

# BNZ - BUSINESSNZ PERFORMANCE OF SERVICES INDEX



## Carry on

17 Oct 2022

**55.8**

September

**-2.8**

Monthly Change

**expanding**

slower rate

Expansion levels for New Zealand's services sector eased off in September, according to the BNZ - BusinessNZ Performance of Services Index (PSI).

The PSI for September 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 down 2.8 points from August, but still above the long-term average of 53.6 for the survey.



**Kirk Hope**

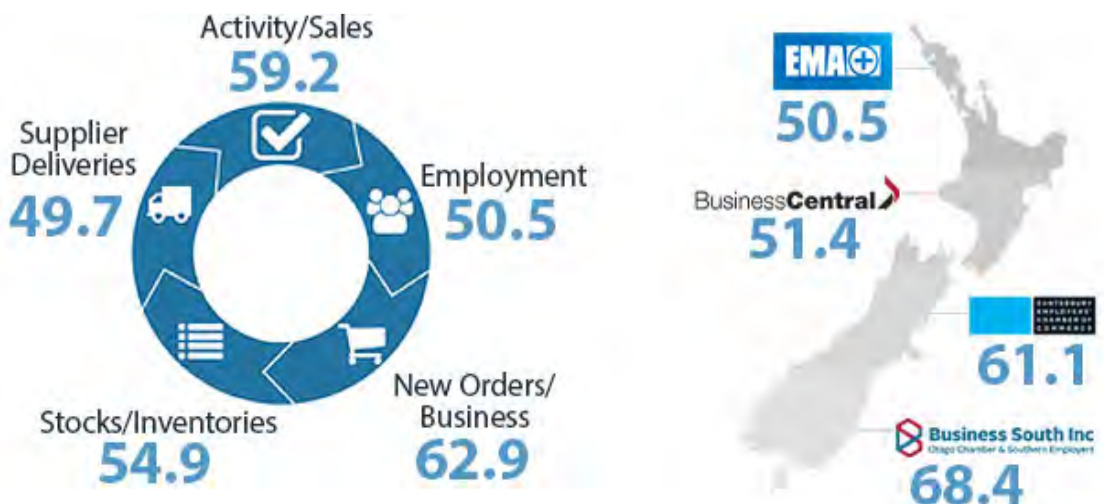
CEO, BusinessNZ

BusinessNZ chief executive Kirk Hope said that the survey was still showing ongoing expansion, with the two key sub-indexes of New Activity/Sales (59.2) and New Orders/Business (62.9) remaining in a very healthy position. Stocks/inventories (54.9) pulled back from August, while Employment (50.5) and Supplier Deliveries (49.7) showed little to no change from the previous month.

In line with the overall drop in expansion levels, the proportion of positive comments for September (47.9%) reverted back to being behind the proportion of negative comments. Staffing problems, supply chain disruptions and offshore issues continued to be the key negative influences on businesses surveyed.

BNZ Senior Economist Craig Ebert said that "the composite PCI held together at 54.4 in free-weighted terms, while the GDP weighted composite came in at 55.4, from 58.2 in August. These marry with our view that Q3 GDP increased about 1.0%".

[VIEW THE TIME SERIES DATA](#)



## PSI

Broadly speaking, the Performance of Services Index (PSI) stayed strong in September. While its seasonally adjusted result, of 55.8, couldn't match the bumper 58.6 result of August, it kept comfortably above its long-term norm, nonetheless.

[Read more](#)



**Craig Ebert**

Senior Economist, BNZ

## Industry features

While the PSI's industry detail remained varied, a greater majority of it struck an expansive tone in September (based on the unadjusted indices given).

[Read more](#)

## Comparison/contrast to the QSBO

While the PSI gave a very upbeat message about services growth through the September quarter, this was not quite what respondents to the latest NZIER Quarterly Survey of Business Opinion (QSBO) parlayed.

[Read more](#)

## Growth implications

Taken at face value – and combined with the slower PMI for September – the latest PSI forms a picture of decent economic expansion for Q3.

[Read more](#)

[VIEW THE BNZ SERVICES LANDSCAPE](#)

# PSI Time Series Table

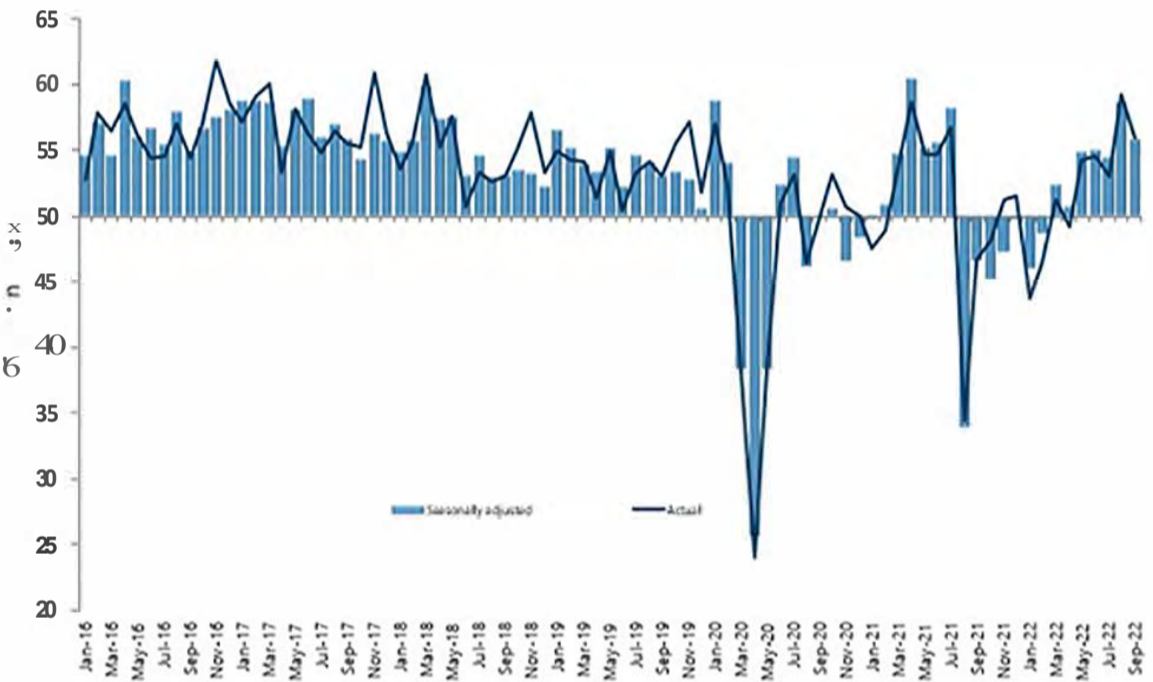
Results are seasonally adjusted.

National Indicies	Sep2021	May2022	Jun 2022	Jul2022	Aug 2022	Sep 2022
BNZ - BusinessNZ PSI	46.6	54.8	54.9	54.4	58.6	55.8
Activity/Sales	43.1	59.1	55.9	54.8	67.5	59.2
Employemem	51.2	48.8	52.7	49.3	50.7	50.5
New Orders/Business	47.8	61.7	61.3	53.7	66.6	62.9
Stocks/Inventories	51.7	54.7	54.0	53.4	59.6	54.9
Supplier Deliveries	41.4	46.0	48.9	47.7	49.7	49.7

[VIEW THE PSI TIME SERIES DATA](#)

## BNZ - BusinessNZ PSI Time Series

January 2016 - September 2022

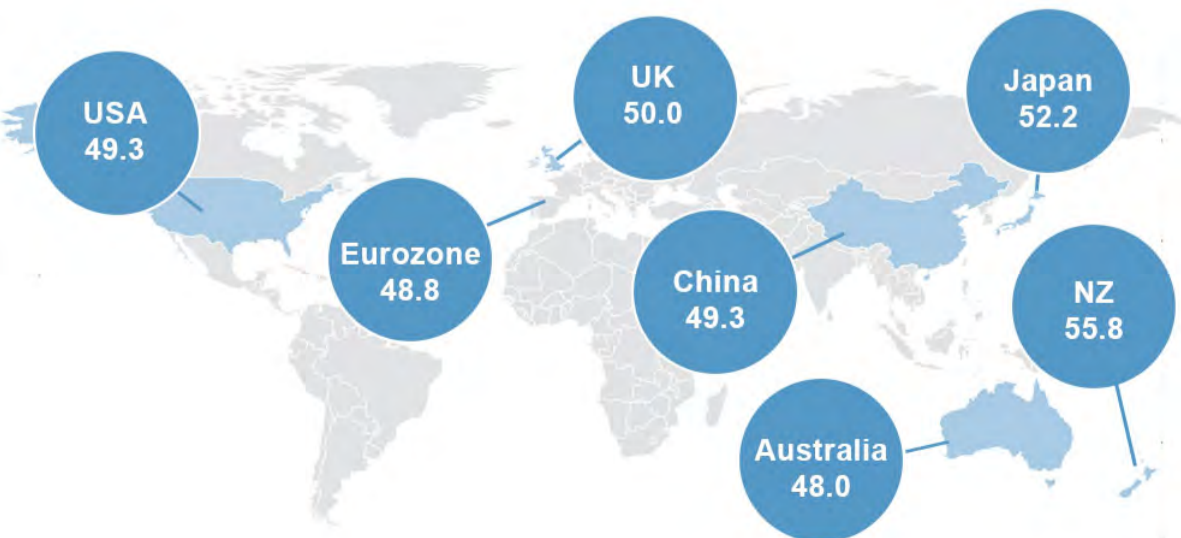


## International Results

JP. Morgan Global Manufacturing PSI™

05 Oct 2022

**49.7**



**BNZ – BUSINESSNZ  
PERFORMANCE OF  
COMPOSITE INDEX**

**55.4**

GDP-Weighted Index

**54.4**

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 show lower levels of expansion in September.

The September GDP-Weighted Index (55.4) decreased 2.8 points from August, while the Free-Weighted Index (54.4) fell 3.1 points.

**BNZ – BusinessNZ PCI Time Series**

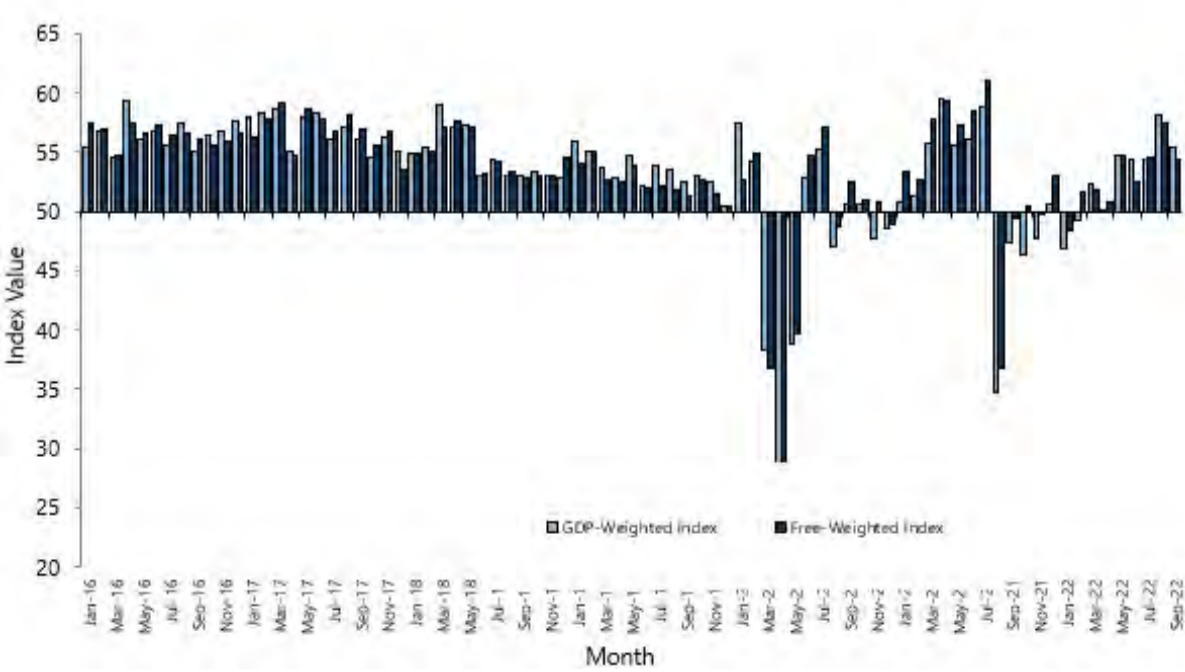
The results are seasonally adjusted.

National Indices	Sep 2021	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022
GDP-Weighted Index	47.4	54.7	54.4	54.4	58.2	55.4
Free-Weighted Index	49.5	54.8	52.5	54.5	57.5	54.4

[VIEW THE PSI TIME SERIES DATA](#)

**BNZ – BusinessNZ PCI Time Series**

January 2016 – September 2022



## 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.



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## Our Contributors

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



17 October 2022



## PSI

Broadly speaking, the Performance of Services Index (PSI) stayed strong in September. While its seasonally adjusted result, of 55.8, couldn't match the bumper 58.6 result of August, it kept comfortably above its long-term norm, nonetheless. And, unlike what we saw for the PMI in September, new orders/business persisted not just above the 50 breakeven level but, at 62.9 (from a mammoth 66.6 in August), remained well above trend. Activity/sales (59.2) were also very much on the strong side of normal in September. However, employment (50.5) remained about flat while there were signs that supply was still an issue, in the fact the supplier/deliveries index was stalled at 49.7.

## Industry features

While the PSI's industry detail remained varied, a greater majority of it struck an expansive tone in September (based on the unadjusted indices given). Leading the way – for the fourth month running – was Cultural, Recreation & Personal, with a huge 80.0. Relaxed COVID settings and the opened border are clearly reaping ongoing rewards. That said, the index on Accommodation, Cafes & Restaurants slowed to 54.2, from 60.6. Notably, the 64.1 result for Retail Trade accorded with the big gain in September's electronic card transactions. But there was also a curious contrast, in that Wholesale Trade picked up to a hefty 67.5, while Transport & Storage slowed to 37.5.

## Comparison/contrast to the QSBO

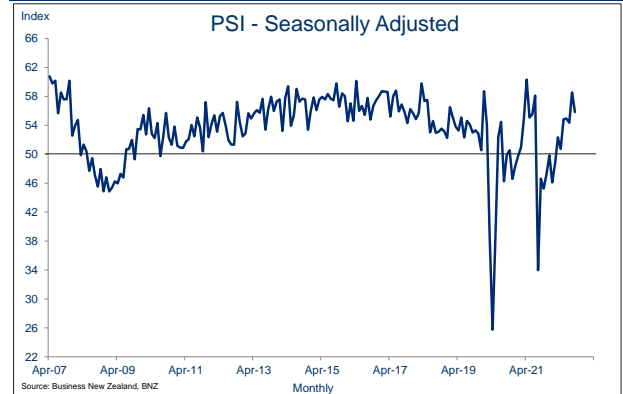
While the PSI gave a very upbeat message about services growth through the September quarter, this was not quite what respondents to the latest NZIER Quarterly Survey of Business Opinion (QSBO) parlayed. The latter suggested a slow patch in Q3 activity and more of the same expected for Q4. The QSBO went on to show that service sector firms were relatively downbeat on the general economic outlook, expected cost and price pressures to persist in size, felt profits were under pressure, had mixed views on investment, but held a decidedly positive view toward employment (amid great ongoing difficulty in finding staff).

## Growth implications

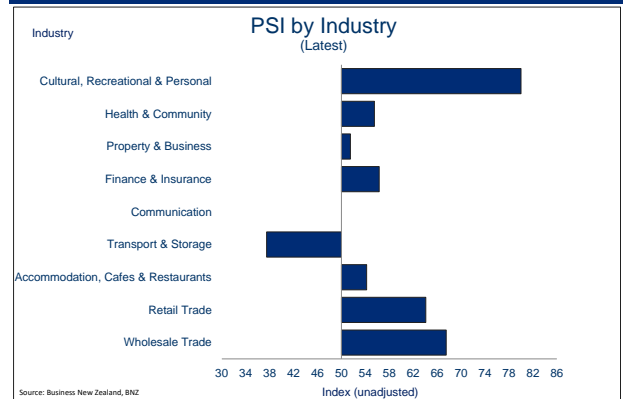
Taken at face value – and combined with the slower PMI for September – the latest PSI forms a picture of decent economic expansion for Q3. The composite PCI held together at 54.4 in free-weighted terms, while the GDP-weighted composite came in at 55.4, from 58.2 in August. These marry with our view that Q3 GDP increased about 1.0%. The composites would also appear to favour the Reserve Bank's expectations, as it mentioned at its October policy meeting that "recent indicators suggest that domestic activity in the September quarter may have been slightly stronger than previously assumed."

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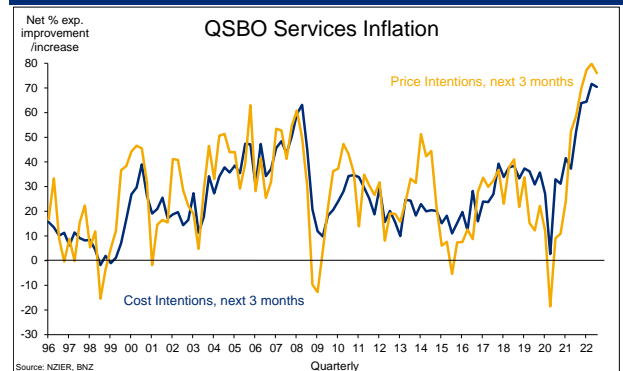
## Still Strong



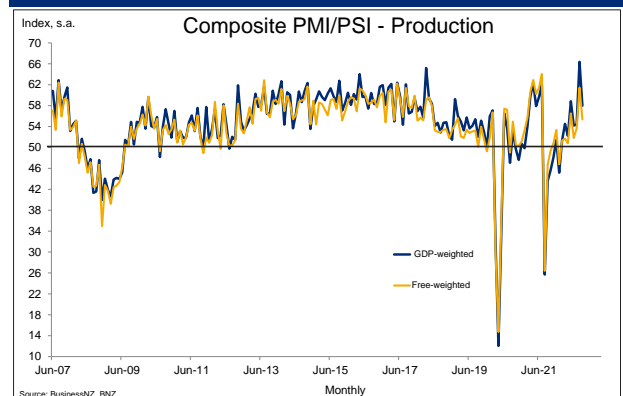
## From Most to More



## Supply/Inflation Pressures Still Intense



## Far From Recession



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