

CPI July 2025

The monthly CPI indicator suggested that the annual rate of consumer price inflation had increased to 2.8% in July, exceeding the 2.3% expected by the markets.

%	MoM	YoY
Headline CPI	0.9	2.8
Seasonally Adjusted Headline CPI	0.9	2.8
Goods	1.1	2.3
Services	0.7	3.5
Tradables	0.8	0.9
Non-tradables	1.0	3.9
Annual Trimmed Mean	-	2.7
CPI Ex Volatile Items and Holiday Travel*	0.6	3.2

*MoM changes are seasonally adjusted.

The monthly CPI index rose by 0.9% in both seasonally adjusted and unadjusted terms.

From the core inflation measures, annual inflation excluding volatile items and holiday travel rose to a one-year high of 3.2%. Annual trimmed mean inflation, which is the RBA's preferred measure of underlying inflation, rose to 2.7%, the highest in three months.

Groups

Around half of the increase in the annual headline rate of inflation was driven by electricity prices, which rose by 13.0% MoM and 13.1% YoY. This was a result of households having largely used up the energy bill relief measures from last year, the later timing of this year's electricity rebates in some jurisdictions, and the usual annual electricity price reviews across the country.

The reviews also led to a pick-up in prices of gas and other household fuels, to 0.5% MoM and 4.7% YoY.

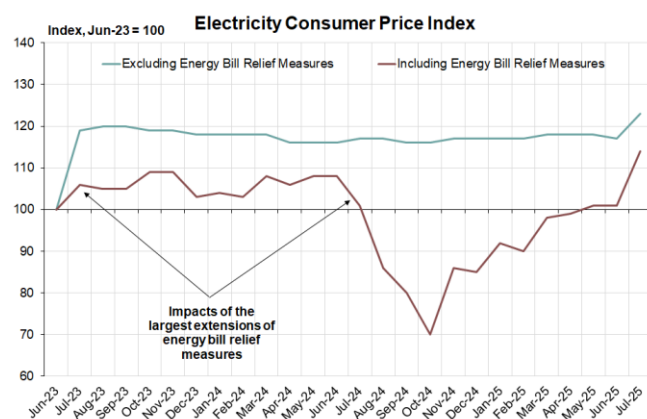
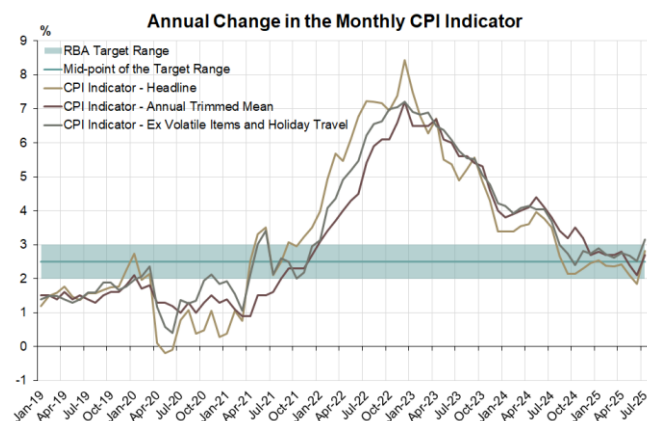
At the same time, the 3.9% annual growth in rents was the slowest since late 2022, while annual growth in new dwelling prices remained at a five-year low of 0.4%.

Automotive fuel prices were unchanged in July and down by 5.5% YoY (compared to -8.0% YoY in June).

Costs of holiday travel and accommodation were the other significant contributor to faster inflation, rising by 4.7% MoM and 3.3% YoY (versus -3.7% YoY in June).

%, Original	MoM	YoY
Food and Non-alcoholic Beverages	0.1	3.0
Alcohol and Tobacco	1.1	6.5
Clothing and Footwear	1.7	2.3
Housing	1.9	3.6
Furnishings, Household Eq. and Serv.	0.4	0.9
Health*	0.0	4.1
Transport	0.1	-1.0
Communication	1.6	0.8
Recreation and Culture	2.2	2.6
Education*	0.0	5.6
Insurance and Financial Services	0.0	3.1

*Not updated in July.



Comment

The July CPI indicator suggested a faster-than-expected rebound in inflation in mid-2025, not just due to the rebound in out-of-pocket expenses for electricity, but also because of higher travel and accommodation costs during the winter school holidays.

This upside surprise led to only a slight scaling back of cash rate cut expectations and a brief appreciation of the AUD. This is because the July CPI indicator, encompassing less than 2/3 of the CPI basket and biased towards goods, is of limited value to the RBA.

However, the ABS has recently announced that it would start to publish a 'complete' monthly CPI report in late November, with the first reference month being October.

The comprehensive monthly CPI has been long in the making, being first proposed in the 2010 CPI review and then resurrected in 2018, which was followed by the introduction of the narrow monthly CPI indicator in 2022.

The more comprehensive monthly CPI release will undoubtedly be helpful for the RBA, allowing for better informed monetary policy decisions at meetings held between economic project rounds. Australia was one of the two last advanced economies, apart from New Zealand, that had a quarterly CPI publication schedule.

27 August 2025