

## Service sector expansion eases in December

### Business NZ PSI for December 2007

- The December Business NZ Performance of Service Index (PSI) stood at 53.9, down 8.7 points from November. The December value was the lowest recorded for the survey since it began in April 2007. Over that time, values have ranged between 53.9-62.6, with an average value of 58.1.
- All five diffusion indices that make up the PSI continued to exhibit expansion, although all recorded lower values than November. *New orders/business* (59.2) again led the way, but experienced its first sub-60 result. The remaining indices displayed moderate expansion, with supplier deliveries (50.3) close to no-change.
- Activity by region was lower for all, although three of the four continued in expansionary mode. The Canterbury/Westland region (56.3) led the December values for the first time, while its regional neighbour, Otago/Southland (44.7), displayed its first decline. Both North Island regions showed moderate growth, compared with post-60 results in November.
- Most service sectors continued to show expansion during December, although *wholesale trade* (47.5) fell back strongly from previous months. *Transport & storage* (65.4) led the way in December, followed by *accommodation, cafes & restaurants* (62.0) which built on its strong result the month before. The only other sector to show any decline was *property & business services* (49.3).
- The downwards movement on the rate of expansion was also closely mirrored in the fall of positive comments received during the current month, which fell from 61.3% in November to 50.2% in December. Compared with the same time last year, activity for those with negative comments for December predictably worsened to 3.3\*, while those enjoying positive activity on balance experienced a rise at 2.3. Overall, the national result for activity compared with 2006 stood at 2.8, compared with 2.5 in November.

National Indexes	Sep 2007	Oct 2007	Nov 2007	Dec 2007
<b>Business NZ PSI</b>	<b>59.0</b>	<b>58.4</b>	<b>62.6</b>	<b>53.9</b>
Activity/Sales	60.7	58.7	65.9	53.7
Employment	53.1	52.2	57.6	51.1
New Orders/Business	65.4	66.0	67.2	59.2
Stocks/Inventories	57.1	56.7	63.6	53.4
Supplier Deliveries	56.8	57.0	57.3	50.3

Regional Indexes	Sep 2007	Oct 2007	Nov 2007	Dec 2007
<b>Business NZ PSI</b>	<b>59.0</b>	<b>58.4</b>	<b>62.6</b>	<b>53.9</b>
Northern	58.7	60.4	64.1	55.2
Central	56.5	54.7	61.9	52.4
Cant/Westland	61.2	59.6	59.6	56.3
Otago/Southland	61.9	55.3	62.0	44.7

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

### HIGHLIGHTS

**Activity level for the service sector stood at 53.9 in December, down 8.7 points from the November result.**

**New orders/business (59.2) was again the leading index, although it posted its first sub-60 value.**

**Activity was particularly strong in the Canterbury/Westland region, although contraction was evident in Otago/Southland.**

**The proportion of positive comments fell back to 50.2% in December.**

**Next Business NZ PSI: 18 February 2008**

### 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