

NZ Institute of Economic Research (Inc)
15 June 2026

Consensus Forecasts

NZIER *Consensus Forecasts* show expectations of a slowing recovery in growth over the coming year

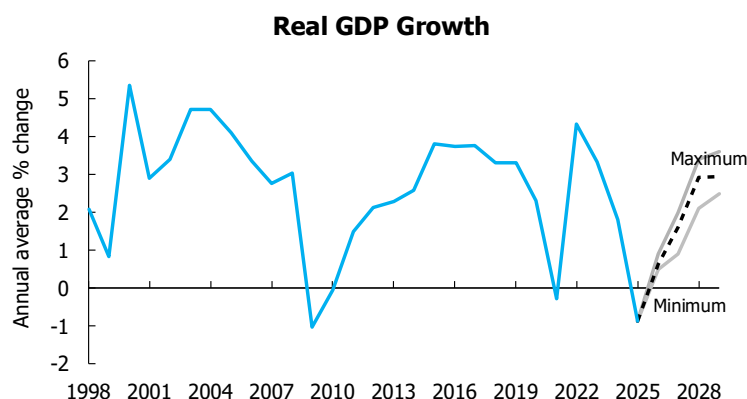
The latest NZIER *Consensus Forecasts* show a downward revision in the growth outlook for the years ending March 2026 and March 2027 relative to the previous *Consensus Forecasts*. Annual GDP is forecast to grow by 0.6 percent on average in 2026 and is expected to pick up to only 1.6 percent in 2027. The NZIER *Quarterly Survey of Business Opinion* (QSBO) activity indicators had suggested that the impact of lower interest rates was gaining traction in supporting a gradual recovery since the September quarter. However, the US-Israel war with Iran since the end of February, along with the fuel crisis and heightened uncertainty, presents key headwinds that will likely delay New Zealand’s economic recovery over the coming year.

Forecasts of household spending have been revised lower for the coming year. Although retail activity continued to recover over the March 2026 year, more recently, consumer confidence has declined on the back of rising petrol, electricity, and food costs. Soft wage growth against these increases in living costs presented additional challenges for the household sector. This increased caution amongst households is expected to weigh on household discretionary spending over the coming year. Forecasts of investment growth have been revised lower for 2026 and 2027. Before the fuel crisis, lower interest rates had been supporting a gradual recovery in investment demand. However, higher fuel costs and heightened uncertainty over geopolitical conflicts and the upcoming New Zealand general election are expected to weigh on a recovery in investment activity over the coming year. The NZIER QSBO undertaken between early March and early April showed evidence of a deterioration in business confidence and investment intentions after the fuel crisis unfolded.

Continued strength in commodity prices, particularly dairy and meat, supports a positive export growth outlook. However, forecasts for 2026 and 2027 have been revised lower, likely reflecting expectations that the fuel crisis will weigh on global growth over the coming year.

Forecast annual CPI inflation has been revised higher to 3.3 percent for March 2027, following the annual increase of 3.1 percent in the March 2026 year. The continued surge in petrol and diesel prices since the fuel crisis supports expectations of high inflation over the coming year.

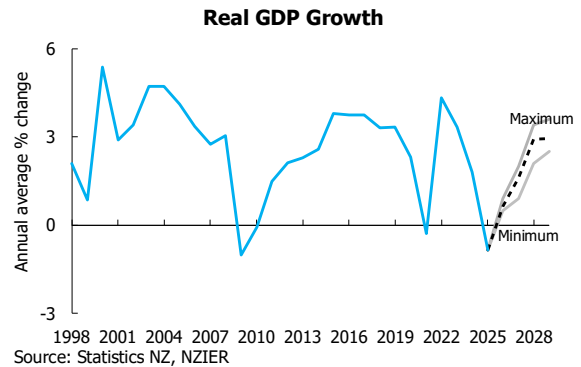
Figure 1 Revised GDP growth outlook points to a delayed economic recovery



Weaker growth outlook for 2026 and 2027

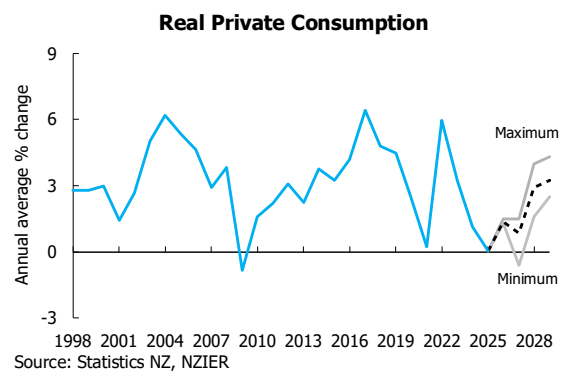
Consensus Forecasts point to weaker GDP growth forecasts for years ending March 2026 and March 2027, relative to the previous *Consensus Forecasts*.

Since the September 2025 quarter, the impact of lower interest rates had finally been gaining traction in supporting a gradual recovery in activity. However, this recovery is expected to face headwinds over the coming year from the global fuel crisis and heightened global uncertainty sparked by the US-Israel-Iran war.



Household spending growth also revised lower

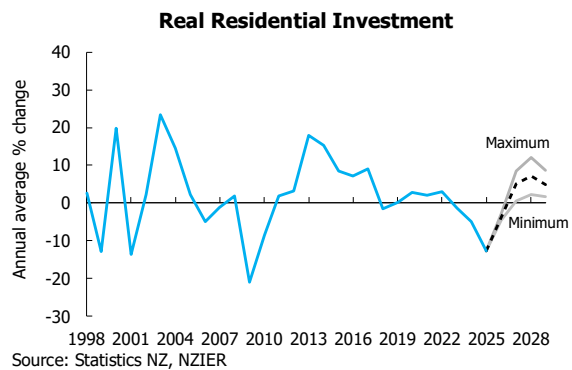
Forecast household spending growth has also been revised lower for the coming year. Despite continued recovery in retail spending before the war, higher petrol, electricity and food prices, along with soft wage growth, are driving a decline in consumer confidence. This increased caution is expected to weigh on households' discretionary spending over the coming year.



Investment outlook revised lower for the coming year

Both the overall investment and residential investment outlook have been revised lower for 2026 and 2027. The fuel crisis and heightened uncertainty are expected to weigh more broadly on business investment over the coming year.

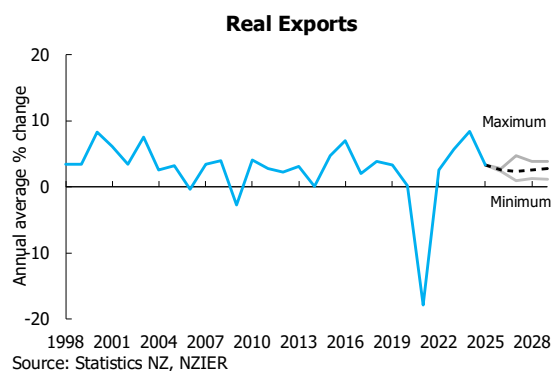
NZIER QSBO showed a sharp decline in business sentiment and investment appetite following the fuel crisis. The measure of architects' work in their own office points to a reduced pipeline of construction work over the next 12 to 24 months.



Forecast export growth pared back

The overall export growth outlook remains solid as strong demand for dairy and meat continues to support expectations of robust export growth over the coming years. However, the fuel crisis will likely weigh on demand over the coming year.

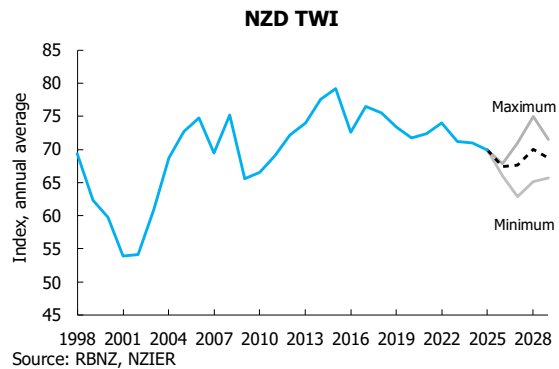
The import growth outlook for 2027 has been revised lower, reflecting expectations of softer growth in domestic demand over the coming year.



NZD expected to weaken

Forecasts of NZD TWI have been revised lower for most of the projection period. Since the onset of the US-Israel-Iran war, the NZD/USD exchange rate has become more volatile. This increased volatility is expected to weigh on the NZD exchange rate outlook over the coming years.

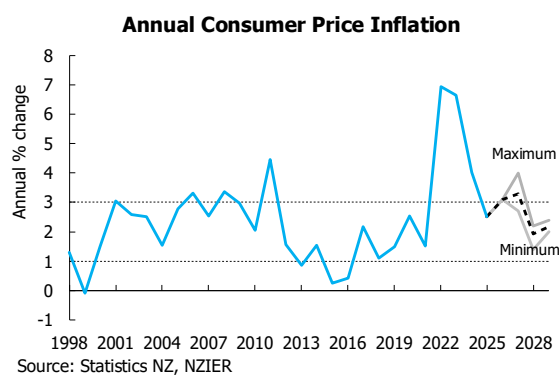
The NZD TWI is expected to track between 67.4 and 70.0 across the forecast period.



Higher inflation outlook for 2027

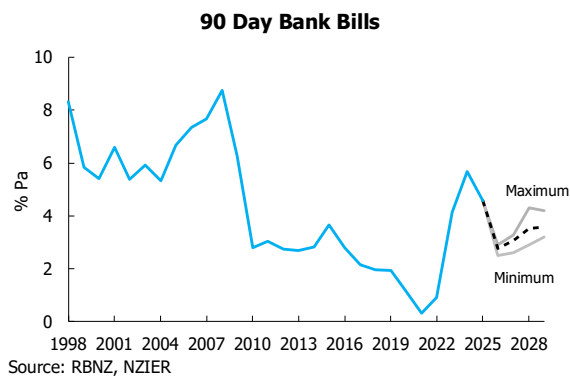
Beyond the 3.1 percent annual CPI inflation for the year ending March 2026, forecast annual CPI inflation for 2027 has been revised higher to 3.3 percent. This is broadly similar to the one-year ahead inflation expectations in the latest RBNZ *Survey of Expectations*.

The US-Israel-Iran war has sparked a surge in fuel prices. More recently, annual petrol price inflation has increased to 30 percent, and annual diesel price inflation has surged to 91 percent. These developments underpin expectations that inflation will remain high over the coming year.



Interest rate outlook revised higher

In the May *Monetary Policy Statement* (MPS), the RBNZ brought forward the timing for it to commence raising the OCR and revised its medium-term OCR outlook higher, relative to what it had earlier indicated. In line with the central bank's revised outlook, *Consensus Forecasts* have also revised forecasts of short-term interest rates higher.



Softer labour market outlook

Forecasts for the unemployment rate have been revised higher, and forecasts of wage growth have been revised lower over the coming years.

Although there had been signs of a gradual labour market recovery underway in early 2026, NZIER QSBO shows increased caution around hiring again as firms reassess their hiring demand amid the current fuel crisis. The revised forecasts reflect expectations of a slowdown in the broader labour market recovery.

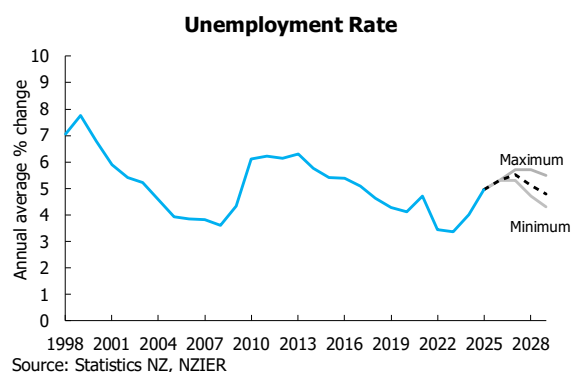


Table 1 Latest *Consensus Forecasts* compared to previous

aapc, March years	Jun-2026 survey				Mar-2026 survey			
	2025/26	2026/27	2027/28	2028/29	2025/26	2026/27	2027/28	2028/29
GDP	0.6 ↓	1.6 ↓	2.9 ↑	3.0 ↑	0.8	3.0	2.7	2.7
Private consumption	1.4 ↓	0.8 ↓	2.9 →	3.2 ↑	1.8	2.6	2.9	3.0
Public consumption	3.2 ↑	0.6 ↑	0.8 ↑	1.0 ↑	2.3	0.5	0.4	0.8
Fixed investment:								
Residential	-3.8 ↓	5.1 ↓	7.2 ↑	5.0 ↑	0.0	9.0	6.1	3.6
Other	0.2 ↓	1.4 ↓	5.2 ↑	4.9 ↑	1.8	4.8	4.3	4.3
Total	-0.6 ↓	2.1 ↓	5.6 ↑	4.9 ↑	1.4	5.6	4.7	4.2
Exports, goods & services	2.5 ↓	2.4 ↓	2.5 ↓	2.8 ↑	2.7	3.5	2.6	2.6
Imports, goods & services	4.6 ↑	1.2 ↓	3.4 ↑	3.4 ↑	4.2	4.0	3.2	2.9
Consumer price index (apc)	3.1 ↑	3.3 ↑	1.9 ↓	2.2 →	2.8	2.3	2.2	2.2
New Zealand TWI (avg yr to Mar)	67.4 ↓	67.6 ↓	70.0 →	68.8 ↓	67.8	68.3	70.0	69.3
90 day bank bill (avg yr to Mar)	2.8 →	3.1 ↑	3.5 ↑	3.6 ↑	2.8	2.7	3.4	3.4
10 year govt bond (avg yr to Mar)	4.4 →	4.6 ↑	4.6 ↑	4.6 ↑	4.4	4.5	4.5	4.5
Current account balance (NZ\$b; Mar yr)	-14.2 ↓	-16.4 ↓	-16.6 ↓	-20.0 ↓	-12.9	-14.2	-15.0	-17.2
Employment	0.4 ↓	1.3 ↓	2.5 ↑	2.2 ↑	0.7	2.3	1.9	1.8
Unemployment (% of labour force)	5.3 ↓	5.5 ↑	5.1 ↑	4.8 ↑	5.4	4.9	4.7	4.6
Wages (private sector avg hourly earnings)	3.9 ↓	2.8 ↓	2.8 ↓	3.1 ↓	4.0	3.0	3.2	3.3
Government operating balance (NZ\$b, September yr)	-15.2 ↑	-14.9 ↓	-9.0 ↓	-2.2 ↑	-15.9	-12.4	-6.9	-2.5

Source: NZIER

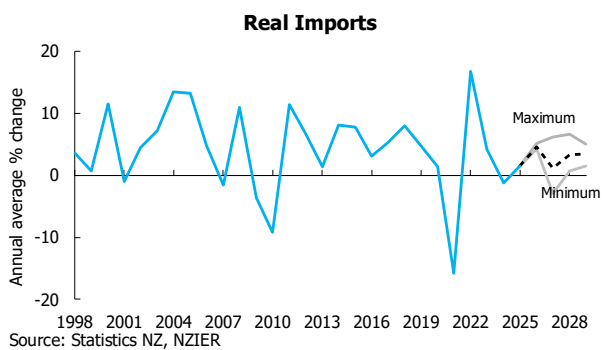
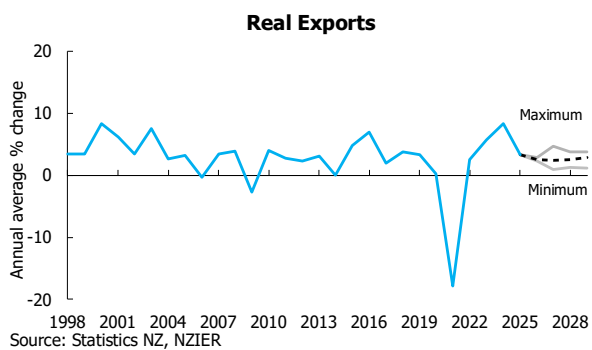
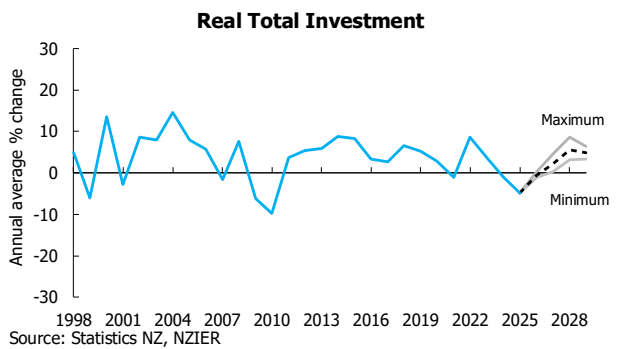
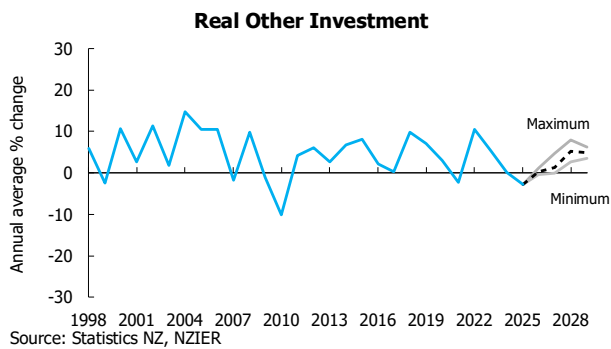
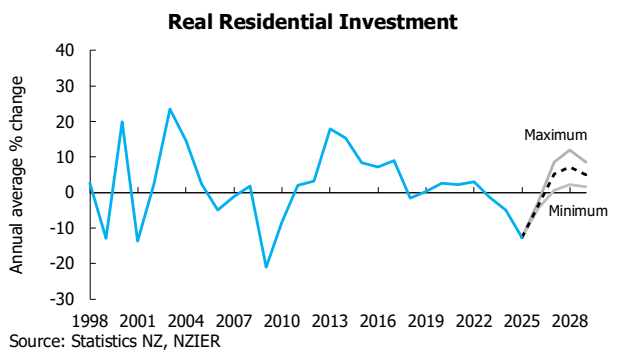
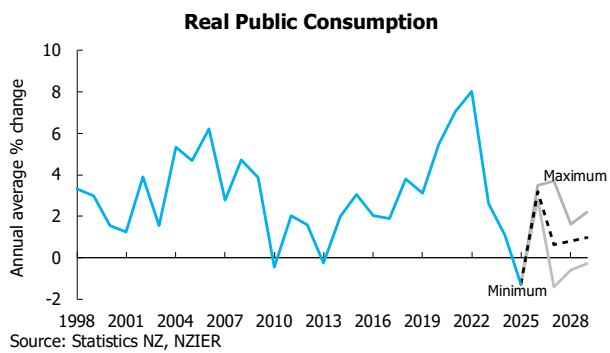
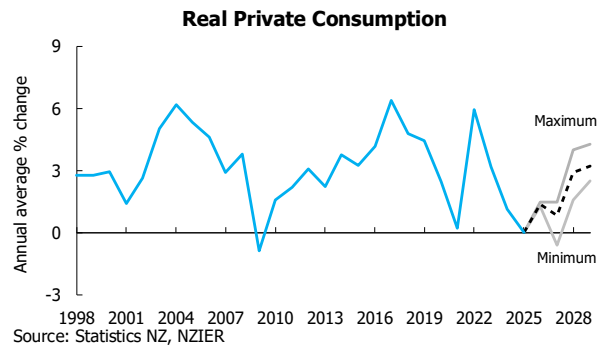
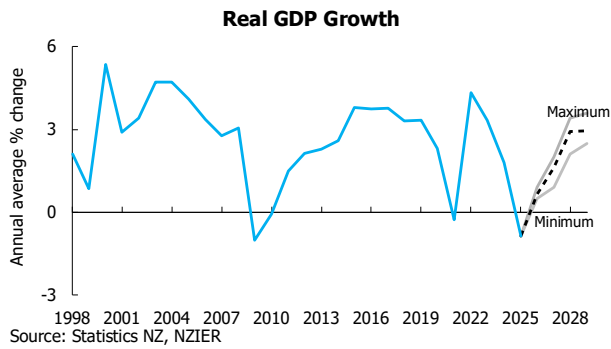
Table 2 Breakdown of the forecasts

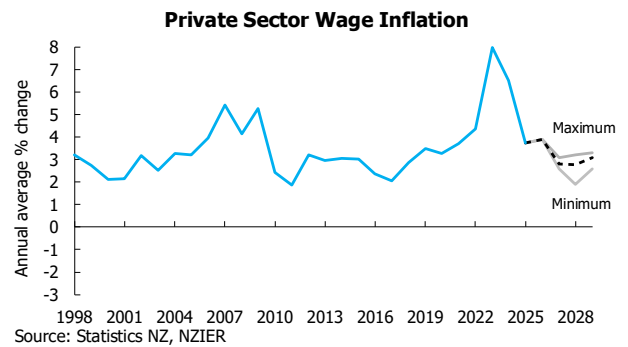
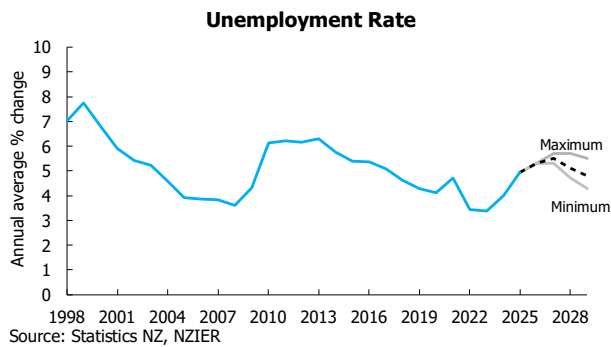
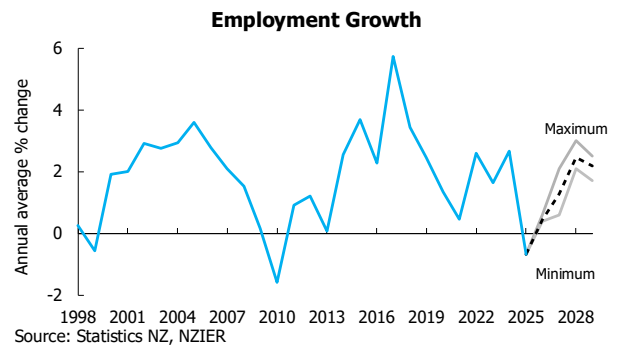
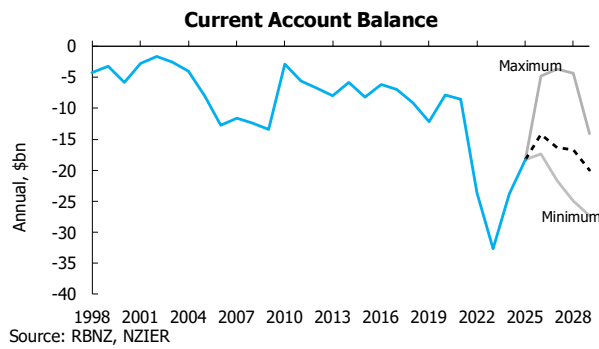
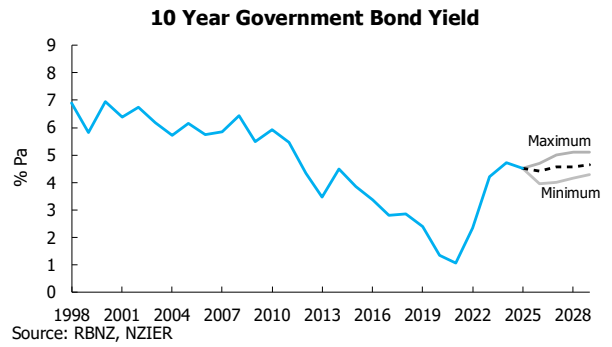
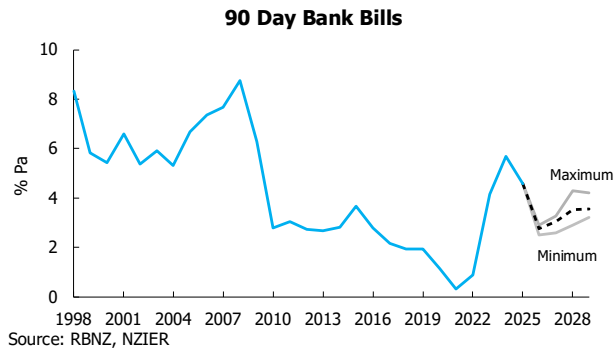
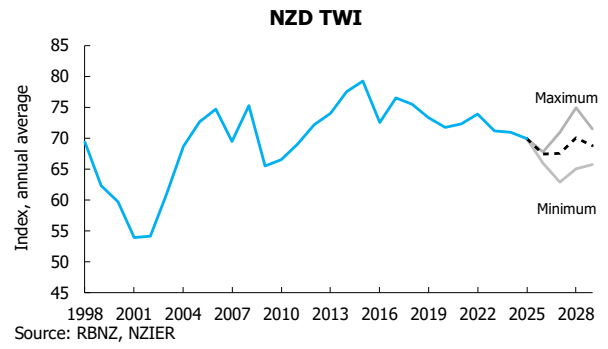
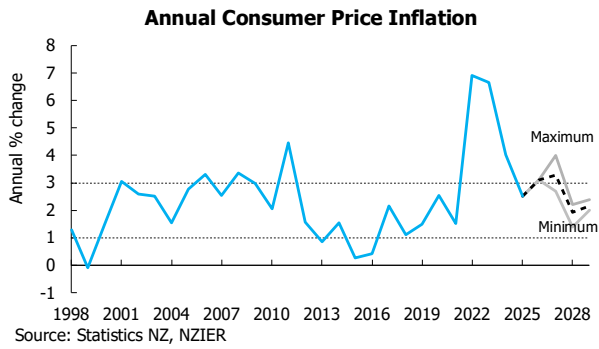
qpc, quarters	Mar-26 f			Jun-26 f			Sept-26 f					
	Low	Mean	High	Low	Mean	High	Low	Mean	High			
GDP (seasonally adjusted, qpc)	0.4	0.8	1.0	-0.3	0.1	0.8	0.0	0.4	0.7			
	Jun-26 f			Sept-26 f			Dec-26 f					
CPI (qpc)	1.4	1.7	1.8	0.6	0.9	1.2	0.1	0.3	0.5			
aapc, March years	2025/2026 f			2026/2027 f			2027/2028 f			2028/2029 f		
	Low	Mean	High	Low	Mean	High	Low	Mean	High	Low	Mean	High
GDP	0.5	0.6	0.9	0.9	1.6	2.0	2.1	2.9	3.4	2.5	3.0	3.6
Private consumption	1.3	1.4	1.5	-0.6	0.8	1.5	1.6	2.9	4.0	2.5	3.2	4.3
Public consumption	2.8	3.2	3.5	-1.4	0.6	3.7	-0.6	0.8	1.6	-0.3	1.0	2.2
Fixed investment												
- Residential	-4.5	-3.8	-2.8	0.6	5.1	8.5	2.2	7.2	12.0	1.6	5.0	8.6
- Other	-0.4	0.2	1.1	-0.1	1.4	4.7	2.6	5.2	8.0	3.5	4.9	6.2
- Total	-1.0	-0.6	0.2	0.2	2.1	4.5	3.1	5.6	8.7	3.4	4.9	6.4
Exports, goods and services	2.3	2.5	2.8	0.9	2.4	4.7	1.3	2.5	3.8	1.1	2.8	3.8
Imports, goods and services	4.2	4.6	5.1	-2.9	1.2	6.1	0.7	3.4	6.6	1.5	3.4	5.0
Consumer price index (apc)	3.1	3.1	3.1	2.7	3.3	4.0	1.4	1.9	2.2	2.0	2.2	2.4
New Zealand TWI (avg yr to Mar)	66.0	67.4	67.8	62.9	67.6	71.0	65.1	70.0	75.0	65.7	68.8	71.5
90 day bank bill (avg yr to Mar)	2.5	2.8	2.9	2.6	3.1	3.3	2.9	3.5	4.3	3.2	3.6	4.2
10 year government stock (avg yr to Mar)	4.0	4.4	4.7	4.0	4.6	5.0	4.2	4.6	5.1	4.3	4.6	5.1
Current account balance (NZ\$b; Mar yr)	-17.4	-14.2	-4.8	-21.7	-16.4	-3.7	-24.9	-16.6	-4.4	-27.3	-20.0	-14.1
Employment	0.4	0.4	0.6	0.6	1.3	2.1	2.1	2.5	3.0	1.7	2.2	2.5
Unemployment rate (% of labour force)	5.3	5.3	5.3	5.3	5.5	5.7	4.7	5.1	5.7	4.3	4.8	5.5
Wages (private sector avg hourly earnings)	3.9	3.9	3.9	2.6	2.8	3.1	1.9	2.8	3.2	2.6	3.1	3.3
Government operating balance (NZ\$m, December yr)	-15.4	-15.2	-15.1	-15.8	-14.9	-14.1	-10.6	-9.0	-7.4	-3.8	-2.2	-0.6

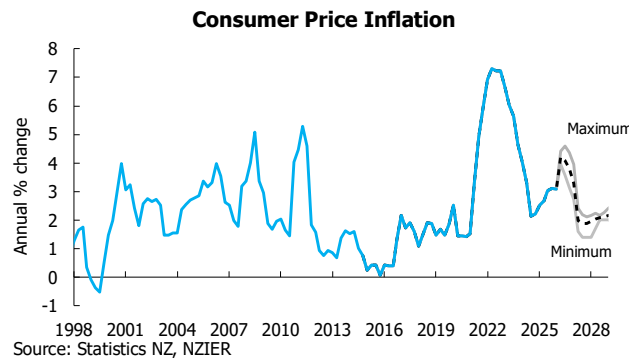
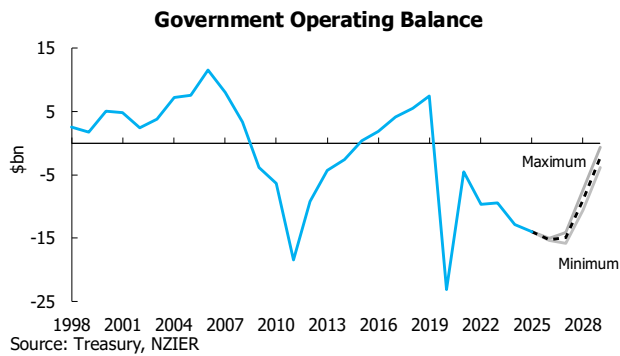
Notes: aapc = annual average percent change, apc = annual percent change, qpc = quarterly percent change
 These results show only means; standard deviations are available on request

Source: NZIER

Summary charts







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

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