

The Business NZ Performance of Services Index (Business NZ PSI) is a monthly survey of the services sector providing an early indicator of activity levels. A PSI reading above 50 points indicates services activity is expanding; below 50 indicates it is contracting.

psi

## Steady expansion in the service sector

### Business NZ PSI for October 2007

- The seventh monthly Business NZ Performance of Services Index (PSI) stood at 58.4 for October. This value represented the second consecutive dip in the level of expansion, although very consistent with previous values during 2007. Since the survey began in April, values have ranged between 55.2-59.4, with an average value of 58.1.
- For the third consecutive month, all five diffusion indices that make up the PSI continued to exhibit expansion. *New orders/business* (66.0) again led the way, with its highest value recorded. The remaining indices were also largely similar to the previous month, with three of the other four dipping slightly in October.
- Activity by region was particularly strong in the top half of the North Island, with the Northern region (60.4) leading the October values with its highest recorded result. At the opposite end, both the Central (54.7) and Otago/Southland (55.3) regions experienced their lowest results.
- Most service sectors again showed expansion during October, with *wholesale trade* (65.8) continuing to dominate, and exhibiting their strongest result. *Property & business services* (60.2) was the only other sector to produce a post-60 figure, while *accommodation, cafes & restaurants* (48.4) slipped back to a small decline after three months of moderate expansion.
- The dip in the rate of expansion was also reflected in the fall of positive comments received during the current month, which fell from 56.7% in September to 52.0% in October. Compared with the same time last year, activity for those with negative comments for October worsened slightly at 3.3\*, while those enjoying positive activity continued to record an overall score of 2.3. Overall, the national result for activity compared with 2006 stood at 2.8, compared with 2.7 in September.

### HIGHLIGHTS

**Activity level for the service sector stood at 58.4 in October, slightly below September's result.**

**New orders/business (66.0) was again the leading index, while most other indices lost ground from the previous month.**

**Activity was particularly strong in the top half of the North Island.**

**The proportion of positive comments fell back to 52% in October.**

**Next Business NZ PSI: December 17 2007**

National Indexes	July 2007	Aug 2007	Sep 2007	Oct 2007
<b>Business NZ PSI</b>	<b>55.2</b>	<b>59.4</b>	<b>59.0</b>	<b>58.4</b>
Activity/Sales	56.4	63.5	60.7	58.7
Employment	51.7	54.4	53.1	52.2
New Orders/Business	61.8	65.4	65.4	66.0
Stocks/Inventories	49.4	50.6	57.1	56.7
Supplier Deliveries	51.9	56.5	56.8	57.0

Regional Indexes	July 2007	Aug 2007	Sep 2007	Oct 2007
<b>Business NZ PSI</b>	<b>55.2</b>	<b>59.4</b>	<b>59.0</b>	<b>58.4</b>
Northern	57.6	59.9	58.7	60.4
Central	55.3	58.2	56.5	54.7
Cant/Westland	49.1	59.4	61.2	59.6
Otago/Southland	55.9	58.4	61.9	55.3

### PARTICIPANTS

Business NZ gratefully acknowledges the participation of the following associations in contributing to the PSI:

- Employers & Manufacturers Association (Northern)
- Employers & Manufacturers Association (Central)
- Canterbury Employers' Chamber of Commerce
- Otago Southland Employers Association
- Hospitality Association of New Zealand
- New Zealand Retailers Association
- Tourism Industry Association New Zealand

\* Respondents are asked for a score from 1-5, where 1= large rise and 5= large fall.