

CONFIDENCE SURVEY

Westpac McDermott Miller Consumer
Confidence, September quarter 2025.

17 September 2025



CONTENTS AND AUTHOR

Summary	3
Consumer Confidence Indices	4
Borrowing costs	5
Household finances	6
Spending appetites	7
Regional confidence	8
Technical details	9



Satish Ranchhod, Senior Economist

+64 9 336 5668 | +64 21 710 852

satish.ranchhod@westpac.co.nz



SUMMARY

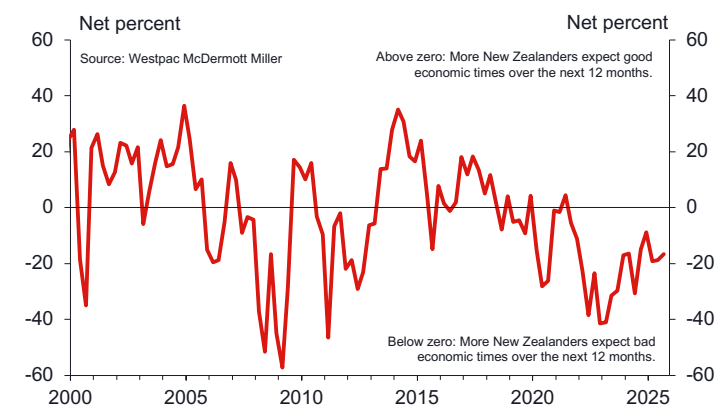
Consumer confidence remains soggy.

- With the economy hitting a soft patch mid-year and cost of living pressures on the rise, economic confidence in New Zealand has remained soggy.
- The Westpac McDermott Miller Consumer Confidence index edged down 0.3 ppts in September to a level of 90.9 – effectively unchanged from the June quarter and still a fair way below historic averages. (Note: A level below 100 indicates that there are more households who are pessimistic about the outlook than those who are optimistic).
- Notably, confidence has remained subdued despite the RBNZ's recent OCR cut and indications that there will be some further reduction later this year.
- That lingering softness in consumer confidence in the face of falling interest costs highlights that factors such as softness in the jobs market, increases in living costs and softness in house prices remain big concerns for many households. Those concerns are also weighing on spending appetites.

Consumer Confidence



Do you expect good or bad economic times over the next 12 months?



CONSUMER CONFIDENCE INDICES

Nationwide

	Sep-25	Jun-25	Change	Average (past ten years)
Consumer Confidence Index	90.9	91.2	-0.3	99.0
Present Conditions Index	82.2	81.7	0.5	95.5
Expected Conditions Index	96.8	97.5	-0.7	101.4
Current financial situation	-25.0	-27.0	2.0	-12.2
Expected financial situation	3.3	7.4	-4.1	4.8
1-year economic outlook	-16.6	-18.9	2.3	-9.6
5-year economic outlook	3.6	4.0	-0.4	9.0
'Good time to buy'	-10.6	-9.5	-1.1	3.1

Consumer confidence by region

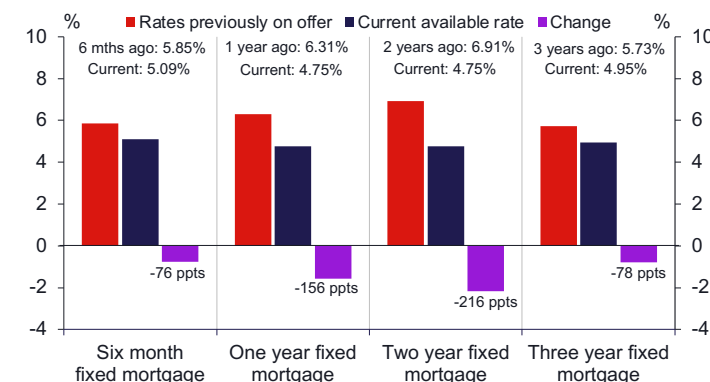
	Sep-25	Jun-25	Average (past ten years)
Northland	86.1	93.4	96.7
Auckland	97.5	95.9	100.7
Waikato	92.1	87.5	98.1
Bay of Plenty	88.4	101.5	99.4
Gisborne/Hawke's Bay	92.6	90.6	98.5
Taranaki/Manawatu-Whanganui	81.4	85.2	96.6
Wellington	84.9	77.9	100.9
Nelson/Marlborough/West Coast	78.9	86.9	96.1
Canterbury	92.1	91.3	98.0
Otago	84.6	91.5	96.9
Southland	90.9	96.8	96.0
Nationwide	90.9	91.2	99.0

BORROWING COSTS

The RBNZ's cutting cycle is continuing, but its full impact is yet to be felt.

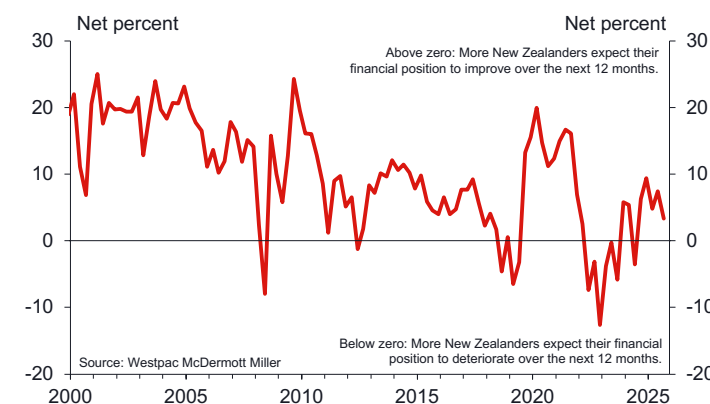
- The continued softness in confidence is notable as in the weeks leading up to our latest survey, the RBNZ delivered another cut in the Official Cash Rate. The RBNZ also signalled that the OCR is likely to drop further and by more than they had previously signalled.
- In the wake of the RBNZ's decision, mortgage rates have fallen, with most fixed term mortgage rates now below 5%. With around half of all mortgages coming up for re-pricing over the next six months, many borrowers will have the chance to secure a much lower interest rate when they next re-fix their mortgage. For example, one-year fixed mortgage rates are around 160bps lower than this time last year, while two-year fixed mortgage rates are close to 220bps lower than in 2023.
- But while those falls in mortgage rates will be welcome news for many households, it will take time for their full impact to flow through to households' back pockets.
- It's also notable that despite interest rate falls over the past year, house price growth has remained muted. And with New Zealanders holding large amounts of wealth in the housing market, that's another factor that could be weighing on confidence.

Change in borrowing rates



Source: RBNZ data for borrowers with over 20% equity. Current rates on offer from Westpac as at 15 September 2025.

Do you expect to be better or worse off financially in a year's time?

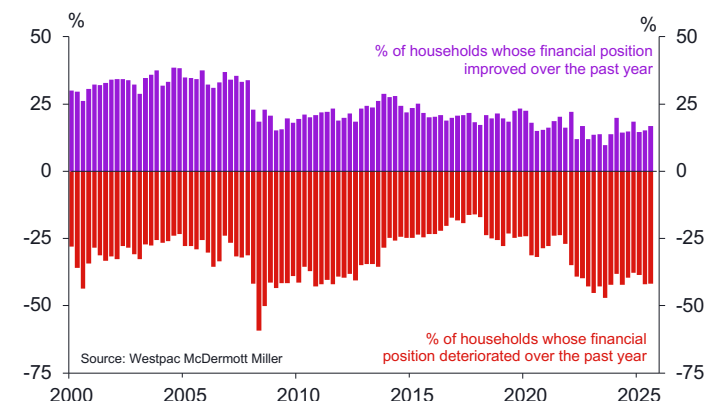


HOUSEHOLD FINANCES

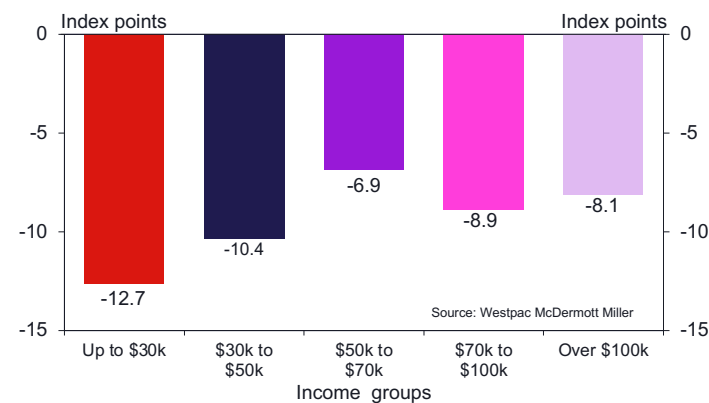
Money on my mind.

- Falls in mortgage rates will help to boost many households' disposable incomes over the coming year. But for now, households are still seeing their spending power squeezed by increases in the cost of food and other essentials. At the same time, the labour market has been softening.
- Against that backdrop, 42% of households we spoke to this quarter told us their financial position has deteriorated over the past year. In contrast, just 17% told us their financial position has improved over the past year. That's up slightly from 15% last quarter, but still low.
- Surprisingly, despite the continuing fall in interest rates, the number of households who expect to be better off financially this time next year has actually dropped back since our last survey.
- Concern about financial pressures is widespread and is particularly acute among those households on lower incomes.

What's happened to households' finances?



Confidence by income group (difference from average)

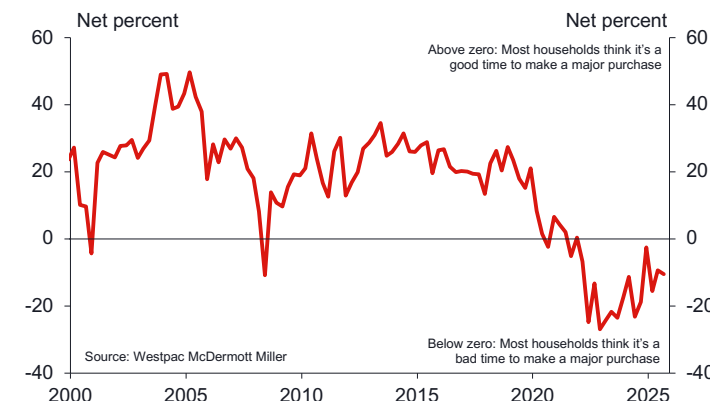


SPENDING APPETITES

Loosening the purse strings, but only gradually.

- Very few of the households we spoke to this quarter think it's a good time to make a major purchase. Similarly, most of those we spoke to reported that they've been winding back their spending on activities like dining out or in bars over the past year.
- But while spending appetites certainly aren't strong, signs of recovery are starting to appear. After stalling in the early part of the year, the past few months have seen modest increases in retail spending. Notably, that includes gains in some discretionary areas, like household durables and hospitality.
- While spending growth is likely to remain patchy over the next few months, we expect it will gradually firm as we approach the end of the year and more borrowers roll on to lower interest rates.

Is this a good or bad time to buy a major household item?



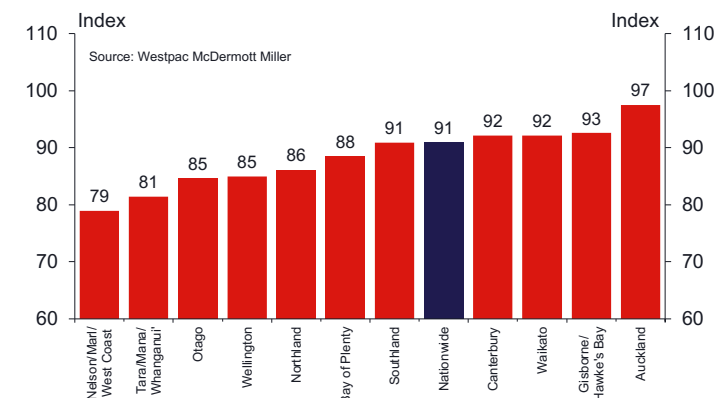
Monthly retail spending



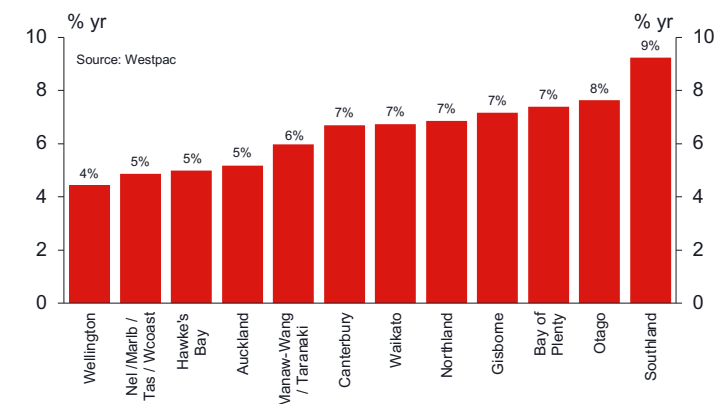
REGIONAL CONFIDENCE

- Since our last survey, confidence has picked up in urban centres like Auckland and Wellington. In contrast to many rural regions which have seen a boost to incomes from firm global commodity prices, our metropolitan regions have seen more sluggish economic conditions over the past year. However, with falls in interest rates passing through to increasing numbers of households, confidence in urban areas is starting to firm. In fact, Auckland is now the most upbeat part of the country. In contrast, even with the recent rise in confidence, Wellingtonians are still pretty gloomy.
- Confidence has dropped back a bit in some rural regions, but it's a very mixed picture. We're still seeing relatively firm levels of confidence in dairying power-house regions like Waikato, Southland and Canterbury. In contrast, confidence is lower in regions like Whanganui-Manawatu and at the top of the South, with softness in the labour market likely a key factor weighing on sentiment and spending.

Consumer confidence by region



Spending growth on Westpac issued cards
(Three months to August vs same time last year)



TECHNICAL DETAILS

Survey description.

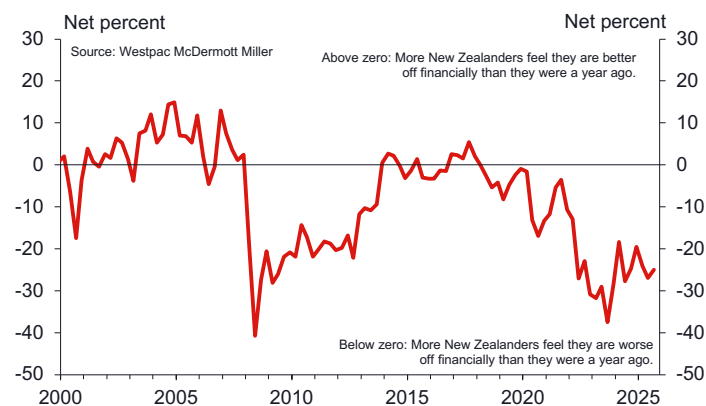
The Westpac McDermott Miller Consumer Confidence Index summarises the net balance of optimistic/pessimistic responses to five questions: how households' financial situation has changed over the past year; whether now is a good time to buy a major household item; how households expect their financial situation to change over the coming year; and near term and longer-term prospects for the New Zealand economy as a whole.

The first two of these questions are summarised in the Present Conditions Index, and the last three are summarised in the Expected Conditions Index. An index number over 100 indicates that optimists outnumber pessimists, though the series may be above or below 100 on average. The survey also includes questions on respondents' spending on entertainment and eating out, and on what they would do with a \$10,000 windfall.

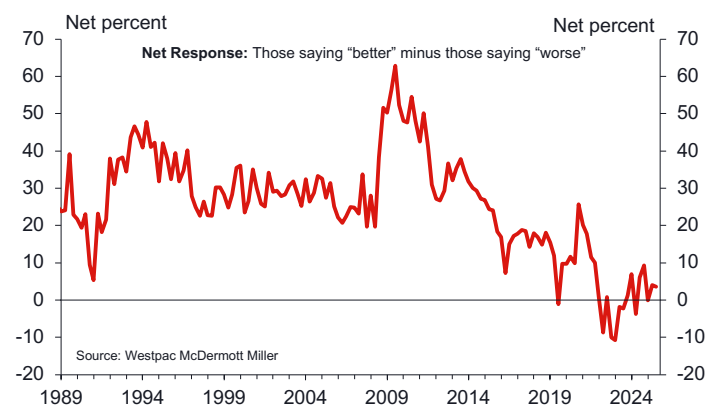
Survey interviews were conducted over the period 1-12 September 2025. The sample size was 1,550.

Summary charts.

Do households feel better or worse off financially compared to a year ago?



Do you expect good or bad economic times over the next five years?



CONTACT

Westpac Economics Team
westpac.co.nz/economics
economics@westpac.co.nz

Kelly Eckhold, Chief Economist
+64 9 348 9382 | +64 21 786 758
kelly.eckhold@westpac.co.nz

Satish Ranchhod, Senior Economist
+64 9 336 5668 | +64 21 710 852
satish.ranchhod@westpac.co.nz

Darren Gibbs, Senior Economist
+64 9 367 3368 | +64 21 794 292
darren.gibbs@westpac.co.nz

Michael Gordon, Senior Economist
+64 9 336 5670 | +64 21 749 506
michael.gordon@westpac.co.nz

Paul Clark, Industry Economist
+64 9 336 5656 | +64 21 713 704
paul.clark@westpac.co.nz

Past performance is not a reliable indicator of future performance. The forecasts given in this document are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from these forecasts.

DISCLAIMER

Things you should know.

Westpac Institutional Bank is a division of Westpac Banking Corporation ABN 33 007 457 141 ("Westpac").

Disclaimer.

This material contains general commentary, and market colour. The material does not constitute investment advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision. This information has been prepared without taking account of your objectives, financial situation or needs. This material may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure the information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of the information, or otherwise endorses it in any way. Except where contrary to law, Westpac and its related entities intend by this notice to exclude liability for the information. The information is subject to change without notice and none of Westpac or its related entities is under any obligation to update the information or correct any inaccuracy which may become apparent at a later date. The information contained in this material does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter a legally binding contract. Past performance is not a reliable indicator of future performance. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from these forecasts.

Country disclosures.

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). This material is provided to you solely for your own use and in your capacity as a wholesale client of Westpac.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac or Westpac New Zealand Limited ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

China, Hong Kong, Singapore and India: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients in Singapore of this material should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore. Westpac Hong Kong Branch holds a banking licence and is subject to supervision by the Hong Kong Monetary Authority. Westpac Hong Kong branch also holds a license issued by the Hong Kong Securities and Futures Commission (SFC) for Type 1 and Type 4 regulated activities. This material is intended only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. Westpac Shanghai and Beijing Branches hold banking licenses and are subject to supervision by the China Banking and Insurance Regulatory Commission (CBIRC). Westpac Mumbai Branch holds a banking license from Reserve Bank of India (RBI) and subject to regulation and supervision by the RBI.

UK: The contents of this communication, which have been prepared by and are the sole responsibility of Westpac Banking Corporation London and Westpac Europe Limited. Westpac (a) has its principal place of business in the United Kingdom at Camomile Court, 23 Camomile Street, London EC3A 7LL, and is registered at Cardiff in the UK (as Branch No. BR00106), and (b) authorised and regulated by the Australian Prudential Regulation Authority in Australia. Westpac is authorised in the United Kingdom by the

Prudential Regulation Authority. Westpac is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. Westpac Europe Limited is a company registered in England (number 05660023) and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

This communication is being made only to and is directed at (a) persons who have professional experience in matters relating to investments who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (b) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any person who is not a relevant person should not act or rely on this communication or any of its contents. The investments to which this communication relates are only available to and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely upon this communication or any of its contents. In the same way, the information contained in this communication is intended for “eligible counterparties” and “professional clients” as defined by the rules of the Financial Conduct Authority and is not intended for “retail clients”. With this in mind, Westpac expressly prohibits you from passing on the information in this communication to any third party. In particular this communication and, in each case, any copies thereof may not be taken, transmitted or distributed, directly or indirectly into any restricted jurisdiction. This communication is made in compliance with the Market Abuse Regulation (Regulation(EU) 596/2014).

Investment recommendations disclosure.

The material may contain investment recommendations, including information recommending an investment strategy. Reasonable steps have been taken to ensure that the material is presented in a clear, accurate and objective manner. Investment Recommendations for Financial Instruments covered by MAR are made in compliance with Article 20 MAR. Westpac does not apply MAR Investment Recommendation requirements to Spot Foreign Exchange which is out of scope for MAR.

Unless otherwise indicated, there are no planned updates to this Investment Recommendation at the time of publication. Westpac

has no obligation to update, modify or amend this Investment Recommendation or to notify the recipients of this Investment Recommendation should any information, including opinion, forecast or estimate set out in this Investment Recommendation change or subsequently become inaccurate.

Westpac will from time to time dispose of and acquire financial instruments of companies covered in this Investment Recommendation as principal and act as a market maker or liquidity provider in such financial instruments.

Westpac does not have any proprietary positions in equity shares of issuers that are the subject of an investment recommendation.

Westpac may have provided investment banking services to the issuer in the course of the past 12 months.

Westpac does not permit any issuer to see or comment on any investment recommendation prior to its completion and distribution.

Individuals who produce investment recommendations are not permitted to undertake any transactions in any financial instruments or derivatives in relation to the issuers covered by the investment recommendations they produce.

Westpac has implemented policies and procedures, which are designed to ensure conflicts of interests are managed consistently and appropriately, and to treat clients fairly.

The following arrangements have been adopted for the avoidance and prevention of conflicts in interests associated with the provision of investment recommendations.

- (i) Chinese Wall/Cell arrangements;
- (ii) physical separation of various Business/Support Units;
- (iii) and well defined wall/cell crossing procedures;
- (iv) a “need to know” policy;
- (v) documented and well defined procedures for dealing with conflicts of interest;
- (vi) steps by Compliance to ensure that the Chinese Wall/Cell arrangements remain effective and that such arrangements are adequately monitored.

U.S: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the

Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission (“CFTC”) as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. Westpac Capital Markets, LLC (“WCM”), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 (“the Exchange Act”) and member of the Financial Industry Regulatory Authority (“FINRA”). This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. All disclaimers set out with respect to Westpac apply equally to WCM.

Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.



Westpac Banking Corporation.