

CPI April 2025

The monthly CPI indicator suggested that the annual rate of consumer price inflation in April remained at 2.4% for the third straight month. This is slightly higher than the 2.3% annual inflation expected by market participants.

	%	MoM	YoY
Headline CPI		0.8	2.4
Seasonally Adjusted Headline CPI		0.2	2.3
Goods		0.4	0.9
Services		1.2	4.1
Tradables		1.2	0.3
Non-tradables		0.6	3.6
Annual Trimmed Mean		-	2.8
CPI Ex Volatile Items and Holiday Travel*		0.3	2.8

*MoM changes are seasonally adjusted.

The monthly CPI index rose by 0.8% in unadjusted terms and was 0.2% higher when seasonally adjusted.

Underlying inflation ticked up in April, but remained within the RBA target range of 2–3%. The annual rate of inflation excluding volatile items and holiday travel rose by 0.2ppts to 2.8%. Annual trimmed mean inflation, which is the RBA's favoured underlying price growth gauge, ticked up 0.1ppts to 2.8%.

Groups

Steady annual consumer price inflation in April resulted from lower prices of automotive fuel and slower growth in some other prices offsetting higher holiday travel costs and a slower decline in electricity costs.

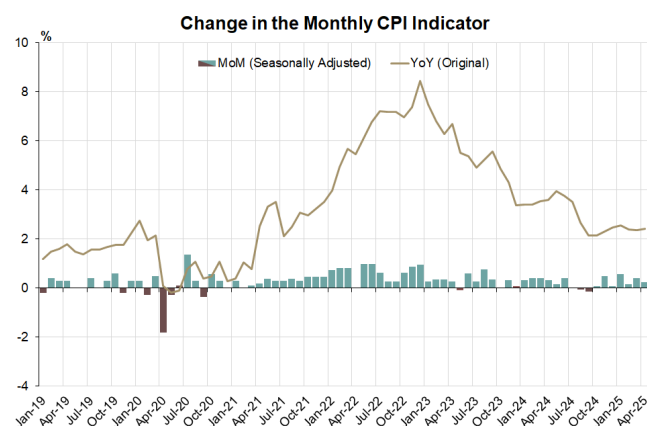
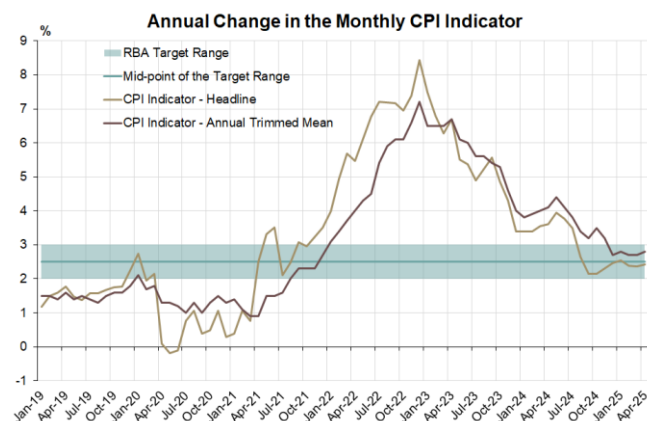
The slower annual decline in electricity prices came as households had used up much of the Commonwealth and state energy bill relief measures. Electricity costs remain 6.5% down through the year, but this is a less steep decline than the 9.6% YoY recorded in March. Without the energy bill relief measures, electricity prices would have risen by 1.5% YoY in April.

Annual growth in holiday travel costs accelerated to a six-month high of 5.3%.

Automotive fuel prices fell by 12.0% YoY, the most since September 2024.

	%, Original	MoM	YoY
Food and Non-alcoholic Beverages		0.3	3.1
Alcohol and Tobacco		-0.4	5.7
Clothing and Footwear		4.2	0.8
Housing		0.5	2.2
Furnishings, Household Eq. and Serv.		1.0	1.0
Health		2.4	4.4
Transport		-0.7	-3.2
Communication		0.2	0.7
Recreation and Culture		3.0	3.6
Education*		0.0	5.7
Insurance and Financial Services		0.1	4.0

*Updated once a year.



Comment

The April monthly CPI indicator brought more evidence that inflation in Australia is moderate at this point, with headline and underlying inflation measures remaining quite comfortably within the target range.

However, the monthly CPI indicator estimates for the first months of the quarter are not comprehensive proxies of inflation for the entire economy, covering only 62% of the CPI basket and being tilted towards goods.

The limited information provided in the April CPI report points to a slight acceleration in services price inflation, to a five-month high of 4.1%. However, this acceleration partly reflects base effects in holiday travel costs due to the later timing of the Easter holidays this year.

The annual rate of non-tradables inflation accelerated to the 3.6%, which is the highest level since August last year. However, again, this reflects a slower annual decline in electricity costs as energy bill relief measures are being used up.

In its future decisions, the RBA will likely continue to focus on the quarterly rather than monthly CPI figures. The next quarterly CPI report will come out on 30 July. We continue to expect that the next move from the RBA will be another 25bps cut, but it will not happen at the next meeting scheduled for 7-8 July.

28 May 2025