# CPI September & Q3 2026

The CPI rose by 0.8% in September, taking the annual rate of inflation to 4.3% (exp.: 4.2%). In seasonally adjusted terms, the CPI rose by 0.6%, to be up by 4.4% through the year.

| % | MoM | YoY |
|---|---|---|
| Headline CPI | 0.8 | 4.3 |
| Headline CPI (Seasonally Adjusted) | 0.6 | 4.4 |
| Trimmed Mean CPI (Seasonally Adjusted) | 0.3 | 3.6 |
| Market Sector Ex 'Volatile Items' | 0.6 | 3.3 |
| Goods | 0.4 | 4.6 |
| Services | 1.3 | 4.1 |
| Tradables | 1.2 | 4.0 |
| Non-tradables | 0.6 | 4.5 |

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

The quarterly figures showed the headline CPI picked up by 1.3% QoQ in Q3 (exp.: 1.2%), to be up by 3.9% YoY. The trimmed mean CPI rose by 1.0%, taking the annual rate of trimmed mean inflation – the RBA's favoured measure of underlying inflation – to 3.7% (exp.: 3.6%). This is the highest level since mid-2024.

| (%) | QoQ | YoY* |
|---|---|---|
| Headline CPI (Original) | 1.3 | 3.9 |
| Trimmed Mean CPI (Seasonally Adjusted) | 1.0 | 3.7 |

*Annual changes are Q3 2026 on Q3 2025.

## Groups

The acceleration in annual inflation in September came mostly from faster price growth in two groups – transport and recreation.

Transport contributed 0.3ppts to the increase in the CPI, mainly reflecting an acceleration in automotive fuel price growth to 23.6% YoY (the most since mid-2022).

Recreation contributed 0.2ppts to the rise in CPI, mainly due to a strong acceleration in price growth for games, toys and hobbies (to 15.5% YoY) amid a rise in memory and data storage costs caused by the artificial intelligence boom.

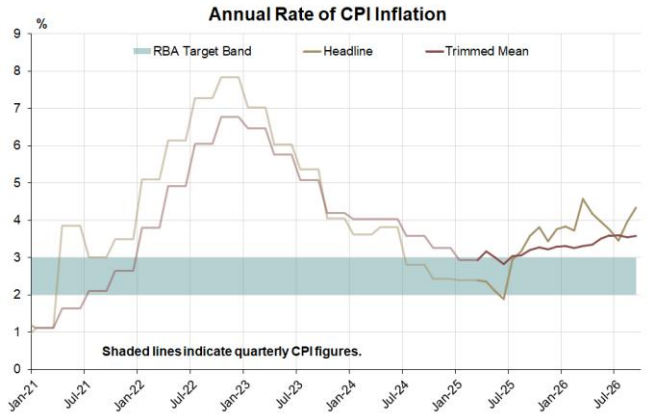
This was partly offset by a slower rise in housing costs, which nonetheless continued to account for around 25% of annual CPI inflation.

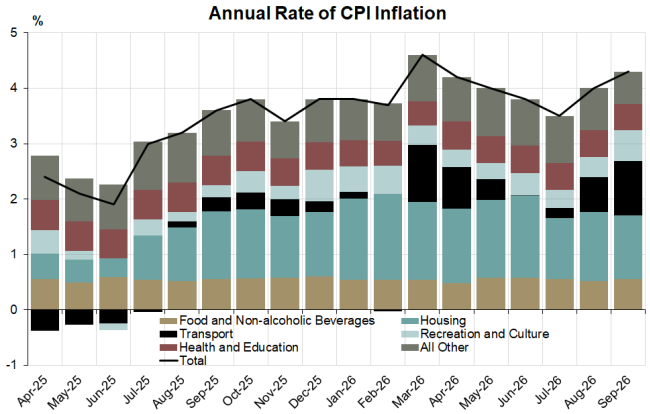
## Capital Cities

Annual inflation rates in September ranged from 4.0% in Melbourne to 5.3% in Hobart, which also saw the strongest monthly gain (1.1%).

In Perth, the CPI rose by 0.6% in September, to be up by 4.5% for the year.

| Capital Cities (%, Original) | MoM | YoY |
|---|---|---|
| Perth | 0.6 | 4.5 |
| Sydney | 0.7 | 4.3 |
| Melbourne | 0.9 | 4.0 |
| Brisbane | 1.0 | 4.4 |
| Adelaide | 0.7 | 5.0 |
| Hobart | 1.1 | 5.3 |




## Comment

The inflation data for September and Q3 have made a strong case for another RBA rate hike in November. The probability of a 25bps hike next week jumped above 80% following the figures.

Trimmed mean inflation drifted further away from the RBA's 2-3% target band and is now the highest in two years. Along with the rise in services price inflation to a nine-month high of 4.1%, this suggests there is still some demand-driven inflation in the economy, despite weaker consumer spending growth. This is the component that the RBA has some control over.

Factors outside the RBA's influence include a rise in automotive fuel costs related to ongoing tensions in the Middle East. Also, a new development is a rise in chip costs amid the artificial intelligence boom, which is lifting prices of a wide range of electronic components.

RBA officials appeared before the Senate Economics Committee when the CPI figures were released. The opening statement, drafted before the numbers were known, was already hawkish, and this tone was maintained as the hearing progressed. RBA officials reiterated that inflation was 'too high' and assessed that it partly reflected excess demand in the economy.

We now expect a 25bps cash rate hike in November.

**28 October 2026**