

PERFORMANCE OF MANUFACTURING INDEX



BusinessNZ 

Manufacturing activity dives in November

Bank of New Zealand - Business NZ PMI for November 2008

- The Bank of New Zealand - Business NZ seasonally adjusted PMI for November (35.4) dived 7.9 points from October, and was again the lowest recorded value since the survey began in 2002. It was also the first time the main series value had recorded a sub-40 result. The significant fall mirrors offshore activity level, and was the seventh consecutive month in which New Zealand's manufacturing sector had been contracting.
- All five seasonally adjusted main diffusion indices were in contraction, as well as four recording their lowest ever results. *Production* (29.3) experienced a significant fall to post its first sub-30 result, while *employment* (39.9) dropped back to under 40. *New orders* (35.0) dived during November while *deliveries of raw materials* (37.2) experienced its third consecutive fall. *Finished stocks* (47.3) remained largely unchanged from October, although still in contraction.
- Unadjusted activity for November showed weakness in activity spread through most of the country. For the North Island, the Northern region (41.6) produced its lowest ever result, while the Central region (43.8) slid down from October's value. In the South Island, the Canterbury/Westland region (43.4) dropped to its second lowest result recorded (the lowest was June 2008). The Otago/Southland region (51.6) bucked the trend somewhat with another month of expansion, although this was still down on October's result.
- Results for the various manufacturing industries displayed contraction across most sub-groups. The *textile, clothing, footwear & leather manufacturing* sector (33.2) was the hardest hit, while three other sub-groups all displayed figures in a tight range between 43.4-43.5. The *machinery & equipment* sector (45.3) fell from October, while on a positive note the *food, beverage & tobacco* sector (56.3) continued to show expansion.
- The deep movement downwards of manufacturing activity in New Zealand comes at a time when the global picture of manufacturing is also recording record lows. The JPMorgan Global PMI for November (36.4) continued to show worldwide manufacturing suffering its sharpest contraction since the composite survey began in 1998. Both the Australian PMI (32.7) and USA PMI (36.2) are also experiencing values well below 40, with production falling at a significant pace.
- The further fall in activity mirrored the increase in the proportion of negative comments made by respondents during November (sitting at 68.4%), compared with 67.0% in October, 64.3% in September, and 68.3% in August. Those with negative comments outlined continuing falls in orders, along with an overall slowdown in the market.

The Bank of New Zealand - Business NZ Performance of Manufacturing Index 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.

HIGHLIGHTS

Seasonally-adjusted PMI at its lowest ever value of 35.4.

All five main indices showed ongoing contraction, with four recording their lowest ever results.

Regional activity continues to show contraction across most of the country.

The food, beverage & tobacco sector was the only sub-group showing expansion in November.

The global manufacturing scene continues to worsen, with other countries also showing sub-40 results.

Next Business NZ PMI: 22 January 2009

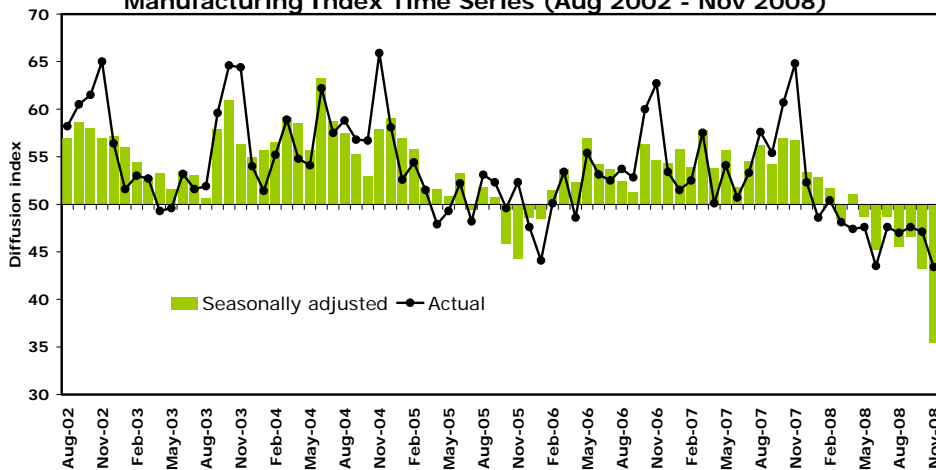
SPONSOR STATEMENT

Bank of New Zealand Ltd is delighted to be associated with the Performance of Manufacturing Index (PMI) and Business NZ. This association brings together the significant experience of leading business advocacy body Business NZ, and business finance specialist BNZ. We look forward to continuing our association with Business NZ and associated regional organisations, and to playing our part in the ongoing development of the New Zealand manufacturing sector.

Bank of New Zealand (www.bnz.co.nz)

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Bank of New Zealand - Business NZ Performance of Manufacturing Index Time Series (Aug 2002 - Nov 2008)



October time series tables

National Indexes	Nov 2002	Nov 2003	Nov 2004	Nov 2005	Nov 2006	Nov 2007	Nov 2008
Bank of New Zealand - Business NZ PMI (s.a)	57.0	56.4	57.9	44.3	54.7	56.8	35.4
Production (s.a)	59.5	56.3	58.8	43.2	57.6	58.3	29.3
Employment (s.a)	52.9	56.4	53.5	46.8	50.8	57.1	39.9
New Orders (s.a)	60.6	60.5	61.4	44.2	56.8	59.1	35.0
Finished Stocks (s.a)	51.7	46.7	54.8	49.3	54.2	53.1	47.3
Deliveries (s.a)	57.2	57.5	60.4	43.5	55.7	56.7	37.2

National Indexes	Nov 2002	Nov 2003	Nov 2004	Nov 2005	Nov 2006	Nov 2007	Nov 2008
Bank of New Zealand - Business NZ PMI (s.a)	57.0	56.4	57.9	44.3	54.7	56.8	35.4
Northern	65.4	61.3	68.0	50.7	63.1	59.7	41.6
Central	67.1	63.2	62.2	57.7	61.5	63.1	43.8
Canterbury/Westland	58.8	69.1	61.0	54.3	64.3	71.8	43.4
Otago/Southland	65.2	73.4	67.9	46.5	61.8	70.2	51.6

(s.a denotes seasonally adjusted)

The Bank of New Zealand - 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.