

# BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

## On the up

13 Mar 2023

**55.8**

February

**+1.1**

Monthly Change

**expanding**

faster rate

Expansion levels for New Zealand’s services sector lifted again during February, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for January was 55.8 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was up 1.1 points from December, and again above the long-term average of 53.6 for the survey.

BusinessNZ chief executive Kirk Hope said that the February result built on momentum from January. In terms of the sub-index results, the two key sub-index values of Activity/Sales (53.6) and New Orders/Business (57.1) both lifted from the previous month, as did Stocks/Inventories (58.3) and Supplier Deliveries (55.9) In contrast, Employment (51.2) did drop slightly from January.

“The further lift in expansion levels in the services sector also saw a sizeable drop in the proportion of negative comment, which stood at 51.9% in February, compared with 61.7% in January, 58.2% in December and 47.3% in November. Reasons were varied across those who outlined positive comments. The return of customers after the holiday season was one, along with a general pick-up in tourism, including overseas visitors”.

BNZ Senior Economist Craig Ebert said that “the strongly expanding PSI, along with the recovered tone of the PMI, suggests economic activity is growing relatively well in the early stages of this year”.

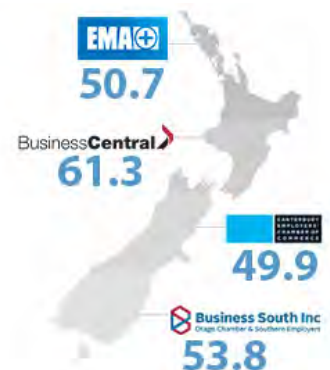


**Kirk Hope**  
CEO, BusinessNZ

### Main Indicies



### Regional Results



[VIEW THE TIME SERIES DATA](#)



## Services Landscape

### The PSI

The Performance of Services Index (PSI) moved further above trend in February. Its seasonally adjusted reading of 55.8, was higher than January's 54.7, which meant it compared even more favourably to its long-term average, of 53.6.

[Read more](#)

### Sub-group features

Most sub-groups of the PSI were above the 50 (breakeven) mark in February - in unadjusted terms. However, there were a couple of notable exceptions. Transport & Storage, in posting 37.5, was weak (meaning sub-50 for the last 12 months now).

[Read more](#)

### Regional aspects

Given the localised impacts of recent atrocious weather, we have been keeping a keen eye on the regional aspects of the incoming economic information.

[Read more](#)

### Implications for GDP

The strongly expanding PSI, along with the recovered tone of the PMI, suggests economic activity is growing relatively well in the early stages of this year.

[Read more](#)



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### 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

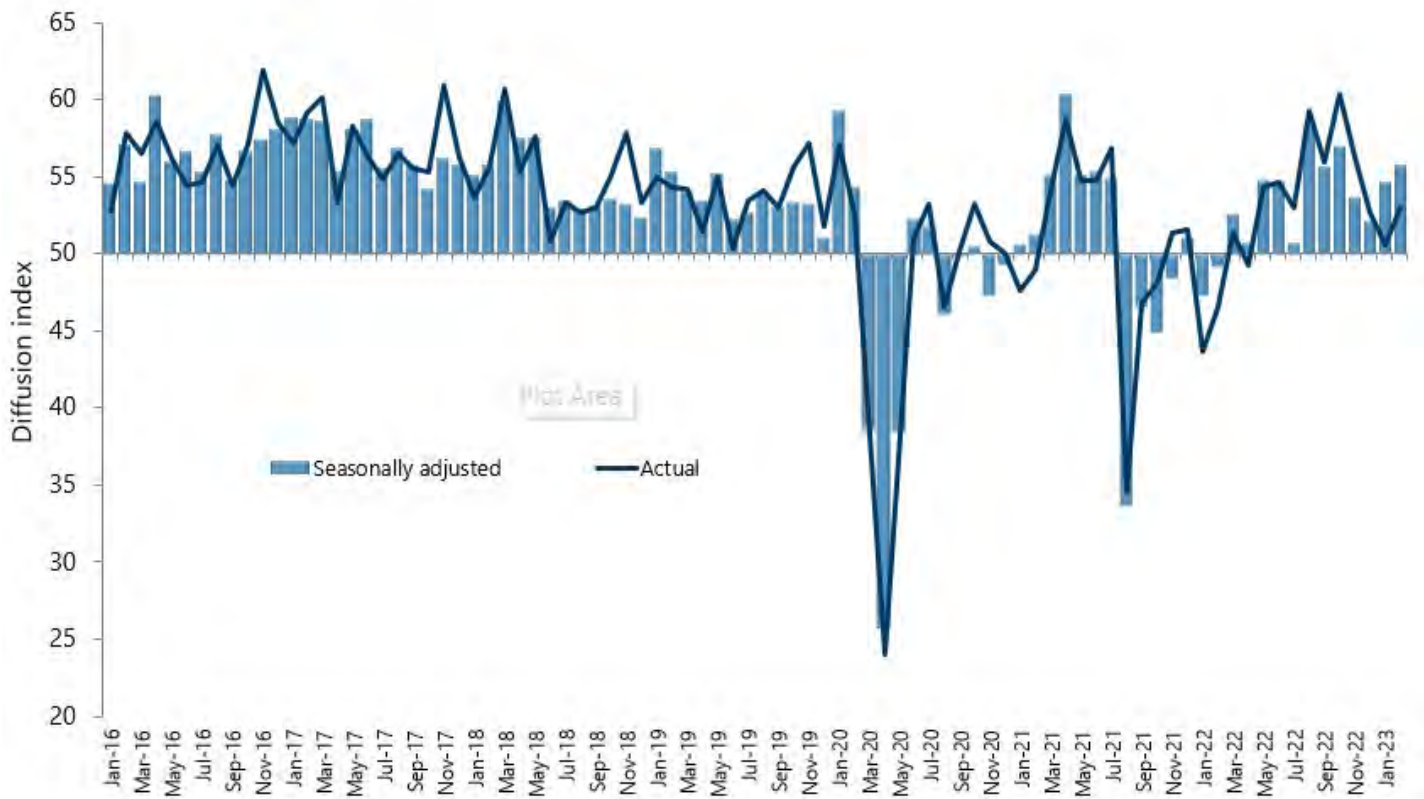
The results are seasonally adjusted.

| National Indices     | Feb 2022 | Oct 2022 | Nov 2022 | Dec 2022 | Jan 2023 | Feb 2023 |
|----------------------|----------|----------|----------|----------|----------|----------|
| BNZ - BusinessNZ PSI | 49.2     | 57.0     | 53.7     | 52.1     | 54.7     | 55.8     |
| Activity/Sales       | 51.0     | 60.6     | 57.2     | 52.0     | 52.1     | 53.6     |
| Employment           | 44.8     | 57.2     | 51.7     | 46.8     | 51.6     | 51.2     |
| New Orders/Business  | 56.2     | 59.3     | 56.9     | 57.8     | 54.8     | 57.1     |
| Stocks/Inventories   | 49.8     | 55.9     | 54.7     | 51.9     | 54.7     | 58.3     |
| Supplier Deliveries  | 33.4     | 52.3     | 46.8     | 53.7     | 52.3     | 55.9     |

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PSI Time Series

January 2016 - February 2023

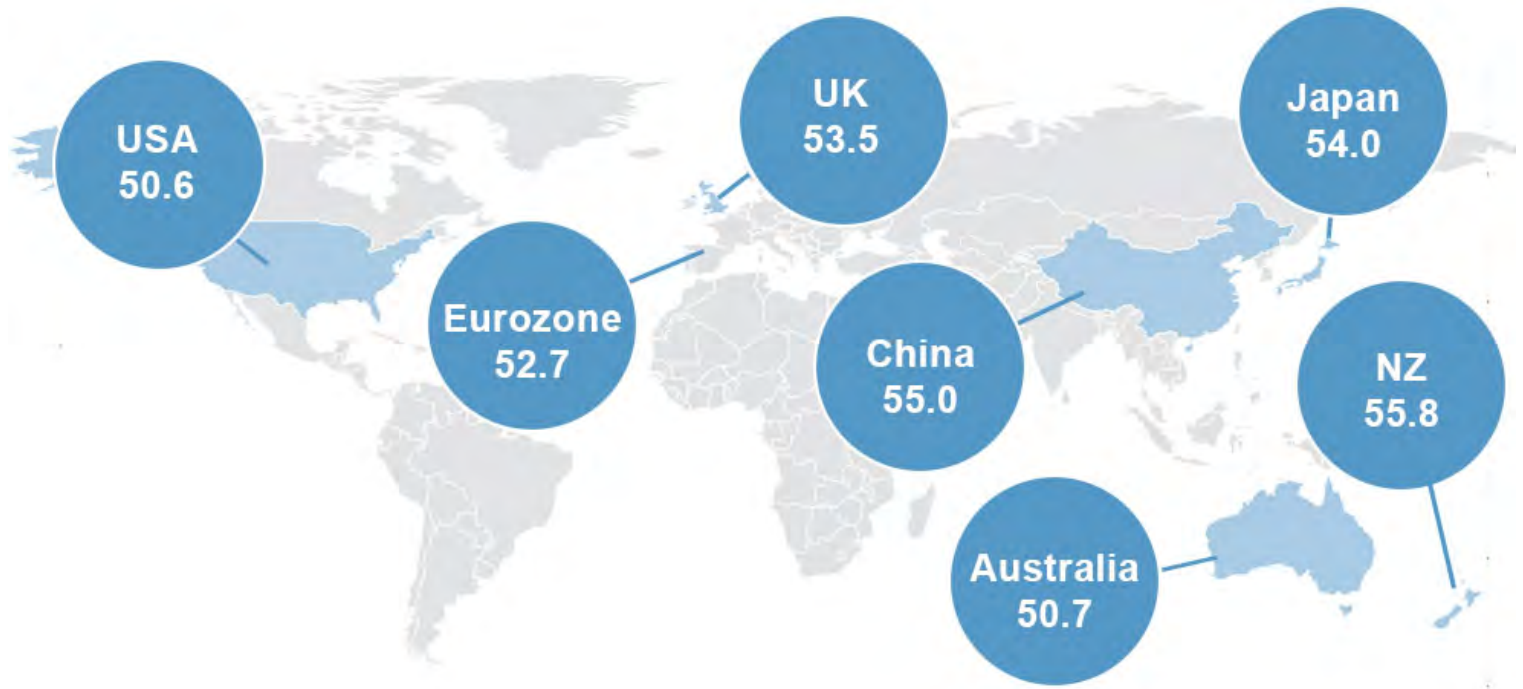


## International Results

J.P. Morgan Global Manufacturing PSI™

03 Mar 2023

# 52.6



# BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

**55.2**

GDP-Weighted Index

**53.7**

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 both lift in expansion for February.

The February GDP-Weighted Index (55.2) increased 1.1 points from January, while the Free-Weighted Index (53.7) lifted 1.9 points.

## BNZ - BusinessNZ PCI Time Series

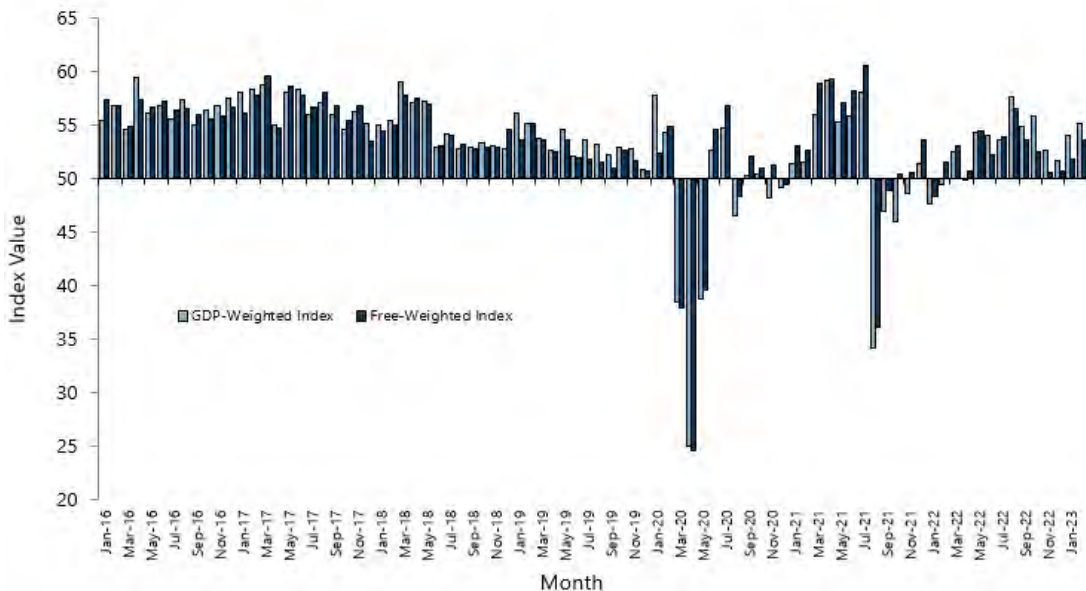
The results are seasonally adjusted.

| National Indices    | Feb 2022 | Oct 2022 | Nov 2022 | Dec 2022 | Jan 2023 | Feb 2023 |
|---------------------|----------|----------|----------|----------|----------|----------|
| GDP-Weighted Index  | 49.5     | 55.9     | 52.7     | 51.7     | 54.1     | 55.2     |
| Free-Weighted Index | 51.6     | 52.6     | 50.7     | 50.7     | 51.8     | 53.7     |

[VIEW THE TIME SERIES DATA](#)

## BNZ - BusinessNZ PCI Time Series

January 2016 – February 2023



## 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

13 March 2023

## The PSI

The Performance of Services Index (PSI) moved further above trend in February. Its seasonally adjusted reading of 55.8, was higher than January's 54.7, which meant it compared even more favourably to its long-term average, of 53.6. The outperformance seemed to be coming more from supply aspects, than demand, however. Notably in this respect, inventories surged to 58.3, from 54.7, when the average on this index is 51.6. Supplier Deliveries were also well above their average, of 50.3, running up at 55.9 in February. Activity/Sales (53.6), New Orders (57.1) and Employment (51.2) were all very close to their norms.

## Sub-group features

Most sub-groups of the PSI were above the 50 (breakeven) mark in February – in unadjusted terms. However, there were a couple of notable exceptions. Transport & Storage, in posting 37.5, was weak (meaning sub-50 for the last 12 months now). Retail Trade remained moribund in February too, at 37.5. Electronic card transactions data from Stats NZ haven't looked weak of that order, although they did drop 1.7% in February. On the strong side of the PSI ledger, Accommodation, Cafes & Restaurants picked up the pace, to 64.1, Health & Community ramped up to 67.0, while Cultural, Recreational & Personal slowed to 54.2.

## Regional aspects

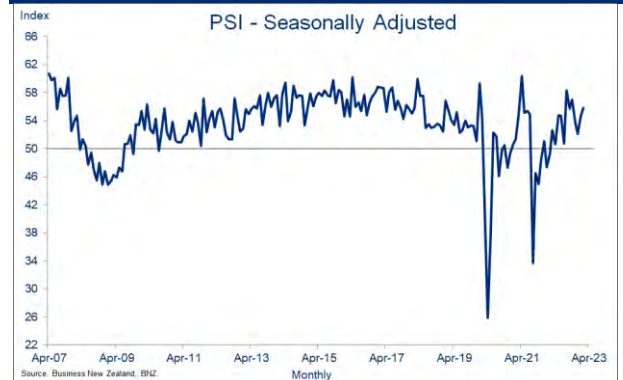
Given the localised impacts of recent atrocious weather, we have been keeping a keen eye on the regional aspects of the incoming economic information. With respect to the PSI, regions arguably most affected by the mid-Feb Cyclone Gabrielle – namely Hawke's Bay and Gisborne – are classified in Central. And, curiously, this zone proved quite strong in February, with an unadjusted reading of 61.3 (unlike in the PMI, where Central was weak, with 42.2). Auckland is the bulk of the Northern grouping, and the latter improved to 50.7 in February's PSI, from the 40.1 it stumbled to in January (bearing in mind the floods of late-January significantly affected Auckland).

## Implications for GDP

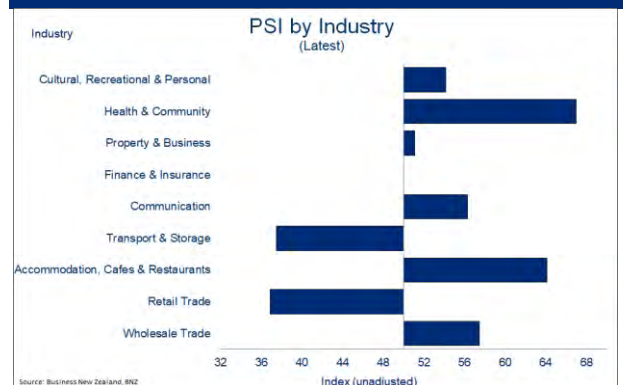
The strongly expanding PSI, along with the recovered tone of the PMI, suggests economic activity is growing relatively well in the early stages of this year. The composite (PCI) improved to a trend-like 53.7 in February – in free-weighted terms – while the GDP-weighted version of the PCI, at 55.2, moved above its long-term average of 53.5. This suggests we might be too muted with our GDP growth expectation for the first half of 2023, which is close to flat. But there will obviously be a lot of weather-invoked push and shove forces on spending and production to get a handle on, before feeling confident on any estimates.

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

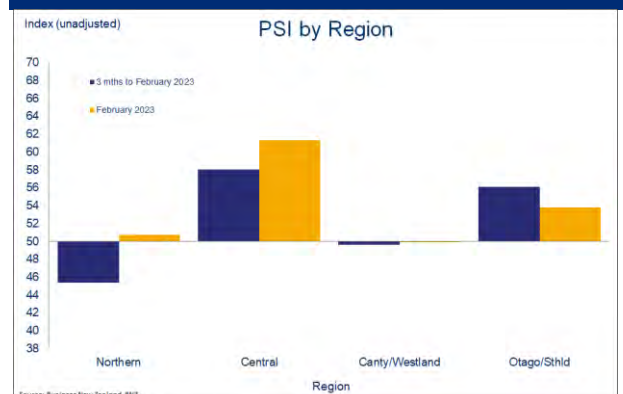
## Better Than Average



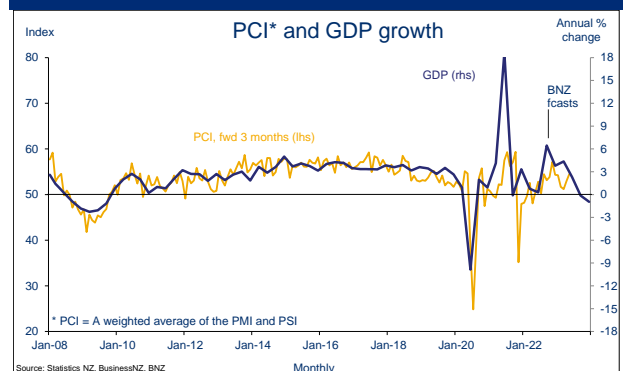
## Retail to the Rear



## Central Thrust



## Resistance To Slowdown



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