

Reserve Bank of New Zealand
Te Pūtea Matua

The Inflation Outlook

Monetary Policy Review, October 2026

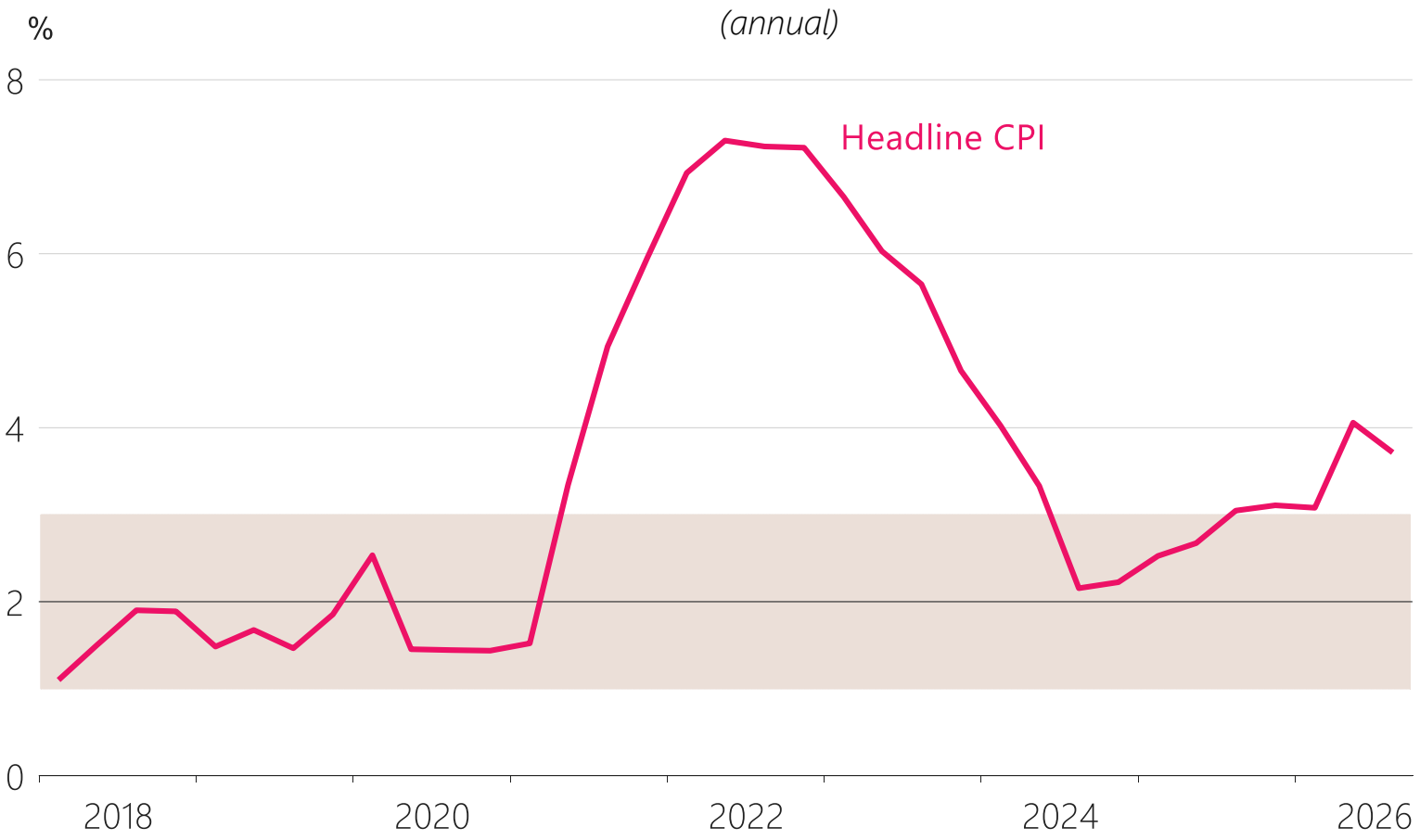
This presentation represents the view of the Monetary Policy Committee (MPC), not of any individual member.

The decision: OCR held at 2.75 percent

- The Committee voted by 4 – 3 to hold the OCR at 2.75%.
- All Committee members agreed on the inflation outlook but weighted risks and the timing of the monetary policy response differently.
- Tighter monetary policy is likely to be required but remains conditional on the economic outlook.

Headline CPI is above target and expected to increase in the near term

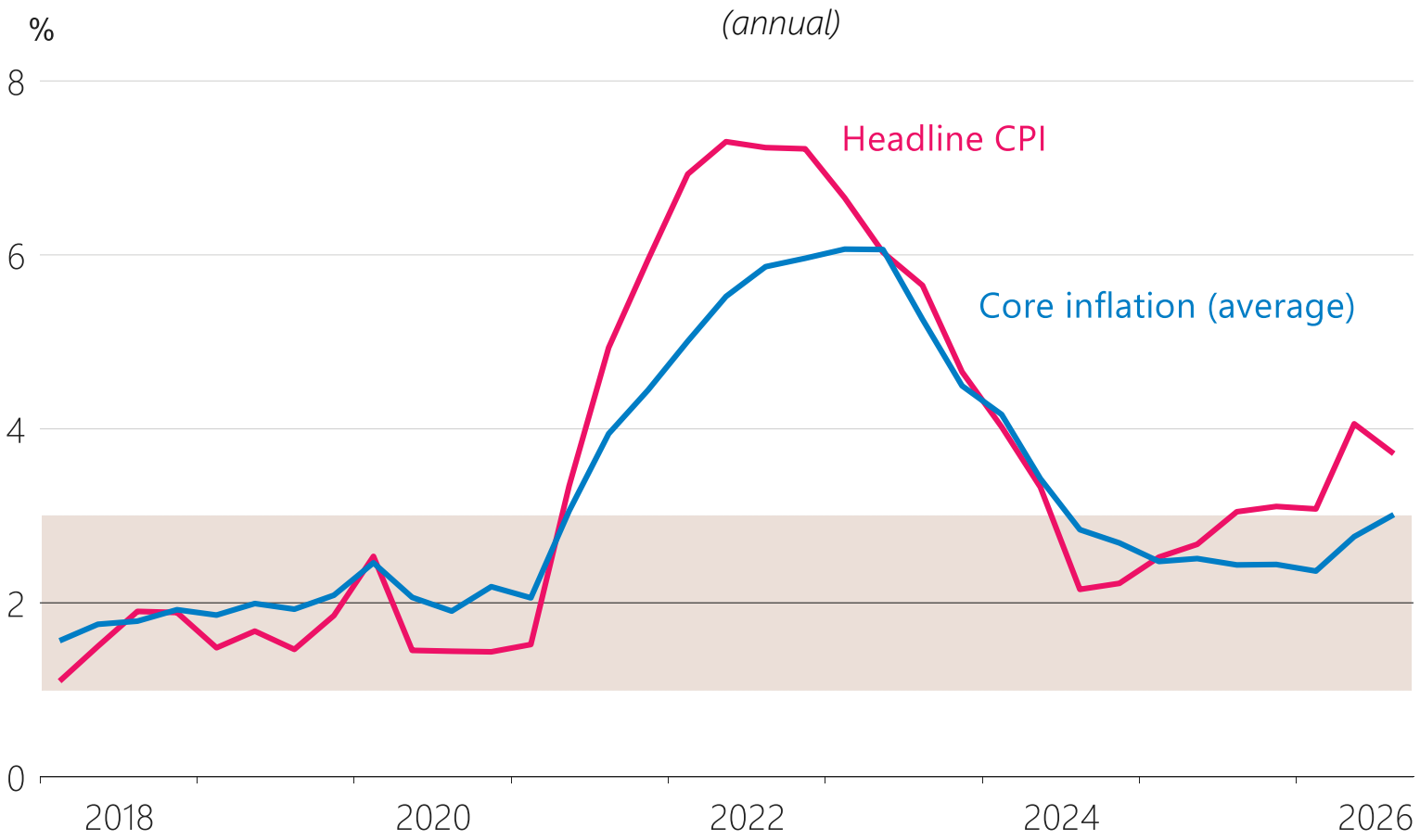
Headline and core inflation measures



Source: Stats NZ, RBNZ estimates.
Note: The shaded area represents the MPC's 1 to 3 percent target range for annual CPI inflation over the medium term.

Headline CPI is above target and expected to increase in the near term

Headline and core inflation measures



Source: Stats NZ, RBNZ estimates.
Note: The shaded area represents the MPC's 1 to 3 percent target range for annual CPI inflation over the medium term.

Direct fuel price effects continue to passthrough to inflation

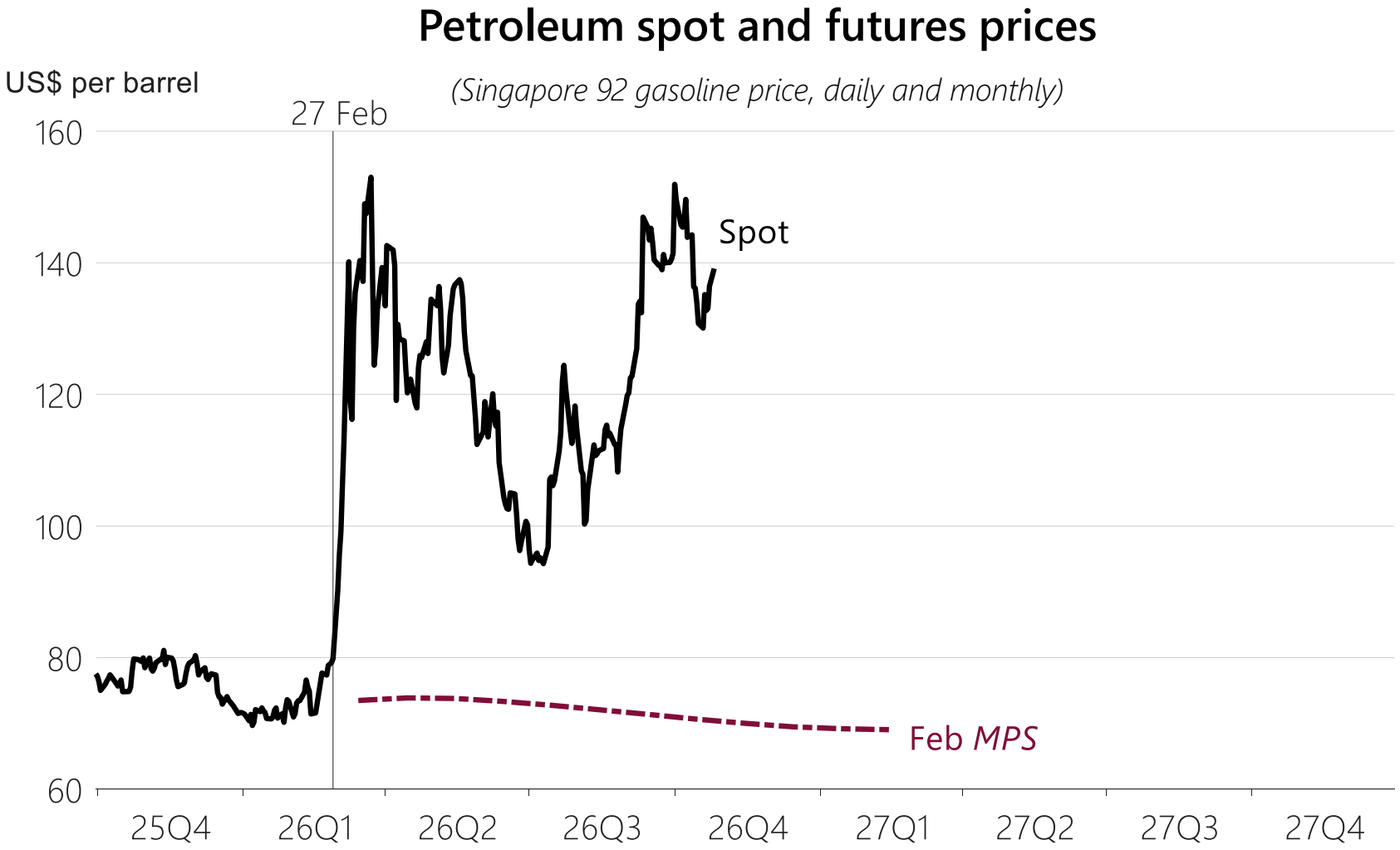
Petroleum spot and futures prices

(Singapore 92 gasoline price, daily and monthly)



Source: Bloomberg, RBNZ estimates.

Direct fuel price effects continue to passthrough to inflation

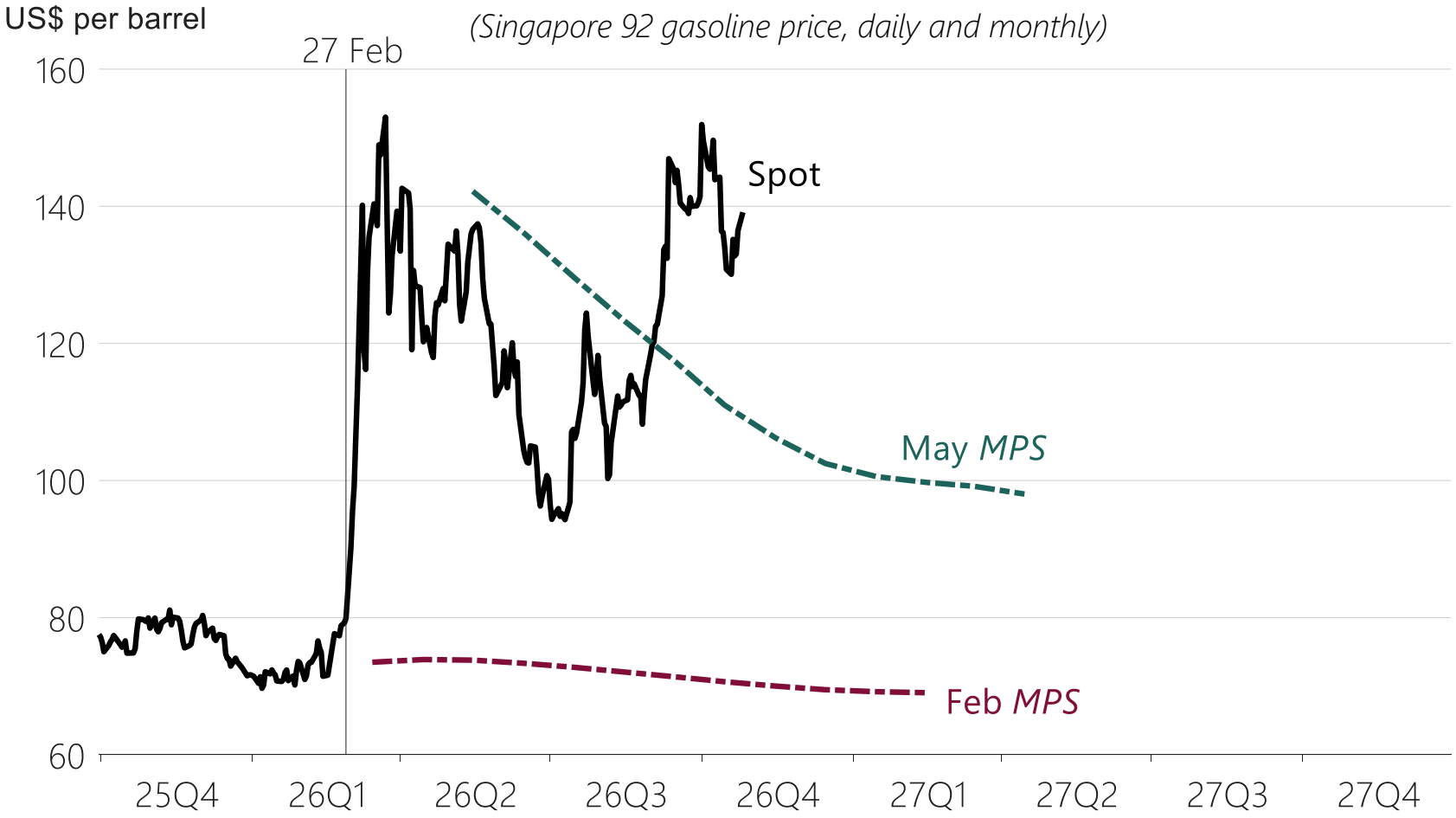


Source: Bloomberg, RBNZ estimates.

Direct fuel price effects continue to passthrough to inflation

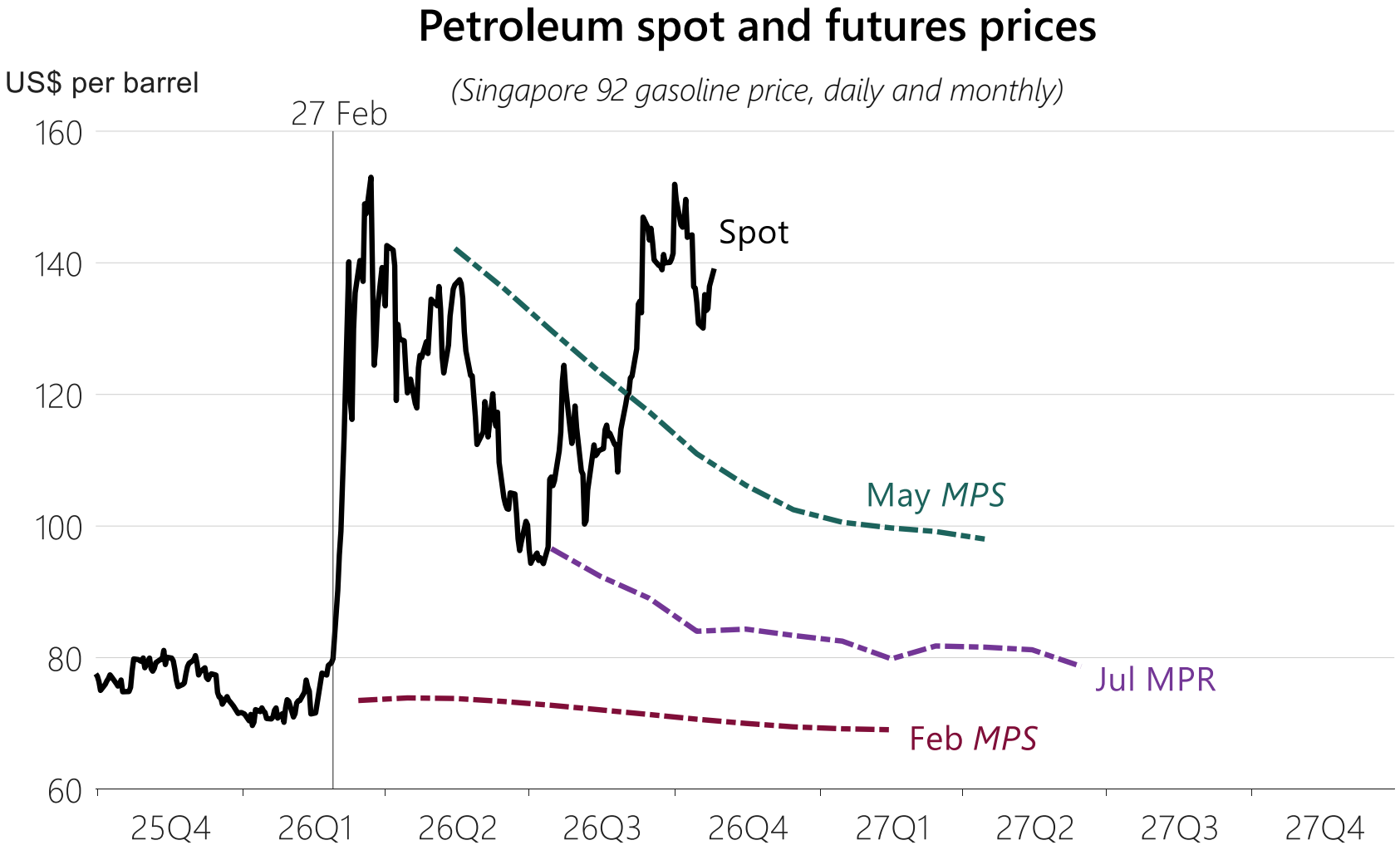
Petroleum spot and futures prices

(Singapore 92 gasoline price, daily and monthly)



Source: Bloomberg, RBNZ estimates.

Direct fuel price effects continue to passthrough to inflation

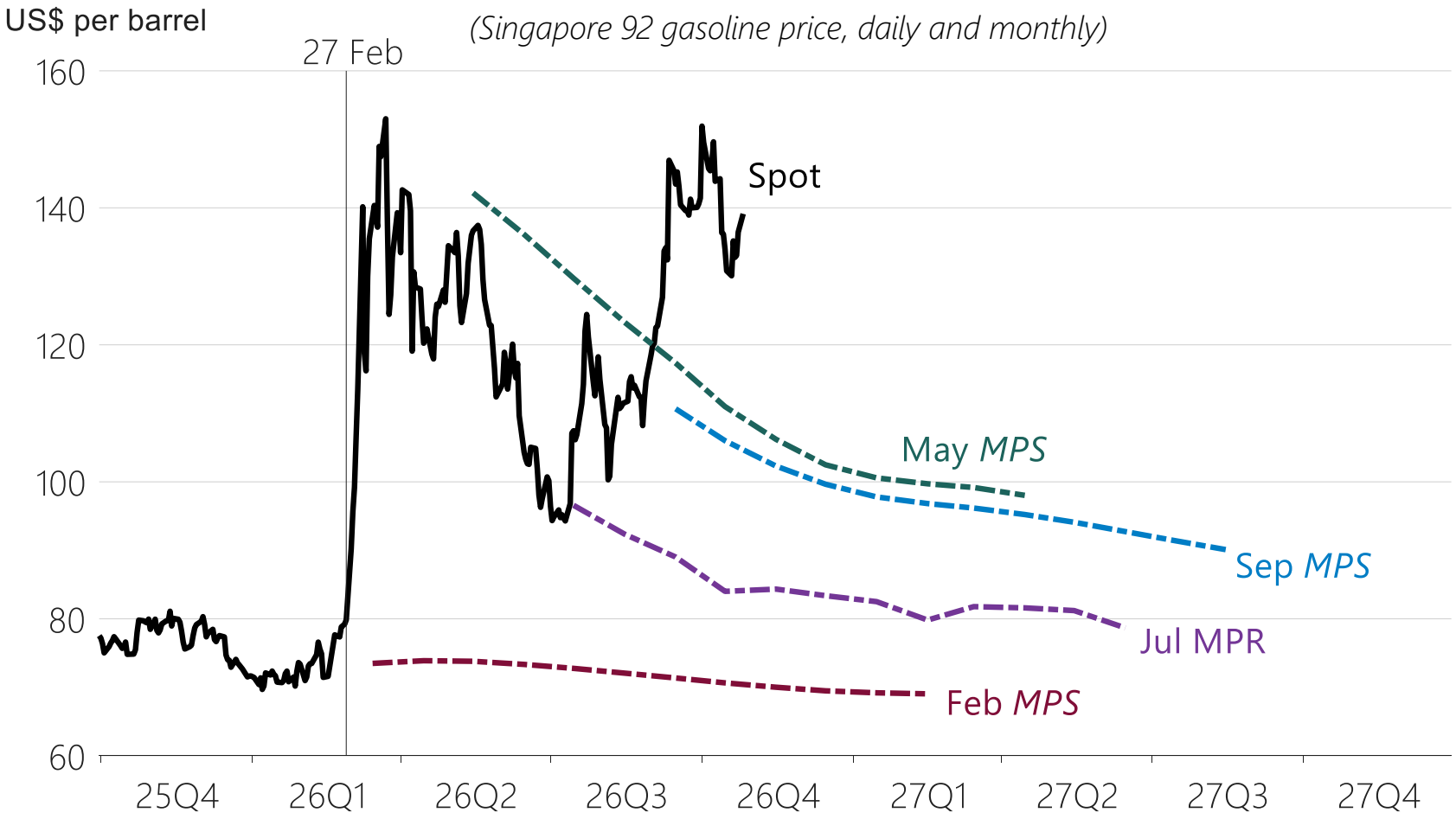


Source: Bloomberg, RBNZ estimates.

Direct fuel price effects continue to passthrough to inflation

Petroleum spot and futures prices

(Singapore 92 gasoline price, daily and monthly)

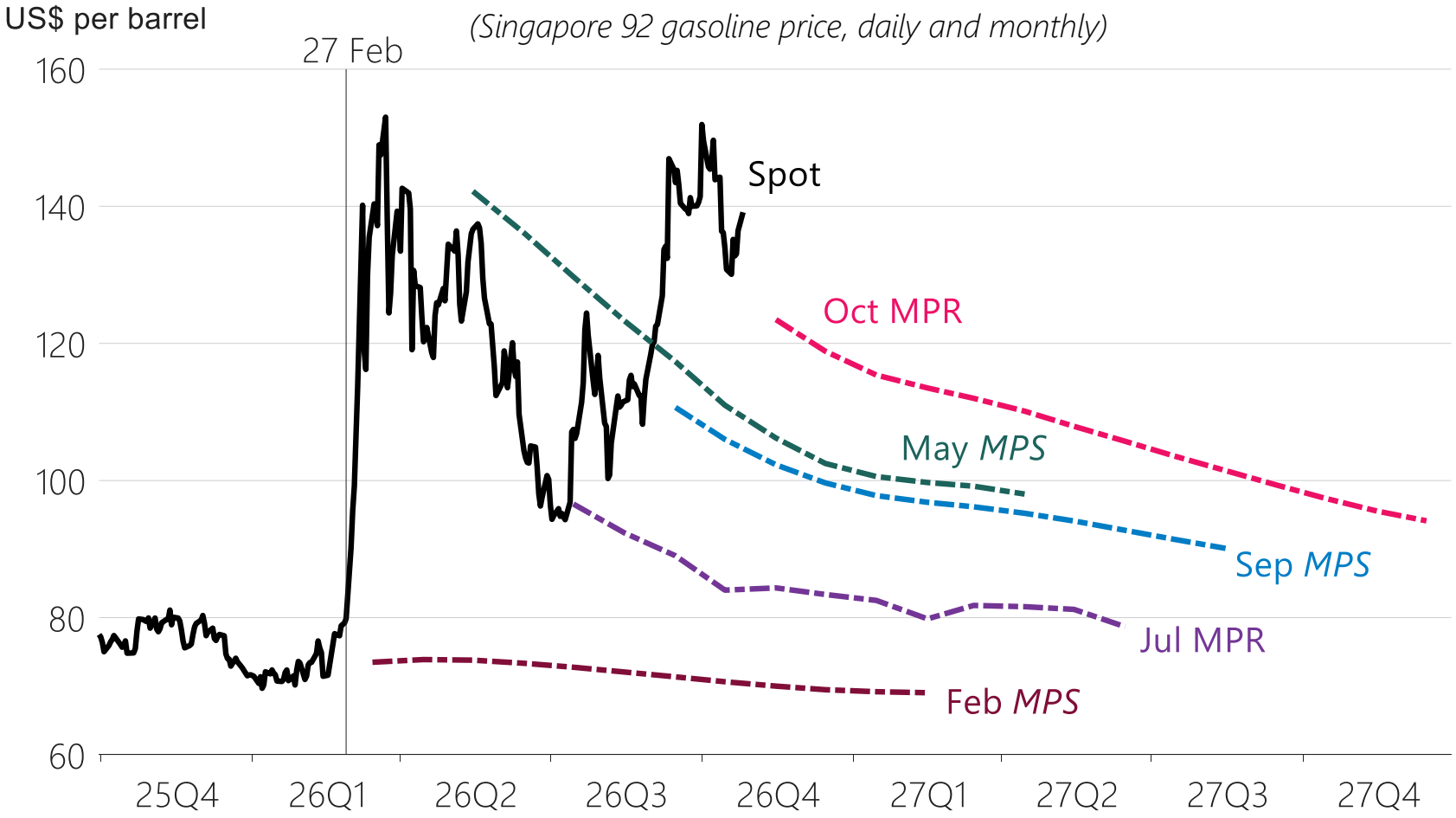


Source: Bloomberg, RBNZ estimates.

Direct fuel price effects continue to passthrough to inflation

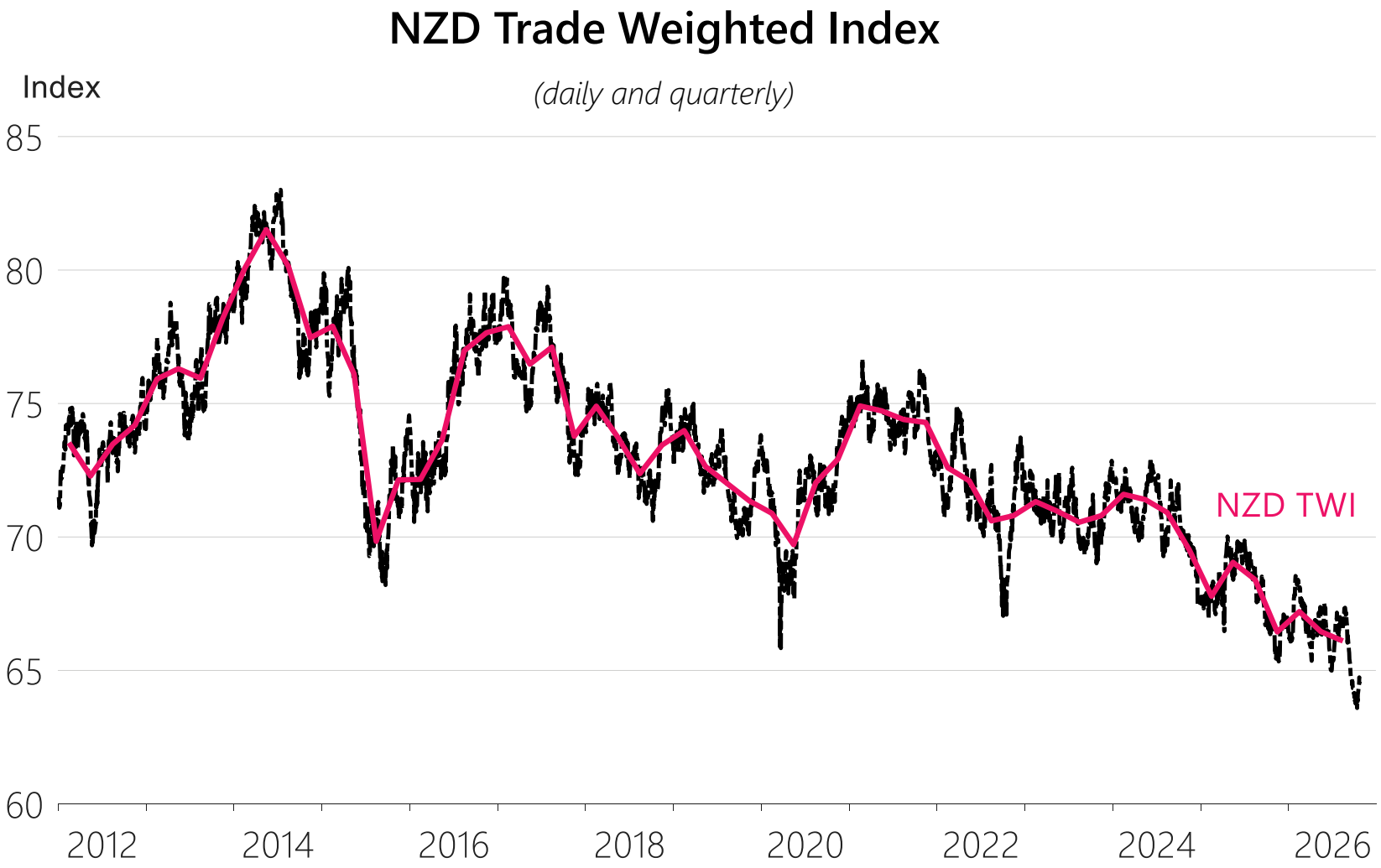
Petroleum spot and futures prices

(Singapore 92 gasoline price, daily and monthly)



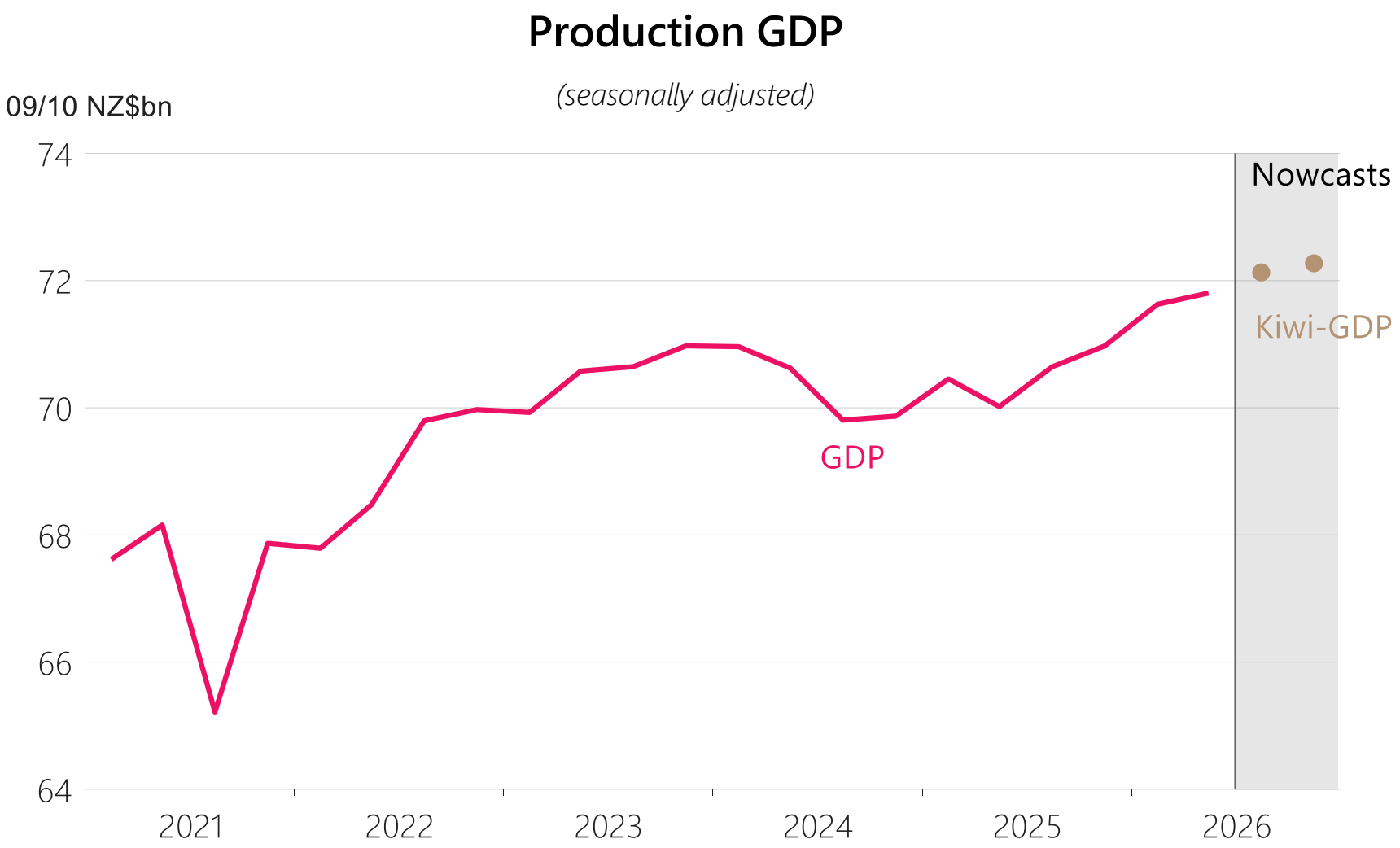
Source: Bloomberg, RBNZ estimates.

The New Zealand exchange rate has depreciated



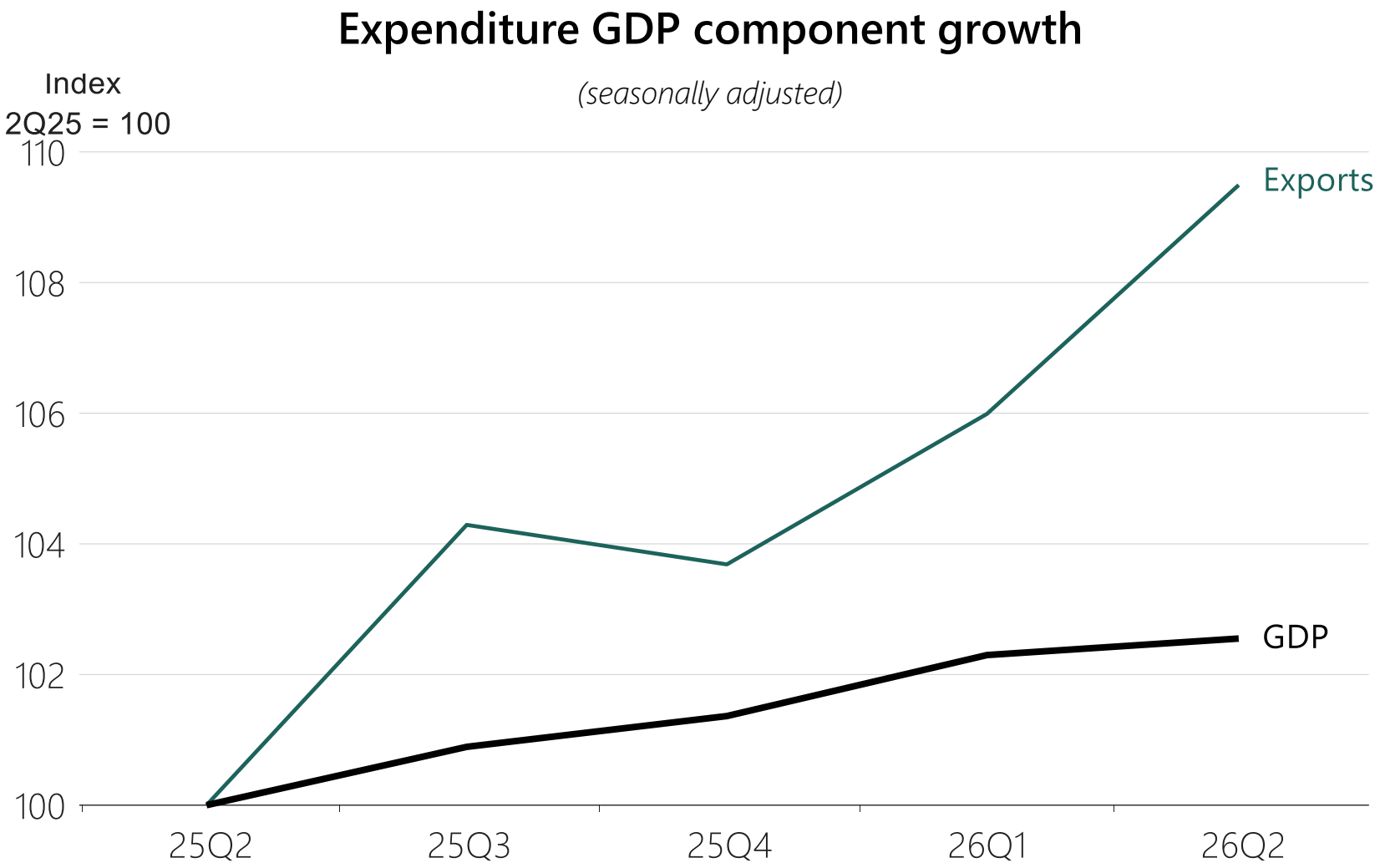
Source: NZFMA, RBNZ estimates.

Economic activity is recovering



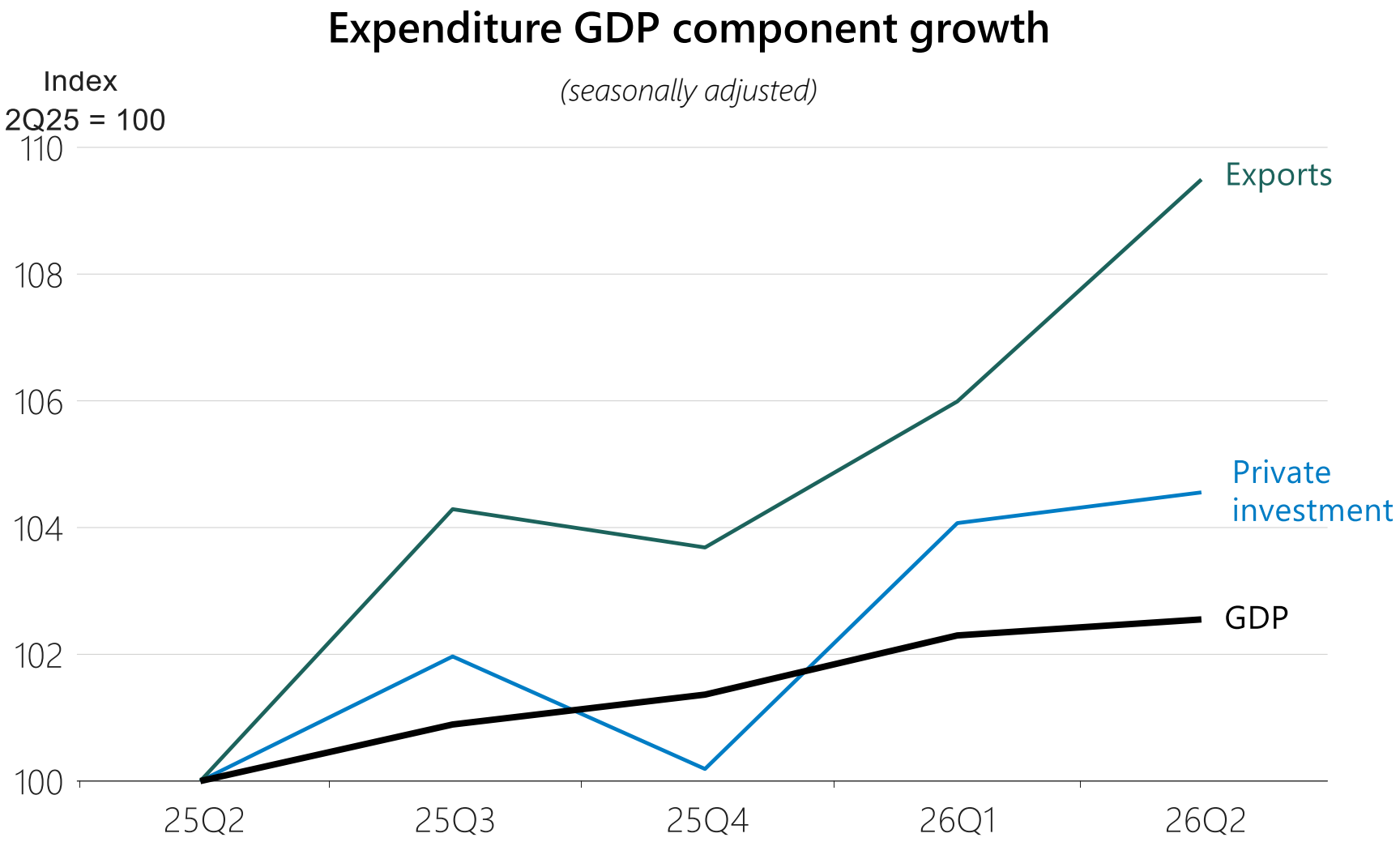
Source: Stats NZ, RBNZ estimates.

Strong export growth has been supporting the recovery



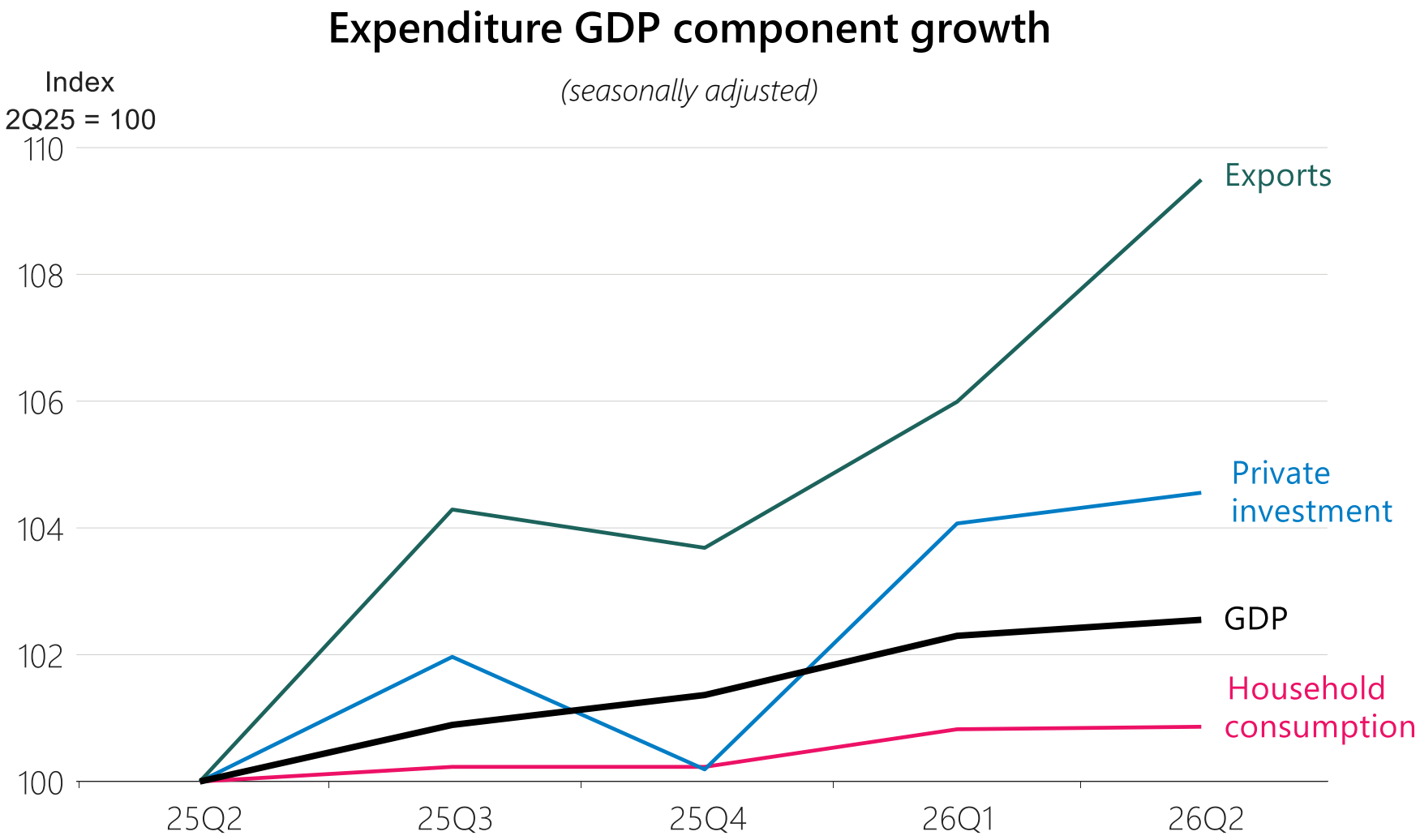
Source: Stats NZ, RBNZ estimates.

Strong export growth has been supporting the recovery, while…



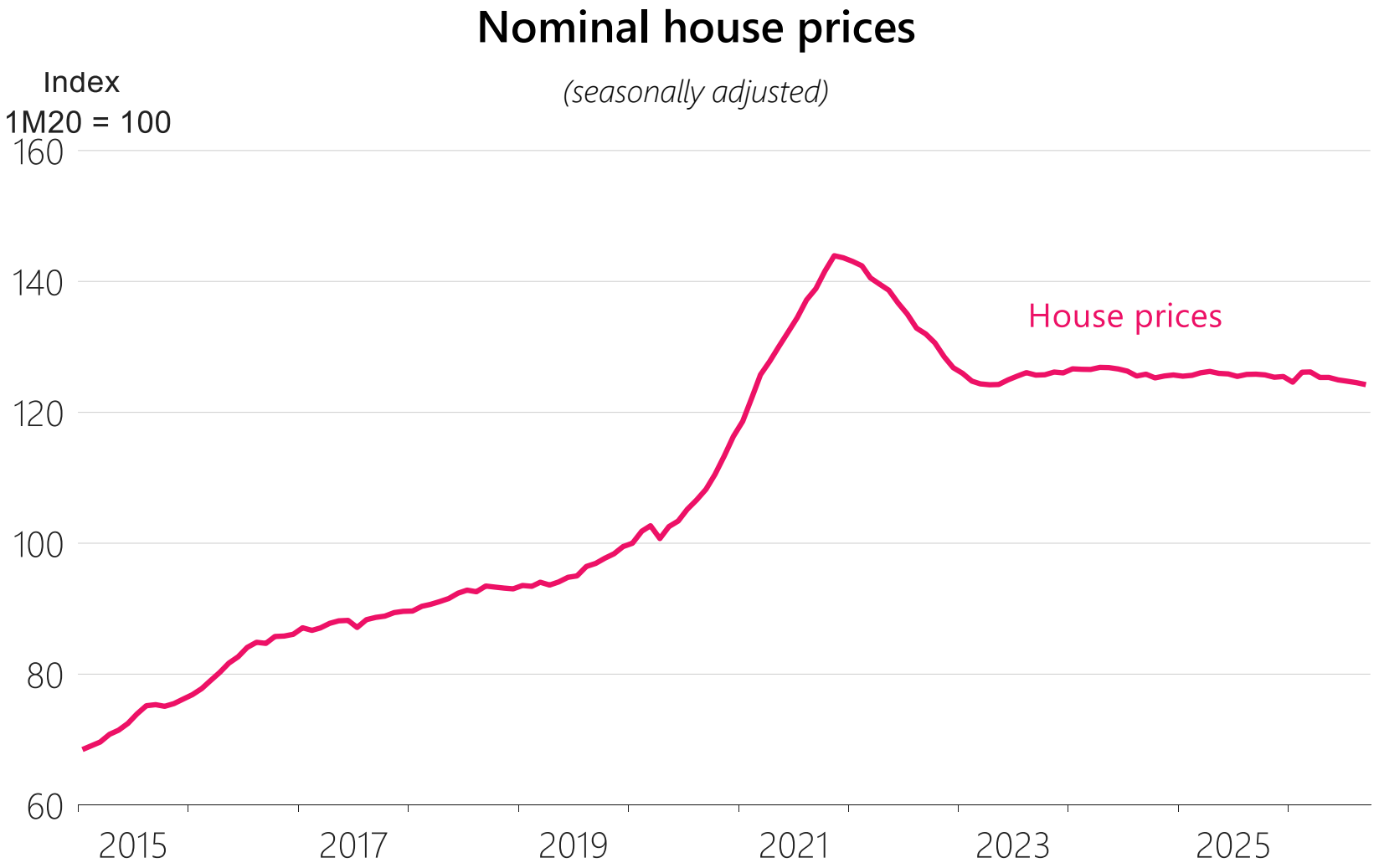
Source: Stats NZ, RBNZ estimates.

...household consumption has remained weak



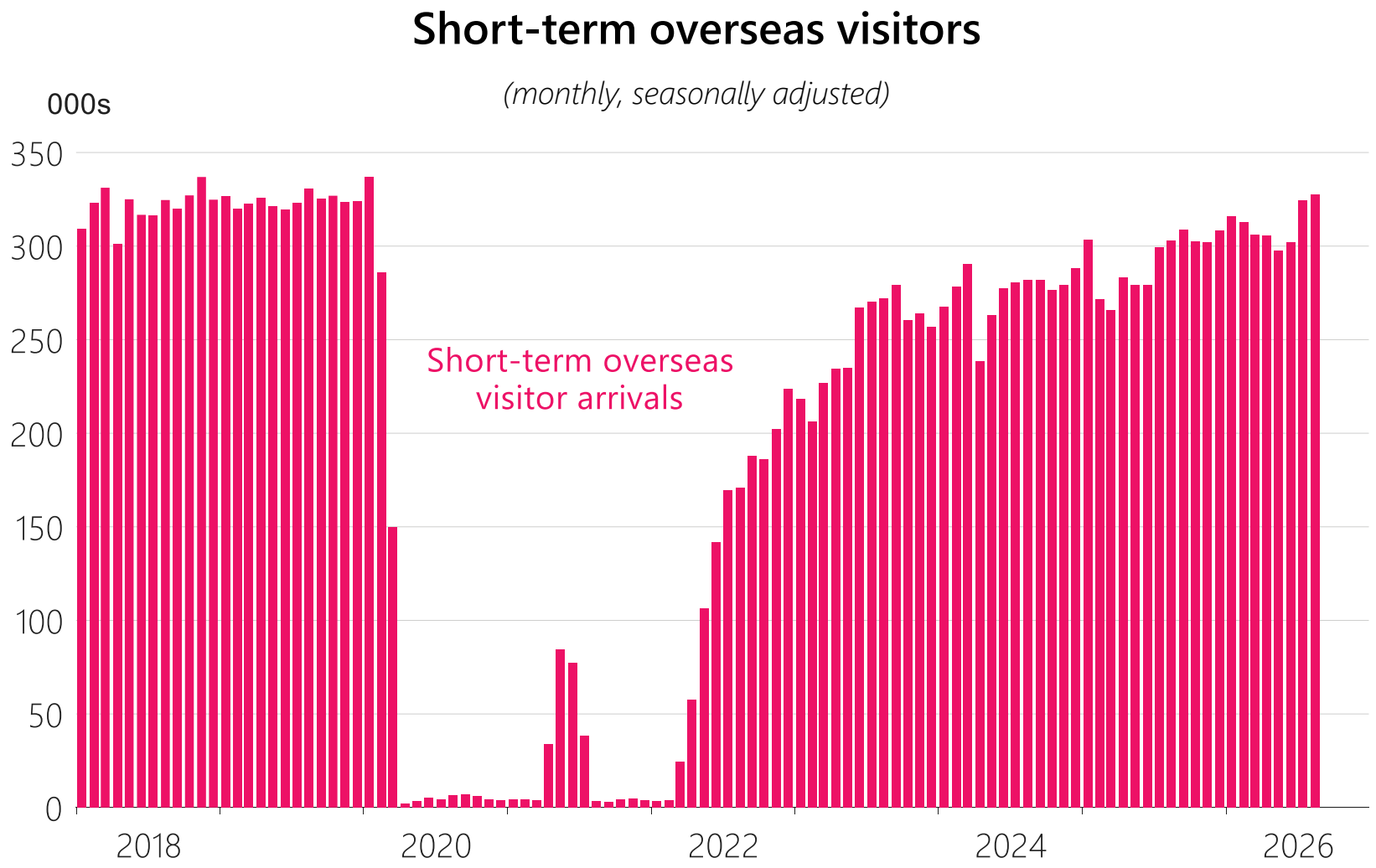
Source: Stats NZ, RBNZ estimates.

Falling house prices are weighing on household spending



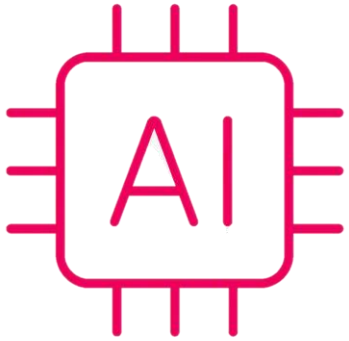
Source: REINZ, RBNZ estimates.

Tourist numbers are back to pre-COVID-19 levels



Source: Stats NZ, RBNZ estimates.

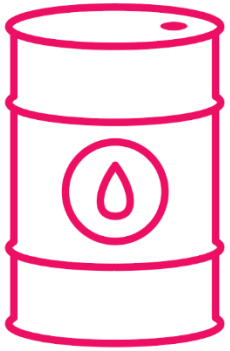
The outlook remains uncertain



AI investment and productivity



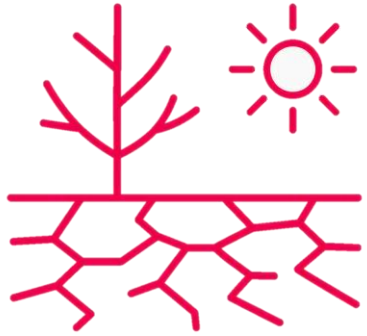
Household spending



Oil supply



Geopolitical developments



Climate and El Niño

Summary

- The Committee voted to hold the OCR at 2.75 percent.
- The economy is recovering but conditions are uneven and risks remain elevated.
- Tighter monetary policy is likely to be required, but remains conditional on the economic outlook.


Reserve Bank
of New Zealand
Te Pūtea Matua