

The monthly CPI indicator was up 4.3% YoY in November (exp. 4.4%). This was down 0.6ppts from October and is the smallest annual increase since January 2022.

%	MoM	YoY
Headline CPI	0.3	4.3
Seasonally Adjusted Headline CPI*	0.4	4.4
Goods	0.2	4.0
Services	0.7	4.7
Tradables	0.1	1.6
Non-tradables	0.5	5.7
Annual Trimmed Mean	-	4.6
CPI Ex Volatile Items	0.4	4.5

*MoM changes are seasonally adjusted.

The monthly CPI index rose 0.3% in unadjusted terms and was 0.4% higher when seasonally adjusted.

The CPI excluding volatile items, rose 0.4% in the month after a 0.3% fall in October, with the annual growth rate falling 0.2ppts to 4.5%. Annual trimmed mean inflation, which is the RBA's favoured measure of underlying inflation fell 0.7ppts to 4.6%, still elevated but the lowest since June 2022.

Groups

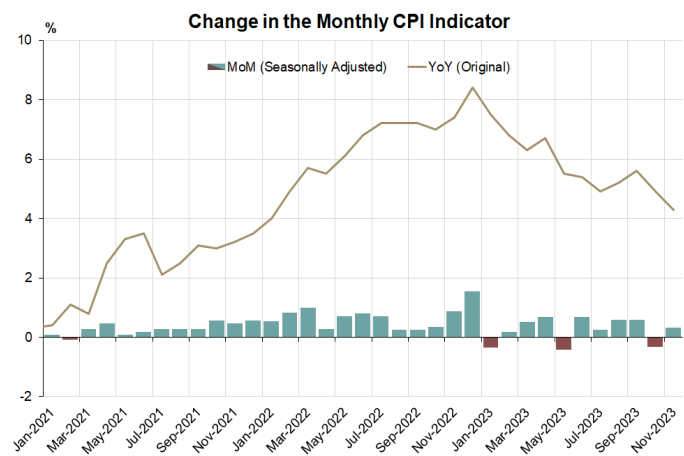
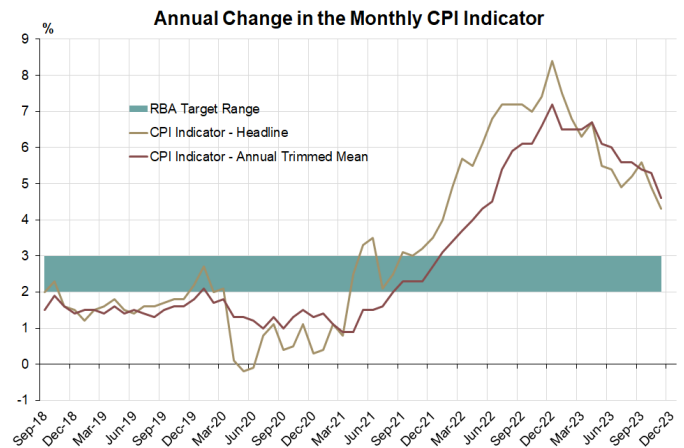
Housing has been a significant contributor to inflation over the past year, with labour and material costs driving a 5.5% rise in new dwelling prices. Rents rose 7.1%, however, if the impact of Commonwealth rent assistance in reducing out-of-pocket-expenses was excluded, rents would have increased 8.8%.

Electricity prices were up 10.7% YoY, as increases in wholesale prices were only partly offset by energy rebates.

Annual food and non-alcoholic beverage price inflation eased to 4.6% from 5.3% in October, largely due to base effects.

%, Original	MoM	YoY
Food and Non-alcoholic Beverages	0.8	4.6
Alcohol and Tobacco	-0.3	6.4
Clothing and Footwear	-1.7	-0.9
Housing	0.7	6.6
Furnishings, Household Eq. and Serv.	0.3	-0.3
Health	0.0	5.2
Transport	-0.1	3.6
Communication	-0.1	2.4
Recreation and Culture	1.0	1.2
Education*	0.0	4.8
Insurance and Financial Services	0.8	8.8

*Updated once a year



Comment

Inflation continued to ease in November, with the fall suggesting the RBA is likely to keep the cash rate unchanged at its February monetary policy meeting. That is unless there is a nasty surprise when the Q4 CPI is released on 31 January.

Housing continues to be a major contributor to inflation, and it would be even larger in the absence of government subsidies putting downward pressure on rent and electricity costs for households.

While the November CPI indicator suggests inflation is unlikely to exceed the RBA forecast of 4.5% for the end of 2023, it remains too high for comfort.

While the inflation undershoot suggests a February cash rate hike is even less likely, expectations for an interest rate cut by the middle of the year were wound back after the job vacancy report released by the ABS today, saw a smaller-than-expected 0.7% decrease in job openings in Q4. Vacancies have fallen for six quarters in a row but are still at levels suggestive of healthy labour demand.

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