

SUMMARY

During the June quarter 2020:

- The Consumer Price Index (CPI) fell 1.9% nationally and fell 1.0% in Adelaide; and
- In the year to the June quarter 2020, the CPI was 0.3% lower nationally and 0.8% higher in Adelaide.

The average of the Reserve Bank of Australia's two measures of underlying inflation was 1.3% for the year to the June quarter 2020.

FURTHER ANALYSIS

The annual decrease in the national CPI of 0.3% was down from a rise of 2.2% in the previous quarter.

For Adelaide the annual increase of 0.8% was down from a rise of 2.4% recorded in the previous quarter—see Chart 1. Adelaide's annual increase was the second highest of the eight capital cities.

The largest annual CPI increase was recorded for Hobart (up 1.3%), followed by Adelaide (up 0.8%), Melbourne (up 0.3%) and Perth (up 0.1%). Declines in annual CPI were recorded for Canberra (down 0.6%), Sydney and Brisbane (both down 1.0%) and Darwin (down 1.8%)—see Table 1.

The national fall in the June quarter CPI was mainly the result of free child care (down 95%), a significant fall in the price of automotive fuel (down 19%) and a fall in pre-school and primary education (down 16%), with free pre-school being provided in New South Wales, Victoria and Queensland. The ABS notes that excluding these three components, the CPI would have risen 0.1% in the June quarter.

**CHART 1:
CPI % CHANGE THROUGH THE YEAR**

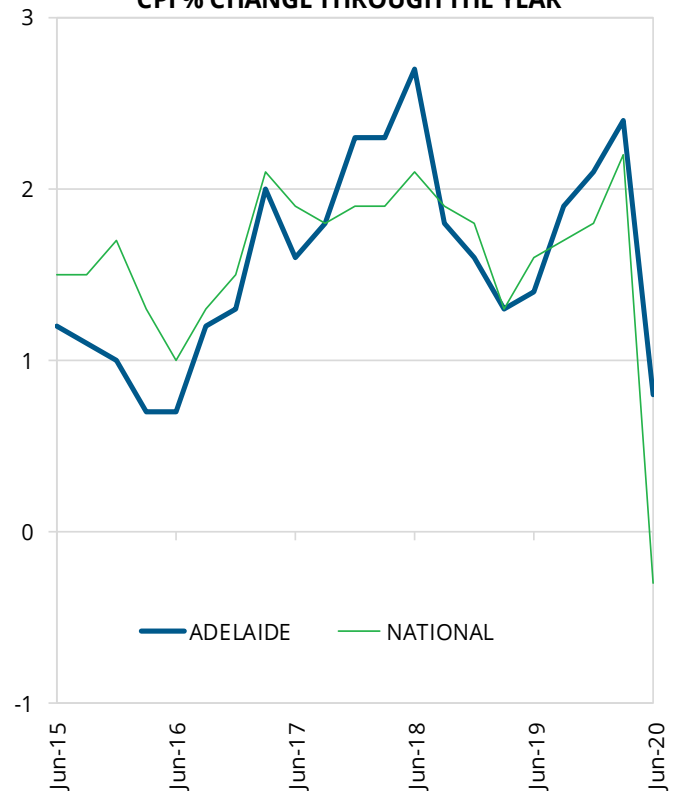


TABLE 1: CPI movement by Capital City

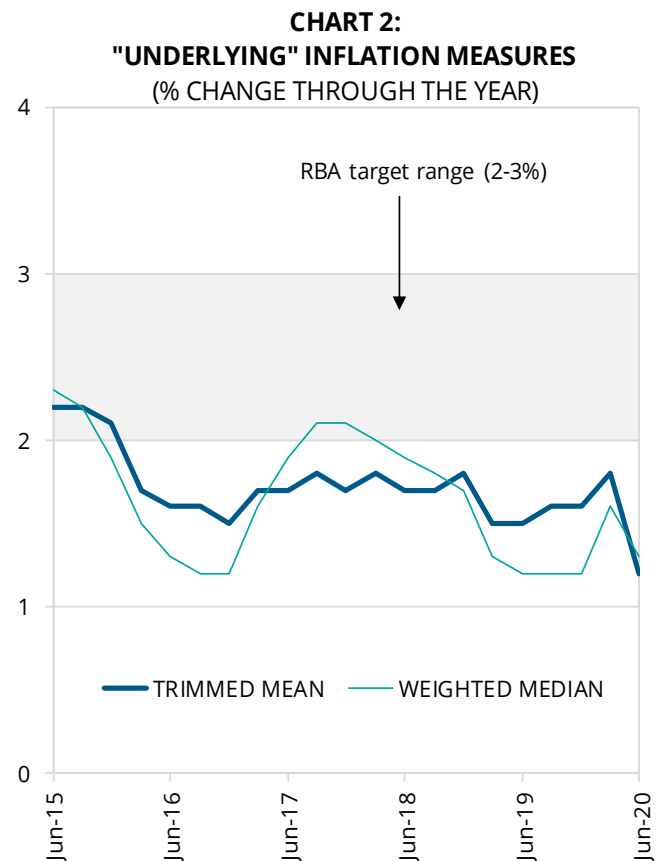
	Jun Qtr 20 vs Mar Qtr 20 (%)	Jun Qtr 20 vs Jun Qtr 19 (%)
Sydney	-2.3	-1.0
Melbourne	-1.8	0.3
Brisbane	-2.2	-1.0
Adelaide	-1.0	0.8
Perth	-1.2	0.1
Hobart	-1.4	1.3
Darwin	-2.5	-1.8
Canberra	-2.3	-0.6
National - headline	-1.9	-0.3
National - underlying*	0.0	1.3

* Average of RBA trimmed mean and weighted median measures

Nationally, the fall in the CPI during the June quarter reflected the impact of falling prices for childcare (down 95%), automotive fuel (down 19%), preschool and primary education (down 16%) and rents (down 1.3%). The most significant offsetting price rises were for tobacco (up 2.7%), other non-durable household products (up 4.5%) and furniture (up 3.8%).

In Adelaide, the fall in the CPI during the June quarter reflected the impact of falling prices for childcare (down 95%), automotive fuel (down 19%), preschool and primary education (down 7.9%) and other services in respect of motor vehicles (down 5.4%). These falls were partially offset by price rises for tobacco (up 2.6%), other non-durable household products (up 5.7%) and furniture (up 3.8%).

The Reserve Bank of Australia's measures of 'underlying' inflation show annual growth of 1.3% for the weighted median and 1.2% for the trimmed mean. The RBA monitors these two series as part of the process of determining official interest rates.



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TABLE 2: Per cent changes in CPI by component group, June quarter 2020

	National % change In quarter	Adelaide % change In quarter	National % change In year	Adelaide % change In year
Food and non-alcoholic beverages	0.5	1.0	4.1	5.3
Alcohol and tobacco	1.5	1.7	8.4	9.9
Clothing & Footwear	0.1	0.4	0.5	0.8
Housing	-0.7	-0.2	0.1	0.9
Furnishings, household equipment & services	-11.2	-5.5	-9.8	-4.1
Health	-0.2	0.2	0.9	0.9
Transport	-6.8	-7.4	-7.5	-8.7
Communication	-1.3	-1.3	-3.6	-3.6
Recreation and culture	-1.0	-0.3	-0.3	0.4
Education	-3.7	-1.9	-1.0	0.1
Insurance & financial services	0.3	0.7	1.7	1.5
All Groups	-1.9	-1.0	-0.3	0.8