

## Melbourne Institute Survey of Consumer Inflationary Expectations

# 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 0.4 percentage points to 4.0 per cent in June from 4.4 per cent in May.

In June, 74.6 percent of respondents (excluding the 'don't know's) expected the inflation rate to fall within the 0-5 per cent range, up from 72.8 per cent in May (Table 3). However, the weighted mean of responses within the 0-5 per cent range fell again in June, to 2.6 per cent from 2.9 per cent in May. This fall was due to the distribution of responses within the 0-5 per cent range shifting towards 2 and 3 per cent and away from 5 per cent (Table 2).

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 2014 declined slightly to 2.4 per cent from 2.5 percent in the 12 months to March 2014. Expected pay growth in the coming 12 months also fell slightly, to 1.7 per cent in June from 1.8 per cent in March.

According to Dr. Viet Nguyen, a Research Fellow at the Melbourne Institute, "Among major states, respondents in Western Australia reported the highest pay growth of 5.5 per cent and were also the most optimistic about future pay growth (expecting a pay growth of 4.3 per cent)."

The July 2014 Survey of Consumer Inflationary Expectations will be released at 11am AEST, Thursday 10 July 2014.

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*The Melbourne Institute Survey of Consumer Inflationary Expectations measures are designed to represent the average householder's expected rate of consumer price changes over the coming 12 months. Further information can be found by visiting: [www.melbourneinstitute.com/miaesr/publications/indicators/cie.html](http://www.melbourneinstitute.com/miaesr/publications/indicators/cie.html)*

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