

CONFIDENCE SURVEY

Westpac McDermott Miller Employment
Confidence, June quarter 2026.

23 June 2026



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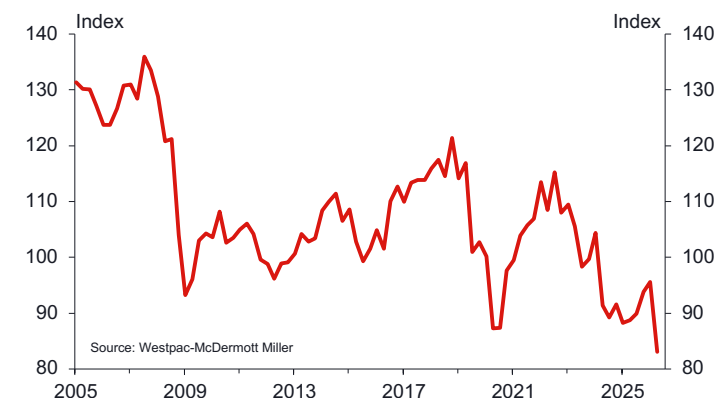


SUMMARY

Iran conflict knocks labour market confidence down to record lows.

- The Westpac-McDermott Miller Employment Confidence Index fell by 12.5 points to 83.1 in the June quarter. This was the lowest reading for the survey since it began in September 2004.
- The loss of confidence was shared across all of the survey questions, and was fairly consistent across regions, ages and income groups.
- We note though that – as with our consumer confidence survey – the results here are very much a product of timing. The previous survey was held in the early part of March, at the beginning of the Iran conflict and likely before households had recognised the consequences (i.e. before fuel prices had surged higher). Similarly, the latest survey was held in early June, just before the US-Iran peace deal and the largest of the recent declines in fuel prices.
- So while the survey certainly highlights the downside risks to the labour market outlook for the months ahead, we'll also be keeping a close eye on higher-frequency indicators such as vacancies and filled jobs, to see how they progress in light of the latest developments.
- In our May Economic Overview forecasts we had factored in some further softening in the jobs market over the rest of this year, despite the unemployment rate easing to 5.3% in the March quarter.

Employment Confidence Index



Westpac labour market forecasts



EMPLOYMENT CONFIDENCE INDICES

Nationwide

	Jun-26	Mar-26	Change
Employment Confidence Index	83.1	95.6	-12.5
Current Employment Conditions Index	71.6	83.9	-12.3
Employment Expectations Index	90.8	103.4	-12.6
Current job opportunities	-59.7	-45.8	-13.9
Expected job opportunities	-30.4	-17.5	-12.9
Past earnings growth	2.8	13.6	-10.8
Expected earnings growth	12.3	22.2	-9.9
Own job security	-9.6	5.6	-15.2

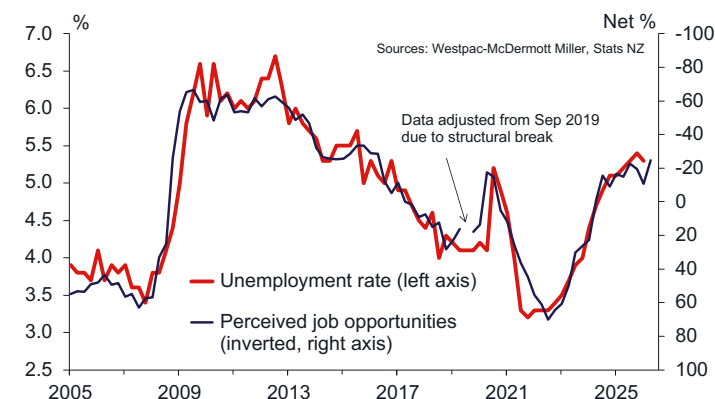
Employment confidence by region

	Jun-26	Mar-26	Change
Northland	73.7	84.7	-11.0
Auckland	80.9	97.3	-16.4
Waikato	81.1	99.0	-17.9
Bay of Plenty	83.8	96.1	-12.3
Gisborne/Hawke's Bay	81.7	100.1	-18.4
Taranaki/Manawatu-Whanganui	87.8	88.0	-0.2
Wellington	80.9	90.8	-9.9
Nelson/Marlborough/West Coast	89.5	89.4	0.1
Canterbury	83.9	91.8	-7.9
Otago	78.4	89.1	-10.7
Southland	87.5	92.9	-5.4

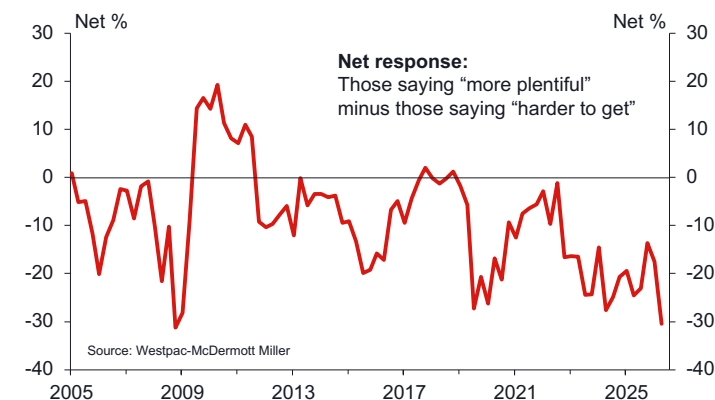
JOB OPPORTUNITIES

- A net 60% of respondents in the June survey felt that it's hard to find a job at the moment. This was the weakest reading since the mid-2010s – even allowing for what appears to have been a structural break when the surveying method was updated in 2018.
- This measure has been a useful leading indicator of near-term unemployment (and indeed it correctly anticipated the dip in the unemployment rate in the March quarter). The latest reading is consistent with our forecast of renewed softness in the jobs market in the coming months, with the unemployment rate expected to reach a cyclical peak of 5.6% by the end of the year.
- Households were also downbeat about the medium-term outlook, with expected job opportunities in a year's time falling to a net -30%, close to the record lows seen during the 2008 Global Financial Crisis.
- A broader range of indicators also suggest that the Middle East conflict has left employers more wary. The NZIER's Quarterly Survey of Business Opinion in Feb/Mar saw a sharp divide between earlier and later responses, but with the general picture being a sharp pullback in hiring intentions. The ANZ's monthly Business Outlook survey showed a similar fall initially, although it picked up slightly in May as hostilities in the Middle East cooled.
- In contrast with the weakness in confidence surveys, job advertisements have been steady over the last few months, though they remain well below pre-Covid levels.

Job opportunities vs unemployment rate



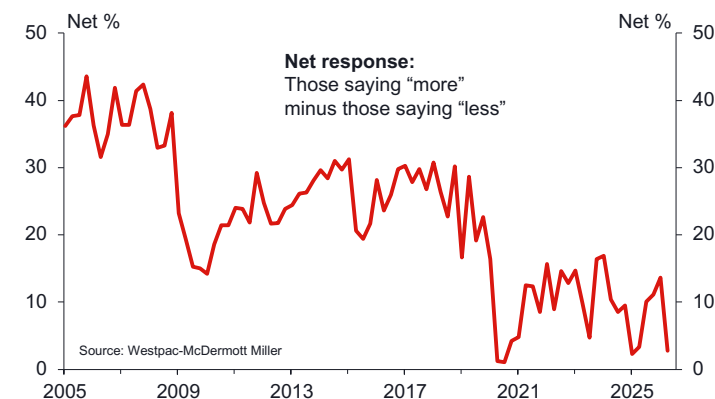
Job opportunities in a year's time



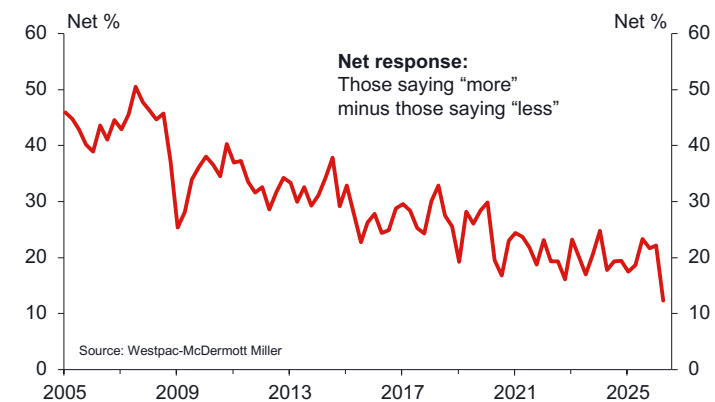
EARNINGS GROWTH

- The earnings growth measures also saw sharp falls in the June survey, along with the weakness in perceived job prospects.
- A net 3% of households reported a rise in their earnings over the last year, from a net 14% in March. This was close to the record low that we saw during the Covid lockdown, and the more recent cycle lows in early 2025.
- Only a net 12% of households expect a lift in their earnings in the year ahead – the lowest reading in the history of the survey.
- These earnings growth measures have remained at historically low levels in recent years, even through the sharp lift in wage inflation in the years following Covid. We suspect that respondents are viewing this in ‘real’ terms – that is, whether their earnings are keeping pace with, or falling behind, the cost of living.
- If so, this would explain the sharp drop in past earnings growth this quarter – it seems unlikely that households would have experienced a hit to their nominal incomes so soon after the Iran conflict.
- The sharp fall in expected earnings suggests that workers are not confident about being able to extract cost-of-living pay increases in the face of the sharp rise in fuel prices. The existing degree of slack in the labour market means there is less bargaining power for workers.

Earnings in paid work compared to last year



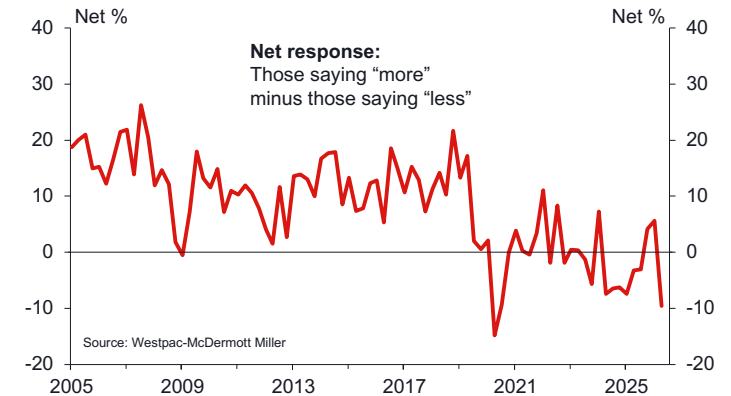
Earnings in paid work this time next year



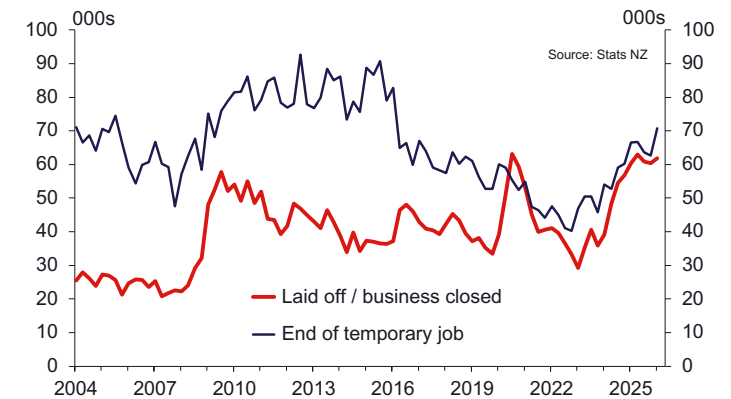
JOB SECURITY

- Workers' perceptions of their own job security fell sharply, reaching their lowest level since the Covid lockdown.
- The fall in confidence was greatest among young workers, who in turn had seen the greatest improvement in previous quarters.
- Across income groups, middle- and high-income earners saw the biggest drop in perceived job security. Lower-income workers saw a smaller drop (but were already more negative in the first place).
- The Iran conflict has cast a fresh shadow over the recent signs of stabilisation in the jobs market. The number of people out of work due to layoffs or business closures appeared to have plateaued in recent quarters.
- That said, layoffs have only been part of the story in recent years. There has also been a rise in the duration of unemployment, as people were out of work have found it difficult to get back in again.

Personal job security over the next year



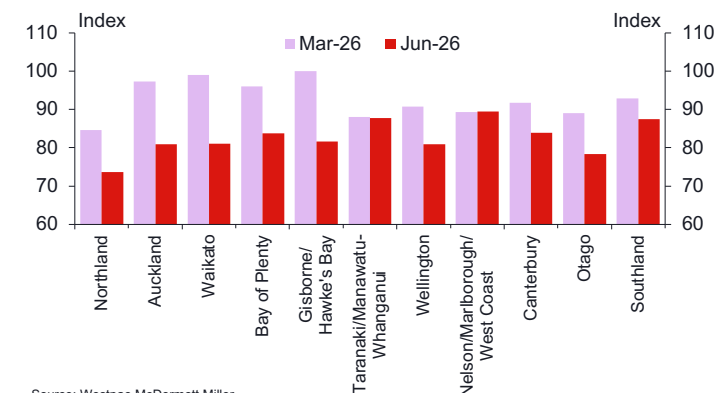
HLFS: Reason for leaving last job



REGIONAL CONFIDENCE

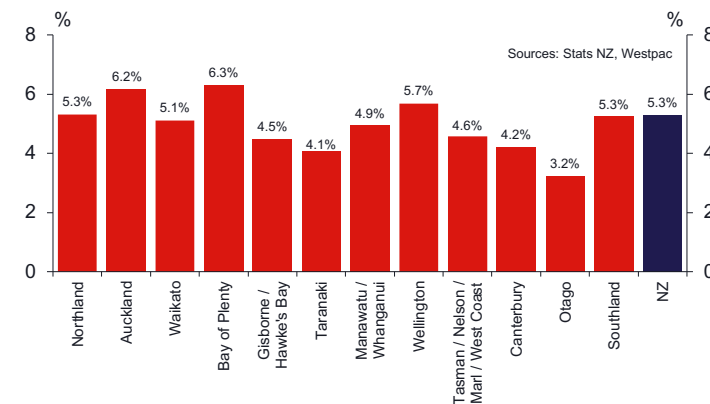
- Most regions saw sharp falls in employment confidence, with the North Island tending to see larger falls than in the South Island. This corresponds with the general tone of the economic data in recent months, with stronger conditions in the South Island providing more of a buffer against external shocks.
- The largest falls in confidence were in the Auckland, Waikato and Gisborne/Hawke's Bay regions. All of these saw sharp declines across every measure of the survey.
- As with our consumer confidence survey, there was a relatively large drop in employment confidence in Otago compared to the rest of the South Island. While strong export commodity prices are still helping to support economic conditions in the region, the outlook for international tourism and hospitality exports has darkened in recent months.
- Two areas bucked the national trend, with overall employment confidence broadly unchanged for the quarter: The Taranaki/Manawatu regions, and the top and west of the South Island. This was largely seen in the expected earnings measure, with mixed results across the other questions.

Employment confidence by region



Source: Westpac-McDermott Miller

Unemployment by region



Sources: Stats NZ, Westpac

TECHNICAL DETAILS

Survey description.

The Westpac-McDermott Miller Employment Confidence Index summarises responses to five questions: households' perceptions of current and future job opportunities, their own actual and expected earnings, and expected changes in their own job security.

The questions about current job opportunities and earnings are summarised in the Current Employment Conditions Index, while the questions about the year ahead are summarised in the Employment Expectations Index.

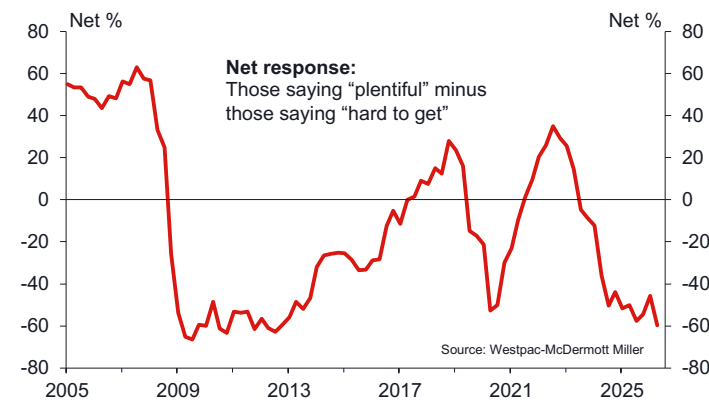
Survey interviews were conducted over the period 1-12 June. The sample size was 1,550. The margin of error of the survey is 2.5%.

Summary charts.

Employment Confidence Indices



Do you think jobs are plentiful or hard to get in NZ?



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