

# NZ CPI Review – Q1 2026

21 April 2026

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## Data summary

	% qtr	% ann
Headline CPI	0.9%	3.1%
Tradable	0.7%	2.5%
Non-tradable	1.1%	3.5%

## A mixed starting point

### Bottom line: the cosmetics aren't great, but core was contained

- Annual CPI inflation was unchanged at 3.1% in Q1 (+0.9% q/q), stronger than our expectation of 2.9% and the RBNZ's April MPR forecast of 3.0%.
- Non-tradable inflation (driven largely by domestic factors) was also unchanged at 3.5% y/y, slightly above our forecast and the RBNZ's February MPS forecast of 3.4%.
- Inflation excluding food and energy accelerated 0.1 ppt to 2.6%. But that's about where the "hawkish" take on these data stops. Other measures of core inflation fell in the quarter.
- Tradable inflation (largely determined by global factors, including movements in the NZD) slowed just 0.1 ppts to 2.5% y/y, stronger than our expectation of 2.2%.
- Aside from the 3.5% q/q increase in petrol prices, it is too early to see the effects of the oil price surge. The Q2 CPI is expected to show much larger impacts on fuel prices, with some early signs of spillovers into other components of the CPI – something that could persist for months to come.
- The RBNZ will have to weigh up the cosmetics of today's data with the more benign reads on underlying inflation. The former could add to inflation expectations, while the latter suggests inflation wasn't on the wrong path ahead of the oil price shock.
- We are maintaining our forecast for three OCR 'normalisation' hikes starting in July.

### Big picture and monetary policy implications

Headline inflation was unchanged at 3.1% y/y in Q1 with a combination of only marginally lower tradable inflation (the more volatile side of the CPI basket) and unchanged non-tradable inflation. The only meaningful impact in today's data from the oil price shock was the rise in fuel prices, which provided a boost to tradable prices. Headline inflation less vehicle fuels was unchanged at 3.2% y/y.

Looking through some of the more volatile parts of the basket, the signal on underlying disinflation was mixed:

- Annual non-tradable inflation was unchanged at 3.5%, which is still too high to call consistent with headline inflation stabilising around 2%.
- Annualised seasonally adjusted non-tradable inflation was stable at 3.6% (0.9% q/q).
- Services inflation slowed a further 0.5 ppts to 3.5% y/y.
- The ex-food, fuel and energy measure lifted 0.1 ppt to 2.6% y/y.
- The 30% trimmed mean measure fell 0.2 ppts to 2.3%.
- The weighted median fell 0.1 ppts to 1.6% (using the 2024 weights).

Completing the suite of core measures, the RBNZ's sectoral factor model will be released at 3pm.

For the Monetary Policy Committee, today's stronger starting point for headline inflation and zero progress on non-tradable inflation won't be welcome, particularly in an environment when inflation expectations are threatening to drift meaningfully higher. But ironically, provided spillovers from higher fuel prices to the rest of the CPI basket remain contained (a big if), base effects from the stronger starting point could end up shaving the top off the upcoming peak in inflation.

Beyond the unhelpful cosmetics of the headline numbers in today's data, the MPC shouldn't be too concerned one way or another by the starting point for the core inflation measures – these were mixed, but mostly moved in the right direction in Q1. However, the MPC is well aware that these are backward-looking. Headline inflation also printed a touch above the April MPR forecast of 3.0% y/y, but headline outcomes were never going to drive the policy reaction. The focus remains on inflation persistence, and today's data offered little new insight on that front.

We'll update our CPI forecast in this week's Data Wrap.

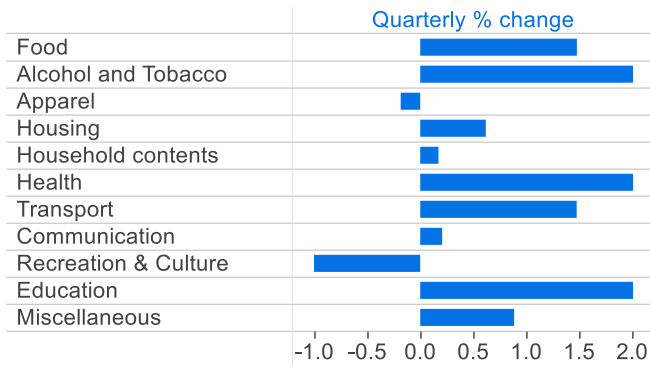
## The details

Breaking down the details of the 0.9% q/q rise in the Q1 CPI:

- **The food group (18.45% of the CPI) rose 1.5%**, adding just under 0.3 ppts, driven largely by fruit and vegetable, meat, and grocery prices.
- The **Alcoholic beverages and tobacco group** (5.3% of the CPI basket) rose 2.0%, adding 0.1 ppt to quarterly inflation. That was largely owing to the annual tobacco excise increase.
- **The housing and household utilities group** (29.4% of the CPI basket) rose 0.6% q/q, making just under a 0.2 ppt contribution to quarterly inflation. It was driven by home ownership (up 0.5% q/q), electricity (up 2.6% q/q), gas (up 2.4% q/q) and property maintenance (up 1.8%).
- **The transport group** (typically one of the more volatile components of the CPI and 14.3% of the basket) lifted 1.5% q/q, adding 0.2 ppts. Most of that reflects higher fuel prices (petrol up 3.5% q/q) with domestic airfares (up 8.9% q/q) providing a partial offset to weaker international airfares (down 7%).
- **The health group** (3.47% of the CPI basket) rose 3.7% q/q, adding 0.1 ppts to quarterly inflation. This was driven by higher pharmaceutical products reflecting the annual reset in prescription subsidies Stats NZ had highlighted ahead of today's release.
- **The education group** (1.4% of the CPI) rose 3.4% q/q, adding a 0.05 ppt contribution. Primary and secondary, tertiary and other posted rises of 5.1% q/q, 4.0% q/q and 2.0% q/q respectively. That wasn't far from our expectation.
- The **Miscellaneous goods and services group** (7.2% of the basket) rose 0.9% q/q, adding 0.05 ppts. Personal effect (chiefly jewellery) accounted for around half of this, reflecting high global gold prices.
- **The recreation and culture group** (9.7% of the basket) fell 1.1% q/q, detracting 0.1 ppt from quarterly inflation. Lower prices for electronics in the quarter were the main driver.
- Other parts of the CPI were broadly as expected and didn't make significant contributions to quarterly inflation.

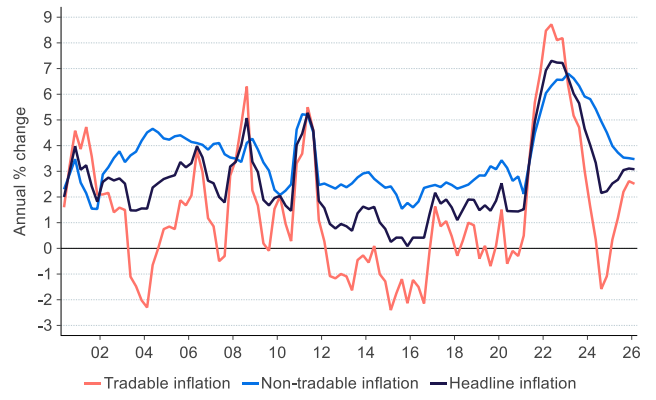
Overall, most of the main drivers of quarterly inflation in Q1 were close to our expectation, but there were the usual overs and unders, and more broadly, there appears to have been a little more pass-through from recent NZD weakens than we had baked in. With Q2 set to capture much larger fuel price increases – and early signs of spillovers into other prices – the next CPI release has potential to deliver much larger surprises.

**Figure 1. CPI groups – March 2026 quarter**



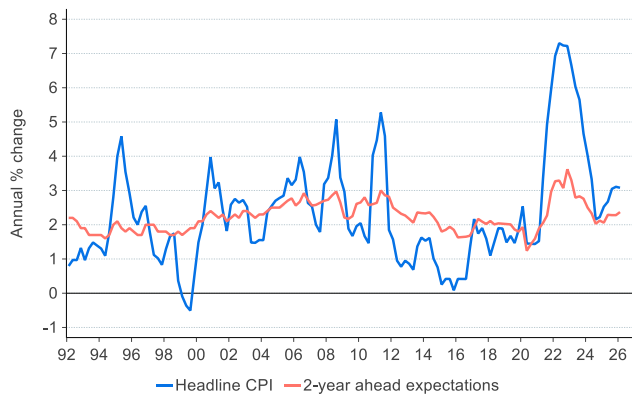
Source: Stats NZ, Macrobond, ANZ Research

**Figure 2. CPI inflation components**



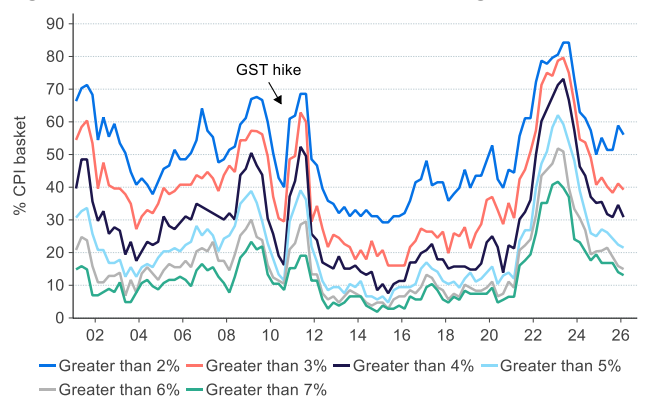
Source: Stats NZ, Macrobond, ANZ Research

**Figure 3. Headline inflation vs inflation expectations**



Source: Stats NZ, RBNZ, Macrobond, ANZ Research

**Figure 4. Proportion of CPI basket running >X%**



Source: Stats NZ, Macrobond, ANZ Research

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