

# BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

## Headwinds ahead

14 Apr 2023

**48.1**

March

**-3.6**

Monthly Change

**Contracting**

Previously Expanding

New Zealand's manufacturing sector experienced a decline in activity during March, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for March was 48.1 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 3.6 points down from February, and well below the long-term average activity rate of 53.0.

BusinessNZ's Director, Advocacy Catherine Beard said that the numbers behind the main March result showed the manufacturing sector facing some stiff headwinds ahead.

"Looking at the key sub-index values, Production (43.3) dropped to its lowest level of activity since the last nationwide lockdown in August 2021, while New Orders (46.7) fell back into contraction after expansion in February. Employment (47.1) dropped back to the same level as November 2022, while Finished Stocks (48.4) dropped 6.7 points from the previous month. Delivery of Raw Materials (53.8) bucked the trend with its third consecutive lift in expansion.

The drop in activity during March also saw the proportion of negative comments lift to 63.2%, compared with 60.2% in February and 69.9% for January. A general slow down and fall in demand were common threads in comments made.

BNZ Senior Economist, Craig Ebert stated that "disappointing as New Zealand's March PMI was, it wasn't especially negative in longer-term context. Neither was it much out of line with manufacturing readings across the world of late".

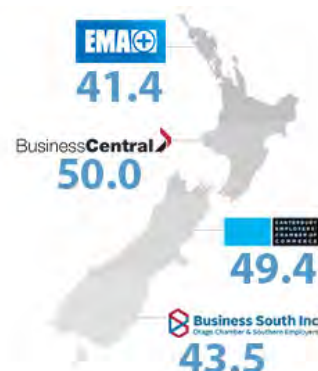


**Catherine Beard**  
Director, Advocacy  
BusinessNZ

### Main Indices



### Regional Results



[VIEW THE TIME SERIES DATA](#)



## Manufacturing Snapshot

### PMI

The Performance of Manufacturing Index (PMI) stumbled back into mildly negative territory in March, with a seasonally adjusted reading of 48.1.

[Read more](#)

### Principal paucity

In terms of the regional results, Central, which includes the districts most afflicted by the recent storms - namely Hawke's Bay and Gisborne - logged an unadjusted level of 50.0, from 42.2 in February.

[Read more](#)

### QSBO

Manufacturers' responses to last week's NZIER Quarterly Survey of Business Opinion (QSBO) were also downbeat with respect to recent performance.

[Read more](#)

### Global reference

Disappointing as New Zealand's March PMI was, it wasn't especially negative in longer-term context. Neither was it much out of line with manufacturing readings across the world of late.

[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.

[View Website](#)



## PMI Time Series Table

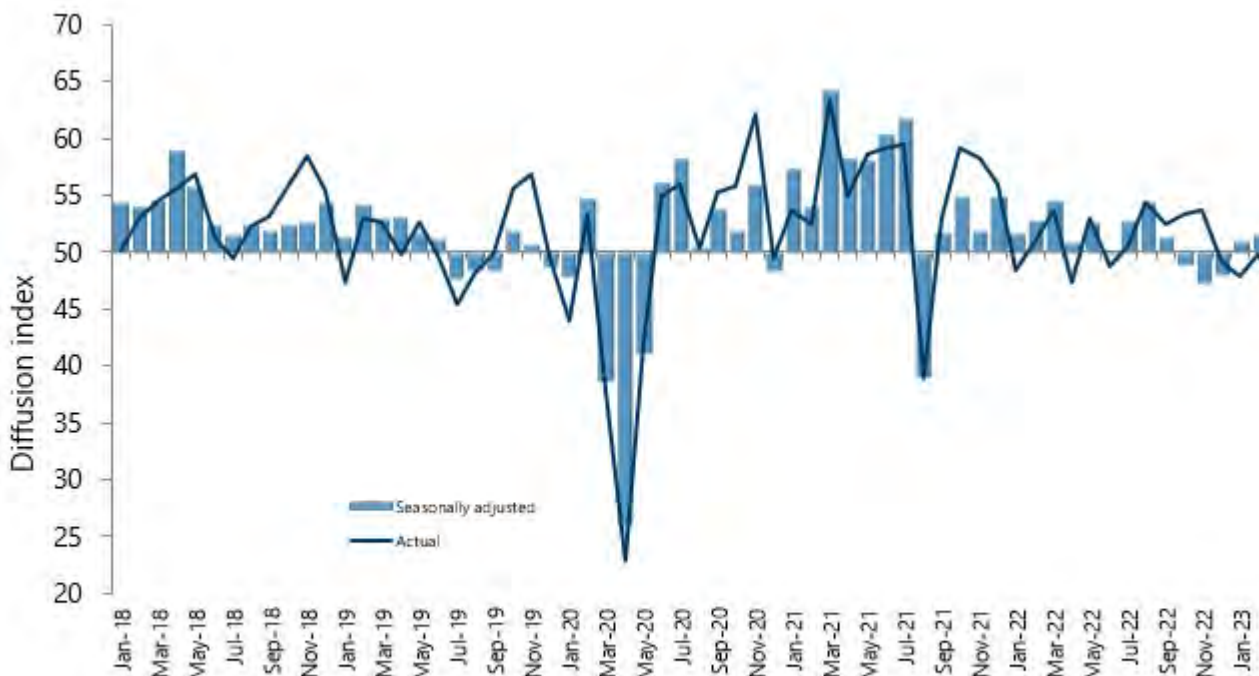
The results are seasonally adjusted.

National Indices	Mar 2022	Nov 2022	Dec 2022	Jan 2022	Feb 2023	Mar 2023
BNZ - BusinessNZ PMI	54.6	47.3	48.0	51.0	51.7	48.1
Production	51.3	49.5	49.7	51.6	48.7	43.3
Employment	52.5	47.1	49.8	51.5	55.2	47.1
New Orders	58.6	42.5	48.6	49.0	51.5	46.7
Finished Stocks	54.1	55.5	49.8	52.4	55.1	48.4
Deliveries	50.6	49.7	48.6	52.0	52.2	53.8

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PMI Time Series

January 2018 - March 2023

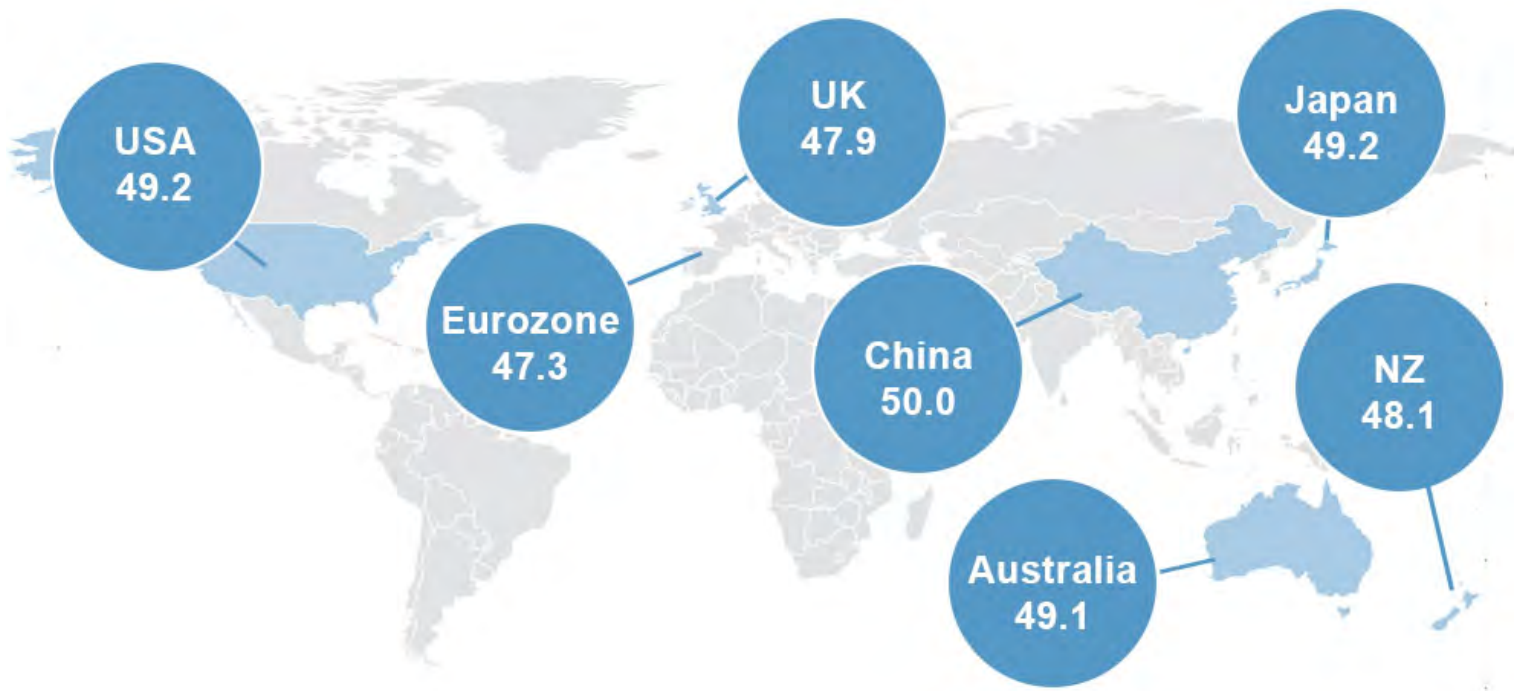


# International Results

J.P. Morgan Global Manufacturing PMI™

03 Apr 2023

# 49.6



## 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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## Our Contributors

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



# Manufacturing Snapshot

14 April 2023

## PMI

The Performance of Manufacturing Index (PMI) stumbled back into mildly negative territory in March, with a seasonally adjusted reading of 48.1. This was after a tentative foray into the positive over January (51.0) and February (51.7). We noted in our report for February that the undercurrents weren't as encouraging as the headline result suggested. Our reservations appear to have been born out in March's outcome. Yes, there were references to negative impacts from the recent storms. However, the complaints went much wider than this, and to a range of issues now – not just supply/staffing problems as the crux.

### Principal paucity

In terms of the regional results, Central, which includes the districts most afflicted by the recent storms – namely Hawke's Bay and Gisborne – logged an unadjusted level of 50.0, from 42.2 in February. Everywhere else fell below 50, and with Northern all the way down to 41.4. By industry, many were in the vicinity of 50.0 (breakeven). However, a 23.3 result for Textile, Clothing, Footwear and Leather pulled the average clearly below that. With respect to the main components, the print on Production (43.3) was, outside of pandemic lockdowns, the lowest since 2009. Employment also took a tumble to 47.1, from 55.2 in February, while New Orders sagged to 46.7, from 51.5.

## QSBO

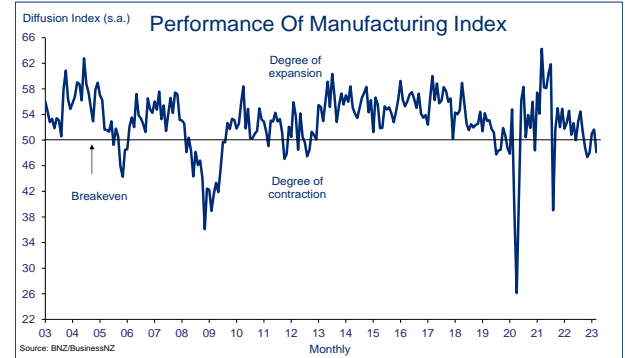
Manufacturers' responses to last week's NZIER Quarterly Survey of Business Opinion (QSBO) were also downbeat with respect to recent performance. This included: profits being assailed by cost increases running faster than prices were keeping up; overdue debtors arising as an issue; and inventory judged too high. However, things were relatively more encouraging when it came to the outlook amongst manufacturers in the QSBO – for output, employment, and investment. This gave the sense that firms are looking through the challenges underfoot, to better times hence.

### Global reference

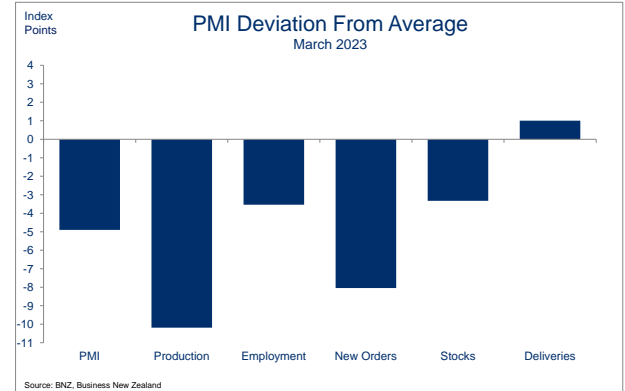
Disappointing as New Zealand's March PMI was, it wasn't especially negative in longer-term context. Neither was it much out of line with manufacturing readings across the world of late. The global PMI eased to 49.6 in March, from 49.9 in February, with a recovery in China (51.9) not enough to offset weakness in the likes of the US (46.3) and Europe (47.3). At the same time, the global services index (PSI) – which represents a far bigger portion of the world's GDP – strengthened to a punchy 54.4, from 52.6.

[craig\\_ebert@bnz.co.nz](mailto:craig_ebert@bnz.co.nz)

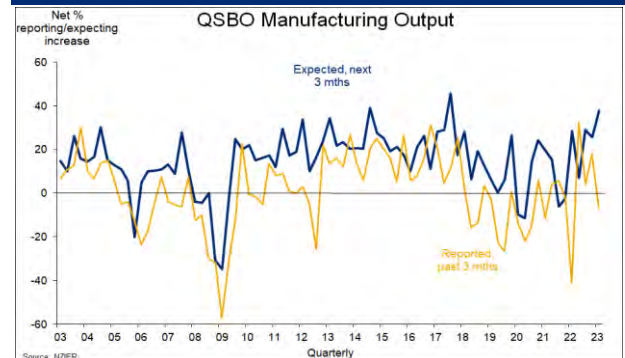
### A Stumble



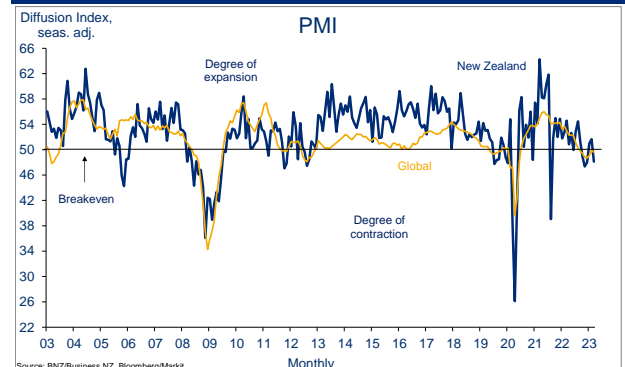
### The Wrong Bits



### Chin Up



### Global Gloop



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