

The Business NZ Performance of Manufacturing Index (Business NZ PMI) 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.

pmi

Manufacturing Growth Eases for Last Month of 2007

Business NZ PMI for December 2007

- The Business NZ seasonally adjusted PMI for December (53.8) showed manufacturing activity easing back, compared with the strong growth experienced in November (56.7). Comparing all December values, the 2007 result was the second lowest, with only the 2005 result (48.8) showing contraction in activity.
- Unadjusted activity for December showed contrasting results amongst some of the regions. Both South Island regions again recorded strong results, led by the Otago/Southland region (60.9), followed by the Canterbury/Westland region (57.5). For the North Island, the Northern region (52.0) showed only moderate expansion (although third highest result for a December month), while the Central region (44.9) displayed a sizeable level of contraction in activity, which was the third time this had occurred for a December month. The drop in activity for the Central region was evident across all sub-indexes measured.
- All five seasonally adjusted main diffusion indices recorded expansion for the fifth consecutive month, although most results showed a lower level of expansion. *New orders* (55.4) continued to nudge slightly ahead of *production* (55.0) in terms of highest activity recorded, while *finished stocks* (53.5) and *deliveries* (53.4) were almost identical in activity (the later at its lowest level since June). *Employment* (51.8) dropped back from its strong result in November, although was still above its long term average of 51.1.
- Results for the various manufacturing industries were generally positive throughout December. The *food, beverage & tobacco* sector (61.7) led the December results with strong activity to end the year, while the *petroleum, coal, chemical & associated product* sector (54.9) followed with more moderate expansion. The *machinery & equipment* sector (52.3) came back down from its strong activity level in November; with *metal product manufacturing* (47.8) showing a decline due to significant drops in finished stocks, raw materials and employment.
- In comparison with other countries, the Australian PMI in December increased to 57.6, which was due to strong all round growth for key indices. USA (47.7) recorded a decline for the first time since January 2007, in part influenced by those manufacturers closely associated with the US housing market. The latest JPMorgan Global PMI for Manufacturing fell to 51.1, which was its lowest activity level for almost four-and-a-half-years.
- The lower expansion level for December also meant negative comments rose, lifting from 44.5% in November to 54.3% for the current month. The majority of negative comments were associated with the high New Zealand dollar, flat markets and staff shortages.

HIGHLIGHTS

Seasonally-adjusted PMI down 2.9 points from November to sit at 53.8 for December.

All five main indices continued to show expansion, although all were lower than November.

Regional activity was generally positive, with the exception of the Central region.

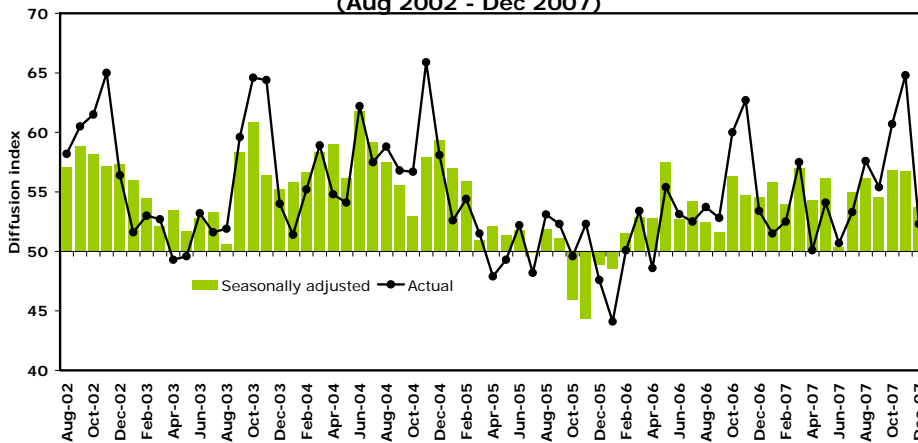
The proportion of negative comments outweighed positive ones, with the high NZ dollar being the dominant factor.

The New Zealand PMI result was behind Australia's, but ahead of the USA and the overall global value.

Next Business NZ PMI: February 14 2008

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Business NZ Performance of Manufacturing Index Time Series (Aug 2002 - Dec 2007)



November time series tables

National Indexes	Dec 2002	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007
Business NZ PMI (s.a)	57.3	55.2	59.3	48.8	54.6	53.8
Production (s.a)	60.2	56.5	63.8	48.7	56.2	55.0
Employment (s.a)	51.9	50.4	55.5	47.4	51.0	51.8
New Orders (s.a)	60.2	56.1	61.0	48.1	57.0	55.4
Finished Stocks (s.a)	52.6	51.7	54.4	54.1	53.7	53.5
Deliveries (s.a)	55.7	57.6	56.1	49.4	55.0	53.4

Regional Indexes	Dec 2002	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007
Business NZ PMI (s.a)	57.3	55.2	59.3	48.8	54.6	53.8
Northern	54.2	51.1	58.8	47.3	51.8	52.0
Central	54.7	48.7	56.8	45.1	50.4	44.9
Canterbury/Westland	58.8	65.3	56.5	54.6	59.4	57.5
Otago/Southland	71.5	54.5	58.2	44.5	59.5	60.9

(s.a denotes seasonally adjusted)

The Business NZ PMI contains data obtained through Business NZ's regional organisations:



Northern (Employers and Manufacturers Association - Northern): Northland, Auckland, Waikato, Bay of Plenty



Central (Employers and Manufacturers Association - Central): Gisborne, Hawke's Bay, Taranaki, Manawatu, Wanganui, Wellington, Nelson, Tasman



Canterbury/Westland (Canterbury Employers Chamber of Commerce): Canterbury, Marlborough, West Coast



Otago/Southland (Otago Southland Employers Association): Otago, Southland.