MNI RBNZ Preview – November 2025

Meeting Date: Wednesday, 26 November 2025

Statement Release Time: 14:00 NZDT/01:00 GMT

Press Conference Time: 15:00 NZDT/02:00 GMT

Link To Statement: https://www.rbnz.govt.nz/monetary-policy/official-cash-rate-decisions

Link To MPS: https://www.rbnz.govt.nz/monetary-policy/monetary-policy-statement

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MNI POV (Point Of View): 25bp Cut & Keeping Options Open

The RBNZ is likely to cut rates 25bp on 26 November to 2.25%, edging below its estimate of "neutral". 2/24 analysts on Bloomberg are forecasting 50bp and one no change. The data released since the October decision have been consistent with a gradual but soft recovery and importantly close to the RBNZ's August expectations and thus there is unlikely to be another outsized 50bp easing. Another outsized move would likely signal panic from the MPC. Updated staff forecasts and a press conference will be included with the November statement. Again attention will be firmly on the OCR path, which shifted materially lower in August, and is likely to signal that the MPC is keeping the option open to ease further in H1 2026. Q3 CPI and unemployment rate printed in linw with RBNZ expectations and so are unlikely to show major revisions.

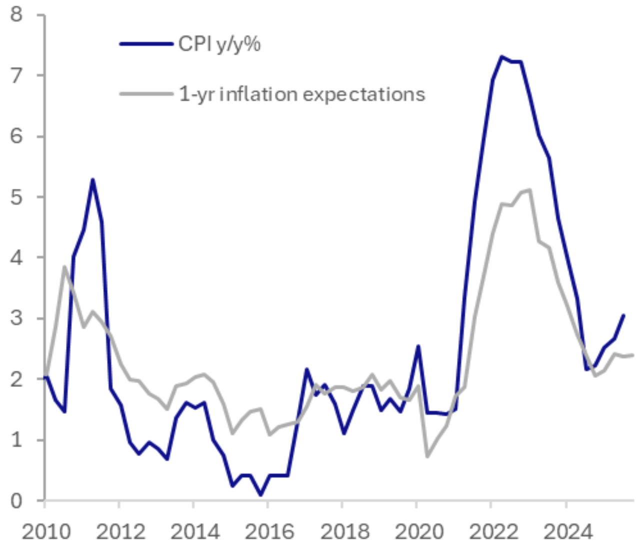
Another 50bp of easing could be part of the MPC discussion and there may even be a split vote, but given the economy is broadly as expected, we think the decision is likely to be unanimous. This is Governor Hawkesby's last meeting and so optionality is likely to be retained not only given heightened economic uncertainty but so as not to tie the hands of new governor Anna Breman, from Sweden's Riksbank, who takes over from 1 December.

The focus will be on revisions to the RBNZ's OCR path. Assuming it cuts 25bp this month, the Q4 average is 2.4% below the August forecast at 2.7%, therefore there will be a downward revision to include its outsized 50bp cut in October. Q1 will be the interesting quarter though. There is only one meeting scheduled in Q1 on 18 February and so a 2.1% forecast would signal further easing, whereas 2.2% would keep its options open and 2.3% would imply a hold. There is unlikely to be any tightening in the profile until 2027.

The sharp decline in Q2 GDP of -0.9% q/q will be included for the first time in the RBNZ projections, but could drive an upward revision to Q3 from August's +0.3% q/q driven by payback for Q2's weakness. There also remains an elevated probability that Statistics NZ will revise Q2 significantly. Q3 GDP prints 18 December. Other variables are likely to see minimal revisions as the Q3 unemployment rate at 5.3%, flat quarterly employment and headline CPI inflation of 3% y/y were all inline with the RBNZ's August forecast. Q3 wages growth and non-tradeables CPI were slightly higher than the bank's projections.

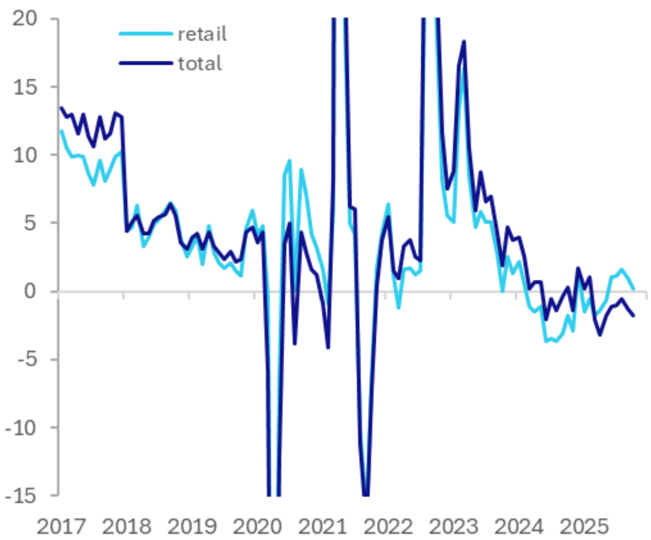
In August, the RBNZ forecast headline inflation to return to the 2% band mid-point from early 2027 and there are unlikely to be material changes to that timing. Data since the October rate cut showed underlying inflation below the 3% top of the band and inflation expectations well contained with both 1- and 2-year stable at 2.4% and 2.3% respectively in Q4. While Q3 headline CPI rose 3% y/y up from 2.7%, non-tradeables moderated 0.2pp to 3.5% and the RBNZ's measure of core was stable at 2.7% y/y and CPI ex food and energy eased 0.2pp to 2.5%. The October monthly price series overall signalled that Q4 inflation is on track to moderate to around the RBNZ's current 2.7% forecast. Also the ANZ October business survey indicated a stabilisation in costs and pricing intentions.

Figure 1: Expectations signal lower inflation



Source: Source: MNI – Market News/LSEG

Figure 2: Card spending remains lacklustre y/y%



Source: MNI – Market News/LSEG

Both activity and labour market data signal ongoing spare capacity in the economy, which the RBNZ is likely to reiterate with its ongoing easing bias. The recovery continues but remains soft and very gradual, as seen in the card transaction data. The pickup in activity is not yet broadbased, as noted by ANZ in its business survey and NZ Treasury. Retail card spending rose only 0.2% y/y in October while consumer confidence is still weak, the PMI/PSI printed around 51.0 finally showing moderate growth, October ANZ business activity vs a year ago was stable, building permits are rising and so are house prices. Merchandise export growth was strong at 19% y/y in September but imports rose only 1.6% y/y, signalling weak domestic demand. Monthly filled jobs data are suggesting a stabilisation in the labour market.

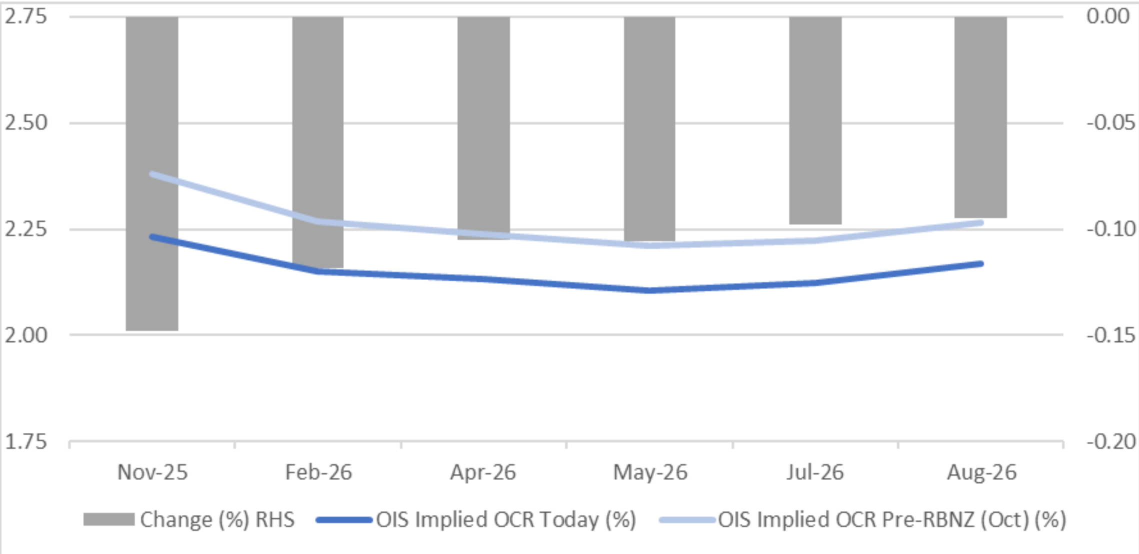
In October, the RBNZ maintained its easing bias saying "the Committee remains open to further reductions in the OCR" – note the plural in "reductions". This leaves the door open for further easing into H1 2026 after the expected November 25bp rate cut. The updated OCR profile will hopefully provide some clarity on next year. However, there are reasons for the MPC to hold at 2.25% including a new governor, long monetary policy lags, wariness over inflation, stimulatory rates, pressure on the NZD as other central banks hold, and supply is also part of the problem which the RBNZ can't affect. Further easing in 2026 remains a distinct possibility though given the soft recovery and elevated risks especially from global and market developments.

RBNZ-Dated OIS Pricing

RBNZ-dated OIS pricing is mostly unchanged across meetings today ahead of tomorrow's policy decision.

- Notably, pricing is 6–15bps softer across meetings compared with levels prior to the October 9 meeting, November 2025 leading.
- Most of that decline occurred on the day the RBNZ cut the OCR by 50bps; pricing has been relatively stable since.
- The market currently prices 27bps of easing for tomorrow's meeting and a cumulative 35bps by February 2026.

Figure 3: RBNZ Dated OIS Current vs. Pre-RBNZ October Meeting (%)



Source: Bloomberg Finance LP / MNI

RBNZ Oct 2025 Monetary Policy Summary Meeting Record

Annual consumers price index (CPI) inflation remains within the Monetary Policy Committee's 1 to 3 percent target band. While inflation is currently near the top of the band, spare capacity is consistent with headline inflation returning towards the target mid-point in the first half of 2026.

Annual CPI inflation is expected to converge to the target midpoint

The Committee considers all economic developments as they relate to its medium-term inflation target. Annual CPI inflation is expected to converge to the mid-point of the target range in the first half of next year as tradables inflation pressures dissipate and spare capacity continues to moderate domestically generated inflation.

The Committee noted that headline inflation is projected to have reached 3.0 percent in the September 2025 quarter, reflecting large increases in administered prices, food prices, and the prices of other tradable goods and services. Excluding the influence of administered prices, quarterly non-tradables inflation has continued to decline and is at levels consistent with price stability.

There is significant spare capacity in the domestic economy

The Committee discussed the contraction in GDP in the second quarter of 2025, which was considerably larger than expected. The Committee noted that an unusually large seasonal balancing item contributed to the weakness in the headline figure. This is expected to be reversed during the remainder of the year and is not assumed to have material implications for monetary policy.

Additionally, some industry-specific factors may have constrained supply. For example, high milk prices and unfavourable weather conditions likely contributed to higher livestock retention and lower meat production. Limited access to domestic energy sources and higher energy prices are likely to have weighed on manufacturing more generally. These factors reflect lower supply capacity, rather than weaker demand.

Consequently, the Committee has revised its assessment of current spare capacity only marginally in response to new GDP and activity data, but note that the new data imply some downside risk.

More timely indicators suggest that economic activity recovered modestly in the September quarter, but there remains significant spare capacity in the New Zealand economy.

Lower interest rates will support a recovery in growth

The Committee discussed the transmission of monetary policy. Wholesale interest rates have fallen since the August Statement, particularly at shorter terms. This has resulted in lower rates on business lending, mortgage lending, and term deposits, supporting new borrowing and investment. The average interest rate on existing mortgages is expected to continue to decline over the coming year as mortgage holders re-fix onto lower rates, reducing debt servicing costs for households.

The Committee discussed the outlook for interest-rate-sensitive parts of the economy. Slow growth in disposable incomes and house prices continue to weigh on economic activity, but lower interest rates are supporting a recovery in consumption. Construction activity is projected to recover from mid-2026 as demand for dwellings recovers and house price growth resumes. The Committee expects this to reduce spare capacity in the economy and support an increase in business investment, even as export prices moderate from elevated levels, and government spending declines as a share of the economy.

Trading partner growth has been resilient but is expected to slow

The Committee discussed the impact of trade restrictions and tariffs on the global economy. Aggregate global trade volumes and economic activity have so far proven resilient. Growth forecasts for 2025 have been revised higher for many of our trading partners, particularly for China, Taiwan, and some other Asian economies. This reflects increased investment in AI-related industries, adaptation of trade flows and global supply chains to new tariffs and trade restrictions, and accommodative fiscal and monetary policy in some economies. However, growth expectations for 2026 have recovered to a lesser extent, with trading-partner growth expected to slow.

Global inflation has continued to decline through 2025. Inflation is especially low throughout Asia, and negative in China. Headline inflation in the United States has increased, but evidence suggests that pass-through of tariffs to consumer prices has so far been weaker than expected. To date, there is little evidence of a material impact of tariffs on the prices of New Zealand's imports or exports. The Committee continues to expect that the total net effect of global tariffs on the New Zealand economy will be disinflationary.

Economic activity in New Zealand has been subdued relative to other economies, resulting in a lower exchange rate. This, together with high commodity export prices, is providing some support to the domestic economy in the very near term, particularly in rural and exporting regions of New Zealand. If sustained, a lower exchange rate may limit the pass-through of lower international prices for imported goods to New Zealand.

There are upside and downside risks to the global growth outlook

The Committee discussed whether recent global developments presented upside or downside risk to inflationary pressure in New Zealand. On the upside, global economic activity has been stronger than anticipated and measures of uncertainty have fallen. In the near term, resilient global demand and a low New Zealand dollar exchange rate may provide more support than expected for New Zealand exports and growth, as well as higher inflation.

On the downside, there is uncertainty about how long elevated equity prices and increased investment activity in the AI technology sector will be sustained. In addition, political and institutional uncertainty in some economies and heightened geopolitical risk may contribute to higher term premia and increased volatility in bond markets. Furthermore, resilient global growth in 2025 may represent a difference in the timing, rather than the extent, of the negative impacts of trade restrictions on growth.

There are upside and downside risks to domestic inflationary pressure

The Committee discussed upside risks to domestic inflation. Businesses continue to face cost pressures from administered prices, such as local council rates, and some energy charges. The Committee's central expectation is that inflation reached 3.0 percent in the September quarter. Given the two-sided uncertainty around any forecast, there is a material possibility that September quarter inflation was outside the target band. If inflation was to remain higher for longer than expected, there is a risk that this influences inflation expectations and wage- and price-setting behaviour over the medium term.

The Committee discussed the risk that potential output growth could slow by more than currently expected. Growth in potential output is being constrained by subdued investment, low productivity, and low population growth through net immigration. This limits the rate of growth the economy can sustain without generating additional inflationary pressure. In an environment of constrained supply, inflation could stay elevated for longer as demand recovers.

The Committee discussed downside risks to domestic demand and inflation. There remains a risk that excess precaution from households and businesses dampens consumption and investment by more than currently assumed. There is also a risk that declines in short-term interest rates may not provide sufficient support for growth. Borrowing and investment decisions are influenced by interest rates across the entire yield curve, and interest rates at the 5-year tenor have not fallen as far as rates at shorter maturities.

The Committee agreed to reduce the OCR by 50 basis points to 2.5 percent

In light of recent economic developments and the balance of risk, the Committee discussed the options of reducing the OCR by 25 basis points or by 50 basis points at this meeting.

The case for reducing the OCR by 25 basis points emphasised that past reductions in the OCR continue to transmit through the economy and there are signs of recovery in consumption and employment growth. Some members highlighted that constrained supply and cost pressures on businesses present upside risks to inflation. Financial conditions are influenced by the current level and expected future path of the OCR. Reducing the OCR by 25 basis points at this meeting, and signalling that further easing is likely in November, could be sufficient to deliver a sustained economic recovery while giving the Committee confidence that inflation will converge quickly to the 2 percent target mid-point.

The case for reducing the OCR by 50 basis points emphasised prolonged spare capacity and the associated downside risk to medium-term activity and inflation. Domestic inflationary pressures have continued to moderate as projected, giving the Committee more confidence that inflationary pressures are contained. Some members continue to put relatively more weight on the risk that excess precaution by households and businesses and, therefore, subdued economic activity and employment persists. A larger reduction in the OCR could mitigate this risk by providing a clear signal that supports consumption and investment.

On balance, on Wednesday 8 October the Committee reached consensus to reduce the OCR by 50 basis points to 2.5 percent. The Committee remains open to further reductions in the OCR as required for inflation to settle sustainably near the 2 percent target mid-point in the medium term.

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RBNZ August 2025 MPS – Key Forecast Variables

Key forecast variables

		GDP growth Quarterly	CPI inflation Quarterly	CPI inflation Annual	Unemployment rate	TWI	OCR
2023	Mar	-0.2	1.2	6.7	3.5	71.3	4.5
	Jun	0.8	1.1	6.0	3.7	71.0	5.3
	Sep	0.2	1.8	5.6	3.9	70.6	5.5
	Dec	0.2	0.5	4.7	4.0	70.8	5.5
2024	Mar	0.1	0.6	4.0	4.4	71.6	5.5
	Jun	-1.0	0.4	3.3	4.7	71.4	5.5
	Sep	-1.0	0.6	2.2	4.9	70.9	5.4
	Dec	0.5	0.5	2.2	5.1	69.5	4.6
2025	Mar	0.8	0.9	2.5	5.1	67.8	4.0
	Jun	**-0.3**	0.5	2.7	5.2	69.1	3.4
	Sep	**0.3**	**0.9**	**3.0**	**5.3**	**68.8**	**3.1**
	Dec	**0.8**	**0.3**	**2.7**	**5.2**	**68.0**	**2.7**
2026	Mar	**0.7**	**0.5**	**2.3**	**5.2**	**68.0**	**2.5**
	Jun	**0.6**	**0.5**	**2.2**	**5.1**	**68.0**	**2.6**
	Sep	**0.6**	**0.9**	**2.2**	**5.0**	**68.0**	**2.6**
	Dec	**0.7**	**0.3**	**2.2**	**4.9**	**68.0**	**2.6**
2027	Mar	**0.8**	**0.4**	**2.1**	**4.8**	**68.0**	**2.7**
	Jun	**0.8**	**0.4**	**2.0**	**4.7**	**68.0**	**2.7**
	Sep	**0.8**	**0.9**	**2.0**	**4.6**	**68.0**	**2.8**
	Dec	**0.7**	**0.3**	**2.0**	**4.5**	**68.0**	**2.8**
2028	Mar	**0.7**	**0.4**	**2.0**	**4.4**	**68.0**	**2.8**
	Jun	**0.6**	**0.4**	**2.0**	**4.4**	**68.0**	**2.8**
	Sep	**0.6**	**0.9**	**2.0**	**4.3**	**68.0**	**2.8**

Source: RBNZ

MNI RBNZ WATCH: RBNZ To Cut 25bp, Signal Path Ahead

MELBOURNE - The Reserve Bank of New Zealand is expected to cut its Official Cash Rate by 25 basis points to 2.25% on Wednesday, while fresh forecasts will provide clearer guidance on the track for rates and its assessment of inflation and labour-market risks.

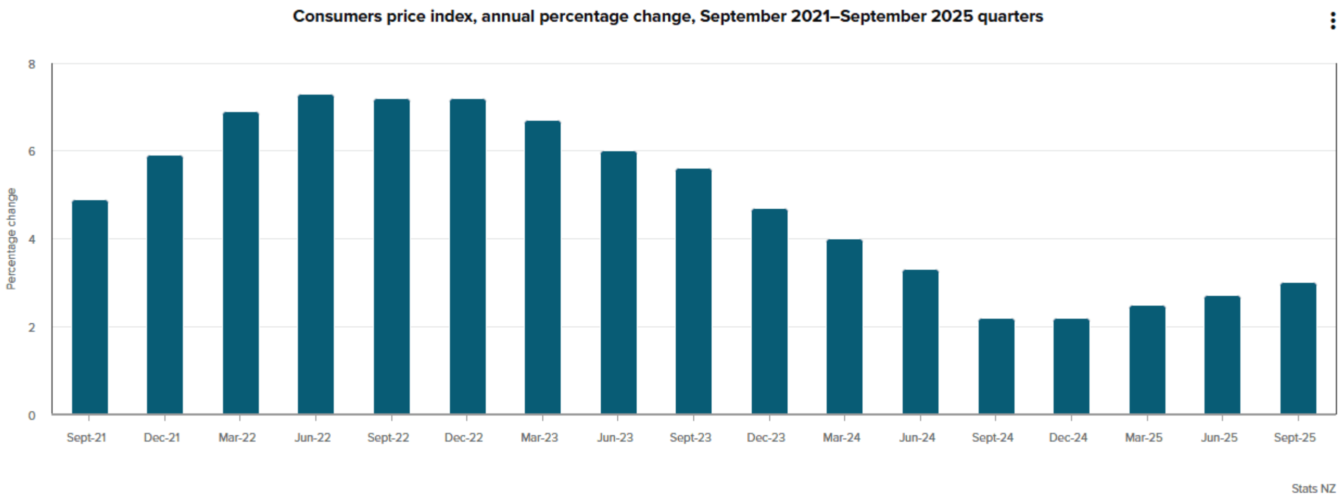
The RBNZ has lowered the OCR by 300bp since beginning its easing cycle in August 2024. October's 50bp cut brought the policy rate to its lowest level since October 2022, as the Bank moved to support activity amid persistent spare capacity and a 0.9% quarterly GDP contraction in Q2. (See MNI RBNZ WATCH: MPC Strengthens Easing Bias With 50bp Cut)

Markets have fully priced in next week's cut but are less certain about the scale of further easing, with the OCR priced at 2.099% by May. November's Monetary Policy Statement (MPS) will be central to understanding the Monetary Policy Committee's reaction function.

INFLATION & LABOUR

Debate within the MPC will likely centre on the balance between ensuring inflation remains firmly within the 1-3% target band and the need to bolster demand to close the output gap. (See MNI: RBNZ's Easing Likely Over With Next 25bp Cut - Fmr Staff) The MPS will outline the Bank's key judgements on excess capacity, the near-term growth and inflation profiles, and the anchoring of inflation expectations.

While Q3 CPI rose to 3.0% y/y as expected, domestically-generated inflation continued to ease and core measures were stable or slightly lower.



Business-based surveys also show inflation expectations are well anchored. While firms report rising operating costs, weak demand is limiting the ability to pass on increases. In contrast, household inflation expectations remain elevated, but static. (See charts below)

Figure 1: One-year-ahead annual inflation expectations (%)

Figure 2: Two-year-ahead annual inflation expectations (%)

The labour market softened in Q3, with flat employment and the unemployment rate rising to 5.3%, while wage growth has remained subdued.

GLOBAL CONDITIONS

While global conditions have proved more resilient than expected, uncertainty could still push the Bank toward further easing in 2026, particularly in the event of any sharp correction in U.S. and European equity markets linked to elevated AI-driven valuations, which could drive a further 50bp of easing next year.

Otherwise, the path for rates will hinge on how quickly the output gap, currently estimated at around -1.5% to -1.7%, narrows and whether renewed food, electricity and council-rate inflation spill over into broader wage and price pressures, former RBNZ officials told MNI.

Sell-Side Analyst Views

ANZ (-25bp): "We expect a 25bp cut in the OCR to 2.25% on Wednesday 26 November. We don't expect the RBNZ to cut further next year (barring a global shock) but it would be politic to leave the door open to that possibility in order to head off a potential U-turn in monetary conditions over the summer.
An OCR track bottoming out around 2.15-2.20% would likely tick the "dovish-enough" box in the Committee's minds. The data since the RBNZ's frontloaded 50bp cut in October have been much as the RBNZ expected, and we suspect the RBNZ's model and forecasts won't dictate that a cut next week is necessary. But if the RBNZ doesn't cut, the market reaction could be violent, putting upward pressure on interest rates. That could harm confidence and put the nascent recovery at risk. A 25bp cut can therefore easily be justified on strategic and risk-management grounds. However, as far as alternatives go, we view a hold as likelier than another -50bp."

ASB (-25bp): "We expect the RBNZ to cut the Official Cash Rate by 25bp to 2.25% at the release of the November Monetary Policy Statement. Importantly, the Statement's forecasts and commentary will leave the door wide open for further easing if it is needed. Doing so will keep a lid on wholesale interest rates, given financial markets are pricing in a 50:50 chance the RBNZ will cut the OCR to 2% over time. It will also give the RBNZ plenty of room to respond to how well (or not) the economy recovers over the nearly three months until the next meeting.

- Since the RBNZ last published forecasts, the starting point for inflation pressures is weaker – which the RBNZ did respond to back in October. Inflation indicators are generally heading in the right direction, neither worryingly slowly nor alarmingly quickly. Global risks from trade have receded, although frothy AI investment is an emerging risk. Tentative green shoots are emerging.
- Going forward, we anticipate the economy will show more convincing signs of recovery and that the RBNZ can stay on hold in 2026 at 2.25%. But if recovery underwhelms, the RBNZ will cut further.
- While this may or may not be the last OCR cut of the cycle, it is certainly the final one presided over by outgoing Governor Christian Hawkesby, who will step down at the end of the month. So: still it's farewell, and maybe he'll come back to NZ financial markets in some guise. Will things at the RBNZ ever be the same again? A new Governor starts next month who is likely to bring about a greater focus on transparency of the decisions made by the Monetary Policy Committee. We'll see in February – OCR cut or not."

BNZ (-25bp): "Our central view is the Reserve Bank cuts the cash rate a further 25 basis points to 2.25% when it presents its November 26 Monetary Policy Statement (MPS). Moreover, we expect the Bank to leave the door open to a further reduction in February next year. What the bank does or doesn't do is dependent on its medium-term view of inflation. At the moment the key to that view will be where the output gap is now and where the Bank thinks it will head. The wider the output gap, the greater the spare capacity in the economy, the lower is the inflationary pressure, the greater the ability to lower interest rates.

- "For us the RBNZ's rate track will again be critical and decimal points will matter. Given that things appear to be panning out broadly as the Bank has anticipated, then consistency would dictate that Bank (a) simply has to cut at the November meeting and (b) must keep the door open to a further move. The point of interest is whether the Bank leaves the door ajar or widely open. In our opinion a rate track troughing at around 2.15% would be appropriate and satisfy us that the Bank is very ready to act again, has a modest easing bias, but would prefer not to do so. A smidgen lower at 2.10% would mean the Bank would need to find an excuse not to cut again."
- "We remain in the camp that says the balance of risk to economic activity is downside but we can't condone significantly more easing because: inflationary pressures are not dead, the impact of past cuts still has some way to play out, the global central banking environment seems to be turning more hawkish, current rate settings are already stimulatory, and very few folk are saying that the level of interest rates is problematic suggesting that even lower rates may have minimal impact on the factors that are constraining growth anyway."
- In terms of Q3 GDP, "the Bank published a 0.3% pick for the September quarter back in August. We are currently estimating a 0.5% increase with upside risk. The Reserve Bank's Kiwi GDP estimate suggests a 0.6% improvement. So it seems likely that an upward revision by the Bank will get rid of some of the apparent activity shortfall."
- "Some of the activity undershoot on the starting point will undoubtedly be ascribed to weaker supply conditions."
- "On balance, we think there is sufficient lack of clarity in this space to leave the RBNZ's view of the economy broadly unchanged from what it produced back in August."

CIBC (-25bp): "We expect the RBNZ to cut by 25 bps at its Nov 26 meeting, while revising up forecasts slightly as recent higher frequency data suggest the economy is rebounding slightly faster than assumed. We expect the Bank will maintain optionality regarding further cuts, but suggest that they are seeing encouraging signs."

Goldman Sachs (-25bp): "Taken together, recent developments suggest that further easing in the OCR is appropriate, given the very large negative output gap and weak starting point for growth reported in the hard data. We continue to expect a 25bp rate cut at the RBNZ's November meeting, taking the policy rate to 2.25%, but the risk of a 50bp cut cannot be ruled out – given the Monetary Policy Committee's (MPC) preparedness to surprise the market with a 50bp cut last meeting. Current policy settings are also not especially accommodative on the RBNZ's own estimation; furthermore, there is significant spare capacity in the economy, and there is an almost three month break until the RBNZ's next meeting on 19 February."

- "A 25bp rate cut remains our base case, and a potentially different policy bias under incoming Governor Breman could also incentivize the MPC towards a less decisive stance next week with more open-ended forward guidance – providing the new Governor with more flexibility as she commences her five year term on 1 December 2025. Therefore, we would not be surprised if the MPC softened its current clear easing bias ("open to further reductions") by conditioning it more directly to further weakness in the economy and emphasising data dependence over the coming break.
- Looking across the RBNZ's macro forecasts, we don't expect major changes to inflation or unemployment forecast, but a small near-term downward revision to GDP growth seems likely (~10bp). Consistent with a soft easing bias, we expect the OCR track to show a cyclical trough of 2.15% (prior: 2.55%).
- For our part, we continue to forecast a 25bp cut in February to a 2.00% terminal rate – to foster a solid reacceleration in NZ GDP growth through 2026."

ING (-25bp): "We expect the Reserve Bank of New Zealand to cut rates by 25bp to 2.25% on 26 November. However, upside risks to inflation and growth mean, in our view, that this will be the last cut of the cycle. With markets still speculating on further easing, there is room for NZD to benefit from a more hawkish RBNZ."

- "We see risks on the upside for inflation. We forecast CPI at 2.9% in the fourth quarter of this year, and 2.4% in both the first and second quarters of 2026, which are all 0.2 percentage points above the RBNZ's August projections. We see a risk of the RBNZ revising those projections higher at this meeting, which would underpin a more hawkish tone.
- With non-tradable inflation still running at 3.7% YoY, the room to take real rates deeper into negative territory appears very limited in our view. The recent pick-up in RBNZ 2-year inflation expectations to 2.28% strongly suggests 2.25% is the right terminal rate."

J.P. Morgan (-25bp): "We expect the RBNZ to cut by 25bp next week, taking the OCR to 2.25%, in line with consensus expectations and market pricing. The OCR sits well below the bank's August forecast track, as the committee delivered a 50bp cut in response to a poor 2Q GDP outcome. But domestic data since have proven resilient, suggesting GDP was not indicative of underlying trends. This should restrain the committee somewhat, as should personnel factors, with this being the final meeting before a new governor takes office in December.

- Since the October meeting, a number of higher-frequency indicators suggest the economy has rebounded. Business surveys point to improving conditions, while 3Q unemployment was relatively stable with encouraging signs in hours worked and filled jobs data.
- The 3Q CPI print came in slightly above expectations at 1.0%q/q, lifting annual inflation to 3.0%. Underlying measures suggest inflation is stabilizing near the top of the target range rather than falling decisively toward the midpoint.
- The staff's OCR track will likely be revised down to reflect the mark-to-market on previous decisions, with the terminal rate expected to trough in 1Q 2026 at 2.1%, keeping the door open for an additional move in February. We expect the projections will be relatively flat from that point, through to 1H27."

Kiwibank (-25bp): "A 25bps cut is widely expected. The focus is acutely on what the RBNZ will say and signal for next year. The new OCR track will be lowered. The RBNZ has already delivered more than the previous track implied. And in October the RBNZ signalled further 'reductions' in the cash rate – plural. We'd expect a lower terminal rate with the RBNZ keeping the door open to more easing.

- The recovery remains fragile. Greenshoots are emerging, but are few and far between. We hope a 2.25% cash rate will be enough for activity to spread. But we may need more. How the economy evolves over the summer period remains pivotal to the path of future policy decisions."

- "We expect the terminal rate to drop to about 2.15%, implying a modest easing bias. Anything below that would signal firm intention to cut below 2.25%."

NZIER (-25bp): "The majority of members in the NZIER Monetary Policy Shadow Board recommend that the Reserve Bank of New Zealand (RBNZ) reduce the OCR by 25 basis points to 2.25 percent in the upcoming November Monetary Policy Statement. With the New Zealand economy starting to recover from a low base but with excess capacity remaining, most members viewed a further small cut in the OCR as justified to support the economy. Some other members viewed no further OCR cut beyond the current level, given their view that the RBNZ should be cautious about stimulating the economy at the risk of increasing inflation.

- Regarding where the OCR should be in a year, members' picks centred on an OCR of either 2.25 percent or 2.50 percent. This reflected the Shadow Board's broad consensus that little monetary policy easing will be required beyond November, but there is some disagreement over the level of terminal OCR."

Scotiabank (-25bp): The RBNZ "is widely expected to deliver a -25bps cut, bringing the official cash rate down to 2.25%. That would downsize the pace from the prior 50bps cut in October that doubled expectations, albeit that the year-to-date path has been an erratic mixture of holds, 50s and one 25. Markets are priced for a quarter point and RBNZ is unlikely to desire a shock in the current environment. The bias at the October meeting was open to further easing: "The Committee remains open to further reductions in the OCR as required for inflation to settle sustainably near the 2% target.".

- Readings since that meeting have been somewhat mixed. Inflation picked up with total CPI up 1% q/q SA nonannualized in Q3. The unemployment rate edged higher to 5.3% with no job growth in Q3.
- As for the forward bias, the RBNZ will publish an updated Monetary Policy Statement including projections with this decision that may inform market pricing that is on the fence between a hold after this meeting and one more quarter point cut."

Unicredit (-25bp): "The Reserve Bank of New Zealand (RBNZ) will likely continue its easing policy on Wednesday. However, it will probably cut its target rate by just 25bp to 2.25%, i.e. by less than it did in October, when it surprised markets with a 50bp move and indicated that it remained open to further reductions. Meanwhile, New Zealand's jobless rate rose to a nine-year high of 5.3% in 3Q25. A 25bp rate cut is already fully priced in and is thus unlikely to hurt the NZD, which might even recover some ground if the RBNZ unexpectedly remains on hold."

Wells Fargo (-25bp): "The Reserve Bank of New Zealand (RBNZ) will make its latest monetary policy announcement next week, at which we expect the central bank to deliver a 25 bps rate reduction, taking the Official Cash Rate down to 2.25%, in line with consensus expectations.

- At its most recent meeting in early October, the RBNZ shifted to a larger 50 bps rate cut, saying that growth was subdued and the economy was in a position of excess capacity.
- Since then, economic data have reinforced that view. In particular, the Q3 labor market report was soft as employment fell 0.6% year-over-year and the unemployment rate rose further to 5.3%, while Q3 wage growth also moderated. While headline CPI inflation ticked up to 3.0% year-over-year from 2.7%, the increase was largely driven by transitory factors."

Westpac (-25bp): "We expect the RBNZ to cut the OCR by 25bp to 2.25% and signal a conditional easing bias for early 2026. We expect the RBNZ's OCR projections to be revised down by around 30-35 basis points. Hence the low point in the OCR projection is expected to be around 2.20% in the first half of 2026. A gradual move higher in the OCR should be evident in the RBNZ's projections by the end of 2026, although we doubt the RBNZ's forecasts will show a full 25bp hike until 2027.

- There is potential for a split in views among the committee around the outlook for the OCR given the uncertainties at play. Hence, we will be looking for details of this in the statement of record. We expect the MPC to be debating between a 25 and 50bp cut at this meeting. A vote may be required if individuals have quite different ideas on the appropriate policy strategy. We are told Governor-elect Breman will not be involved in the policy discussions."
- "The key judgements are likely around the extent of excess capacity, the short-term growth profile, the short-term inflation profile and the extent of anchoring of inflation expectations."
- "If a 2.25% OCR can't do the job, then neither will a 2% OCR. The exchange rate is depreciating and will help rebalance demand in a constructive way in the medium term, while also implying inflation won't fall far through 2%. Having said that, a 50bp cut would not be a policy mistake."