

CPI October 2025

The inaugural monthly CPI report showed that the unadjusted headline CPI was unchanged in October, but the annual rate of consumer price inflation increased by 0.2ppts to 3.8%.

While not strictly comparable, the annual rate of CPI inflation is now the highest since mid-2024 when the series were quarterly.

In seasonally adjusted terms, the CPI rose by 0.3% in October, to be up by 3.9% YoY.

Trimmed mean CPI rose by a seasonally adjusted 0.3% in October, with the annual trimmed mean inflation accelerating above the upper bound of the 2-3% target range, to 3.3%.

Trimmed mean inflation is the RBA's preferred measure of underlying inflation, but the central bank has made it clear that it will continue to focus on the quarterly trimmed mean, at least for now.

%	MoM	YoY
Headline CPI	0.0	3.8
Headline CPI (Seasonally Adjusted)	0.3	3.9
Trimmed Mean CPI (Seasonally Adjusted)	0.3	3.3
Market Sector Ex 'Volatile Items'	0.3	2.9
Goods	-0.1	3.8
Services	0.1	3.9
Tradables	-0.4	2.0
Non-tradables	0.2	4.8

Data is original (not seasonally adjusted) unless stated otherwise.

Groups

The largest contribution to the rise in annual headline inflation in October came from base effects from the timing of energy bill relief measures. Without these measures, electricity prices would have risen by 5.0% YoY instead of 37.1% YoY.

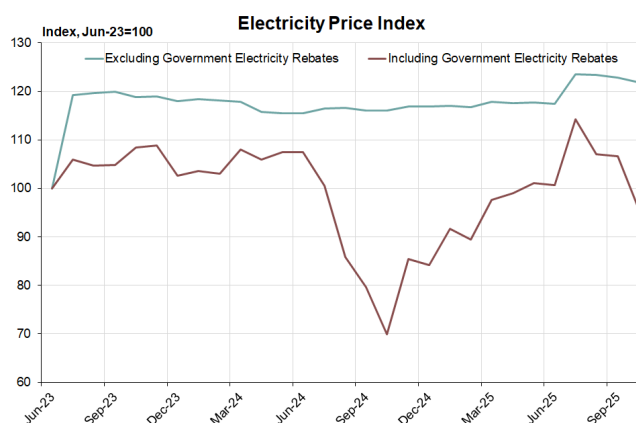
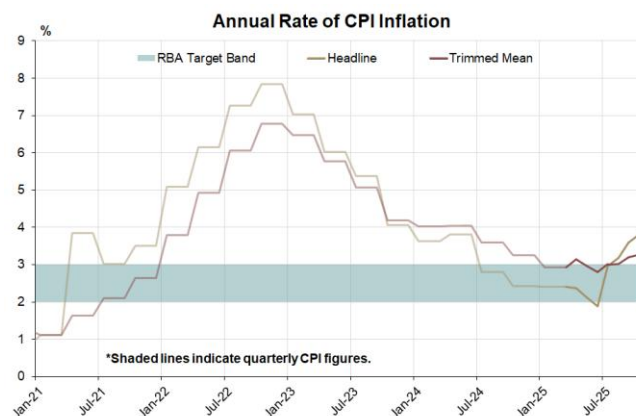
Apart from electricity, there was a significant positive contribution from food and non-alcoholic beverages as well as recreation and culture. Only a handful of minor items contributed negatively to annual inflation.

Capital Cities

Annual inflation rates varied from 3.3% in Melbourne to 5.2% in Brisbane.

The Perth CPI declined by 0.2% in October, taking annual inflation down 0.7ppts to 4.3%. While detailed figures are not available on a capital city level, the still-elevated inflation is likely due to the legacy of energy bill relief measures, with housing costs up 7.9% YoY.

Capital Cities (% , Original)	MoM	YoY
Perth	-0.2	4.3
Sydney	-0.1	3.6
Melbourne	0.0	3.3
Brisbane	0.2	5.2
Adelaide	0.1	3.7
Hobart	0.5	4.1



Comment

The first complete monthly CPI release brought yet another upside surprise to inflation. Market participants had expected that the annual rate of consumer price inflation would remain unchanged at 3.6% in headline terms and decline to 3.0% in trimmed mean terms. Instead, it rose to 3.8% and 3.3%, respectively.

In its most recent projection issued in early November, the RBA expected headline and trimmed mean inflation to reach 3.3% and 3.2% in late 2025, respectively. The October figures already pose an upside risk to this forecast.

The details of the report are not all too encouraging for the inflation outlook, with a broad range of subcomponents showing persistence in price growth. This is especially evident in services price inflation, which rose to a six-month high of 3.9%.

While the RBA is shifting towards targeting the monthly inflation, it has made clear that it will remain cautious for now. This is because of a very short history (annual rates go back only to April 2025) and the relatively large volatility of the monthly data.

The above notwithstanding, market pricing for cash rate cuts, already hardly existent, was scaled back further after the October CPI report.

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