

# BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

## Slow crawl

16 Sep 2024

**45.5**

August

**+0.3**

Monthly Change

**Contracting**

Slower Rate

Activity in New Zealand's services sector inched its way higher during August, although still firmly in contraction territory, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for August was 45.5 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was up 0.3 points from July, but still well below the average of 53.2 over the history of the survey.

BusinessNZ's Director, Advocacy Catherine Beard said despite two consecutive months showing a lift in activity levels, the key index value for Activity/Sales (43.9) remains lackluster, while New Orders/Business (46.6) dipped slightly from July. On a more positive note, Employment (49.2) lifted to its highest result since March.

The proportion of negative comments for August stood at 60.8%, which was down from 67.0% in both July and June. Respondents continued to note the high cost of living and general economic conditions as reasons for ongoing tough times.

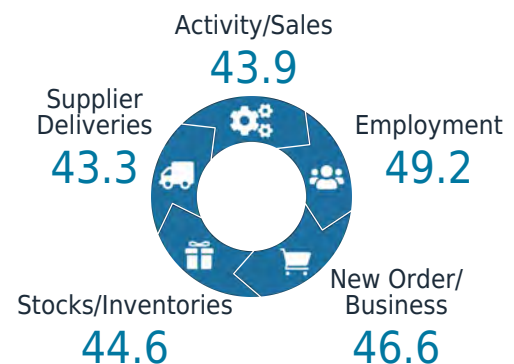
BNZ's Senior Economist Doug Steel said that "smoothing through monthly volatility, the PSI's 3-month average remains deep in contractionary territory at 43.9. The PSI has been in contraction for six consecutive months which is the longest continuous period of decline since the GFC".

[VIEW THE TIME SERIES DATA](#)

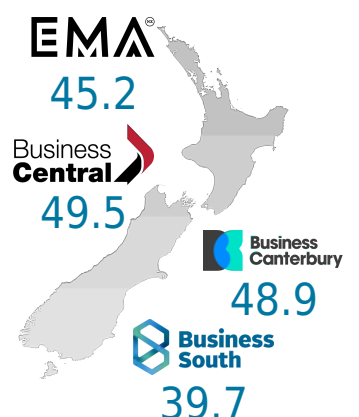


**Catherine Beard**  
Director, Advocacy  
BusinessNZ

### Main Indices



### Regional Results





## Services Landscape

### Still not good

The Performance of Services Index (PSI) lifted marginally from 45.2 to 45.5 in August. Those are better than June's truly awful 41.0 but continues to reflect extremely challenging conditions for the services sector.

[Read more](#)

### Bouncing below 50

Movements in the PSI sub-indices were mixed in August, but all of them remain in contraction. The PSI activity/sales index recovered the most from 41.2 to 43.9. While not indicating expansion, it is considerably less pessimistic than June's 36.6.

[Read more](#)

### Retail trade struggling

The PSI retail trade index increased from 31.8 to 36.8 in August but remains the weakest PSI industry. Official figures show that retail sales volumes have decreased in 9 out of the last 10 quarters through to Q2 this year.

[Read more](#)

### Slower contraction

Joining together the PMI and PSI, the combined index (PCI) implies ongoing economic weakness. We anticipate next week's Q2 GDP figures to show a contraction of -0.4% for the quarter.

[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	Aug 2023	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024
BNZ - BusinessNZ PSI	47.2	46.3	43.0	41.0	45.2	45.5
Activity/Sales	43.4	45.7	40.8	36.6	41.2	43.9
Employment	49.9	46.9	46.1	45.9	47.0	49.2
New Orders/Business	47.4	46.2	42.6	39.5	47.0	46.6
Stocks/Inventories	50.9	46.0	42.4	44.2	45.3	44.6
Supplier Deliveries	49.1	47.2	45.7	41.5	41.1	43.3

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PSI Time Series

January 2019 - August 2024

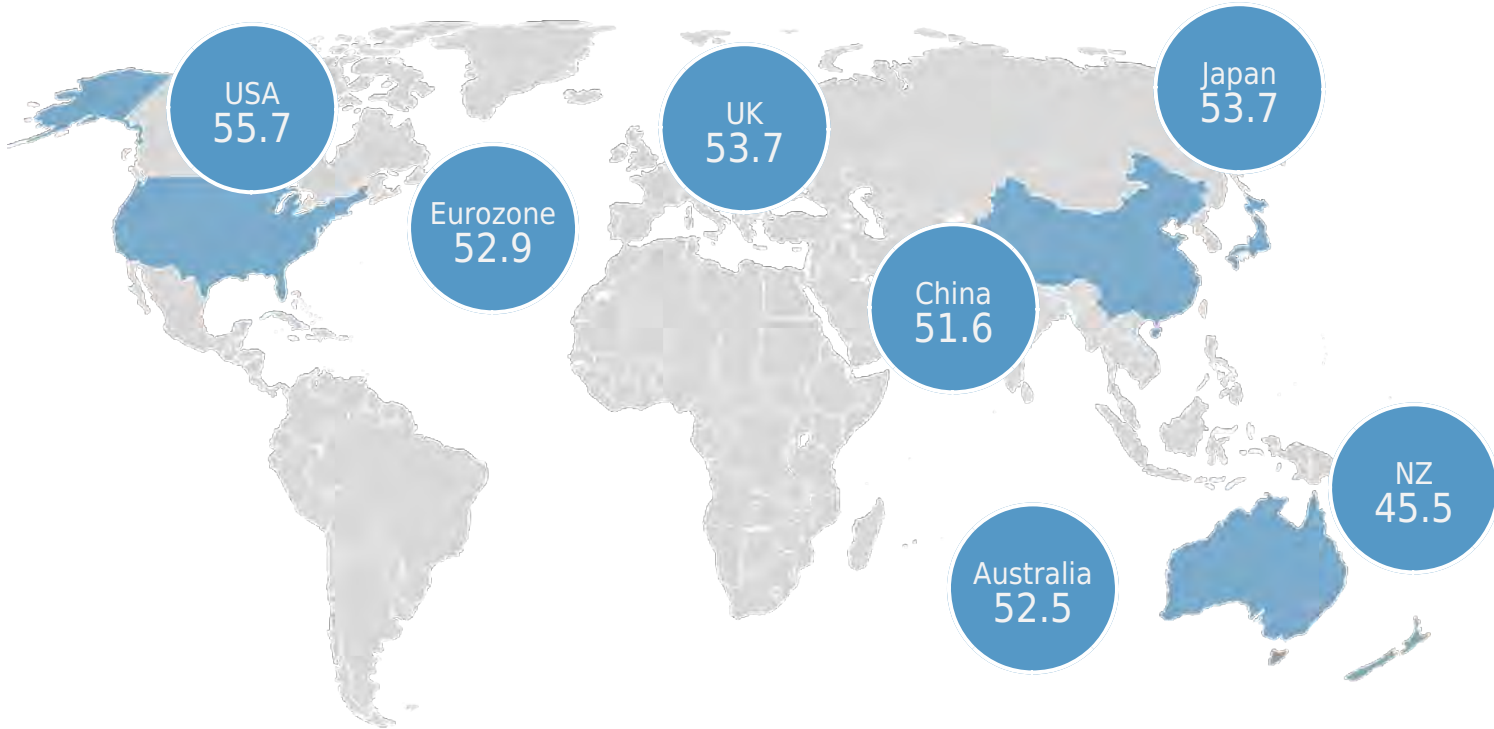


# International Results

J.P. Morgan Global Manufacturing PSI™

05 Sep 2024

## 53.8



# BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

**45.7**

GDP-Weighted Index

**45.6**

Free-Weighted Index

The seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) again saw the two options for measuring the PCI both showing some upwards improvement.

The August GDP-Weighted Index (45.7) increased 0.5 points from July, while the Free-Weighted Index (45.6) rose 0.6 points.

## BNZ - BusinessNZ PCI Time Series

The results are seasonally adjusted.

National Indicies	Aug 2023	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024
GDP-Weighted Index	47.1	45.4	43.4	41.3	45.2	45.7
Free-Weighted Index	46.4	47.0	44.5	41.5	45.0	45.6

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PCI Time Series

January 2020 - August 2024



## 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.

### Media Comment

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## Our Contributors

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



# Research Services Landscape

16 September 2024

## Still not good

The Performance of Services Index (PSI) lifted marginally from 45.2 to 45.5 in August. Those are better than June's truly awful 41.0 but continues to reflect extremely challenging conditions for the services sector. Smoothing through monthly volatility, the PSI's 3-month average remains deep in contractionary territory at 43.9. The PSI has been in contraction for 6 consecutive months which is the longest continuous period of decline since the GFC.

## Bouncing below 50

Movements in the PSI sub-indices were mixed in August, but all of them remain in contraction. The PSI activity/sales index recovered the most from 41.2 to 43.9. While not indicating expansion, it is considerably less pessimistic than June's 36.6. The PSI employment index increased from 47.0 to 49.2 and is the series closest to its historical average. The PSI new orders/business index decreased slightly to 46.6 but along with July's 47.0 it has become considerably less negative than the combination of 42.6 and 39.5 in May and June respectively.

## Retail trade struggling

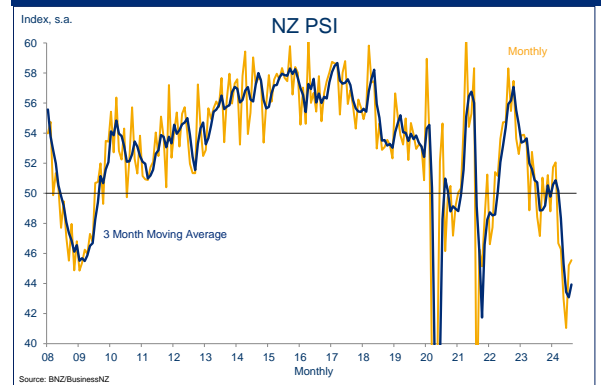
The PSI retail trade index increased from 31.8 to 36.8 in August but remains the weakest PSI industry. Official figures show that retail sales volumes have decreased in 9 out of the last 10 quarters through to Q2 this year. Our economic forecasts are for retail sales volumes to be flat in Q3, remembering that the current starting point remains very weak. The outlook is a contest between the likes of income tax relief and interest rate reduction on the positive side and a deteriorating labour market and subdued housing market on the negative. Lower fuel prices will also provide some support to the purchasing power of household disposable income.

## Slower contraction

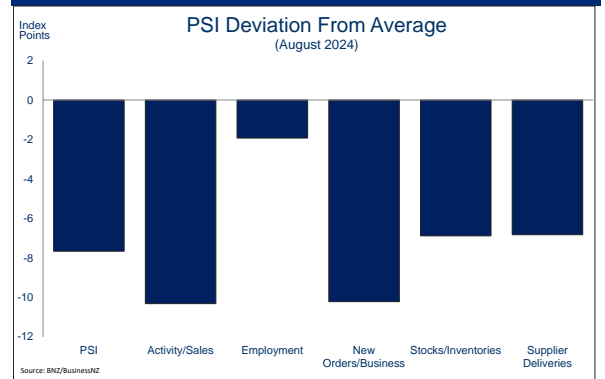
Joining together the PMI and PSI, the combined index (PCI) implies ongoing economic weakness. We anticipate next week's Q2 GDP figures to show a contraction of -0.4% for the quarter. Consistent with our economic forecasts, the weakness for the PCI in August suggests that contraction is likely to continue into Q3. More encouragingly, while still well below 50, the PMI and PSI activity components add to a host of economic indicators that have become at least less negative over the past month or so.

[doug\\_steel@bnz.co.nz](mailto:doug_steel@bnz.co.nz)

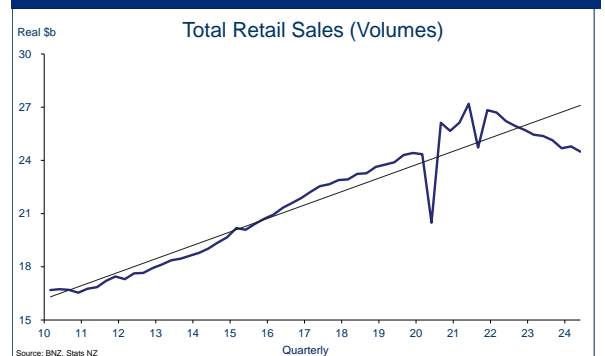
### Headwinds persist



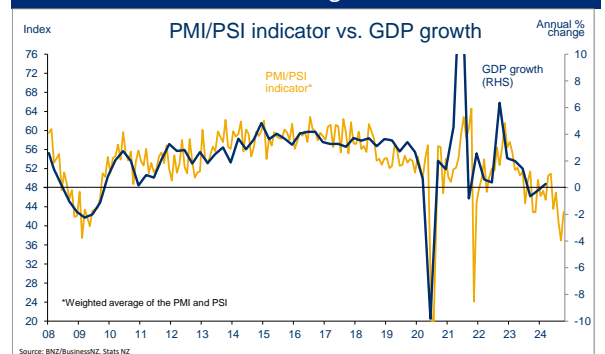
### Weakness broad-based



### Retail retreat



### Growth negative



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