

CPI March & Q1 2026

The headline CPI rose by an unadjusted 1.1% in March, taking the annual rate of consumer price inflation to 4.6%, which is the highest level in the short history of the full CPI monthly series.

%	MoM	YoY
Headline CPI	1.1	4.6
Headline CPI (Seasonally Adjusted)	1.1	4.6
Trimmed Mean CPI (Seasonally Adjusted)	0.3	3.3
Market Sector Ex 'Volatile Items'	0.1	3.2
Goods	2.1	5.5
Services	0.0	3.6
Tradables	3.0	4.5
Non-tradables	0.2	4.6

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

Quarterly annual trimmed mean inflation rose by 0.1ppts to 3.5% in Q1. The quarterly trimmed mean series remains the favoured RBA underlying inflation gauge for the time being, until the seasonal patterns of the monthly series are better understood.

(%, Original)	QoQ	YoY*
Headline CPI	1.4	4.1
Trimmed Mean CPI	0.8	3.5

*Annual changes are Q4 2025 on Q4 2024.

Groups

The largest annual gain in consumer prices of 8.9% was recorded for transport, primarily due to a 24.2% YoY surge in automotive fuel prices as a result of supply disruptions from the Middle East conflict.

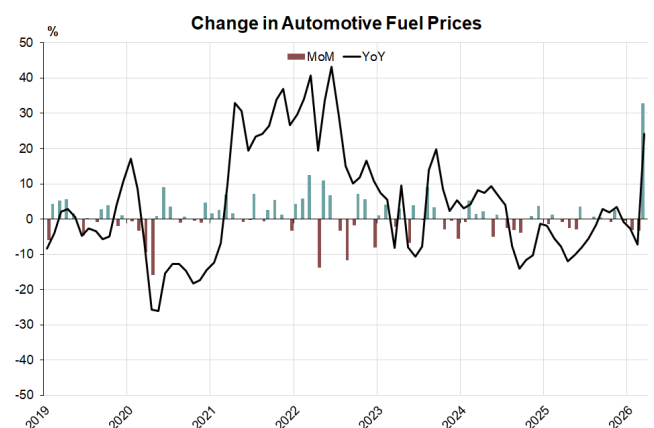
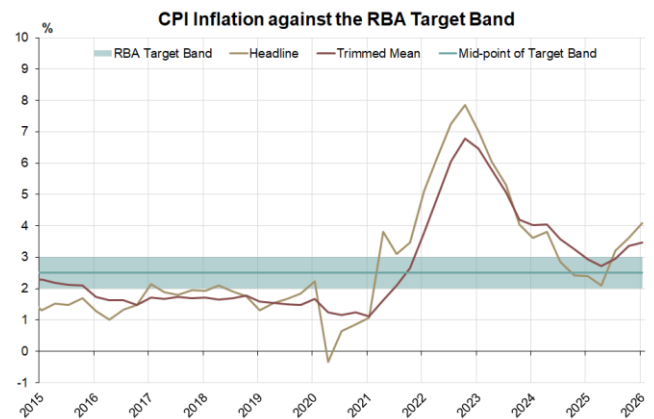
However, due to its significant share in the CPI basket, housing remained the largest contributor to the annual rate of CPI inflation, with a 6.5% gain. This reflected mainly a 25.4% YoY surge in electricity costs amid higher out-of-pocket spending after energy bill relief measures had been used up by most households.

Capital Cities

Annual rates of inflation ranged between 4.4% in Sydney and 5.1% in Hobart.

The Perth CPI picked up by 1.2% in March, while the annual rate of inflation declined to 4.6% from 4.9% in the previous month, when it was impacted by the timing of energy bill relief measures. Similarly to nationwide, the strongest gain was recorded in transport (10.4% YoY), with automotive fuel prices rising by 25.7% YoY.

Capital Cities (% , Original)	MoM	YoY
Perth	1.2	4.6
Sydney	1.0	4.4
Melbourne	1.2	4.6
Brisbane	1.1	4.7
Adelaide	1.3	4.9
Hobart	1.3	5.1



Comment

The headline rate of annual CPI inflation in March, at 4.6%, turned out to be slightly lower than the 4.8% pencilled in by the market consensus. However, annual trimmed mean inflation in Q1, which is the RBA's key focus, rose by 0.1ppts to 3.5%, as expected, remaining above the target range for the second quarter in a row.

In the kneejerk reaction to the downside surprise in the headline inflation (and no upside surprise in the trimmed mean), the probability of a 25bps cash rate hike from the RBA next week declined from nearly 80% before the release to around 70%. Market participants continue to expect two hikes in the remainder of 2026.

The report predates the fuel excise cut in early April. As of today, April unleaded petrol prices averaged A\$2.11 a litre, which compares to A\$2.29 in March. However, prices of diesel, which has a relatively sticky demand, averaged A\$2.99 a litre compared to A\$2.63, respectively, despite a decline towards the end of April. That said, fuel prices remain higher than at the turn of 2025 and 2026, putting upward pressure on energy costs across the economy.

We continue to expect a cash rate hike next week, though we see less of a need for further tightening compared to current market expectations.

29 April 2026