

NZ Institute of Economic Research (Inc)
15 December 2025

Consensus Forecasts

NZIER *Consensus Forecasts* point to a weaker near-term growth outlook

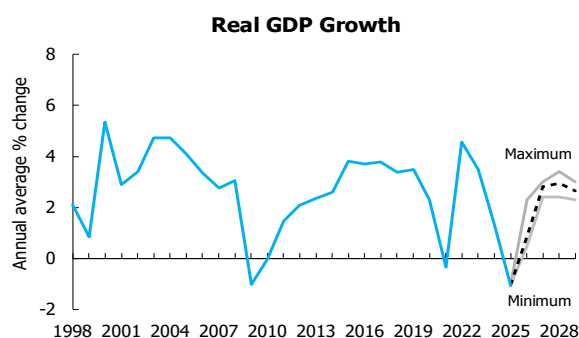
The latest NZIER *Consensus Forecasts* show a downward revision to the near-term growth outlook for the New Zealand economy. Annual GDP for the year ending March 2026 is forecast to increase by 0.9 percent, before growth is forecast to pick up to 2.8 percent in the following year. The downward revision in the near-term growth outlook reflects the lower starting point of a 0.9 percent contraction in activity in the June quarter. The continued reported weak demand in the NZIER *Quarterly Survey of Business Opinion* (QSBO) is also weighing on expectations of near-term growth. Beyond 2026, a continued recovery in activity is expected as the effects of lower interest rates continue to pass through the broader economy.

Compared with the previous release of *Consensus Forecasts*, the outlook for household spending has improved across the 2026 to 2029 forecast period. Recent indicators suggest green shoots of a recovery in retail spending, with consumer confidence and the volume of retail sales gradually picking up in recent months. Over 70 percent of mortgages in New Zealand are due for repricing within the next 12 months, meaning that many households will roll on to lower mortgage repayments at repricing. This is expected to support a continued recovery in household spending. The residential investment outlook has also improved, in line with increased expectations for the pipeline of housing construction work, especially for the next 12 to 24 months, based on the NZIER QSBO measure of architects' work in their own office.

The export outlook for 2026 remained unchanged but was revised higher for the subsequent years. Despite disruptions caused by the US tariff policy, New Zealand's exports, particularly meat and dairy products, have continued to grow. The revised export outlook reflects the expectations that the robust underlying demand for food commodities will continue to support export growth over the coming years.

The inflation outlook was similar to the previous *Consensus Forecasts* release. Despite inflation edging up to 3 percent in the September quarter, the top of the Reserve Bank of New Zealand's (RBNZ) inflation target band, it is expected that the excess capacity in the New Zealand economy will drive a continued easing in domestic inflation pressures and bring inflation to around the 2 percent RBNZ inflation target mid-point over the coming year.

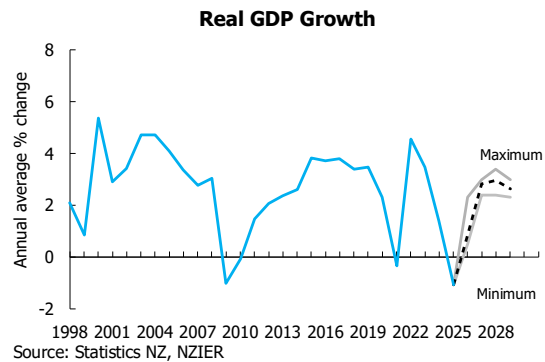
Figure 1 Revised forecast points to a 0.9 percent GDP growth in the year ending March 2026



GDP outlook for 2026 weakened

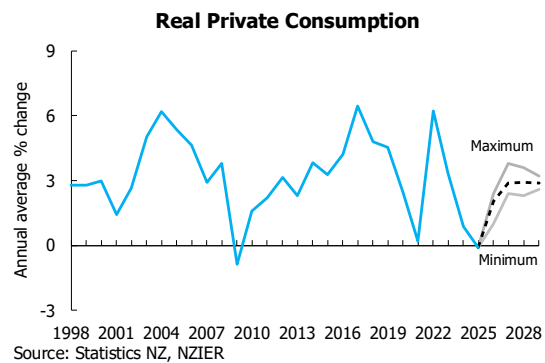
Consensus Forecasts show a 0.9 percent GDP growth in the year ending March 2026, which is weaker relative to the previous *Consensus Forecasts*. Annual growth is forecast to pick up to 2.8 percent in the following year.

The weaker near-term growth outlook reflects the lower starting point for the June 2025 quarter. Beyond 2026, expectations are for a continued recovery in activity as the effects of lower interest rates continue to pass through the economy.



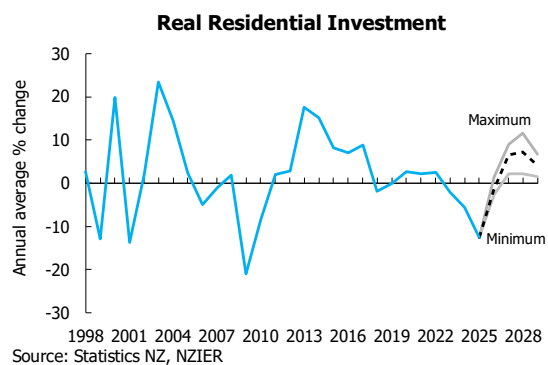
Household spending outlook improved

Forecast household spending growth has been revised higher for 2026 through to 2029. Recently, consumer confidence has risen, and retail sales volume has been increasing gradually. With over 70 percent of mortgages due for repricing within the next 12 months, it is expected that the OCR cuts to date will continue to support the recovery in retail spending as households face lower mortgage repayments at repricing.



Residential investment revised higher for 2026 through to 2028

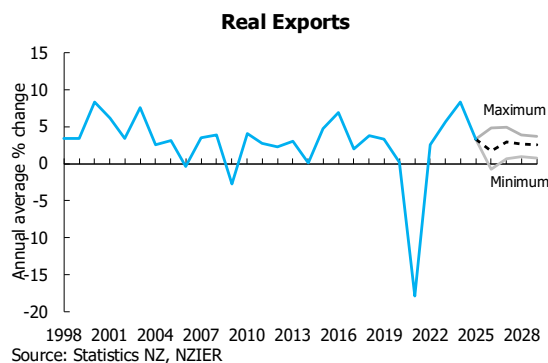
The overall investment outlook has been revised lower for 2026 and 2027. However, the residential investment outlook for 2026 to 2028 has improved. This reflects the expectation that lower interest rates will support a recovery in residential investment over the coming years. This is in line with the NZIER QSBO architects' work in their own office measure, which suggests an increased pipeline for the next 12 to 24 months.



Forecast export growth revised higher for years beyond 2026

The export growth outlook has been revised higher for years beyond 2026. Despite uncertainty over the US trade policy, New Zealand's exports, especially meat and dairy products, have remained strong. Robust global demand for food commodities to support the export outlook.

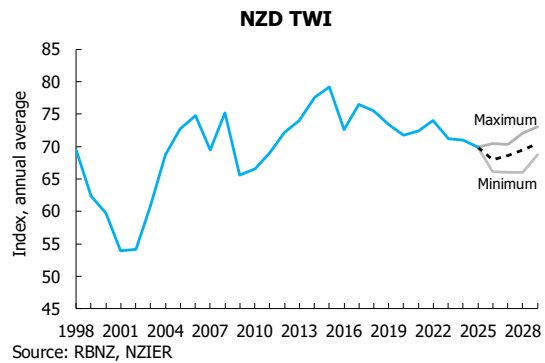
The import growth outlook has been revised higher, reflecting expectations of a recovery in domestic demand over the coming years.



Forecast NZD exchange rate revised lower

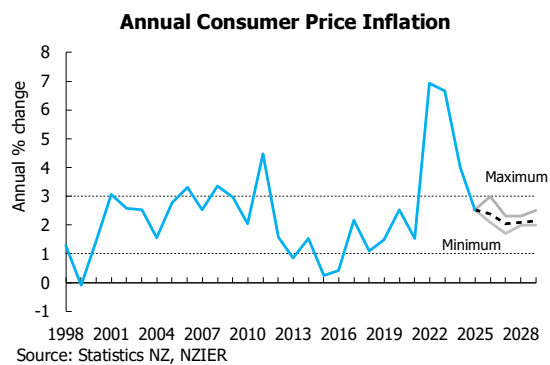
NZD TWI has been revised lower across the forecast period. The substantial OCR cuts over the past year and the slow recovery in the New Zealand economy have weighed on the yield appeal of NZD against USD and other currencies.

The NZD TWI is expected to track between 67.9 and 70.5 across the forecast period.



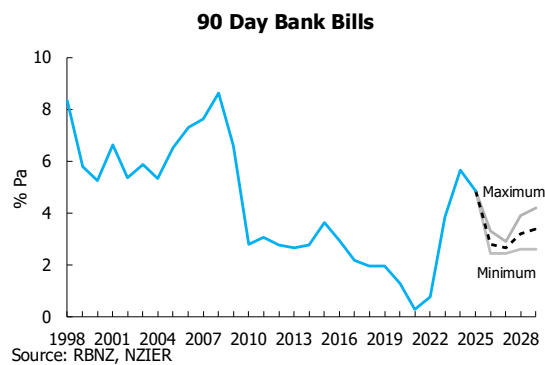
Inflation outlook was broadly unchanged

Forecast annual CPI was broadly unchanged from the previous *Consensus Forecasts*. Although inflation edged up to 3 percent in the September quarter, expectations are for the excess capacity in the New Zealand economy to drive an easing in domestic inflation pressures and bring inflation to near the 2 percent inflation target mid-point over the coming year. This is consistent with inflation expectations remaining anchored within the target band in the RBNZ *Survey of Expectations*.



Forecast short-term interest rates have been revised lower

In the November *Monetary Policy Statement* (MPS), the RBNZ cut the OCR by another 25 basis points to bring it to 2.25 percent. Its projected OCR track indicated a high chance of 2.25 percent being the OCR trough for this monetary policy cycle and its expectation for the OCR to remain at low levels over the coming year. In line with this, *Consensus Forecasts* have also revised interest rate forecasts lower.



Little change to forecast unemployment rates for years beyond 2026

The wage growth outlook has been revised lower. Meanwhile, the forecast unemployment rate for years beyond 2026 remained broadly similar to the previous *Consensus Forecasts*.

Because the labour market lags broader economic activity, the forecasts reflect the expectations that the unemployment rate will peak in the near term but drop over the coming years as hiring demand recovers. This is expected to drive a gradual recovery in wage growth.

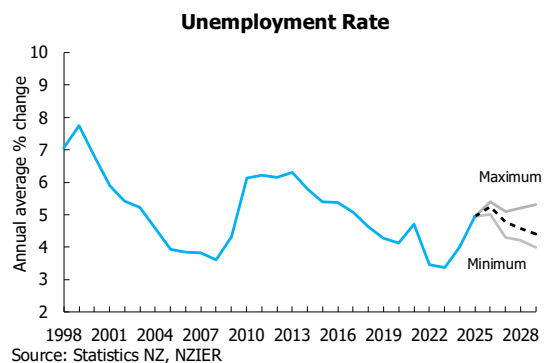


Table 1 Latest *Consensus Forecasts* compared to previous

aapc, March years	Dec-2025 survey				Sept-2025 survey			
	2025/26	2026/27	2027/28	2028/29	2025/26	2026/27	2027/28	2028/29
GDP	0.9 ↓	2.8 →	3.0 ↑	2.7 ↓	1.5	2.8	2.8	2.8
Private consumption	2.1 ↑	2.9 ↑	2.9 ↑	2.9 ↑	2.0	2.8	2.6	2.8
Public consumption	1.1 ↑	0.1 →	0.9 ↓	1.2 ↓	0.4	0.1	1.0	1.4
Fixed investment:								
Residential	-1.4 ↑	6.6 ↑	7.2 ↑	4.2 ↓	-2.2	6.1	6.9	4.6
Other	0.4 ↓	4.6 ↓	4.6 ↑	4.1 ↓	1.0	5.3	4.4	4.2
Total	0.1 ↓	5.0 ↓	5.1 ↑	4.2 ↓	0.3	5.4	4.9	4.3
Exports, goods & services	1.7 →	3.0 ↑	2.7 ↑	2.6 ↑	1.7	2.3	2.0	2.2
Imports, goods & services	2.6 ↑	3.6 ↑	3.2 ↑	3.0 ↑	1.4	3.2	2.5	2.7
Consumer price index (apc)	2.4 ↑	2.0 →	2.1 →	2.1 ↓	2.3	2.0	2.1	2.2
New Zealand TWI (avg yr to Mar)	67.9 ↓	68.7 ↓	69.5 ↓	70.5 ↓	69.7	70.5	71.2	71.2
90 day bank bill (avg yr to Mar)	2.8 ↓	2.6 ↓	3.2 ↓	3.4 ↓	2.9	2.9	3.3	3.5
10 year govt bond (avg yr to Mar)	4.3 →	4.3 →	4.4 →	4.4 ↓	4.3	4.3	4.4	4.6
Current account balance (NZ\$b; Mar yr)	-13.9 ↑	-16.0 ↑	-18.5 ↑	-17.7 ↑	-18.3	-19.4	-20.5	-20.7
Employment	0.8 ↓	2.2 ↑	1.8 ↑	1.7 ↑	0.9	2.0	1.7	1.6
Unemployment (% of labour force)	5.3 ↑	4.8 →	4.6 →	4.4 ↓	5.2	4.8	4.6	4.5
Wages (private sector avg hourly earnings)	3.5 ↓	2.5 ↓	2.8 ↓	3.2 ↓	4.0	2.8	3.0	3.3
Government operating balance (NZ\$b, September yr)	-14.6 →	-10.6 →	-5.4 ↑	-2.0 →	-14.6	-10.6	-5.5	-2.0

Source: NZIER

Table 2 Breakdown of the forecasts

qpc, quarters	Sept-25 f			Dec-25 f			Mar-26 f					
	Low	Mean	High	Low	Mean	High	Low	Mean	High			
GDP (seasonally adjusted, qpc)	0.4	0.6	0.8	0.5	0.8	0.9	0.6	0.7	0.8			
CPI (qpc)	Dec-25 f			Mar-26 f			Jun-26 f					
	Low	Mean	High	Low	Mean	High	Low	Mean	High			
	0.2	0.4	0.8	0.3	0.5	0.6	0.2	0.4	0.5			
aapc, March years	2025/2026 f			2026/2027 f			2027/2028 f			2028/2029 f		
	Low	Mean	High	Low	Mean	High	Low	Mean	High	Low	Mean	High
GDP	0.5	0.9	2.3	2.4	2.8	3.0	2.4	3.0	3.4	2.3	2.7	3.0
Private consumption	1.0	2.1	2.4	2.4	2.9	3.8	2.3	2.9	3.6	2.6	2.9	3.2
Public consumption	-0.8	1.1	1.9	-0.8	0.1	0.8	0.4	0.9	2.2	0.4	1.2	2.4
Fixed investment												
- Residential	-2.6	-1.4	1.4	2.2	6.6	9.0	2.2	7.2	11.6	1.6	4.2	6.8
- Other	-0.7	0.4	2.1	0.5	4.6	7.7	2.7	4.6	6.5	3.6	4.1	4.8
- Total	-1.0	0.1	1.5	1.5	5.0	7.4	3.8	5.1	7.5	4.0	4.2	4.2
Exports, goods and services	-0.7	1.7	4.8	0.7	3.0	4.9	1.0	2.7	3.9	0.8	2.6	3.7
Imports, goods and services	-0.1	2.6	4.8	0.3	3.6	6.0	1.5	3.2	4.4	2.2	3.0	4.2
Consumer price index (apc)	2.1	2.4	3.0	1.7	2.0	2.3	2.0	2.1	2.3	2.0	2.1	2.5
New Zealand TWI (avg yr to Mar)	66.1	67.9	70.5	66.0	68.7	70.3	66.0	69.5	72.1	68.7	70.5	73.0
90 day bank bill (avg yr to Mar)	2.5	2.8	3.3	2.4	2.6	2.9	2.6	3.2	3.9	2.6	3.4	4.2
10 year government stock (avg yr to Mar)	4.2	4.3	4.4	4.0	4.3	4.6	4.0	4.4	4.9	3.9	4.4	5.0
Current account balance (NZ\$b; Mar yr)	-16.6	-13.9	-5.5	-20.4	-16.0	-6.0	-22.4	-18.5	-15.5	-19.8	-17.7	-15.3
Employment	0.3	0.8	1.9	1.3	2.2	2.8	0.8	1.8	2.4	1.2	1.7	2.1
Unemployment rate (% of labour force)	5.0	5.3	5.4	4.3	4.8	5.1	4.2	4.6	5.2	4.0	4.4	5.3
Wages (private sector avg hourly earnings)	2.0	3.5	4.2	1.9	2.5	3.2	1.7	2.8	3.2	3.0	3.2	3.4
Government operating balance (NZ\$m, December yr)	-16.1	-14.6	-12.0	-11.9	-10.6	-8.2	-6.7	-5.4	-3.0	-3.1	-2.0	0.2

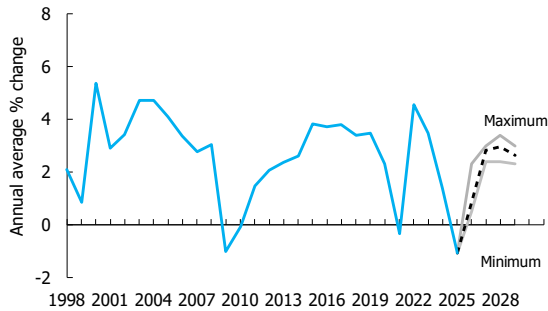
Notes: aapc = annual average percent change, apc = annual percent change, qpc = quarterly percent change

These results show only means; standard deviations are available on request

Source: NZIER

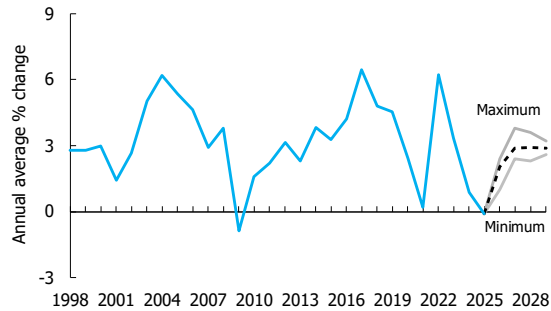
Summary charts

Real GDP Growth



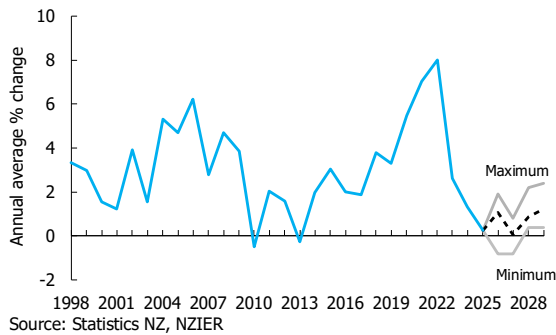
Source: Statistics NZ, NZIER

Real Private Consumption



Source: Statistics NZ, NZIER

Real Public Consumption



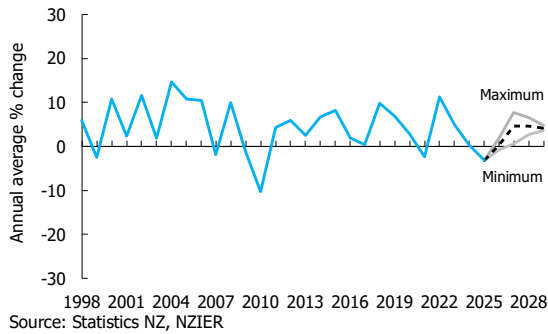
Source: Statistics NZ, NZIER

Real Residential Investment



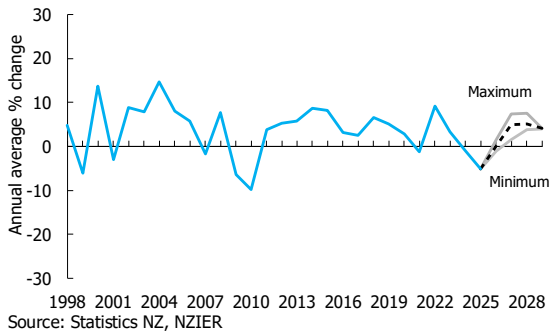
Source: Statistics NZ, NZIER

Real Other Investment



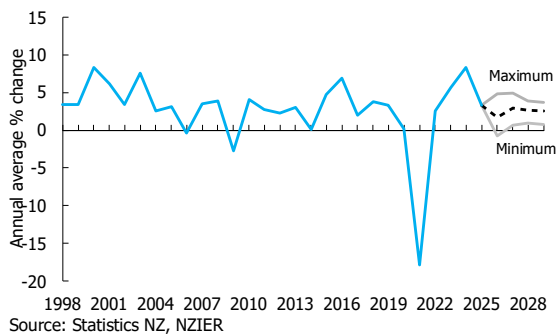
Source: Statistics NZ, NZIER

Real Total Investment



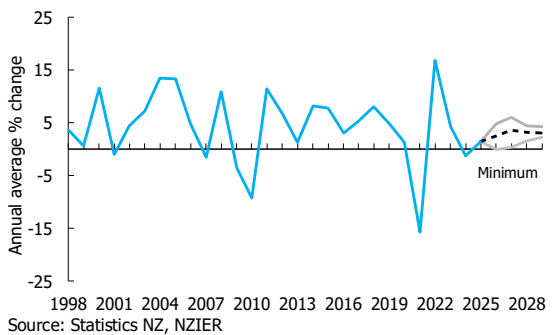
Source: Statistics NZ, NZIER

Real Exports



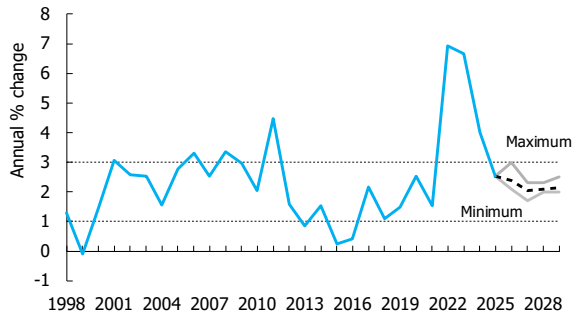
Source: Statistics NZ, NZIER

Real Imports

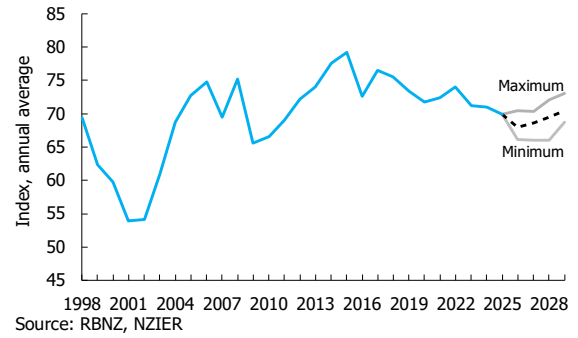


Source: Statistics NZ, NZIER

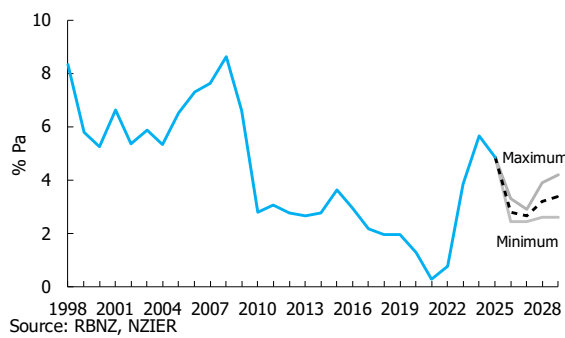
Annual Consumer Price Inflation



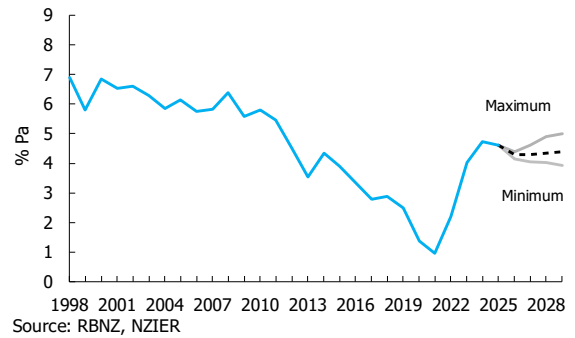
NZD TWI



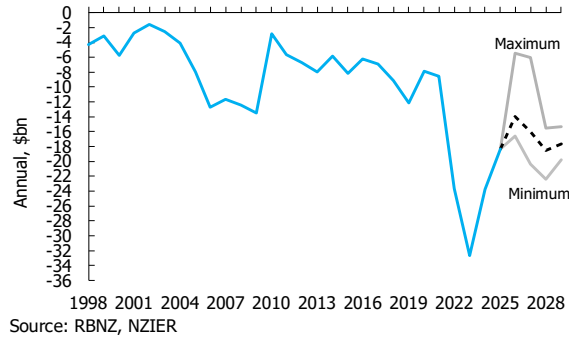
90 Day Bank Bills



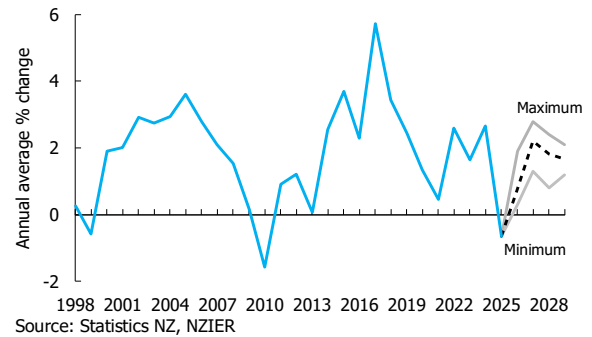
10 Year Government Bond Yield



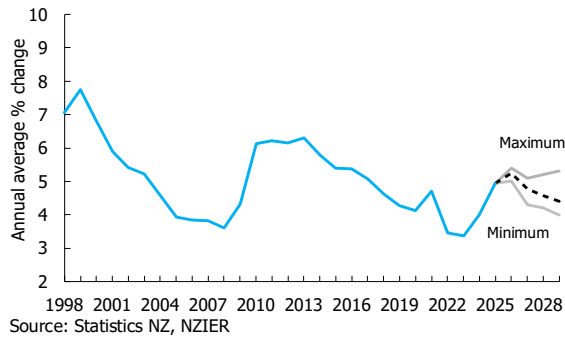
Current Account Balance



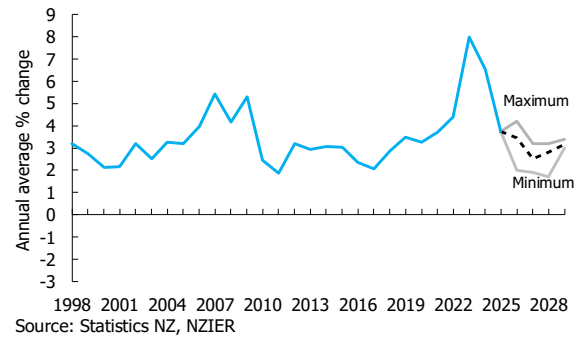
Employment Growth

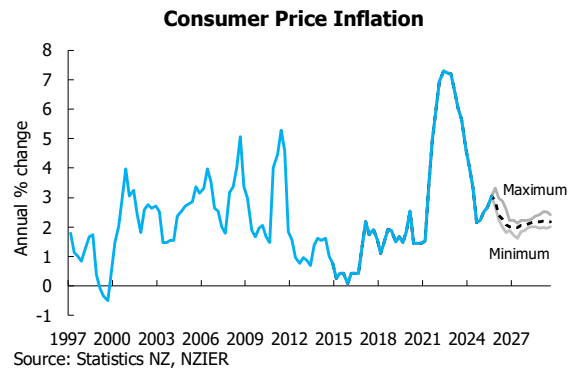
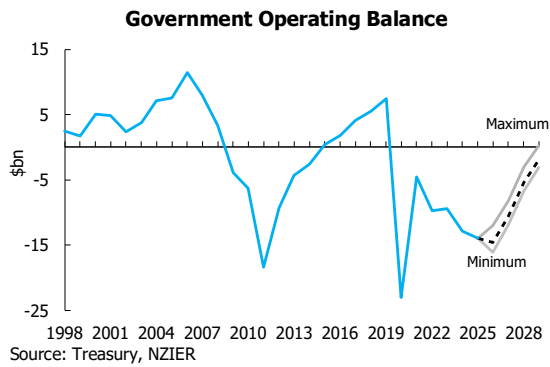


Unemployment Rate



Private Sector Wage Inflation





The NZIER Consensus Forecasts are an average of New Zealand economic forecasts compiled from a survey of financial and economic agencies. These are not NZIER's forecasts. The average forecasts do not necessarily represent the views of individual participants. Forecasts are for March years, e.g. 2026 refers to the year ended March 2026.

Respondents

ANZ Bank
ASB Bank
Bank of New Zealand
Kiwibank
New Zealand Institute of Economic Research
Reserve Bank of New Zealand
The Treasury
Westpac

For further information, please contact:

Ting Huang
Senior Economist
027 266 0969
ting.huang@nzier.org.nz