

# Manufacturing Snapshot

10 February 2023

## PMI

New Zealand’s manufacturing base appears to have reclaimed a sense of stability. The Performance of Manufacturing Index (PMI) printed at 50.8 in January, after a string of sub-50 results over October, November and December, that averaged 48.1. The lift in January was reflected across all the principal components. Production rebounded to a seasonally adjusted 52.1, while employment retrieved a moderately expansive tone, with 51.0. The new orders index improved too but, at 48.8 in January, was left trailing in contraction territory (and was well below its long-term average of 54.8).

## Mixed by industry

Mixed messages also emanated from other lenses on the PMI. By sub-industry, only two (of the seven) scored positive results in January, namely food, beverage & tobacco (57.1) and non-metallic mineral product (53.8). Admittedly these indices are not seasonally adjusted (and the unadjusted PMI tends to be depressed in January). Still, the wide spectrum of results for the month, across industries, gave the impression of choppiness rather than cordiality. It’s hard to imagine the 28.8 reading on the miscellaneous “other” category was seasonality, nor the lowly 36.5 for textiles, clothing, footwear & leather.

## Regional aspects

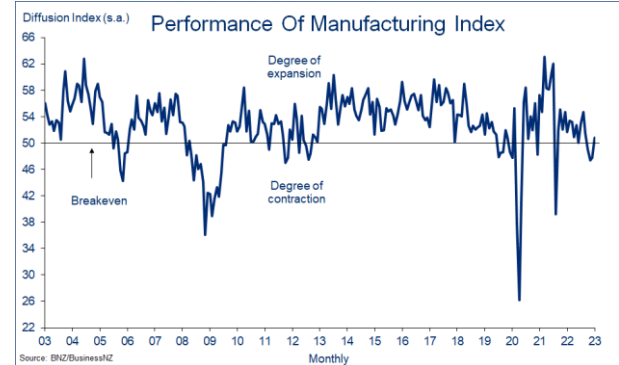
There was also something of a spread in the regional breakdown of January’s PMI (based also on unadjusted figures). Otago/Southland led the way with 53.4, Central lagged with 43.5, Canterbury/Westland posted 48.3, while Northern recorded 46.8 (after a very weak 38.5 in December). It’s hard to know if, and how, the latter result was affected by the late-month flooding in that region, but it’s something we’ll keep watching for in the PMI series.

## Lessened global gloom

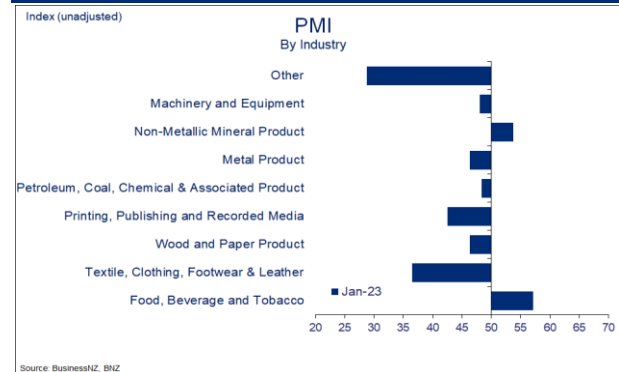
By improving to the vicinity of steadiness in January, New Zealand’s PMI wasn’t all that different to what the global PMI did in the month. The latter edged up to a seasonally adjusted 49.1, from 48.7 in December. This was assisted by China’s PMI improving to 50.1, from 47.0 in December – as the country’s longstanding zero-COVID policy was dropped. To be sure, the latest global PMI readings are not what you’d call encouraging. However, as spending (and inflation) shows signs of shifting out of goods and towards services, forecasters have, over recent months, tended to lessen the economic downturns they forecast for 2023.

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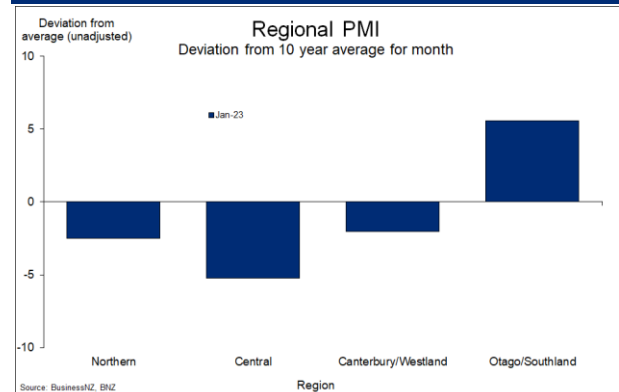
### A Toehold on Stability



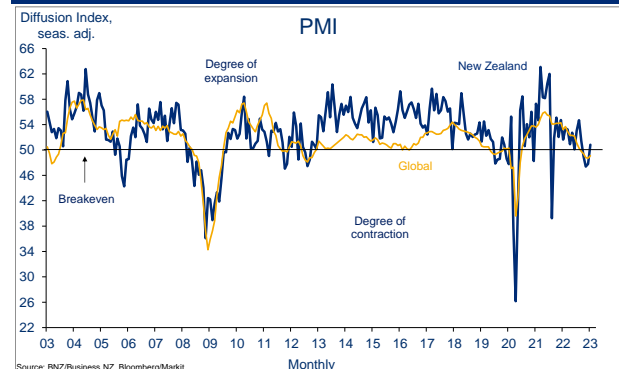
### A Raw Mix



### Alert to Flooding Impacts



### Hanging in There



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