

Quarterly Survey of Business Opinion – Q3 2026

6 October 2026

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Data summary

	Latest	Previous
Headline business confidence (actual)	43	8
Headline business confidence (sa)	40	14
Domestic trading activity (sa, past)	-1	1
Domestic trading activity (sa, expected)	15	11
CUBO (actual)	91.0%	90.8%
Avg selling price – past 3 months	26	41

Few surprises

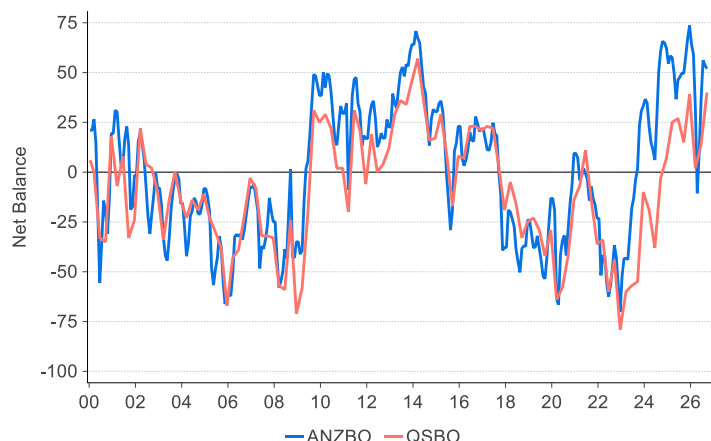
Key points

- The NZIER's Q3 Quarterly Survey of Business Opinion (QSBO) showed optimism that the economy will improve from here, but patchy conditions right here and now.
- Pricing indicators fell slightly from high levels, consistent with our and the RBNZ's expectation that inflation will ease in Q3.
- Key capacity indicators such as labour and capacity as limiting factors to production showed continued spare capacity in the economy, in line with the RBNZ's assessment.
- The survey responses were received over the month of September, at which time oil prices had already lifted from the lower levels experienced over July and August.
- While the QSBO results are broadly consistent with the RBNZ's forecasts, they will nonetheless sit uncomfortably alongside risks to the inflation outlook that have arisen since the September MPS from much higher oil prices and a lower NZD. As of this morning, Dubai spot oil prices are around 30% higher than the RBNZ assumed in the September MPS, and the TWI is over 4% below its assumption (which puts upward pressure on tradable goods prices).
- We do not see anything in today's results to shift our view that the RBNZ will lift the OCR by 25bp later this month. After that, we see OCR hikes in February and March next year taking the OCR to 3.5%, the upper end of the RBNZ's range of estimates for neutral.

The details

Confidence in the general business situation improved considerably from its slump earlier in the year, rising from +14 to +40 (seasonally adjusted). That puts it back around the same level it was back in December when the OCR was at its low and before the conflict in the Middle East rattled confidence. To be fair, optimism about the economy improving from here is probably in large part because it is still relatively weak now, so there is plenty of room for things to get better.

Figure 1. Business confidence



Source: NZIER, Macrobond, ANZ Research

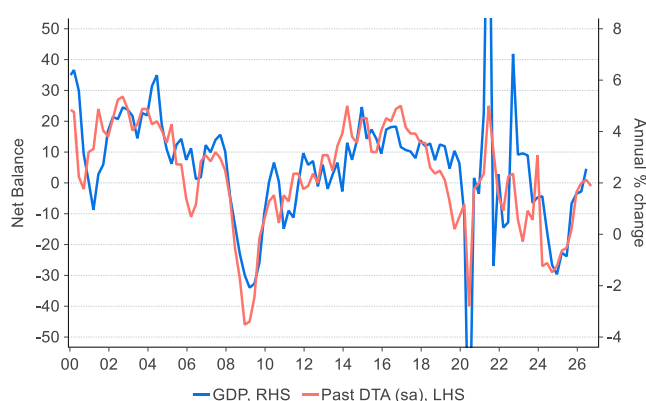
The survey responses were received between 9 and 28 September, with little difference in responses across that window. Oil prices peaked mid-September. The improvement in confidence in the QSBO took it in the same direction as our ANZBO.

Reported past trading activity fell very slightly, from +1 to -1. This is the best indicator for GDP in the survey, but most closely matches annual GDP growth, and is broadly consistent with our expectation that annual GDP growth will ease from 2.6% y/y in Q2 to 2.2% y/y in Q3. We expect ongoing quarterly growth (we are forecasting 0.5% q/q in Q3) but that is more than offset by a period of economic weakness in Q2 2025 dropping out of the annual calculation, making annual growth harder to achieve.

Experienced employment improved 5 points to -5 (close to its long-run average) while employment intentions for the next three months jumped from -1 to +23. These measures are broadly consistent with our Q3 HLFS employment forecast of 1.5% y/y (0.3% q/q).

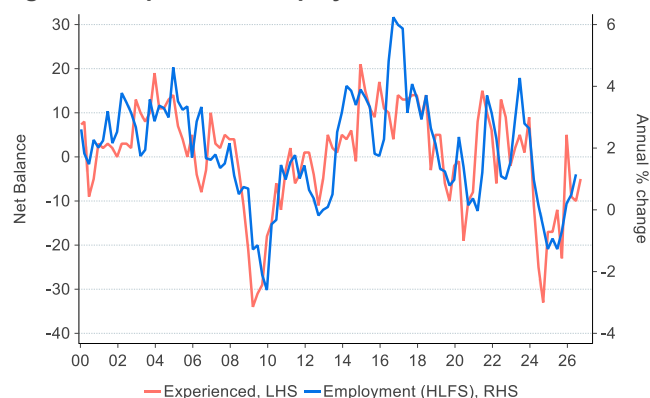
Meanwhile, investment intentions lifted for both buildings and plant and machinery to levels a little above the long-run average.

Figure 2. GDP and Domestic Trading Activity



Source: NZIER, Stats NZ, Macrobond, ANZ Research

Figure 3. Experienced employment vs the HLFS measure

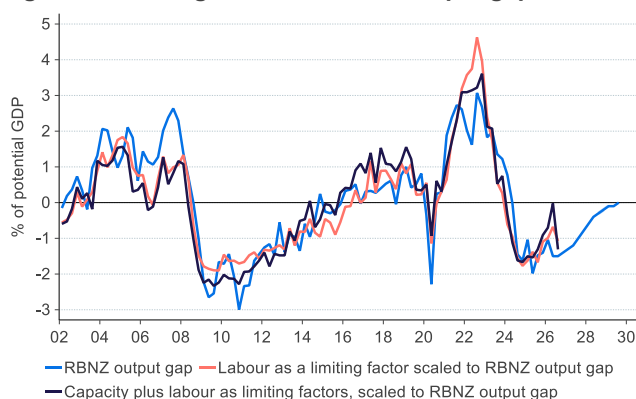


Source: NZIER, Stats NZ, Macrobond, ANZ Research

The suite of capacity indicators is broadly consistent with the RBNZ's September MPS output gap, with some signs that spare capacity is being absorbed. The proportion of firms reporting labour and capacity as a limiting factor fell back to a level consistent with there being considerable spare capacity in the economy after it surprisingly suggested the output gap was closed last quarter (figure 4). That Q2 print was at odds with other indicators of spare capacity such as the unemployment rate, and today's read suggests it may have been more noise than signal.

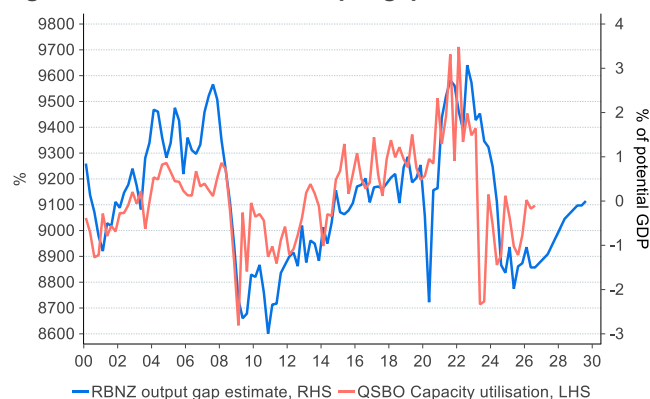
However, there are some signs that spare capacity is being gradually absorbed. Firms reported that it is becoming harder to find labour: ease of finding skilled labour fell from -9 to -15 (long-run average: -20), while ease of finding unskilled labour fell from +17 to +1 (also still a little easier than the historical average of +8). Capacity utilisation among builders and manufacturers was little changed at 91.0% (from 90.8% last quarter), but this measure doesn't track the RBNZ's output gap estimate as closely as other capacity indicators in the survey.

Figure 4. Limiting factors 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 eased from high levels. A retracement in these measures is consistent with our and the RBNZ's view that annual inflation slowed in Q3. However, given the survey timing, today's data may not fully capture firms' expectations following the recent lift in fuel prices (we expect annual headline inflation to reaccelerate in Q4). For the RBNZ, it'll be the core measures of inflation that matter. In terms of the details, past selling prices eased from +41 to +26, leaving it above its post-2002 average of +19. Past costs fell from +54 to +47, also above their long-run average of +36. It was a similar story with expected selling prices and expected costs (figure 6).

Figure 6. Prices and costs vs CPI inflation

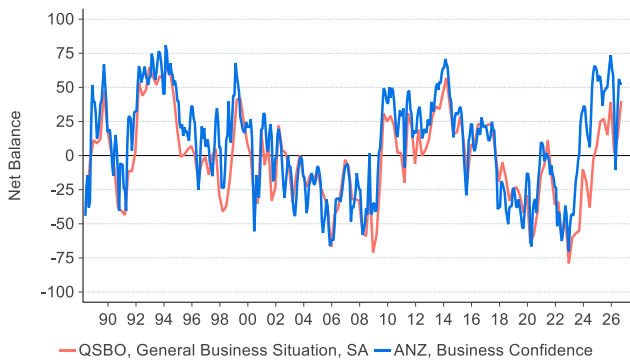


Source: NZIER, Stats NZ, Macrobond, ANZ Research

	Latest	Previous
Domestic Trading Activity, Last 3 Months, sa	-1	1
Domestic Trading Activity, Next 3 Months, sa	15	11
General Business Situation	43	8
General Business Situation, sa	40	14
Numbers Employed, Last 3 Months	-5	-10
Numbers Employed, Next 3 Months	23	-1
Ease of Finding Labour, Skilled	-15	-9
Ease of Finding Labour, Unskilled	1	17
Capacity Utilisation, Manufacturers & Builders	91.0	90.8
Average Cost, Last 3 Months	47	54
Average Cost, Next 3 Months	42	54
Average Selling Prices, Last 3 Months	26	41
Average Selling Prices, Next 3 Months	43	54
Profitability, Last 3 Months	-27	-28
Profitability, Next 3 Months	6	-22
Investment Intentions, Buildings	1	-3
Investment Intentions, Plant & Machinery	11	-3
Limiting Factor, Sales	63.9	56.7
Limiting Factor, Materials	6.1	4.6
Limiting Factor, Finances	6.2	5.1
Limiting Factor, Labour	7.9	10.3
Limiting Factor, Capacity	8.3	15.9
Limiting Factor, Other	7.6	7.6

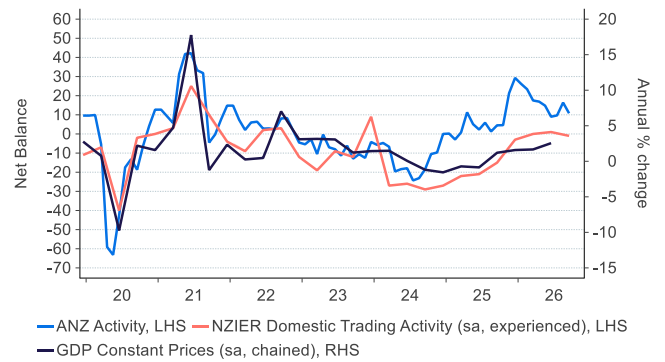
How the QSBO compares to ANZBO

QSBO confidence rebounded toward the ANZBO



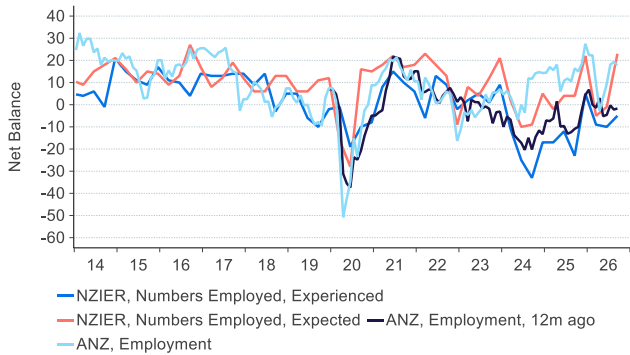
Source: NZIER, Macrobond, ANZ Research

Experienced activity eased slightly, but remains consistent with the ANZBO signal for a gradual recovery



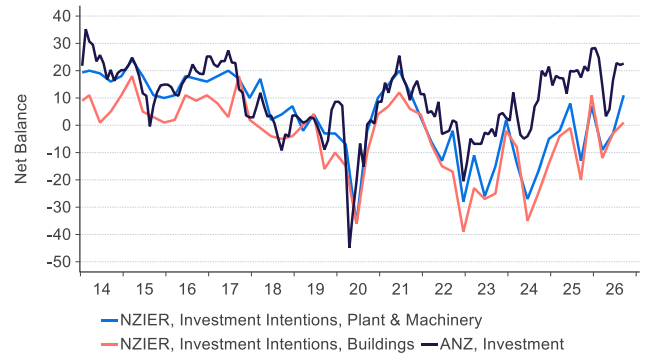
Source: NZIER, Stats NZ, Macrobond, ANZ Research

QSBO employment improved, broadly in line with ANZBO



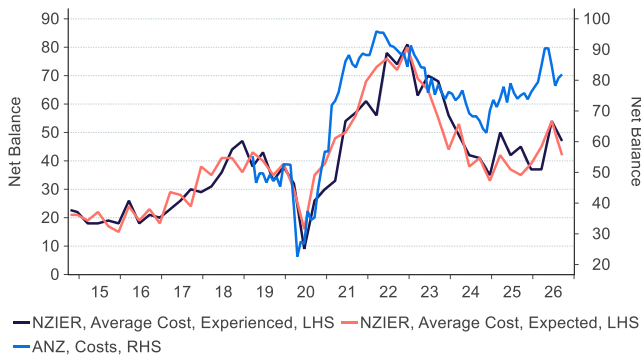
Source: NZIER, Macrobond, ANZ Research

Investment intentions also rebounded toward ANZBO



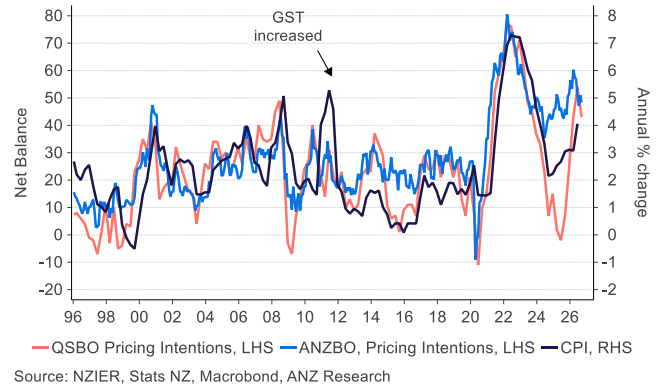
Source: NZIER, Macrobond, ANZ Research

The cost signal in QSBO is more benign than ANZBO



Source: NZIER, Macrobond, ANZ Research

Pricing intentions dipped lower, consistent with the ANZBO



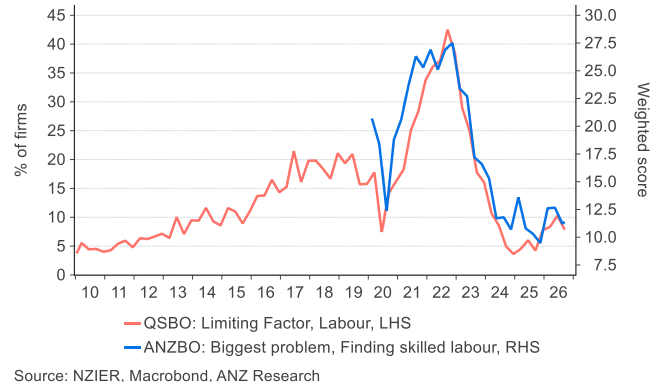
Source: NZIER, Stats NZ, Macrobond, ANZ Research

Profitability indicators lifted toward the ANZBO



Source: NZIER, Macrobond, ANZ Research

Spare capacity remains in the labour market



Source: NZIER, Macrobond, ANZ Research

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