

Research Economy Watch

29 August 2025

Job ads few and far between

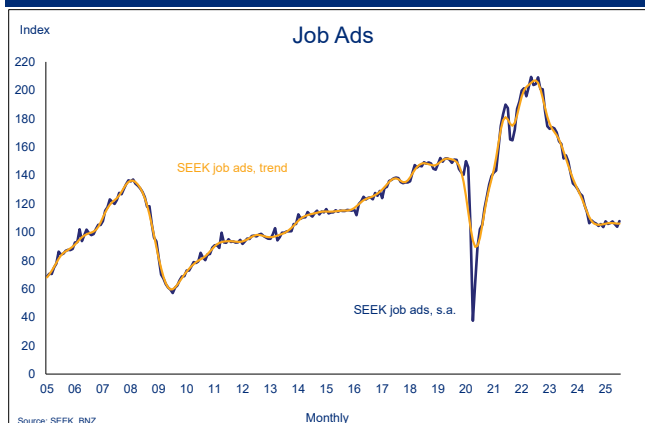
- **July job ads remain weak**
- **RBNZ acknowledges soft labour market**
- **Employment to lag the economic recovery**
- **South Island outperformance continues**

	Jul-23	Jul-24	May-25	Jun-25	Jul-25
m/m % change	-2.8	-2.5	-0.2	-0.2	0.0
m/m % change (s.a.)	-6.3	1.9	-1.8	-1.8	3.9
3m/3m	-5.6	-9.6	0.4	0.0	-0.3
Ann % change (m/m)	-24.3	-31.2	-7.1	-4.2	-1.7
Ann % change (3m/3m)	-21.9	-31.1	-10.4	-7.3	-4.4

All data is the trend unless otherwise indicated

Labour market conditions remain soft. Indicative of this, after falling nearly 50% from their peak, job ads have wobbled around the same low level for over a year. In the three months ended July, there was a further 0.3% reduction in the number of ads relative to the previous three months.

Going nowhere

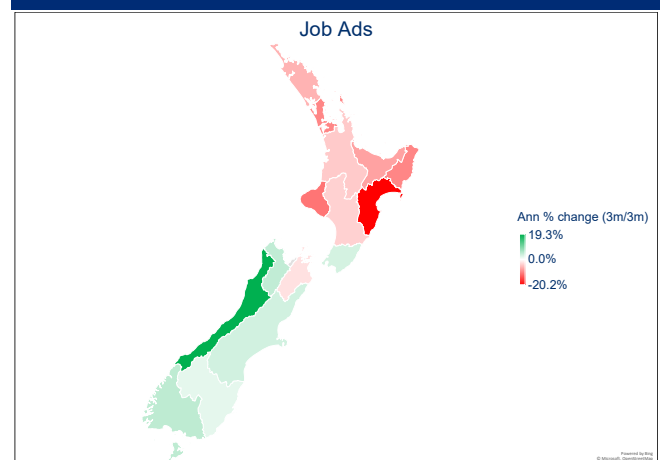


This ongoing weakness in the labour market is no doubt one of the reasons behind the RBNZ's recent decision to signal further OCR cuts ahead. In its August Monetary Policy Statement, the RBNZ nudged up its forecast for the unemployment rate again and expects it to linger above 5% until late 2026. It also noted weakness in the labour market should limit upside risks to inflation even if the economy recovers more quickly than expected.

We have been warning for some time that the labour market will lag the broader economic recovery. With activity indicators for July starting to show some signs of life, we would expect the labour market to eventually follow suit. But for now, job ads continue to be indicative of relatively poor employment conditions.

That said, prospects across the country are far from equal. While total ads for May to July are down 4.4% on year earlier levels, the decline was almost entirely in the North Island. The heat map below shows job ad growth by region, with green above year earlier levels and red below. There is a clear divide between the North and South Island. The West Coast was the strongest region at +19.3% y/y, while Hawke's Bay was the weakest at -20.2% y/y.

Two different stories



This adds to a host of economic indicators suggesting relative outperformance in the South Island and reflects a combination of the strength in rural income growth and tourism. Supporting this, Q2 retail spending in the South, in dollar terms, was up 4.7% on year earlier levels and well above the North at 1.8%. Given the relative strength of the recovery in the South Island, it would not surprise if internal net migration data continued to show people moving south.

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The Covid-19 pandemic led to a high level of volatility in labour market data between April 2020 and March 2022. As a result, caution is recommended when interpreting trend estimates during this period as large month-to-month changes in variables generated multiple trend breaks.

The applications per ad index contains a series break at Jan 2016 when the calculation of this series changed from using gross variables (inclusive of all SEEK job listings) to net variables (removing duplicate job listings). This change has a negligible impact on recent data points, but caution is recommended when interpreting data immediately following the series break, and particularly in 2016 where growth rates have not been adjusted for the series break.