

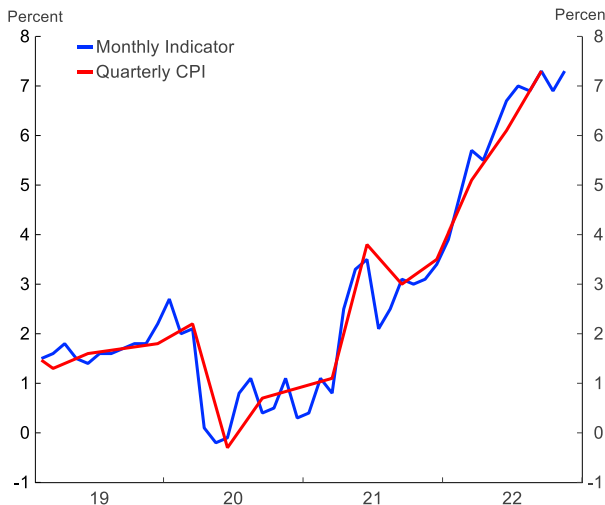


Wednesday, 11 January 2023

CPI Monthly Indicator Another Spike Ahead of Expected Peak

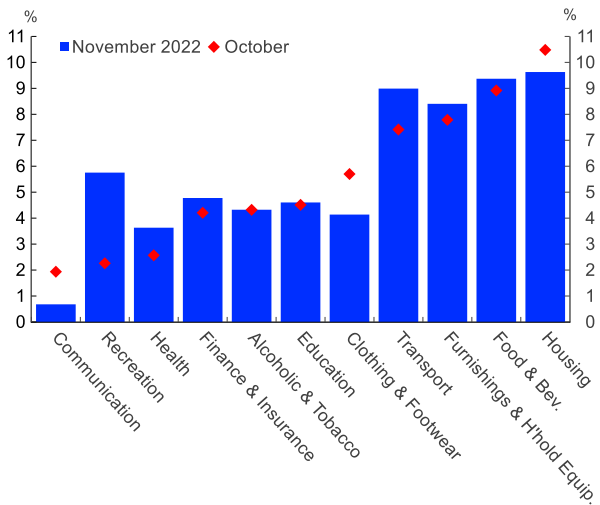
- The monthly consumer price index (CPI) indicator surged 7.3% over the year to November, re-accelerating after a modest easing to 6.9% in October.
- The result supports our expectation of a further build-up of inflationary pressures over the December quarter, manifesting in a peak in headline inflation before price pressures ease over 2023 and 2024.
- Housing expenses continued to be a major driver of inflation in November. However, new dwelling costs may have passed a peak but remains elevated. This contributed to a modest slowing in housing inflation over the month. In contrast, rents continued to accelerate as an increasing share of leases are renegotiated at higher market prices.
- The impact from the end of the temporary fuel excise cut at the end of September showed up in the data again in November as pre-existing fuel reserves were exhausted. Automotive fuel prices jumped 16.6% over the year to November, accelerating from 11.8% in October.
- Annual inflation in the health, recreation & culture, and financial services industries jumped sharply in November, suggesting services inflation is continuing to accelerate at a rapid pace. This will likely draw the Reserve Bank’s (RBA) attention as services inflation tends to be stickier than goods inflation and is, therefore, harder to rein back in.
- Today’s data is unlikely to sway the RBA from its current course. Inflation remains within the RBA’s forecasts but there is still more work to be done to bring inflation down. Wages data due out later this month will be the key to the RBA’s February meeting decision.

Consumer Price Index
Annual % Change



Sources: ABS; Macrobond

Consumer Price Index
Annual % Change



Sources: ABS; Macrobond

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