NZ Institute of Economic Research (Inc)
16 March 2026

Consensus Forecasts

NZIER *Consensus Forecasts* show expectations of a recovery in the New Zealand economy over the coming year

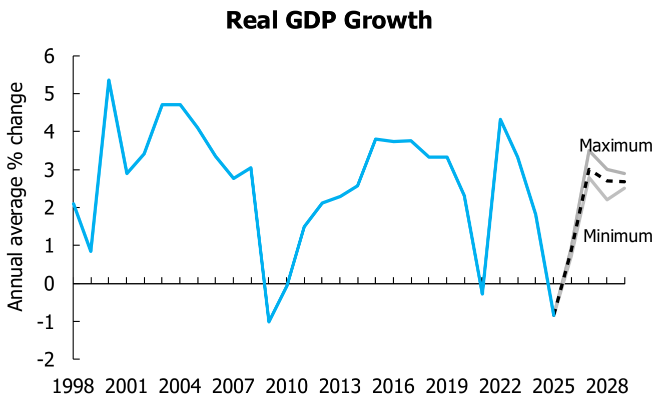
The latest NZIER *Consensus Forecasts* show an upward revision in the growth outlook for the year ending March 2027 relative to the previous *Consensus Forecasts*. Annual GDP is forecast to grow modestly by 0.8 percent in the year ending March 2026, with growth then expected to pick up to 3 percent in 2027. The September quarter GDP result suggests that the New Zealand economy has turned since the contraction in the June quarter. Recent data, including the NZIER *Quarterly Survey of Business Opinion's* (QSBO) activity indicators, point to a recovery taking shape. These developments support expectations of a continued recovery in activity over the coming year as the effects of lower interest rates gain more traction.

Forecasts of household spending for the March 2026 and 2027 years have been revised lower. Given that many households on 1-year or 2-year mortgage rates will likely still roll onto lower mortgage rates, a continued recovery in household spending is expected over the coming years. However, this recovery is expected to be gradual over the coming year, given that the soft labour market is keeping households cautious. The residential investment outlook for the March 2026 and 2027 years has improved. This is in line with the continued pick-up in dwelling consent issuance and the NZIER QSBO measure of architects' work in their office, which indicates expectations of an increased pipeline of construction work over the next 12 to 24 months.

The export growth outlook has also been revised higher for the March 2026 and 2027 years. Despite changing US trade policies, demand for New Zealand's commodity exports, especially meat and dairy, has remained strong over the past year. This underpins a favourable export growth outlook over the coming year. Although the most recent escalation in geopolitical conflict in the Middle East has raised concerns about global supply chains and the fragility of the global growth outlook, the impact on our export growth remains uncertain.

Forecast annual CPI inflation has been revised higher to 2.8 percent for the year ending March 2026 and 2.3 percent for the following year. The recent rise of annual CPI above the 1 to 3 percent inflation target band and surge in global oil prices in the wake of the US-Israel war against Iran have driven expectations for inflation to stay high over the coming year.

Figure 1 A sustained GDP growth expected for the year ending March 2027

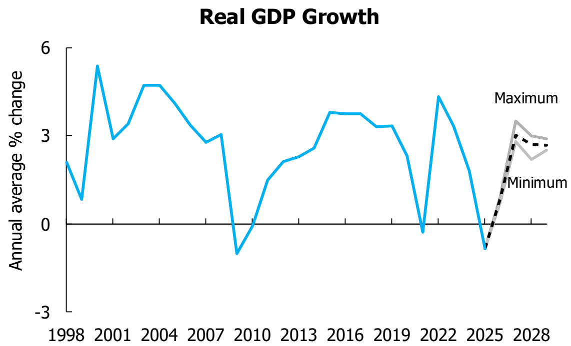


Source: Stats NZ, NZIER

Forecast GDP growth for 2027 revised up

Consensus Forecasts show expectations of modest GDP growth in the year ending March 2026. However, forecast growth for 2027 has been revised higher to 3 percent.

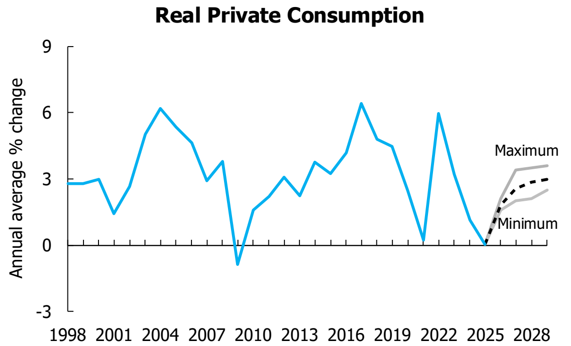
The September quarter GDP suggests that the New Zealand economy has turned since the contraction in the June quarter. The revised forecasts reflect expectations that lower interest rates will support a more sustained recovery beyond 2026.



Source: Statistics NZ, NZIER

Softer household spending outlook for the coming year

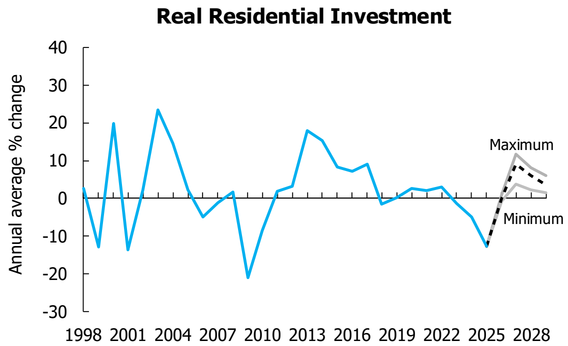
Forecast household spending growth has been revised lower for 2026 and 2027. With the effects of lower interest rates gaining traction and many households still to roll on to lower mortgage rates, expectations are for a continued recovery in retail spending over the coming years. However, this recovery is expected to be gradual over the coming year, given the soft labour market.



Source: Statistics NZ, NZIER

Residential investment outlook revised higher for the coming year

Both the overall investment and residential investment outlook have been revised higher for 2026 and 2027. Dwelling consent issuance has continued to rise in recent months, suggesting a pick-up in residential construction demand over the coming year. NZIER's QSBO architects' work in their own office measure suggests an increased pipeline of housing construction work in the next 12-24 months.

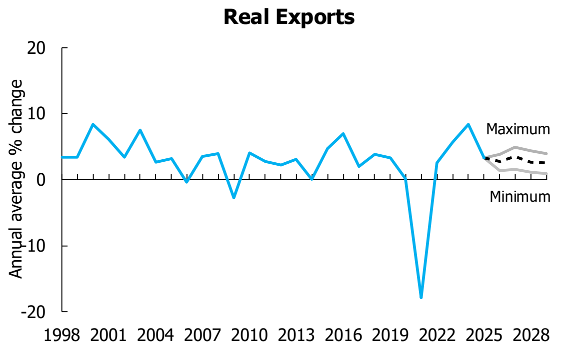


Source: Statistics NZ, NZIER

Improved export growth outlook for the coming year

Forecast export growth has been revised higher for 2026 and 2027. With strong global demand and constrained supply, demand for commodity exports has held up amid global trade uncertainties. This underpins the expectation of solid export growth over the coming year.

The import growth outlook for 2026 and 2027 has been revised higher, reflecting expectations for a continued recovery in domestic demand over the coming year.



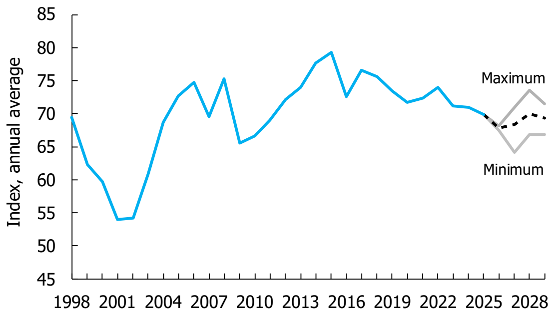
Source: Statistics NZ, NZIER

A weaker NZD exchange rate outlook

Forecasts of NZD TWI have been revised lower for 2027 and 2029 but higher for 2028. More broadly, this points to a weaker NZD exchange rate outlook over the coming years. The increasing volatility in NZD in the wake of the escalated conflicts in the Middle East is weighing on the NZD exchange rate outlook over the coming years.

The NZD TWI is expected to track between 67.8 and 70.0 across the forecast period.

NZD TWI

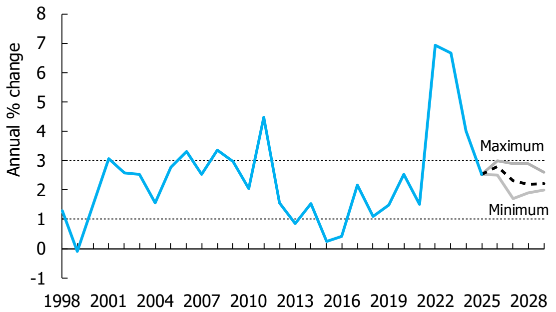


Source: RBNZ, NZIER

Inflation outlook revised higher for 2026 and 2027

Forecast annual CPI inflation has been revised higher to 2.8 percent for 2026 and 2.3 percent for 2027. Annual CPI inflation has edged above the 1 to 3 percent inflation target band. More recently, oil prices have been surging in the wake of escalating conflicts in the Middle East. Given these developments, expectations are that inflation will remain high over the coming year. The latest RBNZ *Survey of Expectations* also shows a lift in one-year ahead inflation expectations.

Annual Consumer Price Inflation

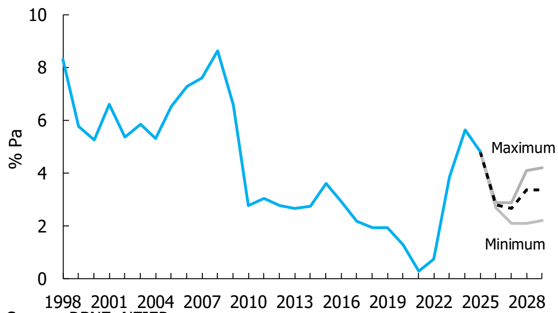


Source: Statistics NZ, NZIER

Forecast interest rates for 2028 revised higher

Forecast interest rates have been revised higher for the year ending March 2028. The RBNZ, in its February meeting, indicated that it will likely commence raising the OCR around December 2026. The revised interest rate outlook in *Consensus Forecasts* reflects expectations of more rapid interest rate increases between 2027 and 2028, given the risk of high inflation.

90 Day Bank Bills



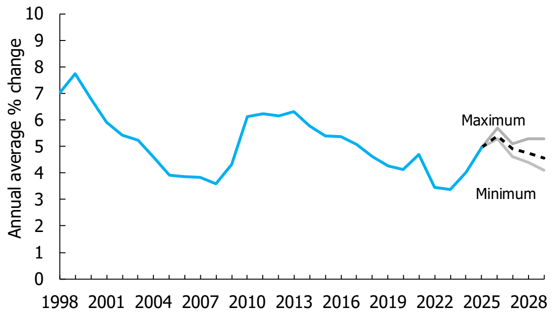
Source: RBNZ, NZIER

Little change in the forecast unemployment rate

There is little change in the forecast unemployment rate for years through to 2028. Meanwhile, the wage growth outlook has been revised higher for the years through to 2028.

The forecasts reflect expectations of a soft labour market in the near term, but it will start to pick up beyond that as the economy continues to recover. This highlights the fact that the labour market tends to lag broader economic activity.

Unemployment Rate



Source: Statistics NZ, NZIER

Table 1 Latest *Consensus Forecasts* compared to previous

aapc, March years	Mar-2026 survey				Dec-2025 survey			
	2025/26	2026/27	2027/28	2028/29	2025/26	2026/27	2027/28	2028/29
GDP	0.8 ↓	3.0 ↑	2.7 ↓	2.7 →	0.9	2.8	3.0	2.7
Private consumption	1.8 ↓	2.6 ↓	2.9 →	3.0 ↑	2.1	2.9	2.9	2.9
Public consumption	2.3 ↑	0.5 ↑	0.4 ↓	0.8 ↓	1.1	0.1	0.9	1.2
Fixed investment:								
Residential	0.0 ↑	9.0 ↑	6.1 ↓	3.6 ↓	-1.4	6.6	7.2	4.2
Other	1.8 ↑	4.8 ↑	4.3 ↓	4.3 ↑	0.4	4.6	4.6	4.1
Total	1.4 ↑	5.6 ↑	4.7 ↓	4.2 →	0.1	5.0	5.1	4.2
Exports, goods & services	2.7 ↑	3.5 ↑	2.6 ↓	2.6 →	1.7	3.0	2.7	2.6
Imports, goods & services	4.2 ↑	4.0 ↑	3.2 →	2.9 ↓	2.6	3.6	3.2	3.0
Consumer price index (apc)	2.8 ↑	2.3 ↑	2.2 ↑	2.2 ↑	2.4	2.0	2.1	2.1
New Zealand TWI (avg yr to Mar)	67.8 ↓	68.3 ↓	70.0 ↑	69.3 ↓	67.9	68.7	69.5	70.5
90 day bank bill (avg yr to Mar)	2.8 →	2.7 ↑	3.4 ↑	3.4 →	2.8	2.6	3.2	3.4
10 year govt bond (avg yr to Mar)	4.4 ↑	4.5 ↑	4.5 ↑	4.5 ↑	4.3	4.3	4.4	4.4
Current account balance (NZ$b; Mar yr)	-12.9 ↑	-14.2 ↑	-15.0 ↑	-17.2 ↑	-13.9	-16.0	-18.5	-17.7
Employment	0.7 ↓	2.3 ↑	1.9 ↑	1.8 ↑	0.8	2.2	1.8	1.7
Unemployment (% of labour force)	5.4 ↑	4.9 ↑	4.7 ↑	4.6 ↑	5.3	4.8	4.6	4.4
Wages (private sector avg hourly earnings)	4.0 ↑	3.0 ↑	3.2 ↑	3.3 ↑	3.5	2.5	2.8	3.2
Government operating balance (NZ$b, September yr)	-15.9 ↓	-12.4 ↓	-6.9 ↓	-2.5 ↓	-14.6	-10.6	-5.4	-2.0

Source: NZIER

Table 2 Breakdown of the forecasts

qpc, quarters	Dec-25 f			Mar-26 f			Jun-26 f		
	Low	Mean	High	Low	Mean	High	Low	Mean	High
GDP (seasonally adjusted, qpc)	0.4	0.6	0.9	0.7	0.9	1.1	0.5	0.7	1.0
	Mar-26 f			Jun-26 f			Sept-26 f		
CPI (qpc)	0.5	0.6	0.8	0.4	0.6	0.9	0.7	0.8	1.0

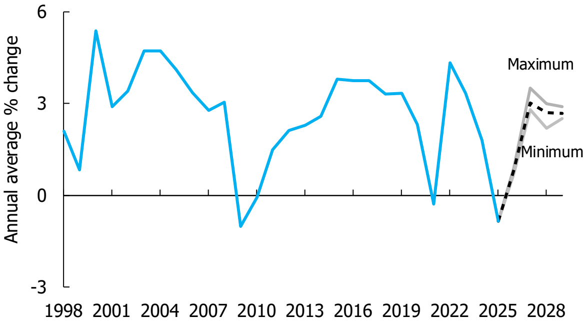
aapc, March years	2025/2026 f			2026/2027 f			2027/2028 f			2028/2029 f		
	Low	Mean	High	Low	Mean	High	Low	Mean	High	Low	Mean	High
GDP	0.7	0.8	0.9	2.8	3.0	3.5	2.2	2.7	3.0	2.5	2.7	2.9
Private consumption	1.6	1.8	2.1	2.0	2.6	3.4	2.1	2.9	3.5	2.5	3.0	3.6
Public consumption	2.0	2.3	2.5	-0.5	0.5	1.3	-0.5	0.4	1.6	-0.3	0.8	2.6
Fixed investment												
- Residential	-0.7	0.0	0.9	3.8	9.0	11.7	2.2	6.1	8.1	1.6	3.6	6.0
- Other	-0.1	1.8	3.2	1.7	4.8	6.8	2.4	4.3	5.4	3.7	4.3	5.0
- Total	0.0	1.4	2.6	2.8	5.6	7.5	3.4	4.7	6.0	3.4	4.2	5.3
Exports, goods and services	1.4	2.7	3.8	1.6	3.5	4.9	1.1	2.6	4.4	0.9	2.6	4.0
Imports, goods and services	2.3	4.2	5.0	1.0	4.0	5.8	1.2	3.2	4.7	1.8	2.9	3.8
Consumer price index (apc)	2.5	2.8	3.0	1.7	2.3	2.9	1.9	2.2	2.9	2.0	2.2	2.6
New Zealand TWI (avg yr to Mar)	67.5	67.8	68.2	64.1	68.3	71.0	66.8	70.0	73.5	66.8	69.3	71.5
90 day bank bill (avg yr to Mar)	2.7	2.8	2.9	2.1	2.7	2.9	2.1	3.4	4.1	2.2	3.4	4.2
10 year government stock (avg yr to Mar)	4.2	4.4	4.5	4.0	4.5	4.8	4.1	4.5	5.0	4.2	4.5	5.0
Current account balance (NZ$b; Mar yr)	-15.2	-12.9	-5.1	-18.6	-14.2	-5.5	-18.3	-15.0	-5.9	-20.3	-17.2	-13.7
Employment	0.6	0.7	0.8	1.2	2.3	2.9	1.0	1.9	2.3	1.4	1.8	2.1
Unemployment rate (% of labour force)	5.3	5.4	5.7	4.6	4.9	5.1	4.4	4.7	5.3	4.1	4.6	5.3
Wages (private sector avg hourly earnings)	3.9	4.0	4.1	1.9	3.0	3.6	1.8	3.2	3.8	3.0	3.3	3.8
Government operating balance (NZ$m, December yr)	-17.0	-15.9	-13.9	-13.7	-12.4	-10.4	-7.8	-6.9	-5.1	-3.3	-2.5	-0.9

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

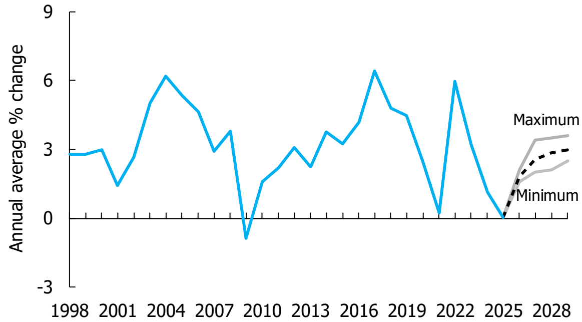
Summary charts

Real GDP Growth



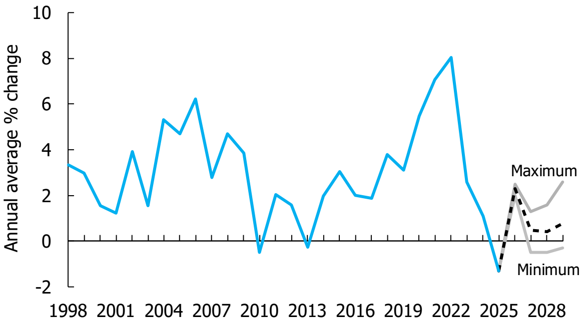
Source: Statistics NZ, NZIER

Real Private Consumption



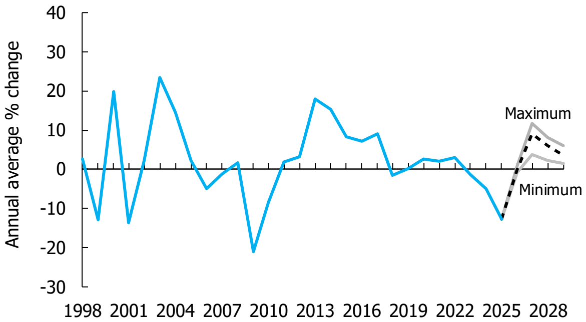
Source: Statistics NZ, NZIER

Real Public Consumption



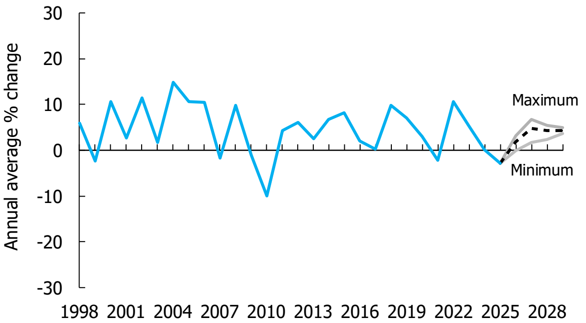
Source: Statistics NZ, NZIER

Real Residential Investment



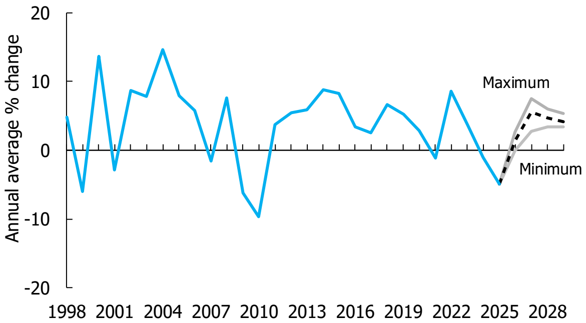
Source: Statistics NZ, NZIER

Real Other Investment



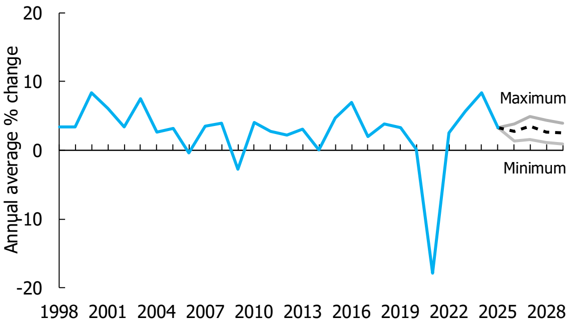
Source: Statistics NZ, NZIER

Real Total Investment



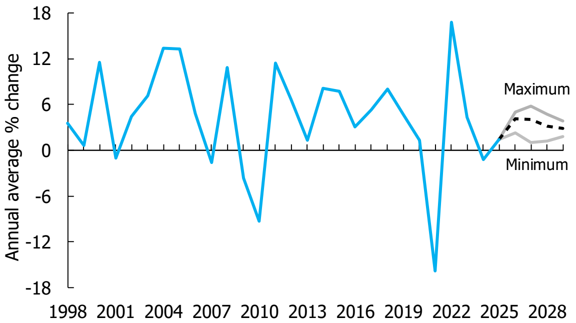
Source: Statistics NZ, NZIER

Real Exports



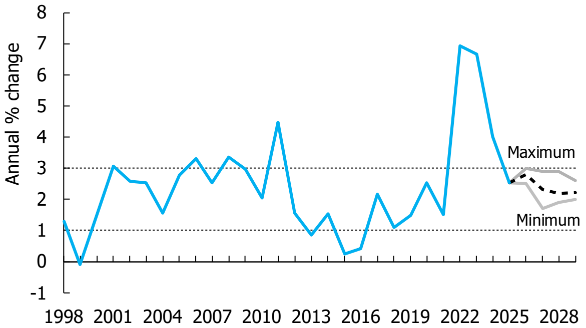
Source: Statistics NZ, NZIER

Real Imports



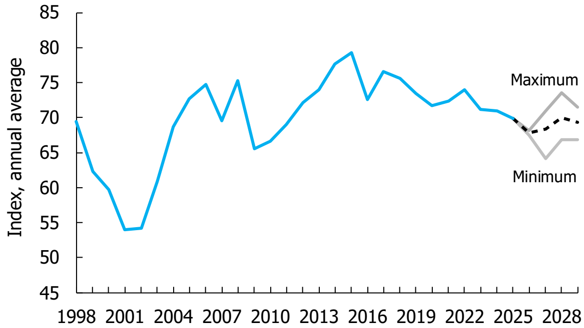
Source: Statistics NZ, NZIER

Annual Consumer Price Inflation



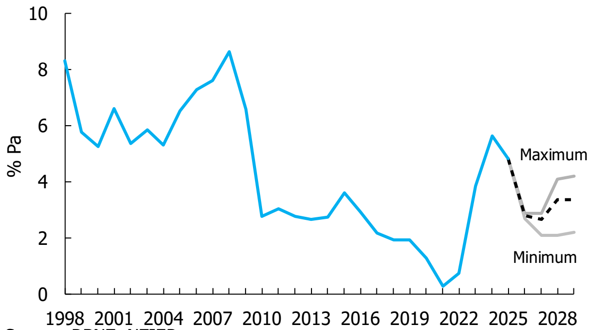
Source: Statistics NZ, NZIER

NZD TWI



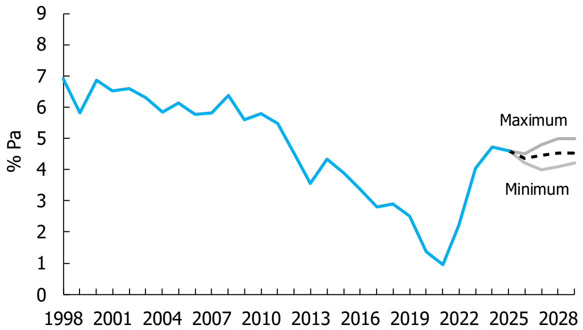
Source: RBNZ, NZIER

90 Day Bank Bills



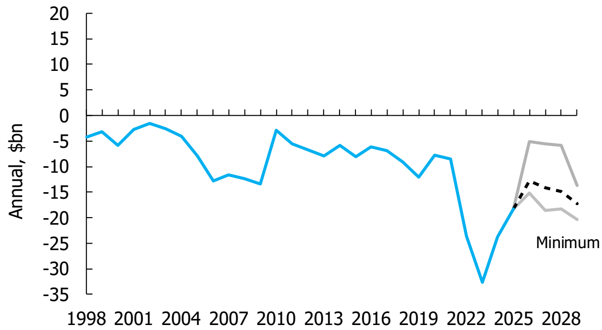
Source: RBNZ, NZIER

10 Year Government Bond Yield



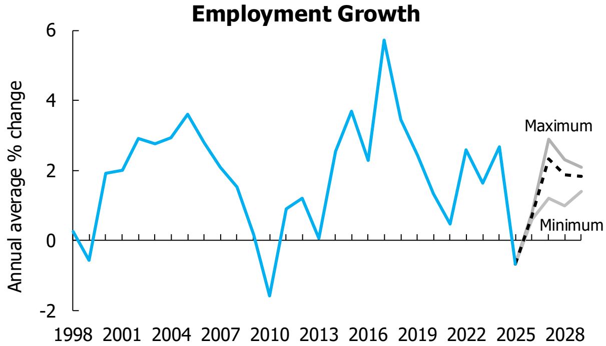
Source: RBNZ, NZIER

Current Account Balance



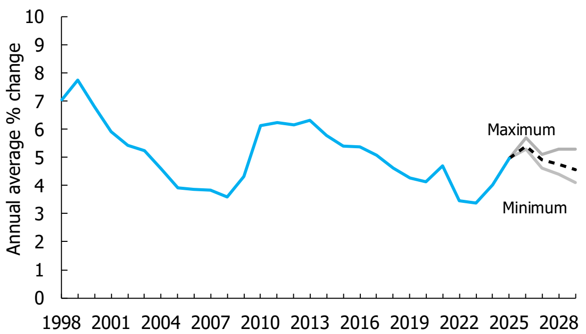
Source: RBNZ, NZIER

Employment Growth



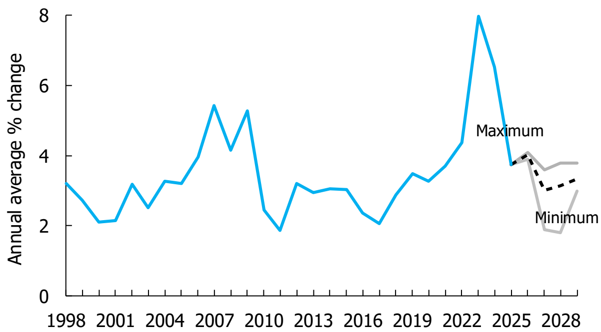
Source: Statistics NZ, NZIER

Unemployment Rate



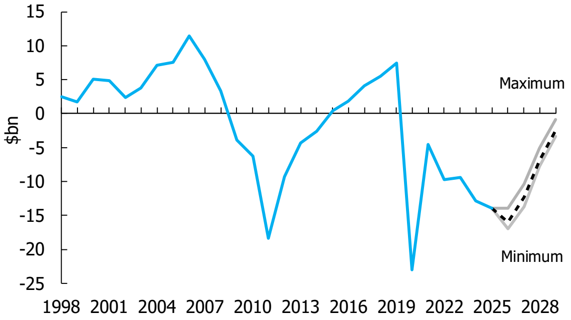
Source: Statistics NZ, NZIER

Private Sector Wage Inflation



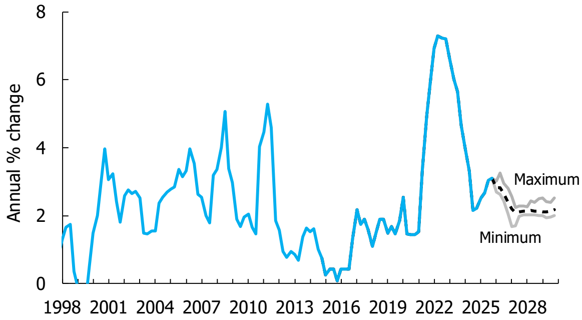
Source: Statistics NZ, NZIER

Government Operating Balance



Source: Treasury, NZIER

Consumer Price Inflation



Source: Statistics NZ, NZIER

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
New Zealand Institute of Economic Research
Reserve Bank of New Zealand
The Treasury
Westpac

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