CONFIDENCE SURVEY

Westpac McDermott Miller Employment Confidence, September quarter 2026.

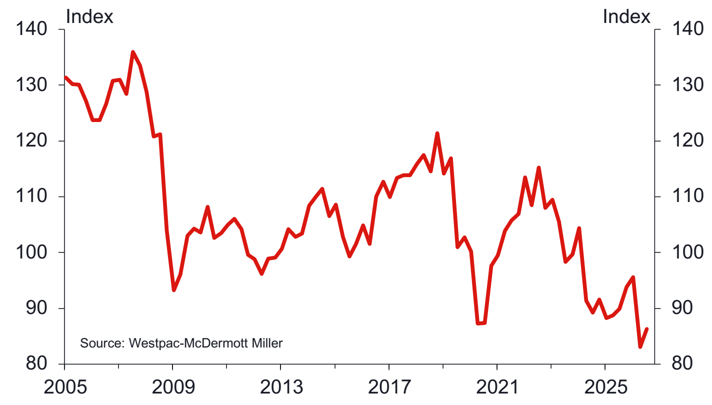
22 September 2026

Summary

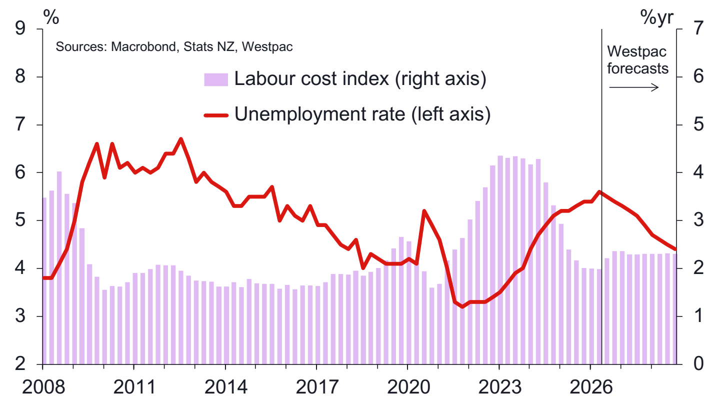
A weak bounce in labour market confidence.

- The Westpac-McDermott Miller Employment Confidence Index rose by 3.2 points to 86.3 in the September quarter, reversing only a small part of the steep 12.5 point fall in the June quarter. The last two readings have been the lowest for the survey since it began in September 2004.
- Somewhat unusually for this survey, the quarterly movement wasn't led by perceptions of current job opportunities, which remained at very weak levels. However, there was a lift in expected job opportunities for the year ahead.
- The uptick in confidence was seen across most regions, ages and income groups.
- As with our consumer confidence survey, some of the financial pressures on households have eased since June, particularly with fuel prices coming off their highs (though they have risen again in recent days). However, the evidence on labour market conditions has been mixed. Employment has been picking up gradually, but not enough yet to match the growth in the labour force, resulting in a further rise in the unemployment rate to an 11-year high of 5.6%.
- In our September Economic Overview we forecast a gradual improvement in the jobs market in the months ahead as the economy regains momentum, although fuel prices continue to present a headwind to growth.

Employment Confidence Index



Westpac labour market forecasts



Employment confidence indices

Nationwide

	Sep-26	Jun-26	Change
Employment Confidence Index	**86.3**	**83.1**	**3.2**
Current Employment Conditions Index	**73.5**	**71.6**	**1.9**
Employment Expectations Index	**94.9**	**90.8**	**4.1**
Current job opportunities	-59.8	-59.7	-0.1
Expected job opportunities	-21.6	-30.4	8.8
Past earnings growth	6.7	2.8	3.9
Expected earnings growth	12.5	12.3	0.2
Own job security	-6.4	-9.6	3.2

Employment confidence by region

	Sep-26	Jun-26	Change
Northland	90.1	73.7	16.4
Auckland	84.8	80.9	3.9
Waikato	85.8	81.1	4.7
Bay of Plenty	89.0	83.8	5.2
Gisborne/Hawke's Bay	83.7	81.7	2.0
Taranaki/Manawatu-Whanganui	76.9	87.8	-10.9
Wellington	83.6	80.9	2.7
Nelson/Marlborough/West Coast	88.6	89.5	-0.9
Canterbury	88.1	83.9	4.2
Otago	84.2	78.4	5.8
Southland	87.5	87.5	0.0

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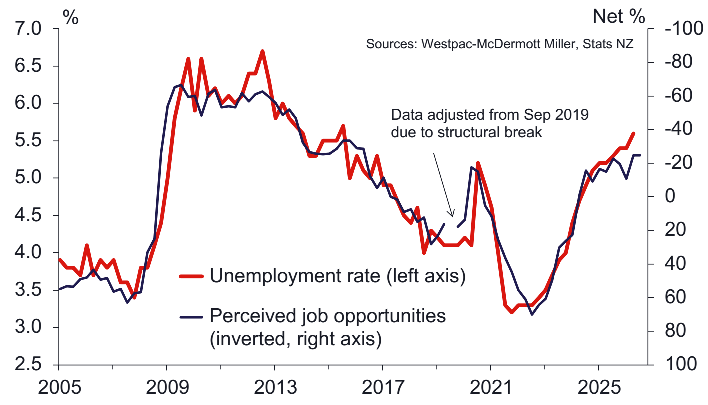
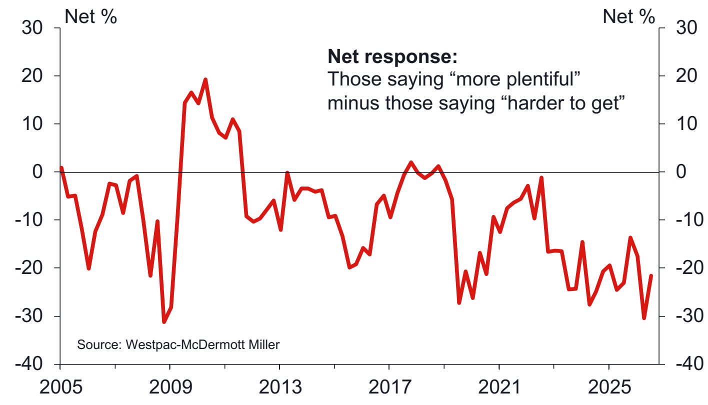
Job opportunities

- A net 60% of respondents in the September survey felt that it's hard to find a job at the moment. That was basically unchanged from the previous quarter, and was the softest reading since the mid-2010s.
- This measure had been improving prior to the Middle East conflict, but has since softened again. The recent readings are broadly consistent with the current level of the unemployment rate, rather than pointing to further upside risk from here.
- Households were a little more confident about the outlook for the year ahead, with expected job opportunities rising to a net -22%, compared to the post-GFC low of -30% last quarter.
- We expect that the current 5.6% will mark the peak in the unemployment rate for this cycle, with a gradual decline starting from the second half of this year. (The unrounded rate was 5.56%, so it wouldn't take much to see it print lower next time.) The economy has been regaining momentum over the last year, and GDP growth of 2.6% over the year to June put it above estimates of the economy's potential growth rate.
- However, it remains very much a "low-fire, low-hire" environment. Job vacancies remain well below pre-Covid levels, and long-term unemployment has been a growing feature of this cycle to an unusual degree.

Current job opportunities vs unemployment rate



Job opportunities in NZ in a year's time



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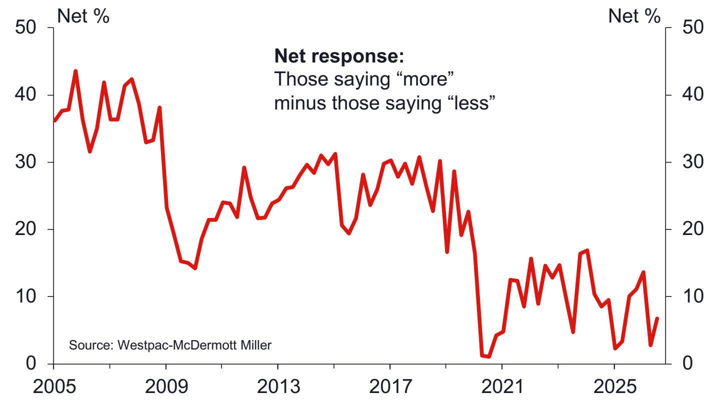
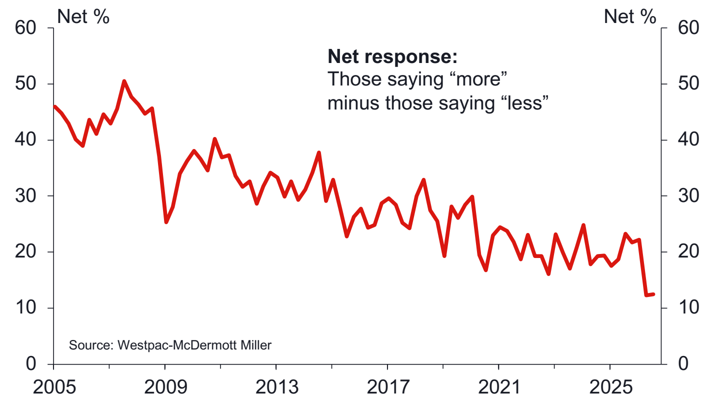
Earnings growth

- The earnings growth measures improved a little in the September survey, but remained at very low levels.
- A net 7% of households reported a rise in their earnings over the last year, compared to a net 3% in June.
- A net 12.5% of households expect a lift in their earnings in the year ahead – only marginally higher than in June, which was the lowest reading in the history of the survey.
- These earnings growth measures have remained at historically low levels in recent years, even through the sharp lift in wage inflation in the years following Covid.
- We suspect that respondents may be viewing this in 'real' terms – that is, whether their earnings are keeping pace with, or falling behind, the cost of living.
- The weakness in expected earnings suggests that workers are not confident about being able to extract cost-of-living pay increases in the face of the rise in fuel prices. The existing degree of slack in the labour market means there is less bargaining power for workers.

Earnings in paid work compared to last year



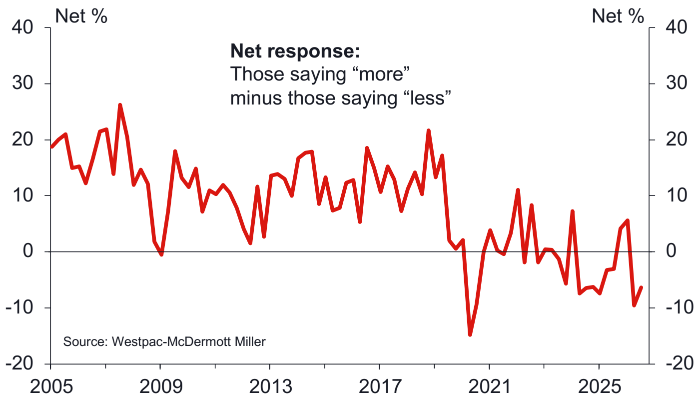
Earnings in paid work this time next year



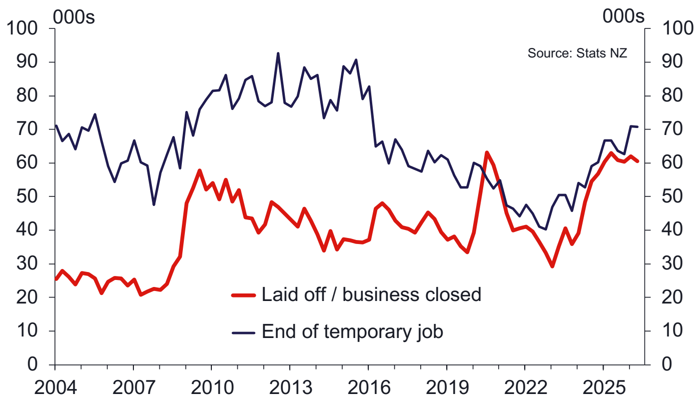
Job security

- Workers' perceptions of their own job security rose to a net -6% in September, compared to a net -10% in June which was a post-Covid low.
- Confidence rose among both young and old workers, but was little changed for those in the 30-49 age group.
- Middle- and high-income earners saw the biggest increases in perceived job security, having seen large declines in the previous quarter.
- The Household Labour Force Survey suggests that the rate of job losses has stabilised or even improved a little in recent quarters. Rather, the ongoing rise in unemployment reflects that those who are out of work have been finding it increasingly difficult to get in (or back in).

Personal job security over the coming year



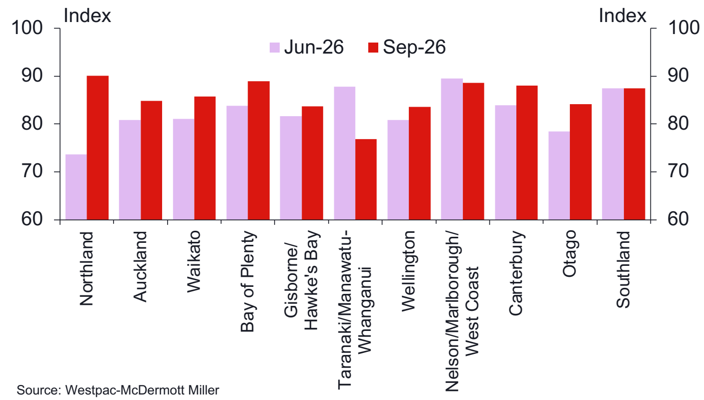
HLFS: Reason for leaving last job



Regional confidence

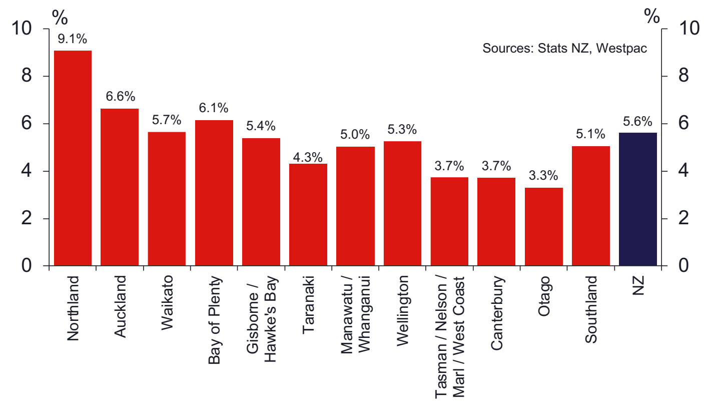
- Employment confidence rose in 8 of the 11 regions in the survey.
- The biggest gains were seen in Northland, which was previously the most downbeat region. While Northland recorded a sharp rise in its unemployment rate in the June quarter, we suspect that this was largely survey noise (and indeed wasn't outside of the historical range for small regions such as this).
- The Nelson/Marlborough/West Coast region was down slightly in the September quarter. This region had bucked the trend last quarter, holding steady while other regions had seen sharp declines.
- The Taranaki/Manawatu region had also been relatively steady in the June quarter, but fell sharply this time. There were particularly marked falls in expected earnings growth and job security.
- The South Island as a whole remains slightly more confident than the North Island. Strong export prices have been providing a boost to the rural regions over the last year, benefiting the South Island in particular, but more recently there have been signs that the pickup in the economy has been broadening.

Employment confidence by region



Source: Westpac-McDermott Miller

Unemployment by region



Technical details

Survey description.

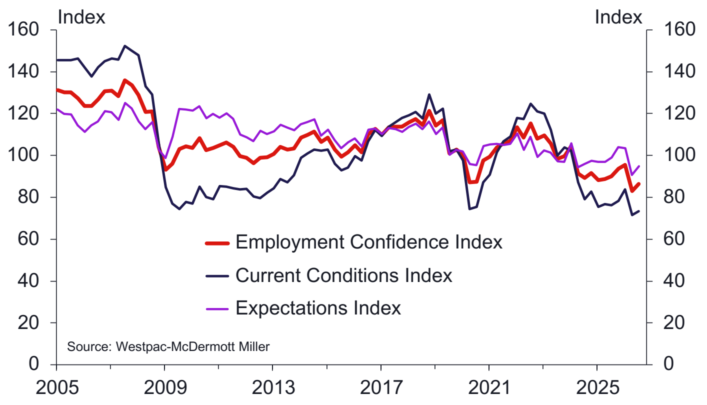
The Westpac-McDermott Miller Employment Confidence Index summarises responses to five questions: households' perceptions of current and future job opportunities, their own actual and expected earnings, and expected changes in their own job security.

The questions about current job opportunities and earnings are summarised in the Current Employment Conditions Index, while the questions about the year ahead are summarised in the Employment Expectations Index.

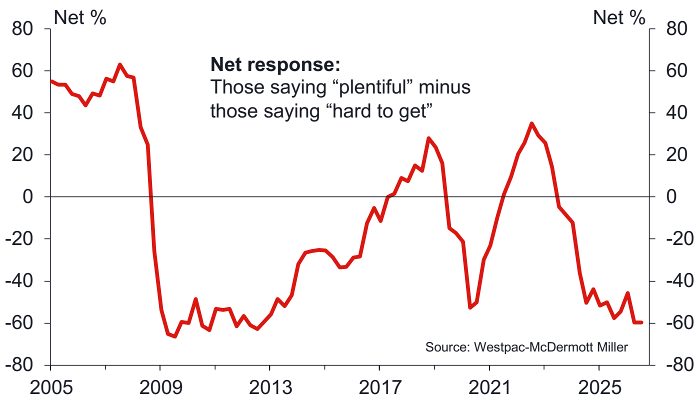
Survey interviews were conducted over the period 1-12 September. The sample size was 1,550. The margin of error of the survey is 2.5%.

Summary charts.

Employment Confidence Indices



Do you think jobs are plentiful or hard to get in NZ?



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