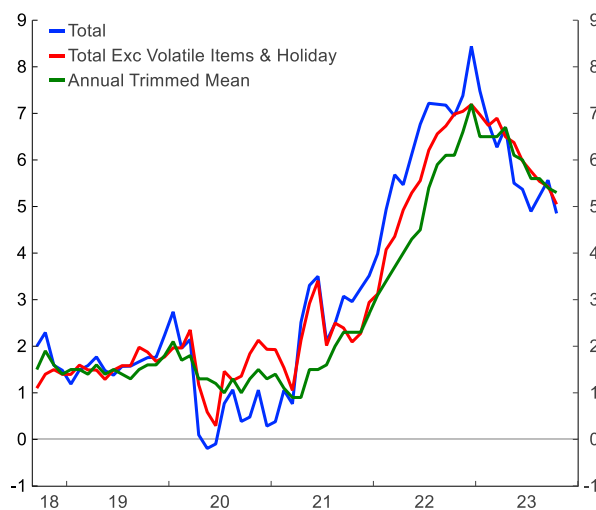


## CPI Monthly Indicator

### Inflation Slows, But More Data Needed

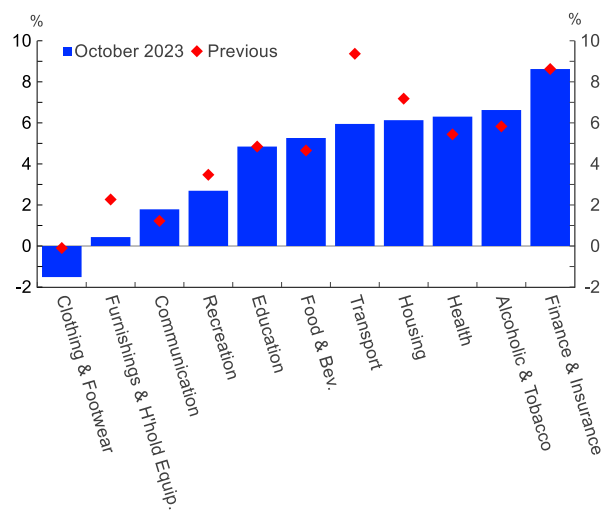
- The disinflationary process continued in October as the monthly inflation indicator showed that prices grew 4.9% in annual terms. This was down from 5.6% in September. Headline inflation fell to its lowest since January 2022.
- Excluding volatile items (such as food and petrol) & holiday travel, prices rose 5.0% in the year in seasonally adjusted terms, from 5.4% last month. However, there was less progress on core inflation, as the annual trimmed mean slowed to 5.3%, from 5.4%.
- Goods disinflation continued as the easing of supply-chain disruptions and commodity prices around the world gradually flows through into final consumer prices. Annual goods inflation was 4.6% in October, down significantly from 5.7% in September.
- The Reserve Bank (RBA) is closely monitoring domestic inflationary pressures, particularly for services. Governor Bullock repeatedly referenced the risk that services inflation remains sticky. Unfortunately, most services prices are not recorded in the first month of each quarter, so we don't receive a great update here.
- For some services, government policy is having a big impact. Rents fell 0.4% in monthly terms, to an annual pace of 6.6%. However, this is due to higher rates of rental assistance payments, which began on 20 September. Rents would have instead risen 0.7% in the month and 8.3% in the year if it wasn't for government policy support.
- The RBA will welcome continued disinflation and we expect rates to be on hold in December. The challenge remains in services. We need to wait for additional data to get a better idea of how inflationary pressures are evolving across those categories.

**Monthly CPI Indicator**  
Annual % Change



Sources: ABS, Macrobond

**Consumer Price Index**  
Annual % Change



Sources: ABS, Macrobond

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