

13 May 2022



## PMI

While the Performance of Manufacturing Index (PMI) remained expansive in April, it also had a tinge of struggle about it. For a start, its seasonally adjusted reading, of 51.2, was slower than the 53.7 in posted in March and, in the process, dipped below its long-term norm, of 53.1. Then there was the PMI's production index. This slipped marginally into contraction territory, with a result of 49.1, after hanging on by its fingertips in March, with 50.3. The employment index also slipped to the wrong side of the 50 breakeven mark, with 49.8, from 52.2 the previous month.

### Very mixed fortunes

Also, there was a very mixed picture via other lenses on the PMI. By industry, for example, there were the extremes of Printing, Publishing and Recorded Media (95.0) playing off against Other Manufacturing (29.0, from 51.3 in March) and Petroleum, Coal, Chemical & Associated Products (37.8) – all in unadjusted terms. By firm size, the best performers were micro firms (56.6) but with the very next size up, small-medium firms, the clear laggard in April, with 41.9. Geographically, only Otago/Southland was positive, with 55.4, while Northern, Central and Canterbury/Westland all slipped below 50.

### Supply issues remain

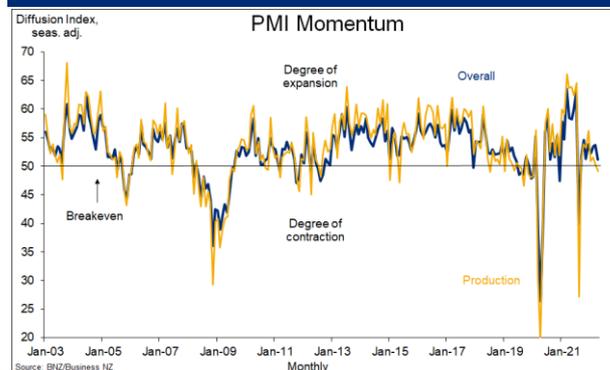
Having said this, there was also the strong message that what's holding manufacturing back, in general, is more about ongoing supply constraints, than a weakening in demand. This was reflected in Deliveries of Raw Materials subsiding to 49.5 in April, while New Orders, at 56.0, remained a smidge above their long-term average. Supply problems certainly featured extensively in respondents' comments, including inferences that COVID, and related absenteeism, remains a big issue, even with recorded case numbers having peaked back in March. This provides valuable context to the negativity in the PMI's jobs index.

### Global context

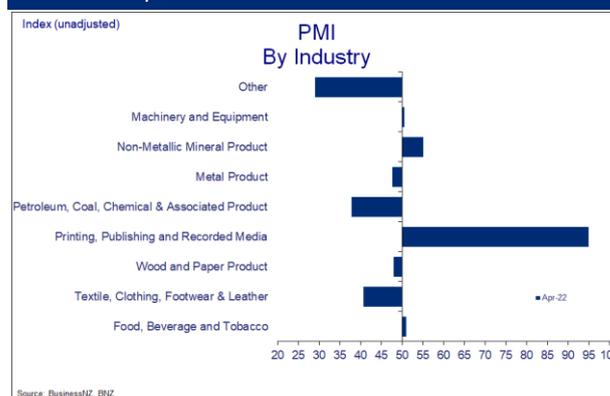
With so much dispiriting press about the world of late, one could be forgiven for thinking the global PMI must be stalling, even contracting. In fact, it printed at 52.2 for April – fractionally above its long-term average, of 51.8. To be sure, it has steadily lost momentum, after peaking at a relatively strong 56.0 in May last year. However, the Eurozone PMI, at 55.0 in April this year was something to note (given the conflict in Ukraine) while the subsidence in China's PMI, to 47.4, bears the weight of severe lockdowns being imposed in that country to combat COVID.

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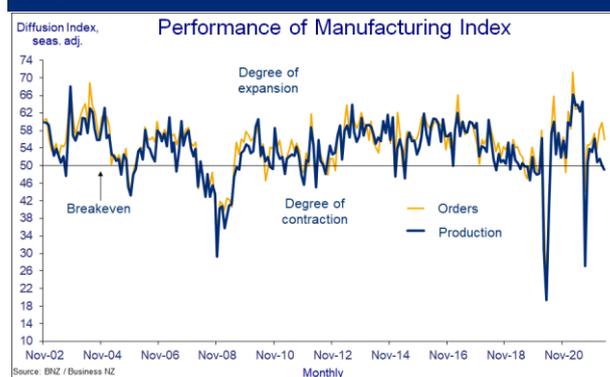
### Slower to Slow



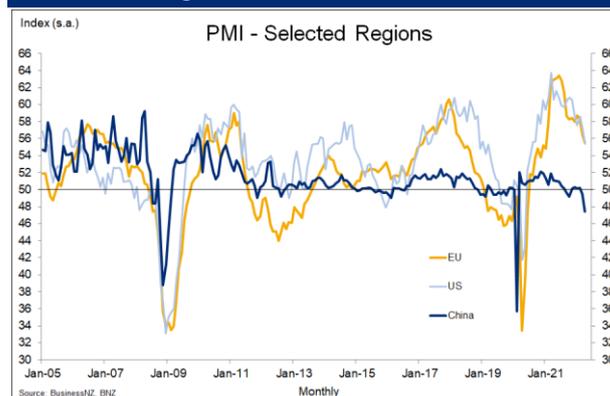
### Across the Spectrum



### A Sense of Order



### Positive and Negative



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