



CONSUMER PRICE INDEX, DECEMBER QUARTER 2015

Summary

During the December quarter 2015:

- The Consumer Price Index (CPI) rose 0.4% nationally and rose 0.2% in Adelaide; and
- Annual CPI inflation to the December quarter 2015 was 1.7% nationally and 1.0% in Adelaide.

The average of the Reserve Bank of Australia's two measures of underlying annual inflation was 2.0% for the year to the December quarter 2015.

Further Analysis

The annual increase in the national CPI of 1.7% was up from 1.5% in the previous quarter.

For Adelaide the annual increase of 1.0% was down from 1.1% recorded in the previous quarter—see Chart 1. Adelaide's annual increase was the third lowest of the eight capital cities.

The largest annual CPI increase was recorded for Sydney (up 2.0%), followed by Melbourne (up 1.9%), Hobart (up 1.8%) and Brisbane (up 1.7%). Below national average increases were recorded for Perth (up 1.5%), Adelaide (up 1.0%), Canberra (up 0.7%) and Darwin (up 0.5%)—see Table 1.

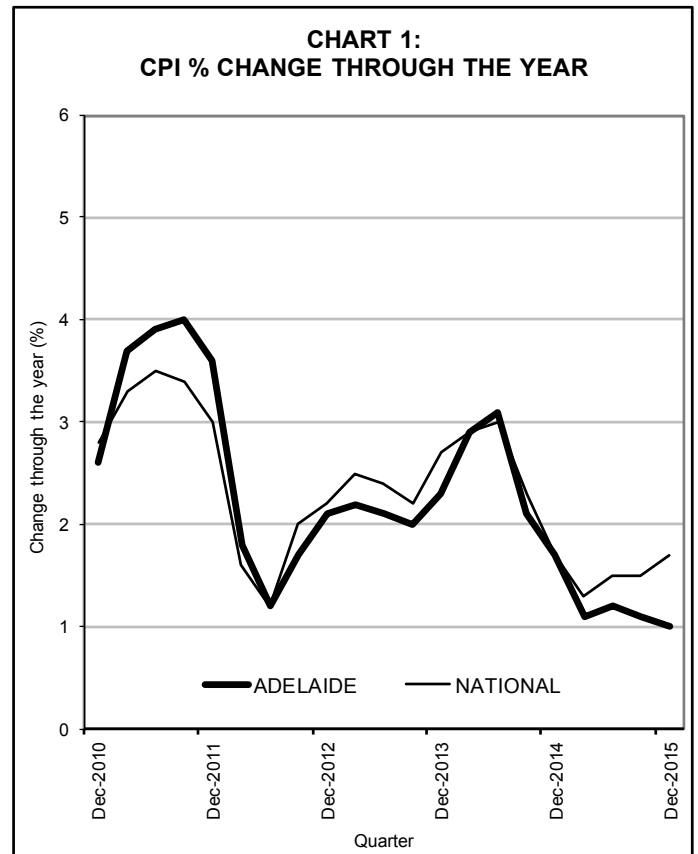


TABLE 1: CPI movement by Capital City

	Dec Qtr 15 vs Sep Qtr 15 (%)	Dec Qtr 15 vs Dec Qtr 14 (%)
Sydney	0.3	2.0
Melbourne	0.7	1.9
Brisbane	0.4	1.7
Adelaide	0.2	1.0
Perth	0.5	1.5
Hobart	0.9	1.8
Darwin	0.3	0.5
Canberra	0.2	0.7
National - headline	0.4	1.7
National - underlying*	0.6	2.0

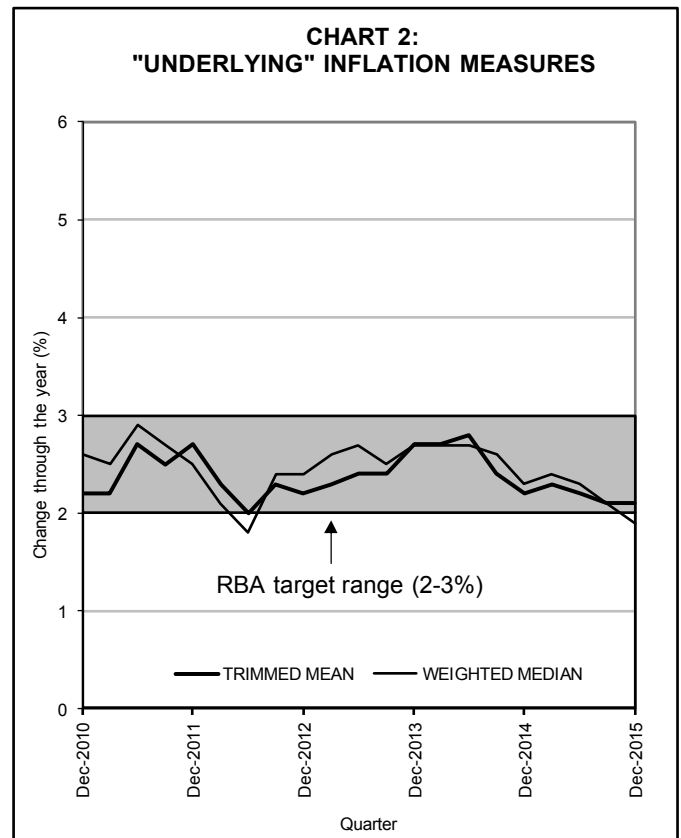
* Average of RBA trimmed mean and weighted median measures



Nationally, the rise in the CPI during the December quarter reflected the impact of rising prices for tobacco (up 7.4%), domestic holiday travel and accommodation (up 5.9%), international holiday travel and accommodation (up 2.4%) and take away and fast foods (up 1.3%). The most significant offsetting price fall was for automotive fuel (down 5.7%) followed by telecommunication equipment and services (down 2.4%) and fruit (down 2.6%).

In Adelaide, the rise in the CPI during the December quarter reflected the impact of rising prices for tobacco (up 6.7%), domestic holiday travel and accommodation (up 4.7%), international holiday travel and accommodation (up 1.8%), Garments for men (up 4.7%) and Insurance (up 1.8%). These rises were partially offset by price falls for Automotive fuel (down 4.3%) and telecommunication equipment and services (down 2.4%).

The Reserve Bank of Australia's measures of 'underlying' inflation show annual growth of 1.9% for the weighted median and 2.1% 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.



**TABLE 2: Per cent changes in CPI by component group, December quarter 2015**

	National % change In quarter	Adelaide % change In quarter	National % change In year	Adelaide % change In year
Food and non-alcoholic beverages	0.3	0.4	0.4	0.3
Alcohol and tobacco	2.7	2.5	6.0	5.4
Clothing & Footwear	1.6	1.7	0.5	-1.7
Housing	0.1	0.1	2.2	0.6
Furnishings, household equipment & services	0.6	0.2	1.9	1.4
Health	-0.4	-0.3	5.3	4.0
Transport	-1.4	-1.6	-1.4	-1.0
Communication	-2.4	-2.4	-6.3	-6.2
Recreation and culture	1.6	1.1	1.7	1.5
Education	0.0	0.0	5.5	4.2
Insurance & financial services	0.8	0.9	1.8	1.8
All Groups	0.4	0.2	1.7	1.0