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For immediate release

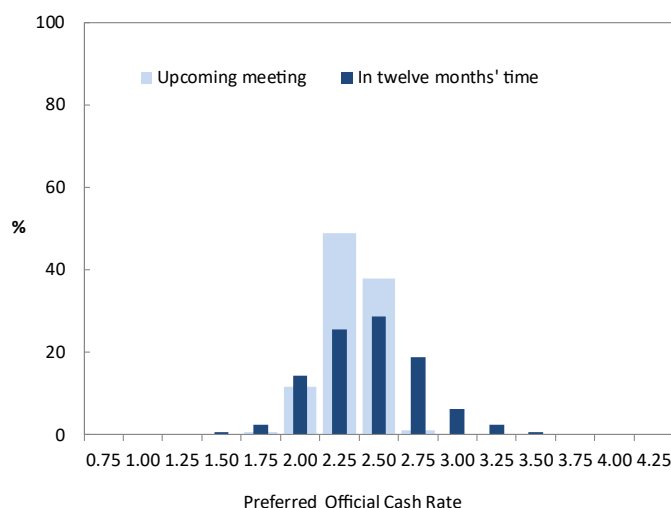
Shadow Board recommends a further 25 basis-point OCR cut in November

The majority of members in the NZIER *Monetary Policy Shadow Board* recommend that the Reserve Bank of New Zealand (RBNZ) reduce the OCR by 25 basis points to 2.25 percent in the upcoming November *Monetary Policy Statement*. With the New Zealand economy starting to recover from a low base but excess capacity remaining, most members viewed a further small cut in the OCR as justified to support the economy. Some other members viewed no further OCR cut beyond the current level, given their view that the RBNZ should be cautious about stimulating the economy at the risk of increasing inflation.

Regarding where the OCR should be in a year, members' picks centred on an OCR of either 2.25 percent or 2.50 percent. This reflected the Shadow Board's broad consensus that little monetary policy easing will be required beyond November, but there is some disagreement over the level of terminal OCR. One member pointed out that the real question is more about how long the OCR should remain at stimulatory levels. Another member stressed that the RBNZ should be cautious about any near-term changes in the OCR, given that the current real OCR is at or below 0 percent and inflation in several closely-related countries is increasing. Overall, the Shadow Board's view is broadly in line with our OCR outlook for the coming year.

Figure 1 The Shadow Board's central view of the OCR in a year's time is either 2.25 percent or 2.50 percent

% strength of policy preference on the stance RBNZ should take



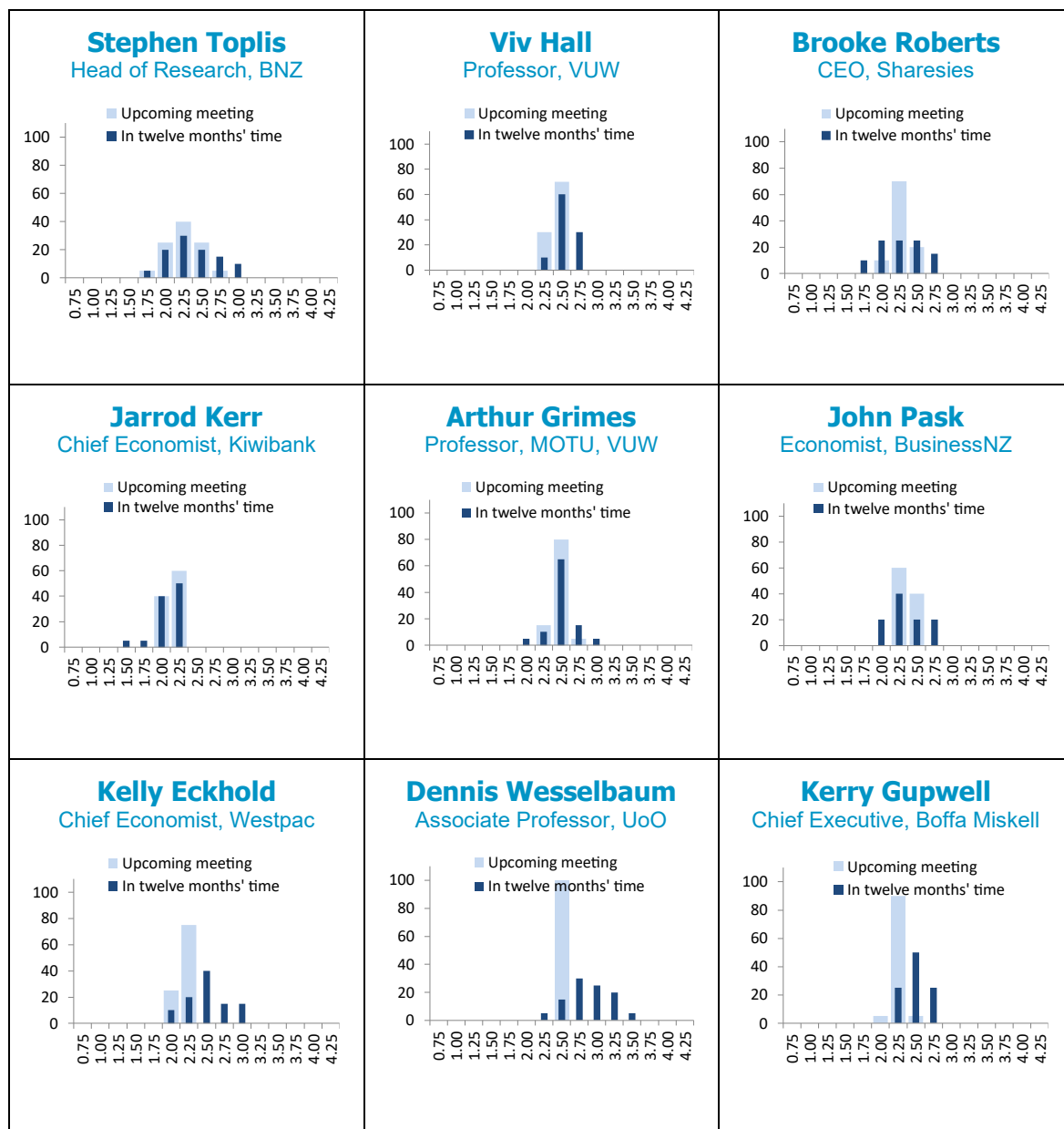
Source: NZIER *Monetary Policy Shadow Board*

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Figure 2 Individual participants' recommended rate settings – 19 November 2025



Source: NZIER Monetary Policy Shadow Board



Table 1 Participant comments

Participants' comments are optional

Stephen Toplis	We're getting near the end of the easing cycle. Central banks have a proclivity to overshoot at cyclical turning points by focusing too much on current data. Hopefully, this won't be so this time around.
Viv Hall	OCR cuts to date continue to provide expansionary effects and have probably done as much as monetary policy can prudently do to stimulate the real economy without running the risk of overstimulating future CPI and house price inflation. Therefore, it is time to pause any further OCR cuts.
Arthur Grimes	The current real OCR is at or below 0%, while inflation is expected to trend from the top of the inflation target band towards its mid-point. Inflation in some other closely related countries is increasing. Together, this suggests that the RBNZ should be cautious about any further near-term changes in the OCR.
John Pask	On balance, there is arguably justification for a further cut in the OCR given current spare capacity, but that will likely be the end to easing.
Jarrold Kerr	The labour market is showing some signs of stabilising. It's early days, and it's lagged data. I think we will see confidence lift with the cash rate firmly in stimulatory territory. I'm hearing more from investors and developers. They are nervous about the election next year, but admit interest rates are at levels that make a few things work. That's what it's all about.
Kelly Eckhold	There's a strong case for a further cut to either 2% or 2.25%. Interest rates are now low enough to support an eventual recovery absent significant negative shocks. The question is more about how long rates remain at these stimulatory levels. The exchange rate is likely to remain supportive of growth and likely implies inflation will remain in the top half of the band.
Dennis Wesselbaum	Inflation is trending upward (now 3%), and inflation expectations remain elevated. International/trade uncertainty remains high but is trending down. Data from GDPlive suggests that we are at the low point of the cycle. Hence, looking at the data, the lagged effects of many earlier cuts are still working through the economy (with many mortgages resetting during the next months), and under a single mandate, there is no case for further stimulation.

Kerry Gupwell	I favour a further 25bp cut. Things feel a little better so far in Q4 (from a very low base). There is a little more activity and positivity, but they still look hesitant and uneven across different sectors. I think businesses are still “protecting” headcount rather than hiring. Unemployment rose again but may have peaked? Inflation is back in the band but at the top. Another 50bp so soon after October risks overcooking things and having to reverse later. A smaller step keeps easing moving, supports confidence and cashflow. Monetary policy can do a bit more; but in my view the real work still sits with government on planning reform, infrastructure delivery, and policy certainty.
Brooke Roberts	We think the OCR should be reduced by 25 basis points to 2.25%.

About the NZIER Monetary Policy Shadow Board

NZIER’s *Monetary Policy Shadow Board* is independent of the Reserve Bank of New Zealand. Individuals’ views are their own, not those of their respective organisations. The next Shadow Board release will be on Monday, 16 February 2026, ahead of the RBNZ’s *Monetary Policy Statement*. Past releases are available from the NZIER website: www.nzier.org.nz.

Shadow Board participants put a percentage preference on each policy action. Combined, the average of these preferences forms a Shadow Board view ahead of each monetary policy decision.

The NZIER *Monetary Policy Shadow Board* aims to:

- encourage informed debate on each interest rate decision
- help inform how a Board structure might operate
- explore how Board members could use probabilities to express uncertainty.

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