

December 2025 Quarter CPI Preview

16 January 2026

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Consumers Price Index – December 2025 Quarter

	Prev	ANZ	RBNZ
CPI – q/q	1.0%	0.5%	0.2%
CPI – y/y	3.0%	3.0%	2.7%
Non-tradables – q/q	1.1%	0.5%	0.4%
Non-tradables – y/y	3.5%	3.4%	3.2%
Tradables – q/q	0.8%	0.4%	0.1%
Tradables – y/y	2.2%	2.4%	2.0%

A very slow grind

The bottom line

- Annual headline inflation is expected to remain unchanged at 3.0% (+0.5% q/q) in Q4 as non-tradable inflation continues its gradual decline and tradable inflation lifts slightly. That's higher than the November MPS forecast of 2.7% y/y and our previous forecast of 2.9% y/y.
- Seasonality tends to feature heavily in Q4 (e.g. fruit and vegetable prices fall, and accommodation and airfares rise) and there are few administrative price hikes (e.g. council rates and tobacco excise). Accounting for that, and volatility driven by global oil prices and the NZD, core inflation is expected to continue to gradually ease.
- Stronger inflation than the November MPS forecast is likely to keep the Monetary Policy Committee cautious, but with underlying inflation still going the right way, the bar for delivering anything other than a hold in February remains high.

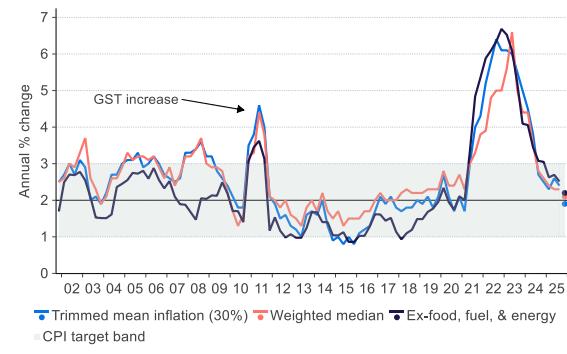
Big picture and monetary policy implications

The Q4 CPI data will be released at 10:45am on Friday, 23 January. We've pencilled in a 0.5% q/q lift in headline CPI, which would see annual inflation unchanged at 3.0%. A further slowing in annual non-tradable inflation is expected to be offset by a small rise in tradable inflation (the volatile side of the basket).

As always, the detail will be key in assessing the monetary policy implications. The RBNZ will be focused primarily on the signals these data provide regarding the trajectory of underlying inflation – particularly those emerging from non-tradable, services, and core inflation measures.

Core inflation indicators produced by Stats NZ are expected to remain within the 1-3% target band, with the weighted median, 30% trimmed mean and ex-food, fuel and energy measures anticipated to drop to close to 2% (Figure 1).

Figure 1. Core inflation measures



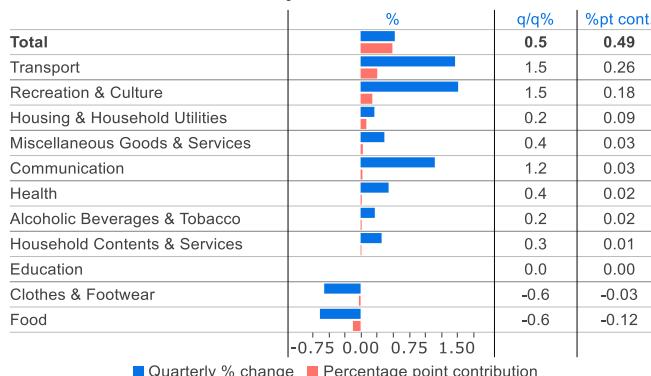
While stronger headline inflation than the November MPS forecast is likely to keep the Monetary Policy Committee cautious, there remains plenty of uncertainty about whether the RBNZ has done enough to deliver a *sustained* recovery that closes the output gap over the next 18 months, as planned. Recent data suggest the recovery has certainly got off to a strong start, but it's early days. We think it'll take a much stronger Q4 CPI than our forecast to take a hold at the February MPS off the cards, but the risk that hikes arrive a little earlier than our forecast of February 2027 appears to be lifting.

The details

Breaking down our forecast for headline inflation of 0.5% q/q:

- The **Transport group** is expected to add almost 0.3 ppts, driven largely by higher petrol prices (up 2.5% q/q) and international airfares (up 7.2% q/q).
- The **Recreation and culture** group is expected to contribute almost 0.2 ppts, reflecting seasonal strength in accommodation services (domestic up 8.8% q/q; international up 2.0% q/q) and other recreational and cultural equipment.
- The **Housing and household utilities** group is expected to contribute 0.1 ppt to quarterly inflation, driven by rents (up 0.1% q/q), home ownership (up 0.2% q/q), electricity (up 1.3% q/q) and gas (up 5.2% q/q).
- The **Food group** is expected to subtract 0.1%pts, driven largely by seasonally lower fruit and vegetable prices (down 8% q/q).
- Small changes in the remaining groups are expected to offset (Table 1).

Table 1. ANZ Q4 CPI component-level forecast



Source: Stats NZ, Macrobond, ANZ Research

Figure 2. CPI inflation measures

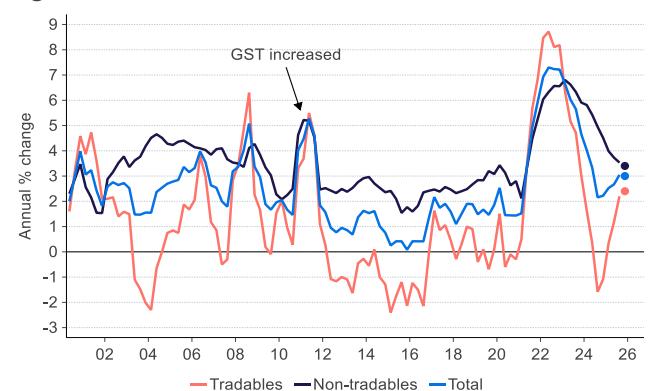


Figure 3. Inflation and pricing intentions

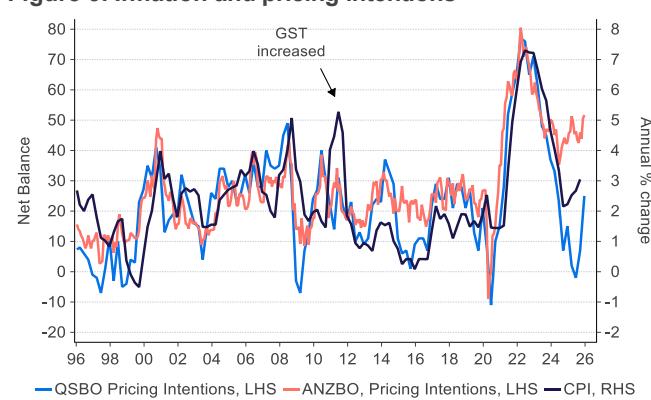
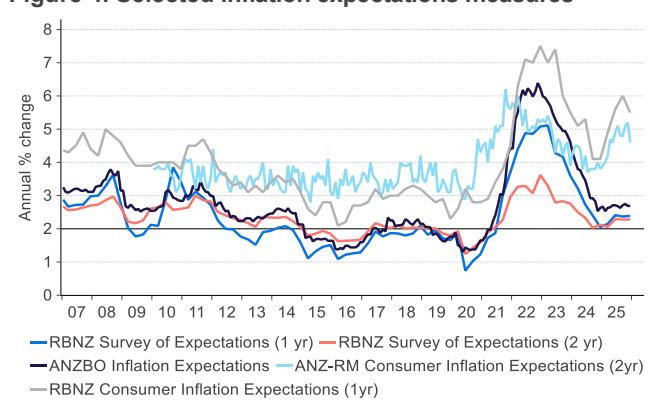


Figure 4. Selected inflation expectations measures



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