

CONSUMER PRICE INDEX, JUNE QUARTER 2016

Summary

During the June quarter 2016:

- The Consumer Price Index (CPI) rose 0.4% nationally and rose 0.5% in Adelaide; and
- Annual CPI inflation to the June quarter 2016 was 1.0% nationally and 0.7% in Adelaide.

The average of the Reserve Bank of Australia's two measures of underlying annual inflation was 1.5% for the year to the June quarter 2016.

Further Analysis

The annual increase in the national CPI of 1.0% was down from 1.3% in the previous quarter.

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

The largest annual CPI increases were recorded for Brisbane (up 1.5%), Melbourne (up 1.4%) and Hobart (up 1.2%). Below national average increases were recorded for Sydney (up 0.9%), Canberra (up 0.8%), Adelaide (up 0.7%) and Perth (up 0.5%) while Darwin's CPI was unchanged—see Table 1.

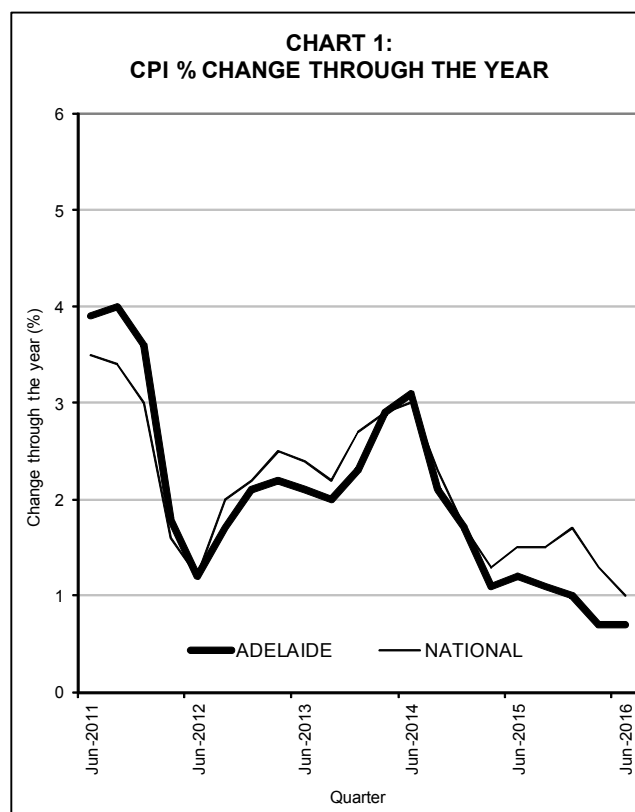


TABLE 1: CPI movement by Capital City

	Jun Qtr 16 vs Mar Qtr 16 (%)	Jun Qtr 16 vs Jun Qtr 15 (%)
Sydney	0.6	0.9
Melbourne	0.4	1.4
Brisbane	0.5	1.5
Adelaide	0.5	0.7
Perth	0.3	0.5
Hobart	0.0	1.2
Darwin	0.3	0.0
Canberra	0.2	0.8
National - headline	0.4	1.0
National - underlying*	0.5	1.5

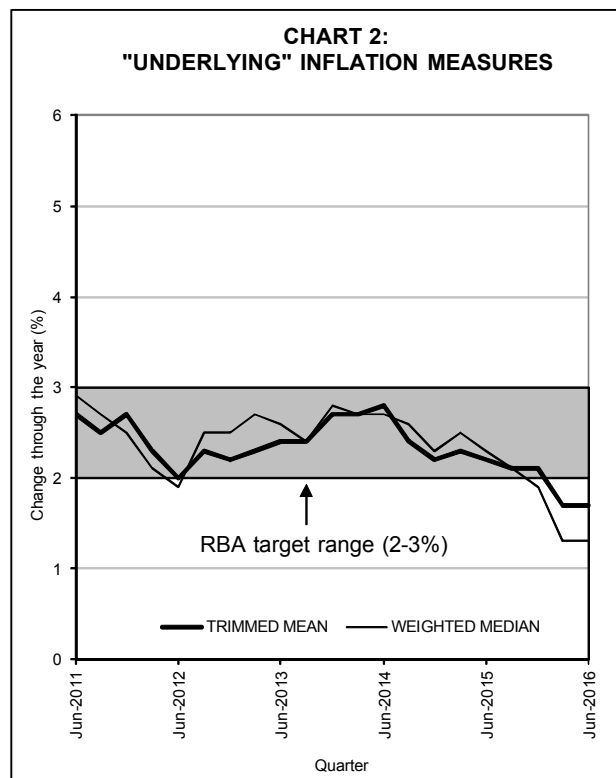
* Average of RBA trimmed mean and weighted median measures



Nationally, the rise in the CPI during the June quarter reflected the impact of rising prices for medical and hospital services (up 4.2%), automotive fuel (up 5.9%), tobacco (up 2.1%) and new dwelling purchase by owner-occupiers (up 0.9%). The most significant offsetting price falls were for domestic holiday and travel accommodation (down 3.7%), motor vehicles (down 1.3%) and telecommunication equipment and services (down 1.5%).

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%), automotive fuel (up 5.1%), furniture (up 5.6%) and tobacco (up 1.9%). These rises were partially offset by price falls for electricity (down 4.7%), domestic holiday and travel accommodation (down 2.4%), motor vehicles (also down 2.4%) and telecommunication equipment and services (down 1.5%).

The Reserve Bank of Australia's measures of 'underlying' inflation show annual growth of 1.3% 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.



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TABLE 2: Per cent changes in CPI by component group, June quarter 2016

	National % change In quarter	Adelaide % change In quarter	National % change In year	Adelaide % change In year
Food and non-alcoholic beverages	-0.3	-0.2	-0.1	-0.4
Alcohol and tobacco	1.0	1.1	5.9	6.3
Clothing & Footwear	2.0	1.5	-0.2	-3.1
Housing	0.4	-0.4	1.3	0.4
Furnishings, household equipment & services	0.6	1.5	1.6	2.4
Health	2.6	3.6	4.5	4.5
Transport	1.0	0.7	-2.8	-3.2
Communication	-1.5	-1.5	-7.2	-7.2
Recreation and culture	-0.7	0.2	0.8	0.9
Education	0.0	0.0	3.3	2.9
Insurance & financial services	0.5	0.4	2.4	2.5
All Groups	0.4	0.5	1.0	0.7

