

Media Release

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MONTHLY CPI SUGGESTS THAT RBA WAS HASTY

The latest ABS data shows that the Consumer Price Index rose 4.9 per cent in the 12 months to October 2023, down from 5.6 per cent in September and below the peak of 8.4 per cent in December 2022.

“The latest figure continues the downward trajectory in the CPI and is below market expectations of 5.2 per cent, suggesting the RBA may have been hasty in raising interest rates at its November meeting,” according to the President of the Real Estate Institute of Australia, (REIA), Mr Hayden Groves.

“The annual movement for the monthly CPI excluding the volatile items of fruit and vegetables, automotive fuel and holiday travel and accommodation, rose 5.1 per cent in October, down from 5.5 per cent in September.

“The most significant contributors to the annual increase in the October monthly CPI indicator were housing (up 6.1 per cent), food and non-alcoholic beverages (up 5.3 per cent) and transport (up 5.9 per cent).”

“Whilst still higher than we would like, the annual increase for housing was lower than the 7.2 per cent increase in September. Similarly rents whilst rising by 6.6 per cent in the 12 months to October were lower than the rise of 7.6 per cent in September.

“This result is largely due to the increase in Commonwealth Rent Assistance that took effect from 20 September 2023 and is something that the REIA has been advocating for to assist eligible tenants.

“The latest CPI figures follow the weaker than expected retail sales for October. Retail turnover fell 0.2% in October. In per capita terms, this is 1.6% lower than a year ago, and is the largest fall on record outside the Covid pandemic period.

“The lagged response to the successive interest rate hikes is showing up in the data and with the CPI having peaked late last year and trending down, it is time for the RBA to stop further increases on interest rates,” concluded Mr Groves.

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Established in 1924, REIA is a federated body of State & Territory Real Estate Institutes representing 85% of Australian real estate agencies. We are a national advocate for the Australian real estate industry which is made up of 46,793 Australian businesses that employs 133,360 Australians.

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