ANZ New Zealand Business Outlook

30 October 2025

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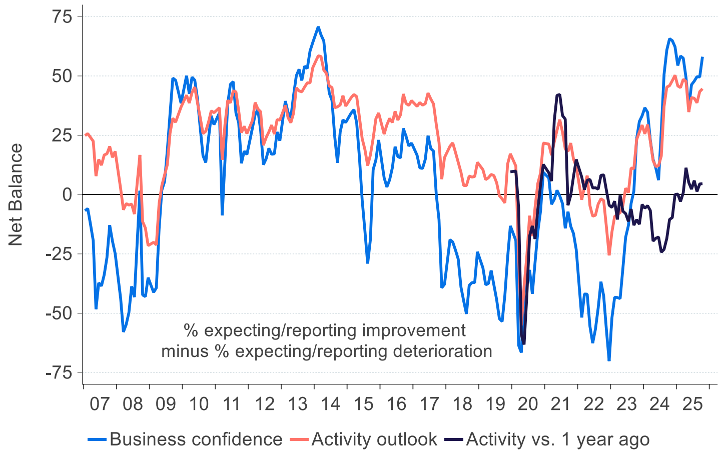
Retail renaissance?

- Business confidence jumped from 50 to 58 in October, the highest level since February. Expected own activity lifted 2 points to net 45%, the strongest since April. Past own activity was little changed at +5 (but jumped 11 points for the retail sector), while past employment lifted 1 point to -10.
- Inflation indicators were little changed: the net percent of firms expecting to raise prices in the next three months eased from 46% to 44% while those expecting cost increases rose 1 point to 76%. One-year-ahead inflation expectations were little changed at 2.75%.

Figure 1. ANZ Business Confidence, Own Activity and Past Activity



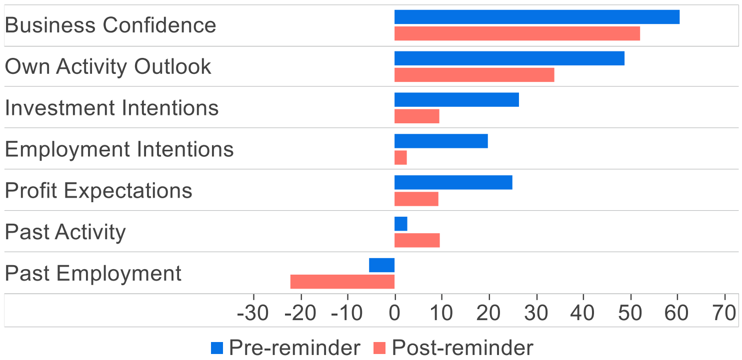
Source: Macrobond, ANZ Research

Table 1. Results versus last month

Net Balance	Oct	Sep	Comment
Business Confidence	58.1	49.6	Range: Wellington 43 to Auckland 64.
Own Activity Outlook	44.6	43.4	Construction the laggard (42); retail is lifting strongly (54).
Export Intentions	17.3	16.4	Mixed: Agri 38 vs. manufacturing just 15.
Investment Intentions	21.6	17.5	Range: construction 4 to services 28.
Employment Intentions	15.0	16.4	Retailers most cautious (5) vs services 18
Residential Construction	36.6	23.3	A New Hope.
Commercial Construction	33.3	31.7	Strongest since April.
Profit Expectations	20.6	20.2	Services sector most positive (27).
Ease of Credit	24.8	17.3	Highest this year. Credit not a constraint.
Activity vs. 1 year ago	4.6	4.5	Retail jumped 11 points to 7, a level it's only briefly touched in the past four years
Employment vs. 1 yr ago	-10.0	-10.9	Services (1) joins agri (12) in the black.
Cost Expectations % 3m out	2.39%	2.43%	All sectors in a fairly tight range.
Wage Expectations % 12m out	2.57%	2.39%	Agriculture highest at 2.9%.
Pricing Intentions % 3m out	1.62%	1.63%	Range: construction 1.1% to retail 2.2%
Inflation Expectations 1y out	2.75%	2.71%	Highest in a year but it's been remarkably flat.

Forward-looking activity indicators generally lifted in October (for charts see page 5). Figure 2 shows responses 1-21 October (with the bulk of responses coming very early in the month), and then the responses that came in after the reminder was sent on 22 October. It's not obvious from this chart that the RBNZ's 50bp cut boosted confidence, but we'd caution that there has been a pattern for the past five months of early responders being predominantly more positive than late-month ones, so one needs to be cautious about ascribing the difference to mid-month events.

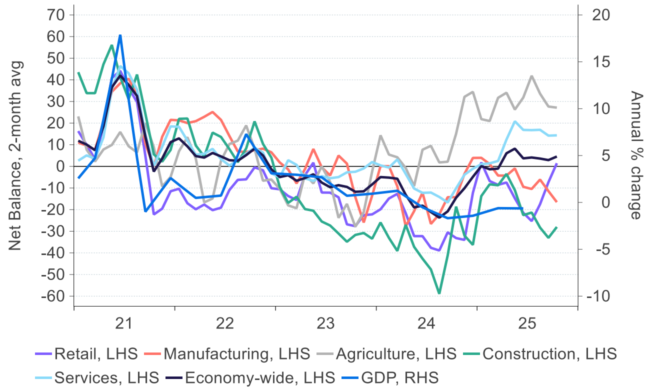
Figure 2. Early and late-month responses



Source: Macrobond, ANZ Research

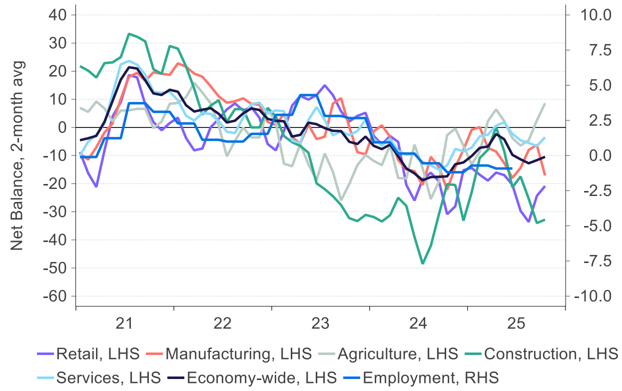
Reported past activity (the best indicator of GDP in the survey) is suddenly looking much brighter for retail, with its highest read in four years, but construction remains under significant pressure (figure 3). Reported past employment remains negative for every sector except agriculture but seems to have found a floor in aggregate (figure 4).

Figure 3. Past activity (2-month avg) vs GDP



Source: Stats NZ, Macrobond, ANZ Research

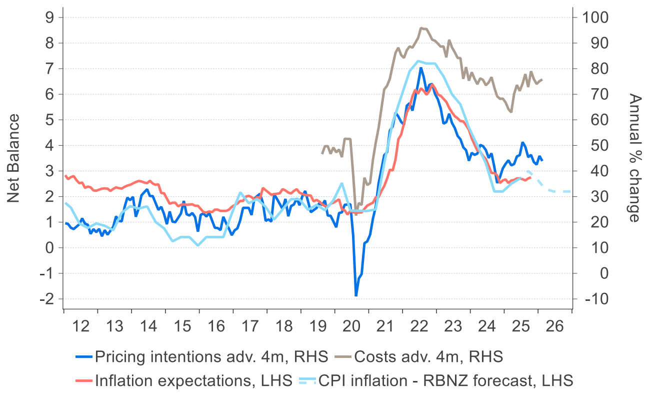
Figure 4. Past employment (2-month avg) vs actual



Source: Stats NZ, Macrobond, ANZ Research

Pricing and cost expectations, as measured by the net percent of firms expecting increases, saw little movement, remaining in recent ranges (figure 5).

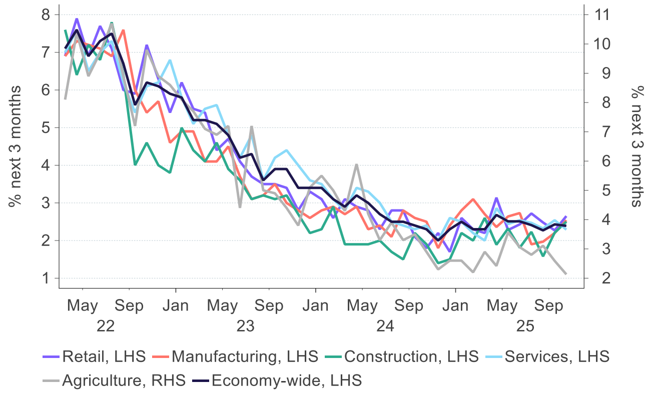
Figure 5. ANZBO inflation indicators and RBNZ CPI forecasts



Source: Stats NZ, RBNZ, Macrobond, ANZ Research

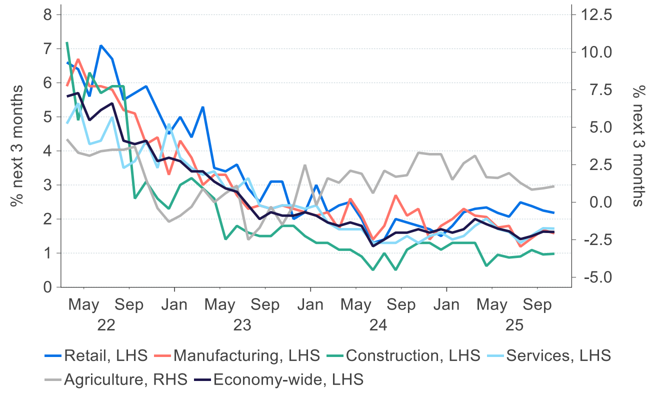
Firms' numerical expected average costs and price changes over the next three months were also little changed, while the wage measures were slightly higher.

Figure 6. Cost expectations by sector



Source: Stats NZ, Macrobond, ANZ Research

Figure 7. Pricing intentions by sector



Source: Stats NZ, Macrobond, ANZ Research

Our heatmap shows that retail, construction and services drove the lift this month, while manufacturing is slipping, and agriculture becoming more circumspect. In level terms, construction remains the laggard. The sharp drop in employment in this sector compared to a year ago raises questions about whether these workers will still be available to rehire when the next upswing comes. On the positive side, the services sector saw more than its fair share of outsized increases in indicators. Agriculture remains clearly the most upbeat sector in level terms.

Table 2. Heatmap

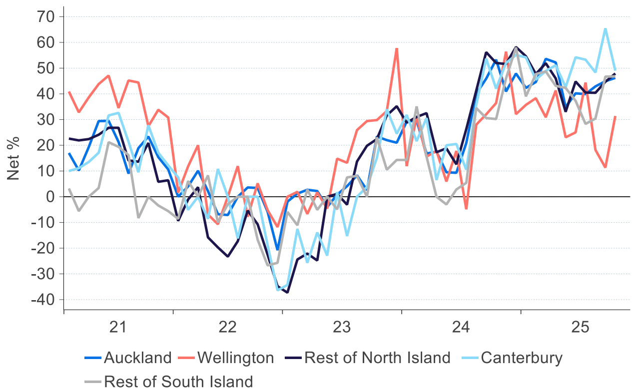
	Levels					Monthly changes				
	Retail	Mfg	Agric	Constrn	Serv	Retail	Mfg	Agric	Constrn	Serv
Business Confidence	60.7	58.5	57.5	60.4	56.6	7.0	-12.3	6.2	13.1	11.5
Own activity outlook	54.1	42.6	36.6	41.5	44.9	7.9	-3.2	-8.4	1.5	0.9
Activity vs. same month one year ago	6.6	-18.5	26.8	-26.9	14.7	10.3	-3.9	-0.7	2.2	0.7
Exports	19.5	15.2	37.8	3.2	14.1	2.8	-5.9	13.5	-5.1	-0.4
Investment	25.9	11.3	19.5	3.8	28.4	14.6	-10.4	-20.5	2.0	11.3
Residential Construction	...	...	...	32.3	...	...	...	...	5.5	...
Commercial Construction	...	...	...	36.7	...	...	...	...	11.7	...
Employment	4.9	14.5	10	17.0	17.5	3.0	-20.9	-10.5	7.9	0.7
Employment vs. same month one year ago	-21.3	-25.9	12.2	-36.5	1.0	-0.9	-17.6	7.2	-7.4	9.0
Profits	23.0	21.8	4.9	7.5	26.8	0.4	-5.3	-5.1	-3.4	3.2
Ease of Credit	16.4	9.3	31.7	27.5	30.8	-0.3	0.6	19.2	5.7	10.7
Costs	85.0	83.0	73.2	74.5	71.6	12.8	5.9	-5.2	3.6	-3.2
Pricing Intentions	65.6	52.8	24.4	21.2	44.6	-2.9	7.0	0.1	-11.5	-2.3

Note: Red indicates high, and blue, low, becoming more intense at the extremes. The colours take into account the historical average and variation in each series. For example, a series may be low compared to others but if that's not unusual, it may not be blue.

Regional disparity

There is marked regional divergence in the ANZBO survey results. Canterbury stands out, with its strong agriculture backbone, while Wellington has lagged for more than a year.

Figure 8. Expected activity by region



Source: Macrobond, ANZ Research

Our take

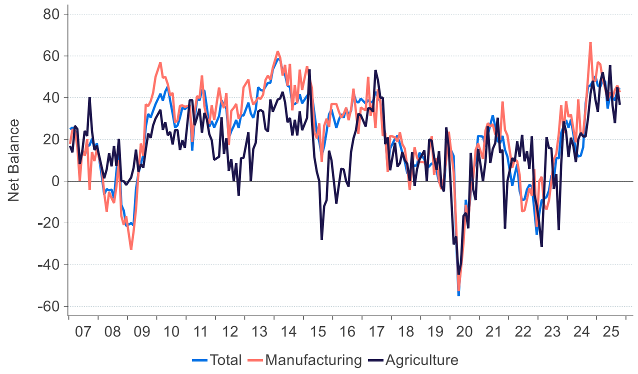
Green shoots are emerging, particularly for interest-rate sensitive sectors such as retail and construction. The question is, will firms trust them to thrive and not to wither, as they did earlier this year? The pieces are in place for a cyclical recovery, though we are expecting growth to be modest; recovery takes time. It shouldn't be forgotten that the slowdown in recent years, while painful, has achieved a lot in terms of clearing the decks for the next upswing: real house prices have unwound their bubble, household and firm debt is now lower than pre-COVID as a share of GDP, inflation has been beaten down, and external balance with the rest of the world has been restored as imports have reduced and exports grown. The pickup in retail sentiment underlines that as the weather warms the economy is set to do the same, with significant monetary easing working its way through and high rural incomes supporting activity and confidence in the regions.

Survey Results October 2025

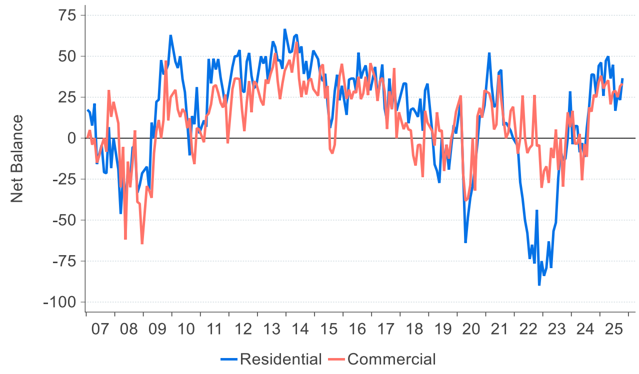
Net Balance	October	Previous (Sep)	Retail	Mfg	Agric	Constrn	Services
Business Confidence	58.1	49.6	60.7	58.5	57.5	60.4	56.6
Own Activity Outlook	44.6	43.4	54.1	42.6	36.6	41.5	44.9
Export Intentions	17.3	16.4	19.5	15.2	37.8	3.2	14.1
Investment Intentions	21.6	17.5	25.9	11.3	19.5	3.8	28.4
Cost Expectations	75.8	75.1	85.0	83.0	73.2	74.5	71.6
Residential Construction	36.6	23.3	…	…	…	36.6	…
Commercial Construction	33.3	31.7	…	…	…	33.3	…
Employment Intentions	15.0	16.4	4.9	14.5	10.0	17.0	17.5
Profit Expectations	20.6	20.2	23.0	21.8	4.9	7.5	26.8
Pricing Intentions	43.9	45.9	65.6	52.8	24.4	21.2	44.6
Ease of Credit Expectations	24.8	17.3	16.4	9.3	31.7	27.5	30.8
Inflation Expectations (%)	2.75	2.71	2.85	2.78	2.71	2.88	2.69
Activity – same month one year ago	4.6	4.5	6.6	-18.5	26.8	-26.9	14.7
Employment – same month one year ago	-10.0	-10.9	-21.3	-25.9	12.2	-36.5	1.0
Price Expectations – 3 months from now (%)	1.62	1.63	2.2	1.6	1.1	1.0	1.7
Cost Expectations – 3 months from now (%)	2.39	2.43	2.7	2.5	2.1	2.5	2.3
Wages/Salaries – next 12 months (%)	2.57	2.39	2.3	2.3	2.9	2.7	2.7
Wages/Salaries – same month a year ago (%)	2.31	2.54	2.1	2.3	2.3	1.5	2.6

Charts

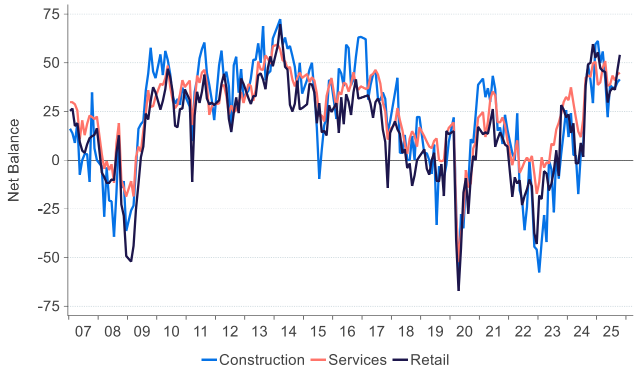
Activity outlook index



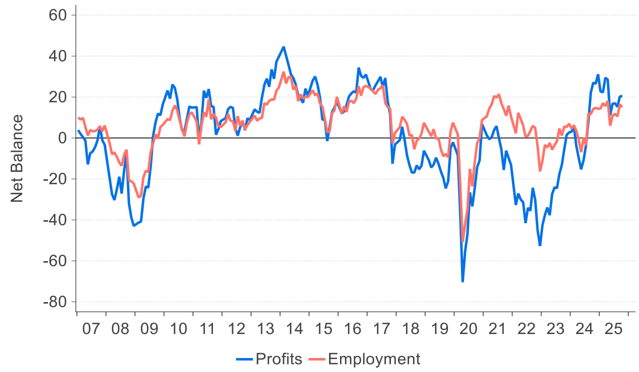
Construction intentions



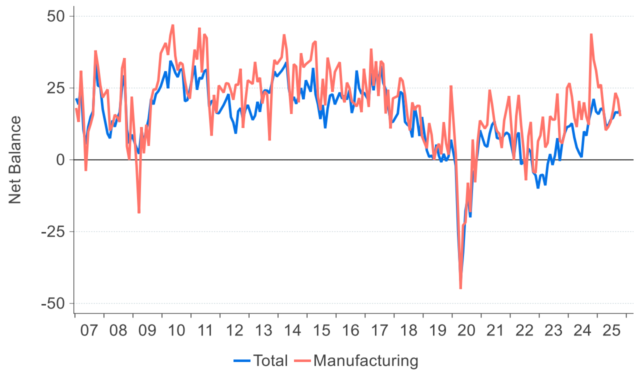
Activity outlook index



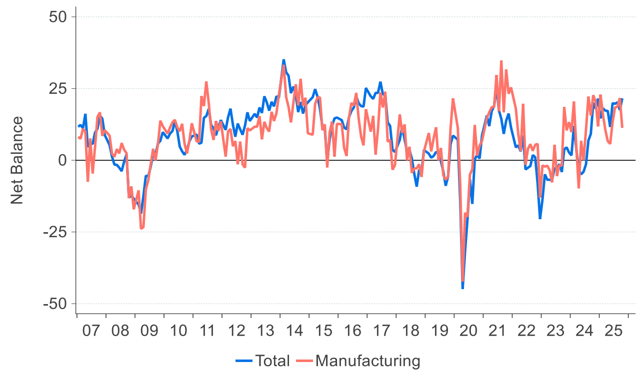
Employment and profit outlook



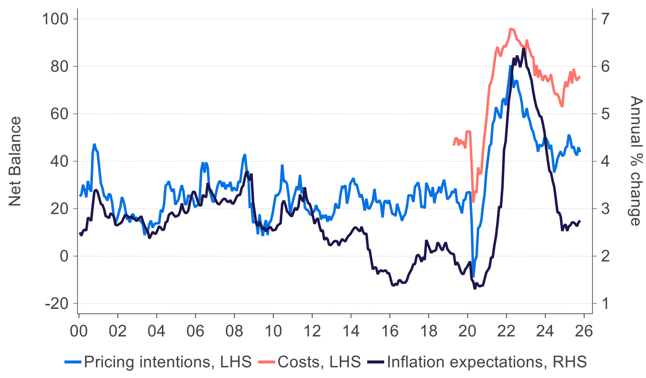
Export sales volumes



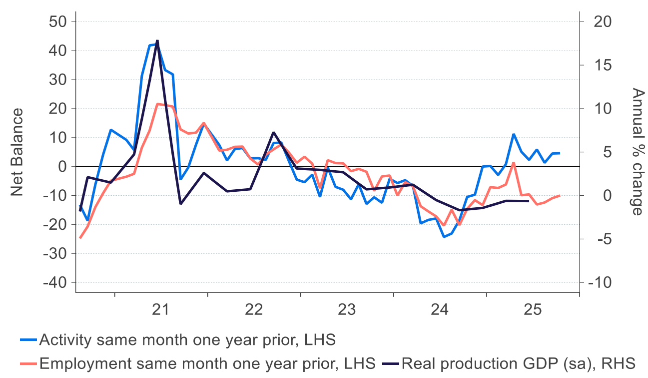
Investment intentions



Cost and inflation pressures



Experienced activity and employment vs GDP



Net balance: Percentage expecting improvement minus percentage expecting deterioration

Source: Statistics NZ, Macrobond, ANZ Research

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