



New Zealand GDP September quarter 2025 chartpack

19 December 2025

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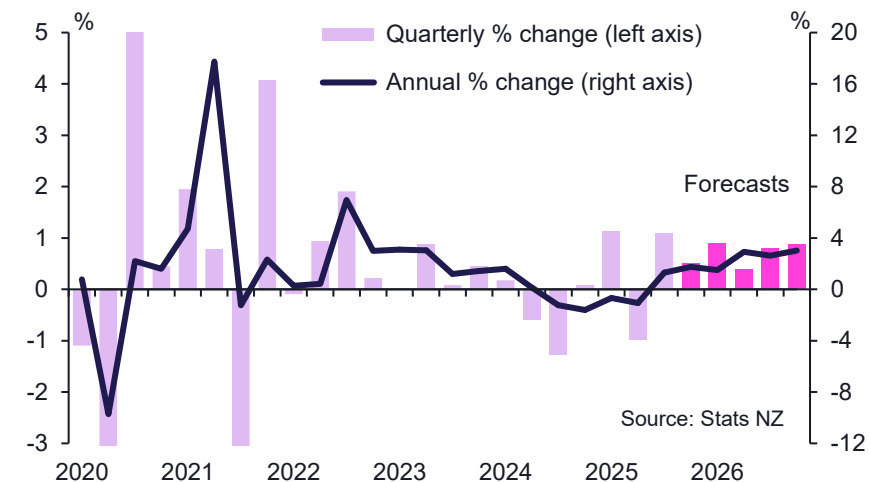
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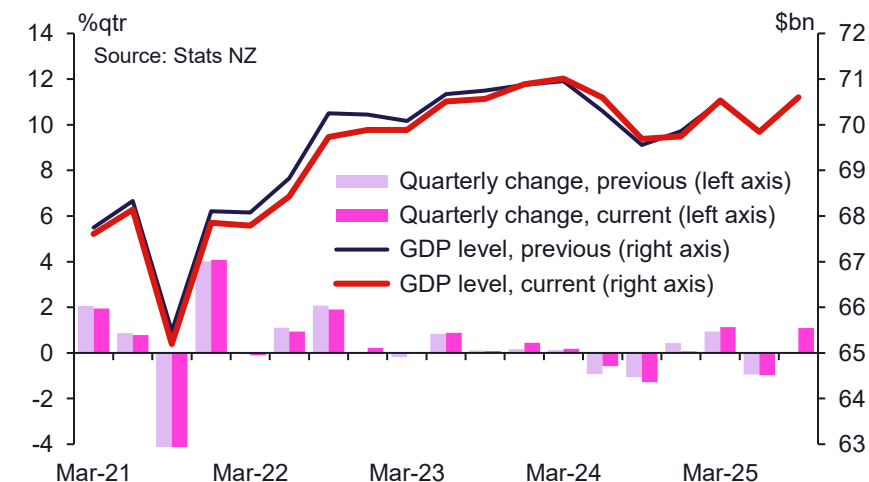
KEY RESULTS

- GDP grew by 1.1% in the September quarter, ahead of our 0.9% pick and at the top of the range of market forecasts (0.6% to 1.1%).
- Revisions to previous quarters meant that the annual growth rate landed in line with our forecast of +1.3%. This was the first year-on-year increase since June 2024.
- The 1.1% increase followed a 1.0% fall in the June quarter, continuing the recent run of unusually volatile quarterly movements.
- As we expected, growth for the quarter was broad-based, with gains in all but two industries.
- We expect further solid growth in the coming quarters, albeit with some lingering seasonality in the reported data. We are forecasting 1.7% growth over 2025 and 3.0% over 2026.
- Overall, the GDP figures represent an upside surprise to the RBNZ's forecasts – though the surprise mostly stemmed from the industry data that had already been published in the weeks since the November *MPS*.

Quarterly and annual GDP growth



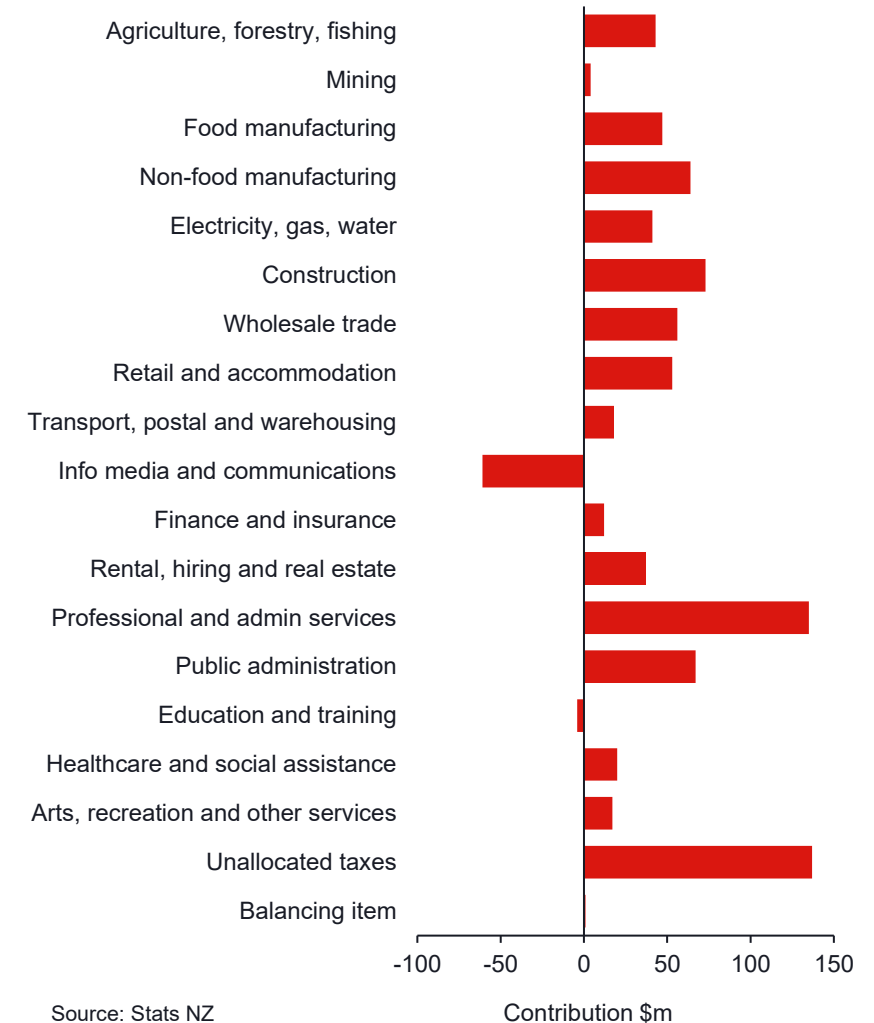
Revisions to history



GDP BY PRODUCTION

- The production measure of GDP rose by 1.1% in the September quarter. As we expected, growth for the quarter was broad-based, with gains in all but two industries.
- There were large contributions from professional services (up 2.1%), construction (up 1.7%), manufacturing (up 2.2%) and wholesale trade (up 1.6%). These are all sectors where partial data became available in the week before the GDP release, prompting us and others to revise up our forecasts.
- Lower interest rates and rising tourist numbers drove gains in retail and hospitality.
- Favourable weather supported agricultural production (and hence food processing), and high hydro lake levels boosted electricity generation.
- There was a large contribution from 'unallocated taxes', which rose by 2.6%. This category has been markedly more volatile in recent years, due to the shifting timing of tobacco excise duty collections which is confounding the seasonal adjustment.

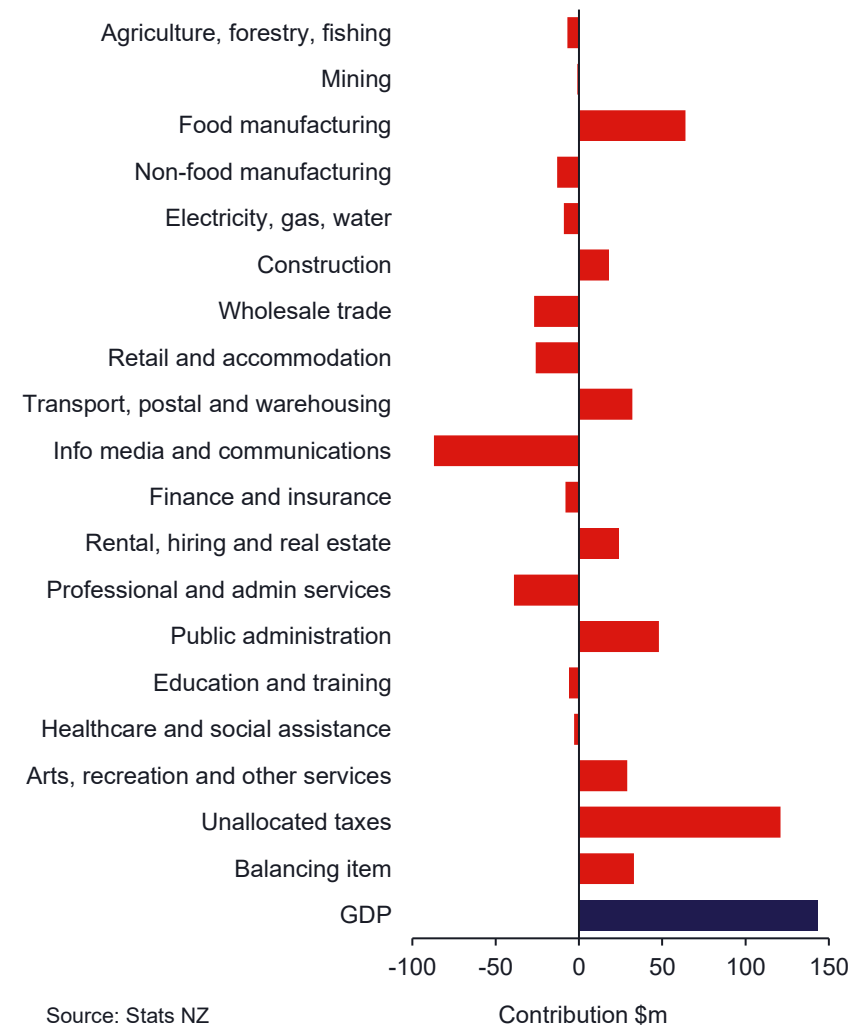
Growth contribution by sector



HOW DID OUR FORECASTS FARE?

- The 1.1% rise in the September quarter was above our final forecast of 0.9%.
- Almost all of the difference was due to 'unallocated taxes', which jumped by 2.6%. We view this as largely a timing issue, so we've assumed a reversal next quarter that takes around 0.1% off our overall GDP forecast.
- Food manufacturing rose by more than we expected. However, this follows a downward revision to the Q2 result after Stats NZ corrected a data processing error.
- Central government administration rose by more than we expected, though the result was broadly consistent with the strong employment measures for the quarter.
- The sharp fall in information, media and telecommunications was unexpected, but we have no reliable indicator for this sector (and it is often revised in subsequent releases).

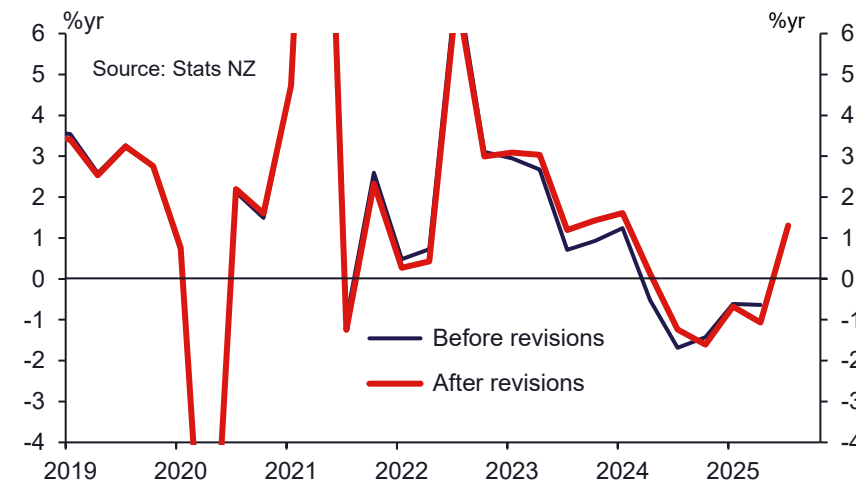
Quarterly changes vs Westpac forecasts



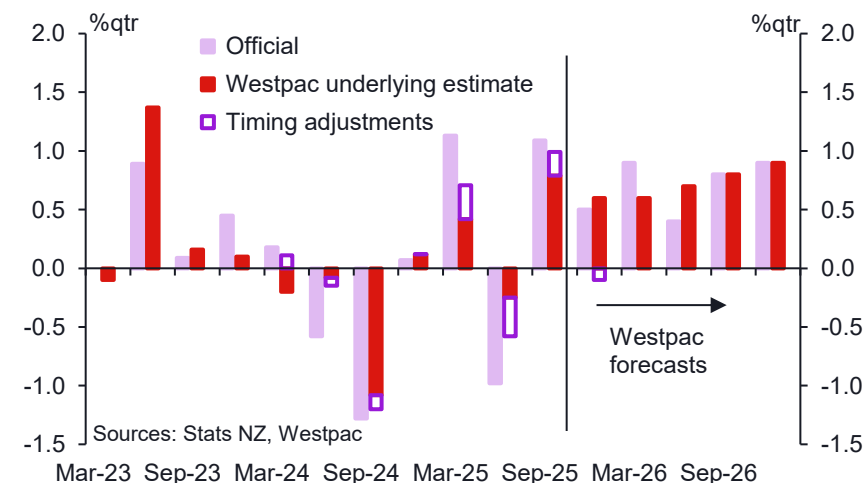
DATA REVISIONS

- The September quarter GDP release typically includes a large number of revisions, in some cases dating back many years.
- This year's update included downward revisions to the level of GDP up to 2023, but with stronger growth over 2023 lifting the level back to around previous estimates.
- The annual update of industry weights has softened – though not removed – the excess seasonality that we've identified in the GDP figures. It remains the case that the recent history is unusually volatile even by New Zealand standards – four of the last five quarters have seen moves of 1% or more.
- We estimate that the main seasonal distortion now is that growth in March quarters is overstated by about 0.4%, and understated in June quarters by the same amount. We have factored this pattern into our quarterly forecasts, with the effect fading over time.
- We had identified some one-off timing issues that overstated the variation in growth between Q1 and Q2. Timing issues also boosted Q3 growth by around 0.2%, and are assumed to detract 0.1% in Q4.

Annual GDP growth before and after revisions



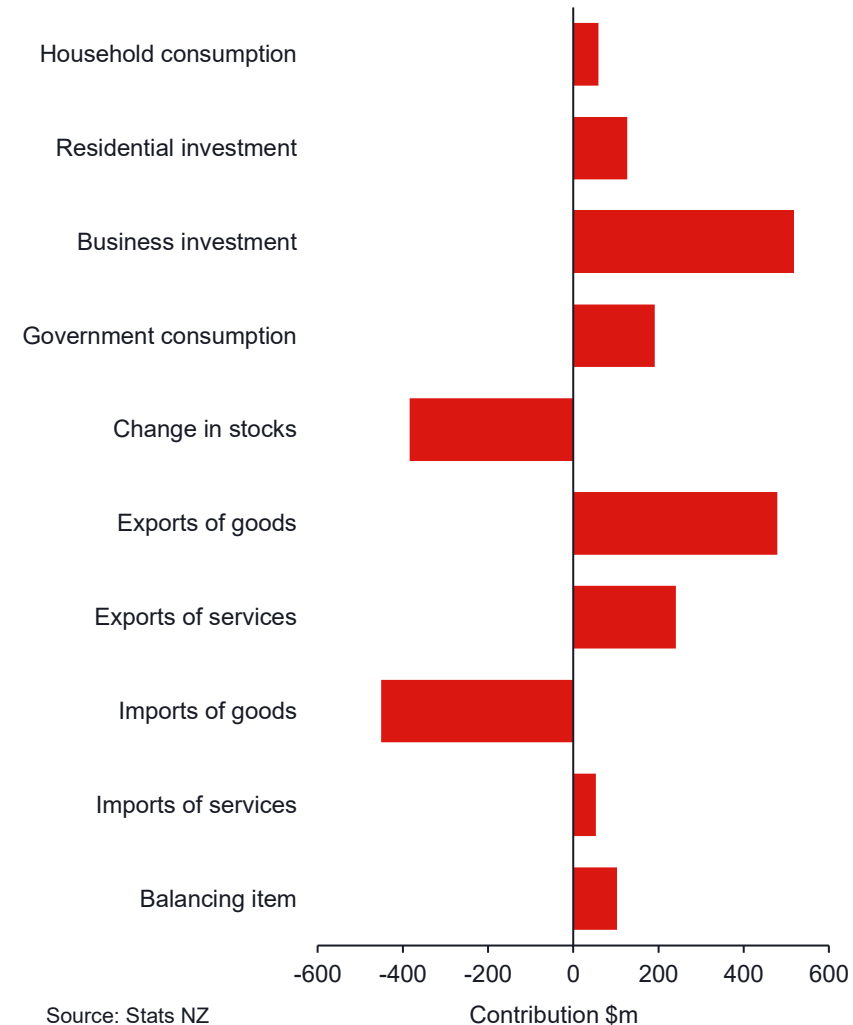
Quarterly GDP growth with Westpac adjustments



GDP BY EXPENDITURE

- The expenditure measure of GDP rose by 1.3% in Q3, more than the 1.1% rise in production. (We don't separately forecast the expenditure measure, due to large gaps in data availability.)
- Household consumption rose by 0.1%. Spending on durable goods rose strongly, but non-durables and services were down slightly.
- Business investment rose by 3.6%, including a 5% rise in plant and machinery and a 16% rise in transport equipment. Much of this will have been imported.
- Goods exports rose strongly, following a large fall in Q2. We suspect that much of this variation reflects the timing of shipments, rather than changes in output, and will have been balanced out by changes in the level of stocks.
- Services exports rose as overseas visitor numbers continued their gradual climb back towards pre-Covid levels.
- Government consumption expenditure rose by 1.3%, the fourth straight quarterly increase after declines in 2023-24.

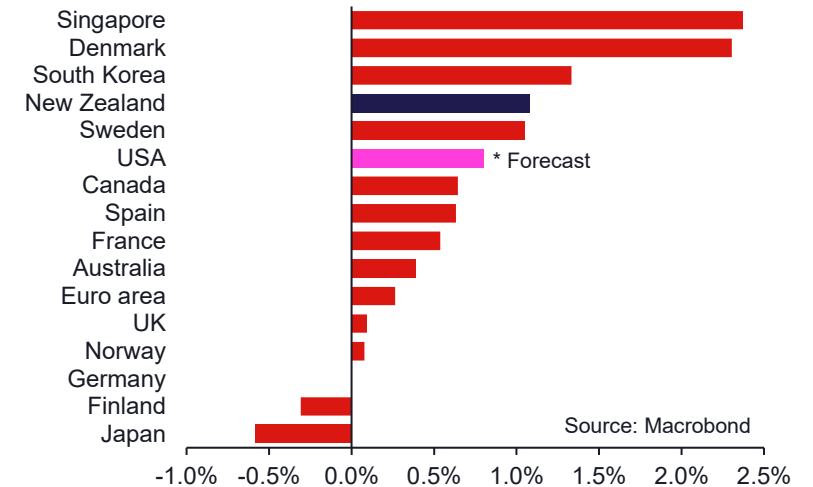
Growth contribution by expenditure type



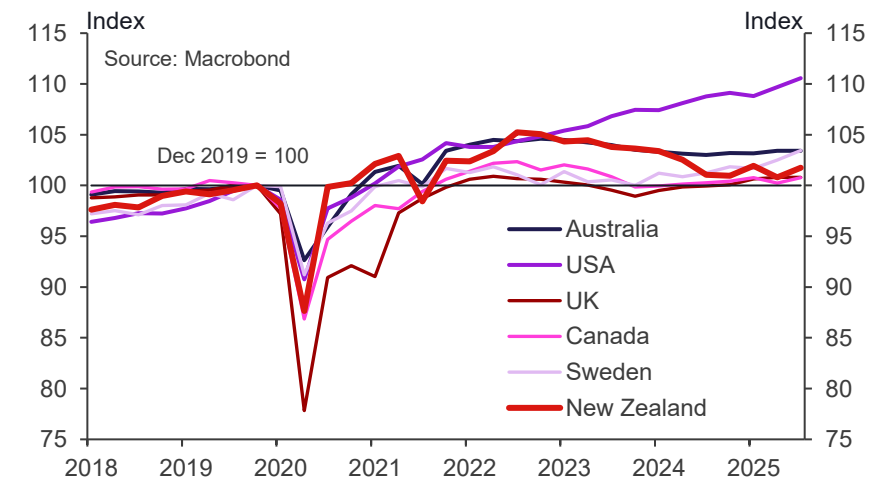
INTERNATIONAL COMPARISONS

- The 1.1% rise in September quarter GDP was one of the stronger outcomes among our peer countries. However, this followed a 1% decline in the June quarter which was one of the weakest performances.
- In per capita terms, New Zealand's GDP is slightly above pre-Covid levels, leaving us around the middle of the pack at the moment. The US has been the outlier, with strong productivity gains over the last few years.
- New Zealand had one of the largest post-Covid bounces in GDP, fuelled by substantial monetary and fiscal stimulus. This also left us as one of the most overheated economies by 2022, requiring a significant tightening in monetary policy to bring inflation under control. Higher interest rates were in turn a major factor in our growth underperformance over the last few years.

Selected Q3 GDP growth rates



Selected economies GDP per capita



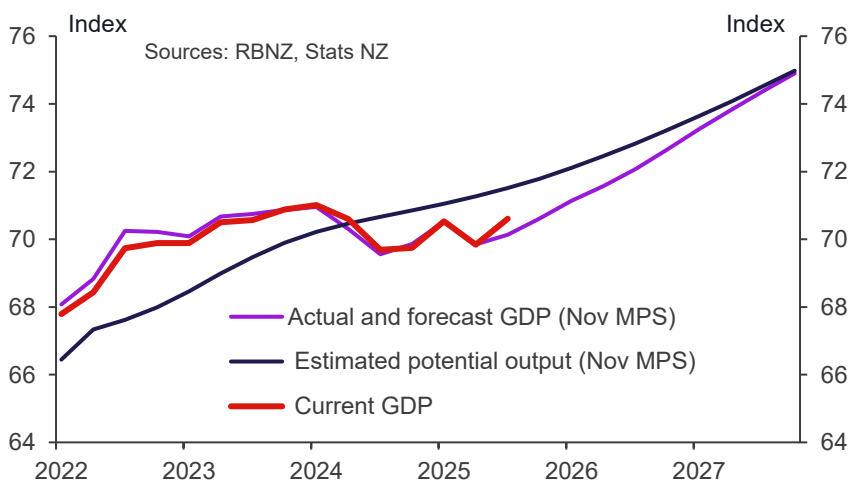
IMPLICATIONS

- With signs of improving momentum, we've upgraded our underlying growth forecast for Q4. We expect a 0.6% underlying rise, but with a reversal in the 'unallocated taxes' category knocking off 0.1%. Previously we forecast a 0.4% underlying rise, but with seasonal distortions adding another 0.4% to the reported figure.
- We've retained our growth forecasts for 2026, while updating our estimates of the seasonal distortions. We expect a reported 0.9% rise for Q1 (underlying 0.6%) and 0.4% in Q2 (underlying 0.7%).
- We now expect that the unemployment rate has reached its peak at 5.3%. This was also prompted by the weekly filled jobs data, which suggest a lift in employment growth so far in Q4.
- Ultimately this is a stronger outcome than the RBNZ thought at the November *MPS*, and implies an assessment of less excess capacity. However, market pricing for OCR hikes is well ahead of the RBNZ's thinking right now, and hence there's no need to be pricing in significant additional tightening in 2026. The small chance of a further OCR cut is perhaps more remote now in the RBNZ's eyes.

Updated Westpac forecasts

	GDP			Unemployment	OCR
	%yr	%qtr	(Underlying)	qtr	end qtr
Mar-25	-0.7	1.1	0.4	5.1	3.75
Jun-25	-1.1	-1.0	-0.2	5.2	3.25
Sep-25	1.3	1.1	0.9	5.3	3.00
Dec-25	1.7	0.5	0.6	5.3	2.25
Mar-26	1.5	0.9	0.6	5.3	2.25
Jun-26	2.9	0.4	0.7	5.2	2.25
Sep-26	2.6	0.8	0.8	5.1	2.25
Dec-26	3.0	0.9	0.9	4.9	2.50

RBNZ estimate of potential output



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