

BUSINESS NZ PERFORMANCE OF SERVICES INDEX

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.

Ongoing expansion in the service sector

Business NZ PSI for November 2007

- The eighth, monthly Business NZ Performance of Service Index (PSI) stood at 62.6 for November, representing a sizeable lift in activity after two months of easing expansion. This is the highest result since the survey began in April. Previous values have ranged between 55.2-59.4.
- Given the strong national result, all five diffusion indices that make up the PSI again exhibited expansion. Four indices recorded their highest values, with *new orders/business* (67.2) leading the way, followed by *activity/sales* (65.9). Interestingly, although *new orders/business* had the highest value for the month, it was the only index not to record its highest ever value.
- Activity by region was again strong in the top half of the North Island, with the Northern region (64.1) leading the November values with its highest result to date. Both the Central (61.9) and Otago/Southland (62.0) regions also experienced post-60 results.
- Almost all service sectors showed expansion in November, with *retail trade* (70.2) exhibiting strong growth, followed by *wholesale trade* (67.5). *Accommodation, cafes & restaurants* (61.7) and *property & business services* (62.2) were the other sectors to produce a post-60 figure, while the former showed a significant improvement compared with the small decline experienced in October.
- The lift in the rate of expansion was also reflected in the rise in positive comments received during November, which increased from 52.0% in October to 61.3% for the current month. Compared with the same time last year, activity for those with negative comments for November improved to 3.1*, while those enjoying positive activity recorded an improved score of 2.1. Overall, the national result for activity compared with 2006 stood at 2.5, compared with 2.8 in October.

National Indexes	Aug 2007	Sep 2007	Oct 2007	Nov 2007
Business NZ PSI	59.4	59.0	58.4	62.6
Activity/Sales	63.5	60.7	58.7	65.9
Employment	54.4	53.1	52.2	57.6
New Orders/Business	65.4	65.4	66.0	67.2
Stocks/Inventories	50.6	57.1	56.7	63.6
Supplier Deliveries	56.5	56.8	57.0	57.3

Regional Indexes	Aug 2007	Sep 2007	Oct 2007	Nov 2007
Business NZ PSI	59.4	59.0	58.4	62.6
Northern	59.9	58.7	60.4	64.1
Central	58.2	56.5	54.7	61.9
Cant/Westland	59.4	61.2	59.6	59.6
Otago/Southland	58.4	61.9	55.3	62.0

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

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HIGHLIGHTS

Activity level for the service sector stood at 62.6 in November, up 4.2 points from October.

New orders/business (67.2) was again the leading index, while most other indices experienced their strongest result to date.

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

The proportion of positive comments improved significantly to 61.3% in November.

Next Business NZ PSI: January 28 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