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Media Release

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CPI ANOTHER PIECE FOR RBA'S JIGSAW

The latest ABS data shows that the Consumer Price Index rose 3.4% in the 12 months to February 2024, the same as the increase for the previous two months.

“Whilst the February figure is unchanged, we need to remember, as the Treasurer reminded us earlier this week, that the monthly figures bounce about and are less reliable than the quarterly data,” according to the Real Estate Institute of Australia President, Ms Leanne Pilkington.

“The downward trend in inflation is undeniable, with monthly figures not having increased since the peak of 8.4% in December 2022.

“This is even more evident once the volatile items are excluded. The annual movement for the monthly CPI excluding fruit and vegetables, automotive fuel and holiday travel and accommodation, rose 3.9% cent in February, down from 4.1% in January and showing decreases every month since March last year.

“Following the last RBA Board meeting it said that it will rely upon the data and the evolving assessment of risks as it pays close attention to developments domestically and overseas. The latest CPI provides an important piece in that jigsaw. Others, including retail trade, household spending, unemployment and the March quarter CPI, will be available before the next meeting in early May.

“The most significant contributors to the annual increase in the February CPI indicator were housing (up 4.6%), food and non-alcoholic beverages (up 3.6%), alcohol and tobacco (up 6.1%) and insurance and financial services (up 8.4%).

“Rents increased by 7.6% in the 12 months to February, up from 7.4% in the year to January.

“The 13 rate hikes by the RBA since May 2022 are not only stemming the inflation tide but also slowing the economy.

“As the pieces of RBA's jigsaw fall into place the expectation is that the RBA will provide home buyers some interest rate relief later this year,” concluded Ms Pilkington.

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