

Consumer Price Index (ABS Cat No 6401.0)

Latest quarter: December quarter 2017

Release date: 31 January 2018

Next release date: 24 April 2018

Australian estimates of the CPI refer to the weighted average of Australia's eight capital cities. This quarter the ABS introduced new expenditure weights based on information from the 2015-16 Household Expenditure Survey to ensure the weights are representative of household spending patterns on goods and services.

Quarterly and annual movements

The Hobart CPI was estimated to have increased by 1.0 per cent in the December quarter 2017 and was 2.1 per cent higher than the price index in the corresponding quarter one year earlier. Nationally, the CPI was estimated to have increased by 0.6 per cent in the December quarter 2017 and was 1.9 per cent higher than the same quarter in the previous year.

CPI analytical measures

The CPI is a key indicator considered by the RBA when determining the official cash rate, given the RBA's target of maintaining national inflation within a band of two to three per cent over the economic cycle.

The RBA analytical measures of CPI growth at the national level (Table 2) show that the average of the two published measures of core inflation is below the RBA's target inflation band.

From the December quarter 2007 to the March quarter 2010, this average measure, for each quarter, was above the RBA's target band, but decreased to be within the target band for most quarters between the June quarter 2010 and the December quarter 2015.

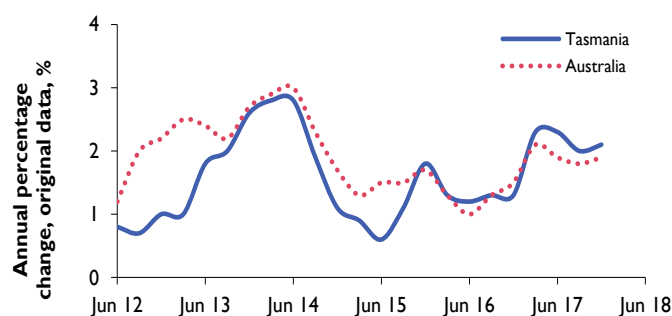
While the average analytical measure has remained below the target band in annual terms since the first quarter of 2016, the measure has strengthened over recent quarters and was 1.9 per cent in annual terms in the December quarter 2017 (Table 2).

Table 1: Percentage change of CPI by capital city, December quarter 2017, original data

Original data	Qtrly % change	Annual % change	Year average % change
Sydney	0.7	2.2	2.2
Melbourne	0.7	2.2	2.3
Brisbane	0.8	1.9	1.8
Adelaide	0.7	2.3	1.9
Perth	0.4	0.8	0.9
Hobart	1.0	2.1	2.2
Darwin	0.3	1.0	0.6
Canberra	0.6	2.2	2.2
Australia	0.6	1.9	1.9

SOURCE: CONSUMER PRICE INDEX, ABS CAT NO 6401.0: TABLE 1, 2

Chart 1: Annual percentage change of CPI, Hobart and Australia, original data



SOURCE: CONSUMER PRICE INDEX, ABS CAT NO 6401.0: TABLE 1, 2

Table 2: Percentage change of CPI analytical measures, December quarter 2017, Australia, original and seasonally adjusted data

	Qtrly %	Annual %
Original		
All groups	0.6	1.9
All groups excluding volatile items	0.3	1.9
Seasonally Adjusted		
RBA weighted median	0.4	2.0
RBA trimmed mean	0.4	1.8
Average of weighted median and trimmed mean	0.4	1.9

SOURCE: CONSUMER PRICE INDEX, ABS CAT NO 6401.0: TABLE 9, 10

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CPI components

Over the past year, declines were recorded in the communications, food, clothing and footwear and household goods components of Hobart CPI, while all other components of Hobart CPI increased, with alcohol and tobacco, health and transport recording the strongest increases.

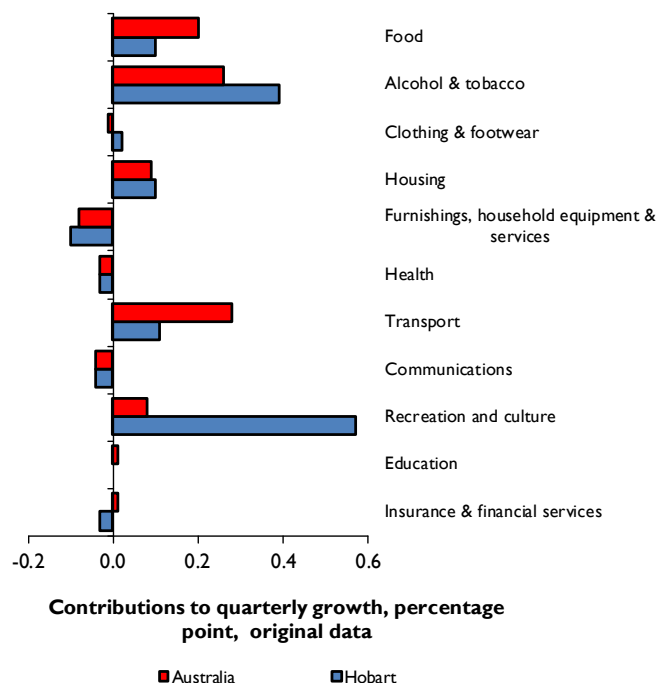
The large increases and decreases in components of Hobart CPI were largely consistent with changes in the national CPI through the year to the December quarter 2017.

Table 3: Annual percentage change in CPI components, Hobart and Australia, December quarter 2017, original data

Original data	Hobart	Australia
	%	%
Food	-1.5	-0.2
Alcohol and tobacco	7.7	7.3
Clothing and footwear	-0.9	-3.0
Housing	2.5	3.4
Furnishings, household equip. and services	-0.1	-0.8
Health	4.4	4.0
Transport	4.2	3.3
Communications	-4.1	-3.4
Recreation and culture	2.8	0.6
Education	3.2	3.2
Insurance and financial services	0.8	1.3
All groups	2.1	1.9

SOURCE: CONSUMER PRICE INDEX, ABS CAT NO 6401.0: TABLES 3, 4, 5

Chart 2: Quarterly component contribution to total CPI change, December quarter 2017, original data



SOURCE: CONSUMER PRICE INDEX, ABS CAT NO 6401.0: TABLE 6

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