

CONSUMER PRICE INDEX, MARCH QUARTER 2017

Summary

During the March quarter 2017:

- The Consumer Price Index (CPI) rose 0.5% nationally and rose 0.4% in Adelaide; and
- Annual CPI inflation to the March quarter 2017 was 2.1% nationally and 2.0% in Adelaide.

The average of the Reserve Bank of Australia's two measures of underlying annual inflation was 1.8% for the year to the March quarter 2017.

Further Analysis

The annual increase in the national CPI of 2.1% was up from 1.5% in the previous quarter.

For Adelaide the annual increase of 2.0% was up from 1.3% recorded in the previous quarter—see Chart 1. Adelaide's annual increase was the fifth highest of the eight capital cities.

The largest annual CPI increase was recorded for Melbourne (up 2.5%), followed by Sydney (up 2.4%), and Hobart and Canberra (both up 2.3%). Below national average increases were recorded for Adelaide (up 2.0%), Brisbane (up 1.8%), Perth (up 1.0%) and Darwin (up 0.5%)—see Table 1.

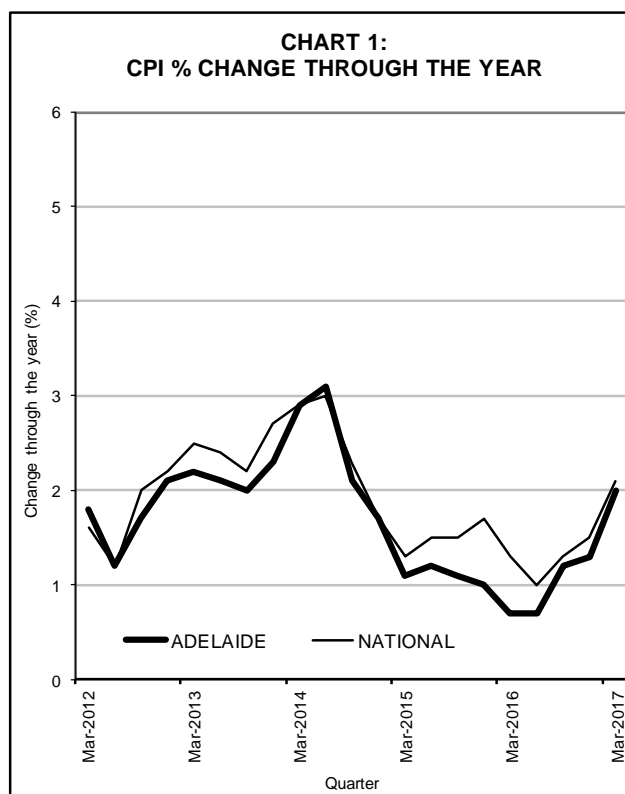


TABLE 1: CPI movement by Capital City

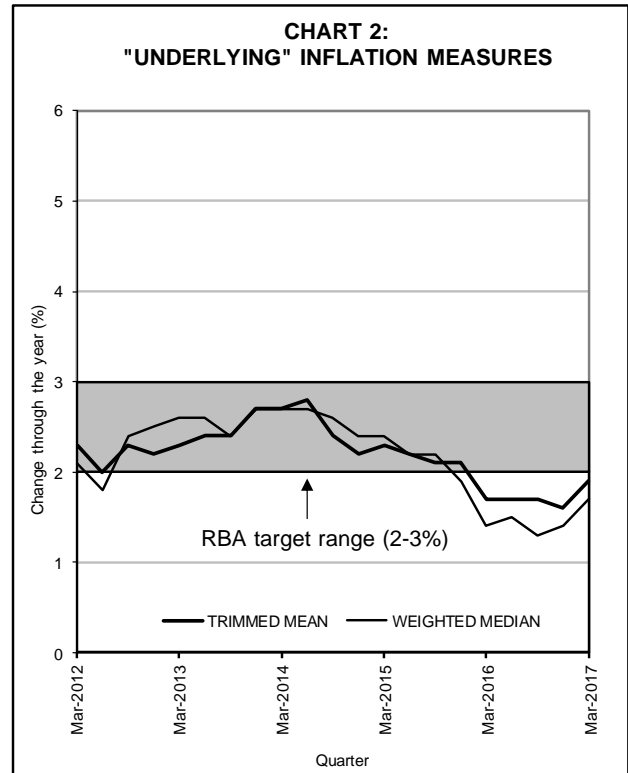
	Mar Qtr 17 vs Dec Qtr 16 (%)	Mar Qtr 17 vs Mar Qtr 16 (%)
Sydney	0.4	2.4
Melbourne	0.9	2.5
Brisbane	0.3	1.8
Adelaide	0.4	2.0
Perth	0.0	1.0
Hobart	0.8	2.3
Darwin	-0.1	0.5
Canberra	0.6	2.3
National - headline	0.5	2.1
National – underlying*	0.5	1.8

* Average of RBA trimmed mean and weighted median measures

Nationally, the rise in the CPI during the March quarter reflected the impact of rising prices for automotive fuel (up 5.7%), new dwelling purchase by owner-occupiers (up 1.0%), medical and hospital services (up 1.6%), electricity (up 2.5%), secondary education (up 4.1%) and pharmaceutical products (up 4.9%). The most significant offsetting price fall was for international holiday travel and accommodation (down 3.8%) followed by fruit (down 6.7%).

In Adelaide, the rise in the CPI during the March quarter reflected the impact of rising prices for automotive fuel (up 5.9%), electricity (up 5.9%), pharmaceutical products (up 5.0%), secondary education (up 2.9%) and tertiary education (up 3.1%). These rises were partially offset by price falls for international holiday travel and accommodation (down 5.0%) and Fruit (down 8.3%).

The Reserve Bank of Australia's measures of 'underlying' inflation show annual growth of 1.7% for the weighted median and 1.9% for the trimmed mean. The RBA monitors these two series as part of the process of determining official interest rates. The RBA pays particular attention to underlying inflation ensuring it is in line with the medium term target of 2-3% per annum —See Chart 2.



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TABLE 2: Per cent changes in CPI by component group, March quarter 2017

	National % change In quarter	Adelaide % change In quarter	National % change In year	Adelaide % change In year
Food and non-alcoholic beverages	-0.2	-0.4	1.8	2.0
Alcohol and tobacco	1.1	0.9	6.1	5.8
Clothing & Footwear	-1.4	-2.3	0.3	-1.8
Housing	0.8	0.9	2.5	1.4
Furnishings, household equipment & services	-1.0	-1.1	-0.1	0.1
Health	2.0	1.1	3.8	4.2
Transport	1.5	2.2	3.8	3.9
Communication	-0.3	-0.3	-4.8	-4.8
Recreation and culture	-0.7	-0.8	-0.2	0.4
Education	3.1	2.8	3.3	2.9
Insurance & financial services	0.6	0.7	2.7	3.5
All Groups	0.5	0.4	2.1	2.0

