

Research Economy Watch

22 October 2025

Shaking off the sideways trend

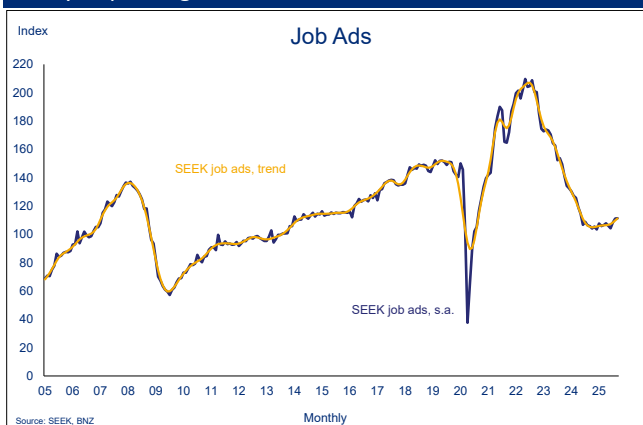
- **Job ads appear to be turning up**
- **Off a weak base**
- **Other employment indicators mixed**
- **Wage growth subdued**

	Sep-23	Sep-24	Jul-25	Aug-25	Sep-25
m/m % change	-3.3	-0.9	1.0	1.3	1.3
m/m % change (s.a.)	-2.7	-0.6	3.9	2.6	0.2
3m/3m	-8.1	-7.3	1.0	1.9	2.8
Ann % change (m/m)	-26.9	-28.3	0.3	3.5	5.7
Ann % change (3m/3m)	-25.7	-29.9	-3.4	0.1	3.1

All data is trend unless otherwise indicated

SEEK job ads are showing further signs of life. Across the September quarter, ads lifted 2.8% q/q. With each passing month, an upturn in the trend becomes more compelling. It is important to remember that the level of job ads is still almost 50% below the 2022 peak. But it is another sign the worst for employment may be behind us.

Finally improving?



There have been mixed signals from recent labour market indicators. Subdued PMI and PSI readings led us to nudge down our growth and employment forecasts. In the details, the 'composite' employment sub-index remained weak at 47.8 in September. Our estimate for Q3 HLFS employment growth sits at only 0.1% q/q. The lift in job ads offers hope for more employment ahead.

The latest Quarterly Survey of Business Opinion (QSBO) expressed difficult conditions now with expectations of

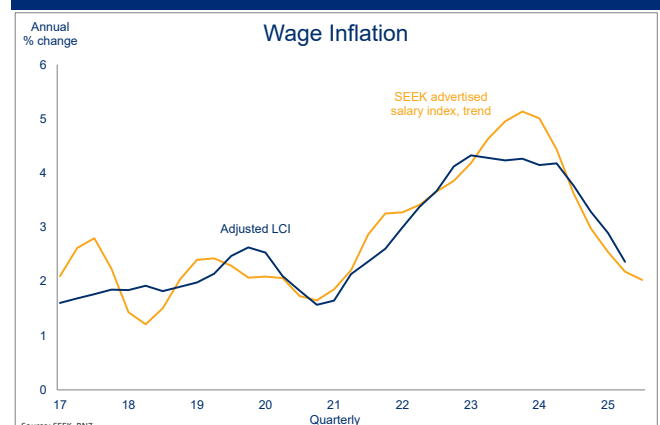
improvement ahead. According to that survey, a net 23% of firms reduced numbers employed in the last three months, while a net 4% intend to increase employment in the next three months. This weak outcome / positive expectation is a familiar pattern across many economic surveys at the moment.

Importantly, QSBO respondents reported it is less easy to find staff compared to three months ago. There are still plenty of available workers, but the direction of change is worth monitoring. It is something we have been contemplating with very low net inward migration of working-age people.

Official labour market data for the September quarter is due on 5 November. Our forecasts include a modest lift in the unemployment rate from 5.2% to 5.3%. Looking ahead, we expect the unemployment rate will linger and take until the latter half of 2026 to fall below 5%. We have been warning for some time that the labour market is likely to lag New Zealand's economic recovery.

In the meantime, the balance of labour supply and demand continues to place downward pressure on wage inflation. Annual growth in the SEEK advertised salary index declined from 2.2% in May to 2.0% in August. We forecast the adjusted Labour Cost Index (LCI) to decline to a similar level in the official Q3 statistics.

Subdued



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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.