

CONSUMER PRICE INDEX, JUNE QUARTER 2017

Summary

During the June quarter 2017:

- The Consumer Price Index (CPI) rose 0.2% nationally and rose 0.1% in Adelaide; and
- Annual CPI inflation to the June quarter 2017 was 1.9% nationally and 1.6% 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 June quarter 2017.

Further Analysis

The annual increase in the national CPI of 1.9% was down from 2.1% in the previous quarter.

For Adelaide the annual increase of 1.6% was down from 2.0% recorded in the previous quarter—see Chart 1. Adelaide's annual increase was the third lowest of the eight capital cities after Darwin (up 0.5%) and Perth (up 0.7%).

The largest annual CPI increase was recorded for Hobart (up 2.3%), followed by Sydney and Melbourne (both up 2.2%) and Canberra (up 2.1%). Below national average increases were recorded for Brisbane (up 1.8%), Adelaide (up 1.6%), Perth (up 0.7%) and Darwin (up 0.5%)—see Table 1.

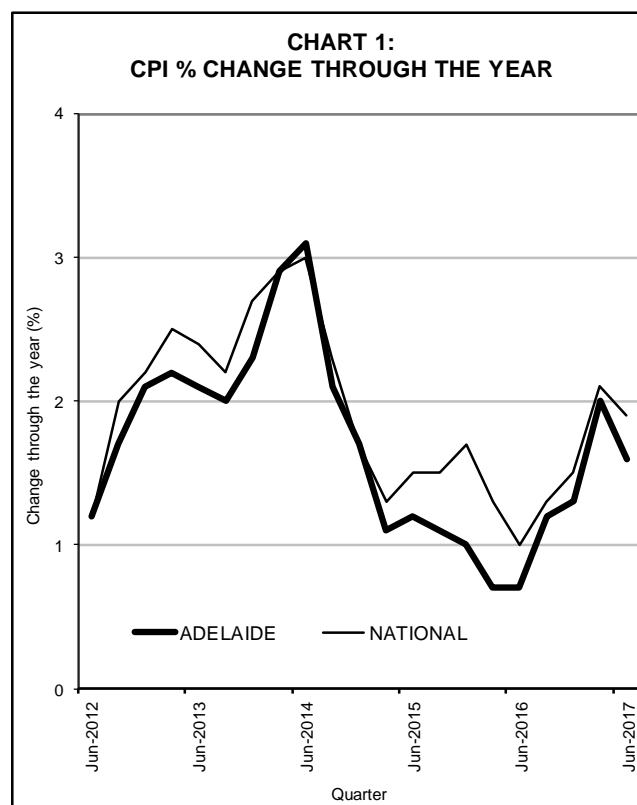


TABLE 1: CPI movement by Capital City

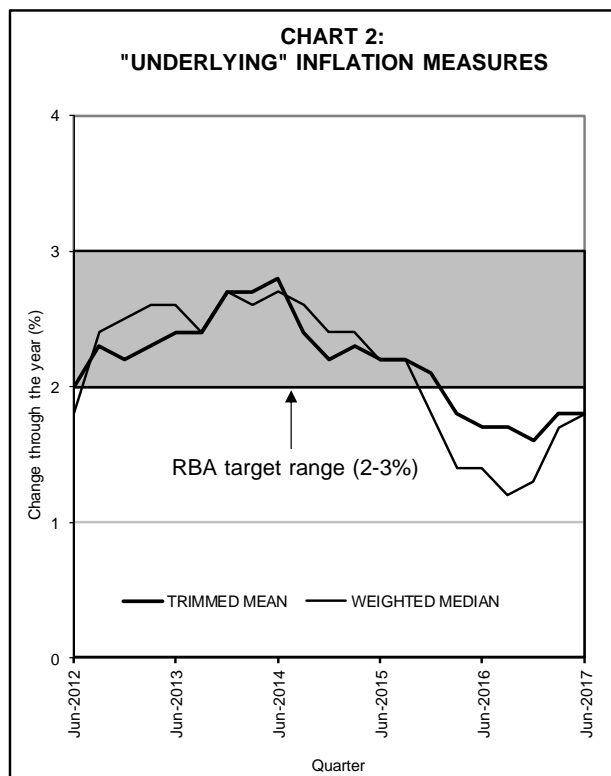
	Jun Qtr 17 vs Mar Qtr 17 (%)	Jun Qtr 17 vs Jun Qtr 16 (%)
Sydney	0.4	2.2
Melbourne	0.1	2.2
Brisbane	0.5	1.8
Adelaide	0.1	1.6
Perth	0.0	0.7
Hobart	0.0	2.3
Darwin	0.3	0.5
Canberra	0.0	2.1
National - headline	0.2	1.9
National – underlying*	0.5	1.8

* Average of RBA trimmed mean and weighted median measures

Nationally, the rise in the CPI during the June quarter reflected the impact of rising prices for medical and hospital services (up 4.1%), new dwelling purchase by owner-occupiers (up 0.9%), tobacco (up 1.0%), beer (up 1.0%), restaurant meals (up 0.7%) and take away and fast foods (up 0.7%). The most significant offsetting price fall was for domestic holiday travel and accommodation (down 3.2%) followed by automotive fuel (down 2.5%) and fruit (down 4.4%).

In Adelaide, the rise in the CPI during the June quarter reflected the impact of rising prices for medical and hospital services (up 5.3%), tobacco (up 1.4%), furniture (up 4.0%), waters, soft drinks and juices (up 4.1%) and international holiday travel and accommodation (up 1.4%). These rises were partially offset by price falls for automotive fuel (down 3.7%), electricity (down 3.3%) and vegetables (down 3.1%).

The Reserve Bank of Australia's measures of 'underlying' inflation show annual growth of 1.8% for both the weighted median and 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, June 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	-0.3	1.9	1.9
Alcohol and tobacco	0.8	1.1	5.9	5.7
Clothing & Footwear	-0.3	-1.2	-1.9	-4.4
Housing	0.3	-0.4	2.4	1.4
Furnishings, household equipment & services	0.7	1.2	0.0	-0.2
Health	2.7	3.9	3.8	4.4
Transport	-0.6	-1.1	2.1	2.0
Communication	-0.5	-0.5	-3.8	-3.8
Recreation and culture	-0.6	-0.2	-0.1	0.0
Education	0.0	0.1	3.3	3.0
Insurance & financial services	-0.1	-0.5	2.1	2.6
All Groups	0.2	0.1	1.9	1.6

