

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Keeping momentum

14 Nov 2022

57.4

October

+1.5

Monthly Change

expanding

faster rate

Expansion levels for New Zealand's services sector lifted in October, according to the BNZ - BusinessNZ Performance of Services Index (PSI).

The PSI for October was 57.4 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was up 1.5 points from September, and clearly above the long-term average of 53.6 for the survey.

BusinessNZ chief executive Kirk Hope said that the survey has now remained above the 55-point mark for three consecutive months, with the two key sub-indexes of New Activity/Sales (61.0) and New Orders/Business (59.9) remaining in a very healthy position. In addition, Employment (57.0) experienced its highest level of activity since April 2021.

In line with an improvement in expansion levels, the proportion of positive comments for October (55.4%) was up on September (47.9%). Seasonal influences were mentioned by a number of respondents, including improved weather conditions and upcoming planning before Christmas.

BNZ Senior Economist Craig Ebert said that "the latest NZ PSI and PMI results chime with the narrative of spending shifting back to services, away from durables. However, they also highlight a divergence to what's been going on globally, with respect to services industries".

[VIEW THE TIME SERIES DATA](#)

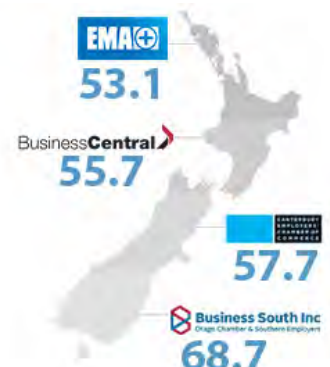


Kirk Hope
CEO, BusinessNZ

Main Indices



Regional Results



Services Landscape

PSI

New Zealand's Performance of Services Index (PSI) kept a strong pace in October. The relative strength of its 57.4 outturn was shown in that it wasn't far from 60.0 – a level the NZ PSI rarely pumps up to.

[Read more](#)

Industry features

The leading services industry – by a long chalk now – is Cultural, Recreational & Personal. As big as this was back in September, with 80.0, it got more gargantuan in October, with 90.6.

[Read more](#)

Counter to the PMI

In being so strong in October, the PSI has, once again, importantly offset a soft spot in the PMI, to sustain a robust pulse for economic growth, overall.

[Read more](#)

Global desynchronisation

The latest NZ PSI and PMI results chime with the narrative of spending shifting back to services, away from durables. However, they also highlight a divergence to what's been going on globally, with respect to services industries.

[Read more](#)



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[VIEW FULL BNZ SERVICES SNAPSHOT](#)

Sponsor Statement

BNZ is delighted to be associated with the Performance of Services Index (PSI) 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 service sector.

[View Website](#)

PSI Time Series Table

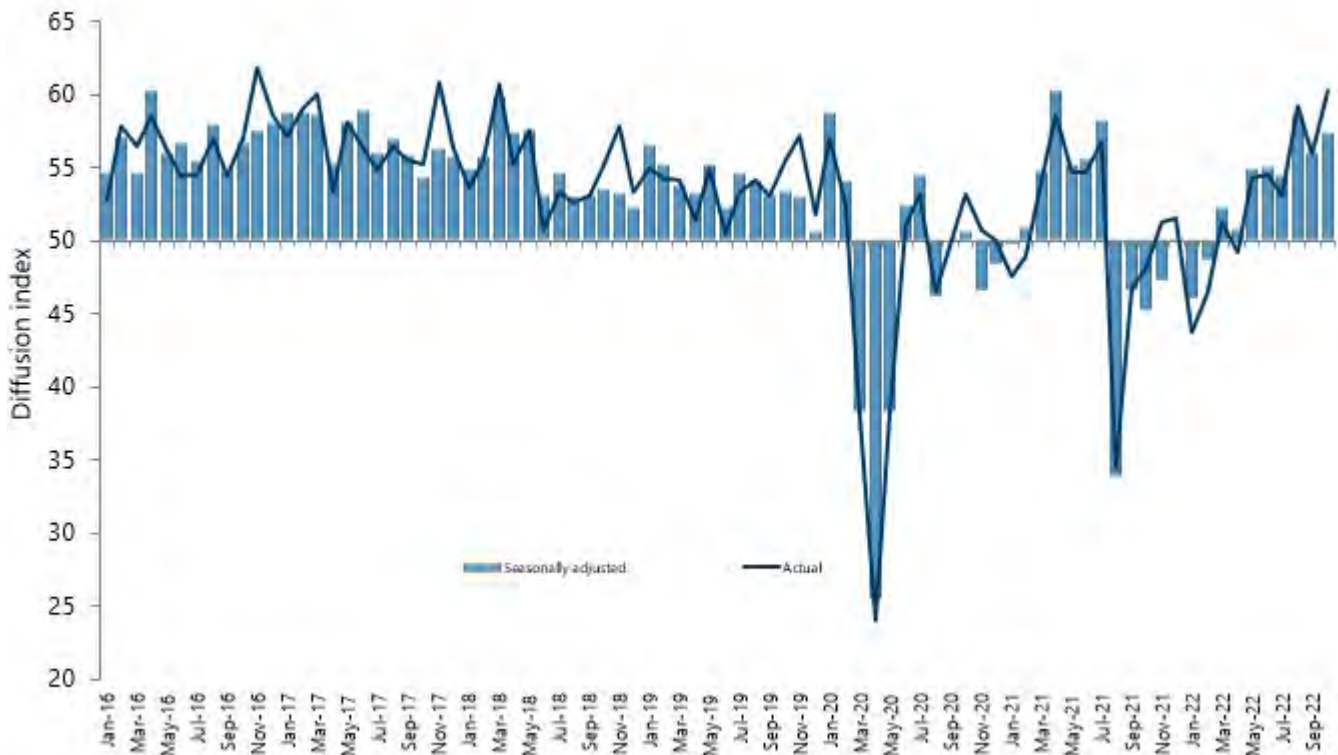
The results are seasonally adjusted.

National Indices	Oct 2021	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022
BNZ - BusinessNZ PSI	45.3	54.9	54.4	58.6	55.9	57.4
Activity/Sales	44.9	55.9	55.0	67.5	59.6	61.0
Employment	49.9	52.6	49.0	51.4	50.8	57.0
New Orders/Business	48.2	61.2	53.7	66.9	62.4	59.9
Stocks/Inventories	46.3	53.9	53.4	59.8	54.9	56.5
Supplier Deliveries	36.8	49.1	47.8	49.9	49.8	52.5

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PSI Time Series

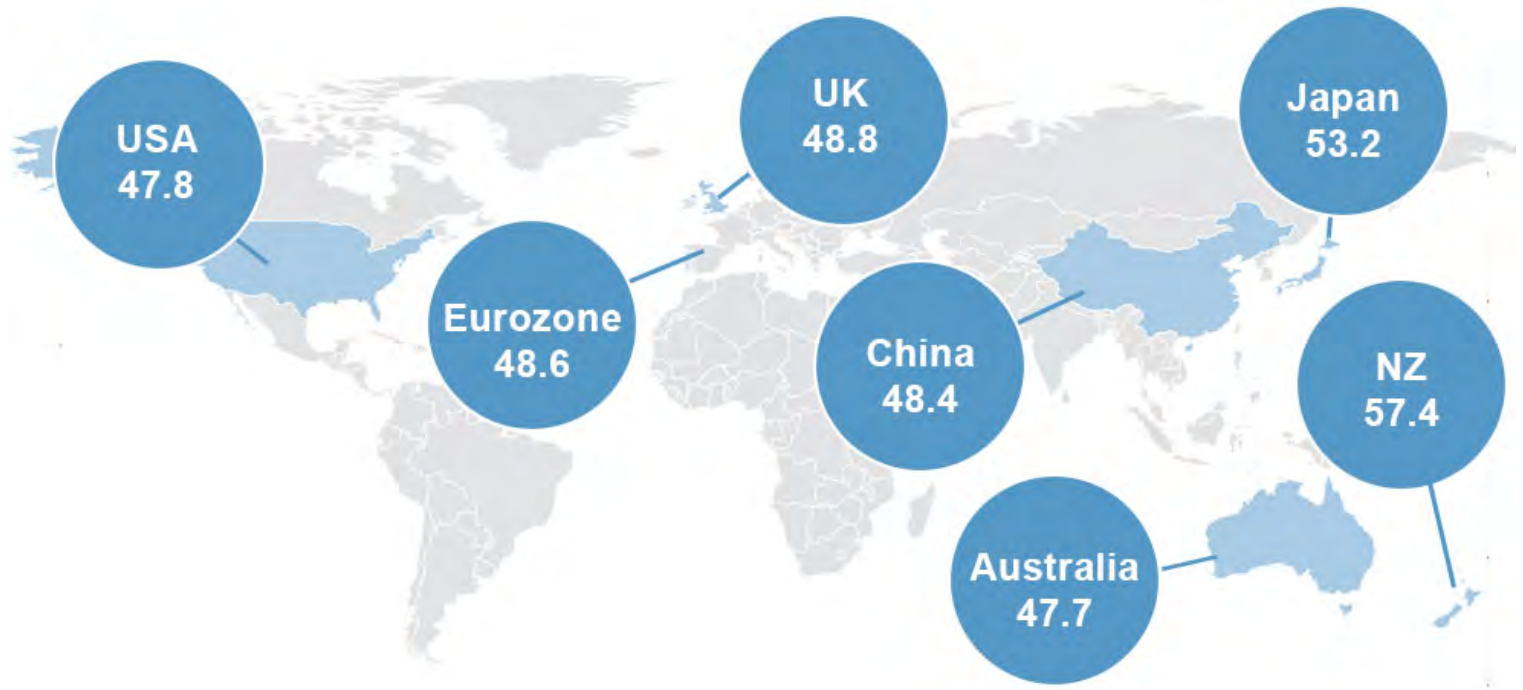
January 2016 - October 2022



International Results

J.P. Morgan Global Manufacturing PSI™

04 Nov 2022



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

56.5

GDP-Weighted Index

53.1

Free-Weighted Index

The seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) saw the two options for measuring the PCI show contrasting levels of expansion in October.

The October GDP-Weighted Index (56.5) increased 1.1 points from September, while the Free-Weighted Index (53.1) fell 1 point.

BNZ - BusinessNZ PCI Time Series

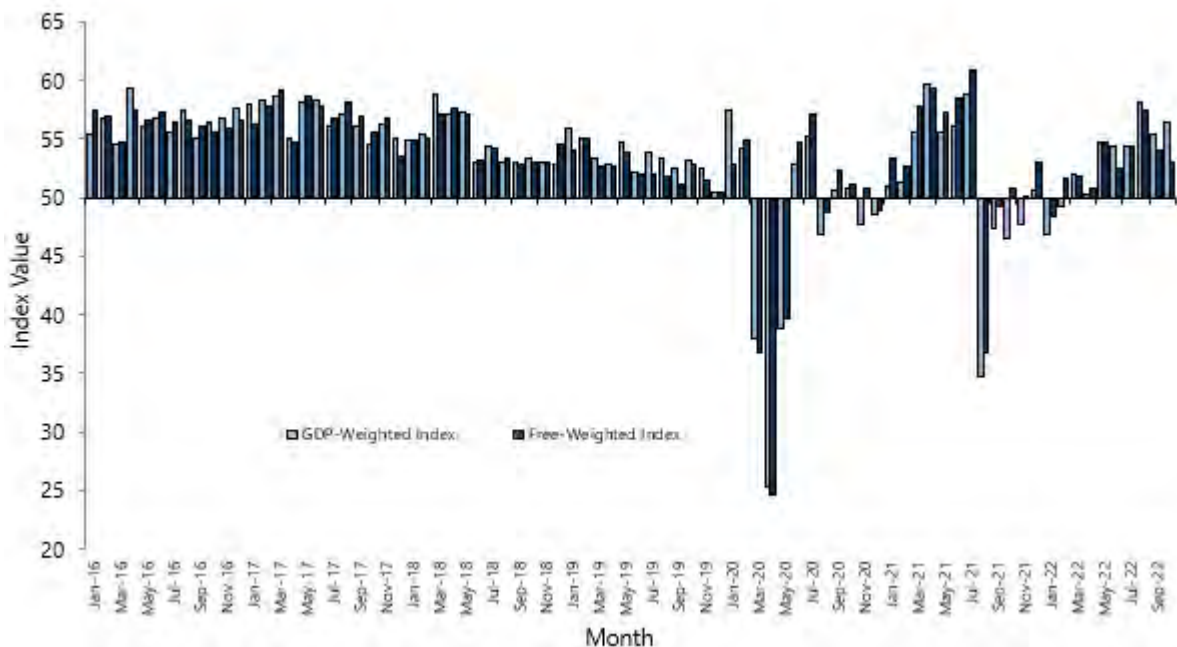
The results are seasonally adjusted.

National Indices	Oct 2021	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022
GDP-Weighted Index	46.5	54.4	54.4	58.2	55.4	56.5
Free-Weighted Index	50.8	52.5	54.4	57.5	54.1	53.1

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PCI Time Series

January 2016 - October 2022



About the PSI

The BNZ - BusinessNZ Performance of Services Index is a monthly survey of the service sector providing an early indicator of activity levels. A PSI reading above 50 points indicates service activity is expanding; below 50 indicates it is contracting. The main PSI and sub-index results are seasonally adjusted.

About the PCI

The BNZ - BusinessNZ Performance of Composite Index (PCI) takes into account results from both the Performance of Manufacturing Index (PMI) and the Performance of Services Index (PSI). Combined results are shown in two ways:

- **GDP-Weighted Index:** Apportions the weight of the manufacturing and services index within the economy to produce an overall result.
- **Free-Weighted Index:** Combines data from both indexes to produce an overall result. Both time series for the PCI are then seasonally adjusted.

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



14 November 2022



PSI

New Zealand’s Performance of Services Index (PSI) kept a strong pace in October. The relative strength of its 57.4 outturn was shown in that it wasn’t far from 60.0 – a level the NZ PSI rarely pumps up to. By improving to 57.4, from 55.9 in September, the PSI was clearly cruising above its long-term norm of 53.6. This was true of all the principal components too, with Activity/Sales (61.0), Employment (57.0), New Orders/Business (59.9), Stocks/Inventories (56.5) and Supplier Deliveries (52.5) all riding higher than their respective historical norms. For Supplier Deliveries this was the first time this had been the case since July 2020, which highlights its long road to recovery.

Industry features

The leading services industry – by a long chalk now – is Cultural, Recreational & Personal. As big as this was back in September, with 80.0, it got more gargantuan in October, with 90.6. The removal of gathering limitations is sure bringing in the crowds. Accommodation, Cafes & Restaurants, meanwhile, picked up to 62.4, from the 54.2 it slowed to in September – no doubt underpinned by the now fully opened border. The only negative for October was in Transport & Storage which, at 42.5, remained below the breakeven 50 mark for the eighth month on the trot. Retail Trade continues to bounce around a lot, month to month, ending October at a moderately expansive 52.8.

Counter to the PMI

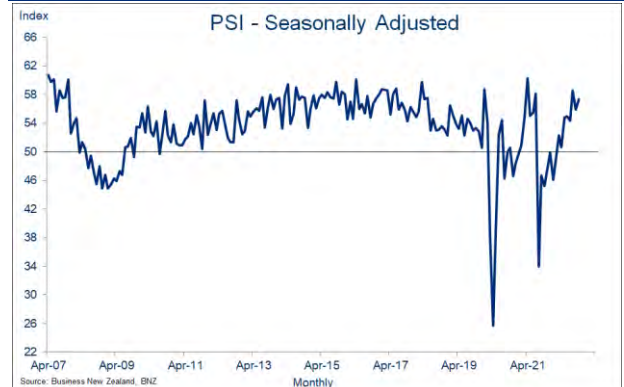
In being so strong in October, the PSI has, once again, importantly offset a soft spot in the PMI, to sustain a robust pulse for economic growth, overall. The composite PCI came in at 53.1 in free-weighted terms, while the GDP-weighted computation improved to 56.5, from 55.4 in September. The output-related versions printed at 54.8 and 59.6 respectively in October. These results suggest that real GDP is on track to expand reasonably well in Q4, after the 1.0% increase we judge it will record for Q3. The composite employment indices, which meld the PSI and PMI, were also running above average in October.

Global desynchronisation

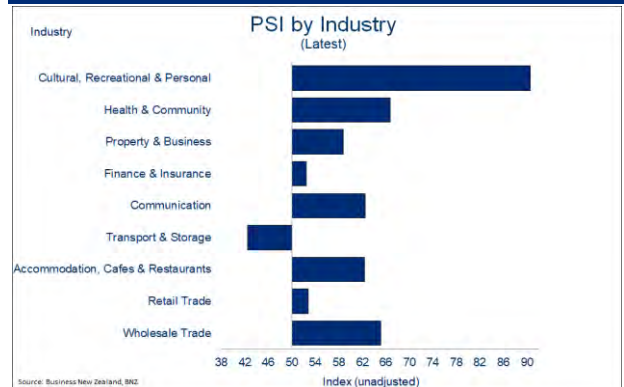
The latest NZ PSI and PMI results chime with the narrative of spending shifting back to services, away from durables. However, they also highlight a divergence to what’s been going on globally, with respect to services industries. While the NZ PSI is riding relatively high, at 57.4, the global PSI logged a second successive 50.0 in October, scoring a flat patch. This is a turnaround from the latter stages of 2021, and into early 2022, when the global PSI was doing relatively well, while the NZ PSI was suffering from, first, Delta-driven lockdowns, then Omicron’s strain, as that variant ran riot through the community from early 2022.

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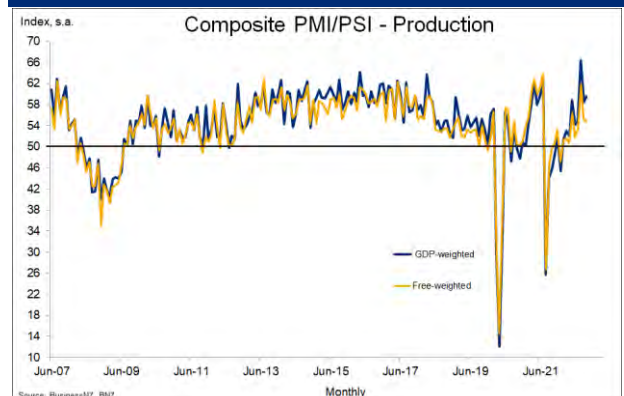
Getting Up There



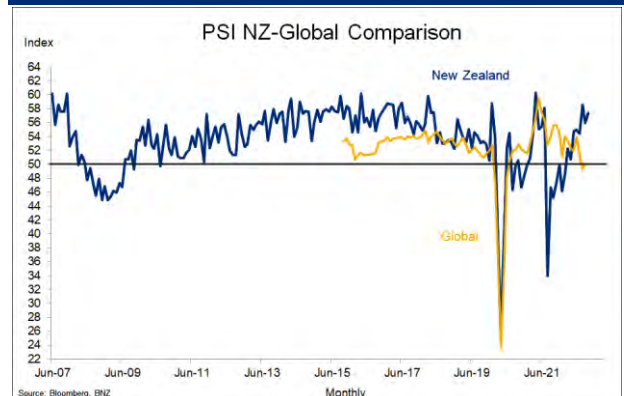
Positively Crowded



Solid, Overall



Trading Places



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