

# BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

## Below norm

24 Jan 2023

**52.1**

December

**-1.7**

Monthly Change

**expanding**

slower rate

Expansion levels for New Zealand’s services sector continued to lower in December, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for December was 52.1 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was down 1.7 points from November, and below the long-term average of 53.6 for the survey.

BusinessNZ chief executive Kirk Hope said that while the sector remained in expansion for the last month of 2022, the December result saw the key sub-index of Activity/Sales (52.1) down to its lowest level since February 2022, which was also the case for Employment (47.1) and Stocks (51.7). New Orders/Business (58.4) did lift from November, while Deliveries (53.4) reverted back to expansion for December.

“Despite the Index remaining in expansion mode, the proportion of negative comments lifted and dominated for December (58.2%), compared with only 47.3% in November. While seasonal factors such as Christmas and holidays were discussed, the shortage of labour continues to have a strong mark on negative comments made, along with a number of businesses pointing to general uncertainty in the market”.

BNZ Senior Economist Craig Ebert said that “December marked a significant slowdown in a short space of time for the PSI, although the maintained loftiness in New Orders/Business suggested there was still a lot of demand-side pressure at play”.

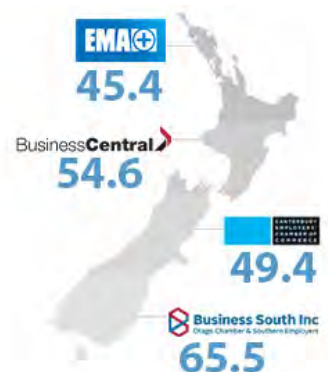


**Kirk Hope**  
CEO, BusinessNZ

### Main Indicies



### Regional Results



[VIEW THE TIME SERIES DATA](#)



## Services Landscape

### PSI

The further fall in the Performance of Services Index (PSI) in December marked a significant slowdown in a short space of time. It was only back in October the PSI was barrelling along, at 57.2, before slowing to an average-looking 53.8 in November.

[Read more](#)

### A weaker QSBO by comparison

It was hard to see any redeeming features for services in the NZIER's latest Quarterly Survey of Business Opinion (QSBO). Net confidence amongst service firms, at -68%, became even more abysmal.

[Read more](#)

### But pressure's still on, especially staff-wise

If there was a redeeming feature of the latest QSBO, it was that the service sector is still run off its feet – as manifest in the positive employment reports regarding Q4, along with rising overtime and labour turnover.

[Read more](#)

### Very mixed results by industry

By industry, retail trade posted its second successive below-50 result in December, with 47.5. This gelled with the clear fall in December's electronic card transactions.

[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

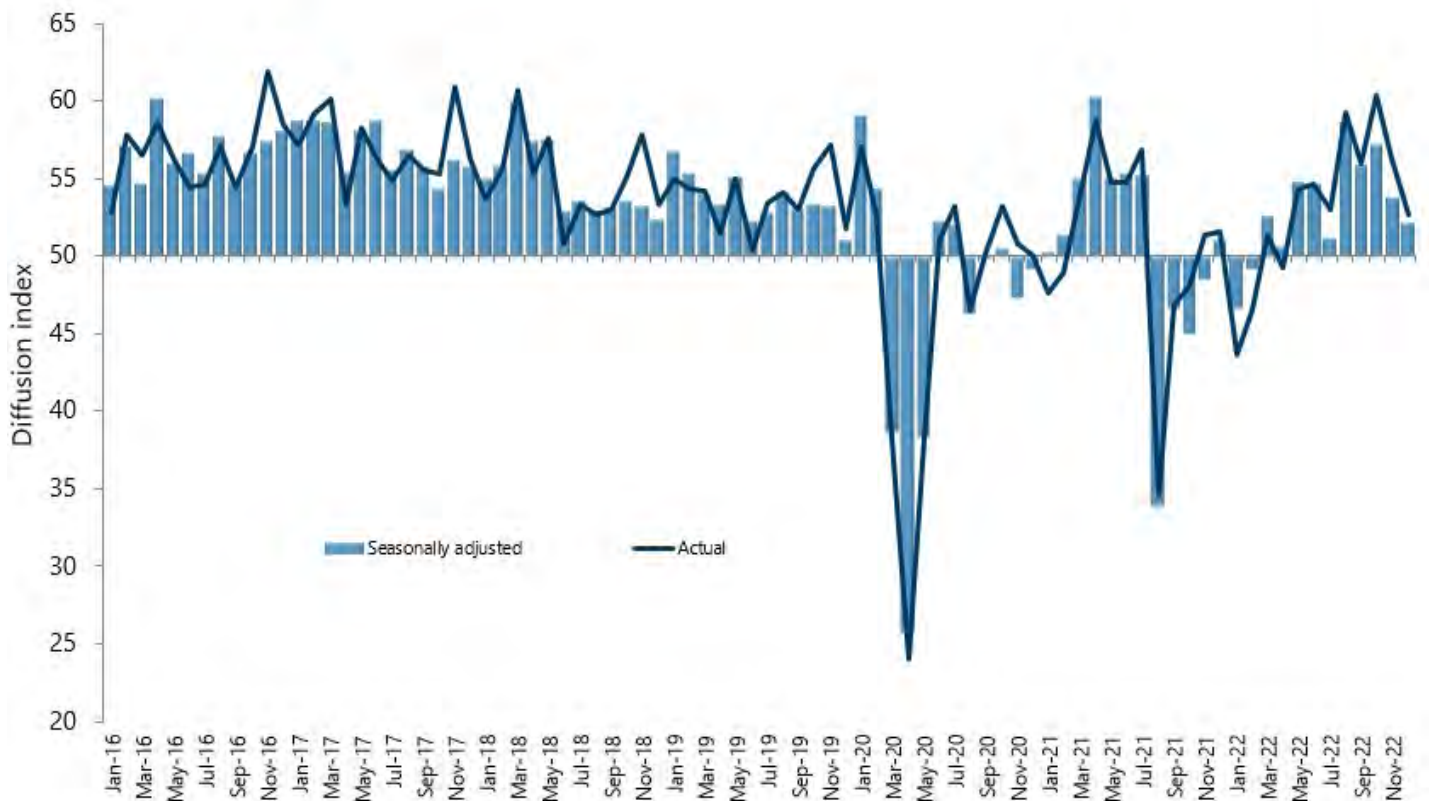
The results are seasonally adjusted.

National Indices	Dec 2021	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
BNZ - BusinessNZ PSI	51.0	58.6	55.9	57.2	53.8	52.1
Activity/Sales	52.7	66.0	59.7	60.9	58.2	52.1
Employment	49.5	51.3	50.7	57.3	51.8	47.1
New Orders/Business	53.4	66.6	62.4	59.7	57.4	58.4
Stocks/Inventories	52.3	59.7	54.4	55.8	54.6	51.7
Supplier Deliveries	48.7	50.2	49.7	52.2	46.8	53.4

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PSI Time Series

January 2016 - December 2022

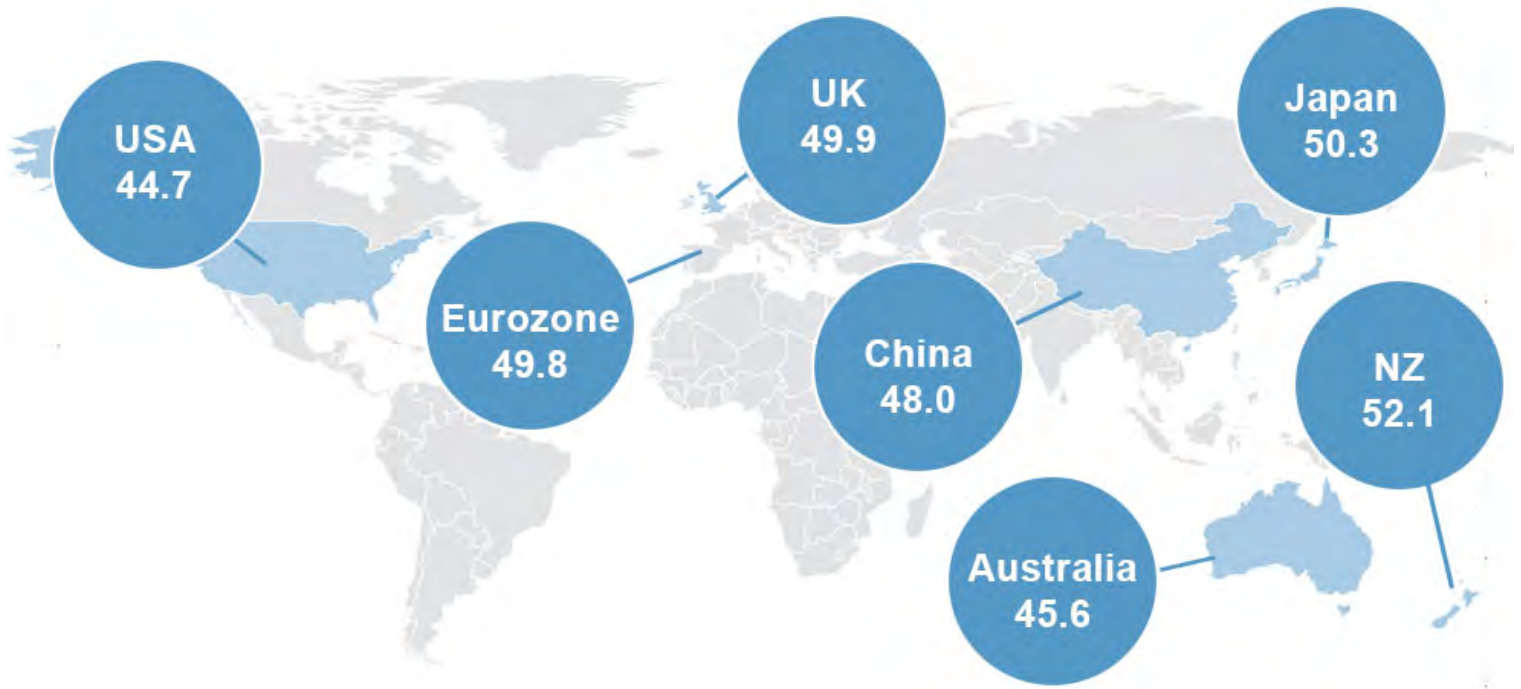


## International Results

J.P. Morgan Global Manufacturing PSI™

06 Jan 2023

# 48.1



# BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

**51.5**

GDP-Weighted Index

**50.5**

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 again both ease in expansion during December.

The December GDP-Weighted Index (51.5) decreased 1.2 points from November, while the Free-Weighted Index (50.5) dipped by 0.5 points.

## BNZ - BusinessNZ PCI Time Series

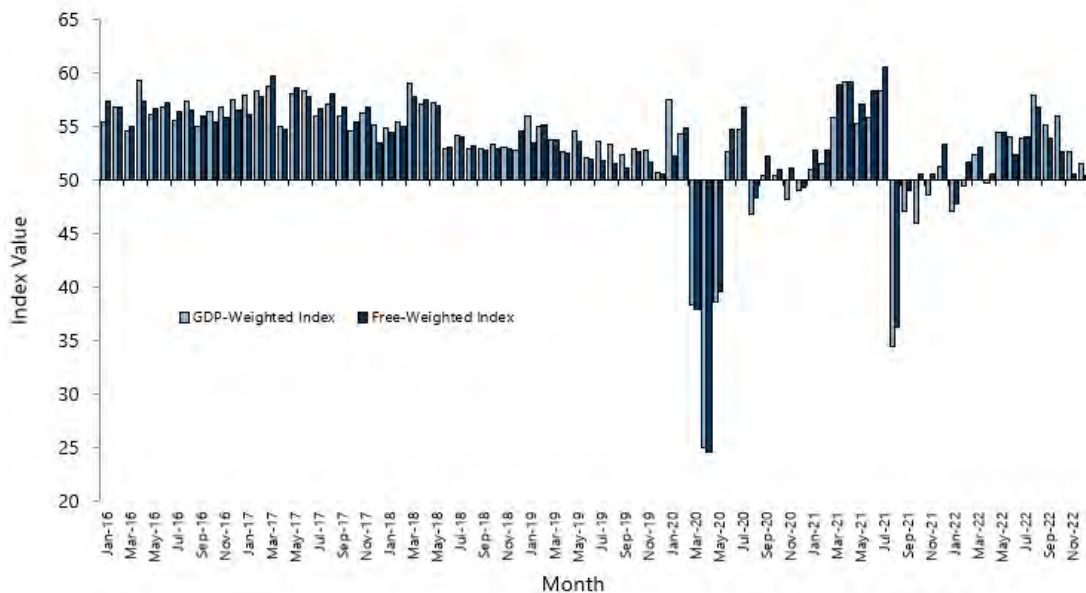
The results are seasonally adjusted.

National Indices	Dec 2021	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
GDP-Weighted Index	51.3	58.0	55.2	56.1	52.7	51.5
Free-Weighted Index	53.4	56.9	54.0	52.7	50.6	50.5

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PCI Time Series

January 2016 - December 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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## Our Contributors

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



# Research Services Landscape

24 January 2023

## PSI

The further fall in the Performance of Services Index (PSI) in December marked a significant slowdown in a short space of time. It was only back in October the PSI was barrelling along, at 57.2, before slowing to an average-looking 53.8 in November. In December it slipped to a below-trend 52.1. This was mirrored in activity/sales, which slowed to 52.1 (from a hefty 58.2 in November), while employment sagged to 47.1 (from 51.8). Conversely, there was a sizable rebound in supplier deliveries, to 53.4 (from 46.8), which was a welcome flicker of positivity from a supply-chain point of view. That said, the maintained loftiness in new orders/business (58.4) suggested there was still a lot of demand-side pressure at play.

### A weaker QSBO by comparison

It was hard to see any redeeming features for services in the NZIER's latest Quarterly Survey of Business Opinion (QSBO). Net confidence amongst service firms, at -68%, became even more abysmal. Regarding the volume of services, reports for the trailing 3 months wilted to -16%, while expectations slumped to -26%. The comparative readings for profitability were -50% and -60%. Diabolical, in other words. And this was despite a still-high impulse re price hiking; just not enough to keep ahead of rampant amounts of cost inflation carving away at the bottom line. This points to the PSI facing headwinds ahead.

### But pressure's still on, especially staff-wise

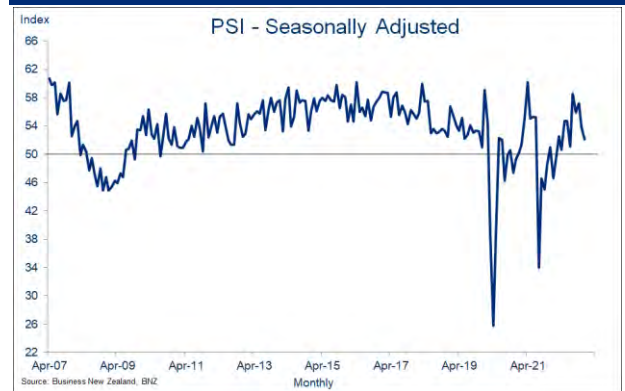
If there was a redeeming feature of the latest QSBO, it was that the service sector is still run off its feet – as manifest in the positive employment reports regarding Q4, along with rising overtime and labour turnover. But this also circled back to service firms in the QSBO reporting an increased difficulty in finding staff – whether skilled or unskilled. No relief on that front. At all. This married with feedback to the PSI in December, which still made a lot of mention of staffing problems, as opposed to noises that demand for their services was coming off the boil.

### Very mixed results by industry

By industry, retail trade posted its second successive below-50 result in December, with 47.5. This gelled with the clear fall in December's electronic card transactions. Wholesale trade (43.8), transport & storage (43.2) and communication (36.3) were other weak spots in December's PSI. Right at the other end of the spectrum, accommodation, cafes & restaurants (70.6) kept very busy, while cultural, recreational & personal hit a maximum (100.0). Both are sensitive to tourism, and it's been a while since the last of the COVID-related restrictions were lifted.

[craig\\_ebert@bnz.co.nz](mailto:craig_ebert@bnz.co.nz)

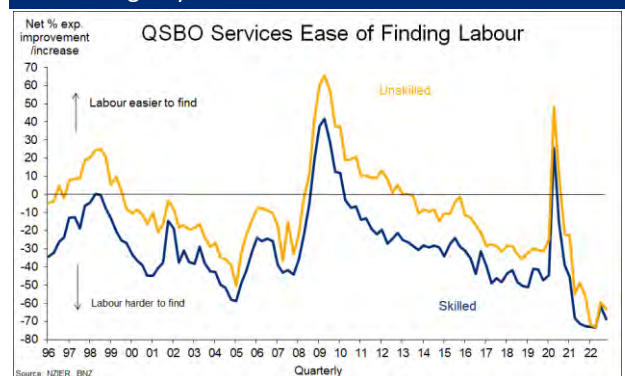
### Running Under Par



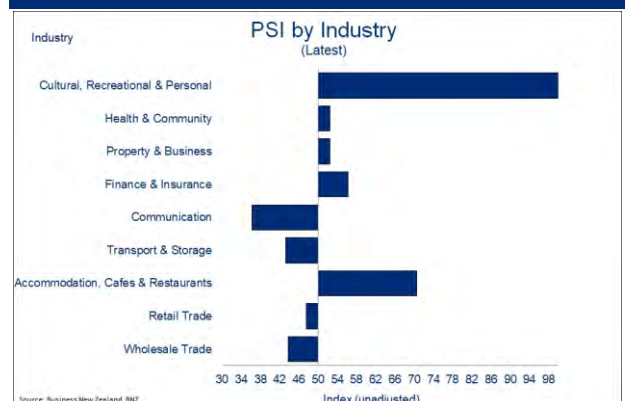
### Rolling Over



### Not Getting Any Easier



### Minima and Maxima



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