

Quarterly Survey of Business Opinion – Q1 2026

21 April 2026

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Data summary

	Latest	Previous
Headline business confidence (actual)	-4	48
Headline business confidence (sa)	1	39
Domestic trading activity (sa, past)	0	-3
Domestic trading activity (sa, expected)	13	22
CUBO (actual)	91.2%	89.8%
Avg selling price – past 3 months	22	13

Confidence slumps but pricing intentions up

Key points

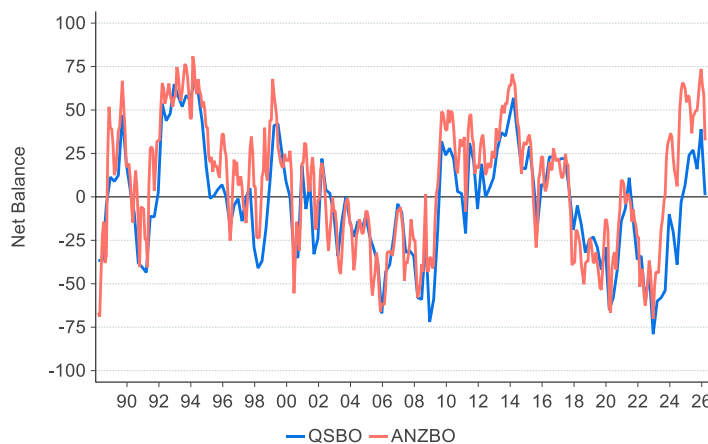
- The NZIER’s Q1 Quarterly Survey of Business Opinion (QSBO) showed a sharp fall in business confidence, deteriorating hiring and investment intentions, and a pick-up in inflation indicators. That said, past activity held up in Q1, and capacity indicators suggested a marginal tightening in the output gap.
- The survey captures business sentiment at an early stage of the conflict in the Middle East. The survey period started on 6 March and responses were spread throughout March.
- Overall, we’d characterise the survey results as mixed, with no particular implications for the risks around our OCR call (three hikes starting in July).

The details

Confidence in the general business situation slumped from +39 last quarter (its highest level in a decade) to +1 (sa). This puts it back at 2024 levels, and only a little over its long-run average (figure 1).

Within the sample, confidence fell as March progressed, a pattern also seen in the ANZ Business Outlook survey. Business confidence slid from +34 in the early third of responses received at the start of March to -57 in the final (roughly) third of responses received at the end of the month.

Figure 1. Business confidence

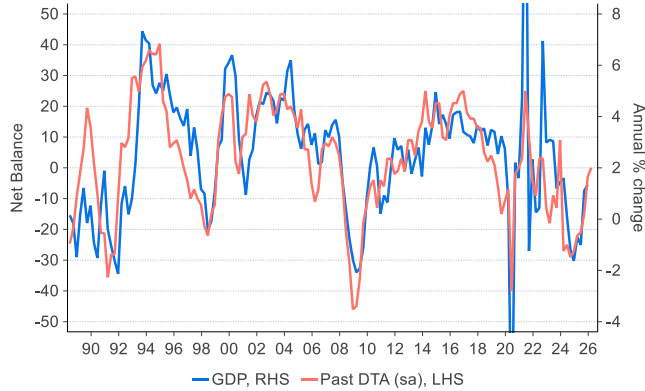


Source: NZIER, Macrobond, ANZ Research

Reported past trading activity (the best indicator for GDP in the survey) was more positive, lifting slightly from -3 to 0 (sa). This suggests some upside risk to our forecast for annual GDP growth to ease from 1.3% y/y to 1.0% y/y in Q1 (figure 2). That said, other indicators of Q1 activity have been weaker, and the forward-looking indicators make for grim reading, so we won’t be rushing to lift our GDP forecast.

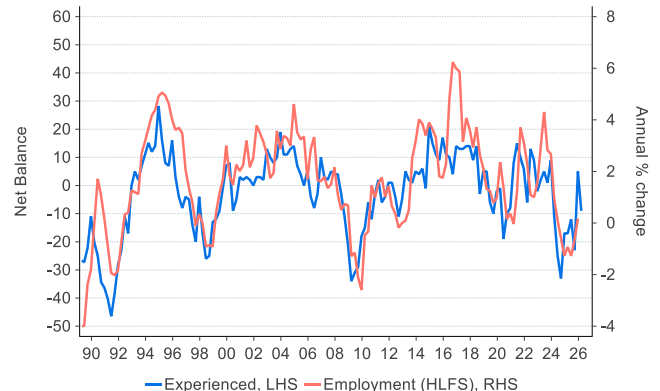
Experienced employment fell from +5 to -9, and future employment intentions slumped from 22 to -5. This suggests that the nascent recovery in employment has come to a halt, and points to some downside risk to our HLFS employment forecast of +0.2% q/q. Investment intentions also fell back into negative territory as firms understandably become more cautious about taking risks of all kinds.

Figure 2. GDP and Domestic Trading Activity



Source: NZIER, Stats NZ, Macrobond, ANZ Research

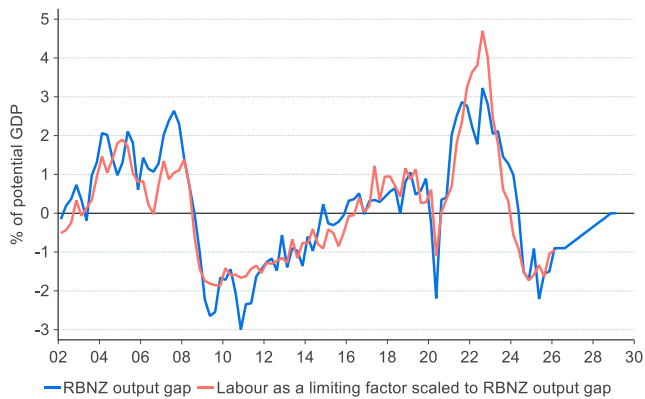
Figure 3. Experienced employment vs the HLFS measure



Source: NZIER, Stats NZ, Macrobond, ANZ Research

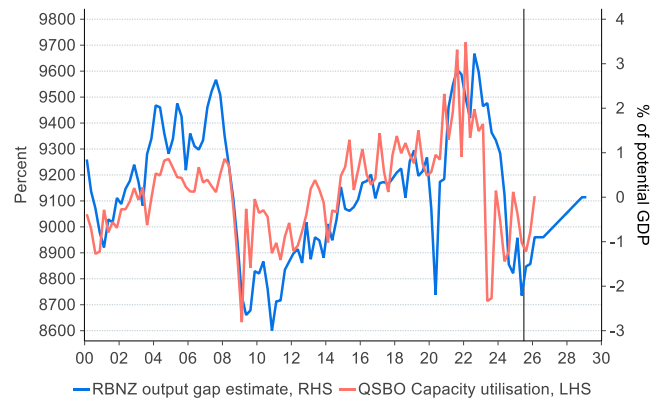
The suite of capacity indicators suggests that the output gap narrowed by a small amount in Q1, but by less than the 0.6ppt narrowing the RBNZ forecast at the February MPS. The share of firms reporting orders as a limiting factor fell from 61% to 58%, while capacity as a limiting factor lifted 1 point to 13%, and labour as a limiting factor was unchanged at 8% (figure 4). Firms reported it was harder to secure skilled labour than in the previous quarter, but the difficulty securing unskilled labour was little changed, remaining historically easy. Capacity utilisation among builders and manufacturers increased from 89.8% to 91.2% – only a modest change in this volatile series (figure 5).

Figure 4. Labour as a limiting factor vs RBNZ output gap



Source: NZIER, RBNZ, Macrobond, ANZ Research

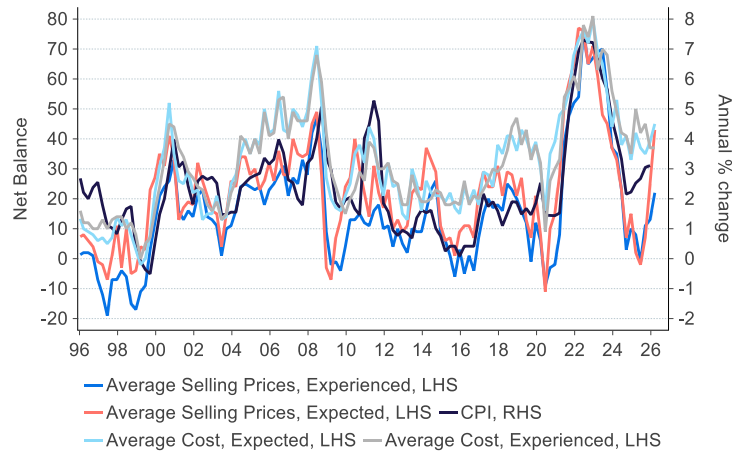
Figure 5. CUBO vs RBNZ output gap



Source: NZIER, RBNZ, Macrobond, ANZ Research

Pricing and cost indicators show somewhat greater inflationary pressure. Past and expected selling prices both lifted, with expected selling prices rising notably from 25 to 43 (figure 6). Like the ANZ Business Outlook survey, expected costs saw a solid lift, but the QSBO experienced cost measure remained flat for now. This will be just a question of timing.

Figure 6. Prices and costs vs CPI inflation

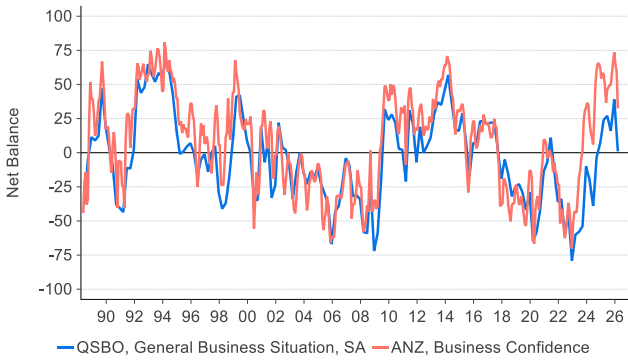


Source: NZIER, Stats NZ, Macrobond, ANZ Research

	Previous quarter	Latest
Domestic Trading Activity, Last 3 Months, sa	-3	0
Domestic Trading Activity, Next 3 Months, sa	22	13
General Business Situation	48	-4
General Business Situation, sa	39	1
Numbers Employed, Last 3 Months	5	-9
Numbers Employed, Next 3 Months	22	-5
Ease of Finding Labour, Skilled	-2	-10
Ease of Finding Labour, Unskilled	15	14
Capacity Utilisation, Manufacturers & Builders	89.8156	91.1828
Average Cost, Last 3 Months	37	37
Average Cost, Next 3 Months	39	45
Average Selling Prices, Last 3 Months	13	22
Average Selling Prices, Next 3 Months	25	43
Profitability, Last 3 Months	-22	-20
Profitability, Next 3 Months	-4	-15
Investment Intentions, Buildings	11	-12
Investment Intentions, Plant & Machinery	7	-9
Limiting Factor, Sales	60.92	58.32
Limiting Factor, Materials	2.7	4.3
Limiting Factor, Finances	7.3	8.4
Limiting Factor, Labour	7.8	8.4
Limiting Factor, Capacity	11.5	12.5
Limiting Factor, Other	9.8	8.1

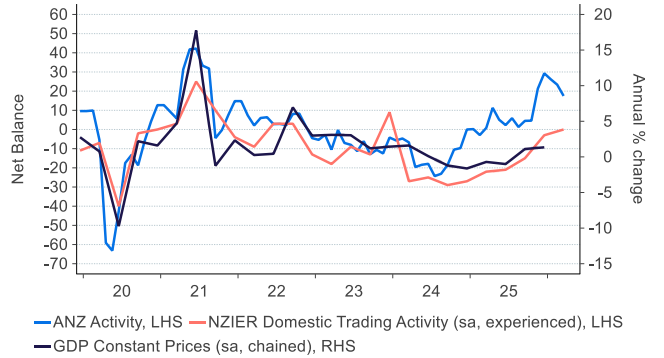
How the QSBO compares to ANZBO

Confidence has fallen in both ANZBO and QSBO



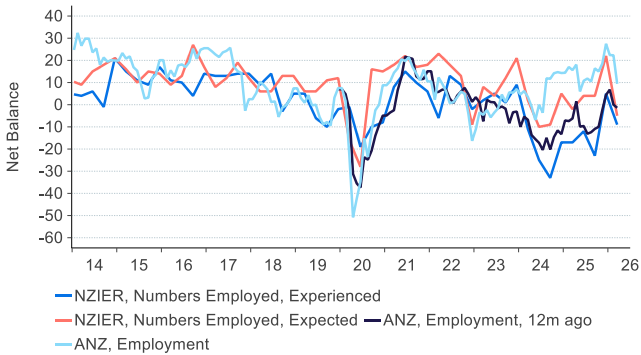
Source: NZIER, Macrobond, ANZ Research

Past activity has eased from the peak in ANZBO, but held up in QSBO



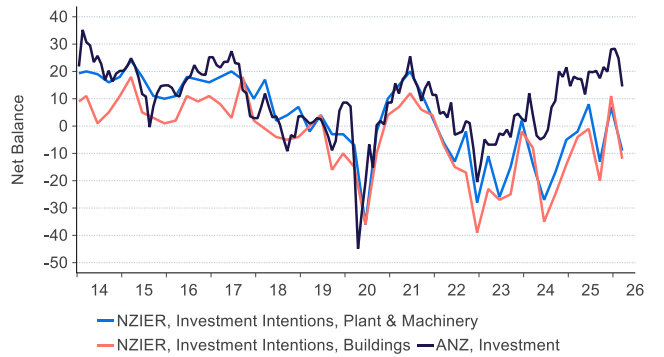
Source: NZIER, Stats NZ, Macrobond, ANZ Research

Employment is deteriorating in both surveys



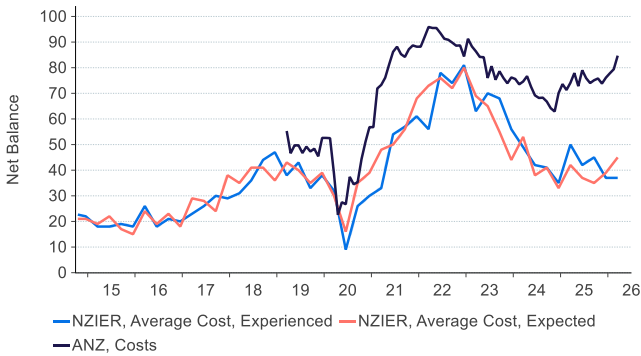
Source: NZIER, Macrobond, ANZ Research

Investment intentions have also fallen



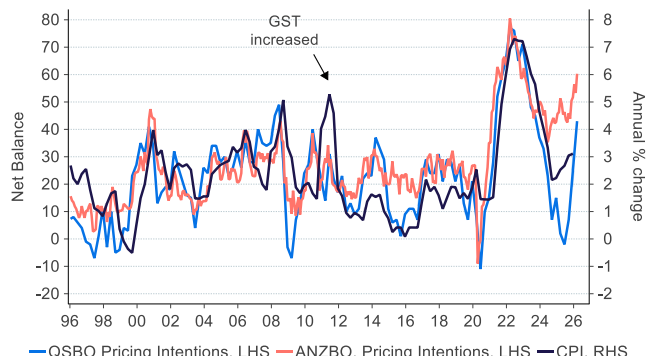
Source: NZIER, Macrobond, ANZ Research

Firms in the QSBO did not experience higher costs, but expect them in both QSBO and ANZBO



Source: NZIER, Macrobond, ANZ Research

Pricing intentions are worrying



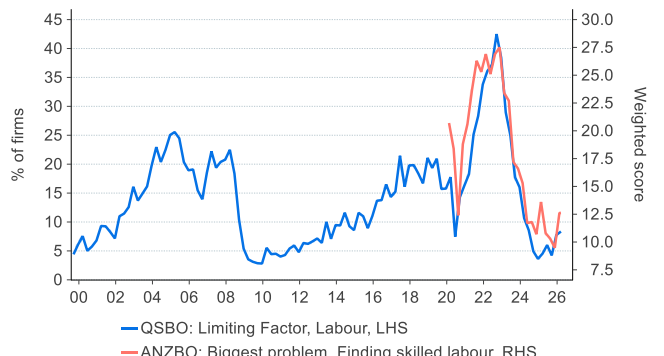
Source: NZIER, Stats NZ, Macrobond, ANZ Research

Profitability is under pressure



Source: NZIER, Macrobond, ANZ Research

Spare capacity remains in the labour market



Source: NZIER, Macrobond, ANZ Research

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