

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Ups and downs

17 Mar 2025

49.1

February

-1.3

Monthly Change

Contracting

Previously Expanding

New Zealand's services sector slipped back into contraction during February, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for February was 49.1 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was down 1.3 points from January and further away from the average of 53.0 over the history of the survey.

BusinessNZ's CEO, Katherine Rich said that unlike its sister survey in the manufacturing space that kicked on in terms of expansion during February, the PSI reverted back to what the services sector had experienced from March to December. For the sub-index results, Activity/Sales (49.2) fell 4.6 points after displaying the highest sub-index value for the previous month. New Orders/Business (49.4) slipped back to the same level of activity that was seen in December, although Employment (48.9) did display its highest value since August, albeit still in contraction.

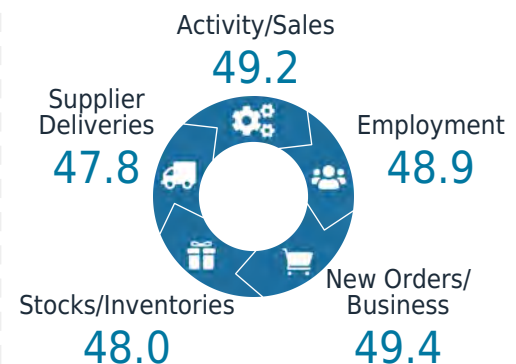
Despite a return to contraction, the proportion of negative comments for February (57.8%) was down from January (61.9%), although still up from 57.5% in December and 53.6% in November. The overall tough economic climate remained the key observation from comments made.

BNZ's Senior Economist Doug Steel said that "while one might have hoped that the PSI would move higher again, we know that economic turning points can be messy. The brief foray above 50 in January remains the only month in the last year the PSI hasn't been in contraction".

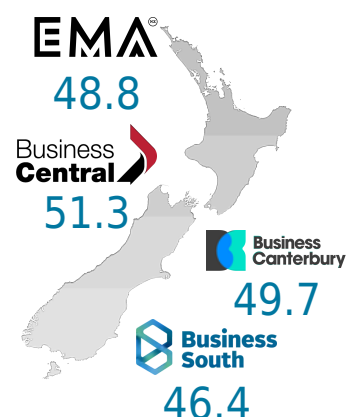


Katherine Rich
CEO, BusinessNZ

Main Indices



Regional Results



[VIEW THE TIME SERIES DATA](#)



Services Landscape

Slip back below 50

In February, the Performance of Services Index (PSI) eased to 49.1 and back below the breakeven 50 mark. The latest outturn unwinds some of the jump up from 48.1 to 50.4 in January.

[Read more](#)

New orders lagging

Looking at the PSI sub-indices, the weakness in February was broad-based. All five sub-indices are in contraction and well below their respective long-term averages.

[Read more](#)

Not all one-way traffic

The RBNZ watches high frequency indicators closely in assessing the economy. Indeed, we know the PMI and PSI are included in this suite of activity indicators.

[Read more](#)

Recovery expected

Combining the PMI and PSI together, the Composite Index (PCI) continues to suggest an economic recovery this year.

[Read more](#)



Doug Steel
Senior Economist, BNZ

[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	Feb 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025
BNZ - BusinessNZ PSI	51.3	46.2	49.3	48.1	50.4	49.1
Activity/Sales	51.8	44.4	48.4	46.4	53.8	49.2
Employment	48.7	46.3	46.7	47.7	47.4	48.9
New Orders/Business	53.8	48.0	49.5	49.4	50.0	49.4
Stocks/Inventories	51.2	47.9	52.1	48.8	50.0	48.0
Supplier Deliveries	48.2	47.8	52.6	47.6	47.7	47.8

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PSI Time Series

January 2019 - February 2025

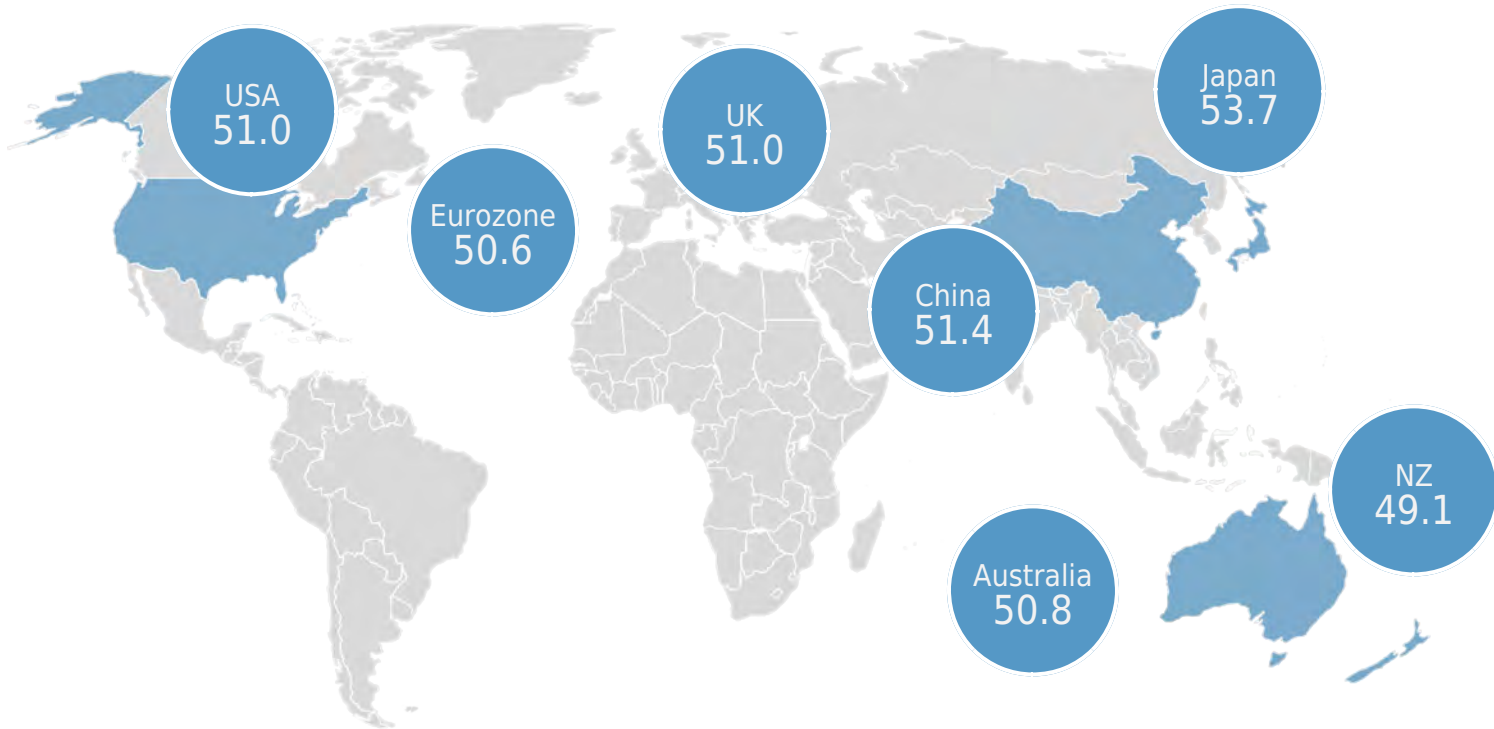


International Results

J.P. Morgan Global Manufacturing PSI™

05 Mar 2025

51.6



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

49.5

GDP-Weighted Index

50.7

Free-Weighted Index

The seasonally adjusted BNZ – BusinessNZ Performance of Composite Index or PCI (which combines the PMI and PSI) saw mixed results during February.

The February GDP-Weighted Index (49.5) fell back into contraction compared with January, while the Free-Weighted Index (50.7) slipped 0.2 points, but remained in expansion.

BNZ - BusinessNZ PCI Time Series

The results are seasonally adjusted.

National Indices	Feb 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025
GDP-Weighted Index	51.0	46.2	49.1	48.1	50.6	49.5
Free-Weighted Index	49.6	46.3	47.8	47.6	50.9	50.7

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PCI Time Series

January 2020 – February 2025



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

17 March 2025

Slip back below 50

In February, the Performance of Services Index (PSI) eased to 49.1 and back below the breakeven 50 mark. The latest outturn unwinds some of the jump up from 48.1 to 50.4 in January. It is a timely reminder that although the economy is turning, recovery is unlikely to be uniform nor occur in a straight line. While one might have hoped that the PSI would move higher again, we know that economic turning points can be messy. The brief foray above 50 in January remains the only month in the last year the PSI hasn't been in contraction.

New orders lagging

Looking at the PSI sub-indices, the weakness in February was broad-based. All five sub-indices are in contraction and well below their respective long-term averages. The PSI new orders/business index (49.4) remains the furthest below its historical average (56.6). This was also observed in the details of the Performance of Manufacturing Index (PMI) last week. The relatively weak order book remains a key area to watch. Demand looks like it needs to lift from current levels for any economic recovery to be sustained.

Not all one-way traffic

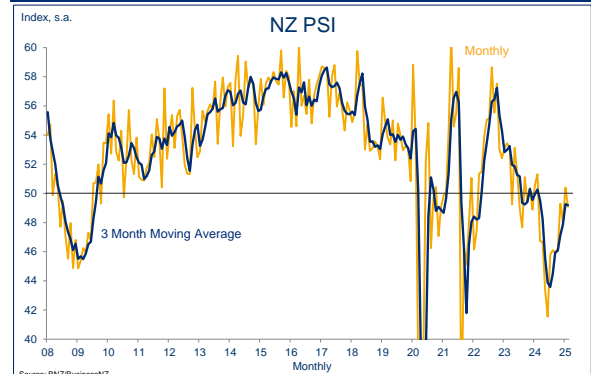
The RBNZ watches high frequency indicators closely in assessing the economy. Indeed, we know the PMI and PSI are included in this suite of activity indicators. Over the past month or so we've seen broadening evidence of improvement in economic activity (including in the PMI). However, the latest PSI is a reminder that the recovery is not all one-way traffic. The last time the PSI (49.1) was this far below the PMI (53.9) was January 2022.

Recovery expected

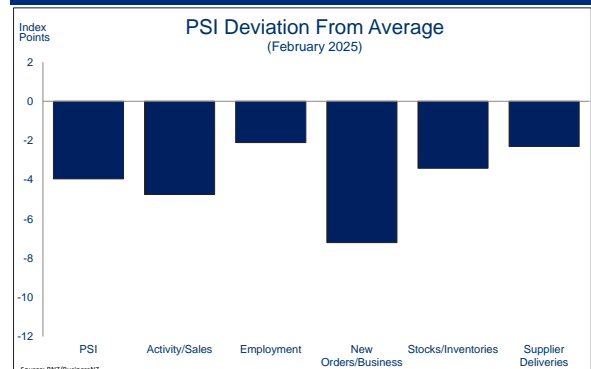
Combining the PMI and PSI together, the Composite Index (PCI) continues to suggest an economic recovery this year. While there is variation in its components, the PCI activity indicator is broadly consistent with our forecasts for economic growth in 2025. Looking back to the end of last year, we anticipate this week's Q4 GDP figures to show a small increase in activity for the quarter. The pace of any recovery needs to be monitored carefully as it will have some bearing on how low the RBNZ thinks it may ultimately need to take its cash rate. Further lowering of the cash rate is likely, albeit at a slower pace than has recently been the case.

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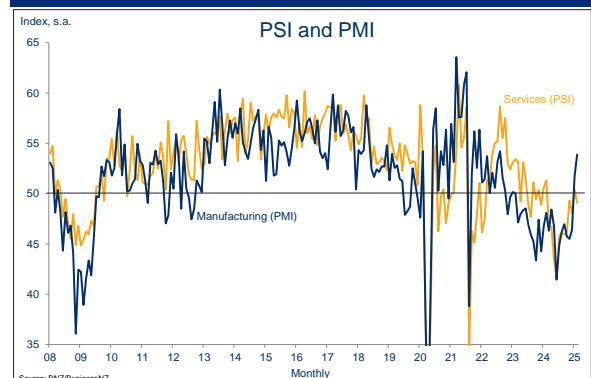
Bouncing around breakeven



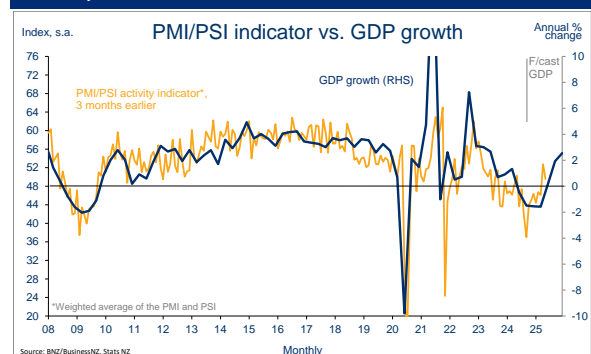
Still below average



Diverging



Broadly consistent



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