



Preston Rowe Paterson

International Property Consultants and Valuers

Official Cash Rate remains at 5.50%

4 October 2023

The Monetary Policy Committee today agreed to hold the Official Cash Rate (OCR) at 5.50%.

Interest rates are constraining economic activity and reducing inflationary pressure as required.

Demand growth in the economy continues to ease. While GDP growth in the June quarter was stronger than anticipated, the growth outlook remains subdued. With monetary conditions remaining restrictive, spending growth is expected to decline further.

Globally, economic growth remains below trend and headline inflation has eased for most of our trading partners. Core inflation has also eased, but to a lesser extent. Weakening global demand is putting downward pressure on New Zealand export volumes and prices. Apart from oil, global import prices have eased.

While the imbalance between supply and demand continues to moderate in the New Zealand economy, a prolonged period of subdued activity is required to reduce inflationary pressure.

There is a near-term risk that activity and inflation do not slow as much as needed. Over the medium term, a greater slowdown in global economic demand, particularly in China, could weigh more on commodity prices and New Zealand export revenue.

The Committee agreed that the OCR needs to stay at a restrictive level to ensure that annual consumer price inflation returns to the 1 to 3% target range and to support maximum sustainable employment.

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

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