

Media release
14 February 2013

Back in black

New Zealand's manufacturing sector started 2013 with an encouraging result, according to the latest BNZ - BusinessNZ Performance of Manufacturing Index (PMI).

The seasonally adjusted [PMI for January was 55.2](#) (a PMI reading above 50.0 indicates that manufacturing is generally expanding; below 50.0 that it is declining). This was 4.8 points up from December and the highest result since May 2012. Compared with previous January results, this was the highest since 2007.

BusinessNZ's executive director for manufacturing Catherine Beard said that the January result was heartening, and in various respects reflected the nuances of New Zealand's manufacturing sector at present.

"Recent headlines have concentrated on various job losses in the sector. This is also reflected in our employment index, which has remained in contraction for eight consecutive months. However, what we are seeing with the broader results is that job losses do not equate with overall declines in activity, as three of the last four months have shown growth in the sector. Also, a healthy lift in new orders for January, along with continued recovery work in the Canterbury region, should assist production levels in the months ahead.

"Obviously, it is too early to provide any indication whether 2013 looks set to be a better year for New Zealand manufacturers than 2012. However, looking more broadly, the JPMorgan Global Manufacturing PMI was at a ten month high in January, with expectations that this may strengthen further in the next few months.

BNZ Economist Doug Steel said, 'While positivity seems to be increasing among those associated with the much anticipated lift in domestic construction activity, there was growing anxiety among those that supply the slowing Australian economy. Still, overall, it was good to see the manufacturing sector advance in the first month of the year.'

Four of the five seasonally adjusted main diffusion indices were in expansion for January, with *production* (57.7) leading the way, closely followed by *deliveries* (57.6). *Finished stocks* (56.1) recovered from its decline in the previous month to record its highest value since October 2007. *New orders* (55.8) also recovered from a decline to record a level of expansion equal to that of May 2012. In contrast, *employment* (48.4) fell back from December, and has now remained in contraction for eight consecutive months.

Two of the four regions experienced expansion in January. The *Canterbury/Westland* region (54.6) led the way with an increase in expansion from December, with production and deliveries particularly strong. The *Northern* region (50.7) also showed expansion, recovering from its dip into decline for December. While the *Central* region (49.9) recovered somewhat from the previous month, its value for January represented all but no change for the current month. The *Otago/Southland* region (48.1) fell back after two strong months to record its first decline since September 2012.

Click [here](#) to view the January PMI.

Click [here](#) to view seasonally adjusted & unadjusted time series

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PMI results are available on www.businessnz.org.nz under 'PMI Reports'. For more information or assistance with data interpretation, contact Stephen Summers, ph 04 496 6564, ssummers@businessnz.org.nz. The BNZ - BusinessNZ PMI (performance of manufacturing index) draws on the depth of member companies associated with BusinessNZ: Employers and Manufacturers Association, Business Central, Canterbury Employers' Chamber of Commerce and Otago Southland Employers Association. The survey is sponsored by Bank of New Zealand Ltd.

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