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**Melbourne Institute, The University of Melbourne**

*Melbourne Institute Survey of Consumer Inflationary Expectations*  
*June 2015*

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**Inflationary expectations fell in June**

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary Expectations, fell by 0.6 percentage points to 3.0 per cent in June from 3.6 per cent in May.

In June, the proportion of respondents (excluding the 'don't knows') expecting the inflation rate to fall within the 0-5 per cent range rose by 6.8 percentage points to 78.3 per cent from 71.5 per cent in May. Meanwhile, the weighted mean of responses within the 0-5 per cent range fell further, by 0.1 percentage points to 2.3 per cent in June. This fall is mainly attributable to the significant rise in the cluster of responses around the expected price increase of 2 per cent and signals a shift in distribution of responses within this range towards the lower end.

This month's survey also includes quarterly information on past and future pay growth in Australia. Actual pay growth over the 12 months to June 2015 fell by 0.8 percentage points to 3.6 per cent from 4.4 per cent (over the 12 months to March 2015). Only 54.1 per cent of respondents reported a rise in total pay (as compared to 63.3 in last survey) while 4.5 per cent reported a fall (Table 4). Pay expectations in the coming 12 months declined further to 1.2 per cent from 1.8 per cent in March 2015 and 2.2 per cent in December 2014. Despite reporting sizable rises in total pay in the last two surveys, consumers again expect a very modest pay growth in the next 12 months, which likely reflects their concerns about future employment and hence pay growth.

The July 2015 Survey of Consumer Inflationary Expectations will be released at 11 am AEST, Thursday 16 July 2015.

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