

## MANUFACTURING ACTIVITY REMAINS STRONG

FOR THE MONTH OF NOVEMBER 2003

The ANZ-Business NZ Performance of Manufacturing Index (ANZ-Business NZ PMI) is a monthly survey of the manufacturing sector providing an early indicator of activity levels. The ANZ-Business NZ PMI contains data obtained through Business NZ's regional organisations: Employers' & Manufacturers' Association (Northern), Employers' & 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 manufacturing is generally expanding; below 50 indicates it is contracting; the distance from 50 indicates the strength of expansion or contraction.

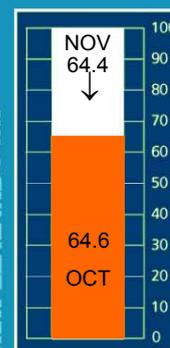
### KEY FINDINGS

- The ANZ-Business NZ Performance of Manufacturing Index stood at 64.4 for the month of November, largely unchanged from October (64.6) and similar to November 2002 (65.0).
- Four of the five component indices showed strong expansion during November, led by *new orders* (69.1) and *production* (66.9). *New orders* and *production* also recorded the strongest expansion for the three months to November. *Employment* recorded its highest value since the survey began (61.2), while *deliveries of raw materials* also showed higher expansion from October to November (63.9). *Finished stocks* fell in November, recording their lowest value since May (51.1), indicating stock depletion in the lead up to Christmas.
- Expansion continued in all sectors during November, particularly in the *metal product* (70.2) and *petroleum, coal, chemical & associated product* (69.6) sectors.
- As in October, all four regions continued to record strong levels of expansion, led by Otago/Southland (73.4) and Canterbury/Westland (69.1). The North Island had slightly lower levels of expansion, with the Central region falling slightly from October to stand at 63.2 and the Northern region easing to 61.3.
- Companies of all sizes showed strong expansion during November, as in October. Medium-sized (51-100 employees) companies led the way (69.0), followed by large (101+ employees) companies (65.9). Comparing 2003 results with those of 2002, only micro- (those with 1-10 employees) and medium-sized firms recorded higher values in November 2003 than November 2002.
- Established and new exporters alike reported difficulties associated with the sharp recovery in the New Zealand dollar. Many firms were trying to fit in extra work as the Christmas wind-down approached.

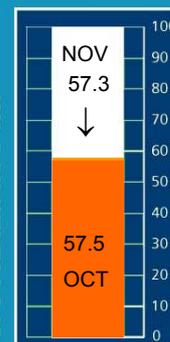
### PRODUCTION

- The ANZ-Business NZ *production* diffusion index fell 4.2 points from October and 2.9 points from November 2002 to stand at 66.9, though still showing strong expansion.
- Most sectors recorded expansion in production during November, with the *petroleum, coal, chemical & associated product* (75.0) and *metal product* (73.0) sectors notably stronger than in October.
- Production during November was particularly strong in Otago/Southland (77.1) and Canterbury/Westland (72.5). The Northern (63.9) and Central (64.9) regions recorded lower values than in October.

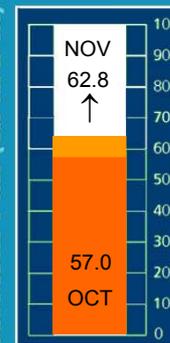
NEW ZEALAND PMI



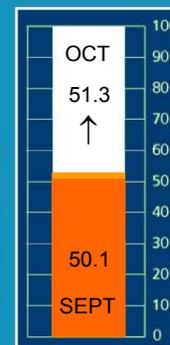
AUSTRALIAN PMI



USA ISM PMI (ex NAPM)



EUROZONE PMI



JAPAN PMI



## EMPLOYMENT

- The ANZ-Business NZ *employment* diffusion index (61.2) increased 6.9 points from October to record its highest value in the survey's 16-month history, although some of that activity may be short-term hiring for a pre-Christmas spike in production. Nevertheless, the November value was 3.4 points higher than in November 2002.
- Most sectors showed moderate to strong levels of expansion in employment during November. The *food, beverage & tobacco* sector had the highest level (70.0), with the *petroleum, coal, chemical & associated product* sector close behind (69.6).
- Otago/Southland had the highest level of expansion in November (75.0), followed by the Central region (60.4), Canterbury/Westland (60.0) and the Northern region (57.6).

## NEW ORDERS

- The ANZ-Business NZ *new orders* diffusion index (69.1) recorded the highest component index value for November, but was nevertheless 1.4 points lower than in October and 0.3 points lower than November 2002.
- The *metal product* (77.0) and *petroleum, coal, chemical & associated product* sectors (73.2) both recorded significant expansion in November. The *food, beverage & tobacco* sector improved slightly from October to stand at 64.0.
- Regions within the North and South Islands recorded almost identical results: Canterbury/Westland (75.0) and Otago/Southland (75.0) had the highest level of expansion in new orders during November, with the Northern (67.4) and Central (67.2) regions not far behind.

## FINISHED STOCKS

- The ANZ-Business NZ *finished stocks* diffusion index fell 4.9 points from November 2002 and 5.0 points from October 2003 to stand at 51.1 for November. This was the lowest component index value for the month and the lowest finished stocks value since May, and is consistent with a run-down of finished goods in preparation for Christmas.
- Most sectors showed a decline in finished stocks during November, with only the *metal product* sector showing strong expansion (60.8).
- Canterbury/Westland (60.0) led the regions with the greatest expansion; results for Otago/Southland (54.2) and the Central region (53.0) were more moderate. Depletion of finished stocks continued in the Northern region (45.8), which recorded a 10.5 point fall in the index from October, its lowest value since December 2002 (45.8).

## DELIVERIES

- The ANZ-Business NZ *deliveries of raw materials* diffusion index increased for the third consecutive month to stand at 63.9. This was 2.6 points up from October and 0.3 points higher than November 2002.
- Most sectors showed strong expansion in deliveries during November, particularly the *metal product* (68.9) and *petroleum, coal, chemical & associated product* (67.9) sectors.
- All regions continued to show expansion in deliveries during November, led by Otago/Southland (75.0).

## WHAT IS THE PMI?

The ANZ-Business NZ Performance of Manufacturing Index (PMI) is a 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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National Indexes	Nov 2002	Sep 2003	Oct 2003	Nov 2003	Regional Indexes*	Nov 2002	Sep 2003	Oct 2003	Nov 2003
ANZ-Business NZ PMI	65.0	59.6	64.6	64.4	ANZ-Business NZ PMI	65.0	59.6	64.6	64.4
- Production	69.8	63.0	71.1	66.9	- Northern	65.4	62.1	64.2	61.3
- Employment	57.8	53.5	54.3	61.2	- Central	67.1	57.0	64.2	63.2
- New orders	69.4	61.8	70.5	69.1	- Canterbury / Westland	58.8	65.2	75.0	69.1
- Finished stocks	56.0	57.5	56.1	51.1	- Otago/Southland	65.2	52.1	59.7	73.4
- Deliveries	63.6	58.7	61.3	63.9					

\*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 ANZ-Business NZ PMI (December results): 30 January 2003