

NZ Market Pulse

October 2026 Consumer Credit Insights

Economic Overview

GDP

Quarterly Q2 2026	Quarterly Q1 2026	
+0.2%	+0.9%	Next update 17 Dec 2026

Official Cash Rate

As at 28 October 2026	
2.75%	Next update 9 Dec 2026

Consumer Price Index

In the year to September 2026	
+3.7%	Down 0.4% from Jun 2026 Next update 27 Jan 2026

Consumer Confidence

As at October 2026			
96.2	Sep 2026	97.6	Sep 2026

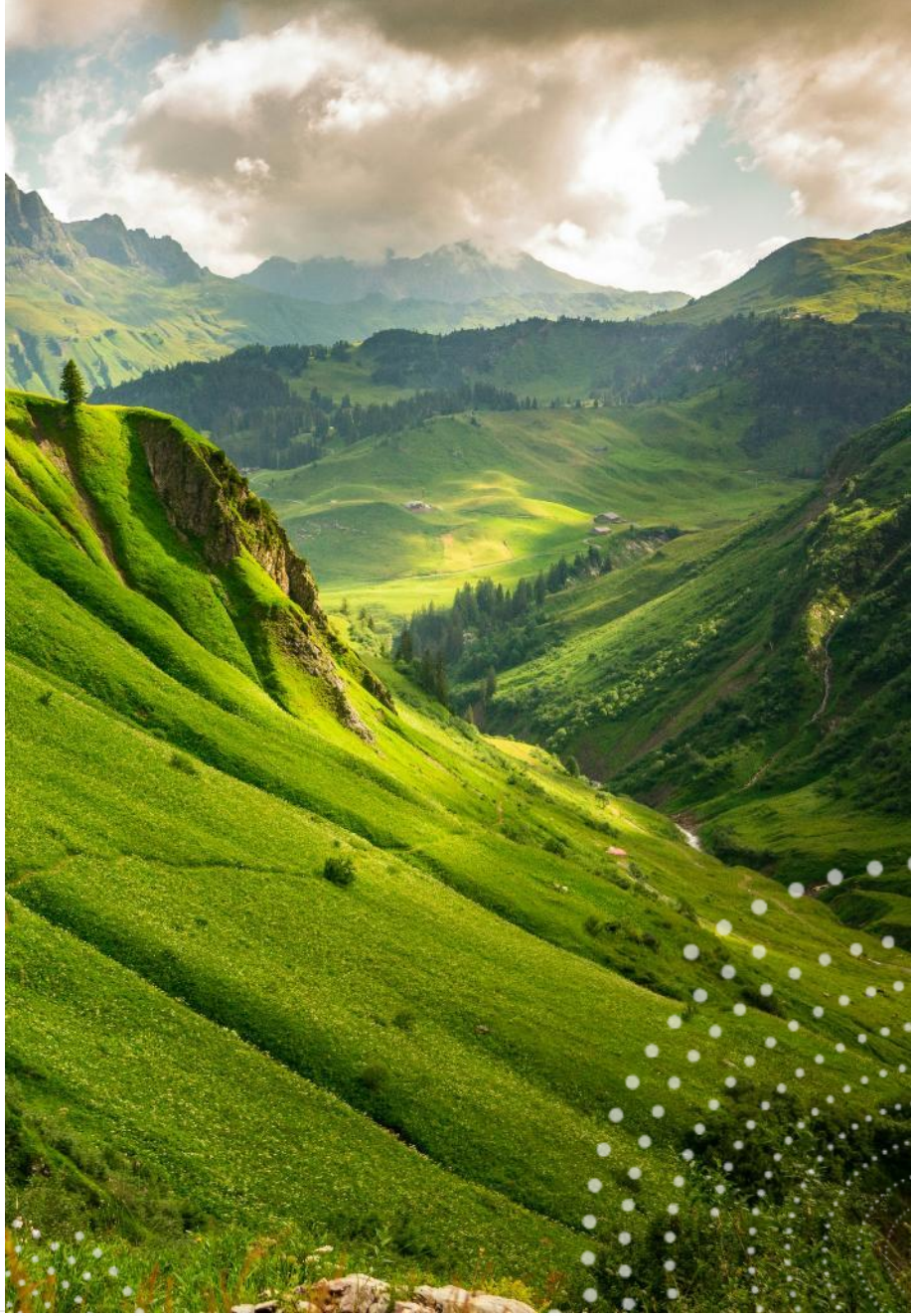
Unemployment Rate

September 2026 Quarter	
5.7%	Up from 5.6% in Jun 2026 Next update 3 Feb 2027

Business Confidence

As at October 2026			
+53.0	Sep 2026	+52.0	Sep 2026

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



Consumer Credit

General Highlights, Credit Demand, and Credit Health



Inflation cools, but rate risks and cautious households keep demand subdued

Inflation eases, but underlying price pressure remains [#2]

Annual CPI inflation slowed to 3.7% in the September quarter, down from 4.1% in June, while quarterly inflation moderated to 0.7%. Petrol remained the largest annual contributor, with prices 19.1% higher year-on-year, although they fell during the quarter. Importantly, inflation excluding food, household energy and vehicle fuels was 2.9%, suggesting underlying pressure is closer to target even as headline inflation remains above the RBNZ's 1–3% band. The improvement therefore provides some relief, but persistent core and fuel-related pressures mean the inflation outlook remains far from settled.

OCR held, but tightening risk remains firmly in view [#3]

The RBNZ held the OCR at 2.75% on 28 October. While lower September inflation supported the pause, the Bank highlighted broader price increases, higher global fuel costs and a weaker New Zealand dollar as renewed inflation risks. The RBNZ now expects annual inflation to reach around 4.4% in the December quarter and indicated that tighter monetary policy is still likely if pressures persist. For households, this suggests meaningful interest-rate relief remains unlikely in the near term despite the softer September CPI result.

Card spending softens as demand remains fragile [#2]

Retail electronic card spending fell 0.4% in September, while core retail spending declined a sharper 0.7%, extending signs of subdued household demand. Hospitality spending fell 2.3% and apparel dropped 2.0%, while higher fuel spending partly offset weakness elsewhere. Across the September quarter, retail spending increased just 0.1%, highlighting limited underlying momentum despite monthly volatility. The mix suggests households continue to prioritise essential expenditure and remain selective with discretionary purchases, consistent with affordability pressure still constraining a broader consumer recovery.

Consumer confidence remains subdued [#1]

ANZ-Roy Morgan Consumer Confidence eased 1.4 points to 96.2 in October. Current conditions deteriorated sharply, while the proportion of households viewing it as a good time to buy a major household item fell 10 points to -17%, highlighting continued caution around larger purchases. Encouragingly, expectations for future personal finances improved and two-year inflation expectations fell to 4.2%. The divergence suggests consumers are becoming somewhat more optimistic about what lies ahead, but high living costs and fuel prices continue to constrain spending decisions today.

[#1] ANZ-Roy Morgan Business Confidence Survey September 2026 [#2] Stats NZ [#3] RBNZ



30DPD+ arrears eased across all major products, with the strongest gains in Personal Loans and Auto Loans

Home Loans remained the strongest-performing portfolio, **with 30DPD+ easing 1bp MoM in September.** Mortgage stress continues to sit well below other credit categories, reinforcing the relative resilience of secured borrowers.

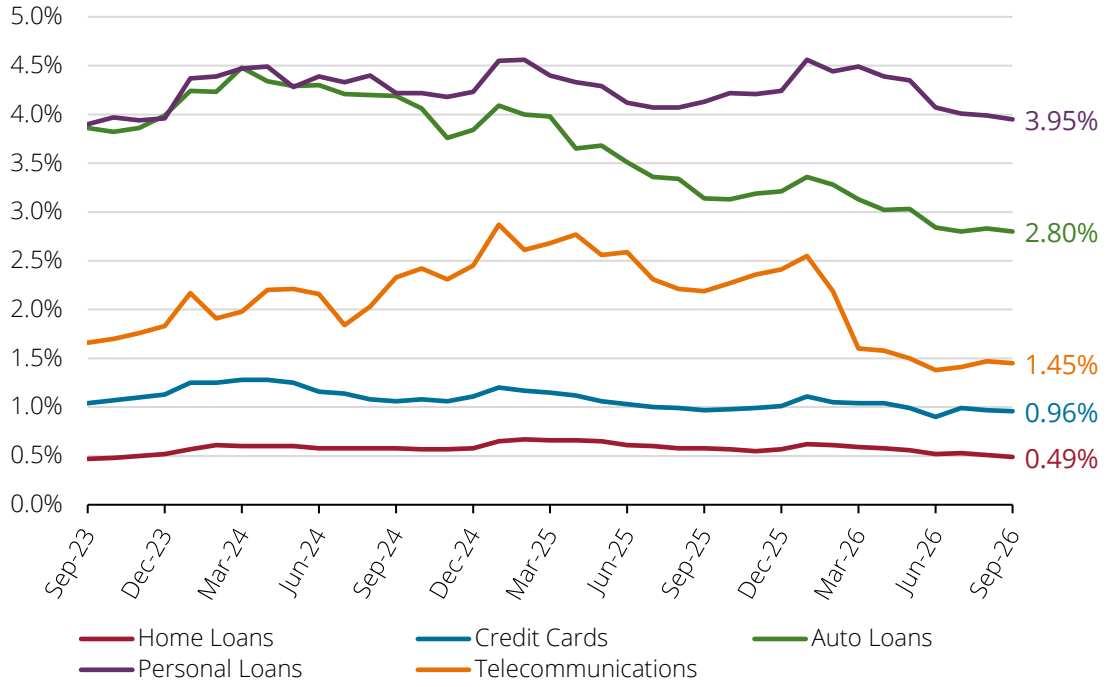
Personal Loans recorded one of the largest monthly improvements, **with 30DPD+ falling 3bps to 3.95% in September.** While still the highest-arrears category, the continued decline suggests repayment pressure among unsecured borrowers is gradually receding.

Credit Cards moved 1bp lower to 0.96% in September, keeping arrears broadly anchored around the 1% level. The limited monthly movement points to relatively stable repayment behaviour rather than a material change in revolving-credit stress.

Auto Loans also improved by 3bps to 2.80%, extending the sustained downward trend seen through 2026. The latest reduction reinforces Auto Loans as one of the clearest areas of improving credit performance despite arrears remaining above Home Loans and Credit Cards.

Consumer Credit Arrears Trends (30DPD+)

Percentage of Accounts in Arrears



Source: Equifax NZ



Unsecured Lending remains the key hardship pressure point as Credit Cards spike in August

Hardship Volumes on Bureau

Personal Loans hardship continues to sit at their highest indexed level. The slight monthly improvement does little to change the broader picture of sustained stress among unsecured borrowers.

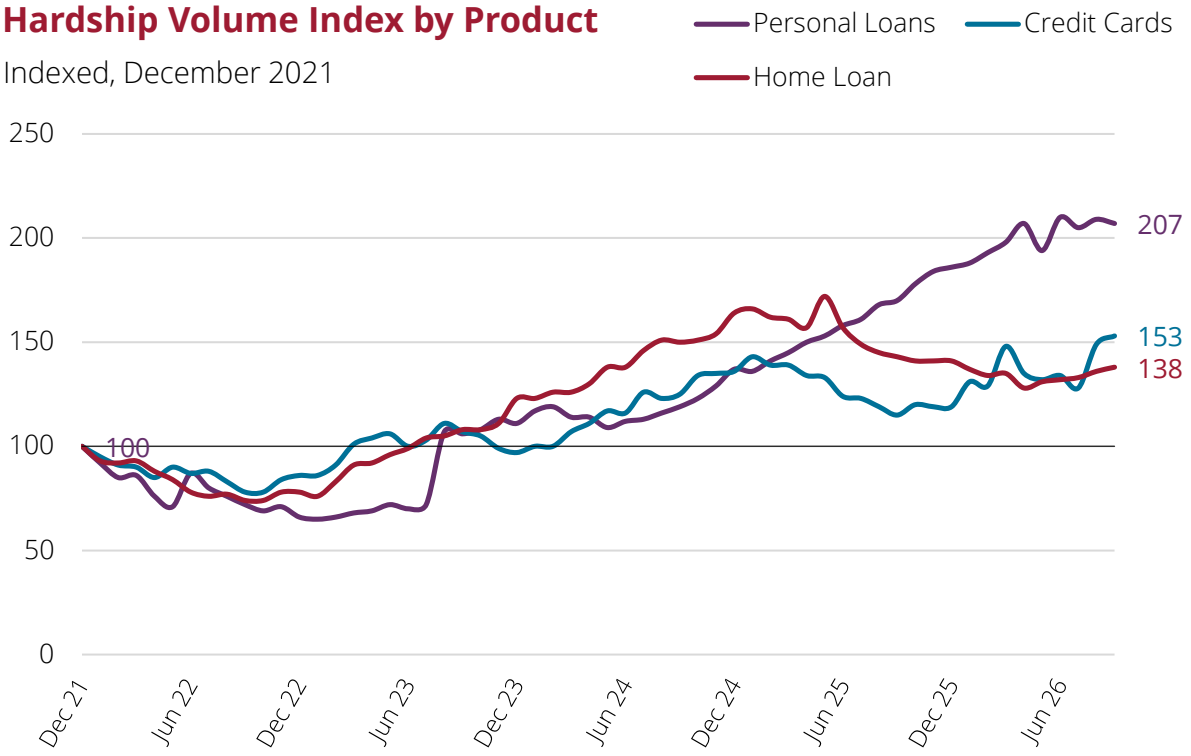
Credit Cards hardship increased, representing the strongest annual deterioration across the three products. With the index rising, pressure on revolving credit is becoming increasingly visible and suggests household reliance on short-term credit remains elevated.

Home Loans hardship rose in September. At an index level of 138, mortgage hardship continues to track more favourably than unsecured lending, indicating secured borrowers remain comparatively resilient despite ongoing household cost pressures.

Movement	Personal Loans	Credit Cards	Home Loans
Month-on-Month	-0.6%	+3.0%	+1.5%
Year-on-Year	+22.2%	+33.3%	-3.0%

Hardship Volume Index by Product

Indexed, December 2021



Source: Equifax NZ

Home Loans

Demand & Credit Health Insights





An overview of the New Zealand Property Market

Powered by VALOCITY

Housing Market Commentary

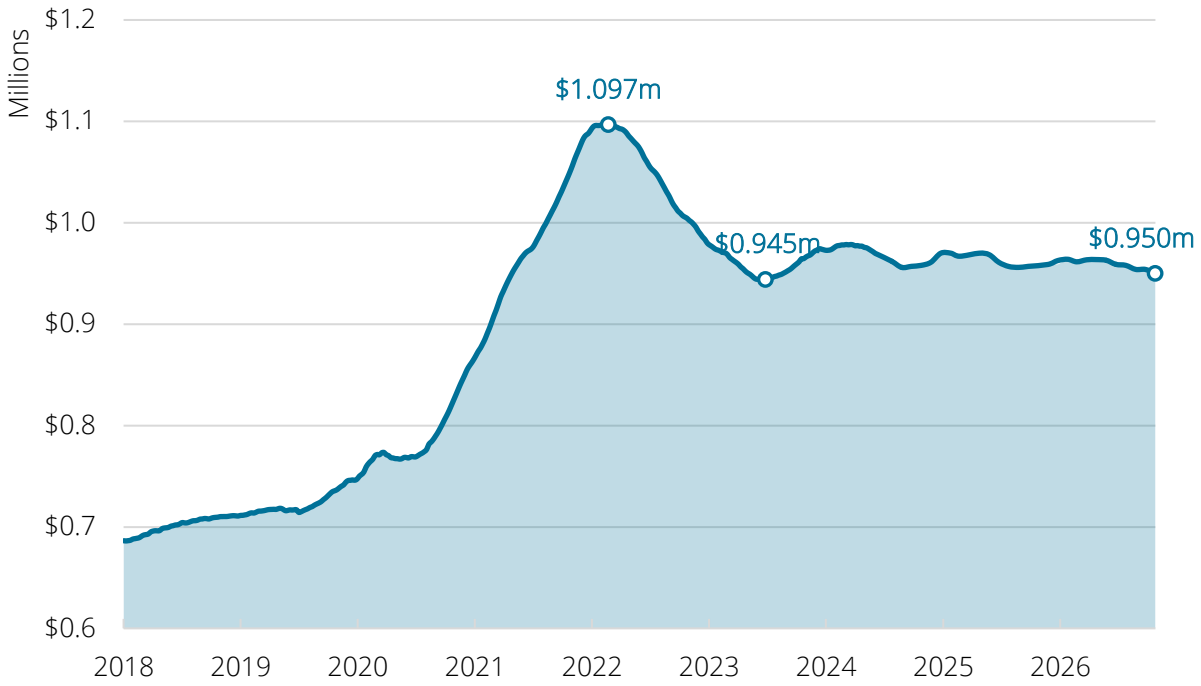
The New Zealand housing market softened slightly in October, with the national Valocity Value Index declining 0.2% to $950,000. Values are now down 0.7% over the quarter, 0.9% year-on-year and 1.4% year-to-date, continuing the subdued pattern seen through 2024 and 2025.

Market conditions remain challenging for buyers. Inflation remained above the RBNZ's target range at 3.7%, while the OCR was held at 2.75% in October. Higher mortgage rates, elevated unemployment and continued cost-of-living pressures are constraining borrowing capacity and keeping many prospective buyers cautious.

Looking ahead, the national median sale price reached $750,000 in Q3, while net migration and new dwelling consents continued to improve. However, election uncertainty and stretched household budgets are likely to keep activity subdued in the near term, with any broader housing recovery expected to remain gradual.

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

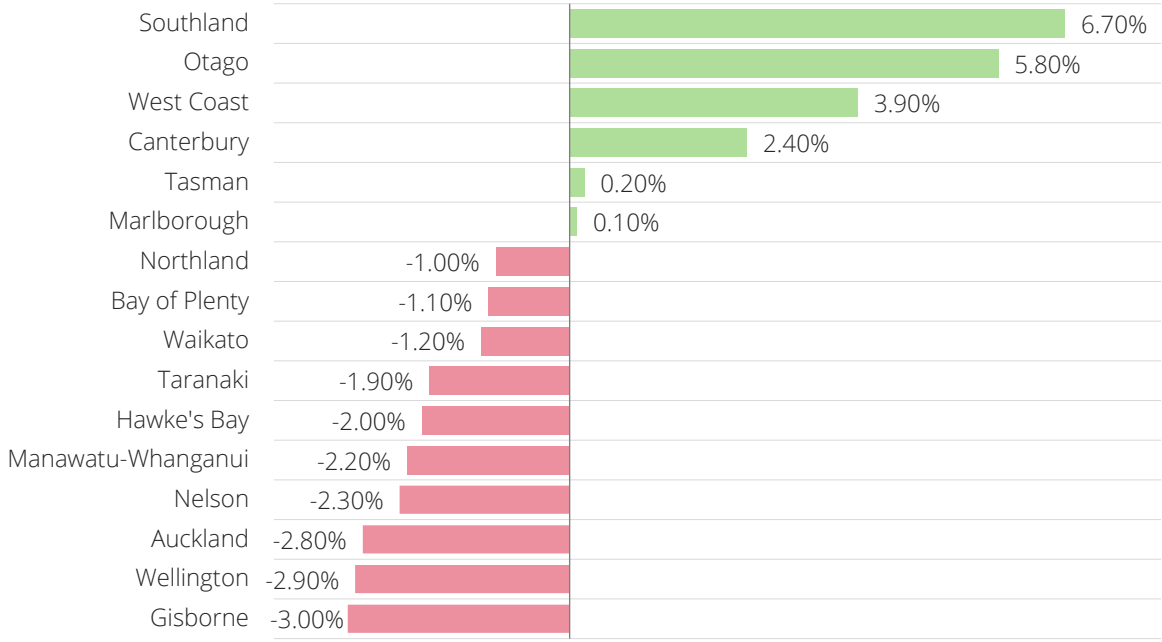
October 2026 data continues to show a pronounced regional divide. Southland (+6.7%) and Otago (+5.8%) recorded the strongest year-on-year growth, followed by West Coast (+3.9%) and Canterbury (+2.4%). Several South Island markets continue to outperform despite softer national conditions.

In contrast, annual values remain under pressure across much of the North Island. Gisborne (-3.0%), Wellington (-2.9%) and Auckland (-2.8%) recorded the largest declines, while Manawatū-Whanganui, Hawke's Bay and Taranaki also remained below year-ago levels. Auckland and Wellington continue to weigh on the national result.

The broader picture remains uneven, with South Island resilience offset by softer northern markets. Elevated borrowing costs, constrained affordability and cautious buyer sentiment continue to limit the prospect of a broad-based recovery.

Year-on-Year Change in Property Values

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



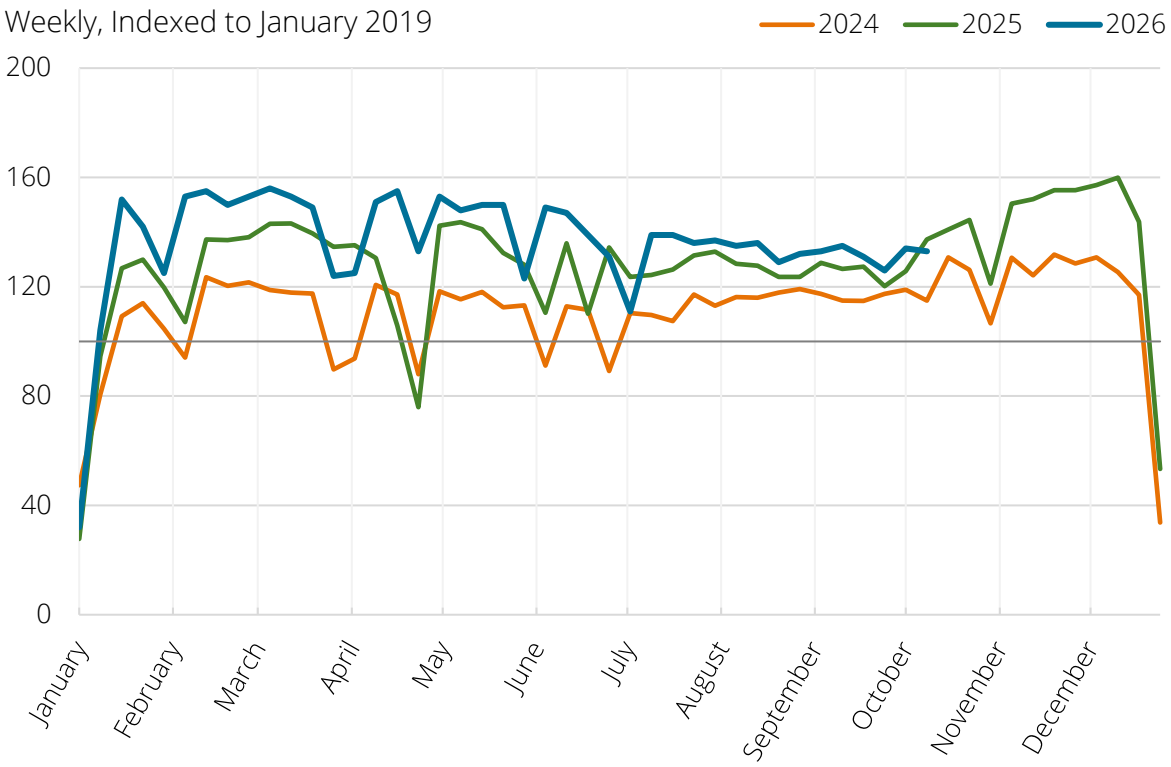
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Home Loans demand extends its lead over 2025 as momentum firms



Home Loans – Weekly Enquiry Volume

Weekly, Indexed to January 2019



Source: Equifax NZ

Home Loans enquiry volumes remain firmly ahead of last year, with 2026 YTD demand up 12.2% through Week 41. Activity continues to track above both 2024 and 2025, reinforcing the sustained improvement in mortgage enquiry volumes seen throughout much of 2026.

Recent weekly movements also suggest momentum has firmed after the more moderate pace seen through the middle of the year. Enquiry volumes have edged higher into October, indicating that underlying mortgage shopping and refinancing demand remains resilient despite a more cautious housing market backdrop.

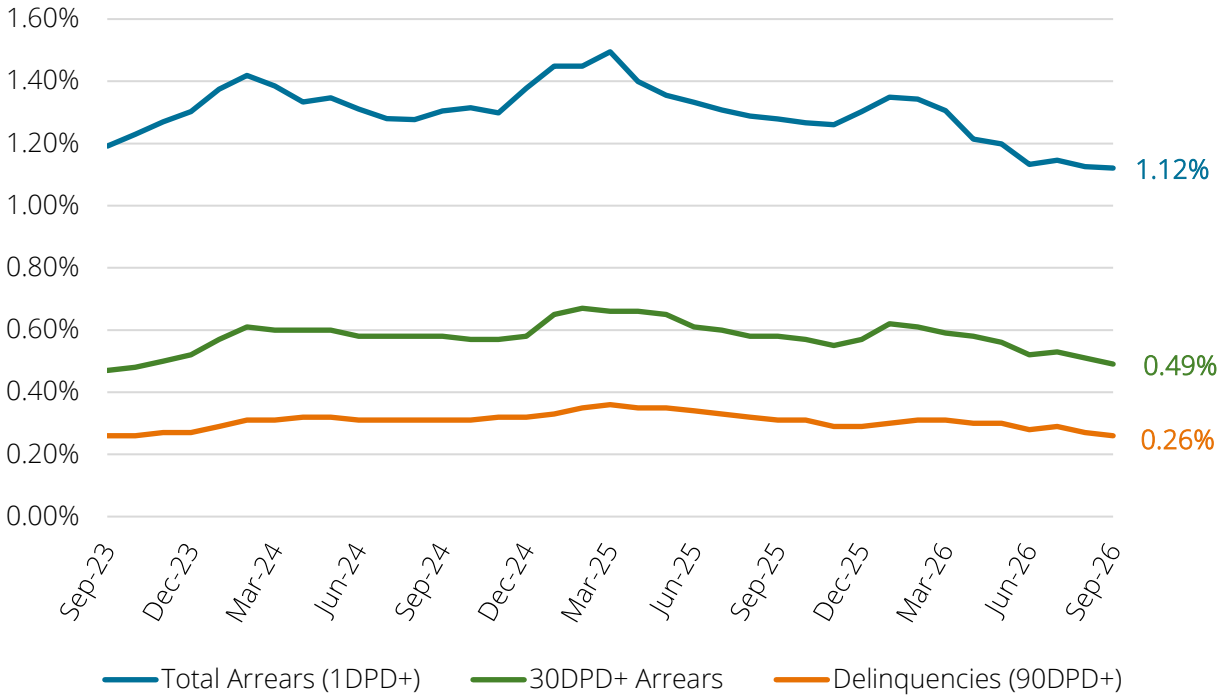
Overall, housing credit demand continues to show relative strength. Borrowers remain selective amid affordability and cost-of-living pressures, but the widening YTD uplift suggests demand is holding up better than last year and enters the final quarter with a firmer growth profile.

Mortgage arrears continue to retreat, with deeper delinquency also improving



Home Loans – Overall Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -1bps

Year-on-Year Change: -8bps

30DPD+ arrears fell to 0.49% in September, extending the downward trend seen in recent months. The 8bps annual improvement indicates fewer borrowers are progressing into more sustained repayment difficulty compared with a year ago.

Delinquent Accounts (90DPD+)

Month-on-Month Change: -1bps

Year-on-Year Change: -5bps

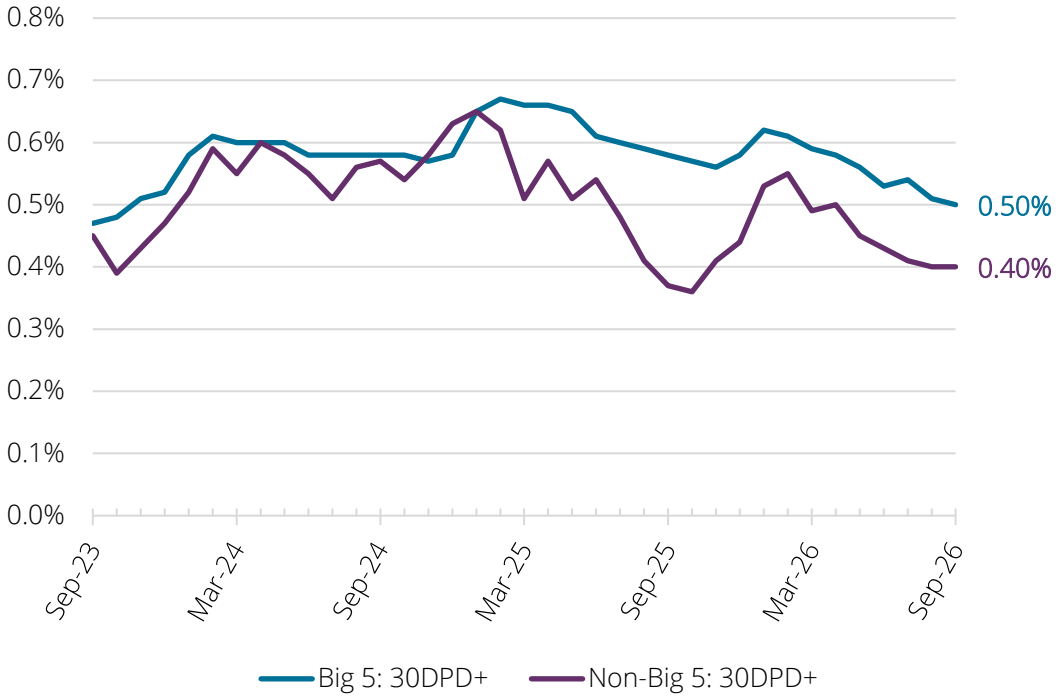
90DPD+ arrears reduced to 0.26%, continuing the gradual improvement in more severe arrears. The lower annual rate suggests deeper mortgage stress remains relatively limited, even as household finances continue to face affordability pressures.

Arrears divergence widens as Non-Big 5 performance strengthens



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

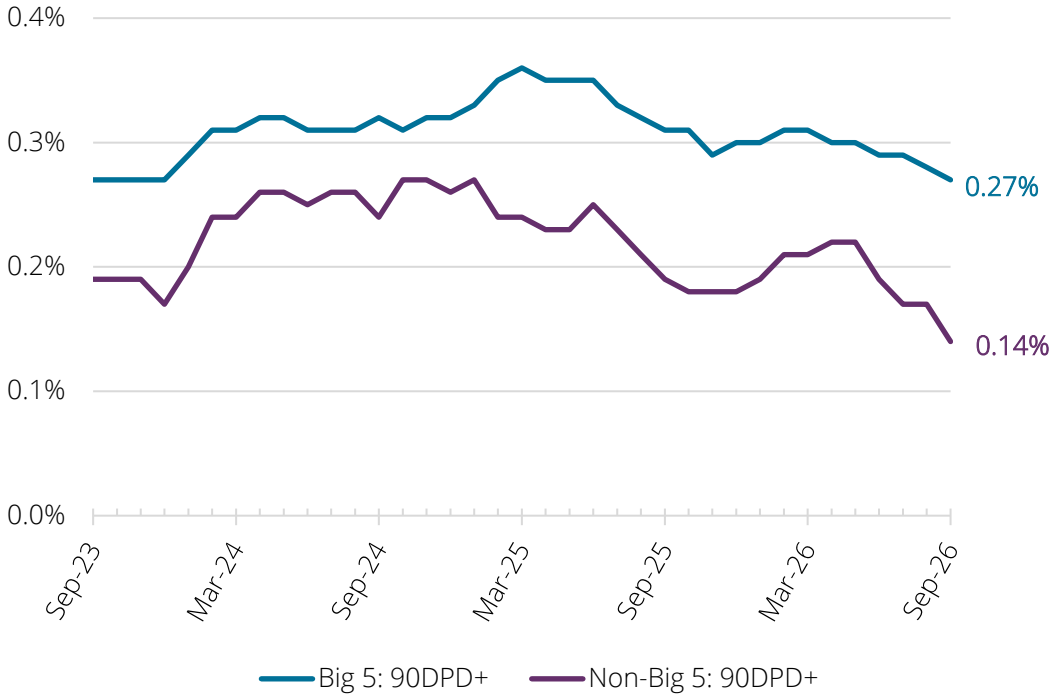
Percentage of Accounts in Arrears



Source: Equifax NZ

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

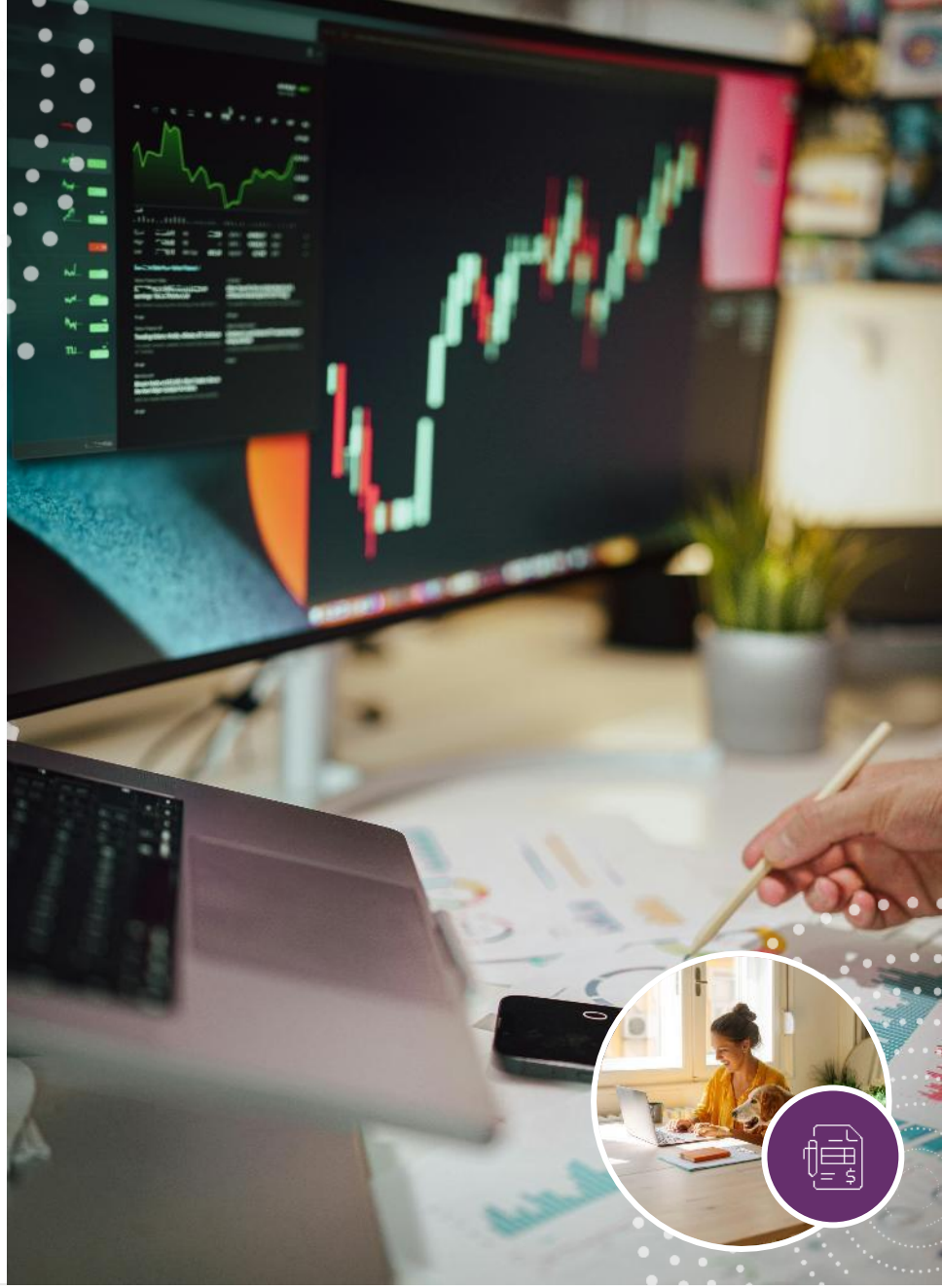
Percentage of Accounts in Arrears



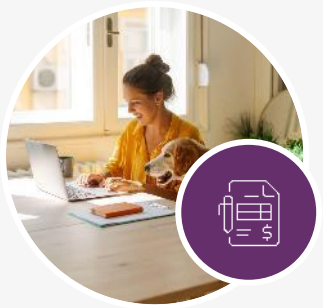
Source: Equifax NZ

Personal Loans

Demand & Credit Health Insights

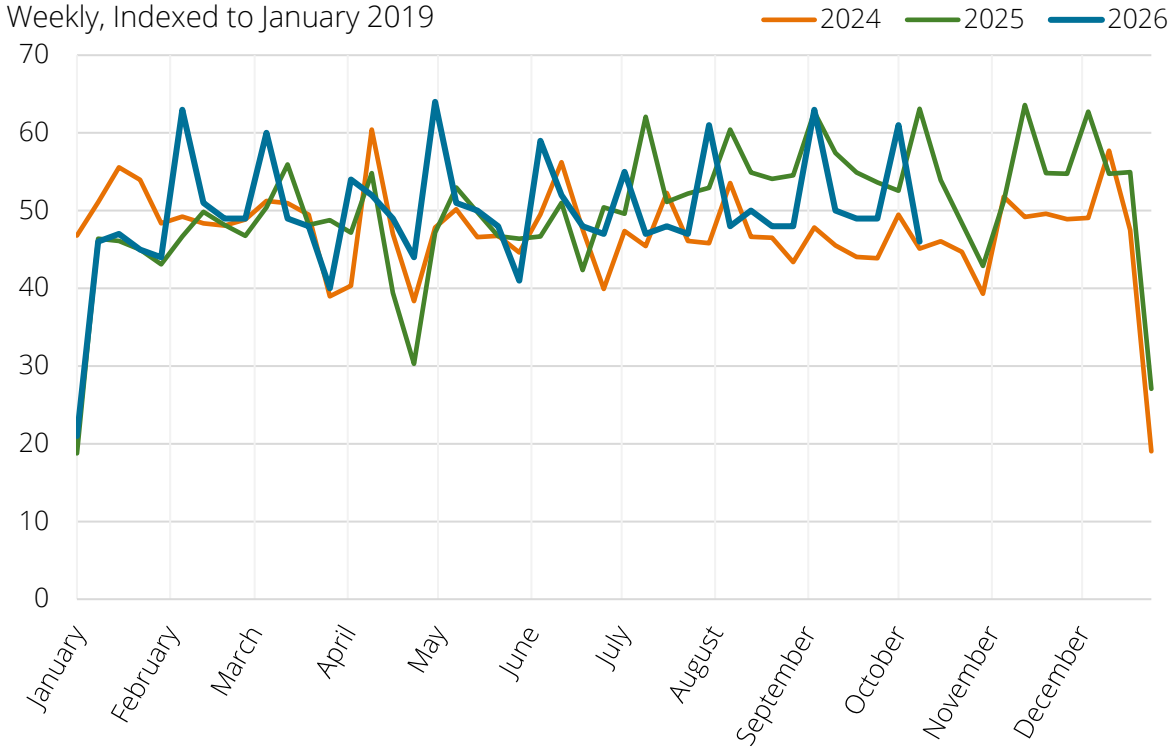


Personal Loans demand edges ahead of 2025, but growth remains modest



Personal Loans – Weekly Enquiry Volume

Weekly, Indexed to January 2019



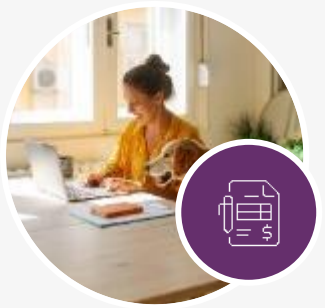
Source: Equifax NZ

Personal Loans enquiry volumes have moved modestly ahead of last year, with 2026 YTD demand up 2.4% through Week 41. This marks an improvement from the position seen earlier in the quarter, although growth remains relatively modest compared with the stronger uplift in Home Loan demand.

Weekly volumes continue to move within a fairly broad range, with periods of stronger activity followed by softer weeks. The absence of a sustained upward trend suggests demand for unsecured credit is improving gradually rather than accelerating materially.

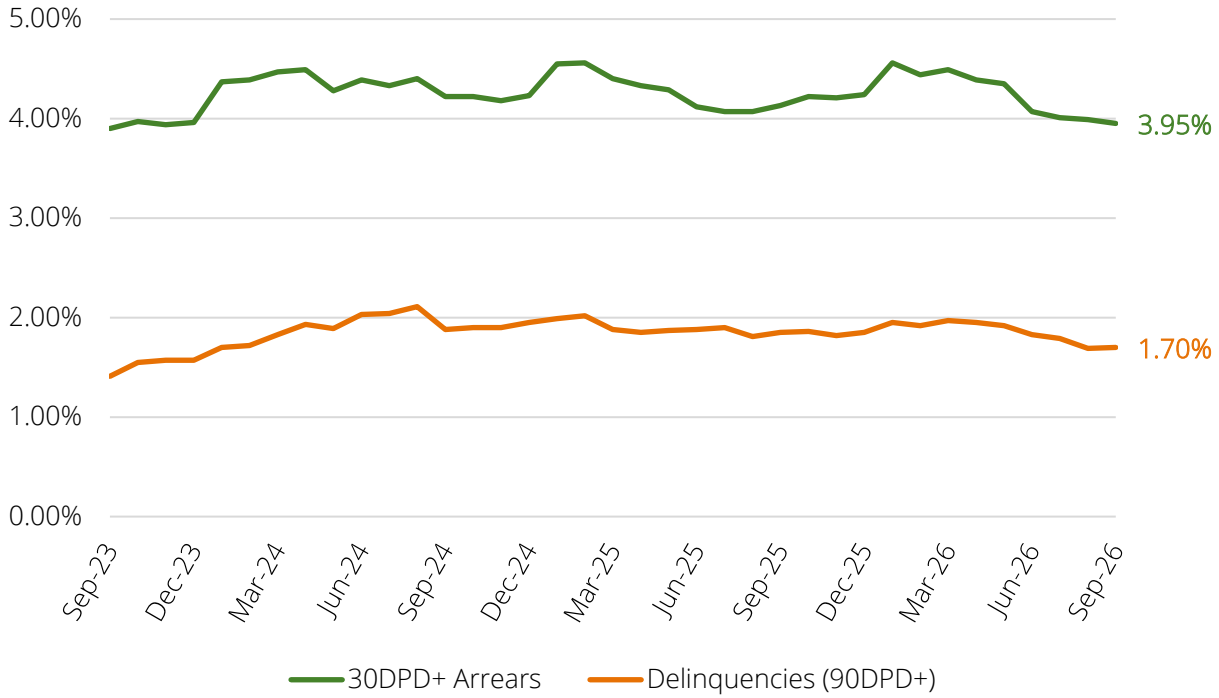
Overall, Personal Loans demand remains comparatively measured as affordability pressures continue to shape borrowing decisions. The return to positive YTD growth signals some resilience, but households appear to remain selective around additional unsecured debt heading into the final quarter.

Personal Loans arrears ease, while severe Delinquencies edges higher



Personal Loans – Overall Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -3bps

Year-on-Year Change: -18bps

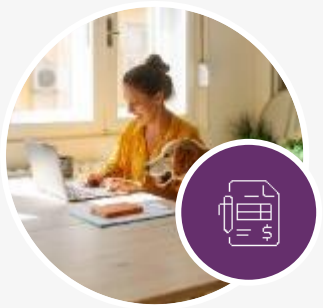
30DPD+ Personal Loan arrears declined, extending the improvement seen in recent months. The stronger 18bps year-on-year reduction suggests broader repayment pressure has eased compared with the same period last year.

Delinquent Accounts (90DPD+)

Month-on-Month Change: +2bps

Year-on-Year Change: -15bps

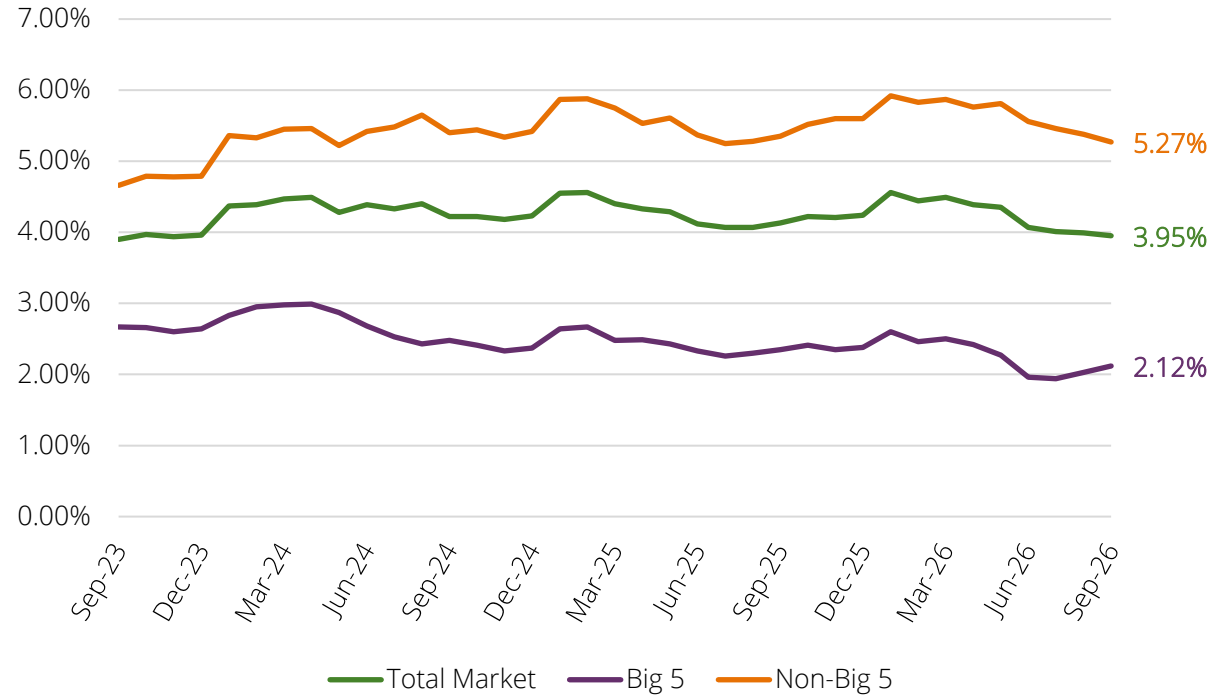
90DPD+ delinquency edged up to 1.70% in September, interrupting the recent monthly improvement. However, the rate remains 15bps below a year ago, indicating that deeper repayment stress is still lower than in 2025 despite the latest increase.



Personal Loan stress remains concentrated outside Big 5 despite recent improvement

Personal Loans – 30DPD+ Arrears by Lender Cohort

Percentage of Accounts in Arrears



Source: Equifax NZ

'Big 5' 30DPD+ Arrears

Month-on-Month Change: +9bps

Year-on-Year Change: -23bps

Big 5 Personal Loan arrears increased, partially reversing the sharp improvement seen over recent months. Despite the monthly rise, arrears remain around 25bps below last year and materially lower than the Non-Big 5 cohort, indicating comparatively stronger repayment performance among major bank customers.

'Non-Big 5' 30DPD+ Arrears

Month-on-Month Change: -12bps

Year-on-Year Change: -9bps

Non-Big 5 arrears declined in September, extending the recent downward trend. However, the rate remains more than twice the Big 5 level, leaving a 315bps gap between the two cohorts and reinforcing the concentration of Personal Loan repayment stress outside the major banks.

Credit Cards

Demand & Credit Health Insights

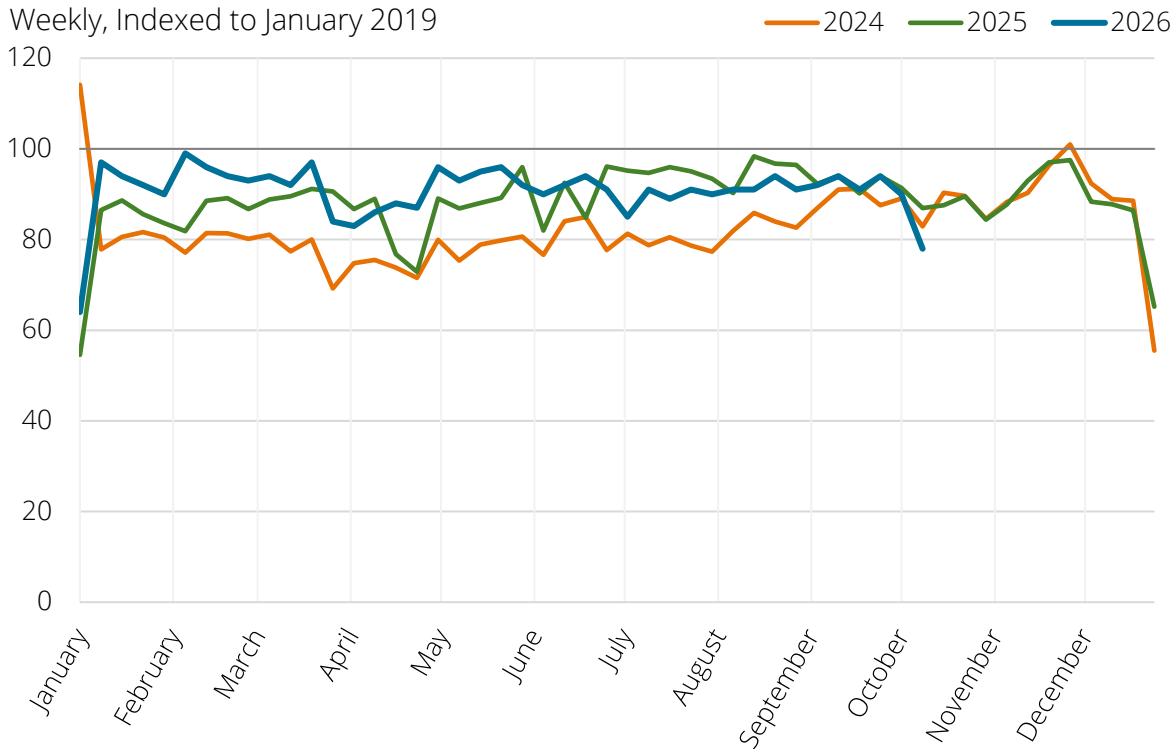


Credit Cards enquiries regain ground as household demand improves



Credit Cards – Weekly Enquiry Volume

Weekly, Indexed to January 2019



Source: Equifax NZ

Credit Card enquiry activity has strengthened, with 2026 YTD demand now up 4.9% through Week 41. This marks a clear turnaround from the weaker position seen earlier in the quarter, with recent volumes lifting enough to move cumulative demand back above 2025.

Weekly activity remains somewhat uneven, but the latest improvement suggests consumer appetite for revolving credit has become more resilient. Rather than a broad acceleration, demand appears to be recovering gradually as households continue to balance borrowing needs against affordability pressures.

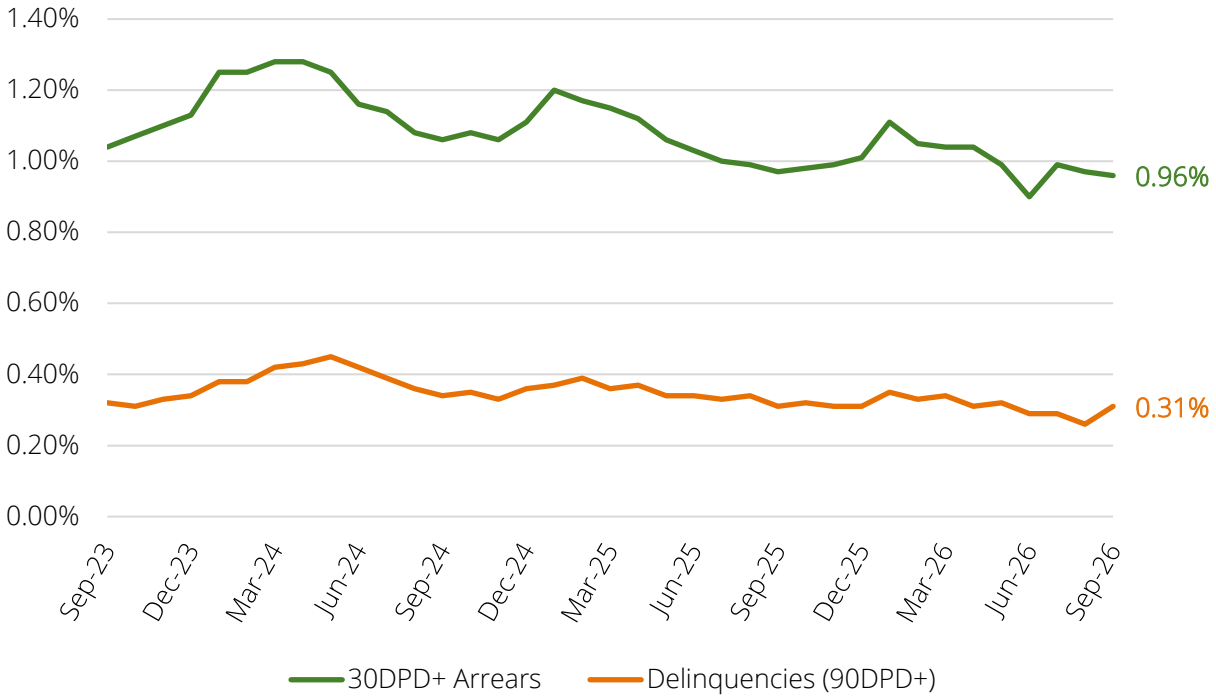
Overall, Credit Card demand enters the final quarter on a firmer footing. The return to positive YTD growth points to improving underlying activity, although continued household budget pressure is likely to keep the pace of recovery measured.



Credit Cards stress stays contained despite a rise in 90DPD+ arrears

Credit Cards – Overall Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -1bps

Year-on-Year Change: -1bps

30DPD+ Credit Card arrears edged down to 0.96% in September, remaining broadly stable compared with recent months. The small annual improvement suggests overall repayment pressure remains contained, with early-stage arrears continuing to track around last year's level.

Delinquent Accounts (90DPD+)

Month-on-Month Change: +5bps

Year-on-Year Change: +0bps

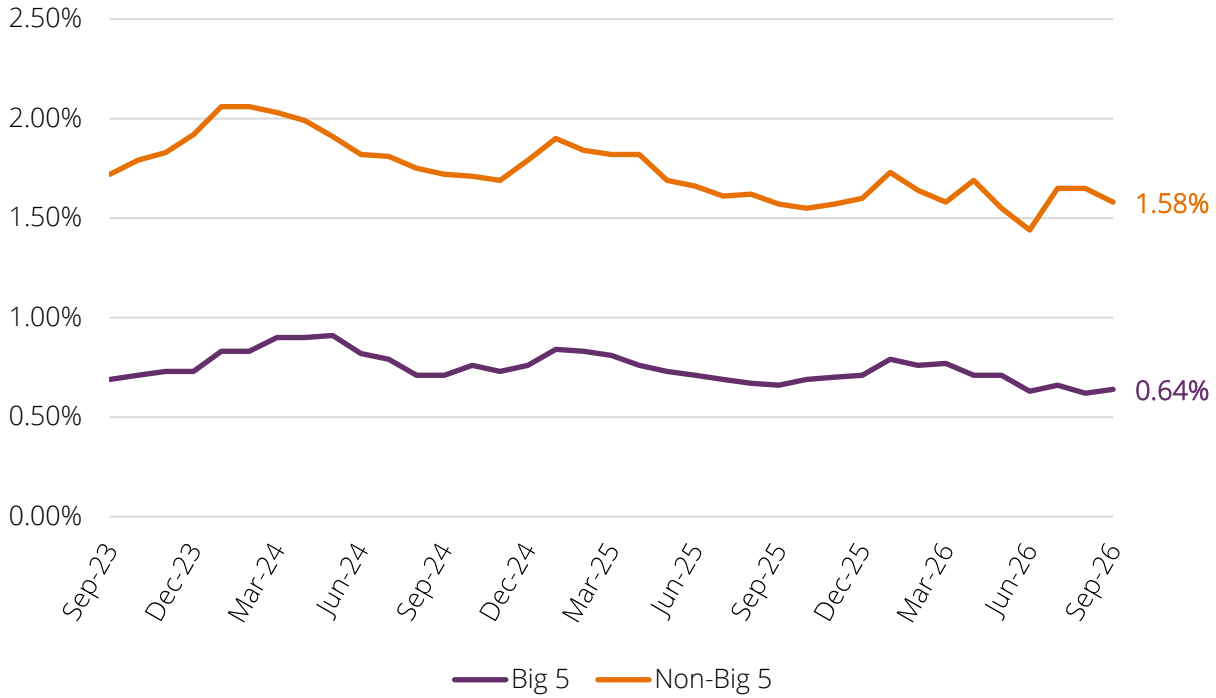
90DPD+ arrears increased to 0.31% in September, reversing the improvement recorded in August. While the monthly rise points to some renewed pressure in deeper delinquency, the rate is unchanged from a year ago, suggesting severe Credit Card stress has not materially worsened on an annual basis.

Credit Card stress eases outside the Big 5, but remains materially higher



Credit Cards – 30DPD+ Arrears by Lender Cohort

Percentage of Accounts in Arrears



Source: Equifax NZ

'Big 5' Arrears (30DPD+)

Month-on-Month Change: +2bps

Year-on-Year Change: -1bps

Big 5 Credit Card arrears edged up to 0.64% in September, following the improvement recorded over recent months. Despite the small monthly increase, arrears remain marginally below last year and continue to sit at comparatively low levels.

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

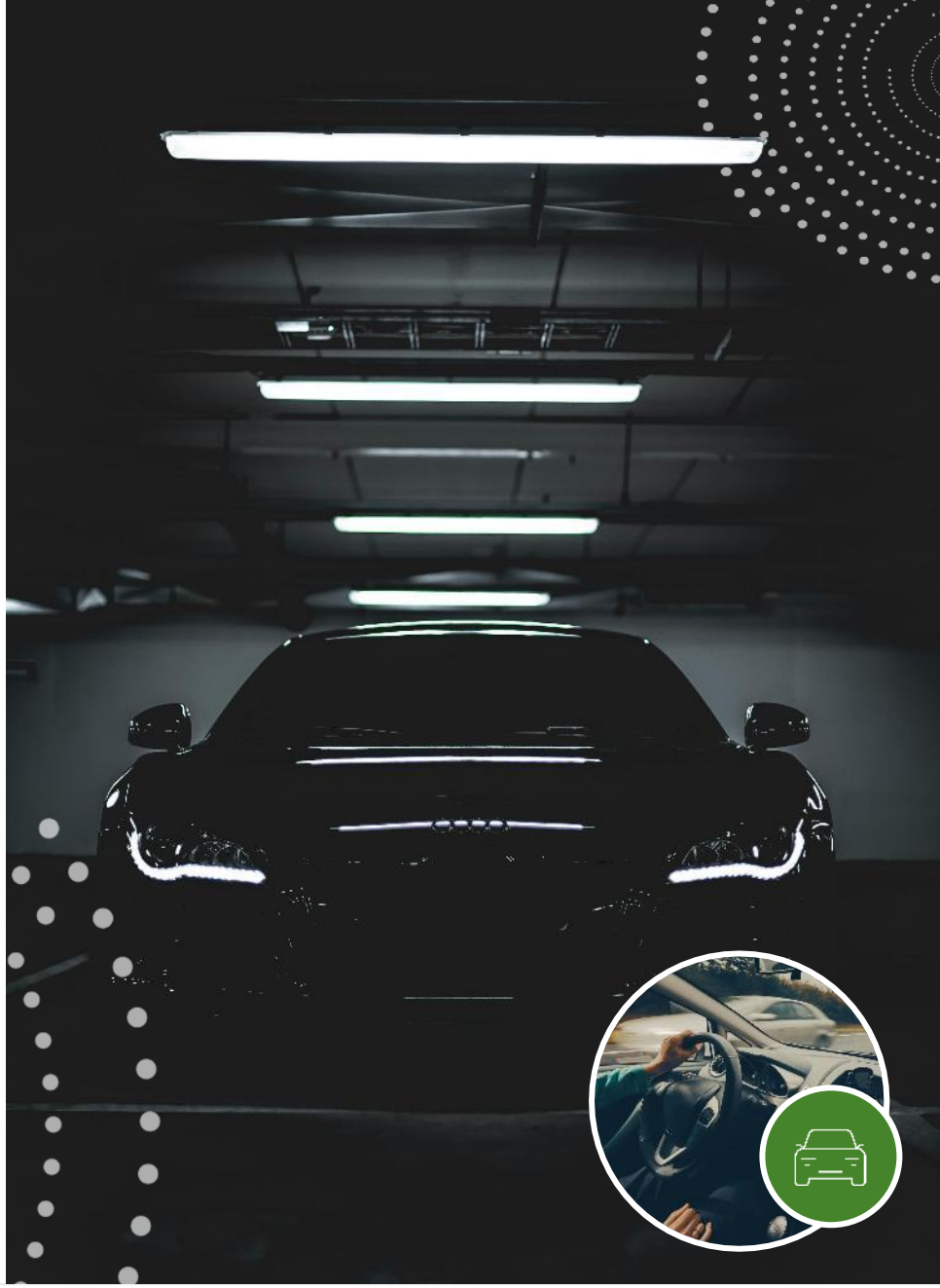
Month-on-Month Change: -7bps

Year-on-Year Change: +1bps

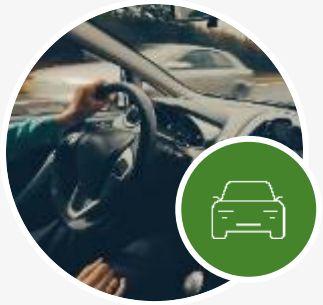
Non-Big 5 arrears fell to 1.58% in September, reversing part of the recent increase. However, the rate remains around 2.5 times the Big 5 level and slightly above a year ago, highlighting the continued concentration of Credit Card repayment stress outside the major banks.

Auto Loans

Credit Health Insights

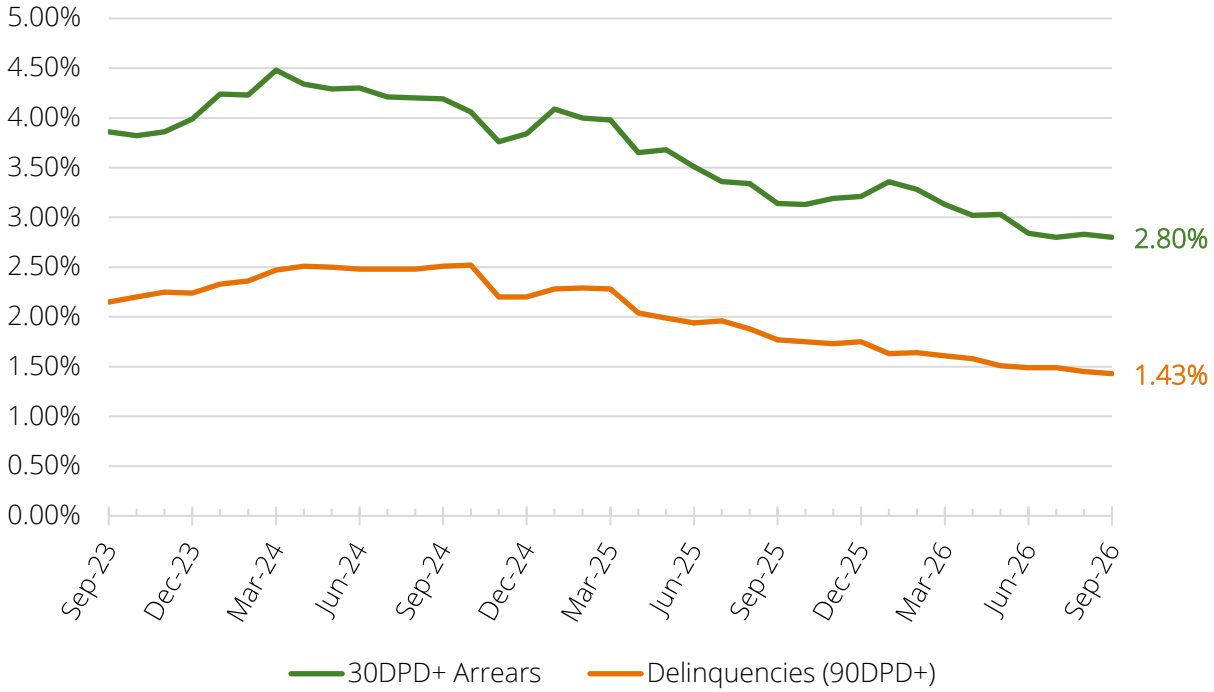


Auto Loans arrears remain on a clear downward path



Auto Loans – Overall Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -3bps

Year-on-Year Change: -34bps

30DPD+ Auto Loan arrears declined to 2.80% in September, continuing the broader improvement seen through 2026. The 34bps YoY reduction indicates a meaningful easing in early-stage repayment pressure compared with the same period last year.

Delinquent Accounts (90DPD+)

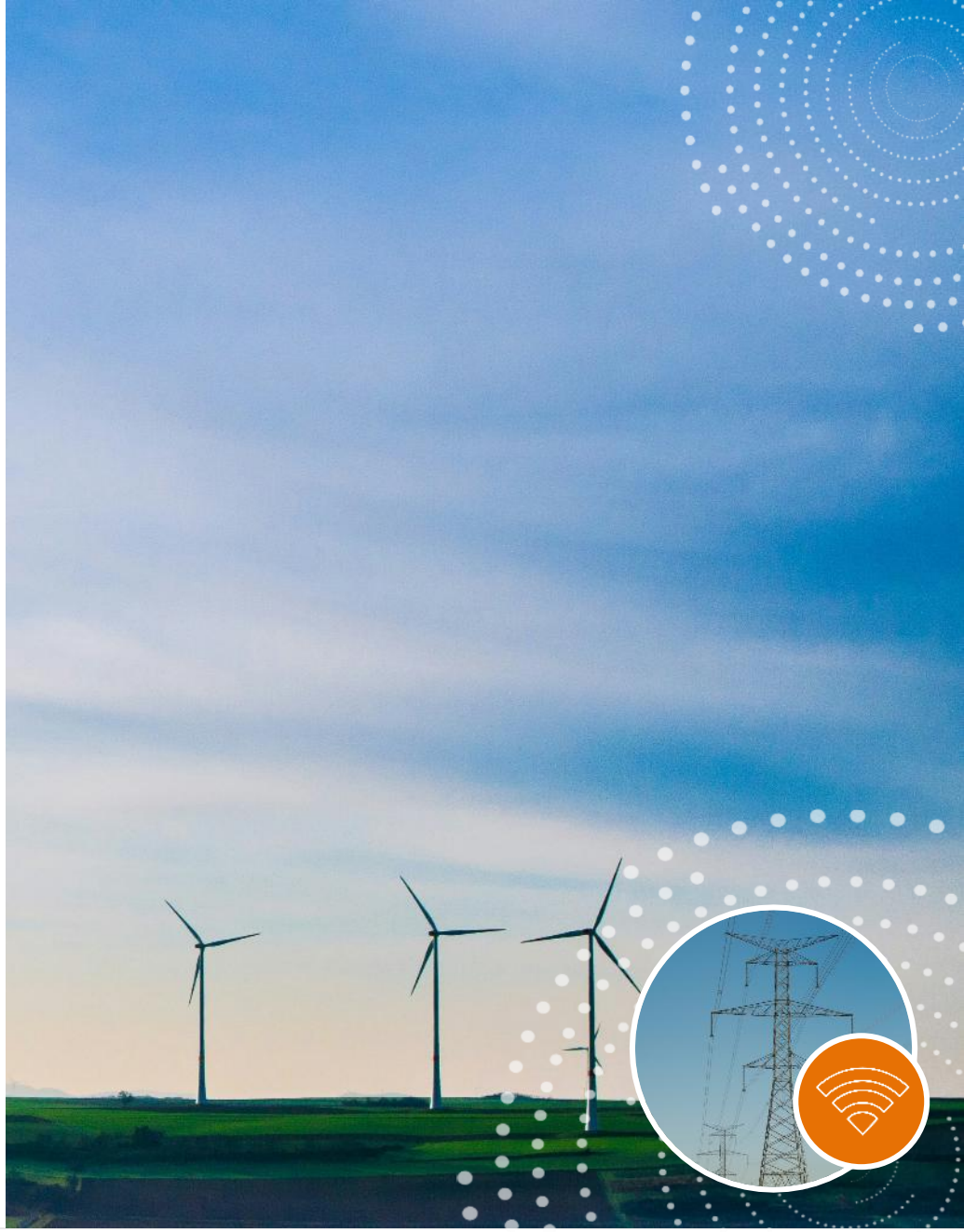
Month-on-Month Change: -2bps

Year-on-Year Change: -34bps

90DPD+ arrears fell further to 1.43% in September, extending the steady downward trend in more serious delinquency. The matching 34bps annual improvement suggests deeper repayment stress is also receding, reinforcing the overall improvement in Auto Loan credit performance.

Telco

Credit Health Insights

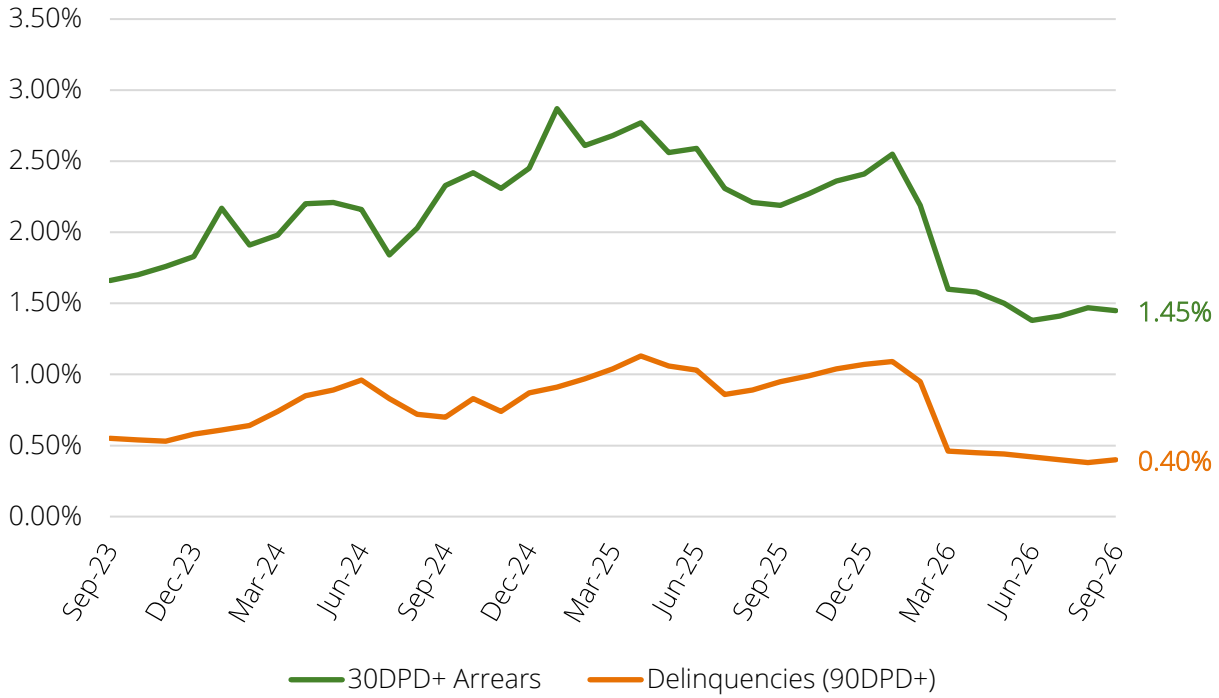




Telco arrears remain well below 2025 despite a slight rise in severe delinquency

Telecommunications – Overall Arrears

Percentage of Accounts in Arrears



Source: Equifax NZ

30DPD+ Arrears

Month-on-Month Change: -2bps

Year-on-Year Change: -74bps

30DPD+ Telco arrears declined to 1.45% in September, continuing to hold near the much lower levels reached earlier this year. The substantial 74bps year-on-year reduction indicates that broader repayment stress remains significantly lighter than in 2025.

Delinquent Accounts (90DPD+)

Month-on-Month Change: +2bps

Year-on-Year Change: -54bps

90DPD+ arrears edged up to 0.40% in September, marking a small reversal from recent improvement. However, delinquency remains 54bps below a year ago, suggesting deeper repayment difficulties are still materially less prevalent despite the latest monthly increase.

Want to know more?

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