

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

Retreat

13 Dec, 2024

45.5

November

-0.2

Monthly Change

Contracting

Faster Rate

New Zealand's manufacturing sector continued to show contraction at a faster rate during November, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for November was 45.5 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was down from 45.7 in October, and the lowest level of activity since July 2024. The sector has now been in contraction for 21 consecutive months.

BusinessNZ's Director, Advocacy Catherine Beard said that any momentum built over the July-September period has now reverted back to a retreat for the sector.

"The key sub-index result for Production (42.5) fell another 1.5 points from October to be at its lowest level of activity since June 2024, while New Orders (44.8) fell back 3.7 points to be at its lowest result since July 2024. Employment (46.9) has remained within a tight band of contraction for the last four months, while both Finished Stocks (49.3) and Deliveries (49.9) improved.

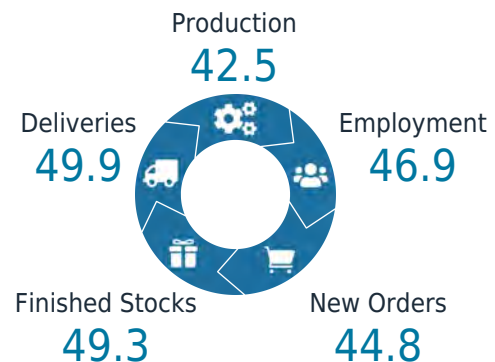
The proportion of negative comments from respondents stood at 56% in November. This was up from 53.5% in October, but down from 63.5% in September, 64.2% in August and 71.1% in July. Negative comments during October showed similar patterns to previous months, with a focus on a lack of orders and cost of living.

BNZ's Senior Economist Doug Steel said that "the main message of a manufacturing sector still under significant pressure remains. Recent business surveys report that manufacturers are feeling more confident about the outlook, but there is scant evidence of a general turnaround in activity to date".

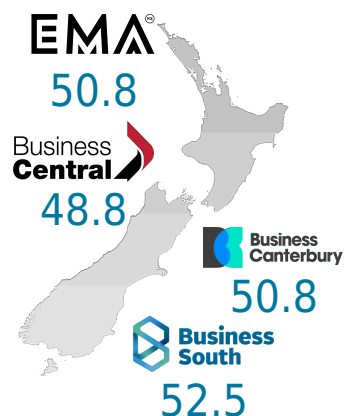


Catherine Beard
Director, Advocacy
BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Manufacturing Snapshot

Contraction continues

The Performance of Manufacturing Index (PMI) eased slightly from 45.7 to 45.5 in November. While the PMI slowly moved towards the breakeven 50 mark over the September quarter, it has since retreated in both October and November.

[Read more](#)

Sub-indices still struggling

While movements in the PMI sub-indices were mixed in November, they are all still stuck below average. The PMI deliveries index improved the most from 44.9 to 49.9 and is showing signs of stabilisation.

[Read more](#)

Manufacturing sales volumes weak in Q3

Recent official data confirmed weak manufacturing sales in Q3. Core sales volumes (excluding meat and dairy) decreased 2.3% q/q in Q3. The PMI points to sales volumes falling again in Q4 and by more than many might care to believe.

[Read more](#)

Lower interest rates will help

The Reserve Bank of New Zealand (RBNZ) reduced the OCR by 50 basis points to 4.25% in November, in line with economists' estimates. If economic conditions evolve in line with its projections, the RBNZ expects to lower the OCR further early next year.

[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

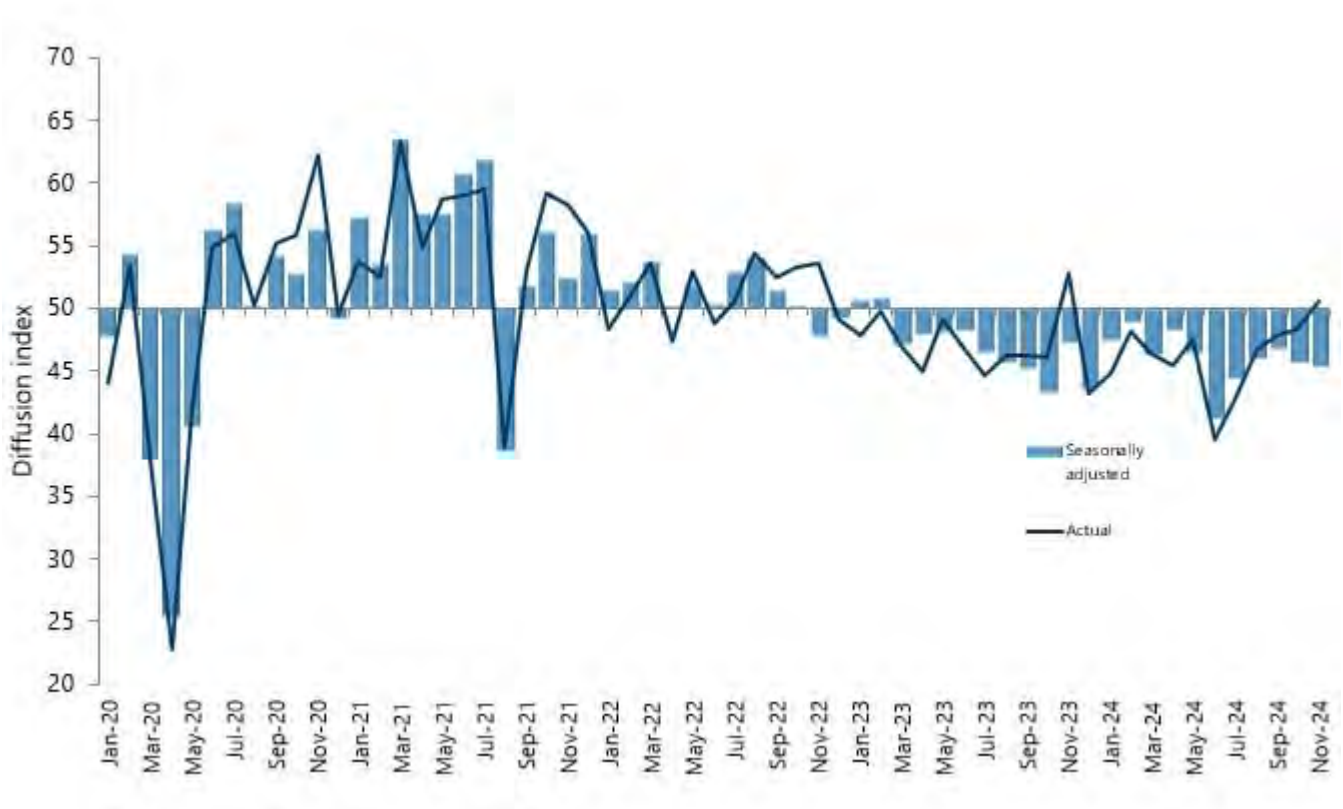
The results are seasonally adjusted.

National Indices	Nov 2023	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024
BNZ - BusinessNZ PMI	47.4	44.5	46.1	46.9	45.7	45.5
Production	44.6	44.3	46.4	47.7	44.0	42.5
Employment	48.9	43.4	46.8	46.8	46.0	46.9
New Orders	49.2	43.3	47.3	47.6	48.5	44.8
Finished Stocks	50.1	46.3	46.2	46.8	47.8	49.3
Deliveries	47.7	44.7	45.9	45.7	44.9	49.9

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PMI Time Series

January 2020 - November 2024

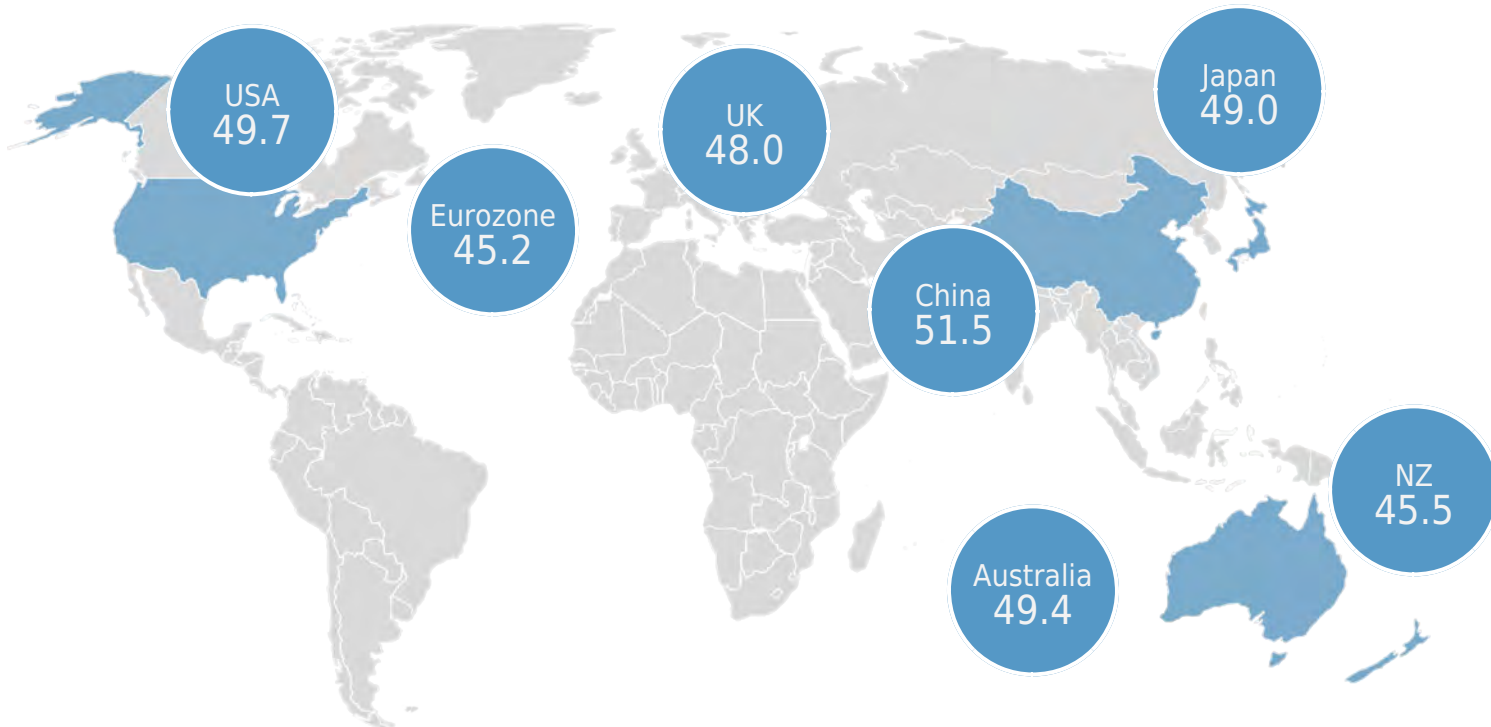


International Results

J.P. Morgan Global Manufacturing PMI™

04 Nov 2024

49.4



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

13 December 2024

Contraction continues

The Performance of Manufacturing Index (PMI) eased slightly from 45.7 to 45.5 in November. While the PMI slowly moved towards the breakeven 50 mark over the September quarter, it has since retreated in both October and November. Timely monthly data like house sales, job ads, filled jobs and card spending all convey a picture of the New Zealand economy remaining very weak. While the PMI is not as deep in contraction as during the GFC, this contraction has persisted for far longer, currently 21 consecutive months.

Sub-indices still struggling

While movements in the PMI sub-indices were mixed in November, they are all still stuck below average. The PMI deliveries index improved the most from 44.9 to 49.9 and is showing signs of stabilisation. Last month, we noted the PMI new orders index approach toward 50 offered some hope due to its historical lead indicator qualities. Unfortunately, this index fell from 48.5 to 44.8 as the pace of decline in new orders accelerated again in November. Disconcertingly, the PMI production index also sank further below its historical average.

Manufacturing sales volumes weak in Q3

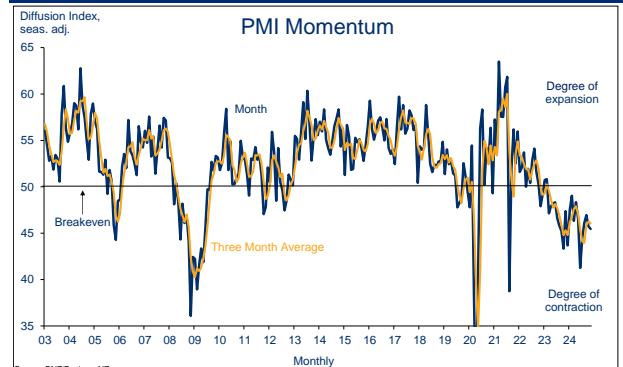
Recent official data confirmed weak manufacturing sales in Q3. Core sales volumes (excluding meat and dairy) decreased 2.3% q/q in Q3. The PMI points to sales volumes falling again in Q4 and by more than many might care to believe. The main message of a manufacturing sector still under significant pressure remains. Recent business surveys report that manufacturers are feeling more confident about the outlook, but there is scant evidence of a general turnaround in activity to date.

Lower interest rates will help

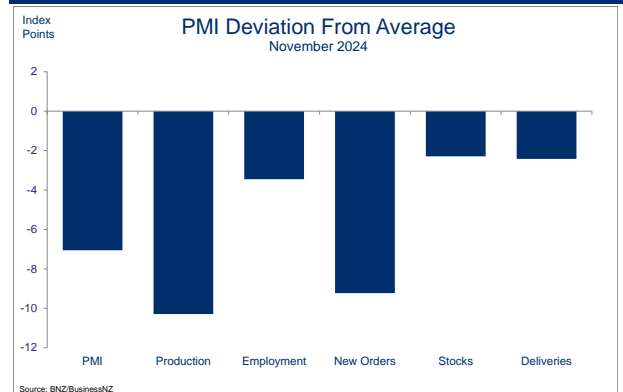
The Reserve Bank of New Zealand (RBNZ) reduced the OCR by 50 basis points to 4.25% in November, in line with economists' estimates. If economic conditions evolve in line with its projections, the RBNZ expects to lower the OCR further early next year. The accompanying statement noted manufacturing as 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 agree lower interest rates will help in time, but the PMI is a reminder of the headwinds through to November.

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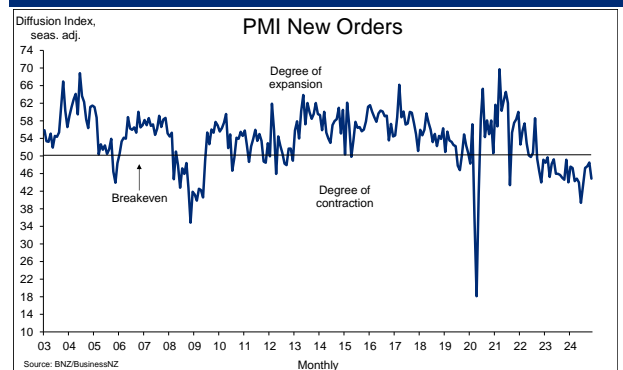
Recovery stalled



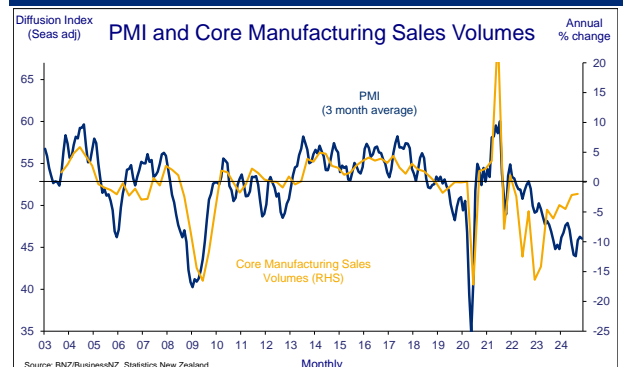
Production and new orders especially weak



A step back



Headwinds persist



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