

MANUFACTURING CONDITIONS CONTINUE TO PROSPER

FOR THE MONTH OF NOVEMBER 2002

The ANZ-Business NZ Performance of Manufacturing Index (ANZ-Business NZ PMI) is a regular monthly survey that is specifically targeted at the manufacturing sector and provides an early indicator of activity levels. The ANZ-Business NZ PMI contains data obtained through Business New Zealand's five regional organisations; Employers and Manufacturers' Association (Northern), Employers and Manufacturers' Association (Central), Canterbury Employers' Chamber of Commerce, Canterbury Manufacturers' Association and Otago Southland Employers' Association. When interpreting the data, a PMI reading above 50 points indicates that manufacturing is generally expanding, while below 50 indicates that it is declining. The distance from 50 indicates the strength of expansion or decline.

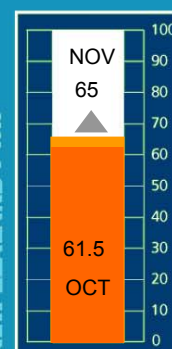
KEY FINDINGS

- The ANZ-Business NZ Performance of Manufacturing Index was 65.0 for the month of November. This was up 3.5 points from October and continues growth in the series since it began in August.
- All five component indexes showed higher levels of expansion, with production having the highest value (69.8), closely followed by new orders (69.4). The employment and stocks of finished products indexes recorded the lowest values, although both still indicated expansion (i.e. over 50.0).
- All manufacturing industry sectors continued to show expansion for the month of November, although the printing, publishing & recorded media and metal product manufacturing sectors had lower values than in October.
- Three out of the four regions recorded higher index values relative to October, with the Central region showing the strongest expansion (67.1).
- Firms of all sizes recorded expansion for the month of November, with medium-large sized firms (those with 51-100 workers) showing the strongest expansion (67.8).
- An improvement in weather conditions and increased orders were two positive comments made by manufacturers for business activities during the last three months. The Christmas season continued to provide firms with higher levels of sales and orders, with further orders flowing in from overseas. However, the recent drought and bush fires in Australia have lowered some firms' confidence regarding exports to Australia, while the upward movement of the New Zealand dollar is becoming more of a concern for the future.

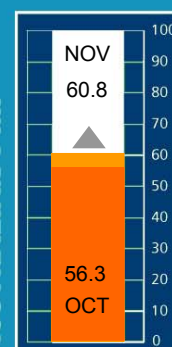
PRODUCTION

- The ANZ-Business NZ Production diffusion index increased 5.2 points from October to reach 69.8 for the month of November, and was the highest of the five diffusion indexes.
- All industry sectors showed expansion in production, with eight of the nine sectors having index values above 60. The textile, clothing, footwear & leather manufacturing sector had the lowest value at 55.3, but still indicated expansion.
- The Northern region had the highest production index value (72.2), while no other region had a value below 60.
- Firms of medium-large size had the highest value for production levels at 71.8.

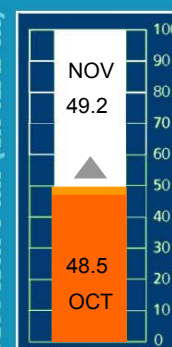
NEW ZEALAND PMI



AUSTRALIAN PMI



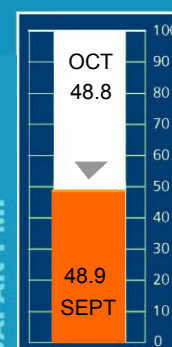
USA ISM PMI (ex NAPM)



EUROZONE PMI



JAPAN PMI



EMPLOYMENT

- The ANZ-Business NZ Employment diffusion index was 57.8 for the month of November, an increase of 2.2 points from October.
- The 'other' manufacturing industry group had the highest employment index value at 65.0, while all other sectors also showed expansion.
- The Central region had the highest employment value for November (62.3), followed by the Otago/Southland region (60.0).
- All firms by size showed expansion for November, with medium-large sized firms again having the highest value at 60.9.

NEW ORDERS

- The ANZ-Business NZ New Orders diffusion index rose 3.9 points in November to 69.4. For the first time new orders was not the highest diffusion index value, being pipped on this occasion by production.
- Eight out of the nine manufacturing industry sectors showed expansion, while the textile, clothing, footwear & leather manufacturing sector recorded no change.
- Three out of the four regions had higher new order index values than in October, although the Canterbury/Westland region decreased 11.2 points to 60.9.
- Firms of medium-large size continued to perform the best of all firms by size during November, recording strong expansion at 76.4. All other firm sizes had values above 60.

FINISHED STOCKS

- The ANZ-Business NZ Finished Stocks diffusion index rose to the same level as September, reaching 56.0 for the month of November. However, it was still the lowest overall component index for the November month.
- Only the 'other' manufacturing industry sector recorded a decline during November (47.5), while all other sectors showed expansion. The food, beverage & tobacco manufacturing sector recorded the strongest expansion at 60.7.
- The Otago/Southland region recorded no change in finished stocks, while the other three regions all showed expansion.
- Micro-sized firms (those with 1-10 workers) went from recording no change in October, to having the highest value during November (61.3). Medium-large sized firms recorded a slight decline (48.2), although a high level of new orders for these probably indicates that supply is not keeping up with demand.

DELIVERIES

- The ANZ-Business NZ Deliveries of Raw Materials diffusion index increased 2.8 points to 63.6 in November.
- Eight out of the nine industry sectors showed expansion in deliveries, with the food, beverage & tobacco manufacturing sector recording the highest value (75.0). The 'other' manufacturing sector recorded no change (i.e. exactly 50.0).
- Deliveries of raw materials were again strong in the Otago/Southland region, with the Canterbury/Westland region going from having the highest deliveries value in October (72.7), to the lowest value in November (62.5), although still indicating healthy expansion.
- Firms of large size (those with 101+ workers) had the highest value for deliveries at 76.9, while all other firms by size recorded expansion (i.e. over 50.0).

| National Indexes | Aug 2002 | Sept 2002 | Oct 2002 | Nov 2002 |
|----------------------------|-------------|-------------|-------------|-------------|
| ANZ-Business NZ PMI | 58.2 | 60.5 | 61.5 | 65.0 |
| - Production | 59.6 | 63.8 | 64.6 | 69.8 |
| - Employment | 53.7 | 52.7 | 55.6 | 57.8 |
| - New orders | 61.2 | 64.1 | 65.5 | 69.4 |
| - Finished stocks | 53.3 | 56.0 | 54.8 | 56.0 |
| - Deliveries | 59.1 | 60.9 | 60.8 | 63.6 |

| Regional Indexes* | Aug 2002 | Sept 2002 | Oct 2002 | Nov 2002 |
|----------------------------|-------------|-------------|-------------|-------------|
| ANZ-Business NZ PMI | 58.2 | 60.5 | 61.5 | 65.0 |
| - Northern | 57.7 | 58.1 | 59.6 | 65.4 |
| - Central | 56.6 | 60.3 | 62.3 | 67.1 |
| - Canterbury / Westland | 62.0 | 63.6 | 65.3 | 58.8 |
| - Otago/Southland | 58.9 | 67.0 | 62.5 | 65.2 |
| | | | | |

***Regions (grouped according to Business NZ's associated regional organisations)**

Northern (EMA Northern): Northland, Auckland, Waikato, Bay of Plenty

Central (EMA Central): Gisborne, Hawke's Bay, Taranaki, Manawatu, Wanganui, Wellington, Nelson, Tasman

Canterbury/Westland (CMA and CECC): Canterbury, Marlborough, West Coast

Otago/Southland (OSEA): Otago, Southland

Next PMI (December results): 31 January 2003

WHAT IS THE PMI?

The **ANZ-Business NZ Performance of Manufacturing Index (PMI)** is a seasonally adjusted composite index based on the diffusion indexes for production, new orders, deliveries, inventories and employment, with varying weights.

A **PMI** reading above 50 points indicates that manufacturing is generally expanding; below 50, that it is declining. The distance from 50 is indicative of the strength of the expansion or decline.

SPONSOR STATEMENT

ANZ Banking Group (NZ) Ltd is delighted to be associated with the survey of NZ Manufacturing and Business NZ.

This association brings together the significant experience of leading advocacy body Business NZ and business finance specialist ANZ Banking Group. We look forward to continuing our association with Business NZ and associated regional organisations EMA (Northern), EMA (Central), Canterbury Employers' Chamber of Commerce, Canterbury Manufacturers' Association and Otago Southland Employers' Association, and to playing our part in the ongoing development of New Zealand manufacturing.



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