NZ Market Pulse

July 2026 Credit Insights

Economic Overview

GDP

Quarterly Q1 2026	Quarterly Q4 2025	
+0.8%	+0.2%	Next update 17 Sep 2026

Official Cash Rate

As at 14 July 2026

2.5%

Next update 2 Sep 2026

Consumer Price Index

In the year to June 2026

+4.1%

Up from +1.0% in Mar 2026
Next update 22 Oct 2026

Consumer Confidence

As at June 2026

91.3	Jun 2026	86.5	May 2026

Unemployment Rate

March 2026 Quarter

5.3%

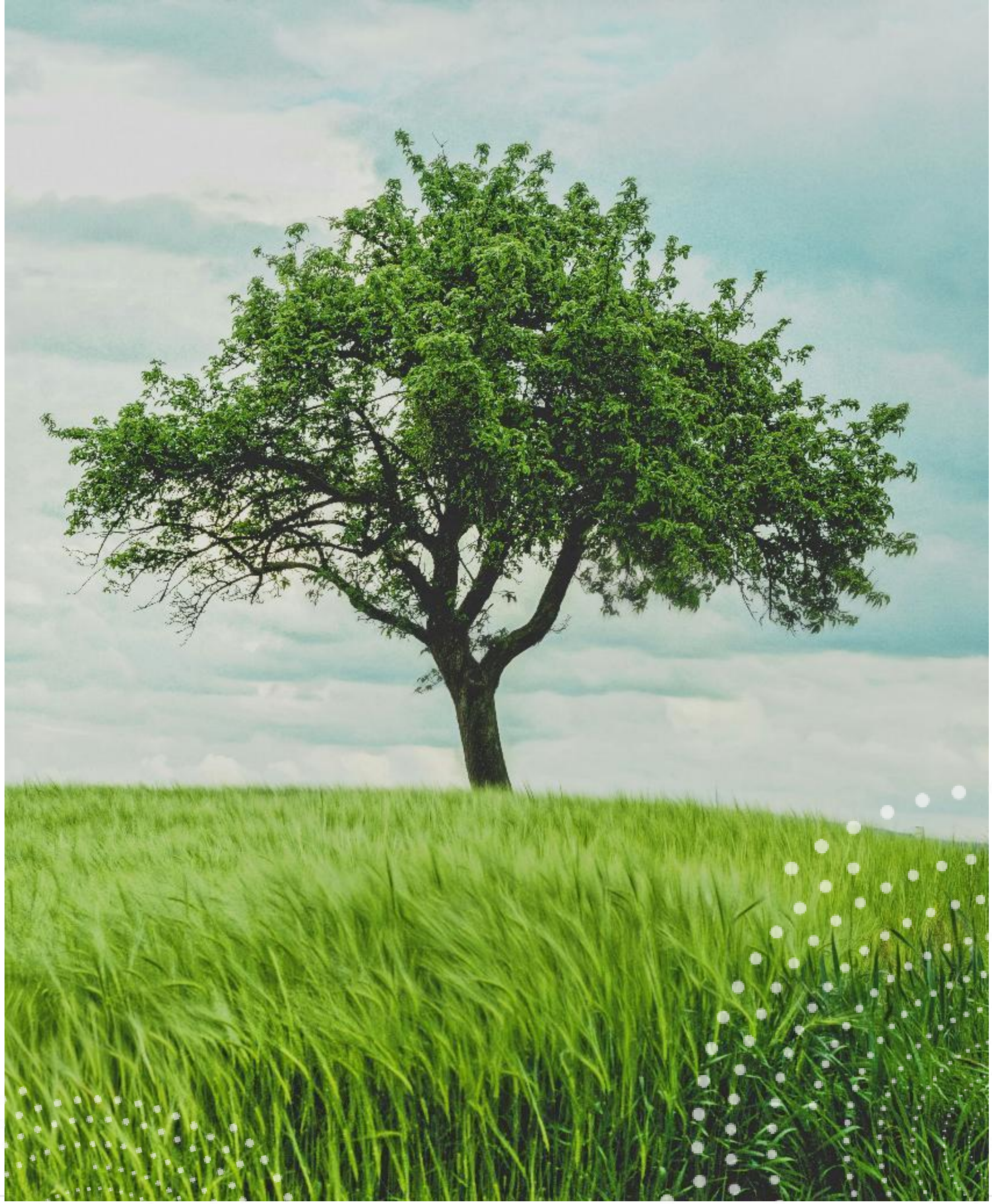
Down from 5.4% in Dec 2025
Next update 5 Aug 2026

Business Confidence

As at June 2026

+36.6	Jun 2026	+10.0	May 2026

Source: StatsNZ, RBNZ, ANZ-Roy Morgan Consumer Confidence Survey, ANZ Business Outlook survey



Consumer Credit

General Highlights, Credit Demand, and Credit Health

Confidence improves despite OCR and Inflation pressures, while card spending softens after May rebound

OCR update: inflation keeps rates in focus

The RBNZ lifted the OCR by 25bps to 2.50% in July through a consensus vote, marking the first increase since May 2023. While oil prices have fallen, lingering shock effects made the hike necessary to pull inflation back into the target band. Bank economists were divided on whether the hike would occur, but it was mostly priced into wholesale rates, meaning the change is already largely reflected in fixed retail rates. Future OCR decisions will depend on incoming data, price-setting behaviour and the strength of economic activity.

Card spending softens after May rebound [#2]

Stats NZ electronic card data showed retail spending fell 1.4% in June after the May rebound, with core retail also down 1.5%. Durables, hospitality, apparel and fuel spending declined over the month, while consumables and motor vehicles excluding fuel recorded small gains. This suggests household spending remains selective rather than broadly recovering, with consumers continuing to prioritise essentials and manage budgets carefully amid higher living costs and renewed interest rate uncertainty. The weakness across several discretionary categories also points to limited near-term support for consumer credit demand.

Petrol drives inflation back above target [#2]

The annual CPI rose to 4.1% in the June 2026 quarter – the highest level seen in the last two years. Expectedly, the primary contributor was an increase in fuel costs, but it was also pushed up by electricity, council rates, and construction of new housing. Tradable inflation is sitting at 4.9% annually, non-tradables at 3.4%, and the CPI subgroup excluding food, household energy and fuel is at 2.5%.

Confidence improves, but caution remains [#1]

Consumer confidence improved 8 points in July, with the ANZ-Roy Morgan index rising to 99.3. The headline figure remains 8 points lower than when the Middle East conflict started in February, but it has also recovered much of that (+19bps) from the low point in April. Business sentiment also improved in July to +56 (with 0 being a neutral score). The ANZ Business Outlook survey showed own activity expectations back close to the January pre-war level but momentum is not broad-based across all activity indicators. Overall, sentiment is recovering from earlier weakness, but households and firms remain cautious as inflation, rates and cost pressures continue to shape spending and investment decisions.

[#1] ANZ-Roy Morgan Consumer Confidence Survey June 2026

[#2] Stats NZ

30DPD+ arrears improved in June across all lending categories, with Personal Loans showing the largest monthly fall

Home Loans 30DPD+ arrears decreased by 4bps in June. Mortgage arrears softened again in June, suggesting repayment pressure across secured lending remains under control. The latest movement reinforces a steady improvement in Home Loan credit health.

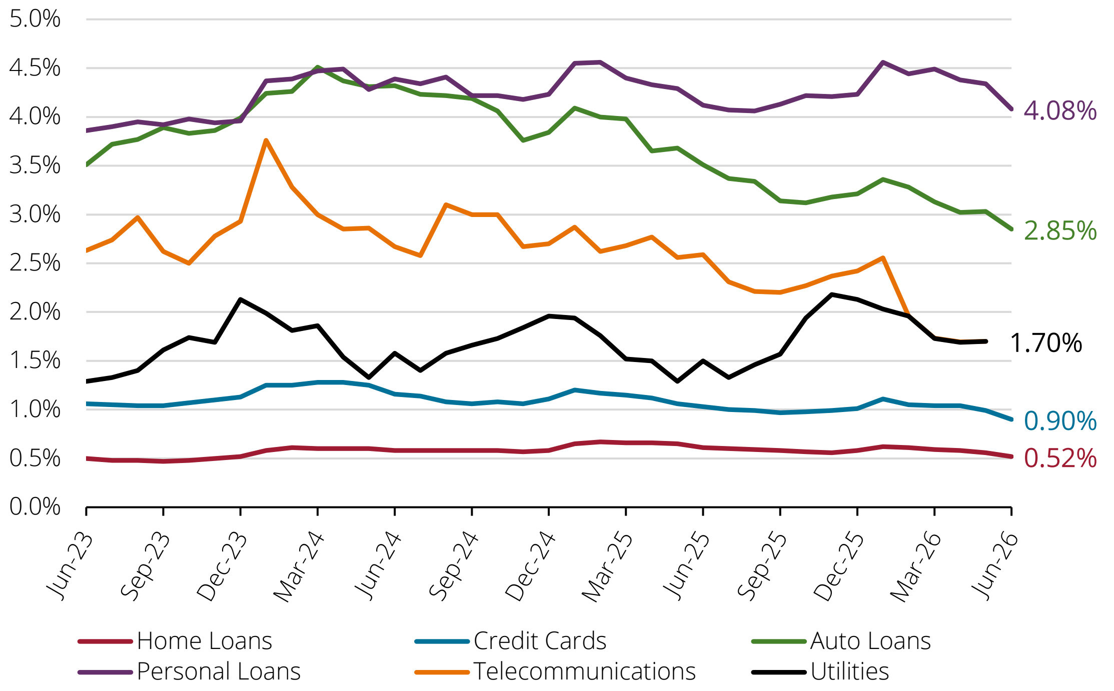
Personal Loans 30DPD+ arrears fell by 26bps in June. Personal Loans recorded the strongest monthly improvement across consumer lending. Despite remaining the highest arrears segment, the latest decline points to some easing in unsecured borrower stress.

Credit Cards 30DPD+ arrears reduced by 9bps from May. Credit Card arrears moved lower in June, indicating revolving credit repayment behaviour remains relatively resilient. This suggests short-term pressure has moderated, even as household budgets remain constrained.

Auto Loans 30DPD+ arrears declined by 18bps in June. Auto Loan arrears also eased materially during the month, supporting the broader improvement trend. While repayment pressure remains above some other products, the latest result suggests stress is continuing to unwind.

Consumer Credit Arrears Trends (30DPD+)

Percentage of Accounts in Arrears



Source: Equifax NZ

Personal Loans hardship continues to accelerate while Mortgage stress remains well below last year

Hardship Volumes on Bureau

Mortgage hardship was broadly unchanged in June, rising just 0.1% over the month but remaining 16.3% below year ago levels. This suggests stress in secured lending continues to ease despite short term fluctuations.

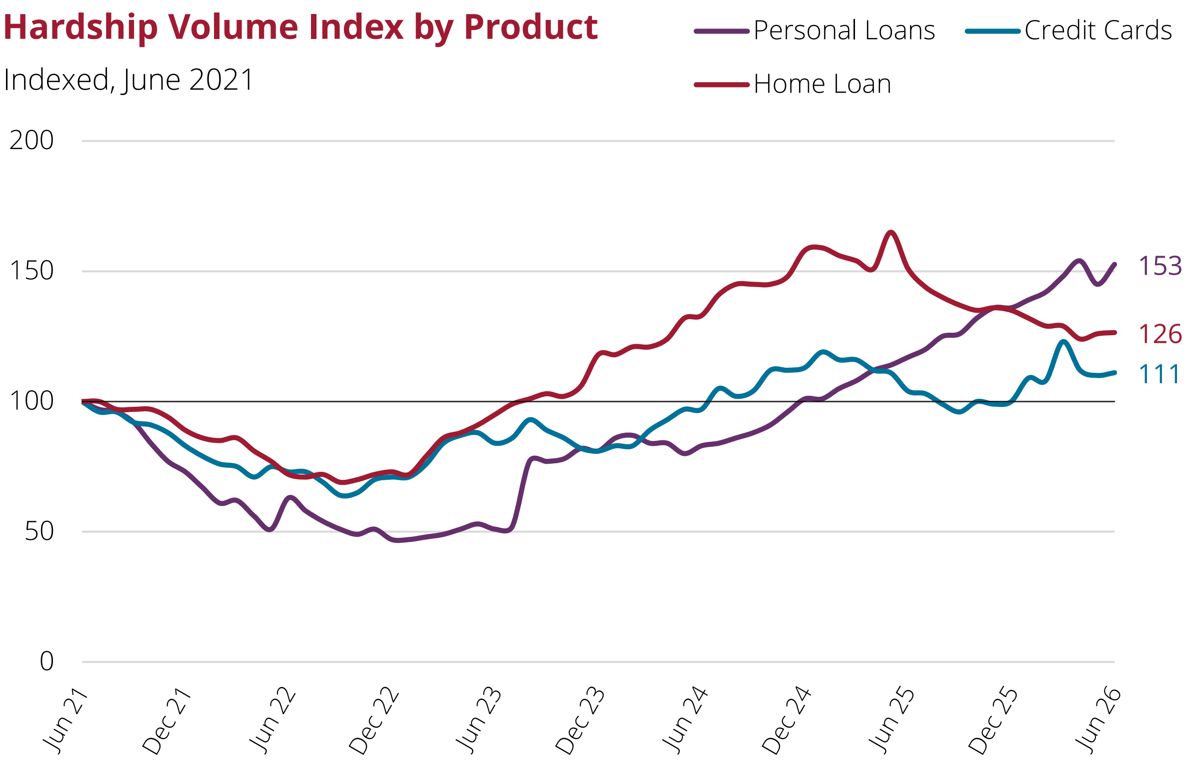
Credit Cards hardship increased modestly during the month and remained 7.0% above June 2025, indicating revolving credit stress has stayed relatively stable.

Personal Loans continue to be the largest growth in consumer hardship. Volumes rose 5.1% month on month and were 30.3% higher than a year earlier, highlighting persistent pressure on unsecured borrowers and a further acceleration in hardship activity.

Movement	Personal Loans	Credit Cards	Home Loans
Month-on-Month	+5.1%	+1.3%	+0.1%
Year-on-Year	+30.3%	+7.0%	-16.3%

Hardship Volume Index by Product

Indexed, June 2021



Source: Equifax NZ

Home Loans

Demand & Credit Health Insights

An overview of the New Zealand Property Market

Powered by VALOCITY

Housing Market Commentary

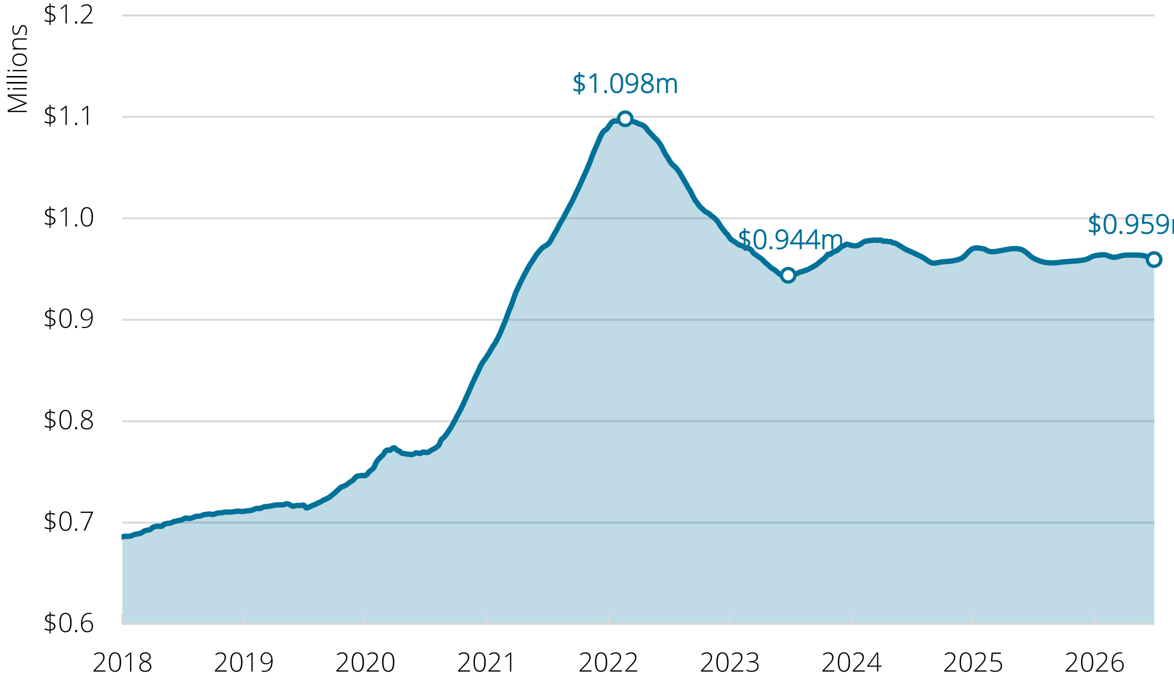
The New Zealand housing market softened further in June, with the national Valocity Value Index declining 0.5% over the month and 0.3% over the quarter. Higher mortgage rates, elevated housing supply and weaker buyer confidence continued to weigh on demand, keeping overall market conditions subdued.

Regional performance remained mixed, with South Island markets generally proving more resilient while many North Island centres experienced weaker conditions. This growing divergence reflects an increasingly two speed housing market, as buyers remain cautious despite improving affordability in some areas.

Looking ahead, market conditions are expected to remain relatively subdued, with a broader recovery likely to depend on lower borrowing costs and a sustained improvement in buyer confidence.

Valocity Value Index – Nationwide

National Average Property Value



The overview of the New Zealand property market is powered by Valocity Limited (Valocity). This includes the Valocity Value Index (VVI), which is the proprietary intellectual property of Valocity. The VVI is derived from Valocity's Automated Valuation Model (iVal) and represents a modelled average iVal in the location quoted. Valocity commentary may also draw on publicly available information, including (but not limited to) economic indicators and market forecasts from third-party sources. Such information remains with the original source. This material is provided for general market commentary and information purposes only. It does not constitute financial, investment, or professional advice and should not be relied upon as such. Republication is not permitted without the prior written permission of Valocity.

An overview of the New Zealand Property Market

Powered by VALOCITY

A look at property values across the regions

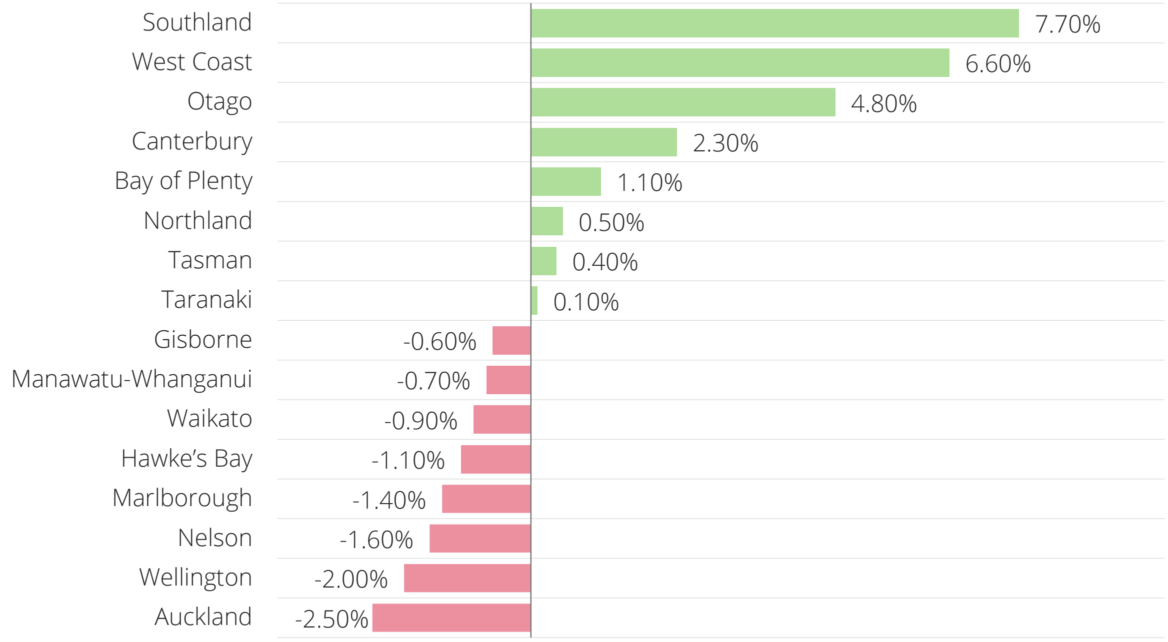
June 2026 data highlights an increasingly two-speed housing market, with South Island regions continuing to outperform many urban markets in the North Island. Southland (+7.7%), West Coast (+6.6%) and Otago (+4.8%) recorded the strongest annual growth, while Canterbury remained positive with values up 2.3% year-on-year.

In contrast, several large metropolitan markets remain under pressure. Auckland recorded the weakest performance at -2.5% YoY, followed by Wellington (-2.0%) and Nelson (-1.6%), reflecting weaker employment conditions, cautious buyer sentiment and elevated housing supply.

Elsewhere, growth was generally modest, with Bay of Plenty, Northland, Tasman and Taranaki posting small annual gains. The divergence between stronger South Island markets and softer major urban centres continues to be a key feature of New Zealand's housing market in 2026.

Year-on-Year Change in Property Values

Jun-26 vs. Jun-25; Valocity Value Index

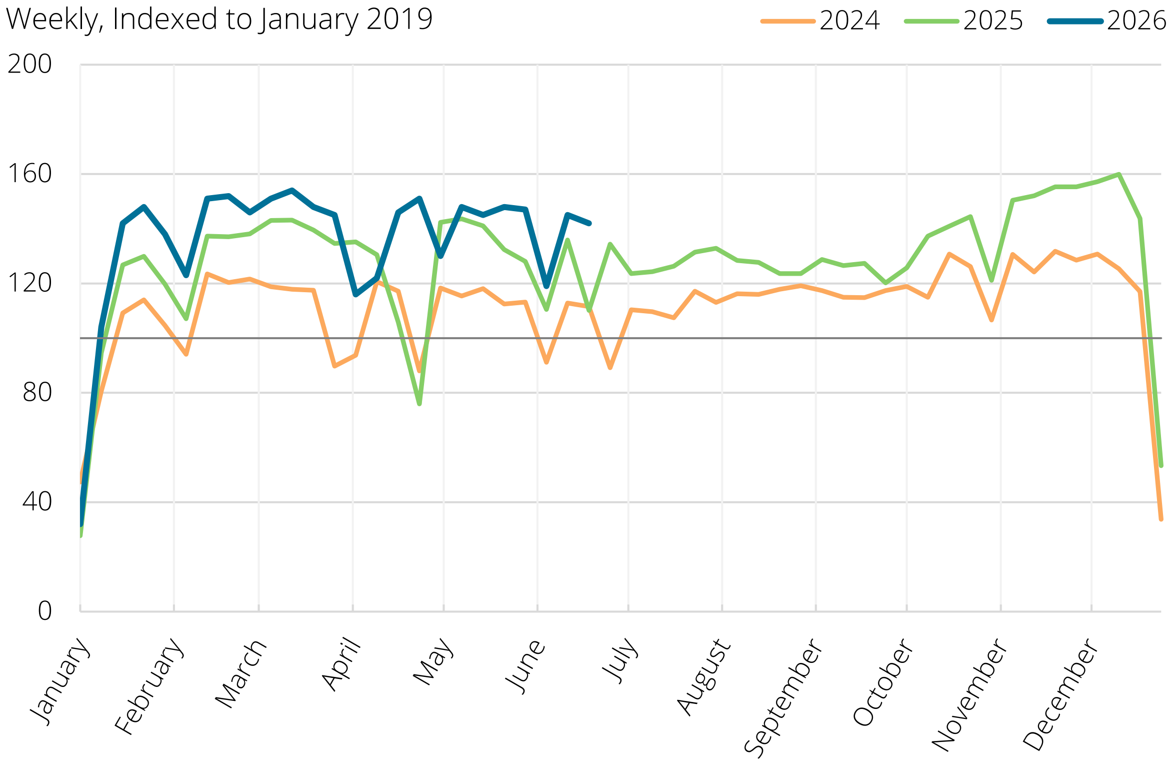


The overview of the New Zealand property market is powered by Valocity Limited (Valocity). This includes the Valocity Value Index (VVI), which is the proprietary intellectual property of Valocity. The VVI is derived from Valocity's Automated Valuation Model (iVal) and represents a modelled average iVal in the location quoted. Valocity commentary may also draw on publicly available information, including (but not limited to) economic indicators and market forecasts from third-party sources. Such information remains with the original source. This material is provided for general market commentary and information purposes only. It does not constitute financial, investment, or professional advice and should not be relied upon as such. Republication is not permitted without the prior written permission of Valocity.

Home Loans demand continue to outperform 2025 despite easing momentum

Home Loans – Weekly Enquiry Volume

Weekly, Indexed to January 2019



Source: Equifax NZ

Home Loan enquiry activity remains ahead of last year, with 2026 YTD volumes up 10.5% through Week 25. Demand continues to sit above recent-year levels, although the pace has eased from the stronger momentum seen earlier in the year.

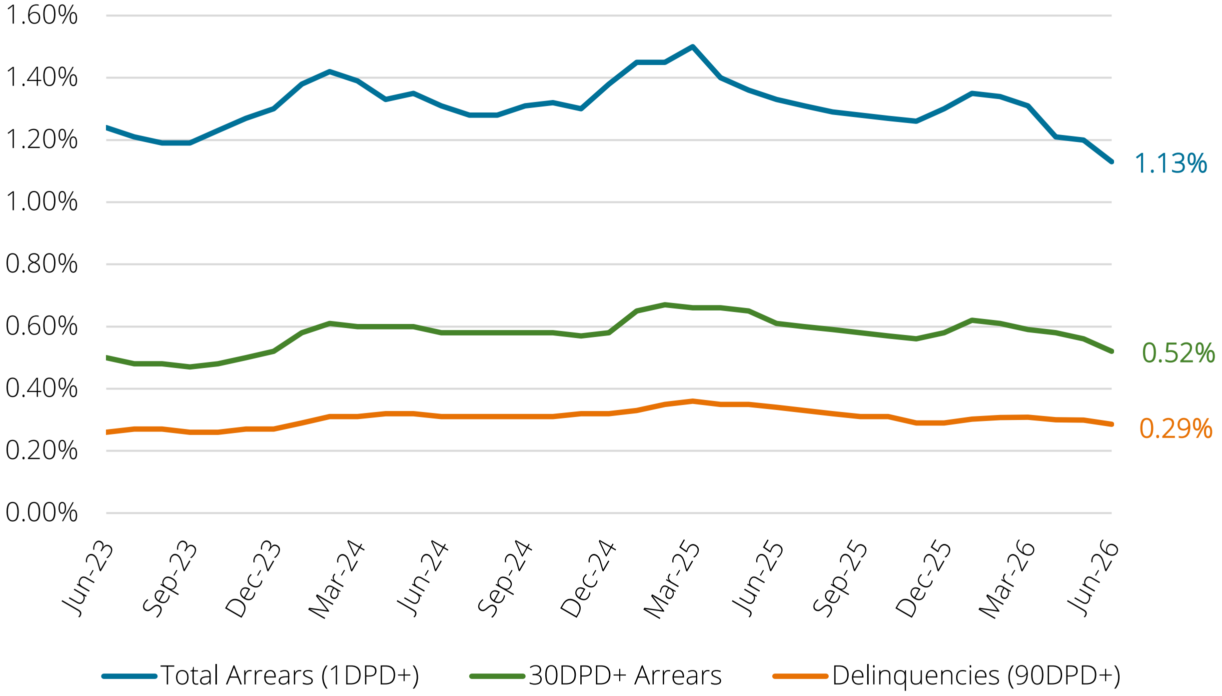
Elevated enquiry levels over the past 18 months have been supported by borrowers shopping around for better offers in a competitive mortgage lending market. The earlier burst has become more measured as rate-sensitive customers have already switched, while others are starting to favour longer fixed-rate terms again.

Ongoing cost pressures, including higher fuel and energy costs, continue to weigh on household budgets. With interest rate uncertainty still present, prospective buyers may remain cautious about new commitments, while existing borrowers stay focused on reducing repayments. Overall, demand remains elevated but growth is becoming more moderate.

Home Loan arrears continued to ease in June, with serious delinquencies remaining contained

Home Loans – Overall Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -4bps

Year-on-Year Change: -8bps

30DPD+ arrears were down 4bps over the month and 8bps below June 2025. The continued reduction suggests fewer borrowers are moving into early-stage arrears, pointing to improving repayment behaviour across the mortgage portfolio.

Delinquent Accounts (90DPD+)

Month-on-Month Change: -1bps

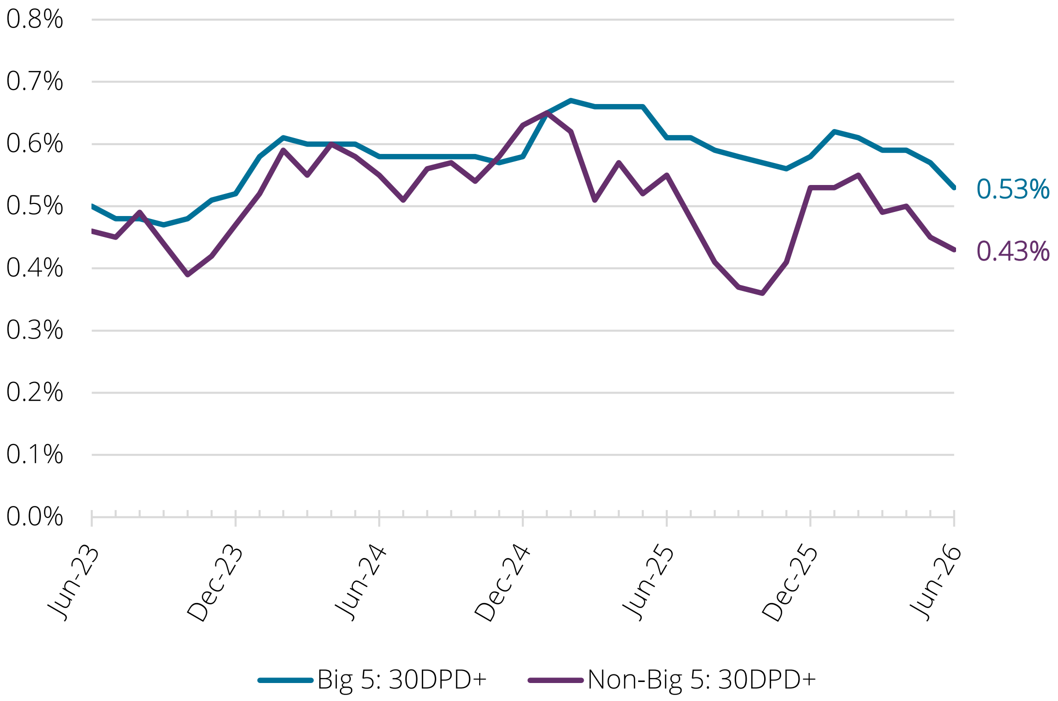
Year-on-Year Change: -6bps

90DPD+ arrears edged down to 0.29%, remaining below the level seen a year ago. While household budgets are still under pressure, the latest result indicates severe mortgage stress has remained controlled rather than building further.

Big 5 arrears remain above Non-Big 5 across both the 30DPD+ and 90DPD+ metrics

Big 5 vs. Non-Big 5: 30DPD+ Home Loan Arrears

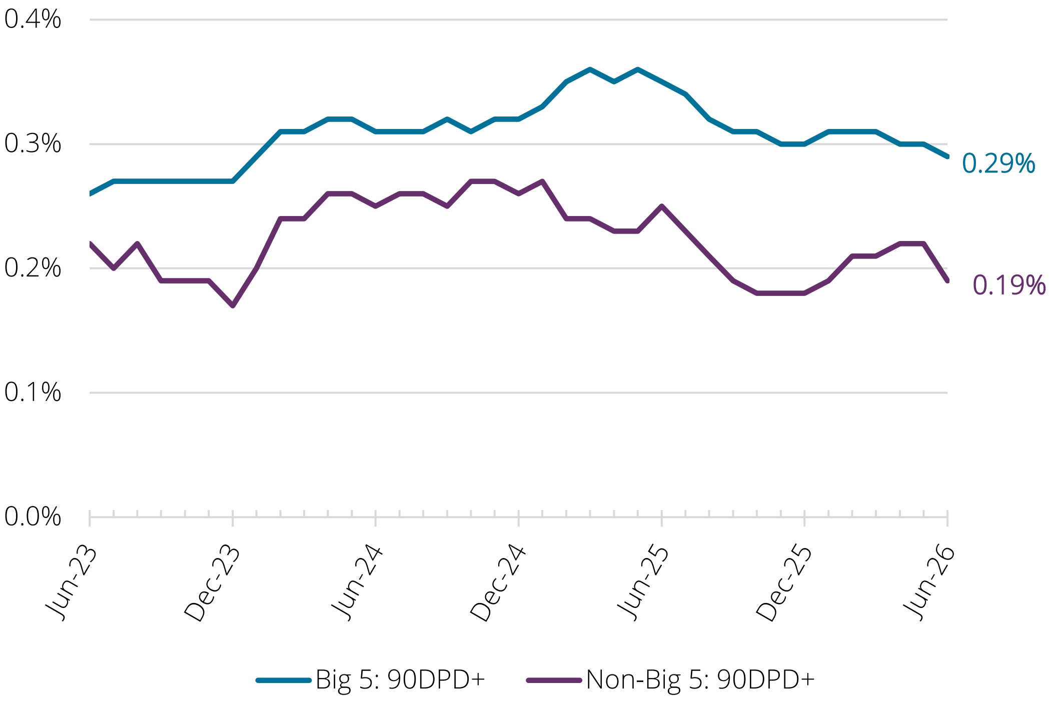
Percentage of Accounts in Arrears



Source: Equifax NZ

Big 5 vs. Non-Big 5: 90DPD+ Home Loan Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

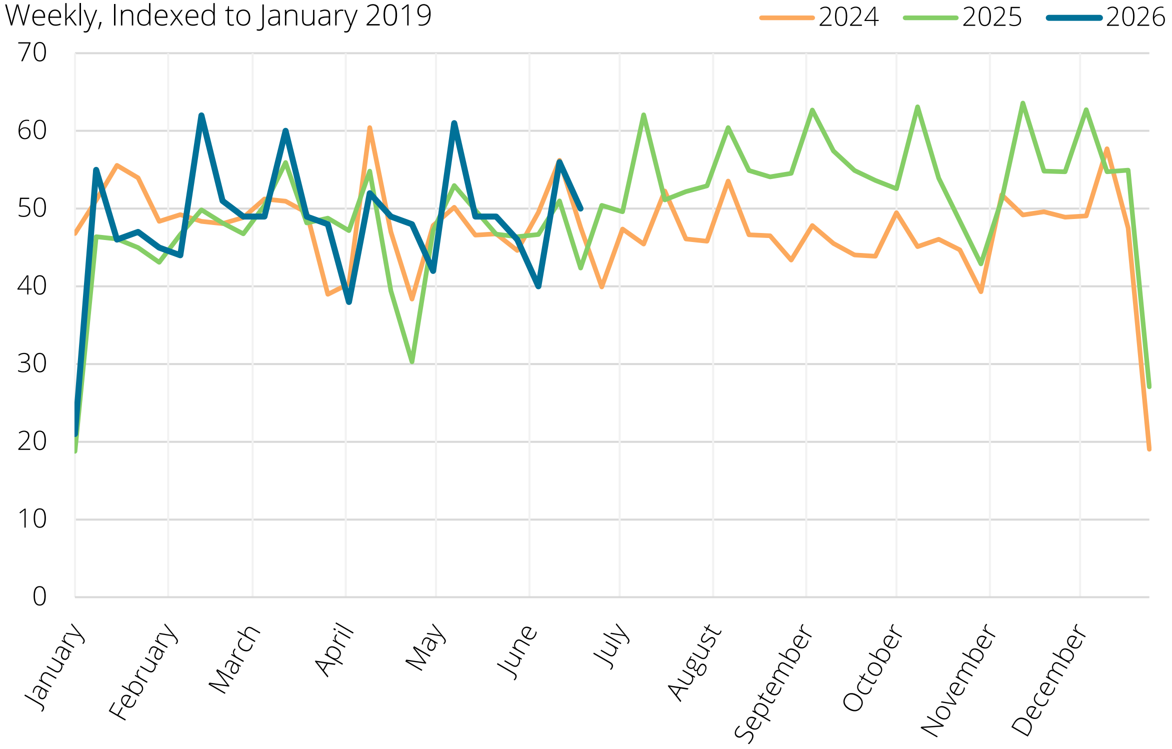
Personal Loans

Demand & Credit Health Insights

Personal Loans demand stays positive, but confidence recovery remains uneven

Personal Loans – Weekly Enquiry Volume

Weekly, Indexed to January 2019



Source: Equifax NZ

Personal Loan enquiry volumes remain ahead of last year, with 2026 YTD demand up 4.5% through Week 25. Activity continues to move unevenly week to week, suggesting demand has improved compared with 2025 but has not yet shifted into a stronger or more consistent growth phase.

Consumer sentiment showed a clearer improvement in July, with the ANZ-Roy Morgan Consumer Confidence Index rising 8 points to 91.3. The appetite for major household purchases indicator also became less negative, with a net 7% saying it was a bad time to buy a major household item, compared with a net 20% back in May.

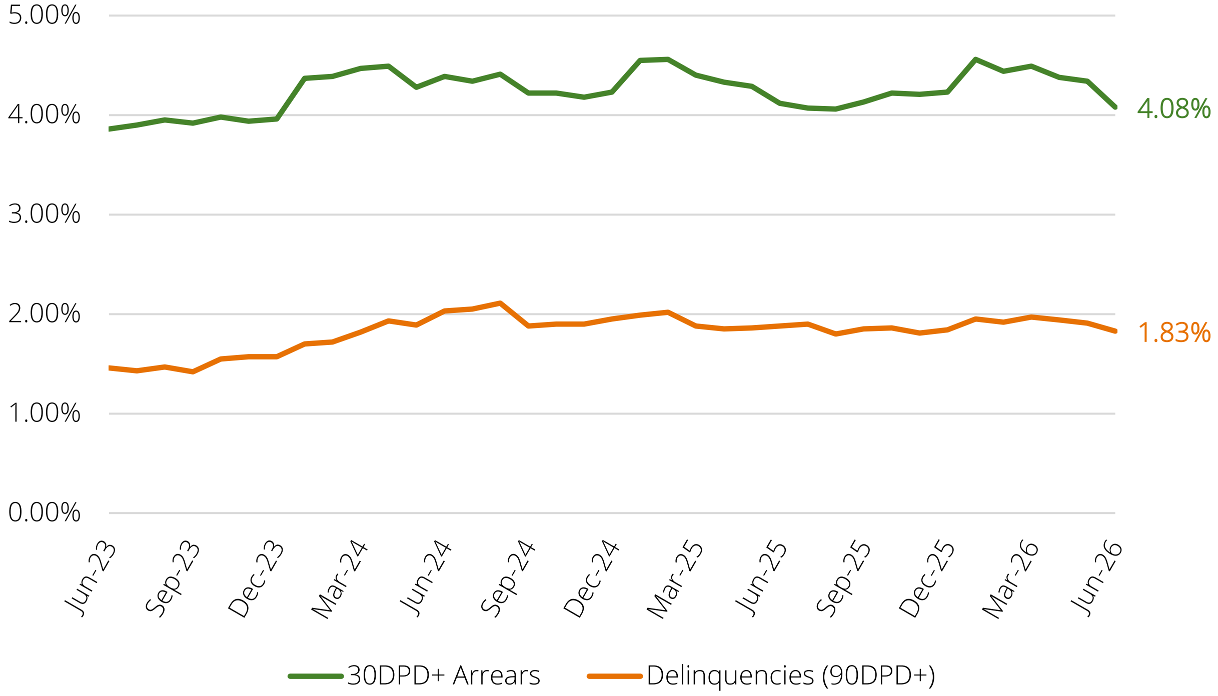
This suggests some support for Personal Loan demand from improving confidence and household purchase intentions. However, confidence remains below neutral, and affordability pressure is still likely to constrain larger discretionary borrowing. Overall, demand is tracking positively, but the recovery remains cautious and sensitive to household budget conditions.

#1 ANZ-Roy Morgan Consumer Confidence Survey July 2026

Personal Loans arrears declined sharply in June, with levels now below last year

Personal Loans – Overall Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -26bps

Year-on-Year Change: -4bps

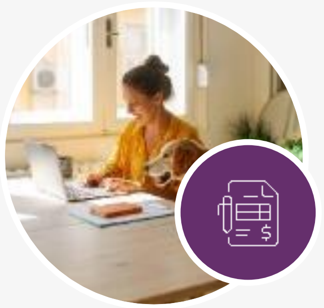
30DPD+ Personal Loans arrears fell to 4.08% in June. While the monthly improvement was notable, arrears levels remain elevated compared with other consumer lending products.

Delinquent Accounts (90DPD+)

Month-on-Month Change: -8bps

Year-on-Year Change: -5bps

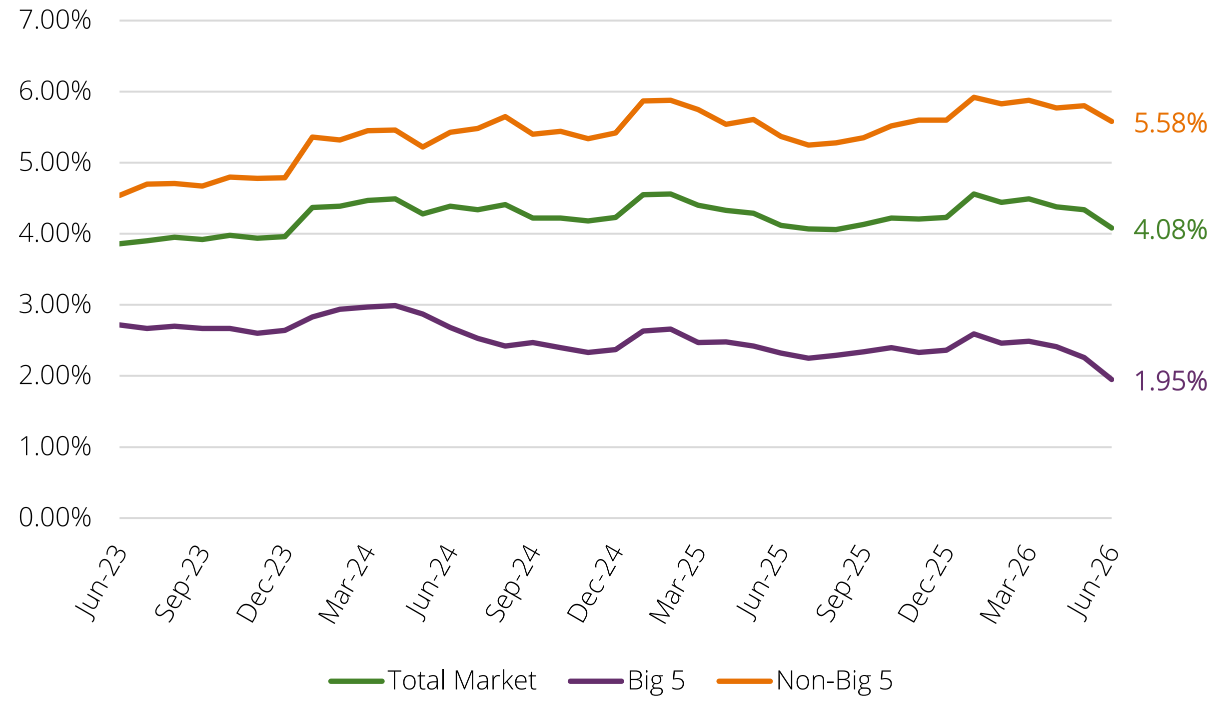
90DPD+ arrears also eased during the month, pointing to some near-term improvement in deeper repayment stress. However, delinquency levels remain high relative to secured lending, indicating vulnerable Personal Loan borrowers are still facing affordability and cash flow pressure.



Non-Big 5 30DPD+ Personal Loan arrears saw strong improvement in June but remain elevated over the long run

Personal Loans – 30DPD+ Arrears by Lender Cohort

Percentage of Accounts in Arrears



Source: Equifax NZ

'Big 5' 30DPD+ Arrears

Month-on-Month Change: -31bps

Year-on-Year Change: -38bps

Big 5 Personal Loans arrears fell again in June, extending the recent improvement and moving further below last year's level. This suggests repayment pressure within major bank portfolios is continuing to ease, with arrears still sitting well below the broader market.

'Non-Big 5' 30DPD+ Arrears

Month-on-Month Change: -22bps

Year-on-Year Change: +22bps

Non-Big 5 arrears also declined over the month, but this cohort remains materially higher than both Big 5 lenders. The year-on-year deterioration indicates repayment stress is still concentrated outside the major banks, despite some near-term improvement.

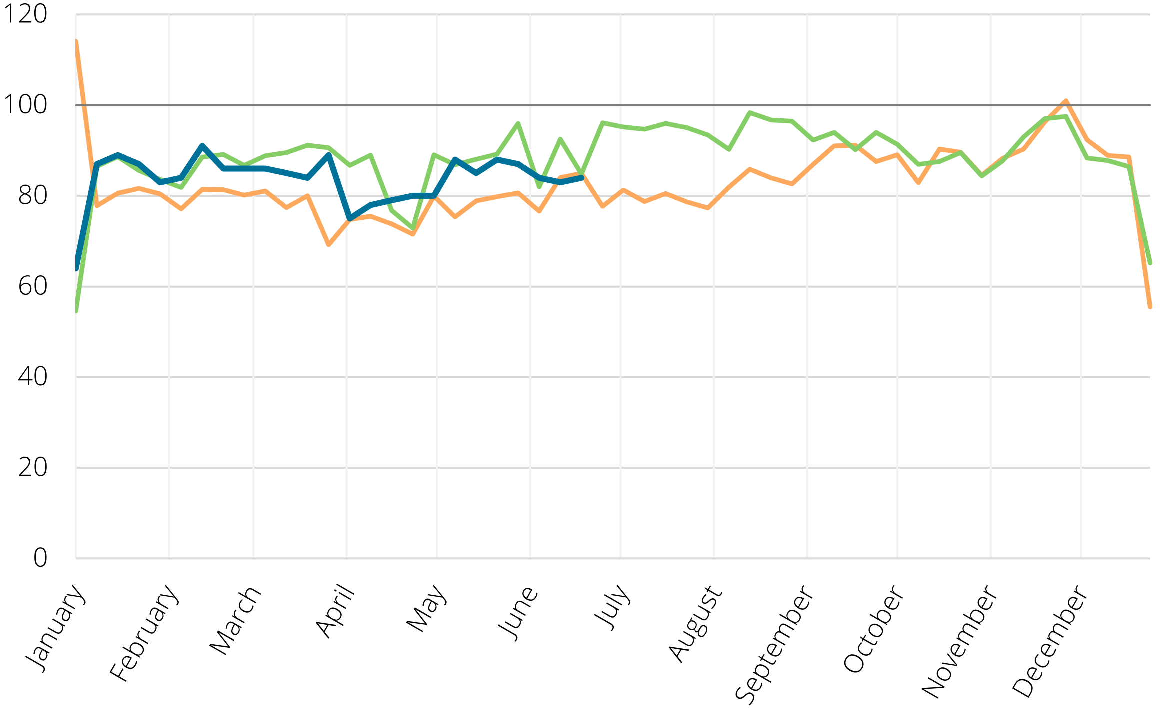
Credit Cards

Demand & Credit Health Insights

Credit Cards demand edges below 2025 as enquiry activity becomes more selective

Credit Cards – Weekly Enquiry Volume

Weekly, Indexed to January 2019



Source: Equifax NZ

Credit Card enquiry activity is now tracking slightly below last year, with 2026 YTD volumes down 1.0% through Week 25. After a relatively steady start to the year, recent weekly activity has softened, suggesting demand has shifted from modest growth into a more cautious phase.

The latest trend appears to reflect more selective customer behaviour rather than a broad withdrawal from the market. Some enquiry volumes may still be supported by customers comparing rates, rewards and product features, or looking for cards that better suit current spending patterns. However, this activity has not been strong enough to keep overall demand ahead of 2025.

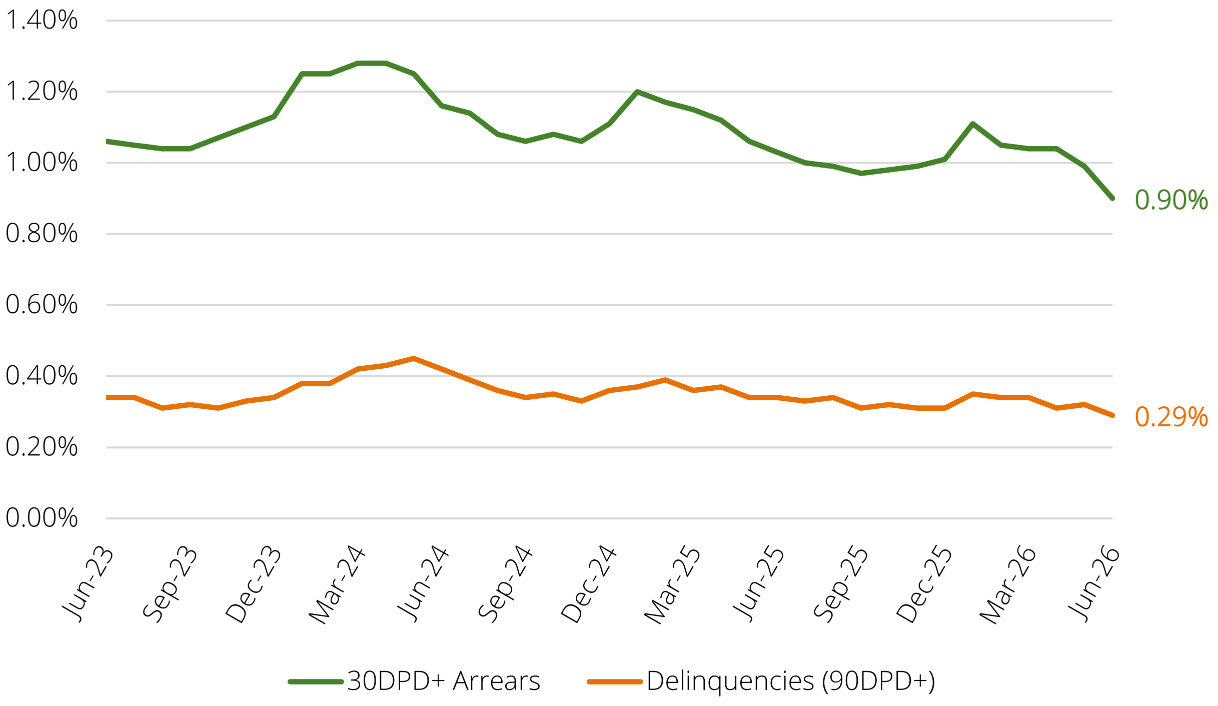
Ongoing household budget pressure is likely limiting appetite for additional revolving credit. With consumers still cautious about discretionary spending and larger financial commitments, Credit Card demand is expected to remain subdued in the near term, even as the market continues to show underlying activity.

Recent changes to the market including the further withdrawal of BNPL providers as an alternative and changes to a leading rewards scheme are not yet shown in the numbers.

Credit Cards arrears eased further, with delinquencies pressure remaining contained

Credit Cards – Overall Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -9bps

Year-on-Year Change: -13bps

30DPD+ Credit Cards arrears moved lower again in June, extending the improvement seen after the seasonal spike in January. As 30DPD+ repayment pressure continues to ease, arrears continue to sit below prior-year levels.

Delinquent Accounts (90DPD+)

Month-on-Month Change: -3bps

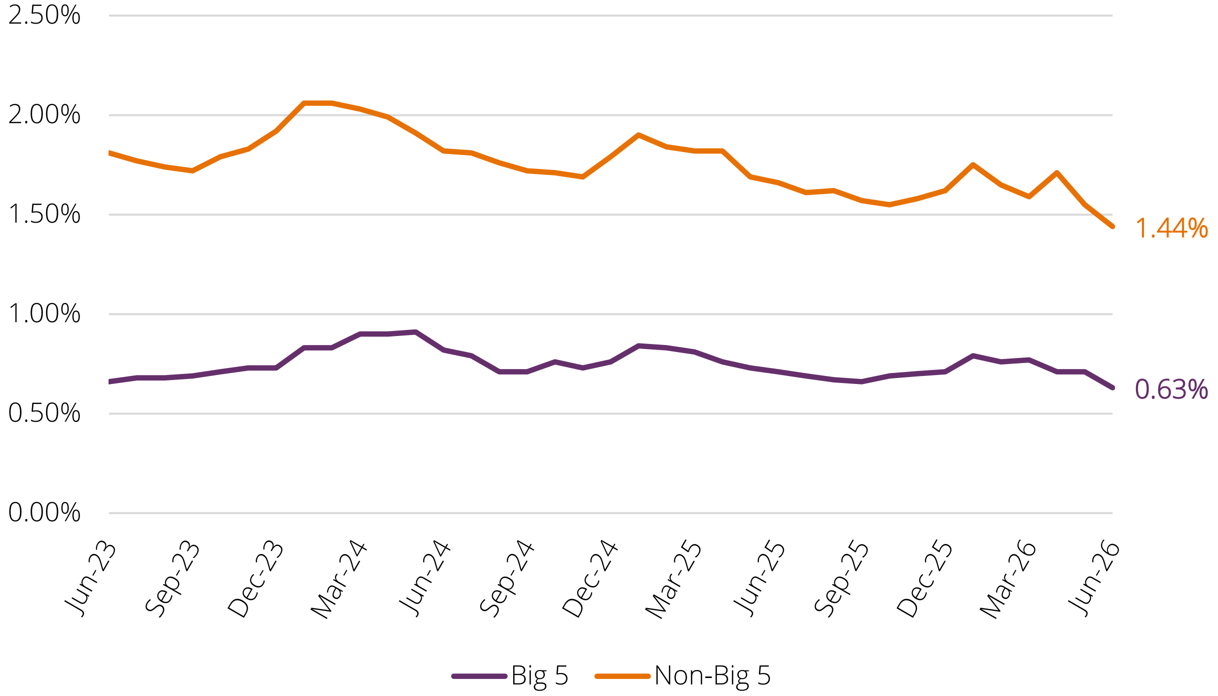
Year-on-Year Change: -6bps

90DPD+ arrears softened over the month, indicating no renewed build-up in serious delinquency. While household budgets remain under pressure, late-stage Credit Cards stress continues to look relatively contained rather than showing signs of broader deterioration.

Big 5 and Non-Big 5 arrears both improve, with performance still unevenly distributed

Credit Cards – 30DPD+ Arrears by Lender Cohort

Percentage of Accounts in Arrears



Source: Equifax NZ

'Big 5' Arrears (30DPD+)

Month-on-Month Change: -8bps

Year-on-Year Change: -8bps

'Big 5' Credit Cards arrears moved lower in June and continued to sit below last year's level. The latest result continues to show repayment performance across major bank portfolios remain resilient.

'Non-Big 5' Arrears (30DPD+)

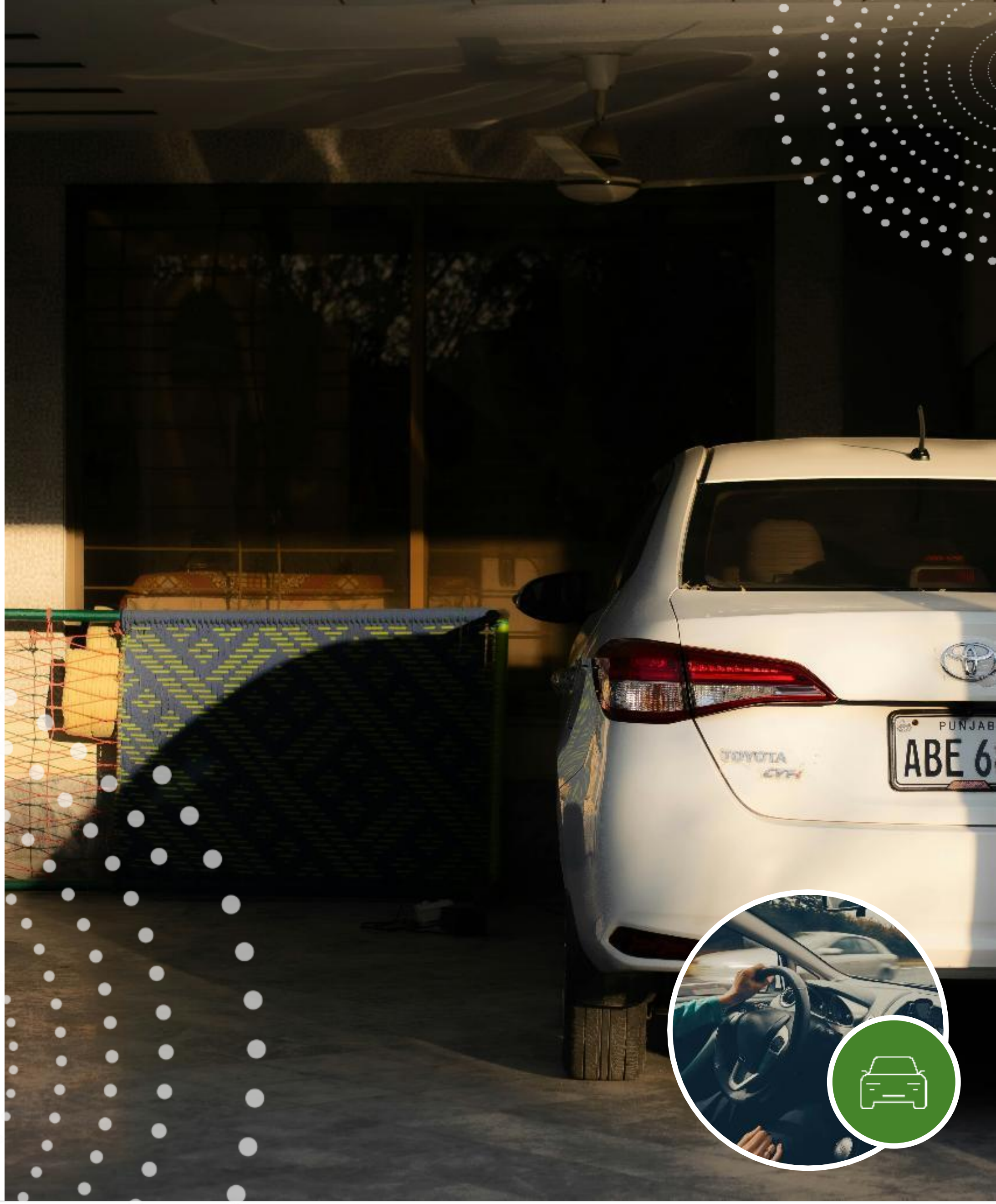
Month-on-Month Change: -11bps

Year-on-Year Change: -22bps

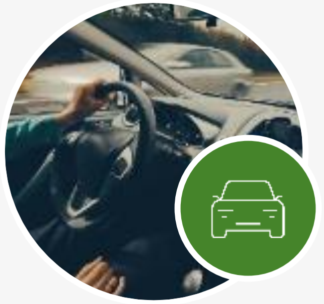
'Non-Big 5' Credit Cards arrears also improved over the month and showed a stronger year-on-year reduction. However, this cohort continues to sit well above Big 5 lenders, indicating Credit Card repayment risk remains more concentrated outside the major banks despite the recent improvement.

Auto Loans

Credit Health Insights

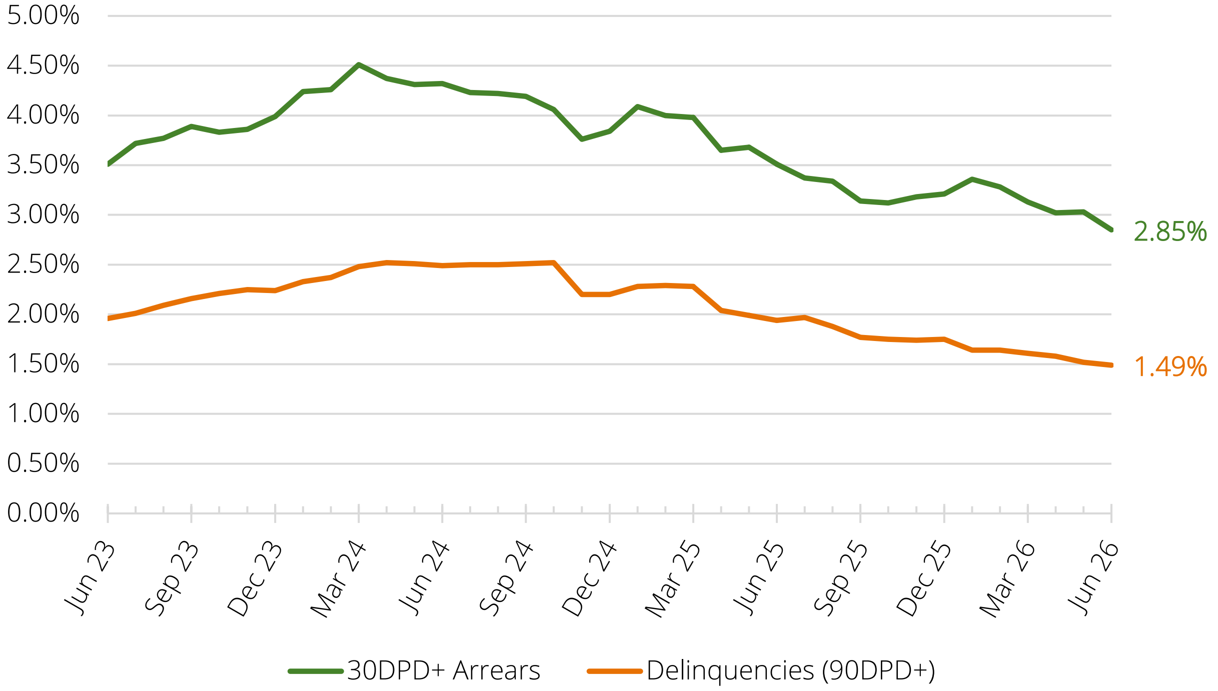


Auto Loans credit health strengthens as arrears retreat across risk stages



Auto Loans – Overall Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -18bps

Year-on-Year Change: -65bps

30DPD+ Auto Loans arrears moved lower in June, continuing the long downward trends seen over the past couple years.

Delinquent Accounts (90DPD+)

Month-on-Month Change: -2bps

Year-on-Year Change: -45bps

90DPD+ arrears also reduced slightly, indicating serious repayment difficulty remains on a gradual easing path. While Auto Loan arrears are still elevated compared with some other products, the ongoing decline points to improving credit health rather than renewed deterioration.

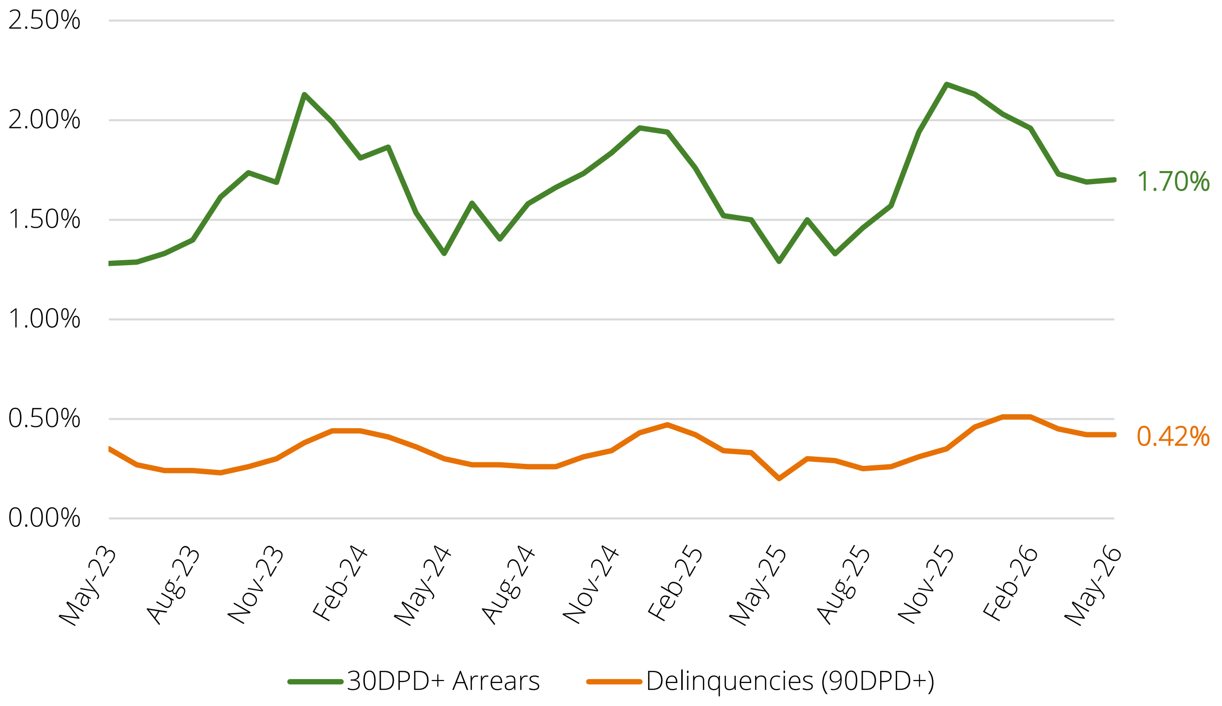
Utilities & Telco

Credit Health Insights

Utility arrears stabilised in May, but remain elevated against 2025

Utilities – Overall Arrears [#1]

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: No Change

Year-on-Year Change: +41bps

30DPD+ Utility arrears were unchanged in May, following the earlier easing from the recent peak. While the month-on-month position has stabilised, arrears remain above last year, suggesting households are still under pressure when managing essential service payments.

Delinquent Accounts (90DPD+)

Month-on-Month Change: No Change

Year-on-Year Change: +22bps

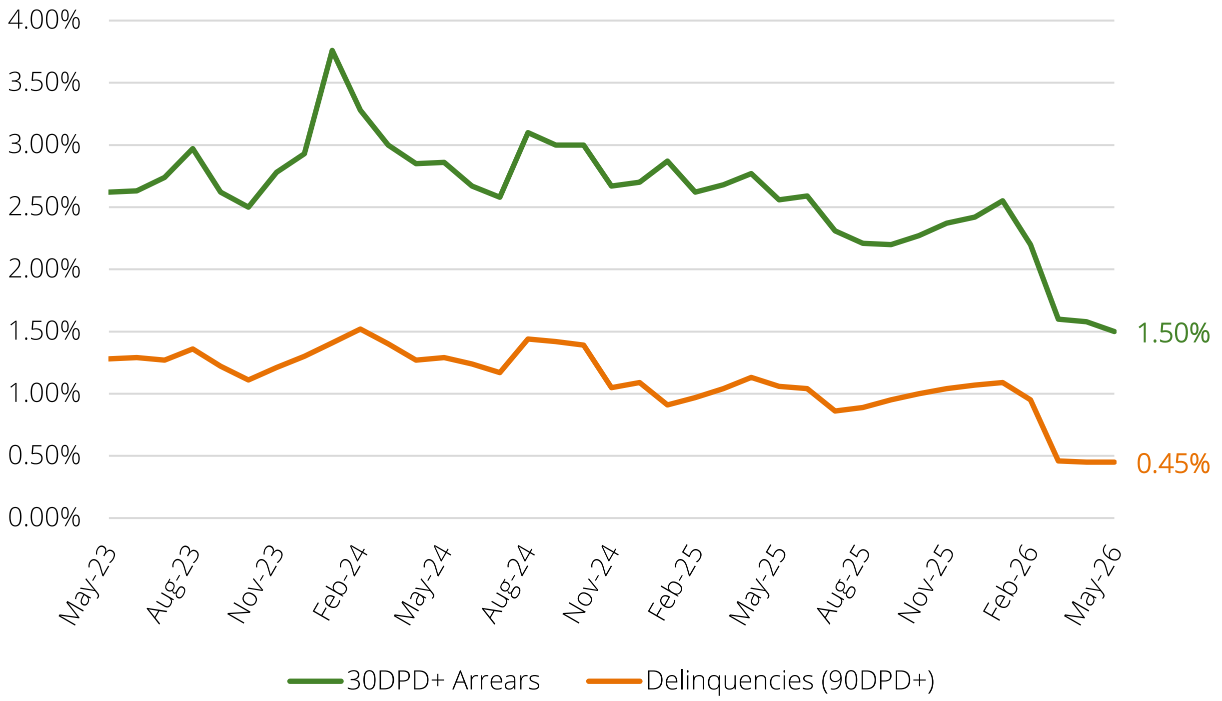
90DPD+ Utility arrears also held steady over the month, indicating no further deterioration in late-stage utility stress. However, the year-on-year uplift shows deeper repayment pressure remains higher than 2025, with affordability constraints continuing to affect essential household bills.

[#1] At the time of writing, June month-end data for the Utilities market was incomplete to be fairly reported.

Telco arrears remain materially below 2025, with repayment stress continuing to unwind

Telecommunications – Overall Arrears [#1]

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -8bps

Year-on-Year Change: -106bps

30DPD+ Telco arrears declined again in May, continuing the sharp improvement seen since early 2026. The sustained fall suggests fewer customers are moving into early-stage arrears, with repayment pressure across Telco accounts now substantially lower than a year ago.

Delinquent Accounts (90DPD+)

Month-on-Month Change: No Change

Year-on-Year Change: -61bps

90DPD+ arrears were unchanged over the month but remained well below prior-year levels. This indicates serious Telco delinquency has stabilised at a much lower level, reinforcing the broader improvement in sector credit health.

[#1] At the time of writing, June month-end data for the Telco market was incomplete to be fairly reported.

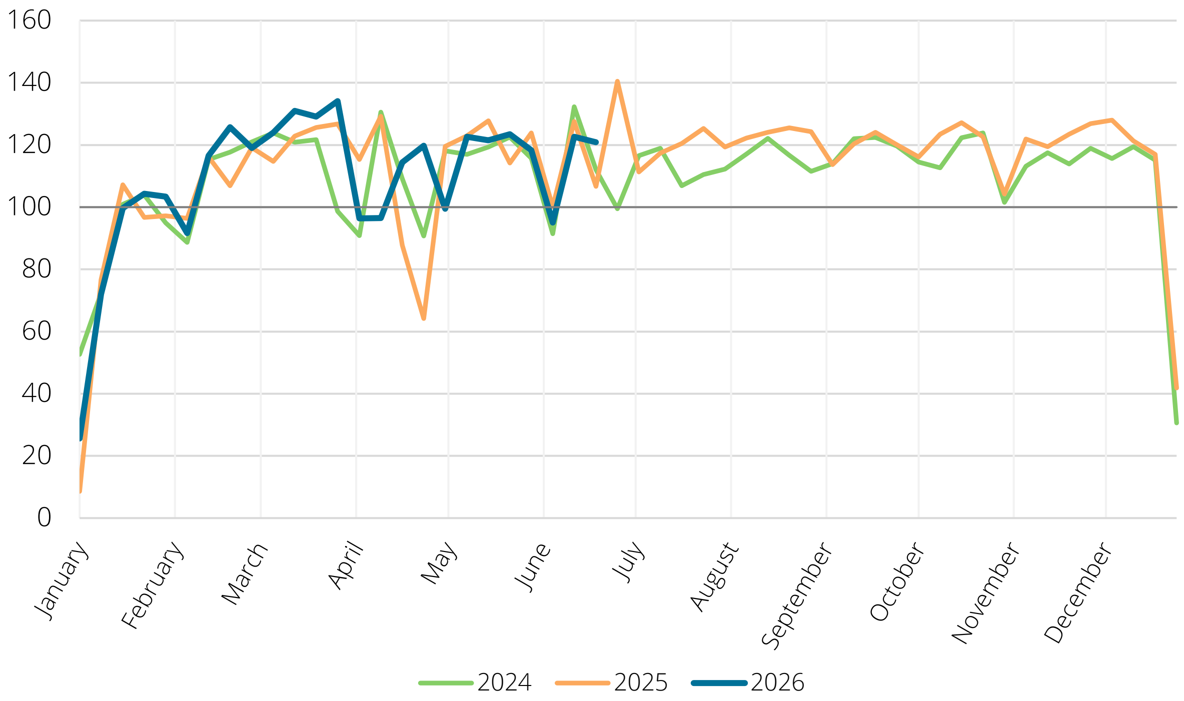
Commercial Credit

General Highlights and Credit Demand.

Commercial Credit demand remains above 2025, supported by broad product and industry growth

Commercial Credit Demand – Weekly Enquiry Volume

Indexed Weekly, January 2020



Source: Equifax NZ

Overall Commercial Credit Demand (to Week 25)

2026 Year-to-Date vs Same Period in 2025: +2.3%

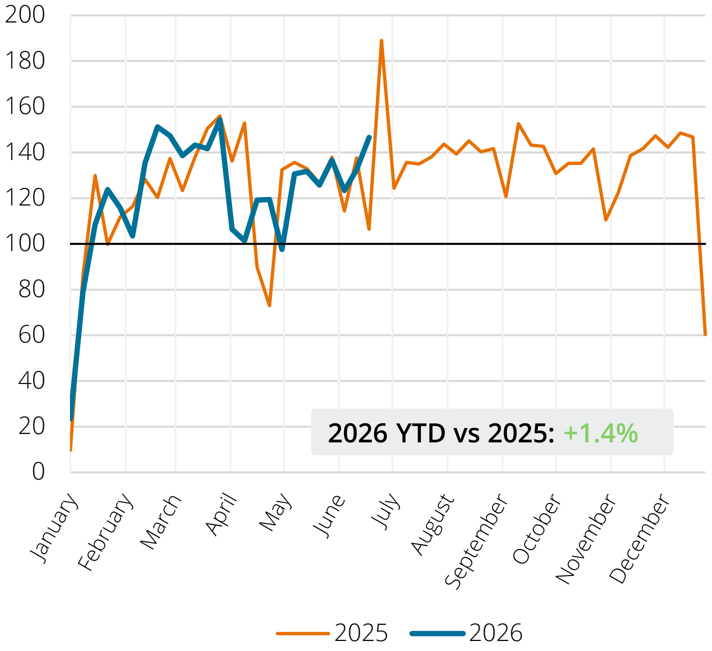
Commercial enquiry volumes continued to track above 2025 through the first 25 weeks of 2026, with total demand up 2.3% year-to-date. This points to a steady recovery in commercial credit activity, although growth remains moderate rather than signalling a sharp upswing.

At product level, Business Loans (+7.1%) remain the strongest contributor to demand, closely followed by Trade Credit (+6.6%). Asset Finance (+1.4%) is also tracking above last year, although its growth has moderated relative to the other products.

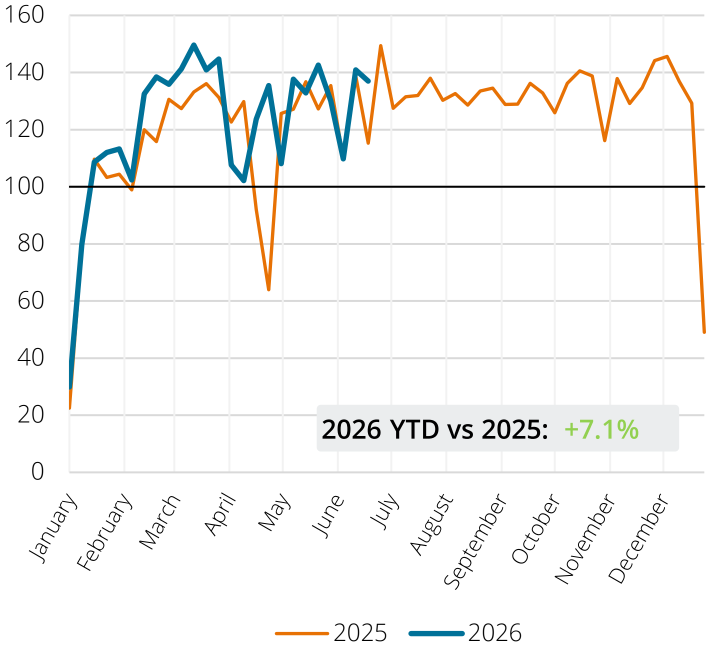
By industry, growth remains broad-based, led by Construction (+4.7%), Professional, Scientific & Tech Services (+3.9%) and Retail Trade (+3.8%). Rental, Hiring & Real Estate (-2.5%) remains the key area of weakness, while Accommodation & Food (0.0%) is broadly in line with last year..

Business Loans continue to underpin Commercial Credit Demand as Asset Finance growth moderates

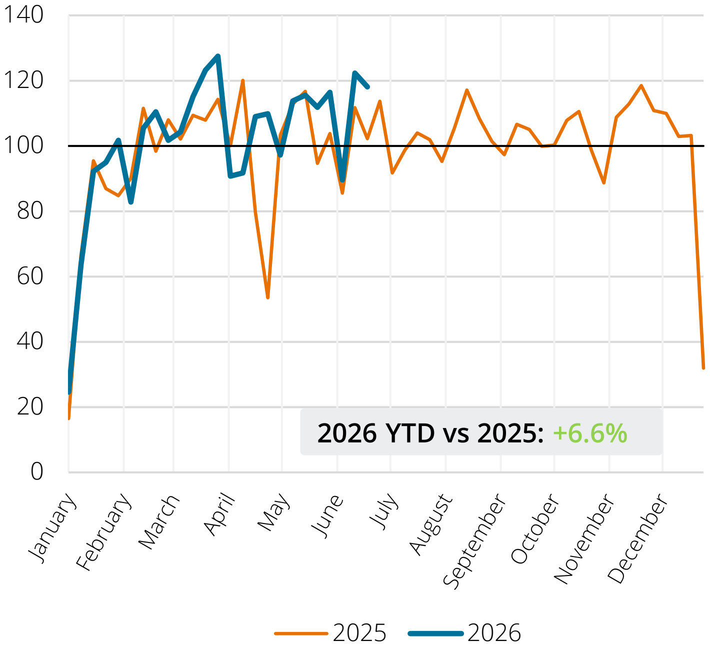
Asset Finance Demand Index
Indexed Weekly, January 2020



Business Loans Demand Index
Indexed Weekly, January 2020



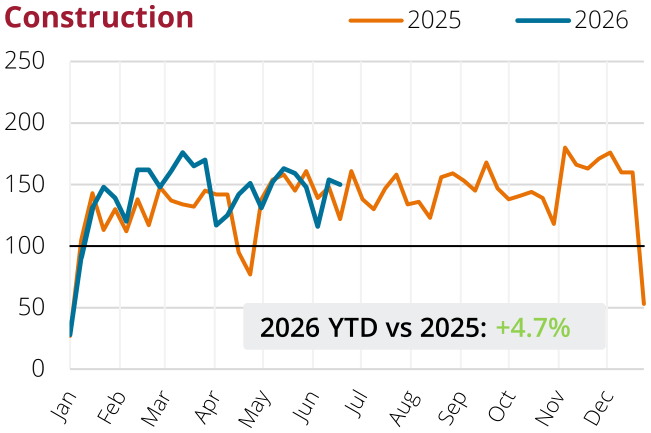
Trade Credit Demand Index
Indexed Weekly, January 2020



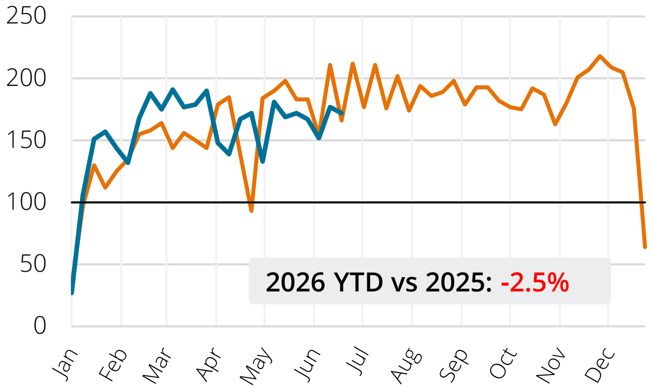
Source: Equifax NZ

Construction leads industry credit demand growth as Real Estate remains subdued

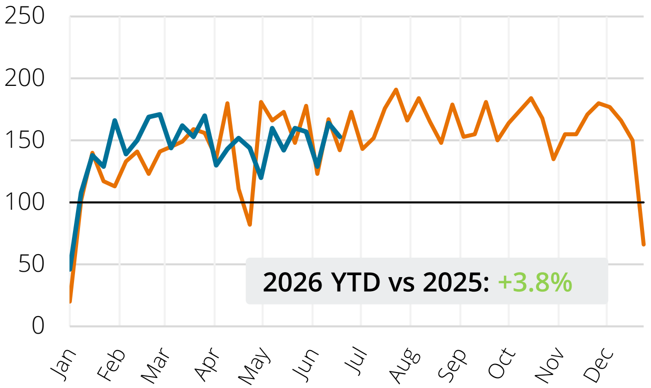
Construction



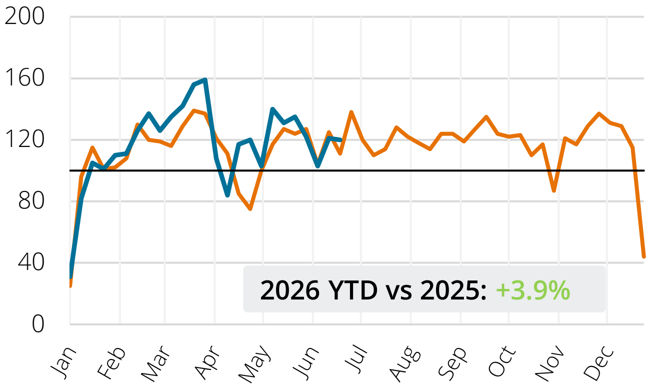
Rental, Hiring, & Real Estate



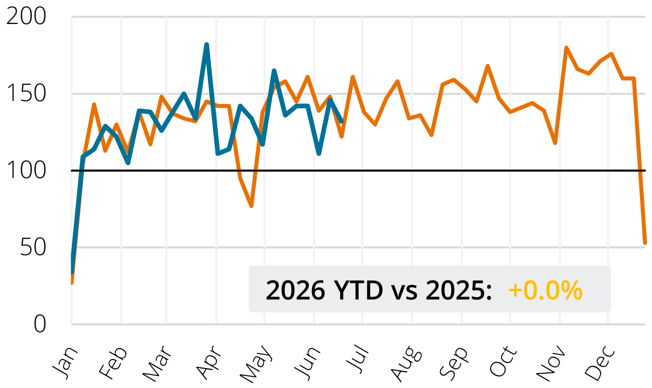
Retail Trade



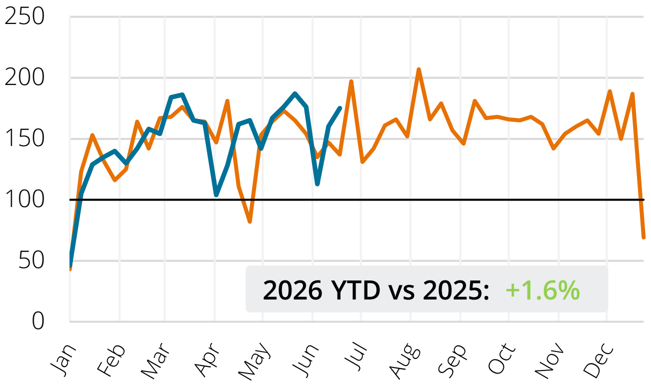
Prof, Scientific & Tech Services



Accommodation & Food



Transport, Postal & Warehousing



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