



**Preston Rowe Paterson**

International Property Consultants and Valuers

## **OCR 4.25% - OCR lowered further as inflation returns to target**

Release Date: 27 November 2024

The Monetary Policy Committee today agreed to reduce the Official Cash Rate by 50 basis points to 4.25 percent.

Annual consumer price inflation has declined and is now close to the midpoint of the Monetary Policy Committee's 1 to 3 percent target band. Inflation expectations are also close to target and core inflation is converging to the midpoint. If economic conditions continue to evolve as projected, the Committee expects to be able to lower the OCR further early next year.

Economic activity in New Zealand remains subdued and output continues to be below its potential. With excess productive capacity in the economy, inflation pressures have eased. Domestic price and wage setting behaviours are becoming consistent with inflation remaining near the target midpoint. The price of imports has fallen, also contributing to lower headline inflation.

Economic growth is expected to recover during 2025, as lower interest rates encourage investment and other spending. Employment growth is expected to remain weak until mid-2025 and, for some, financial stress will take time to ease.

Global economic growth is expected to remain subdued in the near term. Geopolitical conditions and policy uncertainty could contribute to increased economic and inflation volatility over the medium term.

The Monetary Policy Committee agreed that having consumer price inflation close to the middle of its target band puts it in the best position to respond to any shocks to inflation.

**[Read the full statement and Record of meeting](#)**



**Preston Rowe Paterson**

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**Media contact:**

James Weir

Senior Adviser, External Stakeholders

Phone: [+64 4 471 3962](tel:+6444713962) | Mobile: [021 103 1622](tel:0211031622)

Email: [James.Weir@rbnz.govt.nz](mailto:James.Weir@rbnz.govt.nz)