Quarterly Survey of Business Opinion – Q2 2026

14 July 2026

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Data summary

	Latest	Previous
Headline business confidence (actual)	8	-4
Headline business confidence (sa)	12	1
Domestic trading activity (sa, past)	1	0
Domestic trading activity (sa, expected)	10	13
CUBO (actual)	90.8%	91.2%
Avg selling price – past 3 months	41	22

Weak activity; acute inflation pressures

Key points

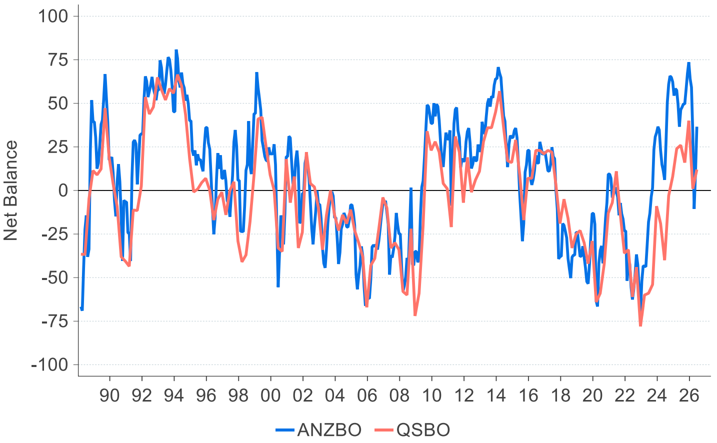
- The NZIER's Q2 Quarterly Survey of Business Opinion (QSBO) revealed a partial rebound in headline business sentiment, with activity indicators soft overall, capacity indicators mixed (but very much consistent with a negative output gap), and cost and pricing indicators pointing to acute inflation pressures.
- Like our Business Outlook survey, which deteriorated and then rebounded over the three months to June, the intra-quarter sample shows headline confidence improved as the quarter progressed.
- For the RBNZ, today's signals on costs and pricing will be of some concern, but perhaps not a complete surprise. The main thing the RBNZ will want to see is that as the cost shock dissipates (if it does; oil prices are currently rising) that firms pass that through too. A speech by RBNZ Chief Economist Paul Conway today highlighted that there is now evidence of some unhelpful asymmetry in that regard.
- These data are certainly consistent with the view that the July kick-off to the hiking cycle (and signalled follow-up hikes) was justified to balance inflation risks. We do not see anything in today's results that shift our view that the OCR will be lifted by 25bp in both September and October.

The details

Confidence in the general business situation partially rebounded from Q1's decline, from +1 to +12 (seasonally adjusted).

Within the sample, confidence was weakest at the beginning of the quarter, improving as time went on. Our Business Outlook survey followed that same pattern over Q2. The NZIER notes that around half the survey responses came in before the US-Iran Memorandum of Understanding, and around half came in after.

Figure 1. Business confidence

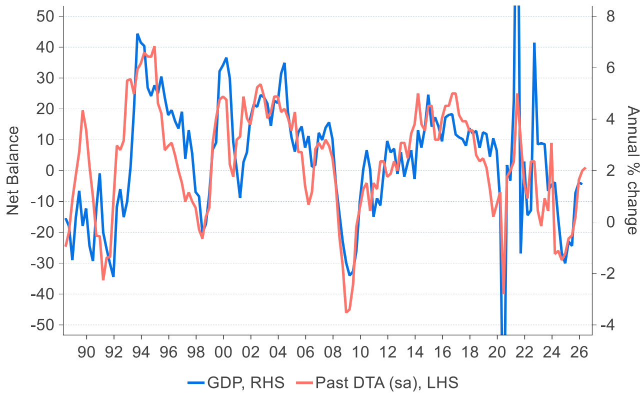


Source: NZIER, Macrobond, ANZ Research

Reported past trading activity (the best indicator for GDP in the survey) lifted 1 point to +1, broadly consistent with our Q2 GDP forecast of -0.2% q/q, which would see annual growth accelerate from 1.5% to 1.9% y/y.

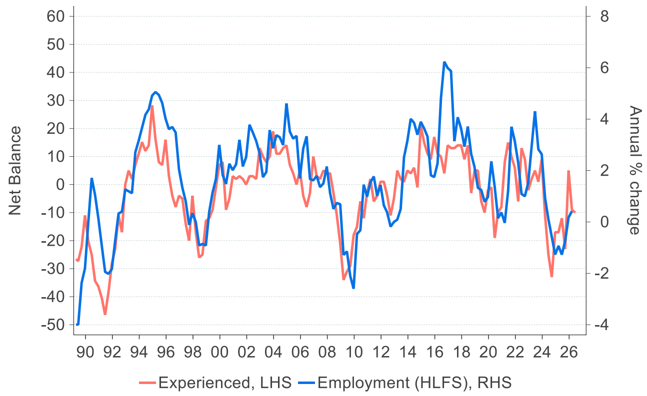
Experienced employment deteriorated 1 point to -10 while employment intentions for the next three months lifted 4 points to -1. These measures are also broadly consistent with our Q2 HLFS employment forecast of -0.1% q/q. Meanwhile, investment intentions partially rebounded from Q1's decline but remain in negative territory. Overall, these data suggest firms hit pause on their hiring and investment plans in the face of global uncertainty and the fuel price shock.

Figure 2. GDP and Domestic Trading Activity



Source: NZIER, Stats NZ, Macrobond, ANZ Research

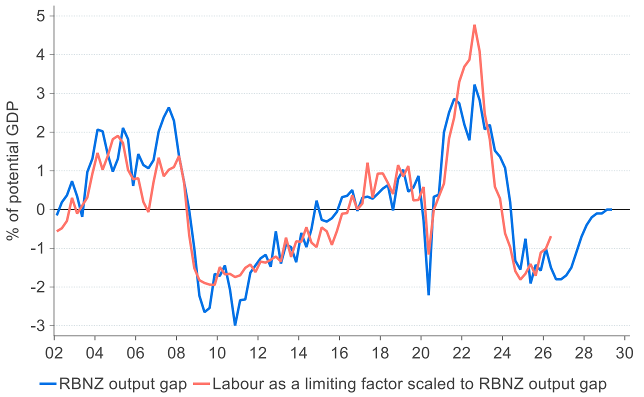
Figure 3. Experienced employment vs the HLFS measure



Source: NZIER, Stats NZ, Macrobond, ANZ Research

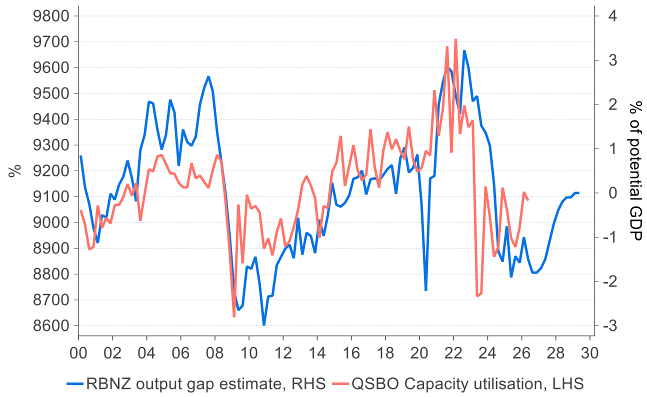
The suite of QSBO capacity indicators suggests the output gap was little changed in Q2, and therefore a little less disinflationary than the 0.5ppt widening presented in the May MPS forecast. Labour as a limiting factor on production has one of the strongest correlations with the RBNZ's output gap. This lifted from 8 to 10 – that's still historically low, but the quarterly lift is at odds with the direction of the RBNZ's output gap. Conversely, firms reported that it was easier to find unskilled labour, up 3 points to 17. Difficulty securing skilled labour was little changed, remaining historically easy. Capacity utilisation among builders and manufacturers fell from 91.2% to 90.8% – this measure can be quite volatile (figure 5). Overall, while the suite of capacity indicators are certainly consistent with a negative output gap, they don't appear quite as negative as the RBNZ's May forecast.

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



Source: NZIER, RBNZ, Macrobond, ANZ Research

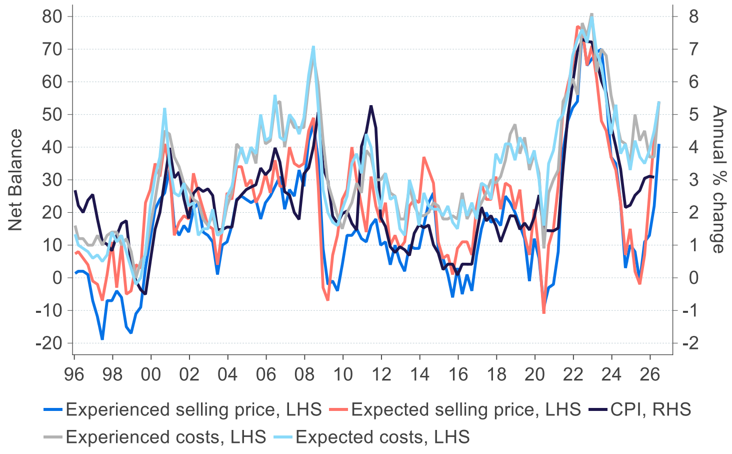
Figure 5. CUBO vs RBNZ output gap



Source: NZIER, RBNZ, Macrobond, ANZ Research

Pricing and cost indicators intensified significantly. Past and expected selling prices both lifted, building on Q1's rise. Expected selling prices lifted 11 points to 54 and experienced selling prices rose 19 points to 41 – last time experienced selling prices were this high, CPI inflation was running at over 5%. Costs paint an equally inflationary picture: expected costs rose another 9 points to 54 and experienced costs rose 17 points, also to 54. The RBNZ Monetary Policy Committee will remain on high alert and will be wanting to see these indicators recede quickly.

Figure 6. Prices and costs vs CPI inflation

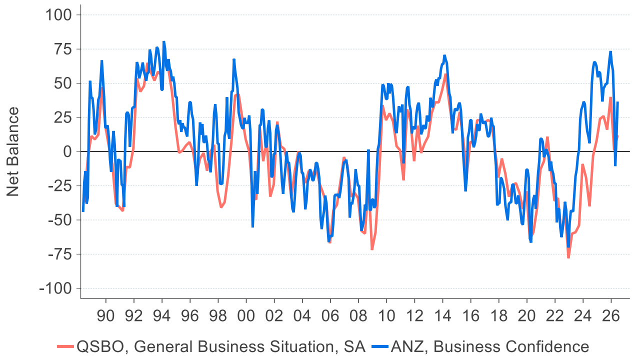


Source: NZIER, Stats NZ, Macrobond, ANZ Research

	Latest	Previous
Domestic Trading Activity, Last 3 Months, sa	1	0
Domestic Trading Activity, Next 3 Months, sa	10	13
General Business Situation	8	-4
General Business Situation, sa	12	1
Numbers Employed, Last 3 Months	-10	-9
Numbers Employed, Next 3 Months	-1	-5
Ease of Finding Labour, Skilled	-9	-10
Ease of Finding Labour, Unskilled	17	14
Capacity Utilisation, Manufacturers & Builders	90.8	91.2
Average Cost, Last 3 Months	54	37
Average Cost, Next 3 Months	54	45
Average Selling Prices, Last 3 Months	41	22
Average Selling Prices, Next 3 Months	54	43
Profitability, Last 3 Months	-28	-20
Profitability, Next 3 Months	-22	-15
Investment Intentions, Buildings	-3	-12
Investment Intentions, Plant & Machinery	-3	-9
Limiting Factor, Sales	56.7	58.3
Limiting Factor, Materials	4.6	4.3
Limiting Factor, Finances	5.1	8.4
Limiting Factor, Labour	10.3	8.4
Limiting Factor, Capacity	15.9	12.5
Limiting Factor, Other	7.6	8.1

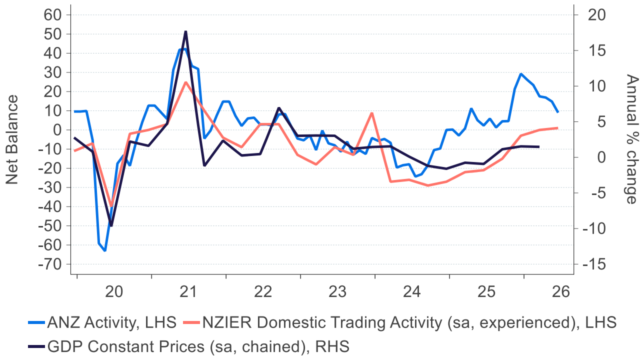
How the QSBO compares to ANZBO

Confidence has partially rebounded in both ANZBO and QSBO



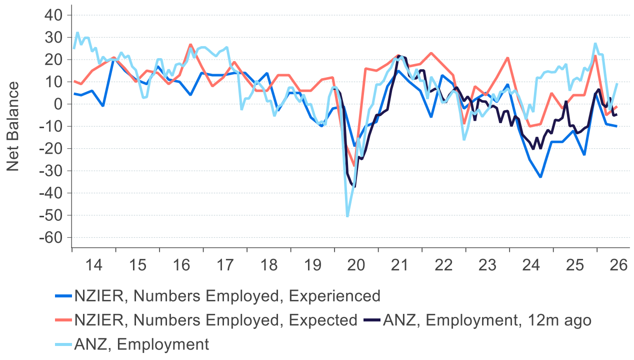
Source: NZIER, Macrobond, ANZ Research

Past activity has eased from the peak in ANZBO, but lifted marginally in QSBO



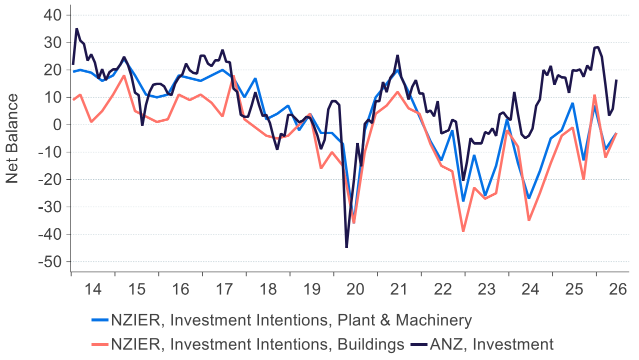
Source: NZIER, Stats NZ, Macrobond, ANZ Research

Employment remain soft in both surveys



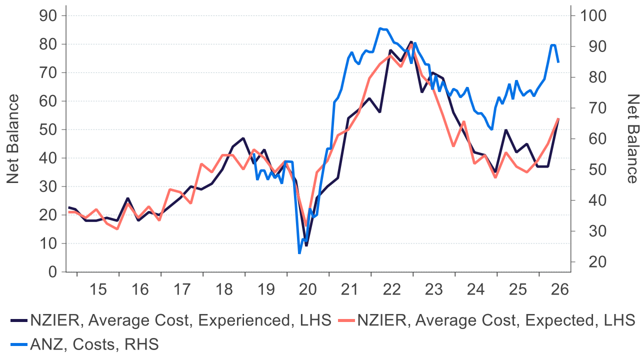
Source: NZIER, Macrobond, ANZ Research

Investment intentions have rebounded, but remain weak



Source: NZIER, Macrobond, ANZ Research

Firms in the QSBO have reported higher costs, ANZBO has tentatively past its recent peak



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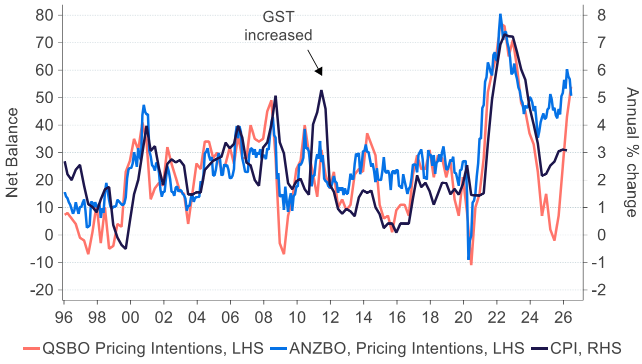
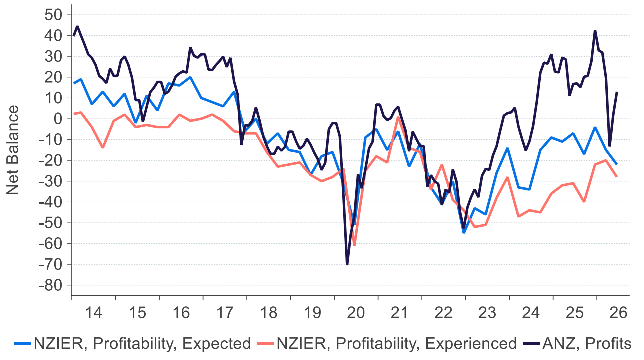
Pricing intentions are worrying



Source: NZIER, Stats NZ, Macrobond, ANZ Research

Profitability indicators are mixed



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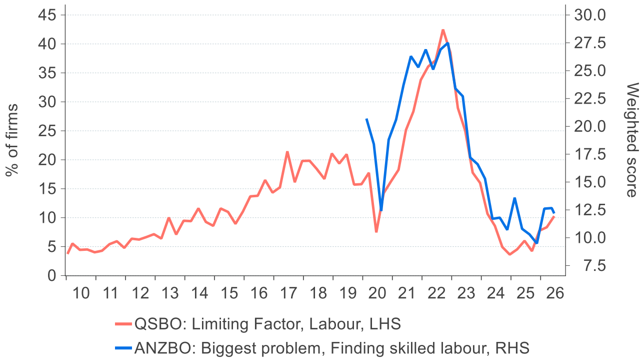
Spare capacity remains in the labour market



Source: NZIER, Macrobond, ANZ Research

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