

## Economic Analysis

CPI April 2024

The monthly CPI indicator suggested that the annual rate of consumer price inflation picked up 0.1ppts to 3.6% YoY in April, against the market expectations of a 0.1ppts decline to 3.4%.

%	MoM	YoY
Headline CPI*	0.2	3.6
Goods	0.6	3.3
Services	1.0	4.0
Tradables	1.9	1.1
Non-tradables	0.2	5.0
Annual Trimmed Mean	-	4.1
CPI Ex Volatile Items and Holiday Travel*	0.2	4.1

\*MoM changes are seasonally adjusted.

The monthly CPI index rose 0.7% in unadjusted terms but was just 0.2% higher when seasonally adjusted.

The CPI excluding volatile items rose a seasonally adjusted 0.2% in the month, with the unadjusted index remaining unchanged at 4.1% through the year. Annual trimmed mean inflation, the RBA's favoured measure of underlying inflation, rose 0.1ppts to 4.1%, which is the highest level since November 2023.

### Groups

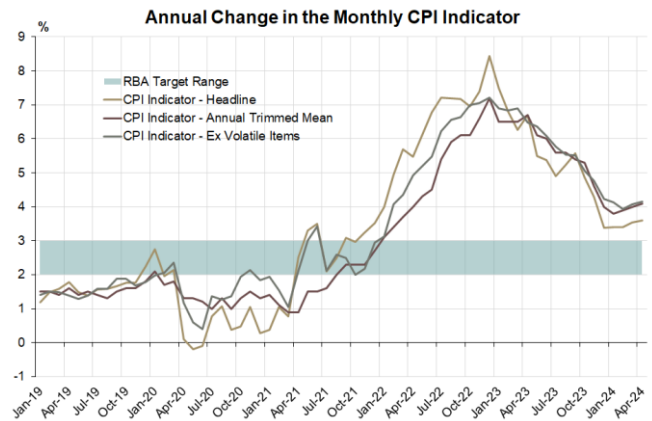
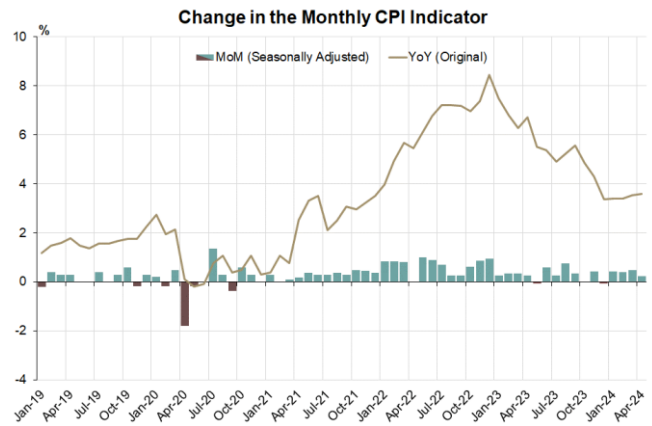
Housing remained the single largest contributor to the annual rate of consumer price inflation in April, being responsible for around one-third of the increase. This is due to further, albeit somewhat slower gains in new dwellings (-0.2ppts to 4.2%) and rents (-0.2% to 7.5%).

Electricity price growth decelerated 1.0ppts to 4.2% YoY. However, if it had not been for the government energy relief fund rebates, they would have risen by 13.9% YoY. Gas and fuel prices are down 3.5% YoY.

Food and non-alcoholic beverages (+0.3ppts to 3.8% YoY) was the second largest contributor to the rise in the annual rate of consumer price inflation in April. This was mainly due to the annual rate of price growth in fruit and vegetables turning back to positive (to 3.5% YoY from -1.2% YoY in March).

%, Original	MoM	YoY
Food and Non-alcoholic Beverages	0.5	3.8
Alcohol and Tobacco	0.6	6.5
Clothing and Footwear	4.0	2.4
Housing	0.1	4.9
Furnishings, Household Eq. and Serv.	0.6	-0.8
Health	2.0	6.1
Transport	0.7	4.2
Communication	-0.2	2.0
Recreation and Culture	2.0	-1.3
Education*	0.0	5.2
Insurance and Financial Services	0.0	8.2

Not updated in April.



### Comment

The April monthly CPI indicator suggested that consumer price inflation has stabilised somewhat above, if not drifted away from the RBA target range.

The details of the report are mixed, but overall point to underlying inflation rates remaining higher than the headline rate and not falling.

Services price inflation also picked up 0.1ppts to 4.0% YoY in April. Non-tradables inflation declined 0.2ppts to the still high 5.0%. Tradables price inflation accelerated 0.6ppts thanks to higher prices of food and apparel but remained low at just 1.1% YoY.

It is worth noting only 62% of the CPI basket is updated in April. Among items not updated are insurance or transport categories other than automotive fuel.

Measured inflation should decline from mid-2024, due to lower out-of-pocket spending for electricity, pharmaceuticals, and rents amid the government's cost-of-living measures. However, the RBA will closely watch price developments in other categories.

Following the April monthly CPI indicator report, cash rate cut expectations were trimmed somewhat, with reductions deemed highly unlikely until well into 2025.

29 MAY 2024

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