ANZ New Zealand Business Outlook

31 August 2026

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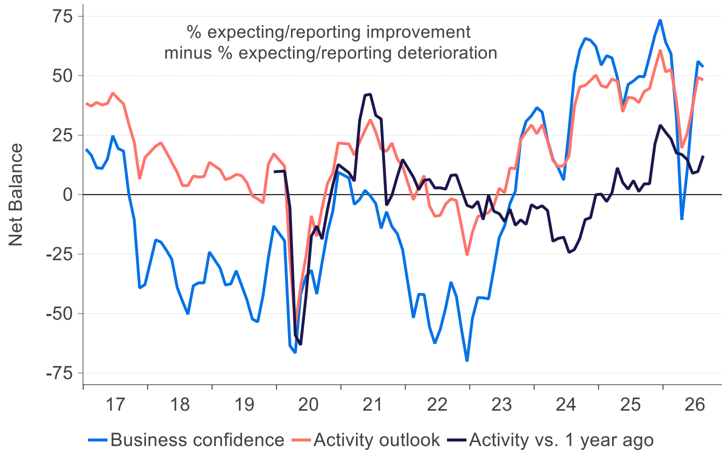
Holding up

- Business confidence fell 2 points in August to 54, while expected own activity eased 1 point to 48. Both are at very high levels.
- Reported past activity was up another 6 points to 16, led by services.
- Inflation indicators were mixed. Inflation expectations lifted from 3.14% to 3.26%, and more firms are expecting cost increases and to raise their own prices. But the size of expected cost increases is getting smaller.

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



Source: Macrobond, ANZ Research

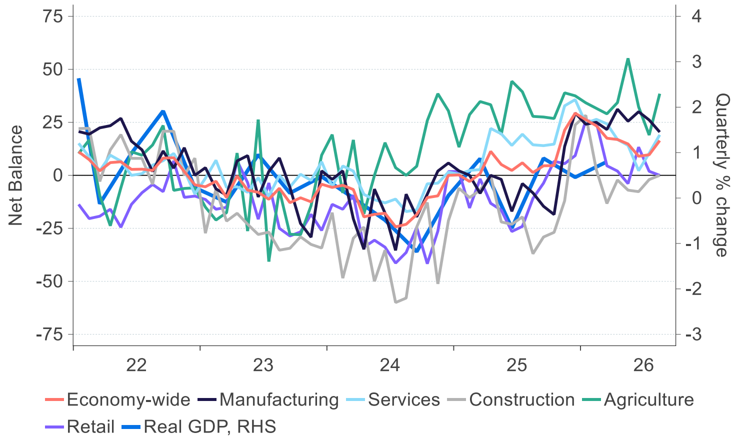
Table 1. Results versus last month

	Aug	July	Comment
Business Confidence	53.7	56.1	Strongest for retail (69) – probably a starting point story rather than great expectations.
Own Activity Outlook	48.2	49.3	Auckland is now outpacing the South Island.
Export Intentions	31.4	26.6	Manufacturing (44) ahead of agri (37).
Investment Intentions	22.1	22.8	Strongest for agri, weakest for retail.
Employment Intentions	19.3	18.1	Highest since February, led by services (25).
Residential Construction*	15.5	27.0	Above average. More optimistic late-month (32)
Commercial Construction*	24.6	29.3	Also stronger later in the month (42)
Profit Expectations	23.1	28.7	Strongest for retail (48), weakest for agri (-23)
Ease of Credit	2.4	1.4	Agri the only sector in the red (-19)
Activity vs. 1 year ago	16.4	9.7	Services lifted from 10 to 19.
Employment vs. 1 yr ago	-2.2	-0.3	A mix of rises and falls. Construction -18.
Pricing Intentions net %	51.0	47.2	Recovered last month's fall. Manufacturing: 60.
Pricing Intentions % 3m out	1.82%	1.78%	Retail fell but services rose.
Cost Expectations net %	80.8	78.2	Agri 96, other sectors around net 80.
Cost Expectations % 3m out	2.53%	2.70%	Expected cost increases are getting smaller.
Wage Expectations % 12m out	2.62%	2.52%	Creeping higher again – highest since March.
Inflation Expectations 1y out	3.26%	3.14%	All sectors increased.

This month we revised the two construction intentions series. We now use responses from all firms who answer the question (about a third of non-construction firms do), not just those in the construction sector. This results in much less volatile data that's better at predicting both building consents and activity. The data has been revised back to September 1999.

Business confidence and expected activity stayed high in August, but the most encouraging result this month was arguably the lift in past activity. Results were mixed by sector (figure 2), but the large services sector drove the headline result.

Figure 2. ANZBO past activity vs GDP

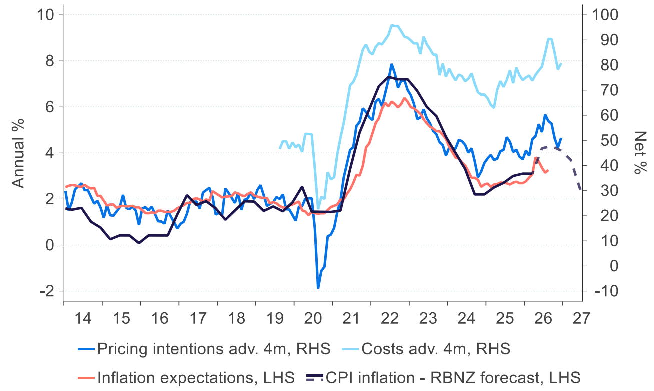


Source: Stats NZ, Macrobond, ANZ Research

There weren't large changes in the data between the early and late-month responses in August.

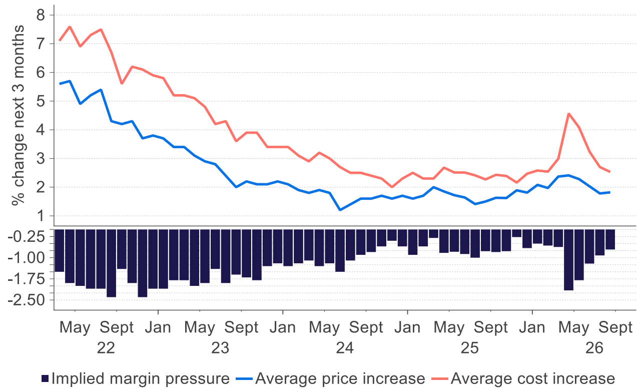
Inflation indicators were mixed (figures 3-6). Oil prices will no doubt continue to have a large impact on these data.

Figure 3. ANZBO inflation indicators and RBNZ CPI forecasts



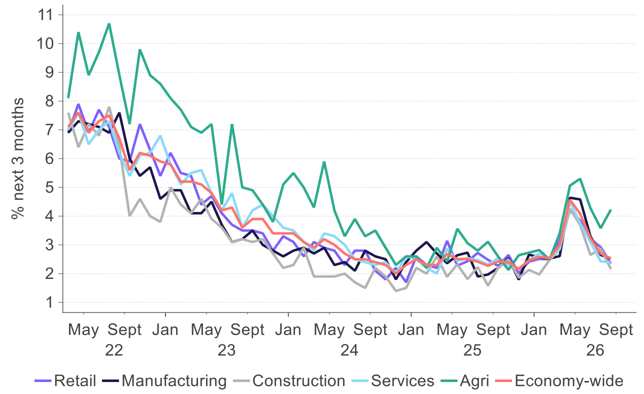
Source: Stats NZ, RBNZ, Macrobond, ANZ Research

Figures 4. ANZBO expected costs, prices and implied margin pressure



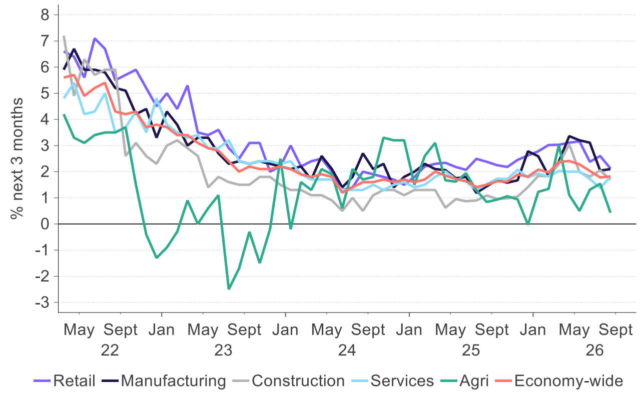
Source: ANZ Research

Figure 5. Cost expectations by sector



Source: ANZ Research

Figure 6. Pricing intentions by sector

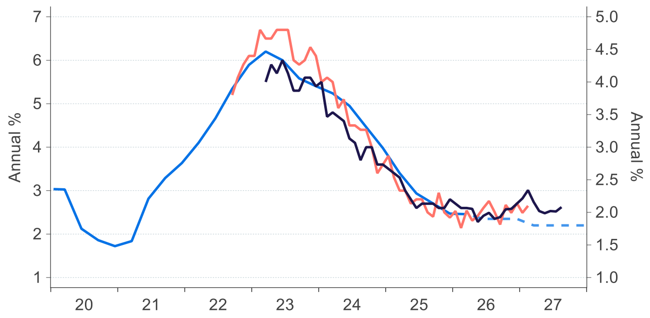


Source: ANZ Research

Wage intention indicators are very interesting currently. While figure 7 shows that the size of expected wage increases remains modest (albeit higher this month), the net proportion of firms expecting to give wage increases (figure 8) is much more volatile and has moved consistently in the opposite direction to oil prices in recent months. That is, when fuel costs rise, firms think they can't afford to give wage increases, and vice versa.

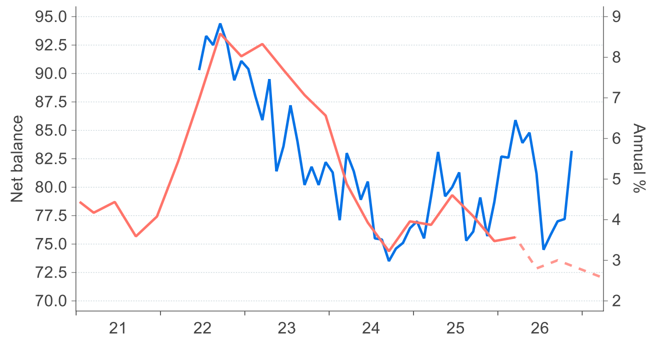
The net percent of firms expecting to give wage increases jumped again in August. The chart suggests that's potentially a red flag compared to the RBNZ's wage forecasts, but the data is very volatile and its history short, so we'll put it in the "watching brief" pile. However, there is a growing pile of data that suggests there might be a meaningful mismatch between the skills firms are looking for and what they are currently finding in the labour market – that's inflationary for a given rate of economic growth. In theory, wage intentions will capture much that the RBNZ cares about as regards the medium-term inflation outlook and price and wage-setting behaviours: past and expected economic activity and profitability, labour market tightness, and inflation expectations.

Figure 7. ANZBO past and intended average wages vs RBNZ Labour Cost Index forecast)



Source: RBNZ, Stats NZ, Macrobond, ANZ Research

Figure 8. Net % of firms intending wage increases vs RBNZ QES wage forecast



Source: RBNZ, Stats NZ, Macrobond, ANZ Research

The monthly changes heatmap (RHS) shows a mixed picture in August in terms of moves, but a fairly rosy picture as regards the level of indicators. That's best interpreted as expectations of ongoing economic growth remaining widespread, rather than expectations of the economy taking off.

Table 2. Heatmap

	Levels					Monthly changes				
	Retail	Mfg	Agric	Constrn	Serv	Retail	Mfg	Agric	Constrn	Serv
Business Confidence	65.3	63.0	51.9	50.9	48.1	-2.0	-2.9	-29.1	-3.1	0.0
Own activity outlook	61.7	62.3	42.3	46.0	40.1	22.1	-0.7	4.2	-8.9	-8.5
Activity vs. same month one year ago	0.0	20.4	38.5	0.0	19.1	-1.9	-5.7	19.5	2.0	8.7
Exports	27.3	44.4	36.8	5.9	31.6	1.7	-2.8	-18.2	-8.8	10.5
Investment	14.0	20.8	28.0	18.0	24.0	2.5	0.8	-0.6	-20.0	3.3
Residential Construction	...	...	...	32.3	...	...	...	...	5.5	...
Commercial Construction	...	...	...	36.7	...	...	...	...	11.7	...
Employment	6.5	11.3	3.8	22.0	24.9	4.6	-12.6	3.8	-6.0	3.9
Employment vs. same month one year ago	-15.2	9.4	11.5	-18.4	-0.6	-0.1	7.2	2.0	-8.4	-5.0
Profits	47.8	30.2	-23.1	12.0	23.1	17.6	-0.2	-23.1	-21.3	-8.0
Ease of Credit	0.0	1.9	-19.2	2.0	7.1	9.4	-6.8	-28.7	6.0	2.8
Costs	77.8	82.7	96.2	78.0	79.0	0.9	4.4	-3.8	4.0	2.2
Pricing Intentions	58.7	60.4	7.7	54.0	50.3	-2.8	-2.6	-32.3	6.0	10.1

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.

Our take

The August Business Outlook survey paints a picture of firms who are keen to get on with things despite a volatile global economic backdrop. Cost and pricing intentions remain elevated, but there is widespread optimism that the worst is past and that the economy is getting back on track. Risks are easy to point out, certainly, but we share that optimism. The lift in past activity suggests the bounce-back is already underway.

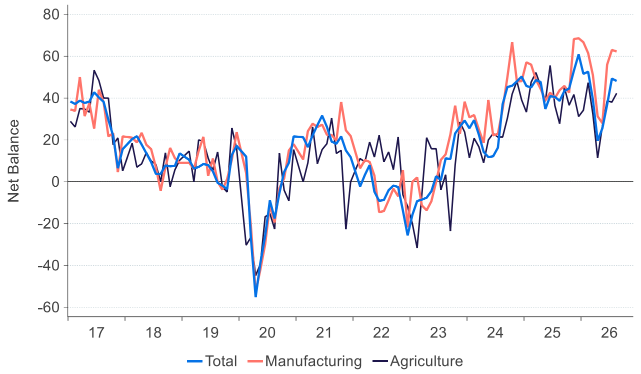
Survey Results August 2026

Net Balance	August	Previous (July)	Retail	Mfg	Agric	Constrn	Services
Business Confidence	53.7	56.1	65.3	63.0	51.9	50.9	48.1
Own Activity Outlook	48.2	49.3	61.7	62.3	42.3	46.0	40.1
Export Intentions	31.4	26.6	27.3	44.4	36.8	5.9	31.6
Investment Intentions	22.1	22.8	14.0	20.8	28.0	18.0	24.0
Cost Expectations	80.8	78.2	77.8	82.7	96.2	78.0	79.0
Residential Construction	15.5	27.0	…	…	…	23.7	…
Commercial Construction	24.6	29.3	…	…	…	32.6	…
Employment Intentions	19.3	18.1	6.5	11.3	3.8	22.0	24.9
Profit Expectations	23.1	28.7	47.8	30.2	-23.1	12.0	23.1
Pricing Intentions	51.0	47.2	58.7	60.4	7.7	54.0	50.3
Ease of Credit Expectations	2.4	1.4	0.0	1.9	-19.2	2.0	7.1
Inflation Expectations (%)	3.26	3.14	3.30	3.35	3.26	3.26	3.22
Activity – same month one year ago	16.4	9.7	0.0	20.4	38.5	0.0	19.1
Employment – same month one year ago	-2.2	-0.3	-15.2	9.4	11.5	-18.4	-0.6
Price Expectations – 3 months from now (%)	1.82	1.78	3.0	1.8	1.3	1.8	1.8
Cost Expectations – 3 months from now (%)	2.53	2.70	2.4	2.5	4.2	2.2	2.4
Wages/Salaries – next 12 months (%)	2.62	2.52	2.5	2.3	2.5	2.6	2.7
Wages/Salaries – same month a year ago (%)	2.65	2.49	2.5	2.0	2.2	2.3	3.1

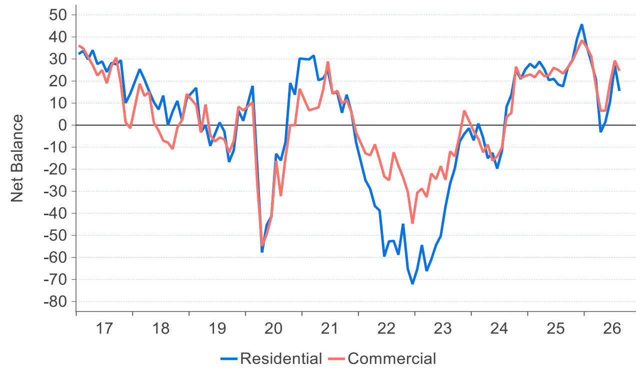
Note additional charts follow.

Additional charts

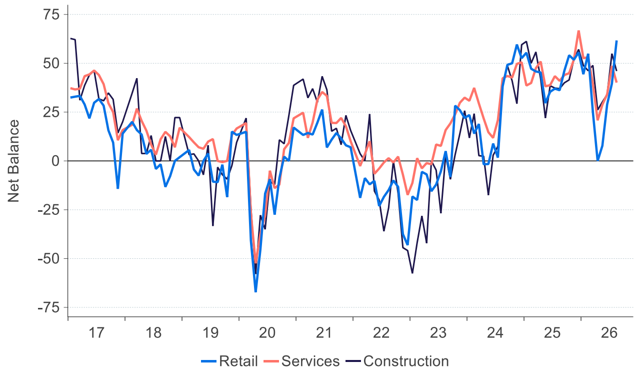
Activity outlook index



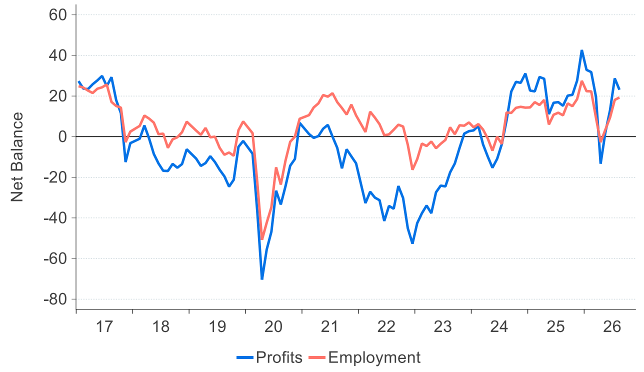
Construction intentions



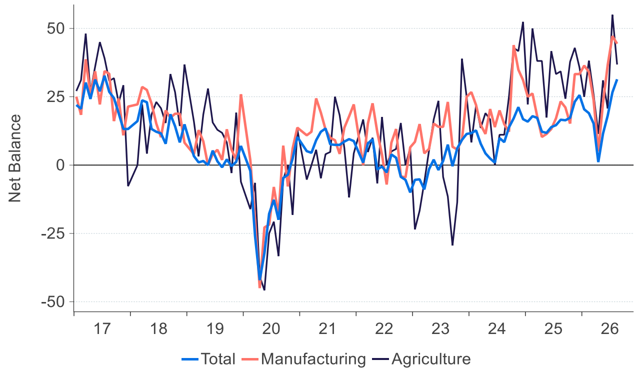
Activity outlook index



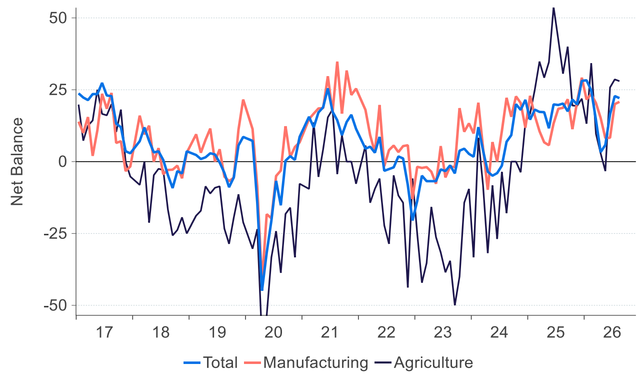
Employment and profit outlook



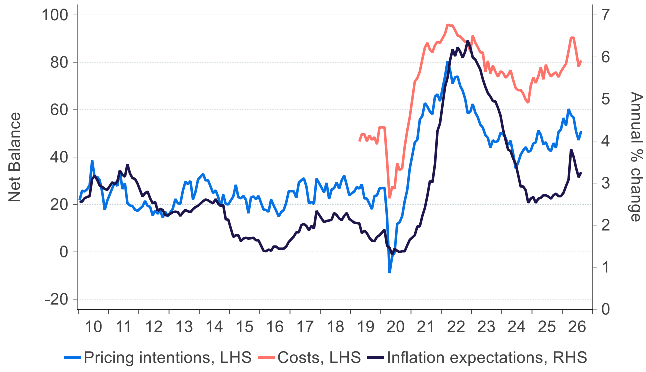
Export sales volumes



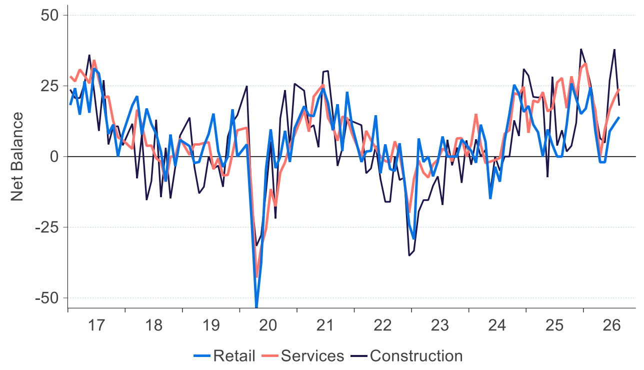
Investment intentions



Cost and inflation pressures



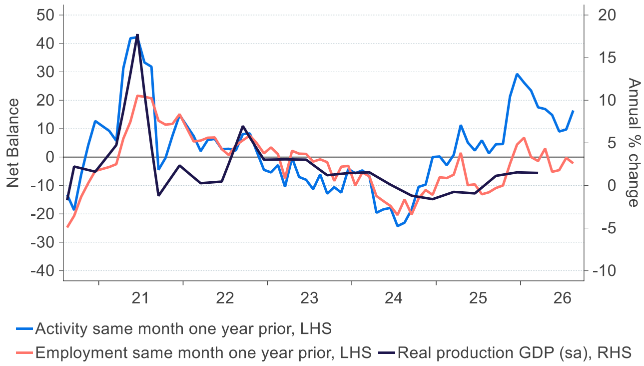
Investment intentions



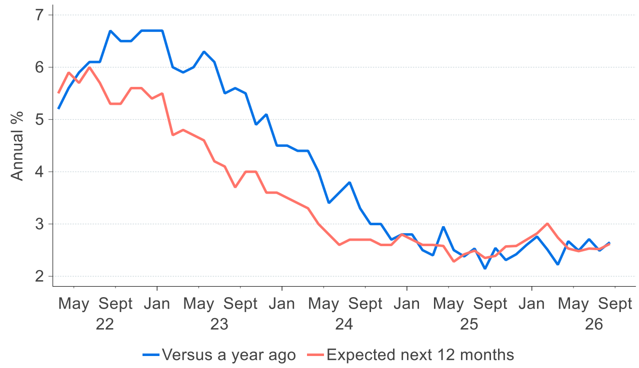
Net balance: % expecting improvement minus % expecting deterioration

Source: Statistics NZ, Macrobond, ANZ Research

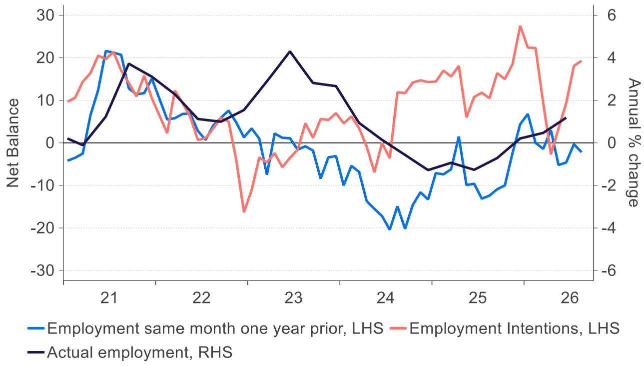
Experienced activity and GDP



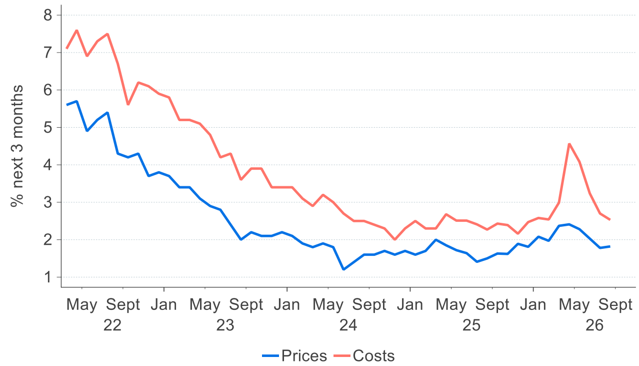
Wage expectations and reported past wage growth



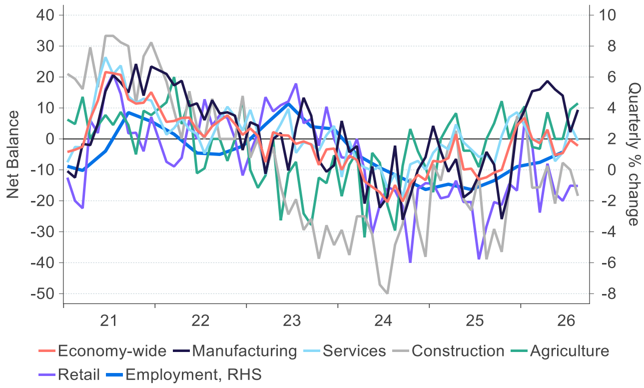
Experienced employment, employment intentions and employment



Average expected own firm prices and costs



Past employment by sector



Source: Stats NZ, Macrobond, ANZ Research

Net balance: % expecting improvement minus % expecting deterioration

Source: Statistics NZ, Macrobond, ANZ Research

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We welcome your questions and feedback. Click here for more information about our team.

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