Monthly Insights Brief

October 2026

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



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Key economic highlights from the past month's data releases

1. **A strong dairy season is providing significant support to Canterbury's economy,** with Fonterra reporting its strongest milk production season in more than a decade. Cash returns and new investment plans are expected to provide further support to the region and signal confidence in the sector's outlook.
2. **Labour market conditions remained among the strongest in New Zealand**, with Canterbury recording the largest increase in the number of filled jobs of any region and the strongest growth in online job advertisements among the areas measured.
3. **Tourism continued to support economic activity**, with strong growth in international visitor arrivals, accommodation activity, and international visitor in-store card spending.
4. **Confidence appears fragile**, with business confidence softening in September alongside rising fuel prices and consumer confidence remaining in net pessimistic territory despite improving over the quarter.
5. **Signs of caution are becoming more evident in household spending**, with in-store card spending growth concentrated in fuel-related expenditure and weakness becoming more widespread across other categories.
6. **Other economic indicators were broadly supportive**, with export growth strengthening, manufacturing and services activity in expansion, and building consent activity pointing to a solid construction pipeline.

Data released over the past month suggest that the Christchurch and Canterbury economies remain comparatively well positioned. However, rising fuel prices, heightened uncertainty, and signs of caution among households and businesses suggest the recovery may be becoming increasingly fragile.

A strong dairy season is supporting Canterbury's agricultural sector

The dairy sector is an important contributor to Canterbury's economy, and the latest results point to a particularly strong season. Fonterra reported that milk collections increased by more than 4% during the 2025/26 season, making it the strongest season for milk production in more than a decade. The cooperative also noted that milk production growth was particularly strong in the South Island.

The season also delivered a substantial injection of income into the rural economy. According to Fonterra's annual results, nearly $20 billion was returned to New Zealand farmer owners and unit holders in the 2025/26 year. This included approximately $15.2 billion in milk payments to dairy farmers, $1.2 billion in ordinary and special dividends, and a one-off capital return of $3.2 billion following the Mainland divestment. Looking ahead, Fonterra has announced plans to invest around $1 billion over the next three years to expand its South Island advanced protein manufacturing network.

These developments are particularly significant for Canterbury. Infometrics estimates that Canterbury accounted for around 20% of New Zealand's total agriculture GDP in the year to March 2026, highlighting the region's important role in New Zealand's agricultural sector. The sector is also an important contributor to the regional economy, generating approximately $3.3 billion of GDP in Canterbury in the year to March 2026, equivalent to around 5.9% of the region's GDP.

Beyond its direct contribution to GDP, the agriculture sector also supports a wider range of industries including transport, manufacturing, agricultural services, and retail trade. As a result, a strong dairy season is likely to have benefits that extend well beyond farm businesses themselves. The substantial cash returns to farmer owners and unit holders may support spending, investment, and business activity across Canterbury's wider economy. Fonterra's planned $1 billion investment also signals confidence in the long-term prospects of the South Island dairy sector, providing additional support for Canterbury's wider economic outlook.

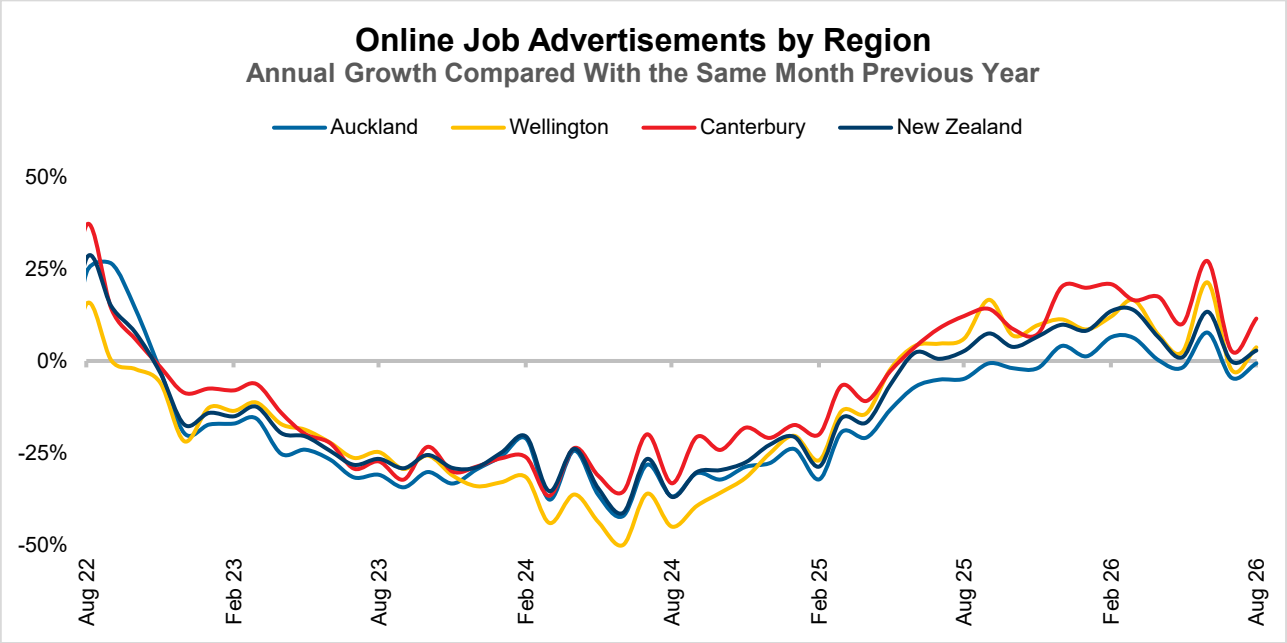
And local labour market conditions remain among the strongest in New Zealand

Stats NZ data showed growth in unadjusted filled jobs in Canterbury remained strong through mid-2026. Filled jobs in Canterbury increased by 1.9% in the year to August 2026, equivalent to an additional 6,060 filled jobs. This was the largest absolute increase of any region and marked the fourteenth consecutive month of annual growth in filled jobs in Canterbury.

To put this result in context, Canterbury has only around 40% as many filled jobs as Auckland. However, Canterbury added 6,060 filled jobs over the year, compared with an increase of around 4,570 in Auckland.

In terms of annual growth rates, the number of filled jobs in Canterbury increased by 1.9%. This was the second highest growth rate among all regions, behind only Southland (3.1%) and ahead of the national result (0.9%), Auckland (0.6%), and Wellington (0.3%).

Hiring activity in Canterbury also remained positive in August 2026. MBIE data showed online job advertisements in Canterbury were 11.5% higher in August 2026 than a year earlier. This marked the fifteenth consecutive month of annual growth in Canterbury and represented the strongest growth among the areas measured, ahead of the national result (2.8%), Auckland (-0.7%), and Wellington (3.7%).



Data Source: MBIE

The August result suggests labour demand remained resilient despite the moderation in hiring activity observed in July. However, higher and more volatile fuel prices following the re-escalation of tensions in the Middle East, together with election-related uncertainty, may influence business hiring decisions in the months ahead. For now, labour market indicators continue to point to relatively strong employment conditions across the region.

The tourism sector continues to be a source of economic strength

Tourism remained another source of economic strength, with Stats NZ data showing international visitor arrivals through Christchurch Airport were 18% higher in the three months to July 2026 compared with the same period a year earlier. This represented more than 13,700 additional international visitors compared with the same period a year earlier. Across New Zealand, international arrivals grew 8% over the same timeframe.

There were almost 31,800 international visitor arrivals through Christchurch Airport in July 2026 alone. Growth in July 2026 relative to July 2025 was driven largely by strong increases from China (+109%) and Japan (+65%), helping lift international visitor arrivals through Christchurch Airport to their highest July level since 2010.

Accommodation indicators also remained sound for the time of year. Based on ADP data, Christchurch recorded an average commercial accommodation occupancy rate of 55% in the three months to August 2026. This rate was well above the national average of 43% for the same period and was higher than Christchurch's own 51% recorded a year earlier.

International visitor in-store card spending also increased. Marketview data showed international visitor in-store card spending in Christchurch was 16% higher in the three months to August 2026 than a year earlier, contributing an additional $10.4 million to the local economy.

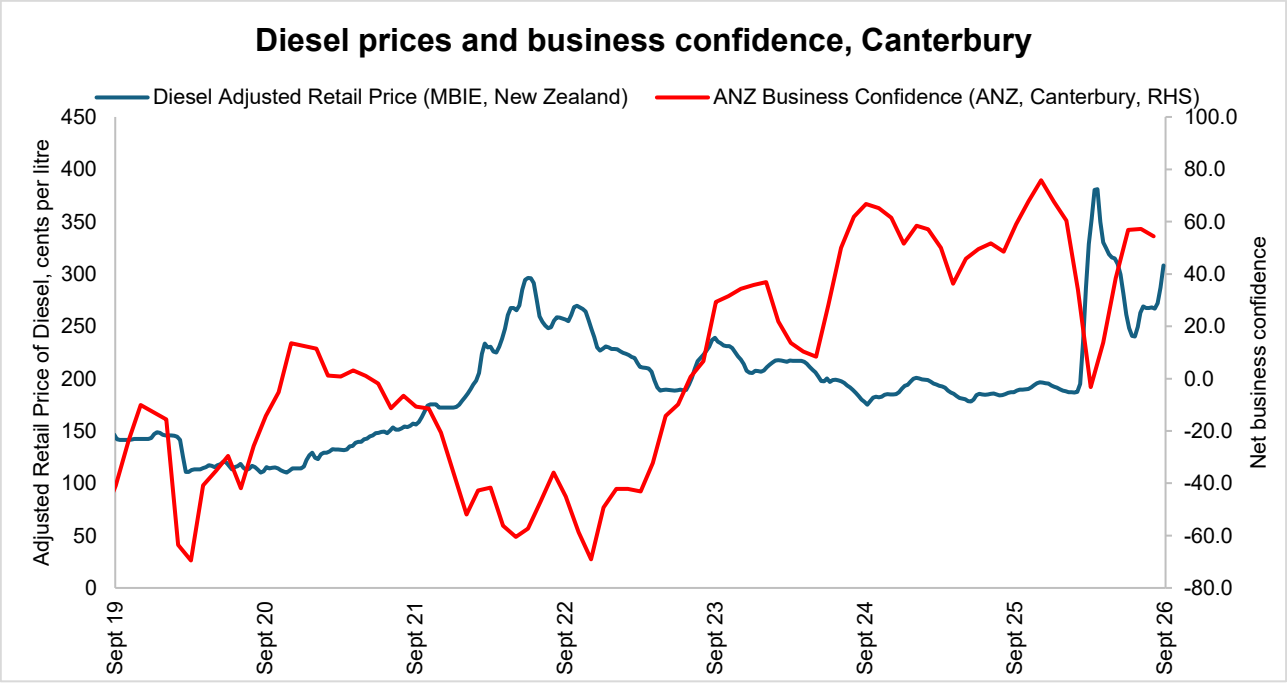
The combination of higher international visitor arrivals, stronger accommodation activity, and increased international visitor in-store card spending suggests tourism continued to support economic activity across Christchurch and the wider Canterbury region.

But confidence appears to be fragile

Despite generally positive economic conditions, recent survey results point to mixed sentiment between businesses and consumers in Canterbury.

ANZ's Business Outlook figures show business confidence in Canterbury reduced by 2.8 points in September 2026 to a net 54% of Canterbury businesses expecting business conditions to improve. Although the reduction was modest, it marked a change of direction after four consecutive months of improving business confidence. Despite the decline, Canterbury's result remained positive and compared favourably with national business confidence, which declined by 1.8 points in September 2026 to a net 52% of firms expecting business conditions to improve nationally.

Recent movements in business confidence appear to have broadly mirrored changes in fuel prices. Business confidence in Canterbury fell sharply following the fuel price shock earlier this year before starting to recover as fuel prices eased from their peaks. However, fuel prices have increased significantly in recent weeks amid renewed tensions in the Middle East and ongoing uncertainty in global energy markets. ANZ noted that, at the national level, businesses responding later in September reported lower business confidence than those surveyed earlier in the month.



Data Sources: MBIE, ANZ Business Confidence Survey

This suggests that rising fuel prices and increased uncertainty may already be weighing on business sentiment.

The graph highlights a broad relationship between diesel prices and business confidence in Canterbury, with periods of sharply higher diesel prices generally coinciding with lower business confidence. Canterbury's geographically dispersed economy and relatively high exposure to diesel-intensive industries, such as agriculture, construction, manufacturing, and freight, may partially explain why business confidence in Canterbury appears particularly sensitive to movements in fuel prices, especially diesel prices.

While business confidence softened in September, consumer confidence in Canterbury improved in the latest survey, although it remained subdued. According to the Westpac McDermott Miller Consumer Confidence Survey, consumer confidence in Canterbury fell over the first half of 2026, reaching 83.2 in June 2026, its lowest level in two years. Westpac attributed the decline largely to uncertainty associated with the Middle East conflict and its implications for household finances. However, in the latest survey, consumer confidence in Canterbury lifted to 90.9 in September 2026, with Westpac noting that some pressure on households' finances had eased. Contributing factors included petrol prices being lower than the highs seen earlier in the year and ongoing strength in key export industries supporting incomes and sentiment in many regions. Despite this improvement, Westpac noted that households remain cautious and warned that "the outlook for petrol prices is looking worrying again".

Overall, business and consumer confidence in Canterbury appear fragile. Business confidence has softened alongside the recent rise in fuel prices, while consumer confidence, although improving, remains subdued. Elevated and volatile fuel prices, heightened geopolitical uncertainty, and the upcoming general election may influence business and household confidence in the months ahead.

And signs of caution may be emerging in household spending

Headline in-store card spending values continued to increase, but underlying trends suggest signs of caution may be becoming more evident in household spending patterns, consistent with recent confidence survey results. While spending growth remained concentrated in the Fuel & Automotive category, weakness became more widespread across other categories.

Marketview data showed the value of in-store card spending in Christchurch increased by 1.6% in the three months to August 2026 compared with the same period a year earlier. This was weaker than the national increase of 1.8% and below the 3.0% increase recorded across Canterbury.

Growth in in-store card spending continued to be driven largely by the Fuel and Automotive category. In the three months to August 2026, spending values in this category were 17.4% higher in Christchurch and 19.5% higher across Canterbury than in the same period a year earlier.

Excluding Fuel & Automotive, in-store card spending growth was limited. In Christchurch, only Home, Hardware & Electrical (+2.0%) and Groceries & Liquor (+1.2%) recorded increases in the three months to August 2026 compared with the same period a year earlier. All other categories declined over the same period. In dollar terms, the largest decline occurred in Cafes, Restaurants,

Bars & Takeaways, where in-store card spending was $15.4m lower than in the same period a year earlier.

Transaction volumes were also weak. In Christchurch, overall transaction volumes were 2.3% lower in the three months to August 2026 compared with the same period a year earlier. There were lower transaction volumes across most categories, with only Home, Hardware & Electrical (0.1%), Fuel & Automotive (+0.3%), and Groceries & Liquor (+0.9%) recording modest growth.

While similar patterns were observed across Canterbury, growth in the value of in-store card spending in Canterbury was higher than in Christchurch and nationally. In the three months to August 2026, the Fuel & Automotive category accounted for 19.4% of the value of total in-store card spending across Canterbury, compared with 16.6% in Christchurch and 18.1% across New Zealand. This suggests fuel-related spending may have had a greater influence on spending patterns across Canterbury, while favourable conditions in the agricultural sector, including a strong dairy season and associated payments to farmers, may also have helped support spending across the region.

Overall, the in-store card spending data present a mixed picture. While spending values continued to increase, much of this growth remained concentrated in the Fuel & Automotive category. At the same time, a growing number of other categories recorded lower spending values than a year earlier, and transaction volumes were weak across most discretionary spending categories. Together, these results suggest that signs of caution are becoming more evident in household spending patterns. With fuel prices increasing sharply again in recent weeks, it will be important to monitor whether these trends become more pronounced in the months ahead.

Other indicators point to mostly sound conditions

External trade indicators were positive. Stats NZ data showed the value of goods exported through Canterbury ports was 20% higher in the three months to August 2026 than in the same period a year earlier. This occurred alongside an 18% increase in the weight of goods exported through Canterbury ports. Nationally, the value of goods exported through New Zealand ports was 11% higher over the same period.

Stats NZ data showed that the total number of new building consents issued in Christchurch was 39% higher in the three months to August 2026 than in the same period of 2025. This was stronger than growth across Canterbury (+27%) and New Zealand (+16%) and points to a solid pipeline of future construction activity.

Manufacturing conditions were sound. The BNZ – BusinessNZ Performance of Manufacturing Index (PMI) data showed Canterbury's unadjusted index fell 2.3 points in August 2026. However, with a score of 57.8, Canterbury's manufacturing sector remained firmly in expansion (a score above 50 indicates expansion). In comparison, the national unadjusted PMI fell 0.3 points in August 2026 to 52.6.

The services sector rebounded strongly. The unadjusted Canterbury / Westland BNZ – BusinessNZ Performance of Services Index (PSI) increased 6.7 points in August 2026 to 55.4. This indicated that the Canterbury services sector moved back into expansionary territory (a score

above 50 indicates expansion) for the first time since November 2025. The national unadjusted PSI rose 2.7 points in August 2026 to 50.8.

Housing market conditions in Christchurch and Canterbury were mixed but continued to compare favourably with national trends. REINZ data showed that in Christchurch residential property sales fell by 8.6% in August 2026 compared with a year earlier, but the median house price increased by 0.7% over the year. Across Canterbury, sales declined by 10.4% while the median house price rose by 1.5%. By comparison, national sales fell by 13.0%, while the median house price fell by 1.3%.

Recent increases in fuel prices will place upward pressure on inflation in the near term. The extent to which these higher fuel prices persist and flow through to broader costs across the economy will be an important determinant of the inflation outlook and any monetary policy response in the months ahead.

Taken together, these indicators point to mostly sound conditions across the local economy, although pressures remain.

The recovery appears to be continuing, but it is looking increasingly fragile

Data released over the past month suggest the recovery in the Christchurch and Canterbury economies continued, although risks and uncertainty are becoming more pronounced.

Canterbury has benefited from a strong dairy season, with Fonterra providing substantial cash returns to farmer owners and unit holders. Canterbury has also benefited from one of the strongest labour markets in New Zealand, growing international visitor activity, and continued export growth. Both the services and manufacturing sectors are now in expansion and elevated building consent levels point to a solid pipeline of construction activity.

However, signs of caution are becoming more evident among both households and businesses. Business confidence softened in September and, although consumer confidence improved, it remains in net pessimistic territory. Underlying household spending patterns also appear weaker than headline growth suggests.

Global developments, rising and volatile fuel prices, and heightened uncertainty continue to influence business and household confidence. Combined with subdued demand, elevated costs, and a rising interest rate environment, these factors may weigh on economic activity over the months ahead.

Overall, the data released over the past month point to continued strength across the Christchurch and Canterbury economies, with the region appearing to be in a relatively stronger position than many parts of New Zealand. While the recovery appears to be continuing, signs of caution suggest this recovery may be becoming increasingly fragile. The extent to which renewed fuel price pressures and elevated uncertainty influence spending, hiring, and investment decisions will be important in determining the sustainability of the recovery over coming months.

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This report was based on data available as of 7 October 2026. Any subsequent revisions or updates to the underlying data will not be reflected in this report.