

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

Long and slow road

11 Oct, 2024

46.9

September

+0.8

Monthly Change

Contracting

Slower Rate

New Zealand's manufacturing sector continued to show higher levels of activity for September, although remained in contraction, according to the latest BNZ – BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for September was 46.9 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was up from 46.1 in August, and the third consecutive month showing a higher level of activity compared with the previous month. However, the sector remains firmly in contraction that now extends to 19 consecutive months, and well below the average of 52.6 since the survey began.

BusinessNZ's Director, Advocacy Catherine Beard said that the good news was that the PMI is now at its highest result since April. The bad news though was that it appears to be a long and slow road to get the sector back into positive territory.

"The key sub-index results for Production (48.0) and New Orders (47.8) were the highest since April 2024 and November 2023 respectively, while Finished Stocks (46.6) also nudged up from the previous month. However, both Employment (46.6) and Deliveries (45.6) were slightly down from August".

The proportion of negative comments from respondents stood at 63.5% in September, which was down from 64.2% in August, 71.1% in July and 76.3% in June. Negative comments typically focused most heavily on a lack of orders and sales.

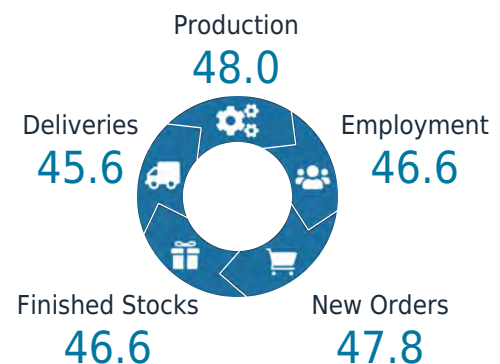
BNZ's Senior Economist Doug Steel said that "while all sub-indices remain well below their historical average, four of the five series have moved closer to breakeven in the last three months since June".



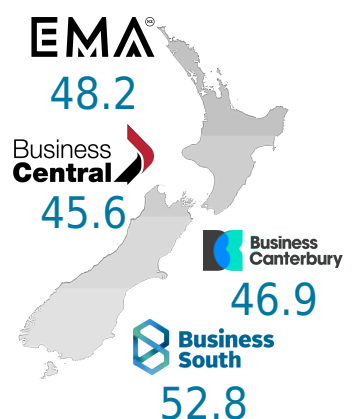
Catherine Beard

Director, Advocacy
BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Manufacturing Snapshot

Contracting at a slower pace

The Performance of Manufacturing Index (PMI) improved slightly from 46.1 to 46.9 in September. While the PMI remains firmly in contraction, this is its third consecutive month of recovery since its trough of 41.4 in June.

[Read more](#)

Still weakening but to a lesser degree

While all sub-indices remain well below their historical average, four of the five series have moved closer to breakeven in the last three months since June.

[Read more](#)

Labour market likely to lag

Like the PMI, NZIER's September Quarterly Survey of Business Opinion (QSBO) still paints a picture of a struggling manufacturing sector.

[Read more](#)

Gap to Australia converging

New Zealand's PMI (46.9) inched above Australia's (46.7) for the first time since February. The PMI is an indicator of outcomes and shows that current conditions remain challenging in both economies.

[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	Sep 2023	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024
BNZ - BusinessNZ PMI	45.1	46.7	41.4	44.6	46.1	46.9
Production	43.9	44.1	35.0	44.3	46.6	48.0
Employment	45.2	50.1	44.2	43.6	46.8	46.6
New Orders	45.1	44.2	39.5	43.4	47.3	47.8
Finished Stocks	51.3	52.0	47.5	46.2	46.0	46.6
Deliveries	44.8	44.9	45.0	44.7	45.8	45.6

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PMI Time Series

January 2020 - September 2024

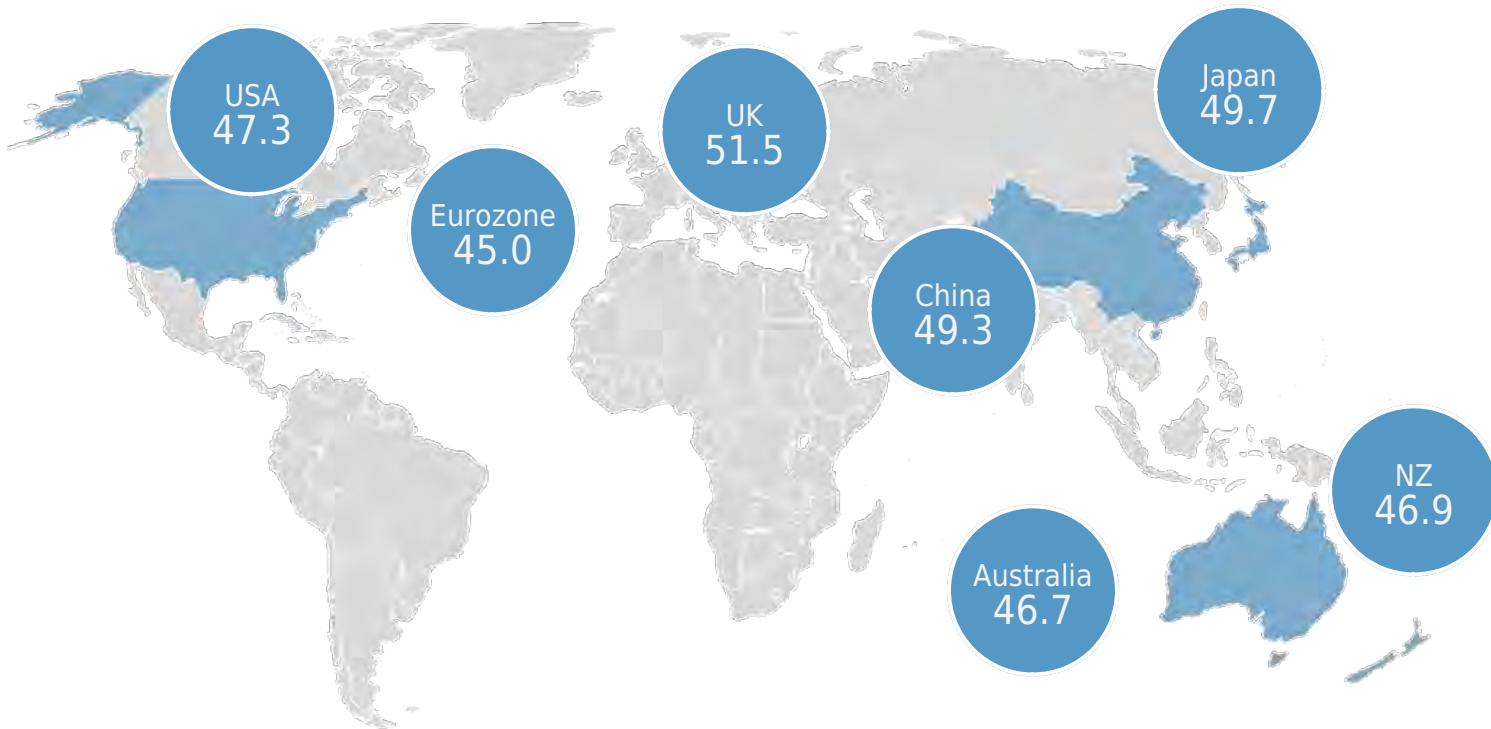


International Results

J.P. Morgan Global Manufacturing PMI™

01 Oct 2024

48.8



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

11 October 2024

Contracting at a slower pace

The Performance of Manufacturing Index (PMI) improved slightly from 46.1 to 46.9 in September. While the PMI remains firmly in contraction, this is its third consecutive month of recovery since its trough of 41.4 in June. The lift in business confidence and the activity outlook for manufacturing in recent business surveys is a contrast against the PMI still well below 50. Despite moving in the right direction, ongoing weakness is consistent with the Reserve Bank of New Zealand cutting interest rates.

Still weakening but to a lesser degree

While all sub-indices remain well below their historical average, four of the five series have moved closer to breakeven in the last three months since June. The PMI production index has recovered the most from 35.0 to 46.8. Similarly, the PMI new orders index has lifted from 39.5 to 47.8. While not indicating expansion, they continued to improve in September and if this trend persists it is not far from indicating an upturn in demand. PMI finished stocks is the only sub-index to decrease since June (from 47.5 to 46.6), providing more scope for manufacturing production to pick up upon the eventual turn in demand.

Labour market likely to lag

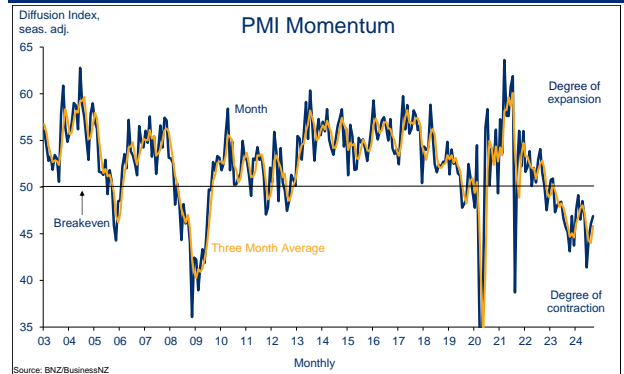
Like the PMI, NZIER's September Quarterly Survey of Business Opinion (QSBO) still paints a picture of a struggling manufacturing sector. A staggering net 55% of manufacturers responding to the QSBO reported that they had laid off staff in the last quarter. This is the worst reading in the history of this series which dates back to 1961. A net 52% of manufacturers said that profits were in decline, although this has eased slightly from 73%. For many firms it will be the reduction in labour costs that eventually returns the business back to profitability, but for those who lose their jobs this will be little consolation.

Gap to Australia converging

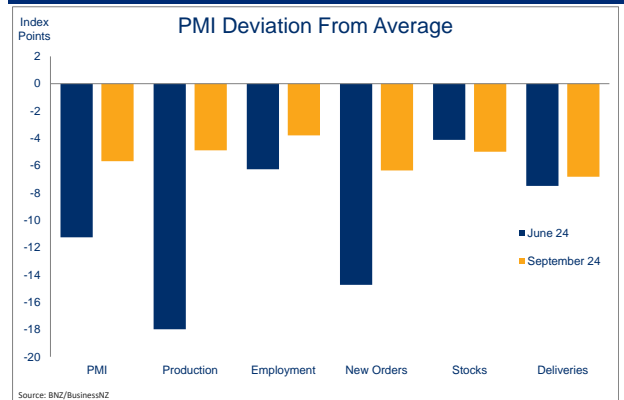
New Zealand's PMI (46.9) inched above Australia's (46.7) for the first time since February. The PMI is an indicator of outcomes and shows that current conditions remain challenging in both economies. To date, annual growth in manufacturing GDP has been relatively more resilient in Australia at 0.2%, compared to -3.1% in New Zealand. Falling interest rates in New Zealand will be supportive, but it will take some time for the lower OCR to generate a pick-up in sales and for firms to return to profitability.

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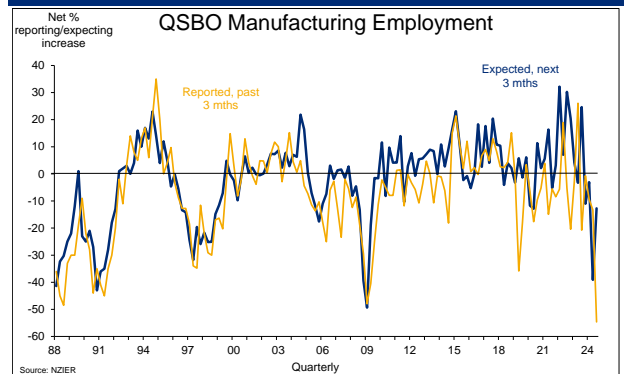
Recent recovery continues



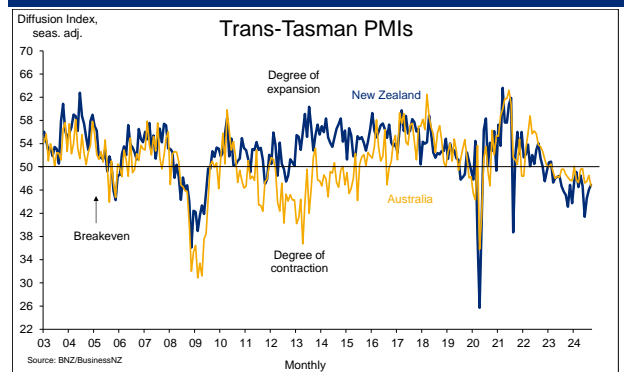
Better but still in contraction



QSBO labour market deteriorating



Comparing across the ditch



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