

Media Release



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MONTHLY CPI SHOULD BE SEEN IN CONTEXT

ABS data shows that the Consumer Price Index (CPI) rose 6.8% in the twelve months to April, up from 6.3% in March, and the same as in February.

“Whilst on the surface this would appear disappointing it needs to be seen in the context of the drivers of the increase and other economic data,” said Mr Hayden Groves, President of the Real Estate Institute of Australia.

“The annual movement for the monthly CPI excluding the volatile items of fruit and vegetables, automotive fuel and holiday travel and accommodation, rose 6.5% in April, down from 6.9% in March.

“Automotive fuel prices rose 9.5% in the year to April 2023, but this follows a fall of 8.2% in March, and is largely due to the changes to the fuel excise tax introduced at the end of 30 March last year.

“The most significant contributors to the annual increase in the April monthly CPI indicator were housing (8.9%), food and non-alcoholic beverages (7.9%) and transport (7.1%) with the annual increase for the housing group lower than the previous four months which ranged from 10.6% in December to 9.5% in March.

“Rents continued to rise with an annual increase of 6.1% in April, up from March’s 5.3%.

“The eleven interest rate increases since May last year are already squeezing household incomes and weighing on consumer spending as was noted by the Treasury Secretary in his appearance at the Economics Legislation Committee yesterday with retail sales volumes falling 0.6 per cent in the March quarter. He expects annual inflation to fall to 6 per cent through the year to the June quarter of 2023 and then to moderate 3.25% to the June quarter of 2024 as the economy cools and price and wage-setting dynamics normalise.

“Despite the April figure, the CPI peaked late last year and the RBA needs to keep a pause on further rate rises at its meeting next week allowing additional time to consider additional data showing the lagged impact of the previous eleven rate increases and assess the outlook for the economy,” concluded Mr Groves.

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