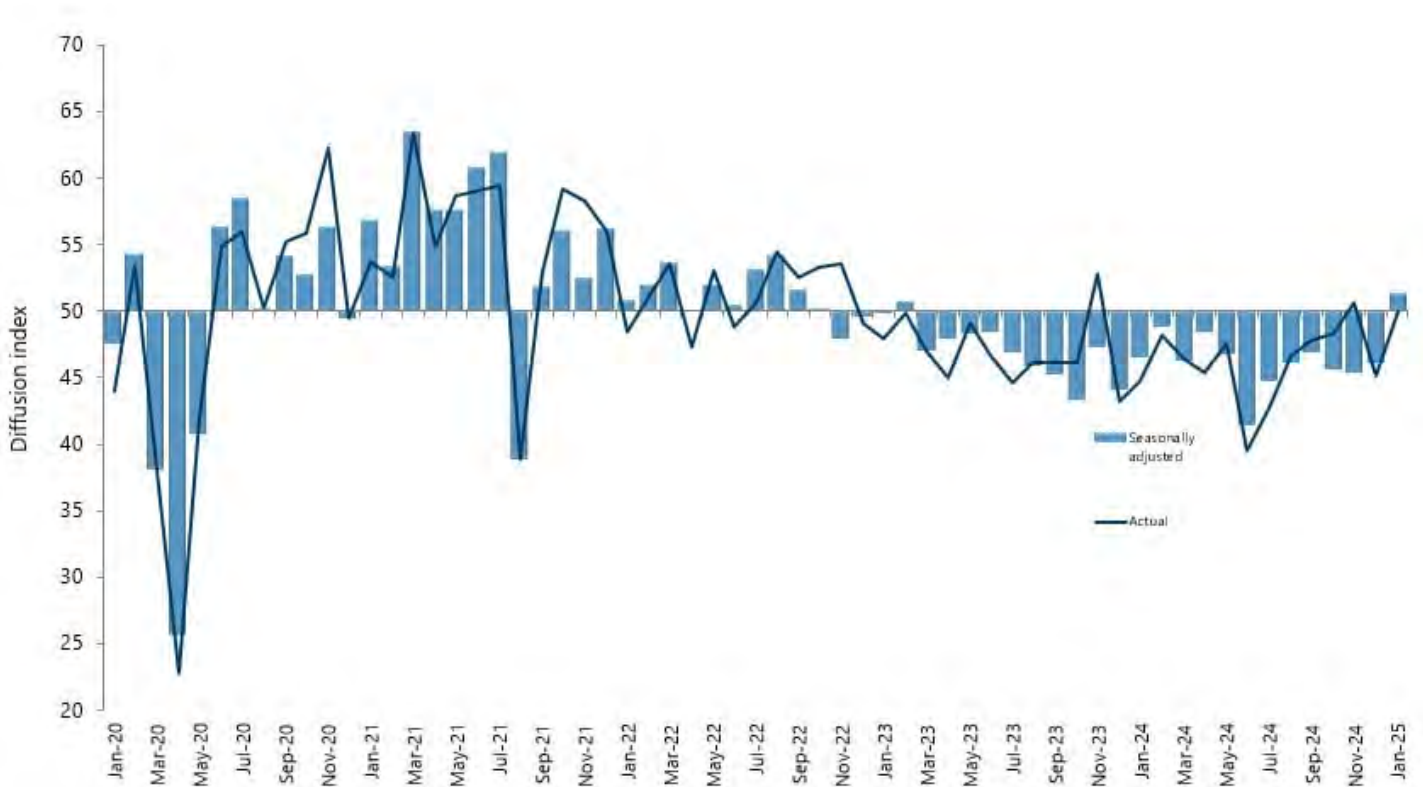
The results are seasonally adjusted.

National Indices	Jan 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025
BNZ - BusinessNZ PMI	46.5	46.9	45.7	45.4	46.2	51.4
Production	41.1	47.7	44.1	42.7	42.7	50.9
Employment	50.2	47.0	46.0	46.9	47.7	50.2
New Orders	46.2	47.7	48.5	44.7	46.8	50.9
Finished Stocks	46.8	46.8	47.9	49.5	46.3	51.9
Deliveries	48.6	45.8	45.0	50.1	49.9	51.7

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PMI Time Series

January 2020 - January 2025

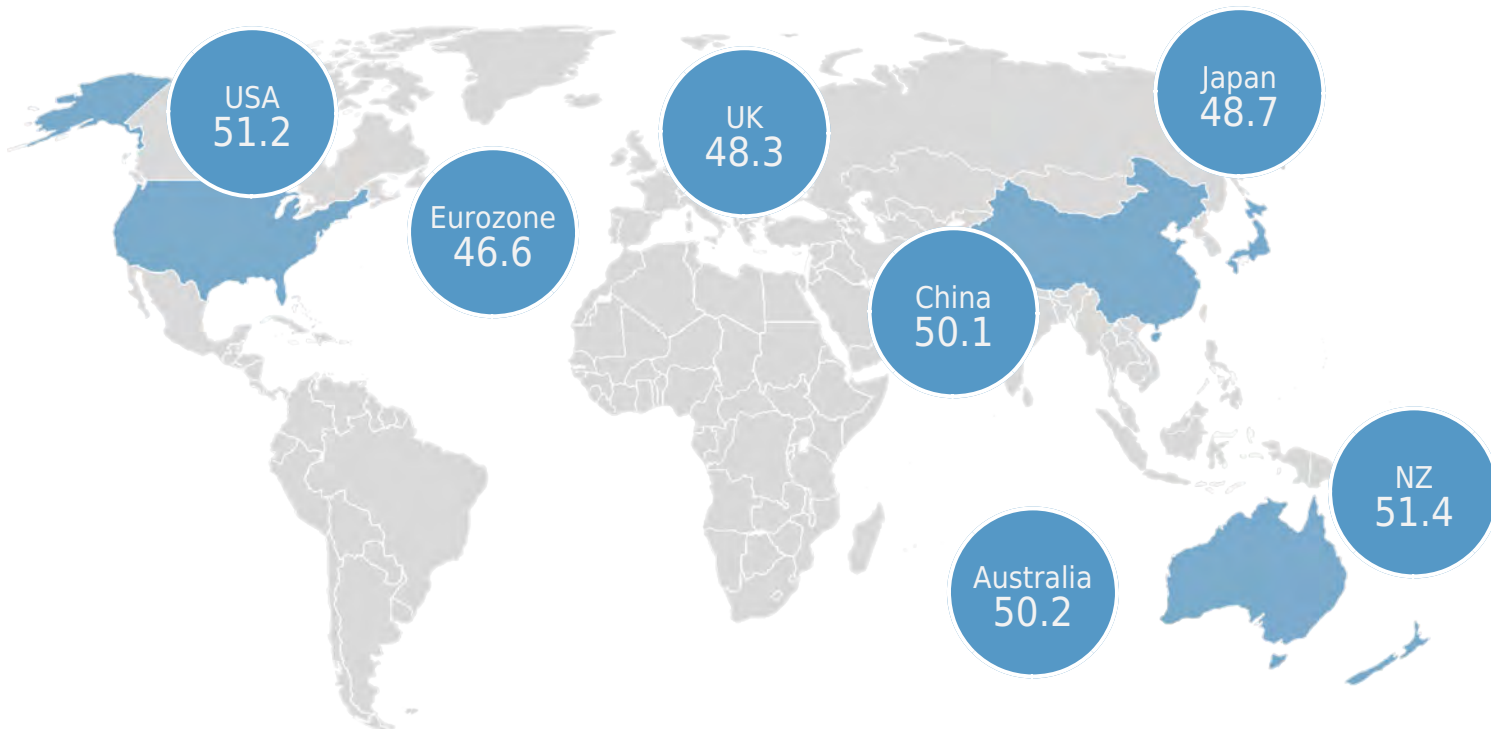


# International Results

J.P. Morgan Global Manufacturing PMI™

03 Feb 2025

# 50.1



## 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.

## Media Comment

For media comment, contact:  
Catherine Beard: 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 PMI contains data obtained through BusinessNZ's regional organisations



# Manufacturing Snapshot

14 February 2025

## January jump

The Performance of Manufacturing Index (PMI) lifted sharply from 46.2 to 51.4 in January. After 22 long months in contraction, it has moved back above the breakeven 50 mark at last. It's a positive start to 2025, with the manufacturing sector shifting out of reverse and into first gear. While the PMI still sits below its long run average of 52.5, the improvement is welcome news for manufacturers after a very challenging two years. We forecast the sector to grow by a touch over 1% in 2025 but briefly outline three factors which will impact the pace of the recovery below.

## Lower interest rates supportive

In November, the Reserve Bank of New Zealand (RBNZ) noted manufacturing as one of the sectors of the economy most dampened by high interest rates. It's these interest rate sensitive sectors that the RBNZ expect to underpin the economic recovery in 2025. We forecast the RBNZ to cut the official cash rate by another 50 basis points to 3.75% next Wednesday (19 February). After this, our view is that the cash rate should be cut 25 basis points per meeting toward an eventual low around 2.75%. If the RBNZ takes a more cautious approach in cutting rates, the recovery could be more gradual than we are currently forecasting.

## Export intentions elevated

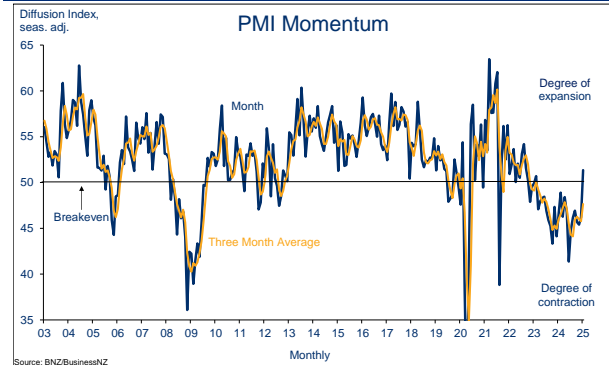
Around 40% of manufacturing output is exported directly, with more exported indirectly as an input into production in other sectors. In the latest ANZ Business Outlook survey, a net 25% of manufacturers expected exports to improve in the next 12 months. While there is a risk exports disappoint relative to expectations, near-term demand is likely to be supported by the lower New Zealand dollar. The weaker currency also allows New Zealand manufacturers who sell domestically to be more competitive against imported goods.

## But there is heightened trade policy uncertainty

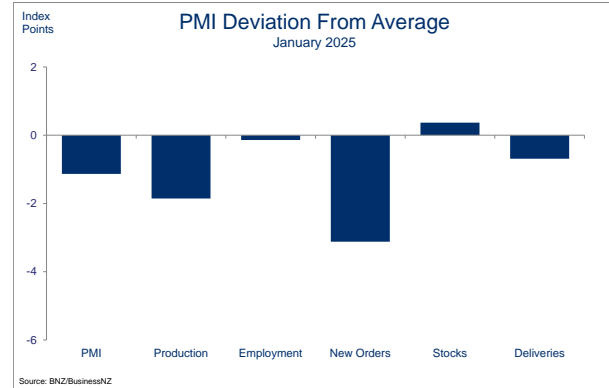
Globally, the key focus is the US, as uncertainty about the prospective Trump policy mix reigns. While the net effect of the tariffs is unclear, uncertainty breeds caution. Note that the key here is not so much the direct impact of tariffs on New Zealand but rather the indirect effect on China and global growth. However, some specific industries in New Zealand are still vulnerable to sudden tariff policy changes.

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

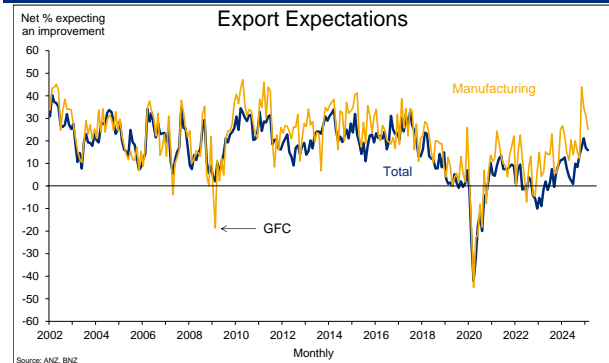
### Back above 50



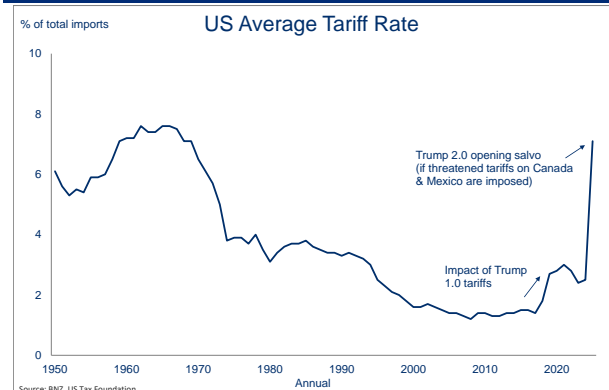
### Not getting carried away



### Improvement expected



### Trump's opening tariff salvo



## 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.