

Media Release



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IT'S TIME FOR RBA TO WAIT

ABS data shows that the Consumer Price Index (CPI) rose 7.4% over the twelve months ending January 2023.

"This is down on the annual figure for the year to December 2022 of 8.4% and below both the Budget forecast and the RBA's forecast and points to a slowing down in the rate of increase", said REIA President, Hayden Groves.

"When ABS excludes the volatile items of fruit and vegetables and automotive fuel, the annual increase is 7.2% - down on the twelve months to December figure of 8.1%.

"The monthly figure is down 0.4% on December's and down 0.1% in seasonally adjusted terms – the first decrease in the seasonally adjusted monthly figure since February 2021.

"The most significant contributors to the annual increase in the January monthly CPI indicator were housing (9.8 %), food and non-alcoholic beverages (8.2 %) and recreation and culture (10.2 %) with the annual increase for the housing group lower than December's 10.1%.

"Rents continued to rise with a monthly increase of 0.7% and an annual increase of 4.8% compared to the 12 months to December of 4.1%.

"GDP figures released by ABS today also show a slowdown in the momentum of the Australian economy. Whilst GDP rose 0.5 per cent in seasonally adjusted terms in the December quarter 2022 and by 2.7 per cent for the year, growth has slowed in each of the last two quarters.

"Whilst I understand the RBA's commitment to making sure high inflation is not entrenched the flip side of this is the risk that the economy grinds to a halt. At the Board's own admission monetary policy is a blunt instrument that takes more than a year to work its way through the economy.

"The manipulation of mortgage interest rates as the main means of discouraging consumer spending puts an unfair share of the burden on home buyers. With clear signs that the CPI peaked late last year it is time for the RBA to pause on interest rate hikes at its meeting next week and wait for further evidence of the lagged impact that past increases have had," concluded Mr Groves.

ENDS

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