

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

Sinking

15 Jul 2024

40.2

June

-2.4

Monthly Change

Contracting

Faster Rate

Activity in New Zealand's services sector sunk even further during June, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for June was 40.2 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was down 2.4 points from May and for the second month in a row the lowest level of activity for the sector for a non-COVID lockdown month since the survey began in 2007.

BusinessNZ chief executive Kirk Hope said that after a bad May result, the June figures simply got worse. The key index values for Activity/Sales (35.6) and New Orders/Business (38.3) were both the lowest for a non-COVID lockdown month. Employment (45.6) was at its lowest point since February 2022, while Supplier Deliveries (41.6) was the lowest since March 2022

The proportion of negative comments for June (67.0%), which was up on May (65.4%) and April (66.3%). Respondents continued to note recessionary aspects of the current economic downturn.

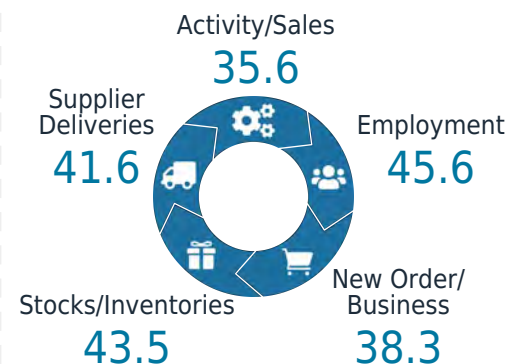
BNZ's Senior Economist Doug Steel said that "the Performance of Services Index has been well below average for more than a year. Moreover, the weakness appears to be accelerating".

[VIEW THE TIME SERIES DATA](#)

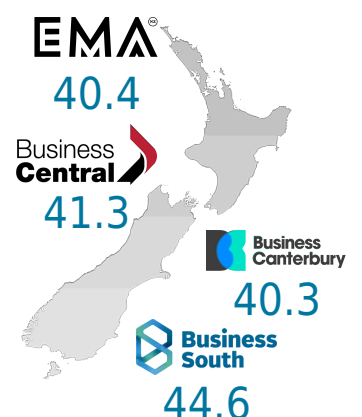


Kirk Hope
CEO, BusinessNZ

Main Indices



Regional Results





Services Landscape

Retail recession

The Performance of Services Index has been well below average for more than a year. Moreover, the weakness appears to be accelerating.

[Read more](#)

Tourism lift flattening

International visitor arrivals drive segments of service sector activity. Growth has slowed sharply. Prior extremely rapid growth off a very low base, following the reopening of the country's borders, has ended.

[Read more](#)

Housing

Housing market activity has significant influence across various parts of the service sector. While more listings have enabled some activity, transaction numbers have been generally subdued.

[Read more](#)

Architects

Architect responses to the QSBO have long reflected a softer outlook for residential and commercial building activity.

[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 Indicies	Jun 2023	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024
BNZ - BusinessNZ PSI	50.2	52.4	47.0	46.3	42.6	40.2
Activity/Sales	51.8	52.4	44.5	45.7	40.3	35.6
Employment	49.0	49.3	49.8	46.9	45.9	45.6
New Orders/Business	51.5	55.3	47.7	46.3	42.2	38.3
Stocks/Inventories	48.6	51.7	46.2	46.0	42.2	43.5
Supplier Deliveries	51.8	48.4	48.4	47.2	45.8	41.6

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PSI Time Series

January 2019 - June 2024

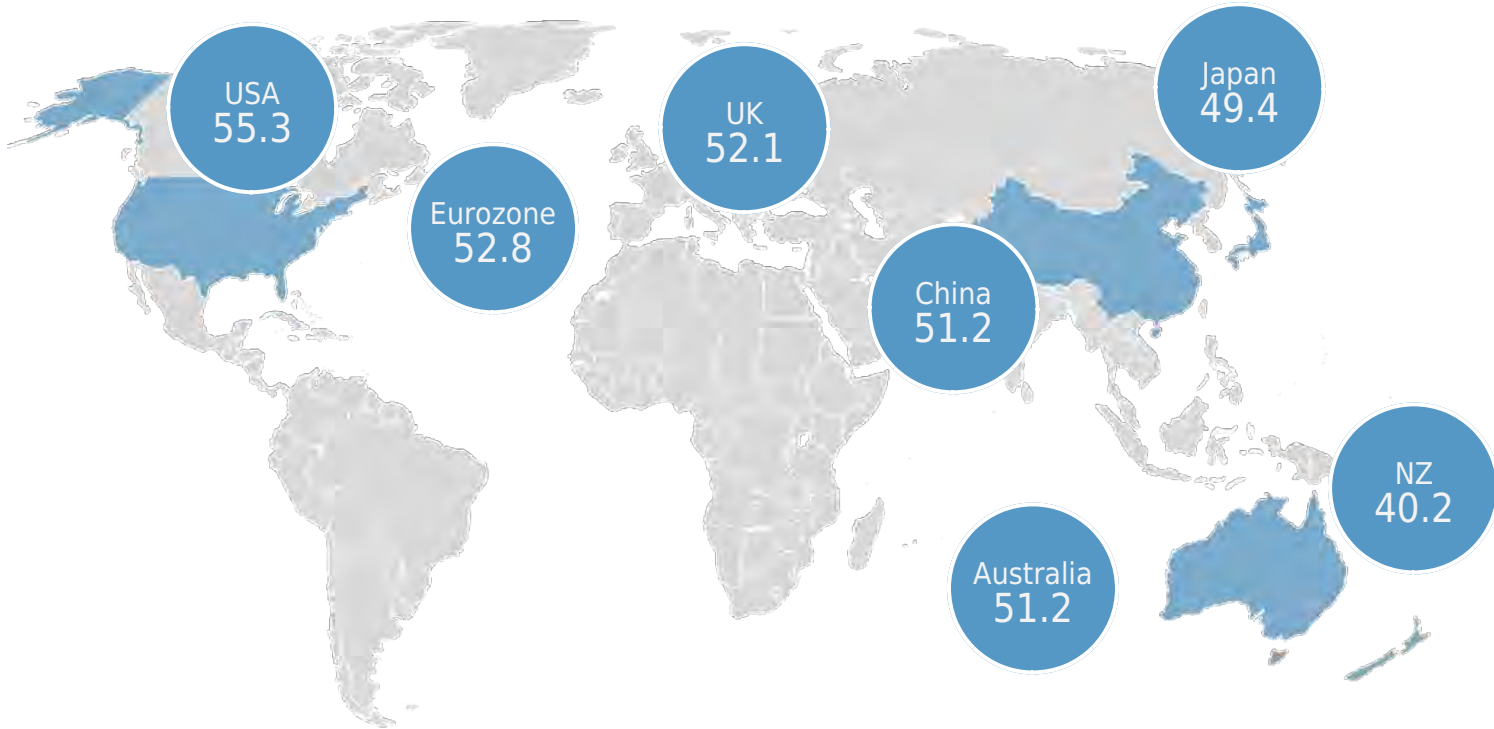


International Results

J.P. Morgan Global Manufacturing PSI™

03 Jul 2024

53.1



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

40.5

GDP-Weighted Index

40.9

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 continue to drop.

The June GDP-Weighted Index (40.5) decreased a further 2.6 points from May to again reach its lowest ever level for a non-COVID lockdown month, while the Free-Weighted Index (40.9) decreased a further 3.3 points to be at its lowest level since November 2008.

BNZ - BusinessNZ PCI Time Series

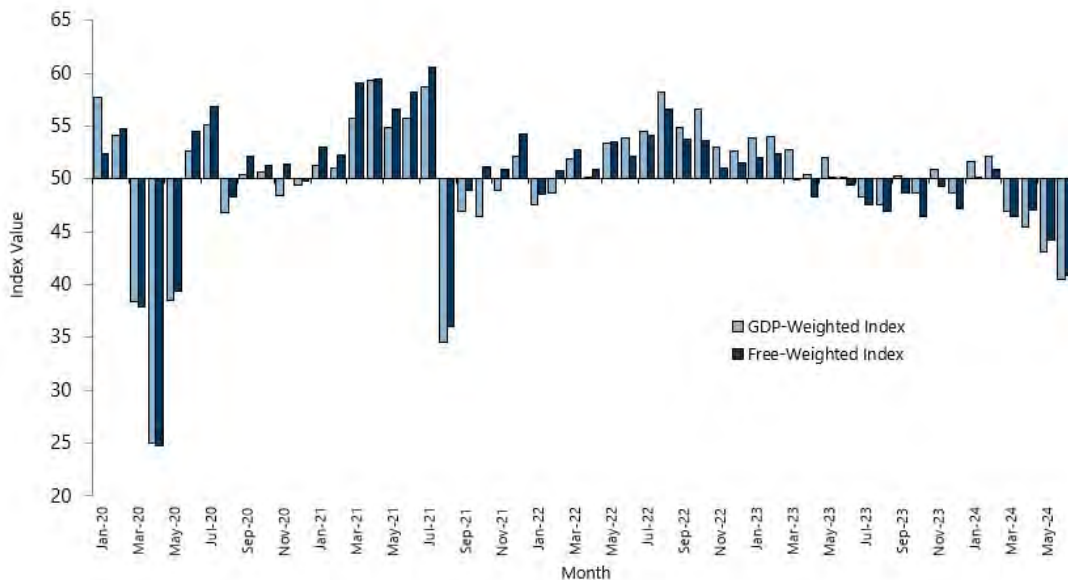
The results are seasonally adjusted.

National Indices	Jun 2023	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024
GDP-Weighted Index	50.1	52.1	46.9	45.5	43.1	40.5
Free-Weighted Index	49.5	50.9	46.4	47.1	44.2	40.9

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PCI Time Series

January 2020 – June 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.

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Our Contributors

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



Research Services Landscape

10 July 2024

Retail recession

The Performance of Services Index has been well below average for more than a year. Moreover, the weakness appears to be accelerating. This reflects multiple drivers. We take a brief look at four areas here: retail sales, tourism, housing, and government. Retail trade stands out. Official figures show sales volumes declined in 8 out of the 9 quarters through to the first quarter of this year. Timely indicators suggest another decline likely occurred in the just completed second quarter. That would see retail sales volumes down around 9% from their peak in 2021. Retail weakness has funnelled back through distribution and logistics channels. Recent GDP figures included material annual contractions in retail and wholesale trade as well as in the transport, postal, and warehousing industries.

Tourism lift flattening

International visitor arrivals drive segments of service sector activity. Growth has slowed sharply. Prior extremely rapid growth off a very low base, following the reopening of the country's borders, has ended. Monthly arrival figures this year have been distorted by the likes of the leap day and the timing of Easter. But the uptrend has slowed. Through the monthly humps and bumps, visitor arrival numbers have averaged around 83% of pre-covid levels over the first five months of this year, roughly matching the average in the second half of last year. In outright numbers, the circa 3.2m visitors in the year to May 2024 was 83% of the near 3.9m in 2019.

Housing

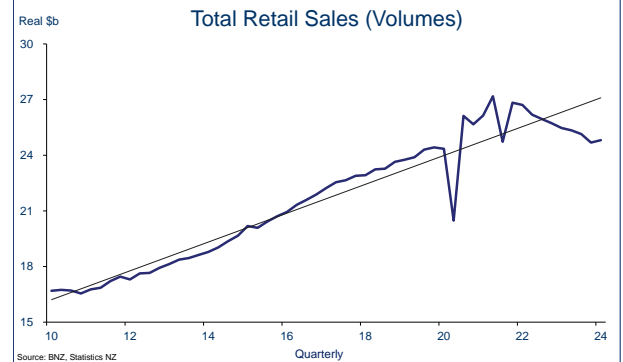
Housing market activity has significant influence across various parts of the service sector. While more listings have enabled some activity, transaction numbers have been generally subdued. Elevated interest rates have been in play here. It is true that the number of house sales are well above their low levels of late 2022. But the level of activity over the past year has been well below historical averages (and all the more so on a per-capita basis). That's been a weight on service sector business.

Architects

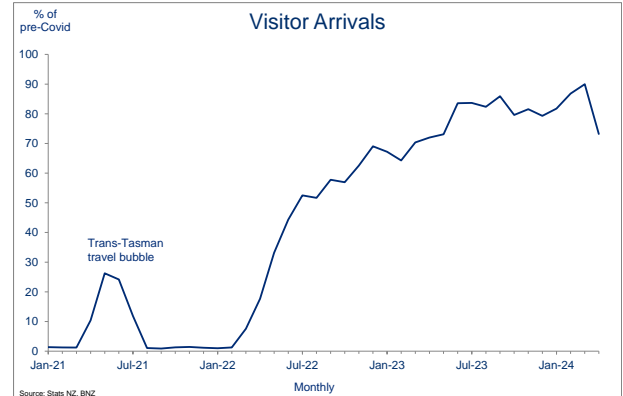
Architect responses to the QSBO have long reflected a softer outlook for residential and commercial building activity. More recently, there has been a precipitous drop in architects' 1-year (and 1-to-2-year) ahead view of their government-related work, to a level not seen since the early 1990s. That is a clear area of weakness. However, it is hardly a full picture of government influence on the service sector with a significant reallocation of funds occurring.

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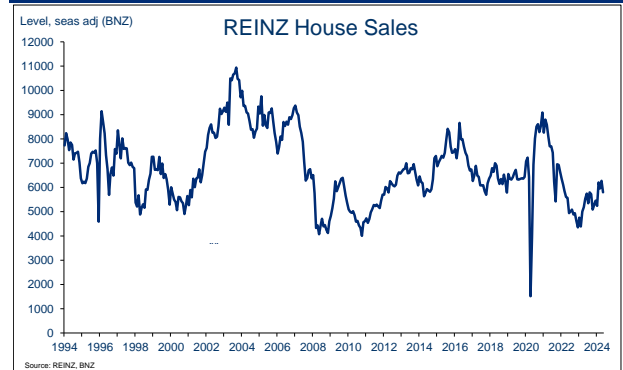
Retail retreat



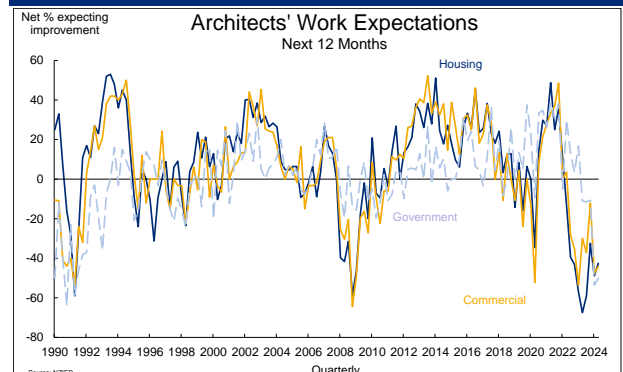
Tourism growth slowing



Housing subdued



Ask the architects



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