

New Zealand Equity Monthly (July 2025)

Focus on earnings, migration trends and tariffs

By Michael Sherrock, Head of New Zealand Equities
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Potential for recovery likely to be key focus in next corporate earnings season

One area of focus for New Zealand's equity market in July was the upcoming August corporate earnings season. August is a busy time for equities because almost 30 of the names on the S&P/NZX 50 Index of the country's largest companies by market capitalisation will have released earnings by the season's end. Market observers are likely to be especially interested in examining companies' outlook statements to ascertain how the firms feel they are faring and their expectations for the next six to 12 months. A key focus point is likely to be whether there are signs of recovery that could provide optimism for investors regarding earnings expectations.

Migration trends seen highlighting risk of skilled personnel moving overseas

Recent migration data have highlighted the risk New Zealand's listed companies face in losing skilled workers, particularly to Australia. Provisional official figures released on 10 July¹ showed that migrant arrivals to New Zealand were down by 26% in the year ended May 2025 compared to the previous year, while migrant departures from the country were up by 14% in the same period. Migrant departures in the year ended May 2025 came to 124,500 in the data, provisionally marking a record high for an annual period. The figures also showed that New Zealand is seeing strong migration to Australia, with a provisional net migration loss of 28,800 New Zealand citizens to Australia in the year ended December 2024. This trend may be attributed to the comparative appeal of the job prospects and pay levels available in Australia. In our opinion, the risk of losing skilled staff to Australia warrants further attention from New Zealand's listed companies. We also see it as an issue in the public sector.

US tariffs attracting attention but unlikely to impact New Zealand significantly

The ever-changing situation surrounding US tariffs continued to capture the world's attention in July. As in previous months, it was difficult to predict what would be announced by the US from one day to the next. We will continue to monitor the tariff situation, but we believe that its impact on New Zealand as a country and as a market is limited. Although New Zealand companies do export to the US, in our view it is not difficult for them to find other markets for the goods exported. As a result, we believe that the tariff situation will continue to have a limited impact on New Zealand's listed companies.

¹ <https://www.stats.govt.nz/information-releases/international-migration-may-2025/>

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