

Preview: RBNZ Monetary Policy Review

31 March 2026

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Giving little away... because they don't know yet

- **We expect the RBNZ to leave the OCR unchanged at 2.25% next week.**
- Messaging regarding the OCR outlook is set to be very much in line with Governor Breman's [speech](#) last week – no knee-jerk hikes, but ready to do what's needed to ensure the medium-term inflation outlook remains on track.
- We expect a short statement and little market reaction. It's wait-and-see time.

Key views

RBNZ Governor Anna Breman laid out the state of play very clearly in a [speech](#) last week. Oil shocks are difficult for monetary policy to deal with. Their impacts are clearly negative – weaker growth and higher inflation – but how monetary policy should respond is ambiguous, because the impact on medium-term inflation is ambiguous. The inflation shock could broaden and become persistent, in which case more/sooner OCR hikes are needed. But there is also a scenario where the confidence hit and blow to discretionary spending is so large that OCR *cuts* are appropriate. From a “first do no harm” perspective, wait and see is the sensible approach until the picture becomes clearer. We anticipate a short statement that reiterates many of the same points that were made in the speech.

Data on the impacts on the economy of the Middle East conflict thus far are sparse. However, our ANZ [consumer confidence](#) survey showed a steady decline as the month went on, with the average reading in the final week down more than 20 points versus February. Inflation expectations rose a full percent. Our ANZ [Business Outlook](#) survey showed not only an inevitable sharp fall in forward-looking indicators; firms' reported activity in the past month also fell, particularly for the retail sector. Confidence and cashflow impacts aren't theoretical; they are already real. Later this week we will publish our ANZ card spending chart-pack, which will provide a granular picture of the decisions that consumers are making.

Markets are currently pricing 3bp of tightening for next week, i.e. about a 10% chance of a hike (we'd put it at zero). Pricing then implies +11bp by May and a full 25bp hike by July. That *could* happen – by July tales of price rises will be widespread. But so too could be tales of weak demand and lost economic momentum. There certainly seems to be little risk that the sub-neutral OCR is going to set off a wave of risk-taking anytime soon – not least because interest rates have gone up all by themselves (figure 1). Last week we [revised down](#) our house price forecast. While the outlook is a lot more uncertain than it was, and a very wide range of scenarios is plausible, we continue to see policy normalisation kicking off in December. But we can't stress enough how fluid the situation is.

Figure 1. Swap rates



Source: Bloomberg, Macrobond, ANZ Research

Meet the team

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