

# Consumer Price Index — December Quarter 2011



## INFLATION UP IN THE DECEMBER QUARTER 2011

### Main Features

In the December quarter 2011, the Consumer Price Index (CPI) for Canberra rose 0.3%, while growth the weighted average of the eight capital cities was flat.

From the December quarter 2010 to the December quarter 2011, the CPI for Canberra rose 3.6% — nationally it rose 3.1%.

### Commentary

The 0.3% rise in the Canberra CPI in the December quarter 2011, which is reflective of a quarterly increase of 0.5 index points (from 179.9 to 180.4), was mainly driven by positive contributions from *Recreation & culture* (predominantly *Holiday travel & accommodation* — 0.4 index pts), *Transport* (predominantly *Automotive fuel* — 0.2 index points), *Alcohol & tobacco* (predominantly *Beer* — 0.17 index pts) and *Housing* (predominantly *Rents* — 0.21 index pts). Nationally, the CPI growth was flat in the December quarter 2011.

The rise in the CPI for Canberra in the December quarter 2011 is 0.3 percentage points higher than that recorded nationally. This appears to be largely due to larger increases in costs of *Transport*, *Recreation & culture* and *Alcohol & tobacco* in Canberra compared to nationally.

On an annual basis, the Canberra CPI in the December quarter 2011 increased by 3.6%, while nationally it rose by 3.1%. Canberra's higher annual increase in the CPI is mainly due to costs of *Transport* and *Recreation & culture*.

The RBA's preferred measure of annual underlying inflation is now around the middle of the inflation target range of 2% to 3%.

### Movement in CPI Groups

For Canberra, in the December quarter 2011, eight of the CPI groups recorded an increase. The largest increase in CPI in the quarter was recorded by *Alcohol & tobacco* (up 2.2%), followed by *Transport* (up 1.4%), *Recreation & culture* (up 1.2%), *Communication* (up 1.1%), *Insurance & financial services* (up 1%), *Furnishings, household equipment & services* and *Housing* (both up 0.6%) and *Clothing & footwear* (up 0.2%). This was offset by a decline in *Food & non-alcoholic beverages* (down 2.5%) and *Health* (down 1.7%). *Education costs* remained flat in the quarter.

Nationally, the largest rise in the December quarter 2011 was recorded by *Communication* (up 1.1%), followed by *Alcohol & tobacco* (up 0.9%), *Recreation & culture* (up 0.8%) and *Insurance & financial services* (up 0.6%). *Food & non-alcoholic beverages* (down 1.5%), *Health* (down 1%) and *Clothing & footwear* (down 0.5%) were the only CPI groups that recorded a decrease in the quarter, while *Transport* and *Education* remained flat.

On an annual basis, all CPI groups in Canberra recorded an increase with the largest rise registered by *Insurance & financial services* (up 7.1%), followed by *Education* and *Transport* (both up 5.4%) and *Health* (up 4.3%). *Furnishings, household equipment & services* (up 0.6%) recorded the smallest increase.

### Capital City Comparisons

In the December quarter 2011, four capital cities experienced a rise in CPI, while four capital cities recorded a decline. The largest rise was recorded in Canberra (up 0.3%), followed by Perth (up 0.2%) and Hobart and Melbourne (both up 0.1%). Darwin recorded the largest decrease in CPI (down 0.4%), followed by Brisbane (down 0.2%) and Sydney and Adelaide (both down 0.1%).

All capital cities recorded an annual increase in CPI, with the largest increase recorded in Canberra and Adelaide (both up 3.6%), followed by Sydney and Hobart (both up 3.2%). The smallest rise was recorded in Darwin and Brisbane (both up 2.4%).

### Definition

The CPI measures quarterly changes in the price of a basket of goods and services (groups) which are typical of the purchases made by metropolitan households in the eight capital cities.

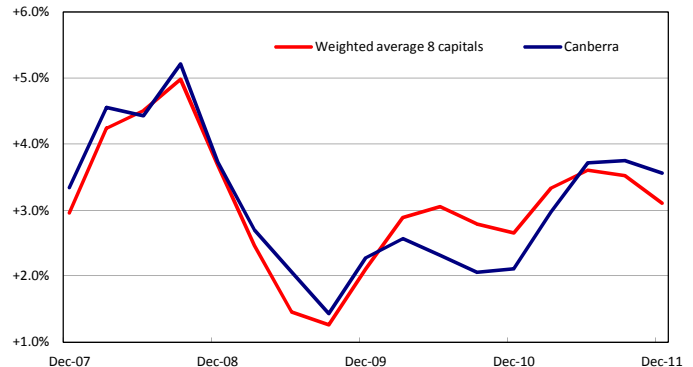
## Consumer Price Index, Canberra & Australia — All Groups December quarter 2011

	Index no.	Change	
		Quarterly	Annual(a)
Canberra	180.4	0.3%	3.6%
Australia	179.4	0.0%	3.1%

Source: ABS Cat. no. 6401.0

(a) Change from corresponding quarter of previous year.

## Consumer Price Index, Canberra & Australia Annual % Change (a)



Source: ABS Cat. no. 6401.0

(a) Change from corresponding quarter of previous year.

## Quarterly and Annual Changes in CPI Capital City Comparisons — December quarter 2011

Capital City	Index no.	Change	
		Quarterly	Annual(a)
Sydney	178.7	-0.1%	3.2%
Melbourne	176.8	0.1%	3.1%
Brisbane	184.4	-0.2%	2.4%
Adelaide	183.5	-0.1%	3.6%
Perth	179.1	0.2%	2.9%
Hobart	178.1	0.1%	3.2%
Darwin	176.0	-0.4%	2.4%
Canberra	180.4	0.3%	3.6%
Average eight capital cities	179.4	0.0%	3.1%

Source: ABS Cat. no. 6401.0

(a) Change from corresponding quarter of previous year.

## Quarterly & Annual Movements in Canberra CPI Groups December quarter 2011

CPI Group	Change	
	Quarterly	Annual(a)
Food and non-alcoholic beverages	-2.5%	3.1%
Alcohol and tobacco	2.2%	3.3%
Clothing and footwear	0.2%	4.2%
Housing	0.6%	3.8%
Furnishings, household equipment and services	0.6%	0.6%
Health	-1.7%	4.3%
Transport	1.4%	5.4%
Communication	1.1%	1.7%
Recreation and culture	1.2%	1.8%
Education	0.0%	5.4%
Insurance and financial services	1.0%	7.1%
All groups	0.3%	3.6%

Source: ABS Cat. no. 6401.0

(a) Change from corresponding quarter of previous year.