

Monthly Insights Brief

August 2025

On-the-pulse analysis delivered monthly, providing insight into the Christchurch & Canterbury economies.



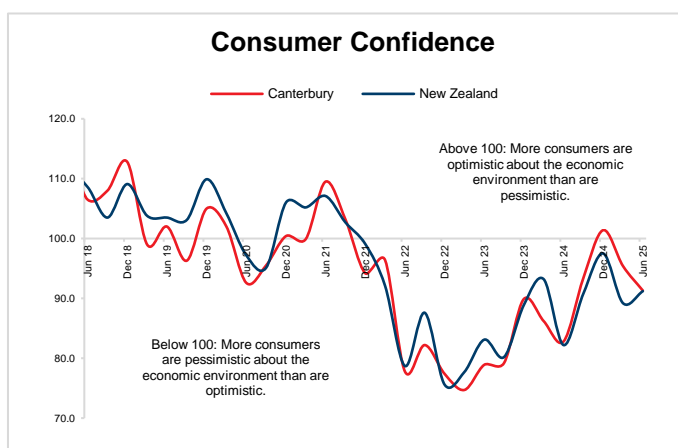


Like the temperatures outside, the momentum in the local economy appears to be cooling

Insights from Business Canterbury's May Quarterly Survey (released in July 2025) point to a softening market. Overall, 53% of local businesses expect the Canterbury economy to be stronger in a year's time, and 51% expect their own financial performance to improve. These figures indicate Canterbury businesses are "holding steady" but are less confident than they were at the end of last year where 74% of those surveyed in December 2025 expected the Canterbury economy to be stronger and 67% expected their own financial performance to improve. In the latest survey, consumer confidence and demand were listed as the top concerns for Canterbury businesses across most industries.

Similar sentiments were seen in the July ANZ Business Confidence survey. This survey showed business confidence reducing in Canterbury. However, with a net 56% of businesses expecting better business conditions, Canterbury's score remained positive and was comfortably above the national average of 48%.

After ending 2024 on a high, consumer confidence in Canterbury has been steadily reducing in 2025 with the Westpac McDermott Miller Survey Index showing a -10-point fall in consumer confidence in Canterbury since December 2024 to reach 91.3 in June 2025. This brought Canterbury's confidence levels in line with the rest of the nation as net pessimists.



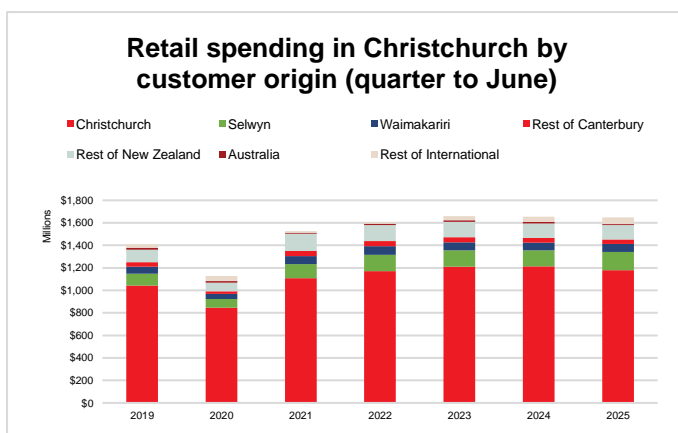
Source: Westpac McDermott Miller

Local electronic card spending is looking chilly

The reduction in consumer sentiment is evident in electronic card spending data.

Overall, electronic card spending in Christchurch in the 3 months to June 2025 reduced -0.4% on the same period last year.

Christchurch City residents accounted for 72% of total card spending in the 3 months to June 2025; residents from Selwyn and Waimakariri accounted for 14%; and visitors accounted for the remaining 14% of total card spending in Christchurch (international visitors accounted for 4% of total card spending while domestic visitors accounted for 10%).



Source: Marketview

Locally, retail card spending continued to soften with Christchurch residents spending -3% less in Christchurch in the 3 months to June 2025 relative to the same period last year. This was partially



offset by increases in card spending in Christchurch City from the Greater Christchurch area (Selwyn up 15% and Waimakariri up 2%).

The sun has continued to shine in the form of international visitor card spending, which was 16% higher in the 3 months to June 2025 in Christchurch than in the same period last year. This increase in international visitor card spending offset a -3% reduction in domestic visitor card spending, resulting in overall visitor card spending increasing 2% in the 3 months to June 2025 compared to the same period last year.

Electronic card spending in Christchurch in the 3 months to June 2025 reduced in most sectors with increases in Groceries & Liquor (+4%, potentially reflecting the increase in Food Price Index); Apparel & Personal (+1%); and Cafes, Restaurant, Bars & Takeaways (+0.1%) bucking the trend.

Low consumer confidence and high costs of living are consistent with reductions in discretionary spending with electronic spending in Home, Hardware & Electrical reducing -8% in the 3 months to June 2025 compared to the same period last year and electronic spending in Department Stores & Leisure reducing -2% over the same period.

While it's still early days, the local job market might be starting to thaw

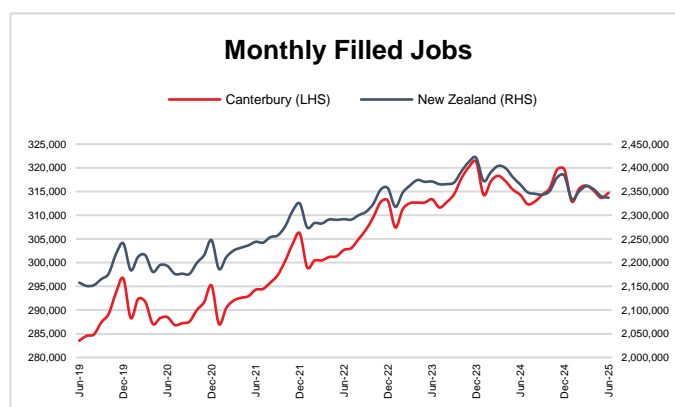
The labour market across the country continues to be tough. The June 2025 Household Labour Force Survey data showed that employment across New Zealand reduced -0.4% in the June 2025 quarter and was down -0.9% on the same period last year.

Likewise, the Canterbury market is also soft with employment in Canterbury reducing -1.0% in the June 2025 quarter.

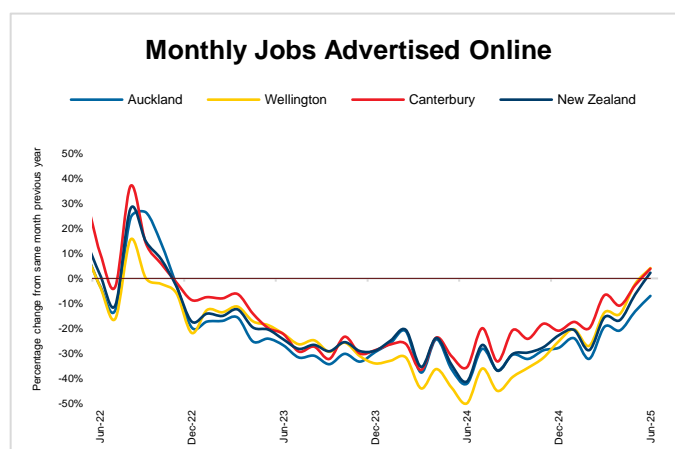
On a positive note, employment in Canterbury was 1.0% higher in June 2025 than it was in June 2024.

There also appears to be positive momentum going into the next quarter with Stats NZ data showing filled jobs in Canterbury growing 0.3% in the month of June 2025. This compares with the national market which showed monthly filled jobs across New Zealand falling -0.1% in the month of June 2025.

Monthly jobs advertised online in Canterbury also started to tick upwards. In June 2025, there were 4% more jobs advertised online in Canterbury than there were in June 2024. This was the first time Canterbury experienced growth in jobs advertised online relative to the same period the previous year since October 2022.



Source: Statistics NZ



Source: MBIE



Whilst there have been some indications of positive momentum in the labour market, the labour figures could be revised down. In addition, with continued growth in the working population, the unemployment rate has continued to rise. Hence, it may take some time for the labour market to thaw.

Other economic indicators remain mixed

The Performance of Services Index (PSI) measures activity levels across the service industry, signaling whether the sector is expanding (score above 50) or contracting (score below 50) each month. Whilst improving slightly on May, Canterbury's services sector remained in contraction in June 2025. However, with a score of 47.8, Canterbury's PSI score remained above the unadjusted national average of 46.

Activity in the manufacturing sector in Canterbury cooled in June 2025 according to the Performance of Manufacturing Index (PMI). In June 2025, Canterbury's PMI reduced, moving into contractionary territory for the first time since January 2025. With a June 2025 score of 47.8, Canterbury's PMI was down -3.9 points from the previous month and -11.8 points down from March 2025. However, Canterbury's PMI score remains above the national unadjusted average of 46.4.

The housing market in Christchurch was mixed in the month of June 2025. Based on REINZ data, the number of properties sold in Christchurch in June 2025 was 30% higher than in June 2024. This compares to a 20% increase in the numbers of properties sold nationwide during the same period. However, the median house price in Christchurch in June 2025 was -3% lower than it was in June 2024. Nationally, the median house price in June 2025 was unchanged from June 2024.

In line with cooling commodity prices, the value of monthly goods exports from Canterbury ports reduced -16% in the month of June 2025 and was -2% below June 2024. However, this cooling comes off the back of two strong months, and for the quarter to June 2025 the value of goods exports from Canterbury ports was 9% above the same period last year. Canterbury's trade balance remains positive, growing 7% in the quarter to June 2025 compared to the same period last year.

The release of the June 2025 CPI data showed that inflation is pushing higher with annual inflation rising to 2.7%, although this remains within the Reserve Bank's target band. The largest contributors to the increase in inflation were from Food and Housing and household utilities (which includes rates) with reductions in Transport and Clothing and footwear.

There may be more frosts to come

The tariff on New Zealand exports to the US has been lifted from 10% to 15%. Whilst this puts New Zealand on a par with the likes of the European Union and Japan; it now puts New Zealand at a competitive disadvantage relative to Australia, UK, and Argentina who have stayed at the lower tariff of 10%.



This latest announcement is likely to have received a frosty reception from New Zealand exporters. On the upside, tariffs have been negotiated lower for some of our trading partners, which may be better for our overall economy. However, the full impacts of the tariffs are yet to be felt and their impacts on global trade flows and inflation are still unknown. This heightened uncertainty could impact on confidence and as the Reserve Bank's Chief Economist Paul Conway said in a recent speech "uncertainty can end up being more negative for the economy than the thing we are uncertain about in the first place."

We're holding on and waiting for the warmer weather

There is no doubt that the market is tough for some. Spending has cooled, the job market remains soft, activity in the manufacturing and services markets are both now in contractionary territory, and exporters are facing additional headwinds. However, and at the risk of repeating what was said last month, domestic economic conditions are *still* expected to recover over 2025, supported by the impact of lower interest rates on spending and investment levels across both households and businesses.

In addition, the Canterbury market is still outperforming the national average on measures of manufacturing sector activity, services sector activity, consumer and business confidence, and monthly filled jobs. So, with indicators in the local economy being mostly "less bad" than the rest of the country, Christchurch and Canterbury are well placed to pick up momentum in the warmer months.

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