

NZ Institute of Economic Research (Inc)
15 September 2025

Consensus Forecasts

NZIER *Consensus Forecasts* point to a downward revision in the pace of economic recovery over the coming year

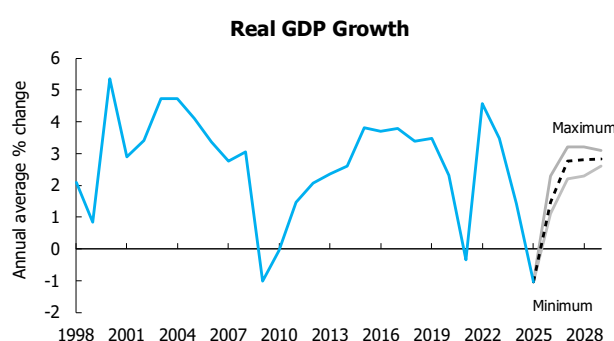
The latest NZIER *Consensus Forecasts* show a downward revision to the growth outlook for the year ending March 2026, relative to the previous release of *Consensus Forecasts*. Annual average GDP is forecast to increase by 1.5 percent in the year to March 2026 before growth picks up to 2.8 percent in 2027. The continued weakness in activity, as shown in recent business surveys like the NZIER *Quarterly Survey of Business Opinion* (QSBO), is weighing on expectations for the pace of economic recovery over the coming year. Beyond 2026, growth is expected to pick up as the full impact of interest rate cuts is transmitted to broader economic activity.

The household spending growth outlook for 2026 has improved relative to the previous release of *Consensus Forecasts*. There appear to be emerging signs of a recovery in retail spending, with gradual increases in the volume of retail sales in recent quarters. With about 77 percent of mortgages due for repricing within the next 12 months, mortgage repayments are expected to reduce further for many households. This is expected to support a continued recovery in households' discretionary spending. In contrast, the residential investment outlook for the coming year deteriorated. This is broadly in line with architects' expectations of a reduced near-term pipeline of housing construction work based on work in their own office, as shown in the NZIER QSBO.

Forecast export growth has been revised lower for the March 2026 year but higher for the following year. Global dairy prices have declined from a historically high level in recent months, mostly due to increased global dairy production. This is weighing on the export growth outlook over the coming year. Concerns over the US tariff policies, are dampening the global growth outlook, particularly for China. This, in turn, is weighing on expectations of export growth for the coming year.

The inflation outlook remains largely unchanged from the previous release of *Consensus Forecasts*. Consumers Price Index inflation has been edging up towards the top of the Reserve Bank of New Zealand's (RBNZ) 1 to 3 percent inflation target band, with strong global commodity prices and unseasonal poor weather pushing up food prices. However, the excess capacity in the New Zealand economy is expected to drive an easing of inflation back towards the 2 percent inflation target mid-point over the coming years.

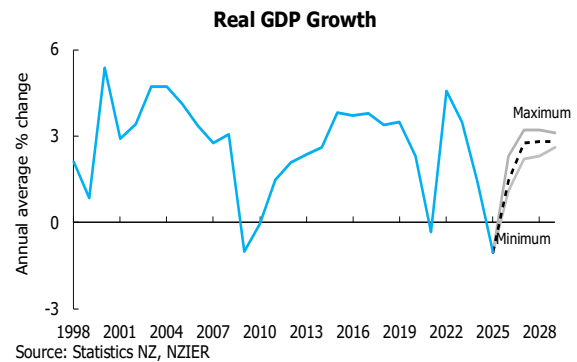
Figure 1 GDP is forecast to grow 1.5 percent in the year ending March 2026



Weaker GDP growth outlook for 2026

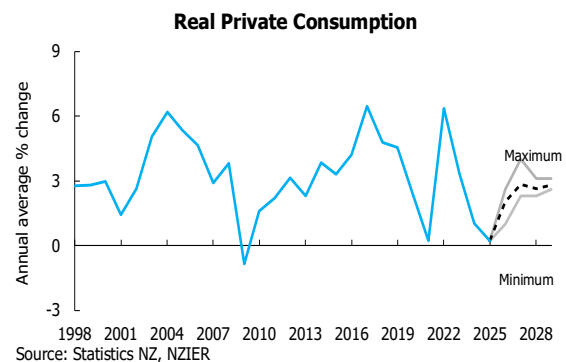
Consensus Forecasts of GDP growth show a weaker outlook for the year ending March 2026, with annual GDP forecast to increase by 1.5 percent, before picking up to 2.8 percent in 2027.

With activity remaining weak across a range of sectors, expectations of the pace of recovery in the New Zealand economy over the coming year have been pared back. Over the longer term, growth is expected to pick up as the full impact of interest rate cuts transmit to broader economic activity.



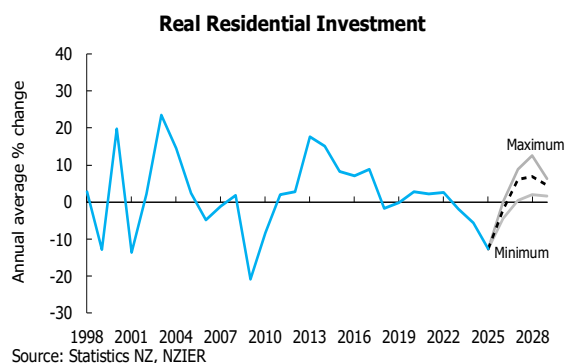
Improved household spending outlook for 2026

Forecast household spending growth has been revised higher for 2026. The volume of retail sales continued to increase in the June quarter. Households are feeling more positive, albeit still cautious about making big-ticket purchases. The RBNZ has indicated that about half of the impact of the OCR cuts to date is yet to be realised, which is expected to support a continued recovery in household spending over the coming years.



Weaker residential investment outlook for 2026

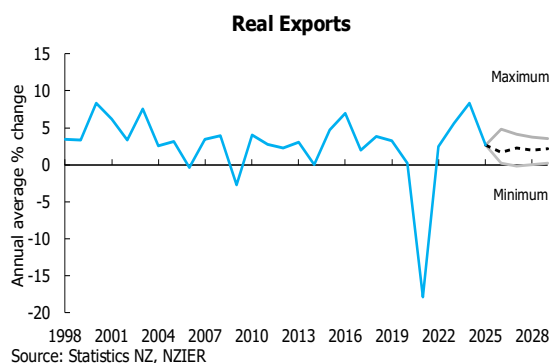
The overall investment outlook has been revised higher for 2026 and 2027, but forecast residential investment growth for 2026 further deteriorated. The NZIER QSBO architects' work in their own office measure point to a reduced pipeline of housing construction over the coming year. Weakness in housing market activity is also weighing on the residential investment outlook.



Near-term export growth revised lower

Forecast export growth has been revised lower for 2026 but higher for 2027. Increased global dairy production and a weaker global growth outlook, particularly for China, are weighing on the export growth outlook over the coming year. However, robust global demand for food commodities continues to support the longer-term outlook.

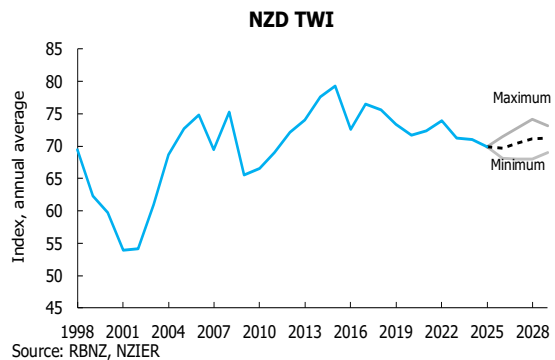
The import growth outlook has been revised lower for 2026 through to 2028, reflecting expectations of a slower pace of recovery in domestic demand.



Forecast NZD exchange rate revised higher for 2026

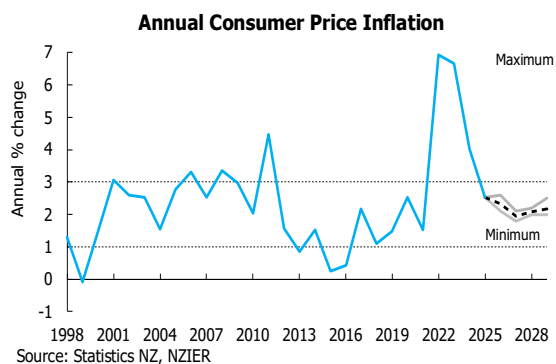
NZD TWI has been revised higher for 2026 but lower for the subsequent years. Although the RBNZ has been continuing to cut the OCR, the slowing US economy and uncertainties over its trade and fiscal policies have weighed on the yield attractiveness of USD-dominated assets relative to NZD-dominated assets.

The NZD TWI is expected to track between 69.7 and 71.2 across the forecast period.



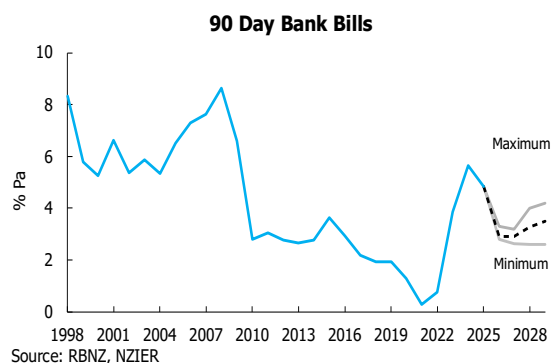
Little change to the inflation outlook

Forecast annual CPI inflation has remained broadly unchanged from the previous *Consensus Forecasts*. Although inflation has been edging up as strong global commodity prices and unseasonal poor weather have pushed up food prices, the excess capacity in the New Zealand economy is expected to drive an easing in inflation back towards the 2 percent inflation target mid-point. This is broadly consistent with the steady inflation expectations in the latest RBNZ *Survey of Expectations*.



The interest rate outlook has been revised lower for 2026 and 2027

Forecast interest rates have been revised lower for 2026 and 2027. This revision reflects the RBNZ's dovish tilt in its August Monetary Policy Statement. In particular, the central bank had given a clear indication of two further OCR cuts in this monetary policy easing cycle, given the disappointing recovery in the New Zealand economy.



The unemployment rate outlook is broadly unchanged

The wage growth outlook has been revised higher for 2026 but lower for 2027. Meanwhile, the forecast unemployment rate remains broadly similar to the previous *Consensus Forecasts*.

The forecasts reflect expectations that excess capacity in the New Zealand labour market will drive further slowing in wage growth over the coming year. Beyond that, recovery in economic activity is expected to support an improvement in labour demand over the longer term.

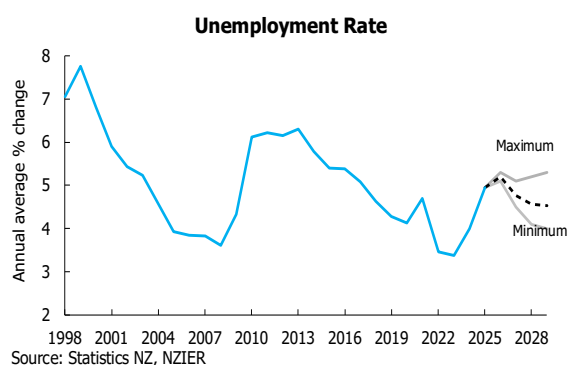


Table 1 Latest *Consensus Forecasts* compared to previous

aapc, March years	Sep-2025 survey				Jun-2025 survey		
	2025/26	2026/27	2027/28	2028/29	2025/26	2026/27	2027/28
GDP	1.5 ↓	2.8 ↑	2.8 ↑	2.8	1.9	2.7	2.7
Private consumption	2.0 ↑	2.8 ↓	2.6 ↓	2.8	1.7	3.0	3.0
Public consumption	0.4 ↑	0.1 ↓	1.0 ↓	1.4	0.0	0.2	1.1
Fixed investment:							
Residential	-2.2 ↓	6.1 ↓	6.9 →	4.6	-1.8	7.3	6.9
Other	1.0 ↑	5.3 ↑	4.4 →	4.2	0.5	4.7	4.4
Total	0.3 ↑	5.4 ↑	4.9 →	4.3	-0.2	5.2	4.9
Exports, goods & services	1.7 ↓	2.3 ↑	2.0 ↓	2.2	3.5	2.0	2.2
Imports, goods & services	1.4 ↓	3.2 ↓	2.5 ↓	2.7	1.6	3.3	3.2
Consumer price index (apc)	2.3 ↑	2.0 →	2.1 →	2.2	2.2	2.0	2.1
New Zealand TWI (avg yr to Mar)	69.7 ↑	70.5 ↓	71.2 ↓	71.2	69.3	70.9	71.6
90 day bank bill (avg yr to Mar)	2.9 ↓	2.9 ↓	3.3 →	3.5	3.0	3.1	3.3
10 year govt bond (avg yr to Mar)	4.3 →	4.3 →	4.4 →	4.6	4.3	4.3	4.4
Current account balance (NZ\$b; Mar yr)	-18.3 ↓	-19.4 ↓	-20.5 ↓	-20.7	-14.2	-16.5	-17.8
Employment	0.9 ↓	2.0 →	1.7 →	1.6	1.4	2.0	1.7
Unemployment (% of labour force)	5.2 ↑	4.8 ↑	4.6 ↑	4.5	5.1	4.7	4.5
Wages (private sector avg hourly earnings)	4.0 ↑	2.8 ↓	3.0 →	3.3	3.1	3.1	3.0
Government operating balance (NZ\$b, September yr)	-14.6 ↑	-10.6 ↑	-5.5 ↑	-2.0	-15.3	-11.4	-6.7

Source: NZIER

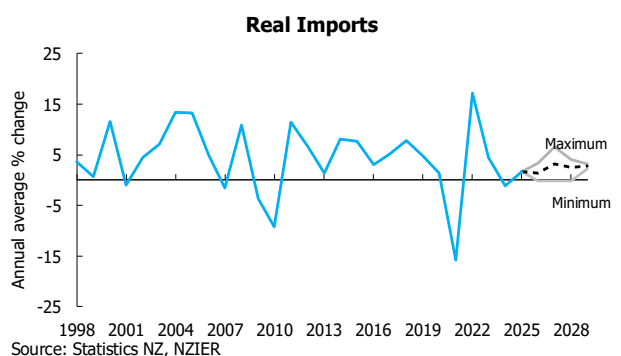
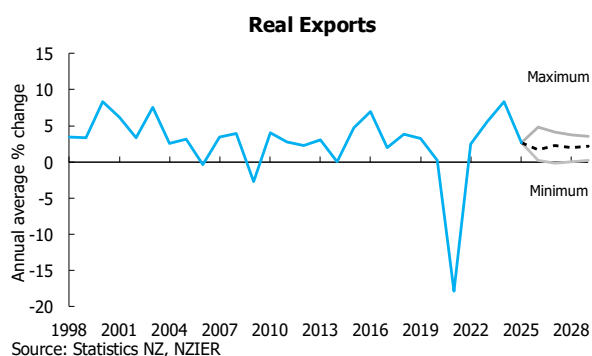
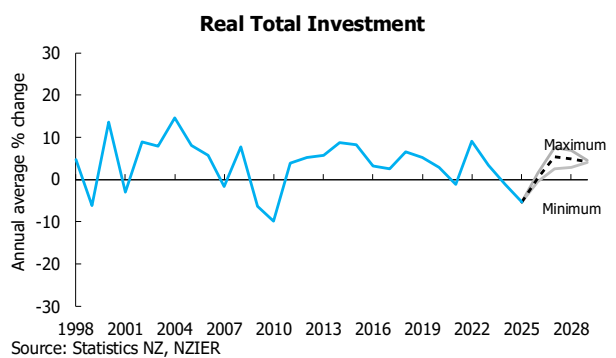
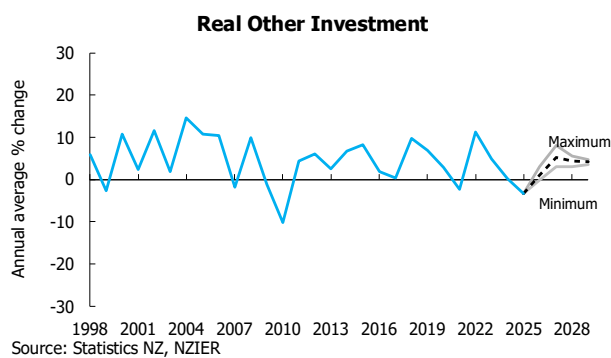
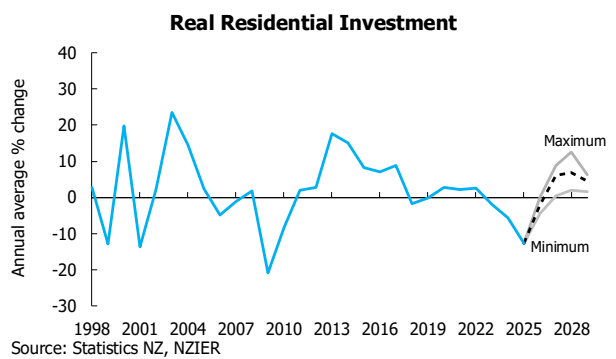
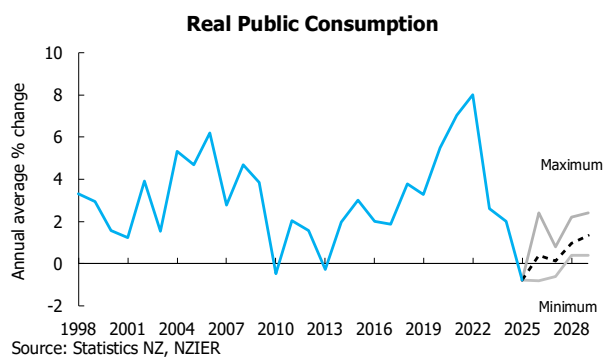
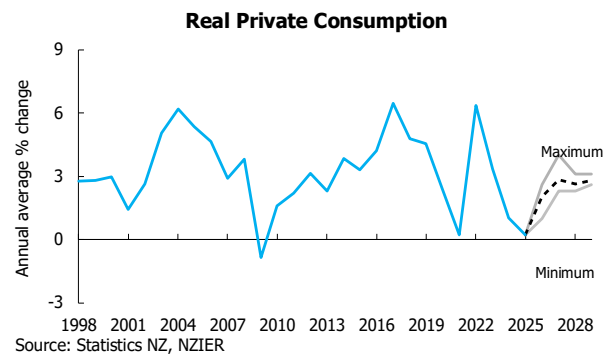
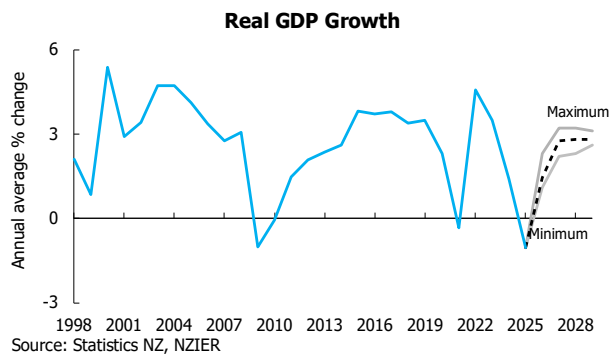
Table 2 Breakdown of the forecasts

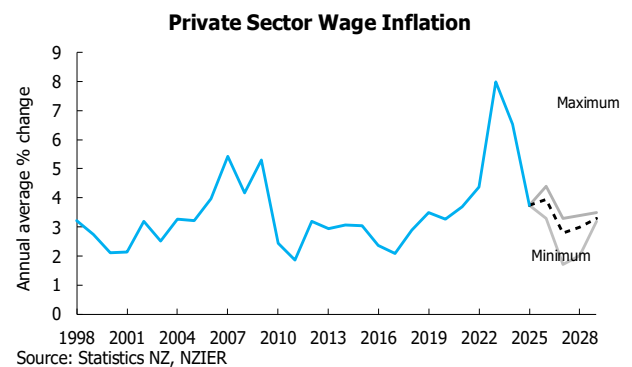
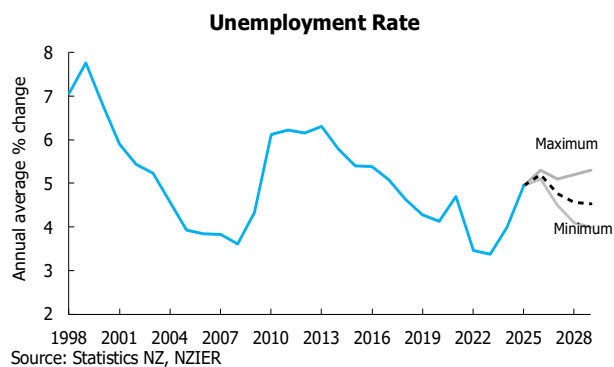
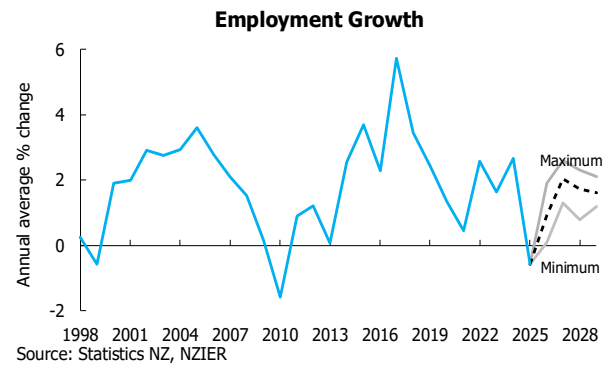
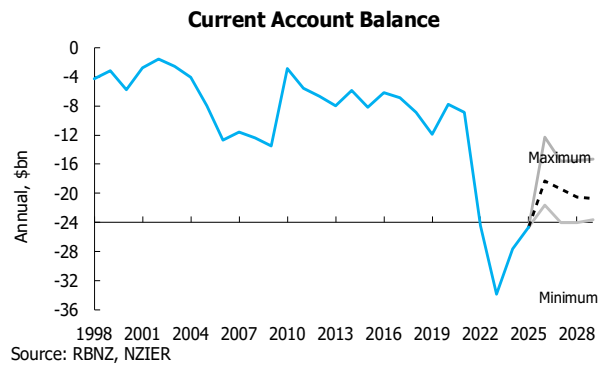
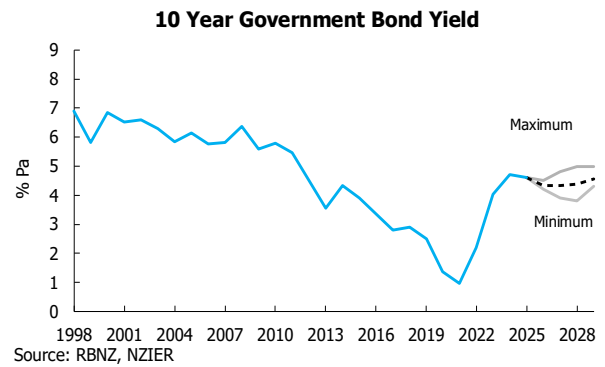
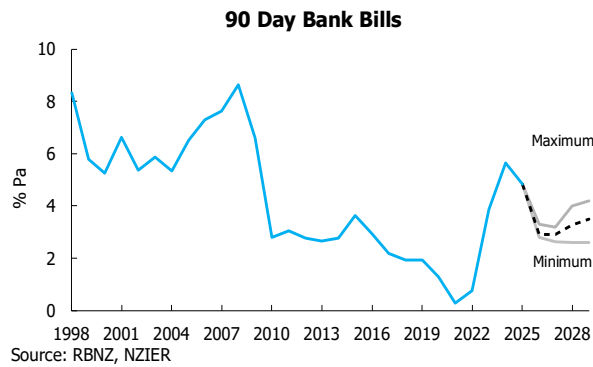
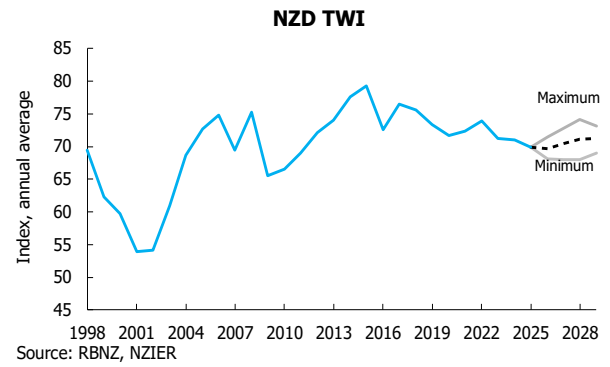
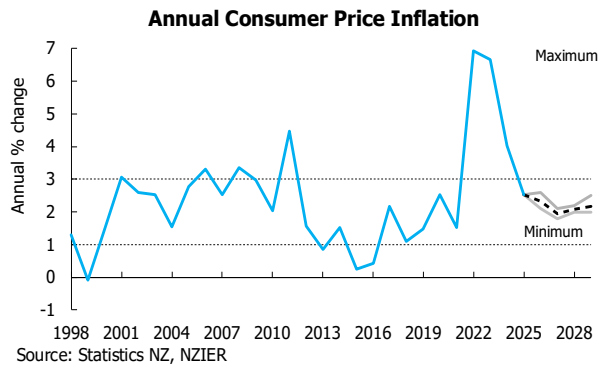
qpc, quarters	Jun-25 f			Sep-25 f			Dec-25 f					
	Low	Mean	High	Low	Mean	High	Low	Mean	High			
GDP (seasonally adjusted, qpc)	-0.5	-0.1	0.7	0.3	0.5	0.8	0.5	0.9	1.7			
	Sep-25			Dec-25 f			Mar-26 f					
CPI (qpc)	0.7	1.0	1.2	0.3	0.4	0.5	0.2	0.5	0.6			
aapc, March years	2025/2026 f			2026/2027 f			2027/2028 f			2028/2029 f		
	Low	Mean	High	Low	Mean	High	Low	Mean	High	Low	Mean	High
GDP	1.1	1.5	2.3	2.2	2.8	3.2	2.3	2.8	3.2	2.6	2.8	3.1
Private consumption	1.0	2.0	2.6	2.3	2.8	4.0	2.3	2.6	3.1	2.6	2.8	3.1
Public consumption	-0.8	0.4	2.4	-0.6	0.1	0.8	0.4	1.0	2.2	0.4	1.4	2.4
Fixed investment												
- Residential	-4.4	-2.2	0.0	0.5	6.1	8.9	2.0	6.9	12.5	1.6	4.6	6.3
- Other	-0.1	1.0	3.0	3.0	5.3	8.0	3.0	4.4	5.5	3.6	4.2	4.8
- Total	-0.5	0.3	1.6	2.6	5.4	7.6	2.9	4.9	6.9	4.0	4.3	4.6
Exports, goods and services	0.2	1.7	4.8	-0.2	2.3	4.1	0.0	2.0	3.7	0.2	2.2	3.5
Imports, goods and services	-0.1	1.4	3.4	-0.2	3.2	6.6	-0.2	2.5	4.1	2.2	2.7	3.2
Consumer price index (apc)	2.1	2.3	2.6	1.8	2.0	2.1	2.0	2.1	2.2	2.0	2.2	2.5
New Zealand TWI (avg yr to Mar)	68.1	69.7	71.5	68.0	70.5	72.8	68.0	71.2	74.2	69.0	71.2	73.1
90 day bank bill (avg yr to Mar)	2.8	2.9	3.3	2.6	2.9	3.2	2.6	3.3	4.0	2.6	3.5	4.2
10 year government stock (avg yr to Mar)	4.2	4.3	4.5	3.9	4.3	4.8	3.8	4.4	5.0	4.3	4.6	5.0
Current account balance (NZ\$b; Mar yr)	-21.6	-18.3	-12.3	-24.0	-19.4	-15.6	-24.0	-20.5	-15.5	-23.6	-20.7	-15.3
Employment	0.1	0.9	1.9	1.3	2.0	2.6	0.8	1.7	2.3	1.2	1.6	2.1
Unemployment rate (% of labour force)	5.1	5.2	5.3	4.5	4.8	5.1	4.1	4.6	5.2	4.0	4.5	5.3
Wages (private sector avg hourly earnings)	3.3	4.0	4.4	1.7	2.8	3.3	2.0	3.0	3.4	3.2	3.3	3.5
Government operating balance (NZ\$m, December yr)	-16.0	-14.6	-12.1	-11.9	-10.6	-8.1	-6.8	-5.5	-3.1	-3.1	-2.0	0.2

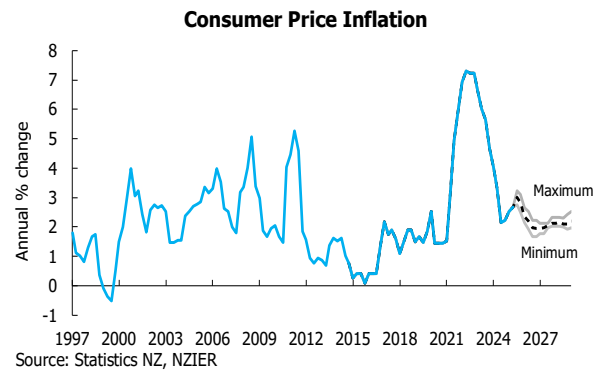
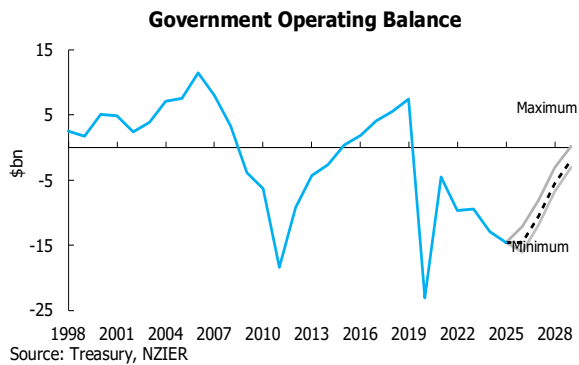
Notes: aapc = annual average percent change, apc = annual percent change, qpc = quarterly percent change
 These results show only means; standard deviations are available on request

Source: NZIER

Summary charts







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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