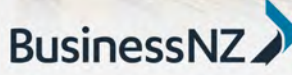


# BNZ - BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX



## Down a gear

14 Oct 2022

**52.0**

September

**-2.8**

Monthly Change

**expanding**

slower rate

New Zealand's manufacturing sector saw an easing of expansion in September, according to the latest BNZ - BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for September was 52.0 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 2.8 points lower than August, and the lowest level of activity since June.

BusinessNZ's Director, Advocacy Catherine Beard said that the September result could not build on the above average growth experienced during the previous two months.

"Looking at the sub-index results, the two key sub-index values of Production (52.0) and New Orders (48.4) both fell back from August, with the latter moving back into contraction for the second time in 13 months. Conversely, Finished Stocks (55.0) was at its highest point since July 2021, while Deliveries (54.5) experienced a further lift from August".

Manufacturers have continued with a more negative mindset, with the proportion of negative comments at 61.5% for September, compared with 53.6% in August and 62.1% in July. Labour shortages, decreased demand and cost pressures were the main flavour of comments made by manufacturers.

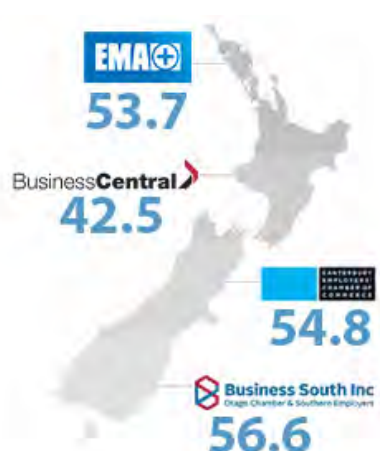
BNZ Senior Economist, Doug Steel stated "the overall trend remains positive, but with ongoing volatility around it. On the positive side, the PMI's 3-month moving average has continued to edge higher this month but, not so good, the 52.0 monthly reading is now back below the PMI's longer-term norm".



**Catherine Beard**

Director, Advocacy  
BusinessNZ

[VIEW THE TIME SERIES DATA](#)



# Manufacturing Snapshot



## PMI

The Performance of Manufacturing Index (PMI) continues to be choppy month-to-month. After a decent push higher in August, up to 54.8, the PMI eased back to a slower pace of 52.0 in September.

[Read more](#)

## Demand and Supply

New orders stood out across the major components with the index falling heavily from a very strong 59.7 in August to an outright weak 48.4 in September.

[Read more](#)

## Global PMI Turns Negative

While NZ's PMI has remained positive, albeit choppy, that is not the case for the global manufacturing sector overall. The global PMI eased further to 49.8 in September, so dipping below the breakeven 50 mark for the first time since the pandemic's initial hit.

[Read more](#)

## That's Different

We don't know why, but it is interesting to note that large NZ firms recorded a very weak 46.3 PMI in September especially compared to a very strong 58.9 for micro firms.

[Read more](#)



**Doug Steel**

Senior Economist, BNZ

VIEW FULL BNZ SNAPSHOT

# PMI Time Series Table

Results are seasonally adjusted.

National Indices	Sep 2021	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022
BNZ – BusinessNZ PMI	52.3	52.7	50.2	53.5	54.8	52.0
Production	50.9	52.7	48.3	51.1	54.5	52.0
Employment	53.9	52.9	51.4	52.8	53.6	51.9
New Orders	54.7	52.3	48.0	50.9	59.7	48.4
Finished Stocks	49.3	52.8	50.1	49.7	52.0	55.0
Deliveries	47.8	55.1	51.8	50.3	55.0	54.5

[VIEW THE TIME SERIES DATA](#)

## BNZ – BusinessNZ PMI Time Series

January 2018 - September 2022



## International Results

J.P. Morgan Global Manufacturing PMI™

03 Oct 2022

**49.8**



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





14 October 2022

**PMI**

The Performance of Manufacturing Index (PMI) continues to be choppy month-to-month. After a decent push higher in August, up to 54.8, the PMI eased back to a slower pace of 52.0 in September. The overall trend remains positive, but with ongoing volatility around it. On the positive side, the PMI's 3-month moving average has continued to edge higher this month but, not so good, the 52.0 monthly reading is now back below the PMI's longer-term norm.

**Demand and Supply**

New orders stood out across the major components with the index falling heavily from a very strong 59.7 in August to an outright weak 48.4 in September. The production index slowed to 52.0 from 54.5. These September readings are both below their long-term averages and coincide with some respondents noting softening demand. On the supply side, many respondents noted ongoing issues with cost inflation and supply chains although there were more than a few that reported some bottlenecks unblocking. The index for both the deliveries of raw materials and stocks of finished products rose further above their respective long-term averages in September. This adds to the suggestion that there is some rebalancing of demand and supply underway, but it is difficult to be sure from one month's data. Employment remained robust and above its long-term average, although the index did ease to 51.9 in September from August's 53.6.

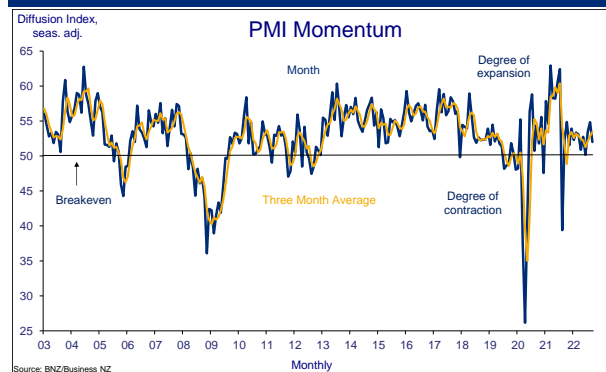
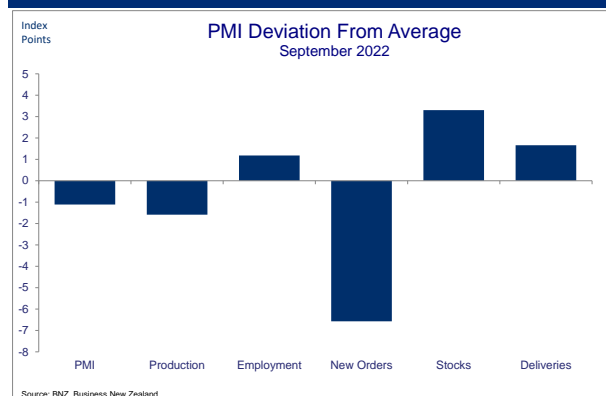
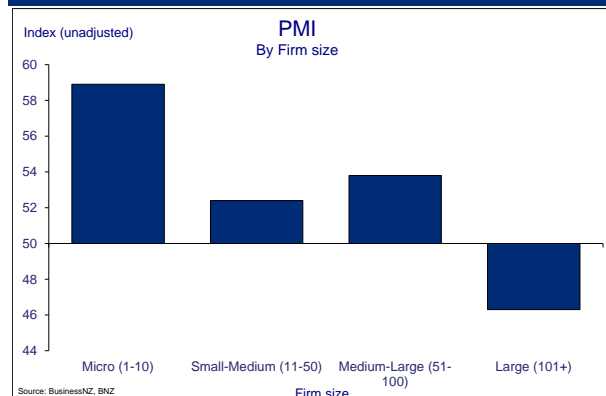
**Global PMI Turns Negative**

While NZ's PMI has remained positive, albeit choppy, that is not the case for the global manufacturing sector overall. The global PMI eased further to 49.8 in September, so dipping below the breakeven 50 mark for the first time since the pandemic's initial hit. It is currently not dreadful like back then, or during the GFC, but it continues to trend south reflecting the rising chance of recession. Weakness, on this measure, was most pronounced in the EU and UK both with readings of 48.4. Other countries like China, Australia, the US, and Japan kept their noses above 50 in September but have shown general softening recently.

**That's Different**

We don't know why, but it is interesting to note that large NZ firms recorded a very weak 46.3 PMI in September especially compared to a very strong 58.9 for micro firms. It goes against the general pattern over the past 2½ years when larger firms have tended to fare better. Maybe it is just monthly noise, but the difference is stark.

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**Choppy****Under The Surface****Global Warning****Small Up, Big Down**

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