

# Manufacturing Snapshot

12 June 2026

## Hanging in there!

New Zealand's manufacturing sector refuses to turn turtle. Somehow, battered by a combination of a broken construction sector, wilting consumer confidence, surging energy costs and the rising cost of fuel-impacted inputs, the manufacturing sector is continuing to fight on. Sure, the headline PMI was a smidgen below the magical 50 mark at 49.9 but it remains well above the depths recorded in 2023/24, and four of the five components that make up the PMI are actually in the black.

## Solid sales volumes in Q1

We suspect a lot of the relative optimism stems from what appears to have been a solid first quarter for the New Zealand economy. Indicative of this, Tuesday's business financial data revealed that manufacturing sales volumes rose 3.6% over the period. The question is how much of this increase can be sustained as the year wears on.

## But deterioration is now clear

The PMI does not provide significant information about the way ahead but it tells us a lot about the here and now. Unfortunately, the only conclusion one can reach about this is that conditions are getting tougher by the month. We note that the headline PMI is at its lowest level since June 2025. Moreover, the average level for the three months ended May was 4.2 points down on the previous three-month period. This was the sharpest drop in this series since the COVID turmoil. Potentially particularly disconcerting is the fact that, when compared to long term averages, new orders are the weakest component but stocks are the strongest. This is bad news for future production.

## No growth in jobs

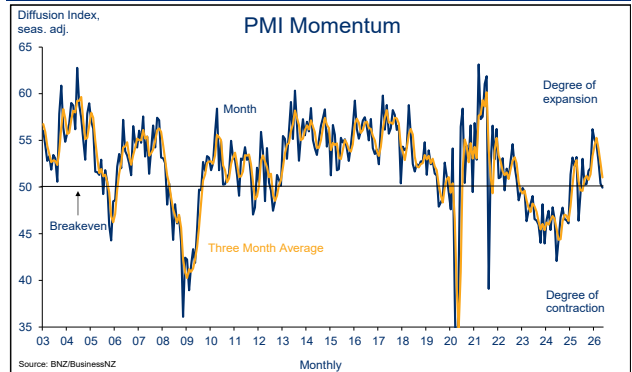
Also worrying is that the employment indicator sat at just 49.6. This is consistent with no growth in manufacturing employment and supports our view that there is further upward pressure on the country's unemployment rate.

## Still hope

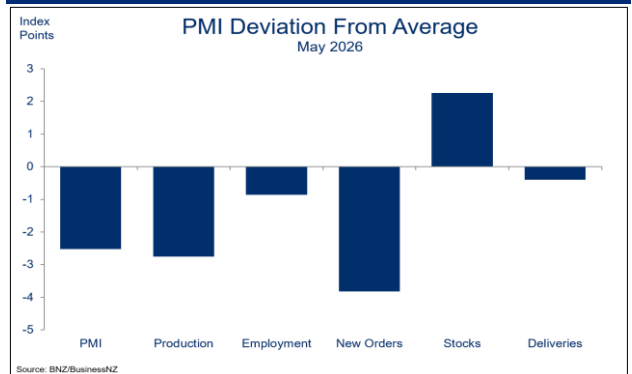
Inevitably the manufacturing sector performs very much in line with the broader economy. This being so we believe the sector is likely to go through a flat patch during winter but Middle East-willing, we still think the broader economy can pick up some momentum at the tail end of this year so there is no reason to believe manufacturing will be an exception.

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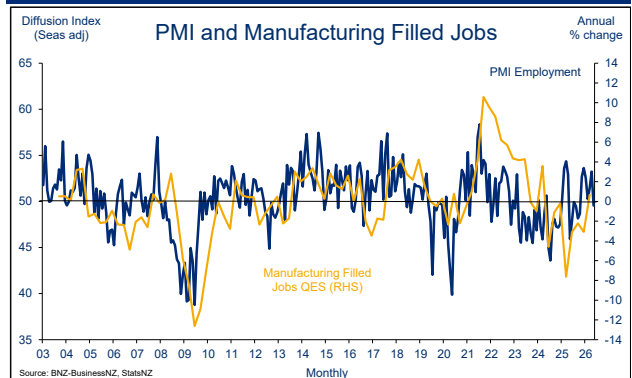
### Still alive and kicking



### Excess inventories?



### Job growth stalled



### Hope springs eternal



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