CPI July 2026

The headline CPI rose by an unadjusted 1.0% in July, slightly above the 0.9% expected by market participants. The annual headline inflation rate eased by 0.3ppts to 3.5%, compared with expectations of a slightly sharper decline to 3.3%.

%	MoM	YoY
Headline CPI	1.0	3.5
Headline CPI (Seasonally Adjusted)	0.6	3.5
Trimmed Mean CPI (Seasonally Adjusted)	0.5	3.6
Market Sector Ex 'Volatile Items'	1.0	3.4
Goods	1.3	3.2
Services	0.7	3.7
Tradables	1.5	1.7
Non-tradables	0.8	4.4

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

In seasonally adjusted terms, the CPI rose by 0.6% in July and was up 3.5% through the year, 0.2ppts lower than in the previous month.

The seasonally adjusted trimmed mean CPI rose by 0.5% in July, the strongest increase in a year, while the annual trimmed mean inflation rate remained at 3.6%.

Groups

Housing made the largest contribution to annual CPI inflation (+1.1ppts; 5.0%), amid further solid growth in new dwelling costs and other components.

Food and non-alcoholic beverages were the second largest contributor (+0.6ppts; 3.2%), with meals out and takeaway food accounting for much of the increase.

However, annual price growth in both housing and food and non-alcoholic beverages slowed slightly from the previous month.

The pace of annual decline in automotive fuel prices narrowed to just 0.4% from 7.3% in June, reflecting the scaling back of the fuel excise cut.

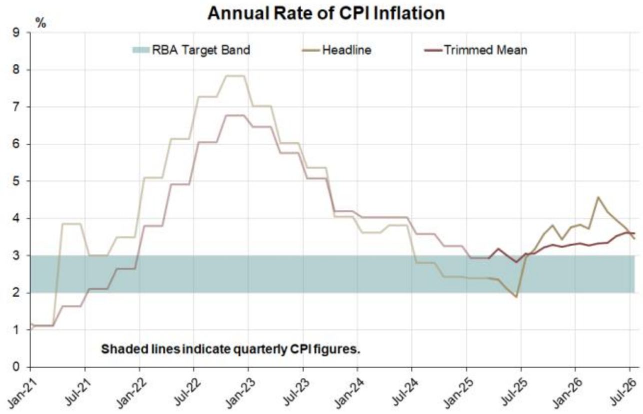
Capital Cities

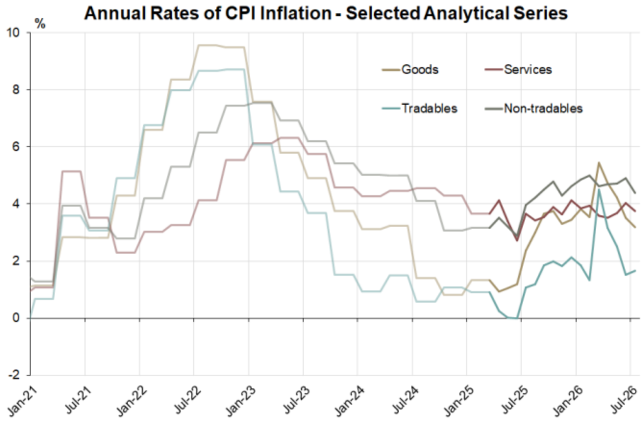
Monthly CPI growth ranged from 0.9% in Sydney to 1.3% in Adelaide and Hobart.

The lowest annual inflation rates of 3.2%, were reported for Sydney and Melbourne, while Hobart recorded the highest rate (4.5%).

The Perth CPI rose by 1.1% in July and was up 3.8% through the year. As was the case nationally, housing recorded the strongest increase, rising 5.6%, which was lower than in some other capital cities.

Capital Cities (%, Original)	MoM	YoY
Perth	1.1	3.8
Sydney	0.9	3.2
Melbourne	1.0	3.2
Brisbane	1.0	3.7
Adelaide	1.3	4.4
Hobart	1.3	4.5





Comment

The July inflation report was somewhat concerning, not only because headline inflation surprised to the upside.

Services and non-tradables price inflation rates, which are more reliant on domestic demand, were little changed at relatively elevated levels in July. This may provide further evidence that domestic capacity pressures are contributing to inflation in Australia remaining stubbornly above target.

Part of the upside surprise to price growth could have been related to the end of EOFY sales and the early impacts of the minimum and award wage hike. However, it came just one day after the RBA minutes explicitly stated that the central bank would monitor the materialisation of upside risks to its baseline inflation outlook.

Annual trimmed mean inflation was unchanged in July but remained above the 2-3% target range, while monthly growth accelerated. The RBA continues to focus more closely on quarterly trimmed mean inflation, but there appears to be a slight upside risk to growth.

After the report, the probability of a 25bps hike approached 30% for September and 100% for this cycle. While our base case remains for no further rate hikes in this cycle, the risk of such a move has increased.

26 August 2026