



# CONSUMER PRICE INDEX, MARCH QUARTER 2016

## Summary

During the March quarter 2016:

- The Consumer Price Index (CPI) fell 0.2% nationally and fell 0.3% in Adelaide; and
- Annual CPI inflation to the March quarter 2016 was 1.3% nationally and 0.7% in Adelaide.

The average of the Reserve Bank of Australia's two measures of underlying annual inflation was 1.6% in the year to the March quarter 2016.

## Further Analysis

The annual increase in the national CPI of 1.3% was down from 1.7% in the previous quarter.

For Adelaide the annual increase of 0.7% was down from 1.0% recorded in the previous quarter—see Chart 1. Adelaide's annual increase was the equal second lowest (with Perth) of the eight capital cities.

The largest annual CPI increases were recorded for Melbourne and Brisbane (both up 1.7%) followed by Sydney and Hobart (both up 1.3%). Below national average increases were recorded for Canberra (up 1.0%), and Adelaide and Perth (both up 0.7%). Darwin recorded a CPI fall of 0.3% in the year to March—see Table 1.

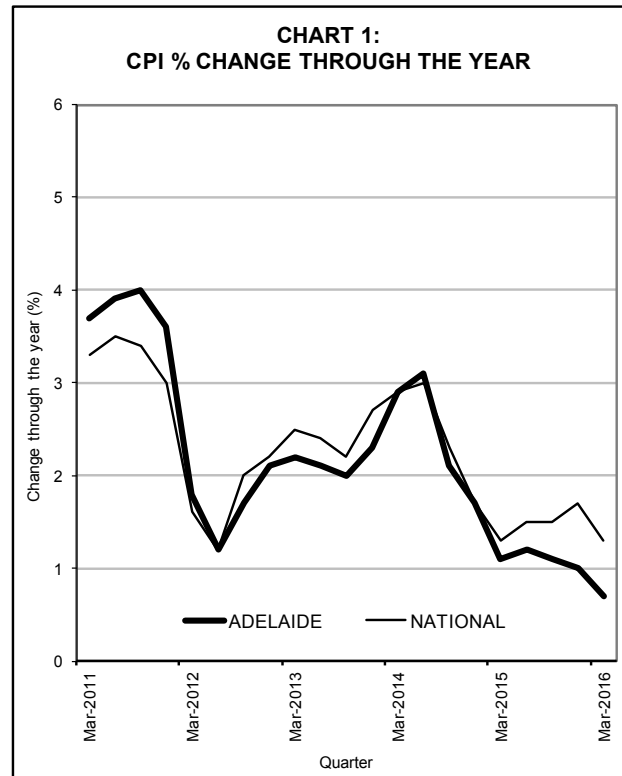


TABLE 1: CPI movement by Capital City

	Mar Qtr 16 vs Dec Qtr 15 (%)	Mar Qtr 16 vs Mar Qtr 15 (%)
Sydney	-0.2	1.3
Melbourne	-0.1	1.7
Brisbane	0.0	1.7
<b>Adelaide</b>	<b>-0.3</b>	<b>0.7</b>
Perth	-0.6	0.7
Hobart	-0.2	1.3
Darwin	-0.9	-0.3
Canberra	0.2	1.0
<b>National - headline</b>	<b>-0.2</b>	<b>1.3</b>
<b>National - underlying*</b>	<b>0.2</b>	<b>1.6</b>

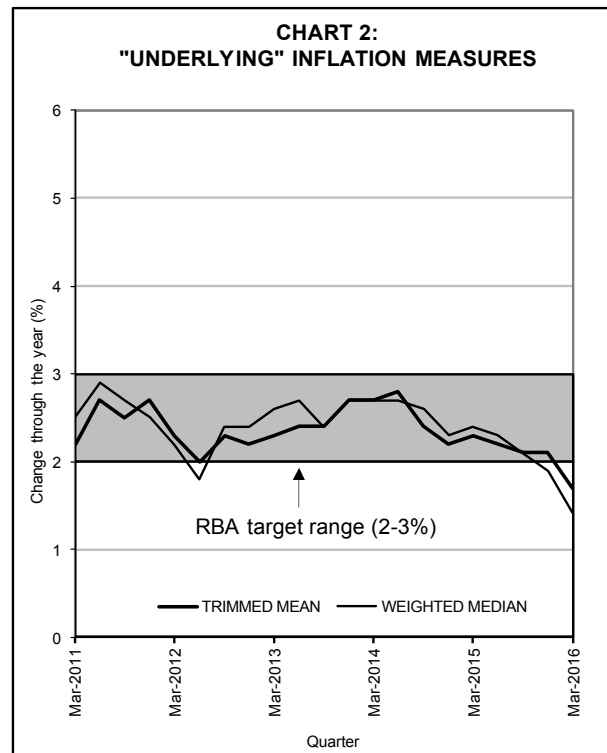
\* Average of RBA trimmed mean and weighted median measures



Nationally, the fall in the CPI during the March quarter reflected the impact of falling prices for automotive fuel (down 10%), fruit (down 11%) and international holiday travel and accommodation (down 2.0%). The most significant offsetting price rise was for secondary education (up 4.6%), followed by medical and hospital services (up 1.6%) and pharmaceutical products (up 4.8%).

In Adelaide, the fall in the CPI during the March quarter reflected the impact of falling prices for automotive fuel (down 12%), fruit (down 14%) and international holiday travel and accommodation (down 2.8%). These falls were partially offset by price rises for electricity (up 4.9%), secondary education (up 4.3%), tobacco (up 1.0%), child care (up 6.1%) and pharmaceutical products (up 3.7%).

The Reserve Bank of Australia's measures of 'underlying' inflation show annual growth of 1.4% for the weighted median and 1.7% 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, March quarter 2016**

	National % change In quarter	Adelaide % change In quarter	National % change In year	Adelaide % change In year
Food and non-alcoholic beverages	-0.2	-0.6	0.0	-0.7
Alcohol and tobacco	0.9	1.1	6.1	6.4
Clothing & Footwear	-2.6	-3.1	-0.8	-1.5
Housing	0.3	0.9	1.7	-0.3
Furnishings, household equipment & services	-0.4	-0.8	2.0	2.1
Health	1.9	1.0	4.6	3.7
Transport	-2.5	-2.8	-0.5	-0.2
Communication	-1.5	-1.6	-6.4	-6.4
Recreation and culture	-1.0	-1.5	0.1	-0.3
Education	3.1	2.8	3.3	2.9
Insurance & financial services	0.6	0.4	2.3	1.7
<b>All Groups</b>	<b>-0.2</b>	<b>-0.3</b>	<b>1.3</b>	<b>0.7</b>