

CPI January 2025

The monthly CPI indicator suggested that the annual rate of CPI inflation remained at 2.5% YoY in January, against the market expectations of a 0.1ppts increase to 2.6%.

%	MoM	YoY
Headline CPI	-0.2	2.5
Seasonally Adjusted Headline CPI	0.6	2.7
Goods	0.2	1.8
Services	-0.7	3.6
Tradables	-1.8	1.1
Non-tradables	0.6	3.5
Annual Trimmed Mean	-	2.8
CPI Ex Volatile Items and Holiday Travel*	0.3	2.9

*MoM changes are seasonally adjusted.

The monthly CPI indicator declined by 0.2% MoM in unadjusted terms, but rose by 0.6% MoM in seasonally adjusted terms, the most since August 2023.

The annual rate of CPI inflation excluding volatile items and holiday travel ticked up 0.3ppts to a five-month high of 2.9%. Annual trimmed mean inflation, which is the RBA's favoured underlying price growth gauge, also picked up 0.1ppts to 2.8%.

Groups

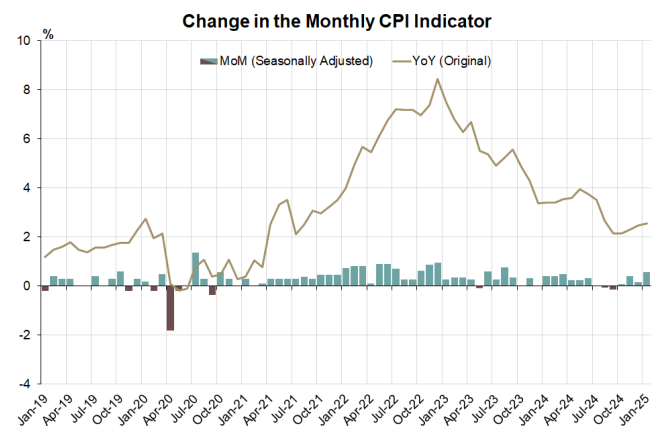
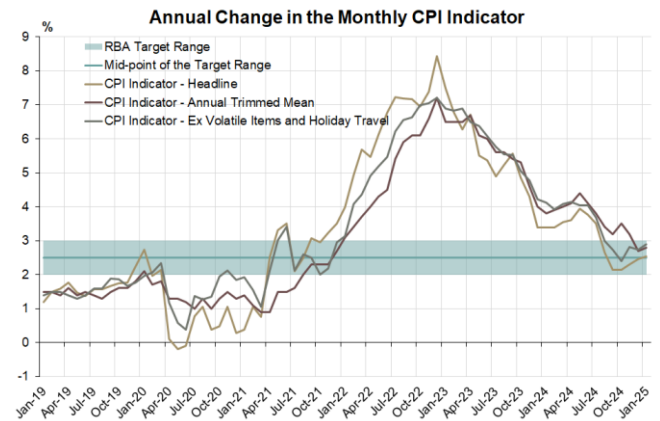
The annual inflation rate remained steady in January as faster increases in food and non-alcoholic beverages, alcohol and tobacco, housing, and clothing and footwear were offset by slower growth in prices for transport, furnishings, household equipment and services as well as recreation and culture.

Within the housing category, new dwelling prices rose 2.0% YoY, the least since mid-2021, while growth in rents slowed to a near two-year low of 5.8% YoY. Electricity prices dropped 11.5% YoY, dragged down by the energy bill relief measures. Without these rebates, electricity prices would have been down just 1.2% YoY.

The slower growth in transport prices resulted from a 1.9% YoY fall in automotive fuel prices. The acceleration in food and non-alcoholic beverages was broad-based, with fruit prices seeing the strongest increases.

%, Original	MoM	YoY
Food and Non-alcoholic Beverages	0.8	3.3
Alcohol and Tobacco	0.8	6.4
Clothing and Footwear	-1.7	2.1
Housing	0.9	2.1
Furnishings, Household Eq. and Serv.	-1.4	1.0
Health*	0.0	4.0
Transport	-0.5	0.5
Communication	-0.4	-0.6
Recreation and Culture	-3.2	0.9
Education*	0.0	6.5
Insurance and Financial Services	0.1	5.3

*Not updated in January.



Comment

The monthly CPI indicator shows inflation remained steady in the middle of the RBA's target band in January, while the trimmed mean measure remained below the upper bound of the range of 3.0%. However, it is difficult to take too much from the monthly figures, particularly at this time of year.

The monthly CPI indicator in the first month of the quarter covers only 62% of the CPI basket and is biased towards goods. The February indicator, which will cover 73% of the basket, will provide a better gauge of price developments in the Australian economy.

The ABS implemented its annual reweighting of the CPI basket this month, to ensure that it continues to reflect the spending composition of Australian households. There were upward revisions to food and non-alcoholic beverages, health, transport, recreation and culture, and education as well as insurance and financial services, while the weights for remaining groups were revised downwards.

The January CPI indicator did not result in significant changes to cash rate expectations and the broader markets, with the next 25bps cut still not fully priced in until July.

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