



Official Cash Rate remains at 5.50%

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Updated to include link to Monetary Policy Statement

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

The current level of interest rates is constraining spending and hence inflation pressure, as anticipated and required. The Committee agreed that the OCR needs to stay at restrictive levels for the foreseeable future to ensure annual consumer price inflation returns to the 1 to 3% target range, while supporting maximum sustainable employment.

The New Zealand economy is evolving broadly as anticipated. Activity continues to slow in parts of the economy that are more sensitive to interest rates. Labour shortages are easing as overall demand softens and immigration adds to labour resources. Headline inflation and inflation expectations have declined, but measures of core inflation remain too high.

Globally, economic growth remains below trend and headline inflation has eased for most of our trading partners. Core inflation remains high in many countries. Weakening global economic growth is putting downward pressure on New Zealand export prices.

The imbalance between demand and supply is moderating in the New Zealand economy. However, a prolonged period of subdued spending growth is still required to better match the supply capacity of the economy and reduce inflation pressure.

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



Preston Rowe Paterson

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The Committee is confident that with interest rates remaining at a restrictive level for some time, consumer price inflation will return to within its target range of 1 to 3% per annum, while supporting maximum sustainable employment.

More information

[Link to Monetary Policy Statement and Record of Meeting](#)

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