

BNZ – BUSINESSNZ PERFORMANCE OF SERVICES INDEX

To and fro

17 Apr 2023

54.4

March

-1.4

Monthly Change

Expanding

slower rate

Expansion levels for New Zealand's services sector decreased in March, according to the BNZ – BusinessNZ Performance of Services Index (PSI).

The PSI for March was 54.4 (A PSI reading above 50.0 indicates that the service sector is generally expanding; below 50.0 that it is declining). This was down 1.4 points from February, but still above the long-term average of 53.6 for the survey.

BusinessNZ chief executive Kirk Hope said that the March result was relatively consistent with activity levels seen so far during 2023. In terms of the sub-index results, Activity/Sales (56.7) rose to its highest level since November 2022, while in contrast New Orders/Business (53.1) dropped to its lowest level of expansion since July 2022. Employment (51.3) remained very stable over the first three months of 2023, while both Stocks/Inventories (57.3) and Supplier Deliveries (55.0) both slipped slightly over March.

“Although there was a moderate decline in expansion levels during March, the proportion of negative comments jumped from 51.9% in February to 58.6% in March. A cooling economy, effects of price increases and general uncertainty were the main comments that came through”.

BNZ Senior Economist Craig Ebert said that “while the PSI held reasonably firm in March, the PMI slipped into a slightly negative position. Still, there was enough in them, overall, to suggest a positive underlying tendency in activity”.

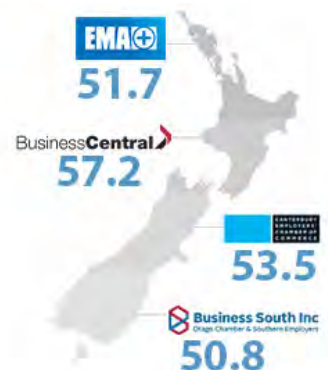


Kirk Hope
CEO, BusinessNZ

Main Indicies



Regional Results



[VIEW THE TIME SERIES DATA](#)



Services Landscape

The PSI

The Performance of Services Index (PSI) held to a relatively firm pace in March. Its seasonally adjusted reading of 54.4 was a touch slower than February's 55.8 but a cut above its long-term norm of 53.6.

[Read more](#)

Sub-group features

Variation in the industry results was more a matter of noting the degree of expansion at play now. Just Retail Trade, at 31.6, printed below the 50 breakeven level (for the fifth month running).

[Read more](#)

QSBO circumspection

Relative to the PSI, the NZIER's Quarterly Survey of Business Opinion (QSBO) was more circumspect about the services sector.

[Read more](#)

Implications for GDP

While the PSI held reasonably firm in March, the PMI slipped into a slightly negative position. Still, there was enough in them, overall, to suggest a positive underlying tendency in 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

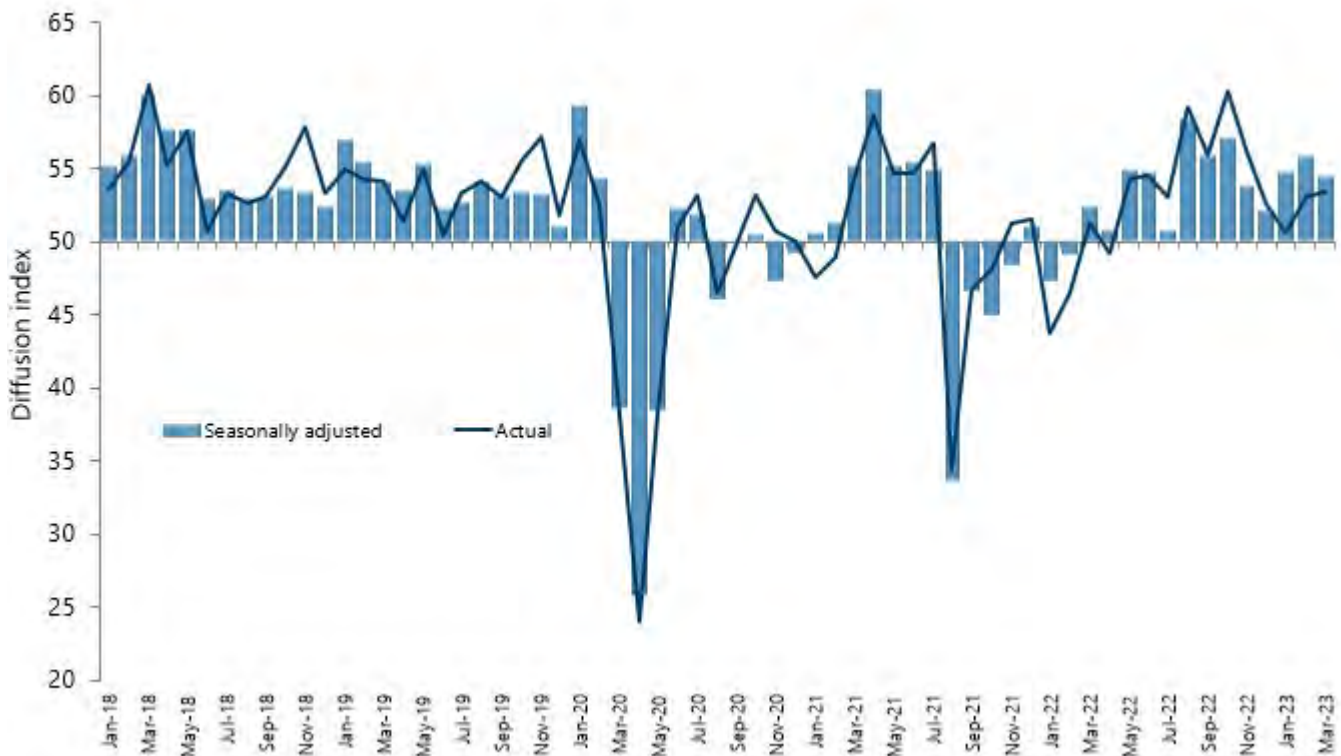
The results are seasonally adjusted.

National Indicies	Mar 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
BNZ - BusinessNZ PSI	52.4	53.7	52.1	54.7	55.8	54.4
Activity/Sales	53.8	57.2	51.9	52.2	53.9	56.7
Employment	49.3	51.7	46.8	51.6	51.1	51.3
New Orders/Business	59.3	57.0	57.8	54.3	56.3	53.1
Stocks/Inventories	52.4	54.7	51.9	54.8	58.5	57.3
Supplier Deliveries	41.6	46.8	53.8	52.2	55.8	55.0

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PSI Time Series

January 2016 - March 2023

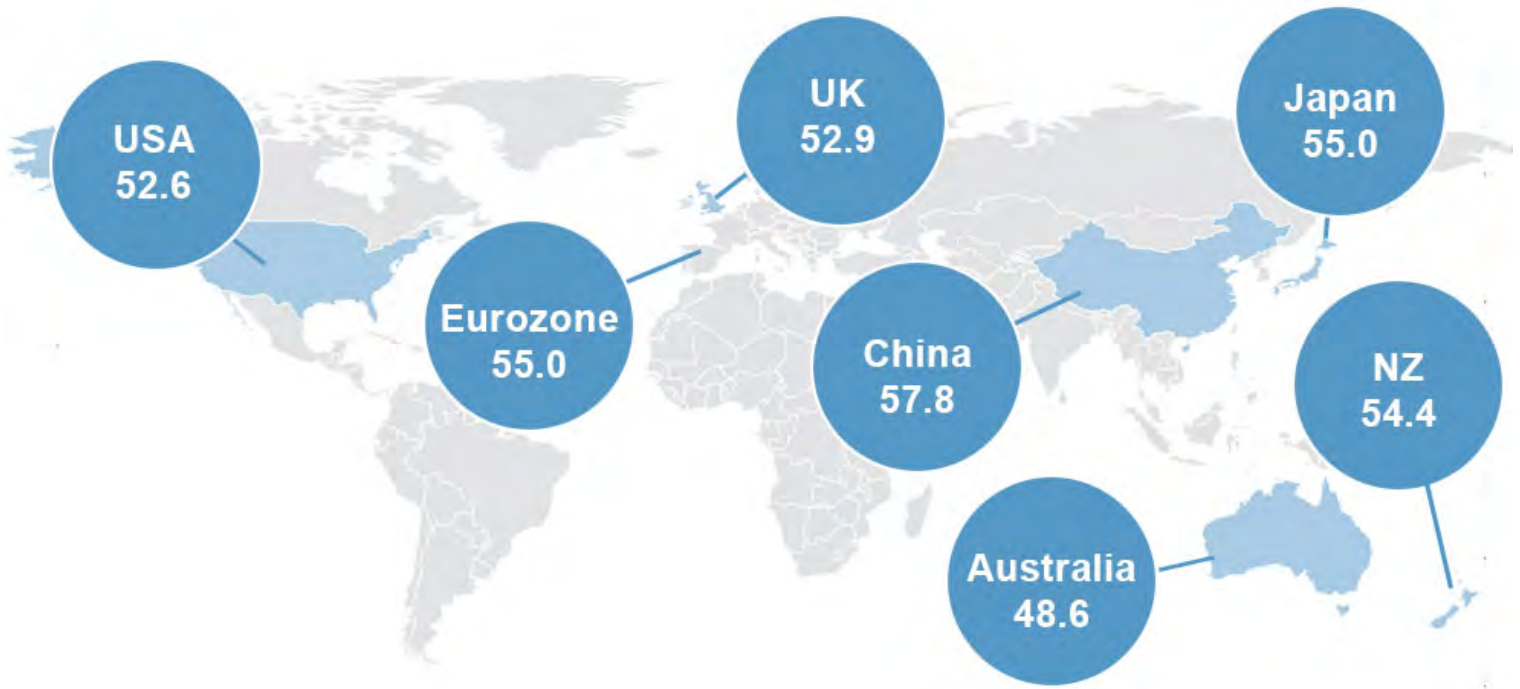


International Results

J.P. Morgan Global Manufacturing PSI™

06 Apr 2023

53.4



BNZ – BUSINESSNZ PERFORMANCE OF COMPOSITE INDEX

53.4

GDP-Weighted Index

50.3

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 decrease in expansion for March.

The March GDP-Weighted Index (53.4) decreased 1.8 points from February, while the Free-Weighted Index (50.3) dropped 3.2 points.

BNZ - BusinessNZ PCI Time Series

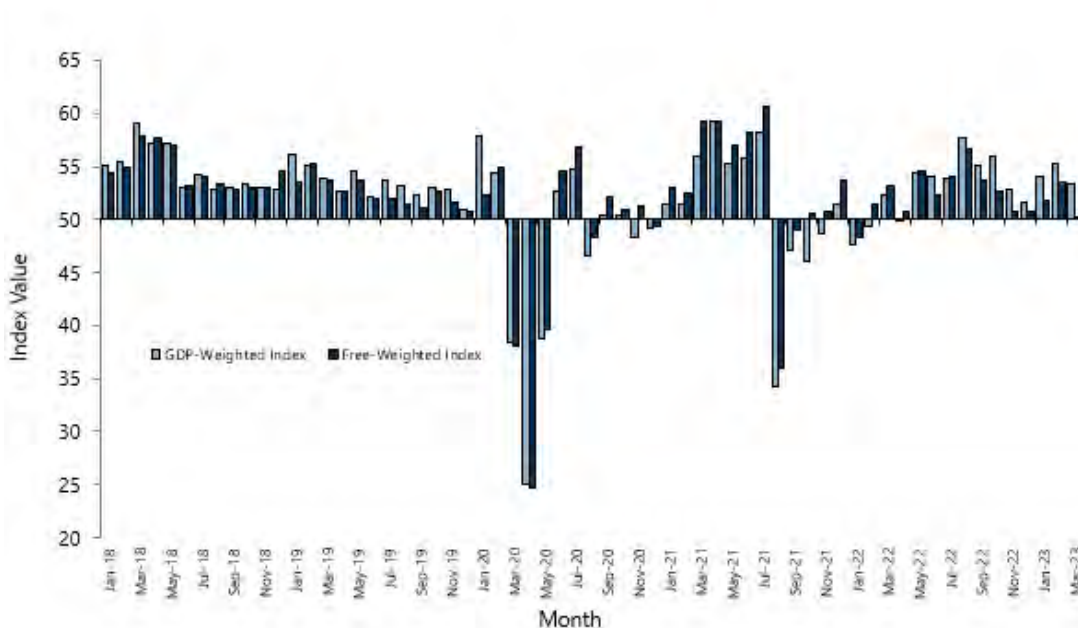
The results are seasonally adjusted.

National Indices	Mar 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
GDP-Weighted Index	54.4	52.8	51.7	54.0	55.2	53.4
Free-Weighted Index	54.5	50.7	50.7	51.7	53.5	50.3

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PCI Time Series

January 2016 – March 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.

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



Research Services Landscape

17 March 2023

The PSI

The Performance of Services Index (PSI) held to a relatively firm pace in March. Its seasonally adjusted reading of 54.4 was a touch slower than February's 55.8 but a cut above its long-term norm of 53.6. Still, there was variation in its principal components worth noting. Running above their respective norms were Activity/Sales (56.7) and Supplier Deliveries (55.0), but also Stocks/Inventory (57.3). Employment (51.2) remained close to its average. And while New Orders, at a seasonally adjusted 53.1, seemed positive enough, they tend to average 57.5 through their cycle. So, there was a hint of caution underlying that.

Sub-group features

Variation in the industry results was more a matter of noting the degree of expansion at play now. Just Retail Trade, at 31.6, printed below the 50 breakeven level (for the fifth month running). Transport & Storage managed to break a 12-month negative streak, bouncing to 53.0. Further improvement was seen in Wholesale Trade (59.1) and Communication (75.0), helping to float the PSI's boat. Regionally, Central (which includes areas most affected by the recent storms), with an unadjusted 57.2, led the way – much like it did in the PMI. Meanwhile, the pattern of the largest firms outperforming the micro-sized returned with a vengeance in March, playing 71.1 against 48.0.

QSBO circumspection

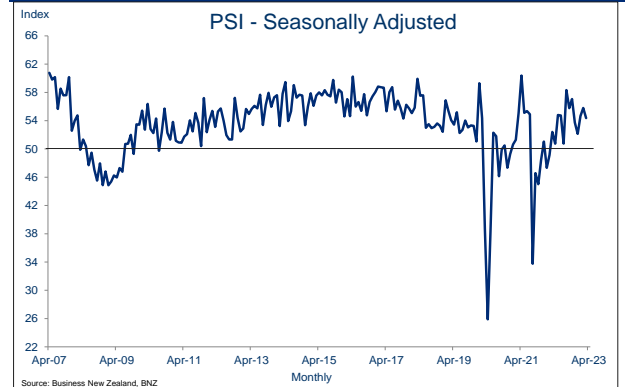
Relative to the PSI, the NZIER's Quarterly Survey of Business Opinion (QSBO) was more circumspect about the services sector. While the latter's activity reports and expectations improved a lot from the December quarter edition, each was a bit below par. The reports of, and outlook for, profits were negative, costs and prices were still experiencing high rates of inflation, investment intentions were poorly, and confidence in the general economic outlook depressed. The good news was that services firms in the QSBO conveyed a sense of getting on with things in terms of recent and planned hiring.

Implications for GDP

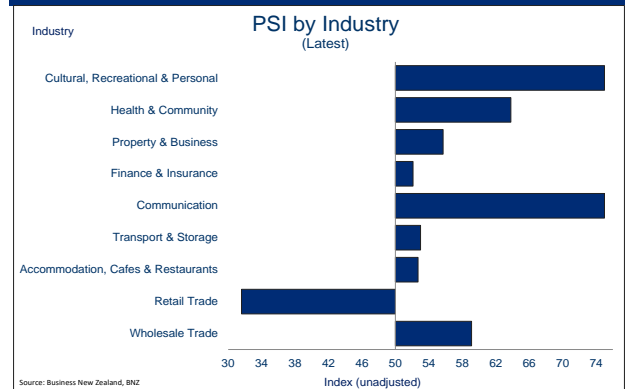
While the PSI held reasonably firm in March, the PMI slipped into a slightly negative position. Still, there was enough in them, overall, to suggest a positive underlying tendency in activity. Not so much in the free-weighted composite index, which printed at 50.3, from 53.5 in February. However, when GDP-weighting the PSI and PMI, the composite came in at 53.4, from 55.2, and averaged 54.2 across the March quarter. This, of course, is no guarantee Q1 GDP will expand – in fact, we think it's line ball. But the composite PSI/PMI aggregates do push back on the idea the economy is already in a recession proper.

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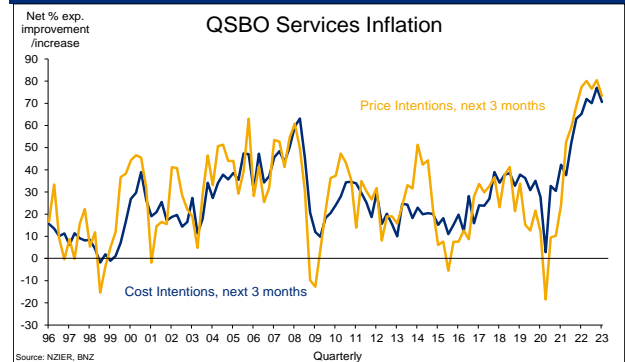
Looking Good



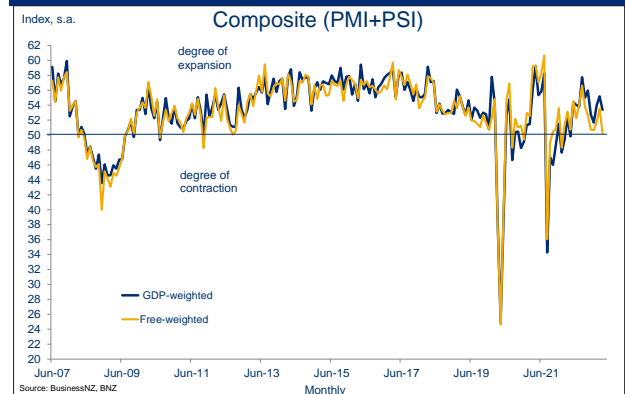
Many More to the Fore



Hard to Keep Pace



Not Recessionary



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