

BNZ – BUSINESSNZ PERFORMANCE OF MANUFACTURING INDEX

Tougher times

16 Dec 2022

47.4

November

-1.7

Monthly Change

contracting

faster rate

New Zealand’s manufacturing sector saw deeper levels of contraction in November, according to the latest BNZ - BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted PMI for November was 47.4 (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 1.7 points lower than October, and the first time the PMI has shown consecutive months of contraction since the first nationwide lockdown in 2020.

BusinessNZ’s Director, Advocacy Catherine Beard said that overall activity levels in New Zealand are now starting to mirror the global trend of contraction, which may indicate a tough start to 2023 for manufacturers.

“For the main sub-index results, New Orders (41.8) have now experienced three consecutive months of contraction, while Production (49.6) dipped slightly lower than the October result. Finished Stocks (56.1) continued to push upwards, while Deliveries (50.7) decreased 4.7 points from the previous month”.

Manufacturers have continued with a more negative mindset, with the proportion of negative comments at 58.4% for November. However, this was down from 61.6% for October and 61.5% for September. Manufacturers noted a general slowdown of conditions both domestically and overseas, as well as persistent labour shortages, particularly for skilled staff.

BNZ Senior Economist, Craig Ebert stated “it’s been quite the sag in the PMI, compared to just three months ago when everything appeared positive. Of course, the PMI can dive down to the 40-zone when things get recessionary. And November’s result wasn’t that awful. That said, it also had componentry showing a negative dynamic at play”.

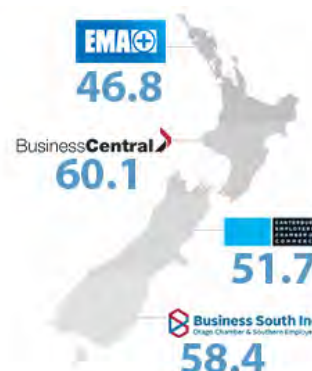


Catherine Beard
Director, Advocacy
BusinessNZ

Main Indicies



Regional Results



[VIEW THE TIME SERIES DATA](#)



Manufacturing Snapshot

PMI weakens

Hold the phone. November's Performance of Manufacturing Index (PMI) dipped further into negative territory, overall, and twisted more the wrong way around, in its key componentry. The PMI eased to a seasonally adjusted 47.4 in November, from 49.1 in October, the first contractionary, below-50, reading since the Delta lockdowns of August last year. This is a far cry from just three months ago when everything appeared positive.

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Forward orders going backwards

Of course, the PMI can dive down to the 40-zone when things get recessionary. And November's result wasn't that awful. That said, it also had componentry showing a negative dynamic at play. Notably, new orders sank to 41.8, from 44.4. It doesn't get much worse than this. In fact, it raises the prospect of production – which, at 49.6 in November was about flat for the second month running – soon falling the red. In view of this, the build-up in stocks of finished products during November, up at 56.1, wore a negative interpretation. A souring undercurrent was also evident in the PMI's employment index, which fell further to 46.7, from 48.7.

[Read more](#)

Not all bad

Five of the nine industry classifications registered a positive index in November (in unadjusted terms), with machinery & equipment leading the way with a whopping 63.1. Representing the negative side of the ledger were wood & paper products, at a miserable 38.4, while printing, publishing & recorded media registered 41.3. A lot of the feedback still lamented supply/staffing/COVID issues. However, reservations were also surfacing re demand and orders, including via global channels.

[Read more](#)

Global struggles intensify

The manufacturing industry is clearly slowing down internationally. Indeed, the global PMI shrank to 48.8 in November, from 49.4 in October. This involved contractionary readings across the US (49.0), Eurozone (47.1), UK (45.5), Japan (49.0) and China (48.0), and included a production index slipping to 47.8, new orders at 46.8 and new export orders languishing at 46.2.

[Read more](#)



Craig Ebert

Senior Economist, BNZ

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[VIEW FULL BNZ MANUFACTURING SNAPSHOT](#)

Sponsor Statement

BNZ is delighted to be associated with the Performance of Manufacturing Index (PMI) 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 manufacturing sector.

[View Website](#)

PMI Time Series Table

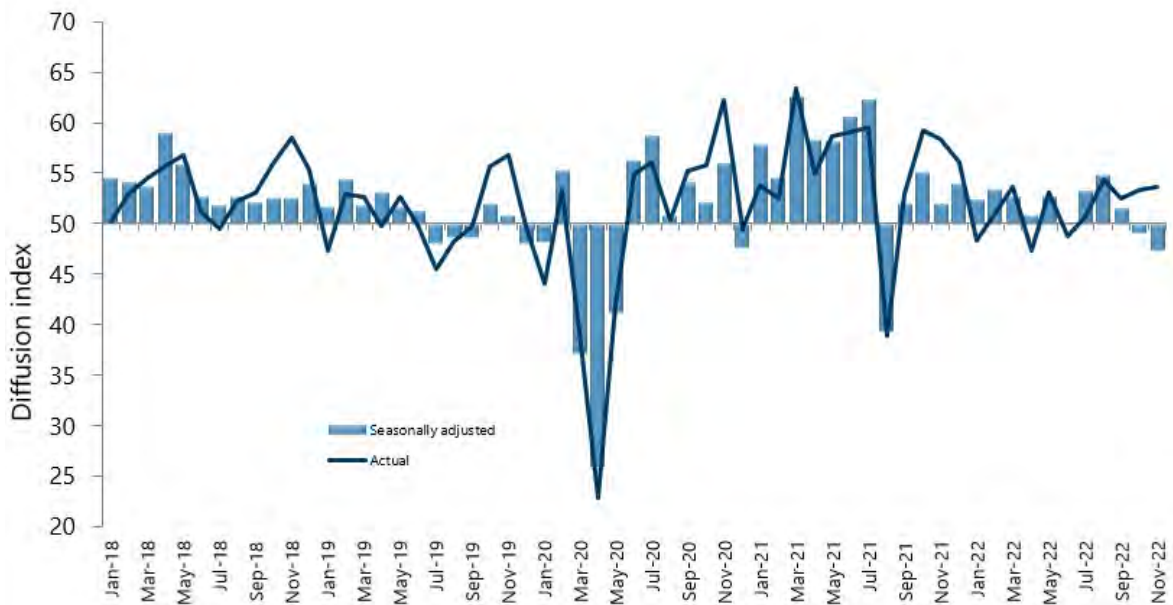
The results are seasonally adjusted.

National Indices	Nov 2021	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022
BNZ - BusinessNZ PMI	52.0	53.3	54.9	51.6	49.1	47.4
Production	53.5	50.4	54.4	51.7	49.9	49.6
Employment	49.2	52.7	53.4	51.5	48.7	46.7
New Orders	56.9	50.7	59.7	48.0	44.4	41.8
Finished Stocks	48.4	49.8	52.3	55.4	55.0	56.1
Deliveries	46.5	50.1	54.0	54.5	55.4	50.7

[VIEW THE TIME SERIES DATA](#)

BNZ - BusinessNZ PMI Time Series

January 2018 – November 2022

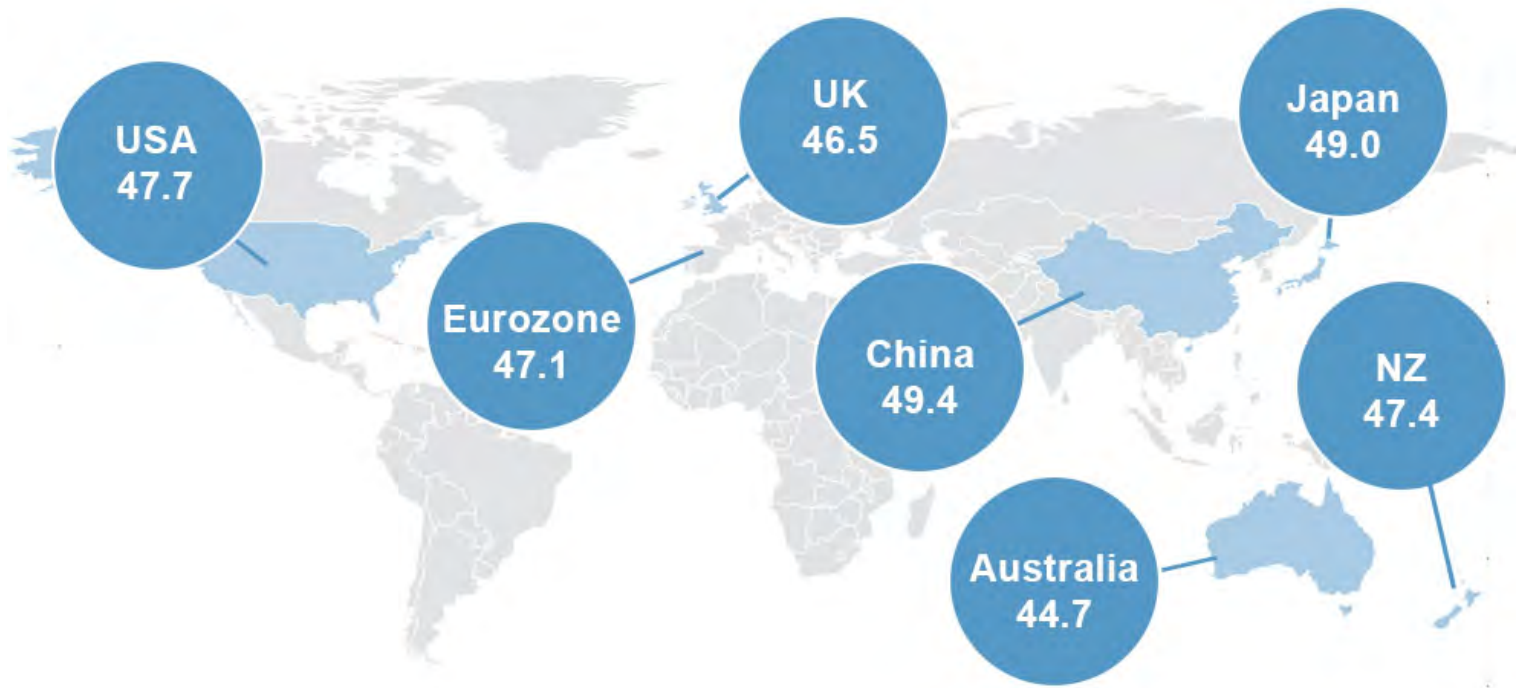


International Results

J.P. Morgan Global Manufacturing PMI™

01 Dec 2022

48.8



About the PMI

The BNZ - BusinessNZ Performance of Manufacturing Index is a monthly survey of the manufacturing sector providing an early indicator of activity levels. A PMI reading above 50 points indicates manufacturing activity is expanding; below 50 indicates it is contracting. The main PMI and sub-index results are seasonally adjusted.

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



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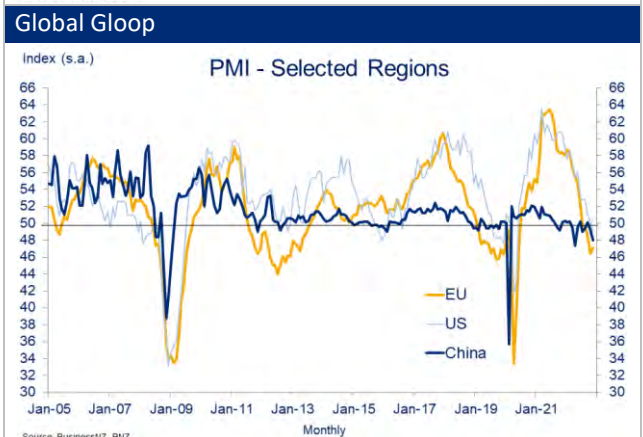
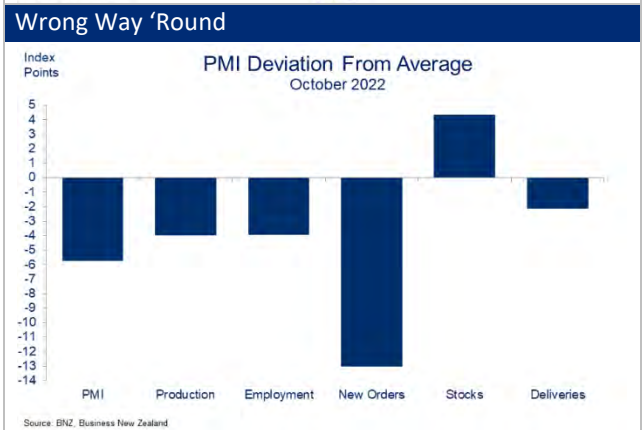
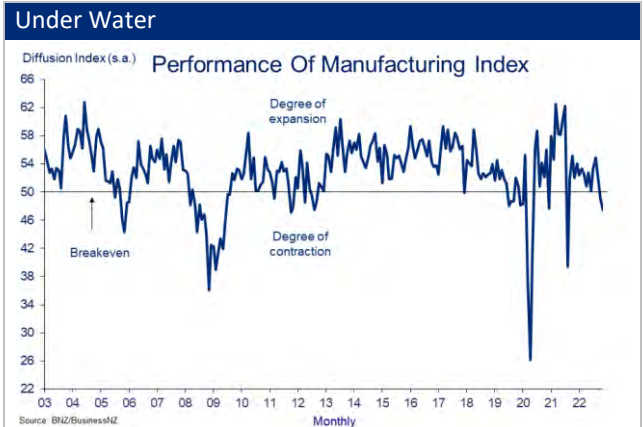
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