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Media Release

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CPI ON TRACK WITH RBA EXPECTATIONS

ABS data shows that the Consumer Price Index (CPI) rose 1.0 per cent in the June 2024 quarter and 3.8 per cent over the twelve months.

“Whilst the annual figure is up on the March increase of 3.6 per cent, it is in line with the RBA’s forecast. Inflation shot down to 3.6 per cent, sooner than it expected, in March, and is now where the RBA had forecast it to be. It is also lower than recent market expectations,” said Real Estate Institute of Australia President, Ms Leanne Pilkington.

“The important analytical series of trimmed mean, which excludes large price rises and falls, fell slightly to 3.9 per cent, down from 4.0 per cent in the March quarter. This is the sixth quarter in a row of lower annual trimmed mean inflation, down from the peak of 6.8 per cent in the December 2022 quarter.

Similarly, the weighted median rose 0.8 per cent, following a rise of 1.1 per cent in the March 2024 quarter and over the past 12 months, the weighted median rose 4.1 per cent, lower than the 4.4 per cent rise for the 12 months to the March 2024 quarter.

“The most significant quarterly price rises were housing, up 1.1 per cent, food and non-alcoholic beverages, up 1.2 per cent, clothing and footwear, up 3.1 per cent and alcohol and tobacco, up 1.5 per cent. Rents rose 2.0 per cent for the quarter and 7.3 per cent annually, down from the annual increase of 7.8 per cent in the March quarter.

“It also needs to be remembered that RBA has the twin objectives of not only taming inflation but also achieving full employment. It is the later that is showing signs of faltering with unemployment having drifted up since June last year, from 3.5 per cent to 4.1 per cent and the RBA has never lifted interest rates if unemployment has increased by 0.6 percentage points over a 12-month period.

“In a slowing economy we are seeing decreasing job mobility, an increasing trend in underemployment, decreasing job vacancies and decreasing job advertisements. Against this background, borrowers may need to have patience for a fall in interest rates but should be reasonably sure that the RBA won’t increase rates next week,” concluded Ms Pilkington.

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