

CONFIDENCE SURVEY

**Westpac McDermott Miller Employment
Confidence, June quarter 2025.**

24 June 2025



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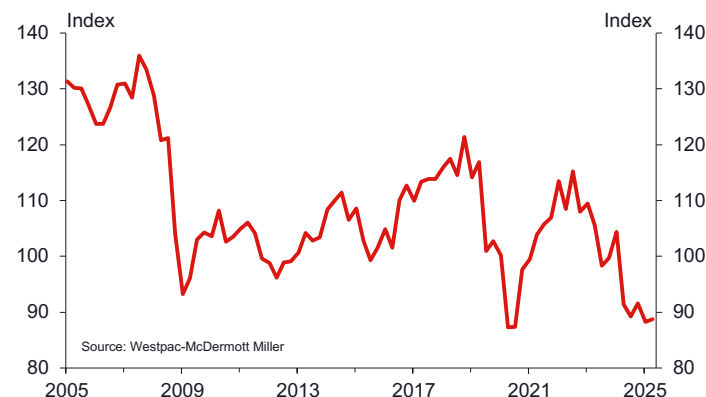


SUMMARY

Employment confidence remains subdued.

- The Westpac-McDermott Miller Employment Confidence Index rose by 0.5 points to 88.8 in the June quarter. A level below 100 indicates that there are more households who are pessimistic about the outlook than those who are optimistic.
- The index has been essentially unchanged over the last year, and remains close to the lows seen after the first Covid lockdown in 2020.
- A perceived lack of job opportunities remains the key concern for New Zealand households. In particular, expectations for the year ahead were weaker in June, largely offsetting the modest gains seen in the other survey questions.
- The results varied greatly across regions, with no clear themes. Although Southland has become the most optimistic part of the country, many other dairy-intensive regions fared poorly. Among the main centres, Auckland saw a solid lift in confidence, but Wellington and Christchurch were down slightly.
- The results of the survey are broadly in line with our view that labour market conditions will remain soft in the months ahead, even with economic activity now picking up from last year's sharp downturn. We expect the unemployment rate to peak at 5.3% in the middle part of this year.

Employment Confidence Index



Westpac labour market forecasts



EMPLOYMENT CONFIDENCE INDICES

Nationwide

	Jun-25	Mar-25	Change
Employment Confidence Index	88.8	88.3	0.5
Current Employment Conditions Index	76.6	75.3	1.3
Employment Expectations Index	97.0	96.9	0.1
Current job opportunities	-50.0	-51.6	1.6
Expected job opportunities	-24.6	-19.4	-5.2
Past earnings growth	3.3	2.3	1.0
Expected earnings growth	18.7	17.5	1.2
Own job security	-3.2	-7.4	4.2

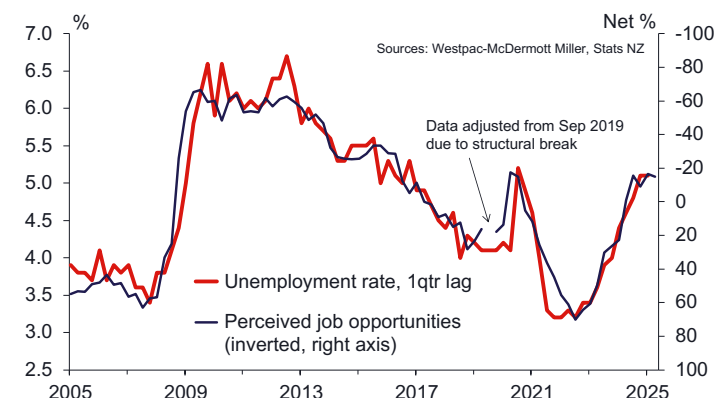
Consumer confidence by region

	Jun-25	Mar-25	Change
Northland	94.3	84.1	10.2
Auckland	89.1	81.2	7.9
Waikato	78.7	99.2	-20.5
Bay of Plenty	91.3	98.5	-7.2
Gisborne/Hawke's Bay	93.2	92.7	0.5
Taranaki/Manawatu-Whanganui	81.8	89.6	-7.8
Wellington	80.3	83.4	-3.1
Nelson/Marlborough/West Coast	82.8	81.4	1.4
Canterbury	89.7	93.1	-3.4
Otago	93.4	91.8	1.6
Southland	101.8	90.4	11.4

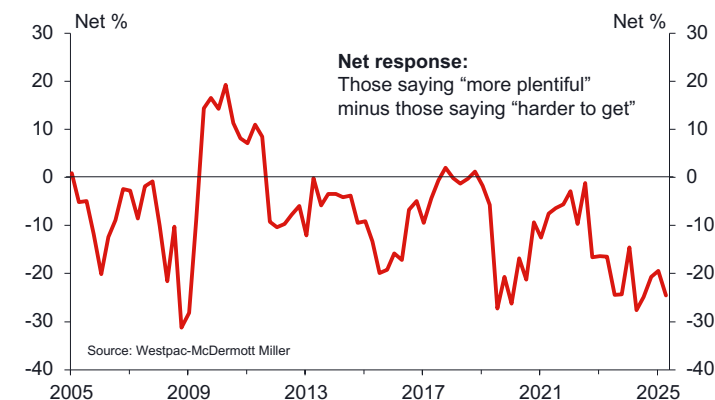
JOB OPPORTUNITIES

- A net 50% of households feel that employment opportunities are hard to come by at the moment. That's a marginal improvement from the net 52% in March. However, it remains close to the weakest levels seen since the 2020 Covid lockdown.
- This measure has tended to be a good leading indicator of the unemployment rate. The latest reading is somewhat encouraging in the sense that it suggests the rise in unemployment over the last couple of years is likely to be close to its peak.
- Expectations of job opportunities in a year's time fell by 5 points to -24.6. This fall largely offset the modest gains seen in the rest of the survey.
- The difficulty of finding work is highlighted by MBIE's online job advertisements index. The number of vacancies has remained at a very low level over the past year, with perhaps the hint of an uptick in the last few months.
- Business surveys and discussions with our customers suggest that many employers tried to hold on to workers when activity was slowing – having been caught out by the severe labour shortages that were apparent a few years ago. As a result, they may be finding themselves overstaffed even as demand starts to pick up again.

Current job opportunities vs unemployment rate



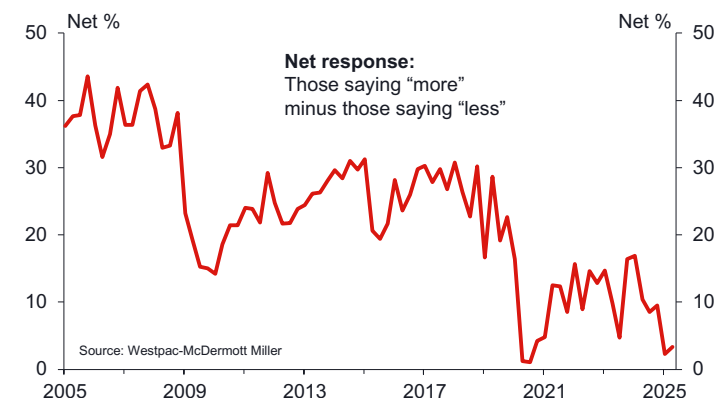
Job opportunities in NZ in a year's time



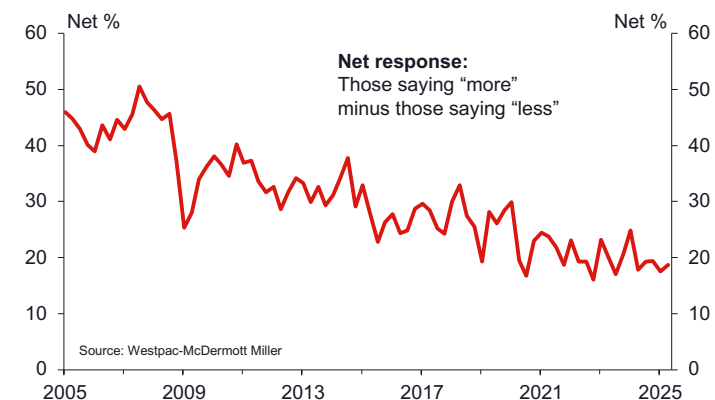
EARNINGS GROWTH

- A net 3% of households reported a rise in earnings over the last year. This measure fell sharply in the March survey, and was only slightly higher in June.
- Meanwhile, a net 19% are expecting a lift in their earnings over the year ahead. This measure was also only marginally higher in June, and has remained at historically low levels over the last year.
- The Labour Cost Index shows that both the extent and the average size of pay increases has been declining over recent quarters. The growing degree of slack in the labour market means that workers' negotiating power has decreased, and with inflation back within the target range, cost-of-living increases have been correspondingly smaller.
- One exception to the restraint in earnings is farm incomes, reflecting positive conditions in export markets. However, there is mixed evidence about this in the employment confidence survey (see the regional section).

Earnings in paid work compared to last year



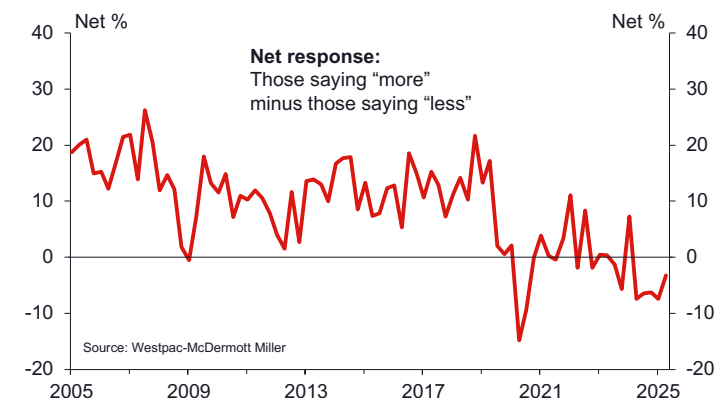
Earnings in paid work this time next year



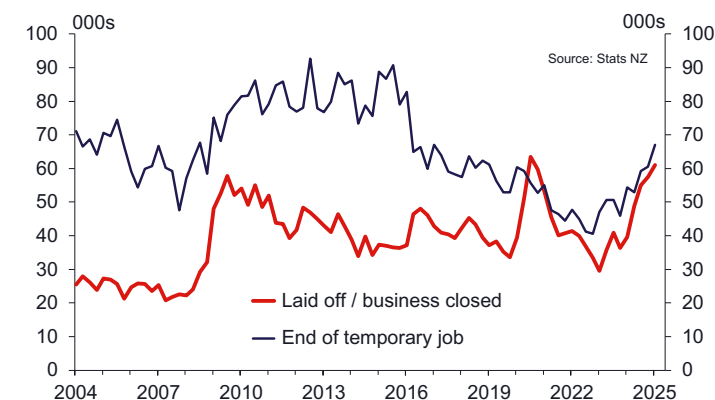
JOB SECURITY

- Perceptions about personal job security ticked up in June, though they remained soft. A net 3% of respondents thought that their jobs would become less secure over the coming year, compared to a net 7% in March.
- The improvement was largely seen amongst younger respondents (under 30), while workers over 50 were feeling less secure.
- In the Household Labour Force Survey, we've seen a notable lift over the last few quarters in the number of people out of work due to their jobs disappearing for one reason or another.
- That said, increased layoffs have only been part of the story. We're also seeing a rise in the duration of unemployment, as people who find themselves out of work are finding it harder to get back in again, due to the slow pace of hiring.

Personal job security over the coming year



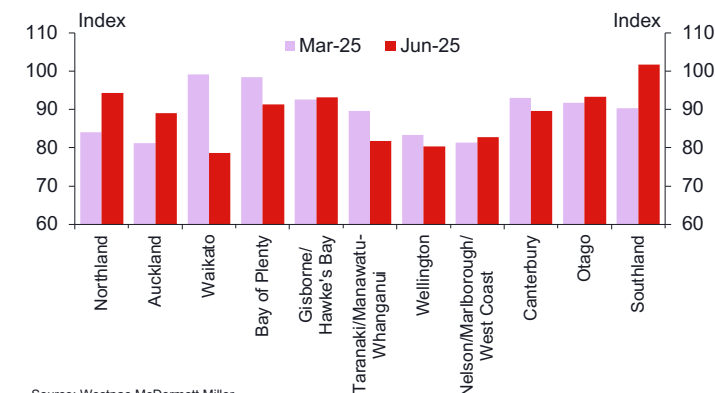
HLFS: Reason for leaving last job



REGIONAL CONFIDENCE

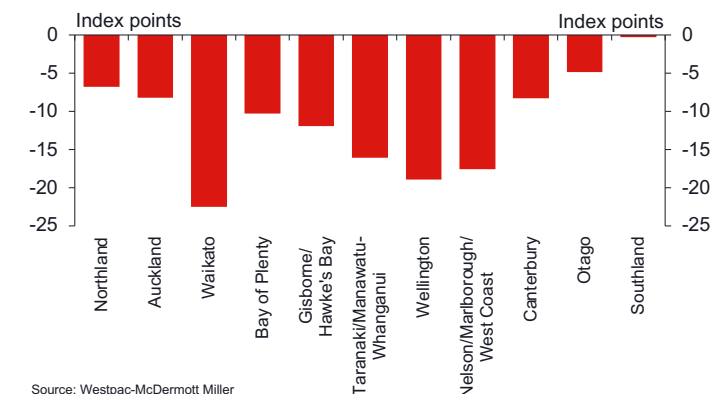
- Employment confidence varied greatly across the regions in the June quarter, with no clear themes driving the results.
- Confidence in Southland rose by 11 points to 102, making it the most upbeat region in the country (and the only one close to average levels). Northland also rose by 10 points to 94. Strong dairy prices and improving returns for sheep and beef will have provided a boost to incomes more widely across these regions.
- However, the same drivers were seemingly lacking in other farming-intensive regions, with large falls in confidence in the Bay of Plenty, Taranaki and the Waikato. The latter in particular was unusual as it was driven by a sharp fall in reported earnings (though this measure has been choppy lately).
- Across the main centres, there was a solid lift in confidence in Auckland, while Wellington and Christchurch were down slightly. Aside from the soft result for the Waikato this quarter, Wellington remains the most pessimistic part of the country. The Monthly Employment Indicator shows that Wellington has seen the biggest fall in the number of jobs over the last year – and that doesn't appear to be limited to the public sector.

Employment confidence by region



Source: Westpac-McDermott Miller

Regional confidence compared to average



Source: Westpac-McDermott Miller

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.

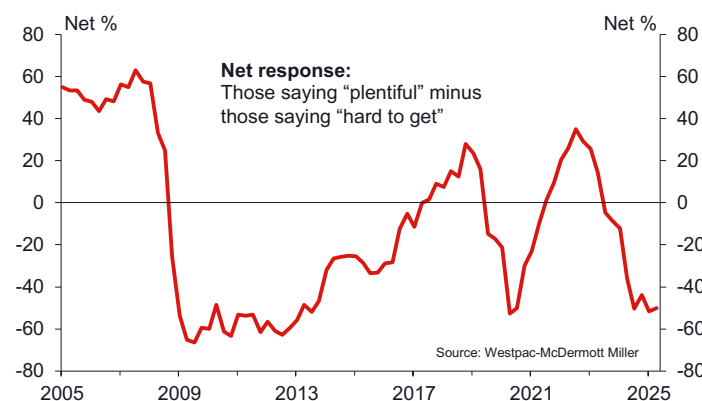
Survey interviews were conducted over the period 1-12 June. The sample size was 1,550. The margin of error of the survey is 2.5%.

Summary charts.

Employment Confidence Indices



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



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