

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.

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Manufacturing Records Further Strong Growth

Business NZ PMI for November 2007

- Although the Business NZ seasonally adjusted PMI for November (57.2) was up only 0.1 points from October, the level of expansion currently recorded shows strong growth in the sector. Comparing all November values, the 2007 result was the third highest, eclipsed only by the 2002 and 2004 results.
- Unadjusted activity for November showed expansion across all regions for the fourth consecutive month. Both South Island regions recorded post-70 values, led by the Canterbury/Westland region (71.8). The Otago/Southland region (70.2) nudged just above 70, while the Central region (63.1) built on activity increases from October. The Northern region (59.7) experienced a slip in expansion, but the value for November was the second highest during 2007. Interestingly, the Central, Canterbury/Westland and Otago/Southland regions all produced levels of expansion not recorded since October/November 2003.
- All five seasonally adjusted main diffusion indices recorded expansion for the fourth consecutive month. Three diffusion indices showed increased expansion from October, with *new orders* (58.9) leading the way with its highest value since October 2006. This was closely followed by *production* (58.6), while *employment* (56.1) recorded its highest value since November 2003. In contrast, both *finished stocks* (52.8) and *deliveries of raw materials* (57.6) eased their level of expansion from October.
- Results for the various manufacturing industries were positive throughout November, with some sectors showing significant activity. The *petroleum, coal, chemical & associated product* sector (73.8) continued to build on strong activity and led for November. The *food, beverage & tobacco* sector (72.1) recorded its high ever level of expansion since November 2002, due to very high production activity. Also, the *machinery & equipment* sector (68.3) produced its highest result in over three years, largely due to strong demand for new orders.
- In comparison with other countries, the Australian PMI in November (53.8) continued to lag behind the level of activity for New Zealand, while USA (50.8) remained around the level of 'no change'. Both the Eurozone (51.5) and Japan (49.5) values for October again showed only moderate growth, while the latest JPMorgan Global PMI for Manufacturing stood at 51.9.
- There was a significant swing in favour of positive comments for November, with 55.5% of manufacturers mentioning positive influences on activity, compared with only 46.9% in October. The majority of positive comments related to Xmas sales, along with general increased demand for products and finding new markets.

HIGHLIGHTS

Seasonally-adjusted PMI up 0.1 points from October to sit at 57.2 for November.

All five main indices continued to show expansion, with employment displaying its highest value since November 2003.

Regional activity was strong throughout the country, again led by the South Island.

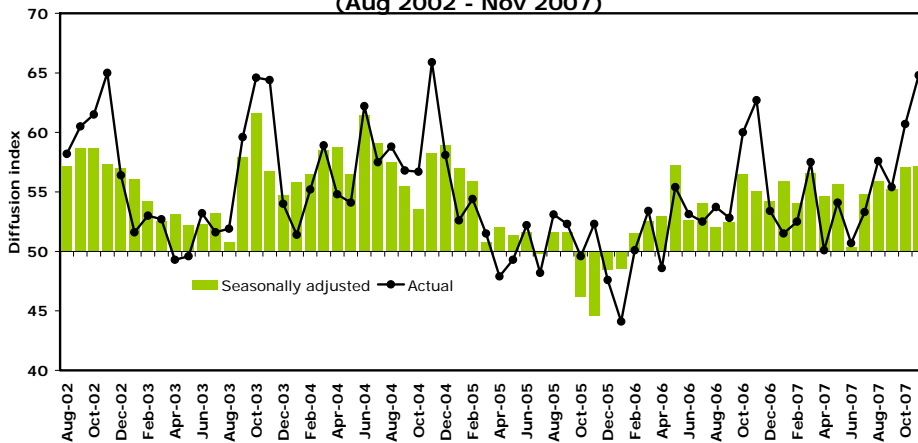
The proportion of positive comments outweighed negative comments, with Xmas sales and new markets dominating specific comments.

The New Zealand PMI continued to exhibit stronger expansion compared with its Australian equivalent.

Next Business NZ PMI: January 24, 2008

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



November time series tables

National Indexes	Nov 2002	Nov 2003	Nov 2004	Nov 2005	Nov 2006	Nov 2007
Business NZ PMI (s.a)	57.3	56.7	58.2	44.6	55.0	57.2
Production (s.a)	59.8	56.9	59.3	43.4	57.7	58.6
Employment (s.a)	53.0	56.4	53.4	46.4	50.1	56.1
New Orders (s.a)	60.8	60.6	61.4	44.1	56.7	58.9
Finished Stocks (s.a)	51.8	46.8	55.0	49.3	54.1	52.8
Deliveries (s.a)	57.5	57.8	60.9	44.1	56.5	57.6

Regional Indexes	Nov 2002	Nov 2003	Nov 2004	Nov 2005	Nov 2006	Nov 2007
Business NZ PMI (s.a)	57.3	56.7	58.2	44.6	55.0	57.2
Northern	65.4	61.3	68.0	50.7	63.1	59.7
Central	67.1	63.2	62.2	57.7	61.5	63.1
Canterbury/Westland	58.8	69.1	61.0	54.3	64.3	71.8
Otago/Southland	65.2	73.4	67.9	46.5	61.8	70.2

(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.

BUSINESS NZ PERFORMANCE OF MANUFACTURING INDEX

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