



RESERVE BANK OF AUSTRALIA

Teacher Immersion Event 2024

H.C. Coombs Centre, Kirribilli
19 July 2024

Education



RESERVE BANK OF AUSTRALIA

Recent Trends in Inflation

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Education



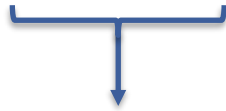
Inflation

“How much prices are changing for things households spend on”



Inflation

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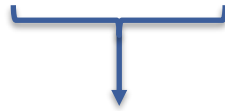


Usually over a
quarter or year



Inflation

“How much prices are changing for things households spend on”



Usually over a
quarter or year



Not businesses



The Consumer Price Index



Housing	Recreation & culture	Household Furnishings...	Health	Education	Communication
Food	Transport	Alcohol	Insurance & financial	Clothing and footwear	

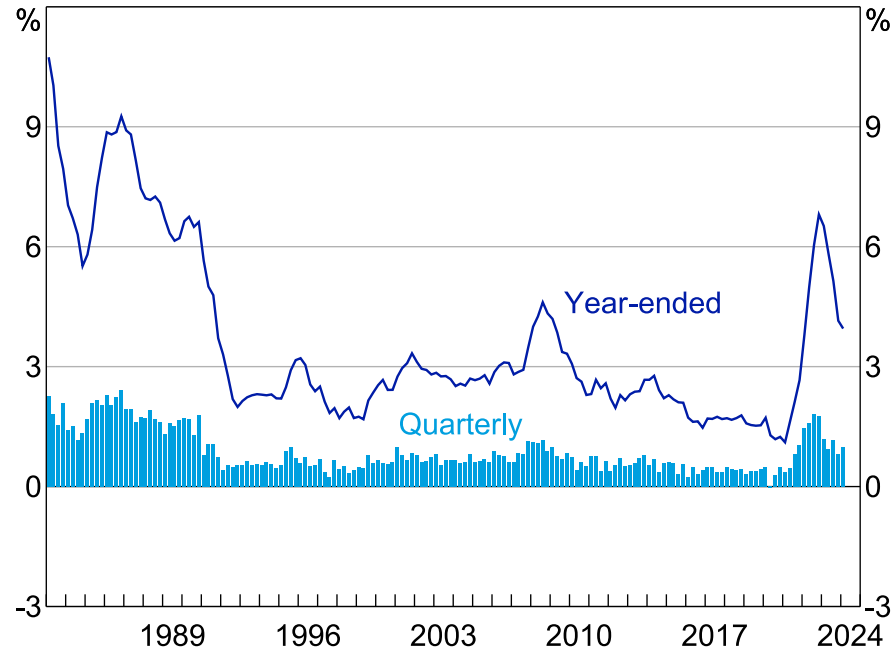


- Market services
- Housing
- Administered prices
- Goods



Trimmed Mean Inflation*

Seasonally adjusted



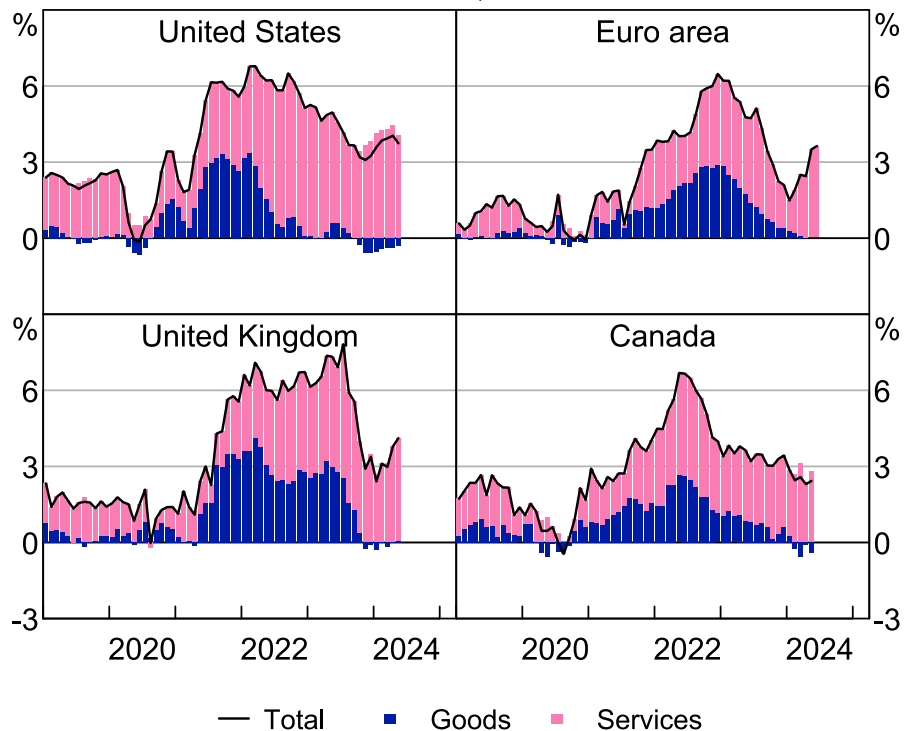
* Excludes interest charges prior to the September quarter of 1998 and deposit & loan facilities; adjusted for the tax changes of 1999–2000.

Sources: ABS; RBA.



Core Consumer Price Inflation

Six-month annualised, with contributions

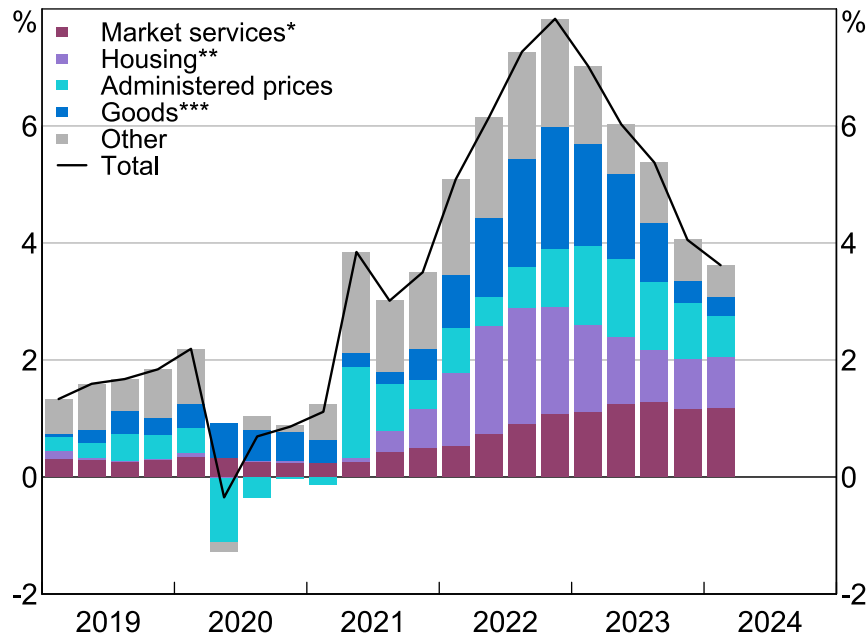


Source: BLS; Eurostat; ONS; RBA; LSEG; Statistics Canada.



CPI Inflation

Year-ended with contributions



* Excludes domestic holiday travel & accommodation, and telecommunications.

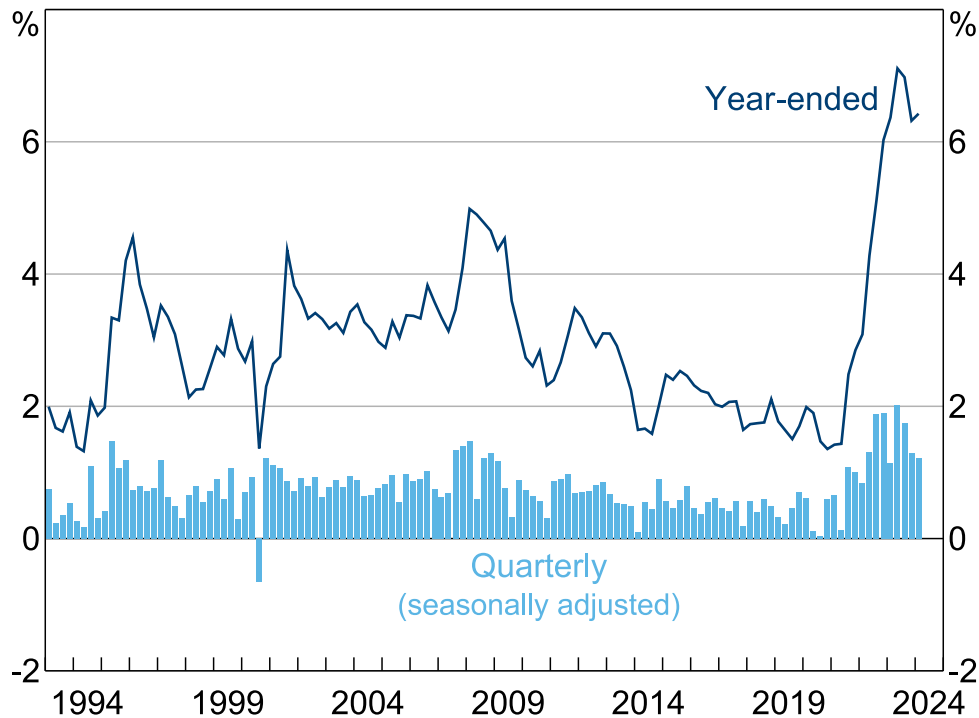
** Includes rents and new dwellings.

*** Excludes fruit and vegetables.

Source: ABS; RBA.



Market Services Inflation*



* Excludes domestic holiday travel & accommodation and telecommunications; adjusted for the tax changes of 1999–2000.

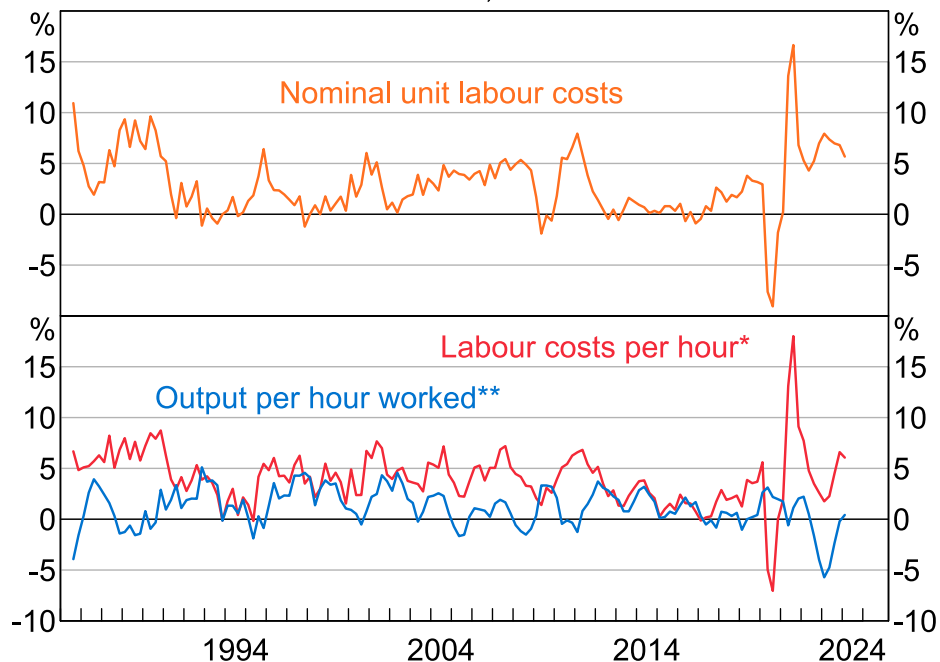
Sources: ABS; RBA.



Growth in unit labour costs \approx
wages growth – productivity growth

Nominal Unit Labour Cost Growth

Year-ended; non-farm



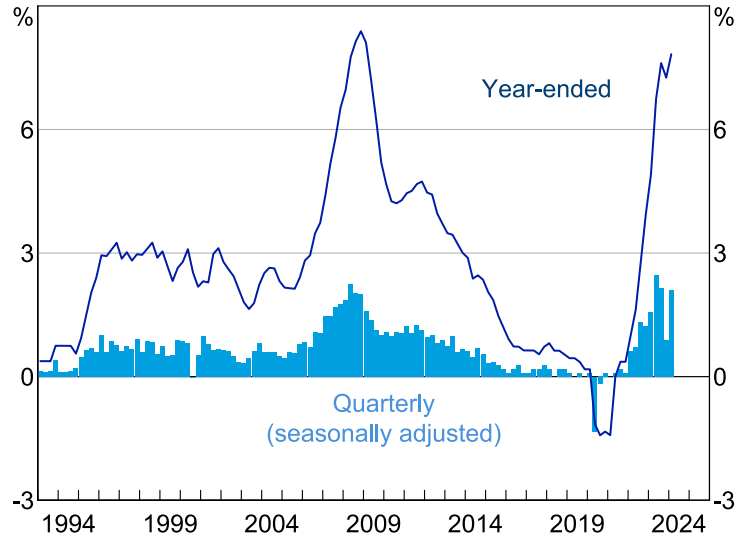
* Compensation of employees plus payroll taxes less employment subsidies.

** Includes self-employed.

Source: ABS; RBA.

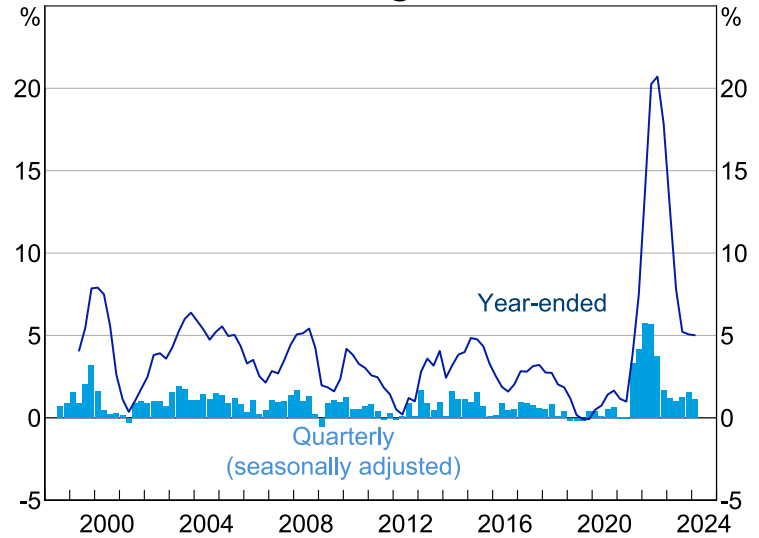


Rent Inflation



Source: ABS; RBA.

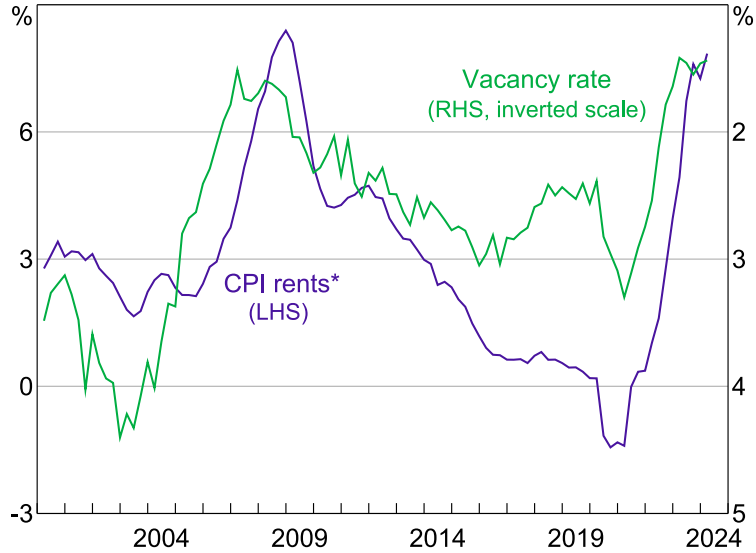
New Dwellings Inflation



Source: ABS; RBA.



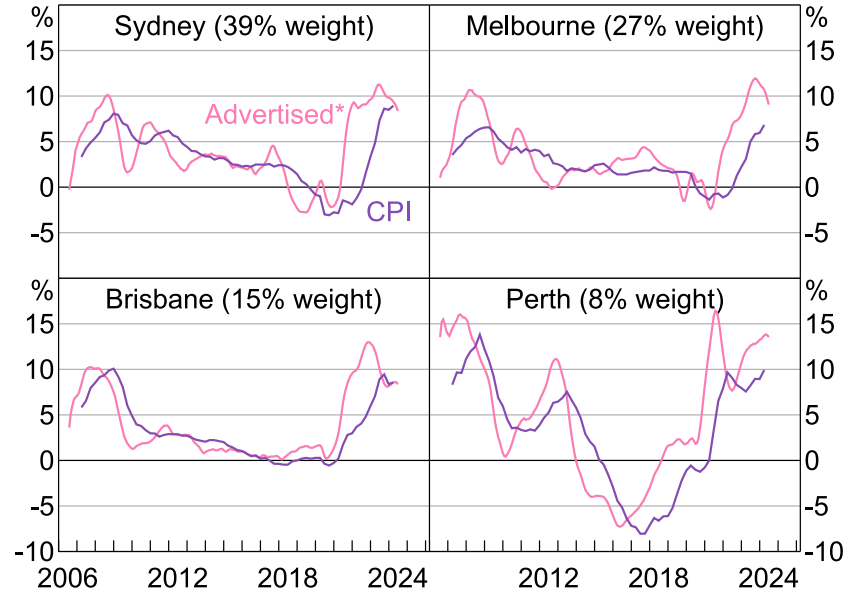
Vacancy Rate and Rent Growth



* Year-ended growth.
Sources: ABS; RBA; REIA.

Rent Inflation

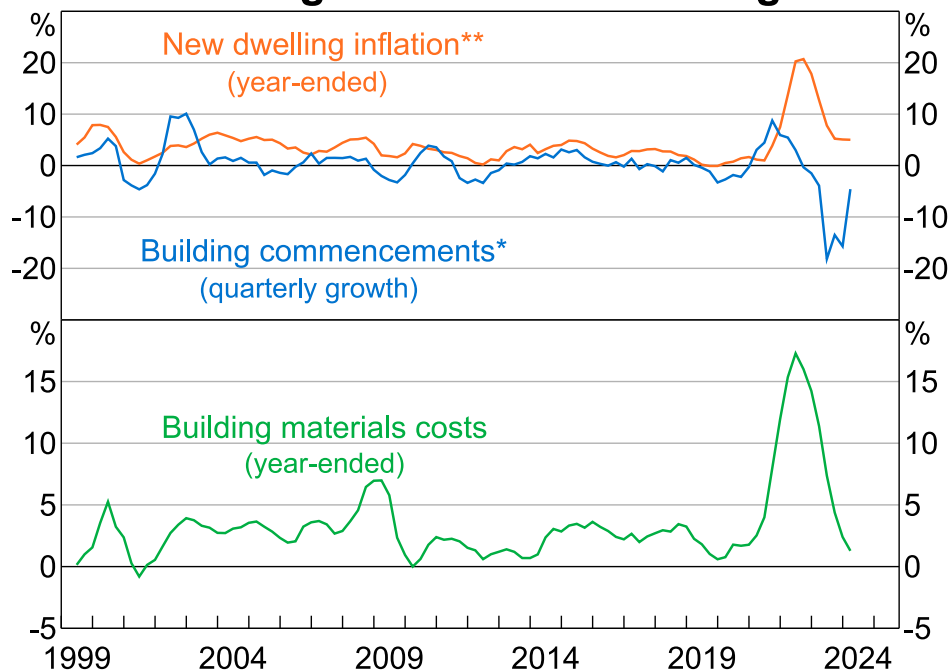
Year-ended, with city weights indicated



* Hedonic; rolling three-month average.
Sources: ABS; CoreLogic; RBA.



New Dwelling Inflation and Building Costs



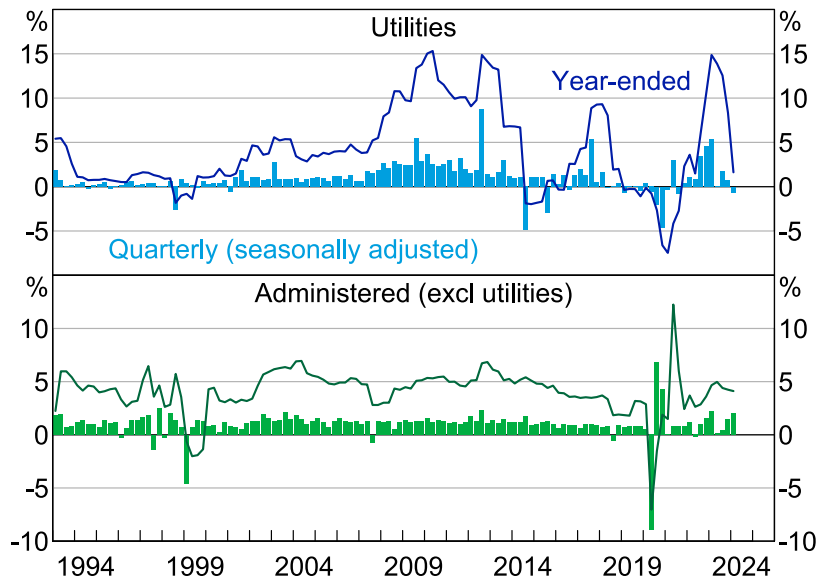
* Six-quarter average lagged by one quarter; detached only before 2017

** Adjusted for the tax changes of 1999–2000

Sources: ABS; RBA.



Administered Price Inflation*

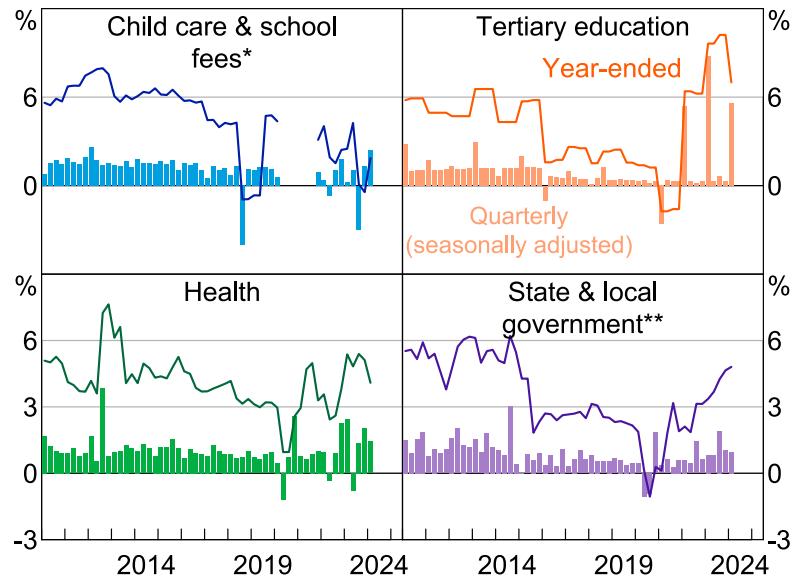


* Adjusted for the tax changes of 1999-2000.

Source: ABS; RBA.

Administered Price Inflation

Selected items



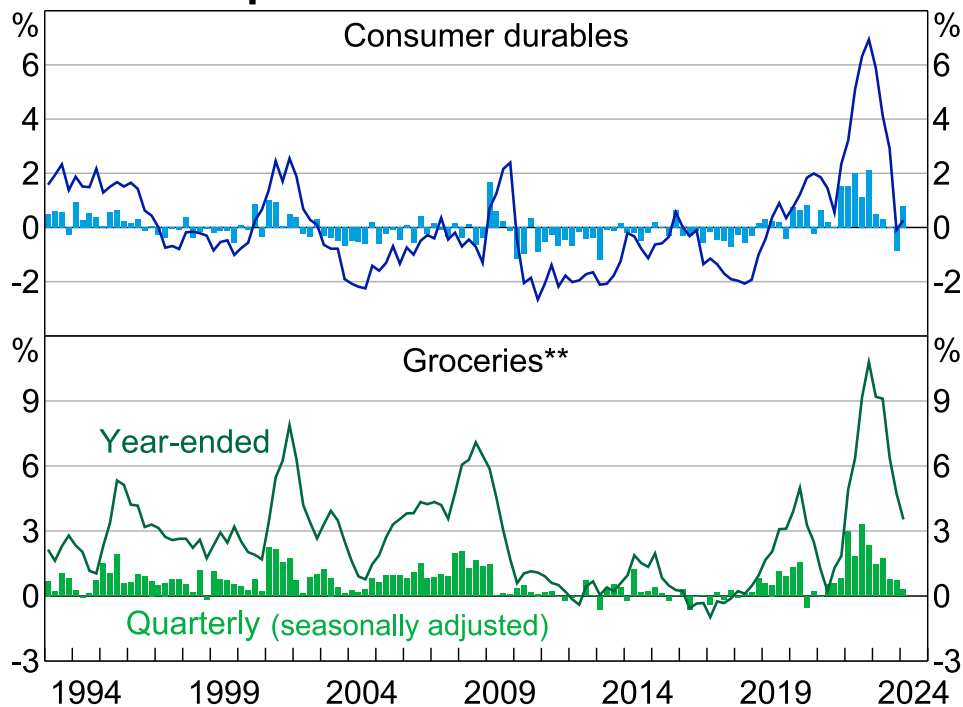
* Excludes volatile periods from June 2020 to September 2021 caused by the government's free child care policy.

** Includes urban transport fares, property rates & charges and other services in respect of motor vehicles.

Source: ABS; RBA.



Components of Retail Inflation*



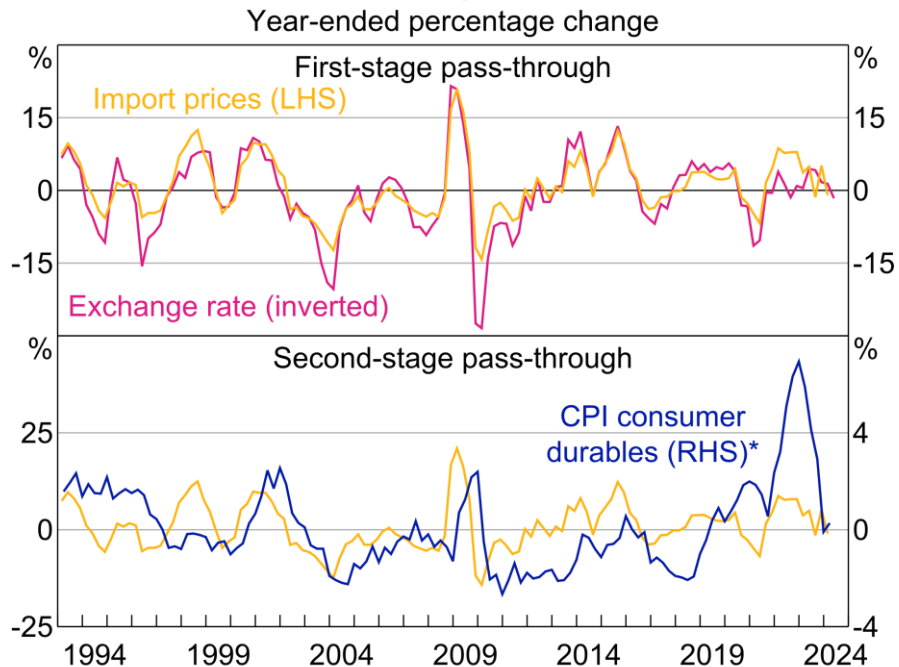
* Adjusted for the tax changes of 1999–2000.

** Excludes fruit & vegetables.

Sources: ABS; RBA.



Durables Import Prices and the Exchange Rate



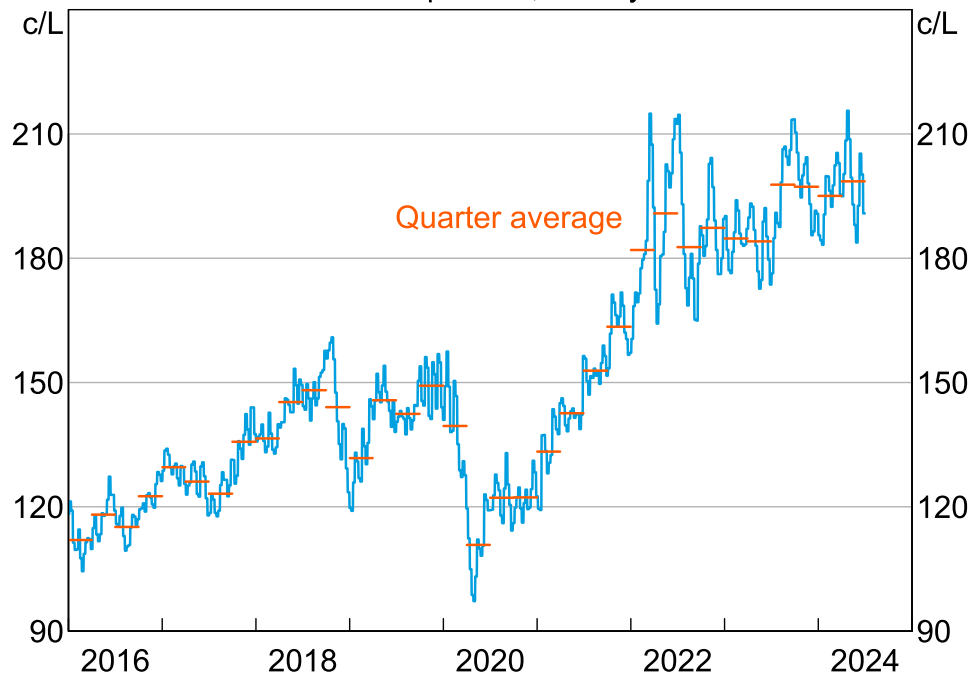
* Adjusted for the tax changes of 1999-2000.

Sources: ABS; RBA.



Automotive Fuel Prices*

Cents per litre, weekly



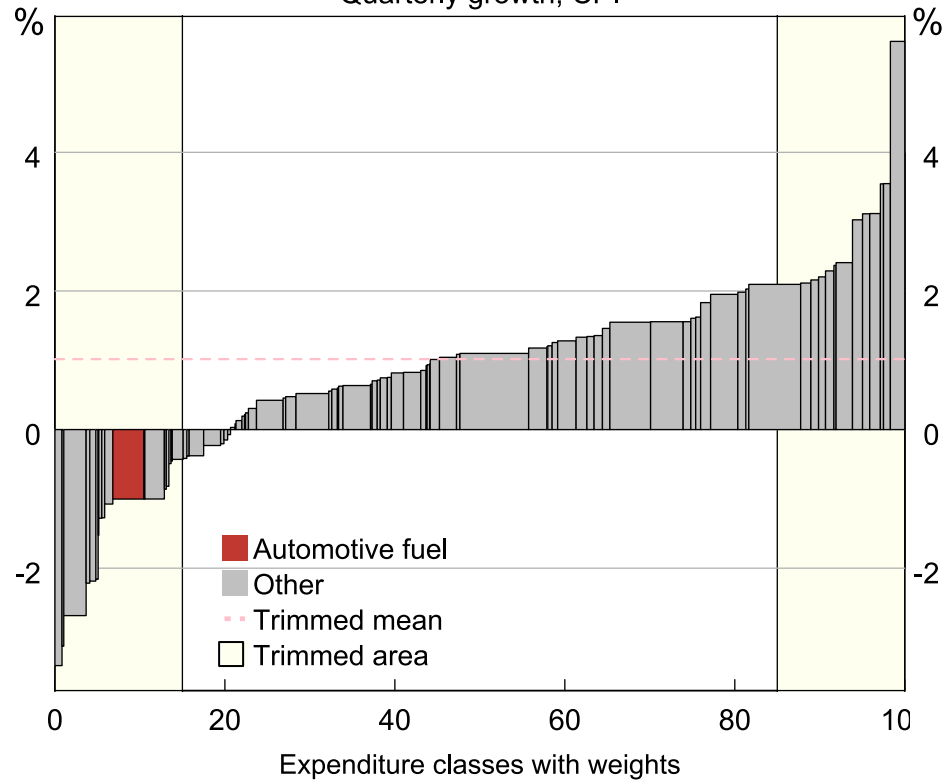
* Weighted average of unleaded and diesel fuel.

Sources: Australian Institute of Petroleum; RBA.



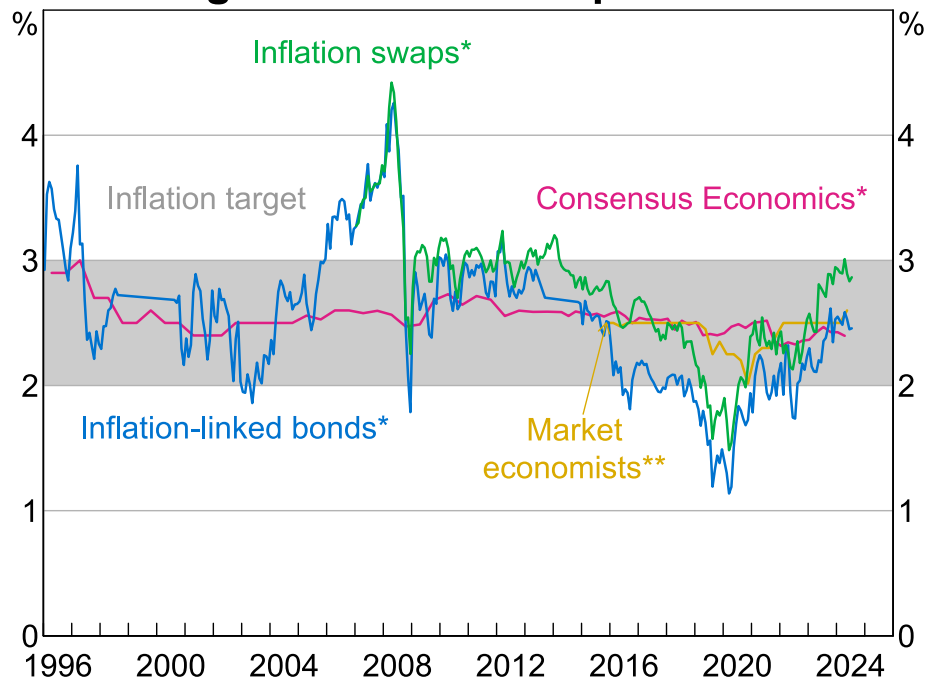
CPI Distribution

Quarterly growth, CPI





Long-term Inflation Expectations



* Average over the five years starting from five years ahead.

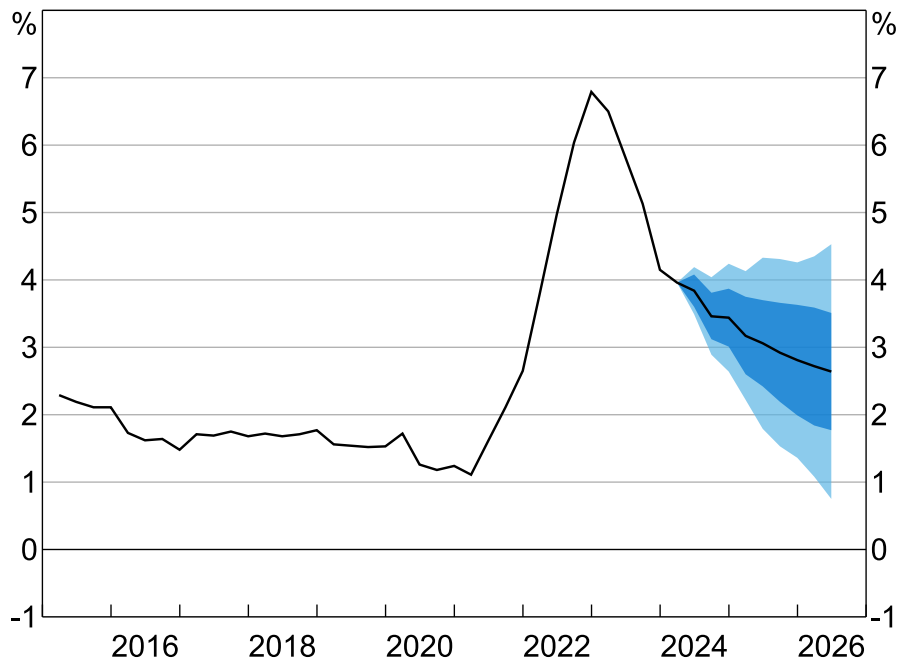
** Average over the next 5-10 years.

Sources: Bloomberg; Consensus Economics; RBA.



Trimmed Mean Inflation Forecast*

Year-ended



* Confidence intervals reflect RBA forecast errors since 1993, with the 70 per cent interval shown in dark blue and the 90 per cent interval shown in light blue.

Sources: ABS; RBA.