



OCR 4.75% - Monetary restraint reduced as inflation converges to target

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OCR reduced by 50 basis points to 4.75%.

The Monetary Policy Committee today agreed to cut the Official Cash Rate (OCR) to 4.75 percent. The Committee assesses that annual consumer price inflation is within its 1 to 3 percent inflation target range and converging on the 2 percent midpoint.

Economic activity in New Zealand is subdued, in part due to restrictive monetary policy. Business investment and consumer spending have been weak, and employment conditions continue to soften. Low productivity growth is also constraining activity.

Some exporters have benefited from improved export prices. However, global economic growth remains below trend. The outlook for the United States and China is for growth to slow, while geopolitical tensions remain a significant headwind for world economic activity.

The New Zealand economy is now in a position of excess capacity, encouraging price- and wage-setting to adjust to a low-inflation economy. Lower import prices have assisted the disinflation.

The Committee agreed that it is appropriate to cut the OCR by 50 basis points to achieve and maintain low and stable inflation, while seeking to avoid unnecessary instability in output, employment, interest rates, and the exchange rate.

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

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